Enterprise

November 2020

ASSET MANAGEMENT

Low-Income Housing Tax Credit Portfolio Trends Analysis

Enterprise's Low-Income Housing Tax Credit (LIHTC) Portfolio Trends Analysis provides important information to our management and underwriting teams based on our asset management of more than 110,000 affordable homes. Largely drawn from year-end 2019 financials, this report reviews and analyzes key trends across the portfolio, reflecting continued strong performance.

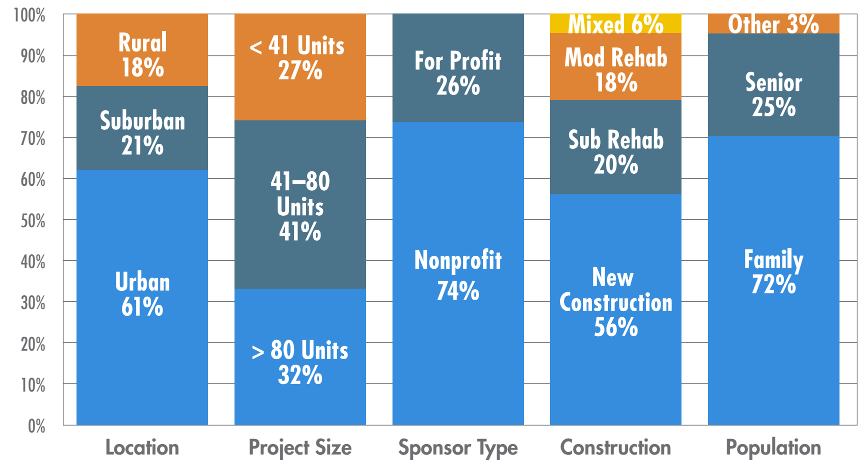
PORTFOLIO | REVENUE | EXPENSES | PERFORMANCE | WATCHLIST

PORTFOLIO

- In 2019, Enterprise closed 82 projects. These projects represent more than 8,300 residential units and more than $1 billion of gross equity.
- The cumulative investment since Enterprise began syndication in 1988 is $15.6 billion in gross equity, invested in more than 2,400 projects with a total of 170,000 units.
- As of September 2020, Enterprise has transferred more than 1,050 projects, mostly post-Year 15, representing more than 59,000 residential units.
- The average property size is currently 79 units and $8.6 million in gross equity.

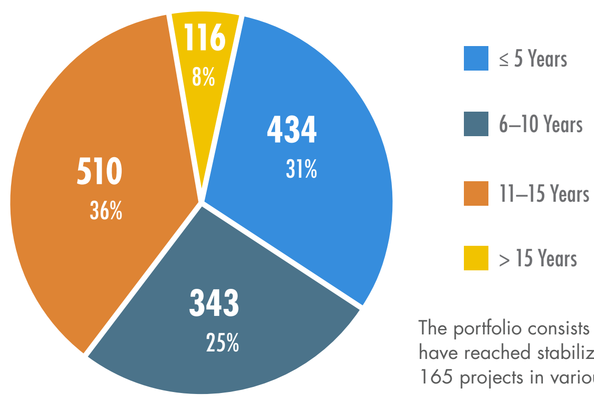
Enterprise provides asset management to 1,403 LIHTC projects across 49 states, the District of Columbia and Puerto Rico. These projects represent more than 110,000 total units and more than $12.1 billion in gross equity.

PORTFOLIO CHARACTERISTICS



The Enterprise investment portfolio has 256 supportive housing projects that have at least one-third of the units in the property designated for households with special needs, for which resident services are also provided. This represents 18% of the portfolio and more than 11,000 units across the country, with 77% of the projects assisting homeless individuals and families. During 2019, the average occupancy of the supportive housing portfolio was 95.4%, and the median Debt Coverage Ratio (DCR) was 1.46.

AGE OF PORTFOLIO



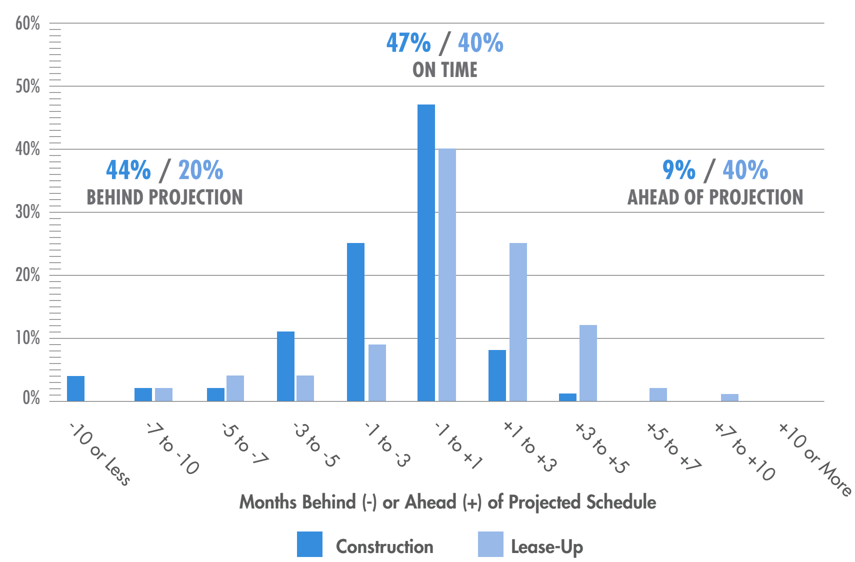
The portfolio consists of 1,238 projects that have reached stabilization, as well as another 165 projects in various stages of development.

11,000

SUPPORTIVE HOMES

- Over the past 5 years, the median construction period has been 15.1 months, and 56% of projects are considered on time or ahead of projection.
- The median lease-up rate has been 3.9 months, and 80% are considered on time or ahead of projection.

CONSTRUCTION & LEASE-UP DURATION



% REVENUE

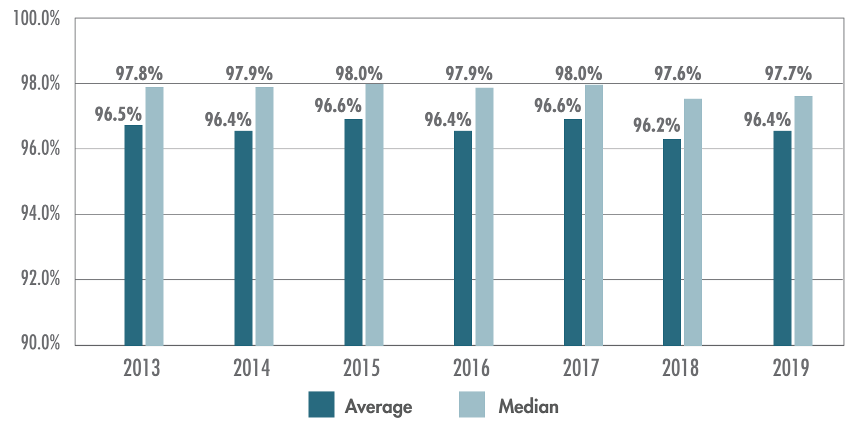
- The average physical occupancy for 2019 was 96.4%, and the median was 97.7%.
- When measuring by equity, more than 48% of the portfolio had an occupancy that was between 98% and 100%. Meanwhile, only 6% of the portfolio had an occupancy that was considered underperforming, or less than 90%.
- The average economic occupancy for 2019 was 94.9%, and the median was 96.4%.
- The average physical occupancy for projects on the year-end 2019 Project Performance List (PPL) was 91.9%.

CITY / MSA	STABILIZED COUNT	AVERAGE OCCUPANCY
New York	208	97.8%
Los Angeles	60	96.2%
San Francisco	43	97.3%
Washington, D.C.	43	97.5%
Baltimore	41	95.3%
Seattle	41	98.6%
Cleveland	35	95.6%
Portland	33	98.4%
Philadelphia	30	94.2%
Denver	28	97.5%

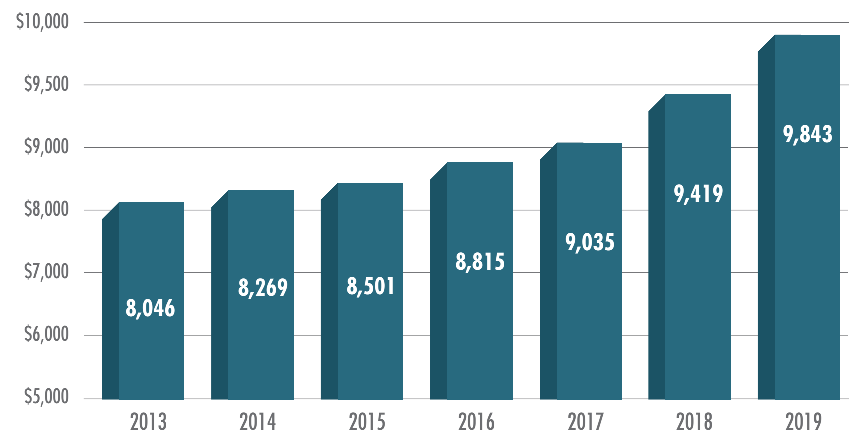
MSA = Metropolitan Statistical Area

The median total revenue for 2019 was $9,843 per unit, which represents a 4.5% increase over 2018. The average annual growth rate of the median total revenue has been 3.4% a year since 2013.

PHYSICAL OCCUPANCY %



MEDIAN TOTAL REVENUE ($ PER UNIT)

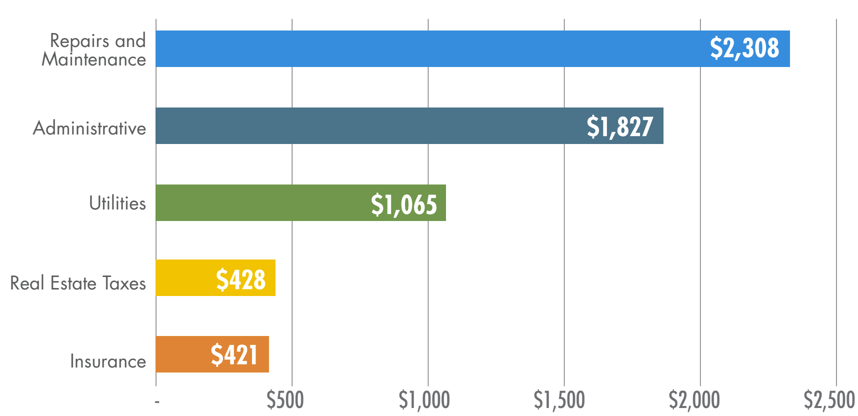


$ EXPENSES

- Representing 33% of all operating expenses, repairs and maintenance (R&M) increased by 4.8% in 2019.
- Insurance had the largest increase in 2019, at 5.4%, followed by R&M.
- Over the past 6 years, R&M has increased the most, at an annual rate of 4.1%, followed by Insurance, at 3.6%.
- Utilities increased the least in 2019, at 1.5%, and have grown only 2.4% over the past 6 years.
- The median total operating expenses for projects on the December 2019 PPL was $8,160 per unit.

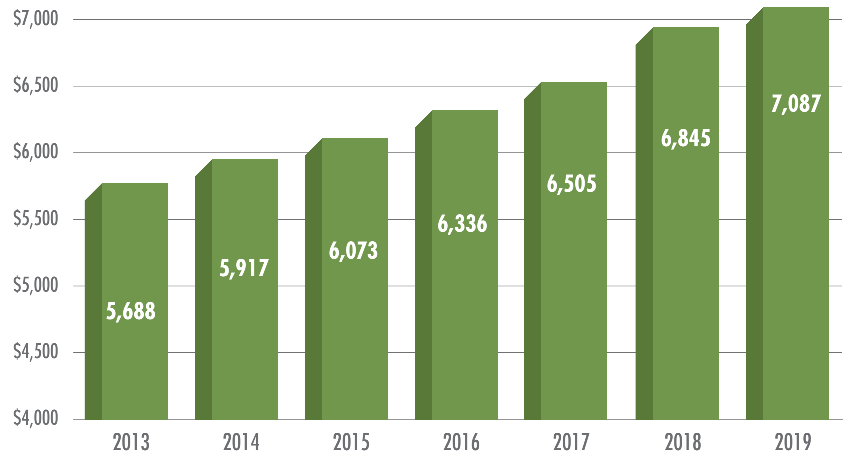
The 2019 median total operating expenses were $7,087 per unit, which represents a 3.5% increase over 2018. The total average growth rate of the median total operating expenses has been 3.7% a year since 2013.

MEDIAN OPERATING EXPENSES BY CATEGORY



CITY / MSA	STABILIZED COUNT	MEDIAN OPEX
New York	208	9,469
Los Angeles	60	8,161
San Francisco	43	11,305
Washington, D.C.	43	8,097
Baltimore	41	7,137
Seattle	41	8,052
Cleveland	35	6,790
Portland	33	6,872
Philadelphia	30	7,608
Denver	28	7,062

MEDIAN TOTAL OPERATING EXPENSES ($ PER UNIT)

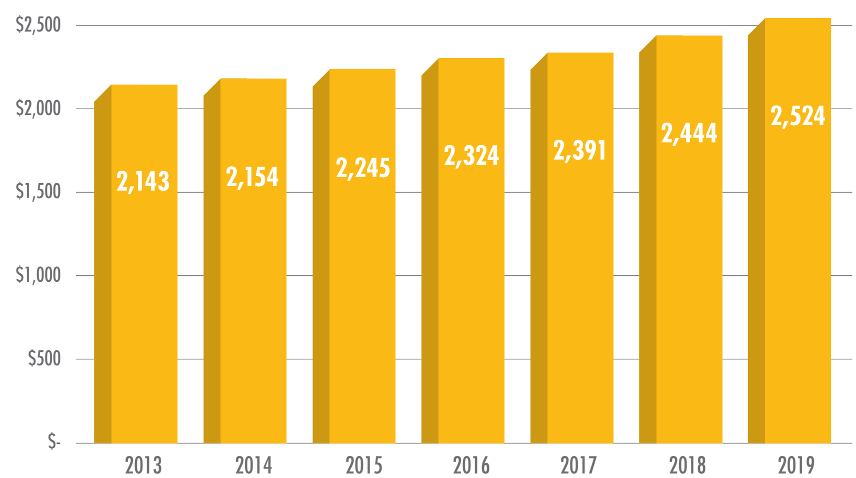


PERFORMANCE

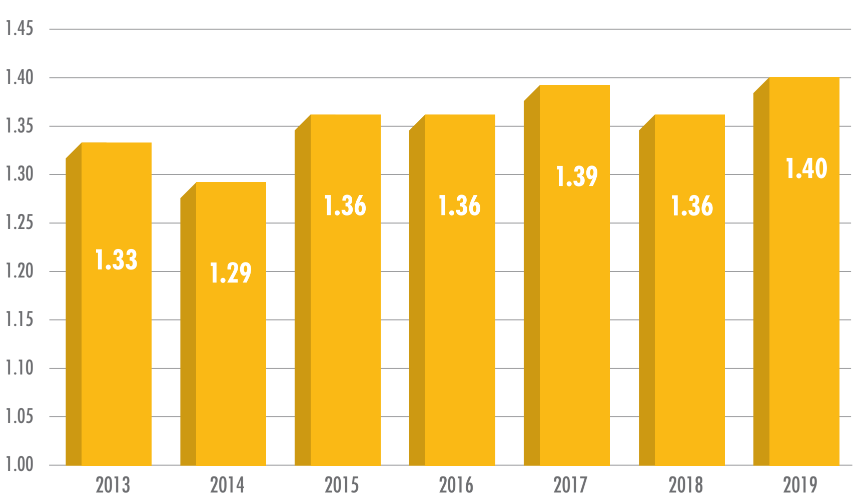
- The median Net Operating Income (NOI) for larger projects with more than 80 units was $3,670 per unit. This was double that of smaller projects with 40 units or less.
- When measuring by equity, more than 88% of the portfolio had a DCR > 1 in 2019. The percentage of projects with a DCR > 1 is slightly lower (84%) when measuring by project count.
- DCR performance is strongest (1.48) in the first 5 years of a compliance period and weaker (1.34) in the latter years.
- Currently, 78% of the projects in the portfolio have some hard, or must-pay, debt. This includes both conventional debt with private institutions and public debt with state and local government agencies.

The 2019 median NOI was $2,524 per unit, which was an increase of 3.3% over the prior year. Strong occupancy and revenue growth of 4.5% caused an increase in the 2019 median DCR, from 1.36 to 1.40.

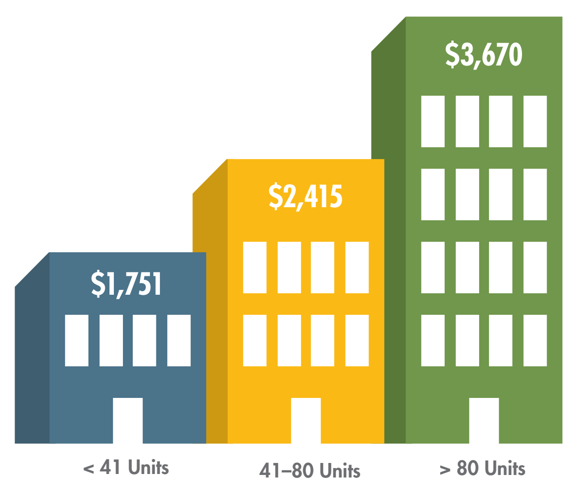
MEDIAN NOI ($ PER UNIT)



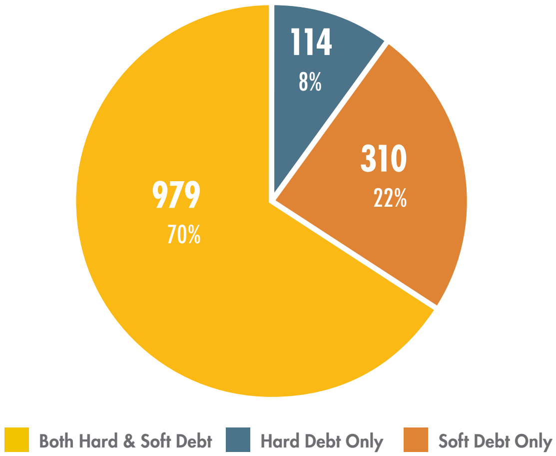
MEDIAN DCR



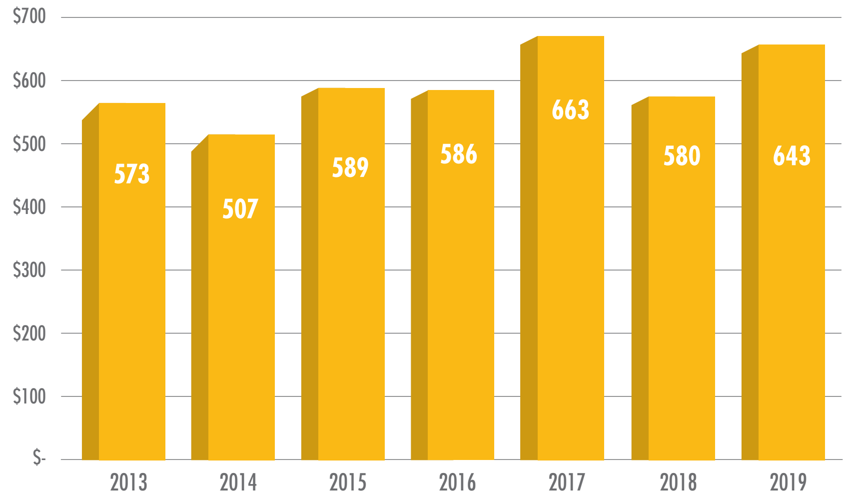
MEDIAN NOI BY PROJECT SIZE



PORTFOLIO DEBT COMPOSITION



MEDIAN CASH FLOW ($ PER UNIT)

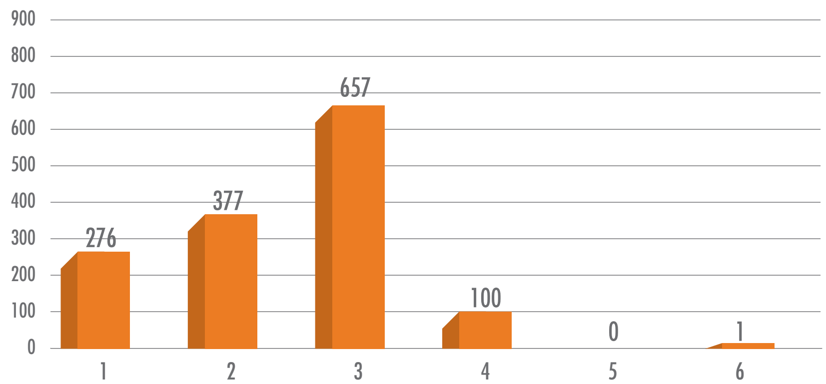


WATCHLIST

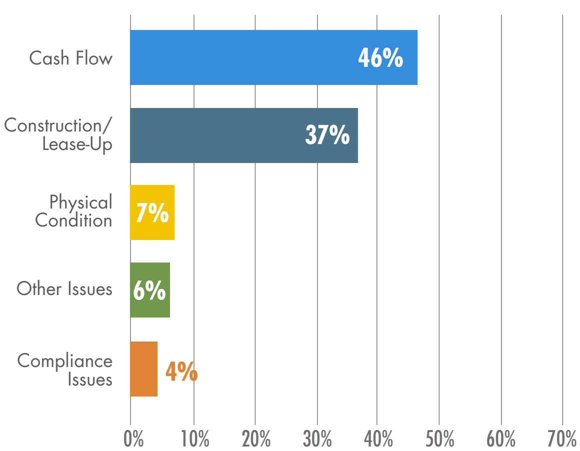
- At year-end, one project was considered to be at significant risk (PPL rating of 5 or 6), representing only 0.1% of the portfolio.
- The majority of the projects on the watchlist for the "Other Issues" category were sponsor-related issues.
- The PPL percentage for projects in construction was 19.8%.
- At this time last year, 6.9% of the portfolio was on the PPL.

The year-end 2019 Enterprise PPL, or "watchlist," was at 7.2%. Cash flow concerns were the primary reason projects were on the watchlist (46%).

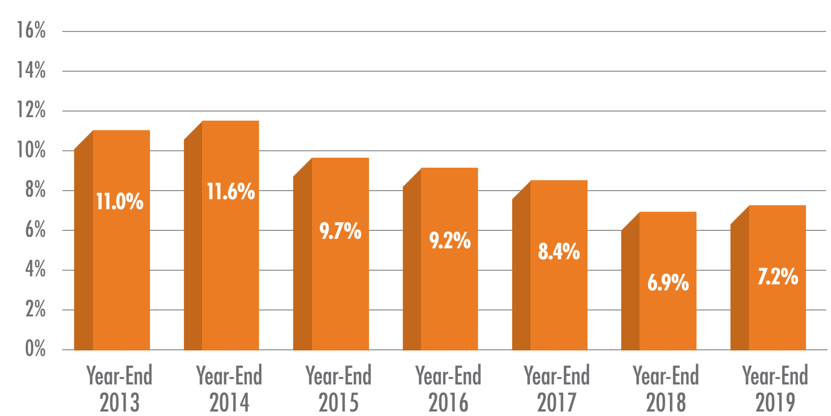
RISK RATING DISTRIBUTION



YEAR-END 2019 WATCHLIST CHARACTERISTICS



HISTORICAL WATCHLIST



ANALYSIS METHODOLOGY

The Portfolio section includes the 1,403 projects in the Enterprise investment portfolio as of September 2020.

The Revenue, Expense and Performance sections include only the 1,200 projects that reached their qualified occupancy prior to December 31, 2018. The results factor in one-time revenue and expense adjustments for nonrecurring or capital-related expenditures.

The Watchlist section and the Project Performance List (PPL) refer to the quarterly review by the Asset Management team to identify projects that may be underperforming. The projects on the PPL are intensively monitored by the Asset Management team, and quarterly reports of progress are provided to Enterprise senior management and investors.

NOTE ON COVID-19 IMPACT IN 2020

In response to the COVID-19 pandemic, Enterprise performed a detailed stress test on the portfolio to identify properties where performance might be most impacted in order to work more proactively with our partners to ensure the availability of resources needed to weather the crisis. The monitoring of pre-stabilized deals also increased to ensure timeliness of construction completion and eventual credit delivery. Through the second quarter of 2020, the portfolio had not experienced a significant decline in performance, with physical and economic occupancy averaging 96.4% and 95.4%, respectively. The Enterprise watchlist has increased only slightly, from 7.2% to 7.4% through the first half of the year, although we recognize that the overall impact of COVID-19 on the portfolio will depend on the duration of the pandemic and other economic factors. We will continue to carefully monitor the portfolio accordingly.

Enterprise is a proven and powerful nonprofit that improves communities and people's lives by making well-designed homes affordable. We bring together nationwide know-how, partners, policy leadership and investments to multiply the impact of local affordable housing development. Over more than 35 years, Enterprise has created nearly 662,000 homes, invested $52.9 billion and touched millions of lives.

Join us at www.EnterpriseCommunity.com or www.EnterpriseCommunity.org.

We welcome your comments or questions, in care of:

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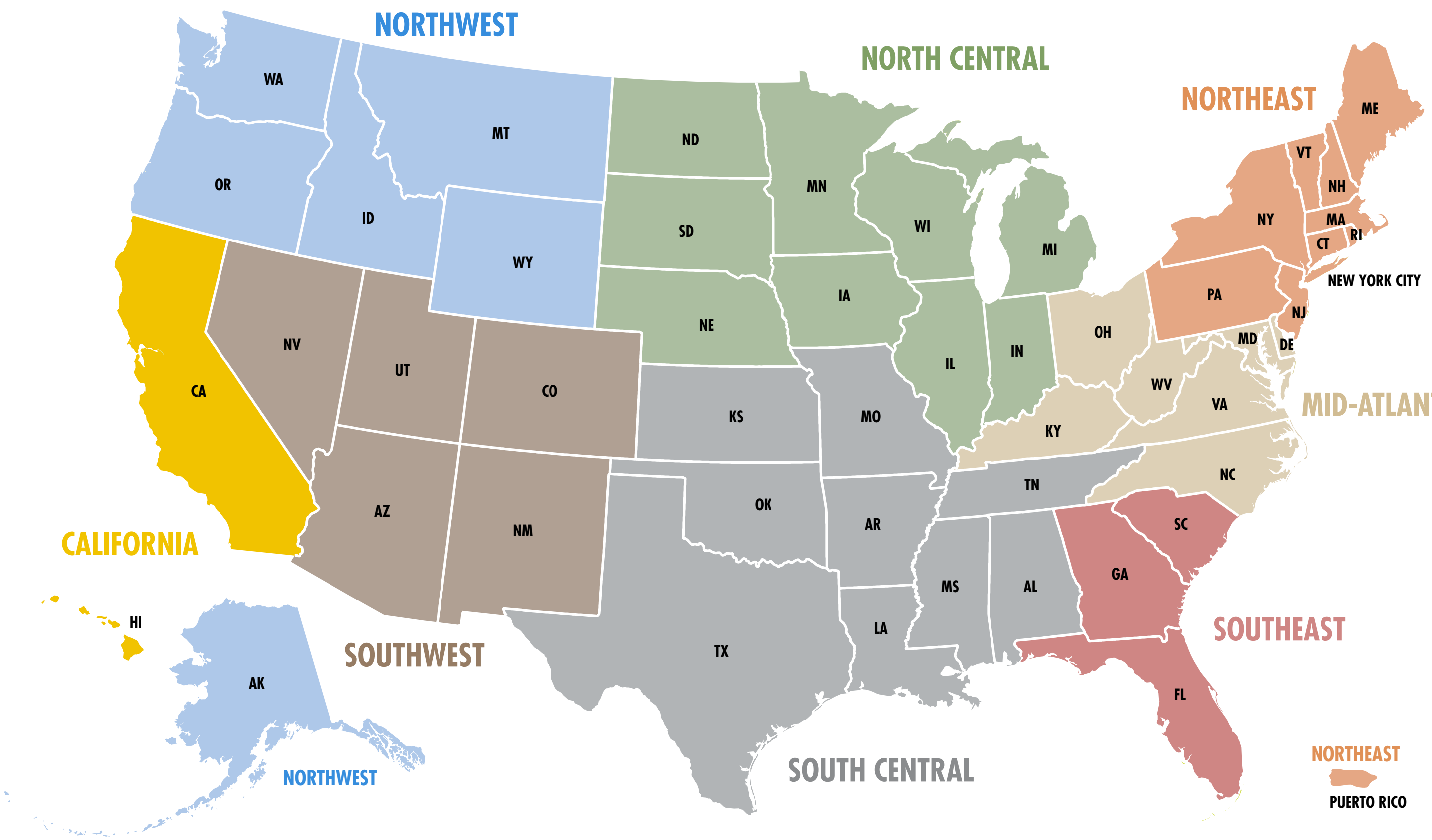
Regional Highlights

Enterprise

November 2020

The average occupancy for the portfolio was 96.4% in 2019, a slight increase from 96.2% in 2018. The largest increases occurred in the Southwest and Northwest regions, where occupancy increased by 1.3% and 0.5%, respectively. The occupancy in the North Central region remained under 95%, and the South Central region dropped below this threshold for the first time since 2012. The South Central region had the largest decline in 2019, as the occupancy decreased by 1.3% to 93.9%. New York City had the highest occupancy in 2019, at 97.8%, and has had the highest average for the past 6 years.



AVERAGE OCCUPANCY BY SUB-REGION (Less Than 95% Highlighted)							
SUB-REGION	2013	2014	2015	2016	2017	2018	2019
Northwest	97.3%	97.5%	97.9%	97.4%	97.6%	97.2%	97.7%
California	97.5%	96.7%	96.9%	97.0%	97.0%	97.0%	97.3%
Southwest	95.4%	95.6%	95.4%	94.2%	95.3%	95.4%	96.7%
North Central	95.2%	94.8%	95.3%	94.7%	94.8%	94.7%	94.0%
South Central	95.4%	95.9%	95.5%	95.6%	95.4%	95.2%	93.9%
Northeast	95.1%	95.6%	95.8%	95.8%	96.2%	95.6%	96.0%
New York City	97.8%	97.9%	98.2%	98.2%	98.1%	97.3%	97.8%
Mid-Atlantic	97.1%	96.7%	97.0%	96.9%	97.7%	96.8%	96.4%
Southeast	95.7%	95.5%	96.4%	96.3%	95.6%	94.5%	95.0%
PORTFOLIO	**96.5%**	**96.4%**	**96.6%**	**96.4%**	**96.6%**	**96.2%**	**96.4%**

The 2019 median total operating expenses was $7,087 per unit, which represents a 3.5% increase over 2018. The average annual growth rate of the median total operating expenses has been 3.7% a year since 2013. New York City reported the highest expense amount of $9,552 per unit, and the Southwest and North Central regions had the lowest, at $5,457 and $5,815 per unit, respectively. One primary driver of the higher expenses in New York City has been owner-paid utilities. The North Central region had the largest expense increase in 2019, at 4.6%, and the South Central region has had the largest growth rate since 2013, at 5.3%

MEDIAN TOTAL OPERATING EXPENSES BY SUB-REGION							
SUB-REGION	2013	2014	2015	2016	2017	2018	2019
Northwest	$5,190	$5,122	$5,326	$5,421	$5,761	$6,004	$6,245
California	$6,990	$7,176	$7,234	$7,272	$7,685	$7,930	$8,279
Southwest	$4,498	$4,552	$4,592	$4,872	$5,084	$5,281	$5,457
North Central	$4,444	$4,815	$4,942	$5,100	$5,199	$5,583	$5,815
South Central	$5,063	$5,116	$5,275	$5,441	$5,499	$5,558	$5,850
Northeast	$6,569	$6,929	$7,051	$7,319	$7,348	$7,637	$7,814
New York City	$8,434	$8,613	$8,679	$8,570	$8,709	$9,371	$9,552
Mid-Atlantic	$5,472	$5,712	$6,031	$6,333	$6,450	$6,660	$6,764
Southeast	$5,322	$5,182	$5,332	$5,496	$5,669	$5,698	$5,983
PORTFOLIO	$5,688	$5,917	$6,073	$6,336	$6,505	$6,845	$7,087

The 2019 median NOI was $2,524 per unit, which was an increase of 3.3% over the prior year. Strong occupancy and continued revenue growth have not only strengthened NOI, but also raised the median DCR from 1.36 to 1.40. The average annual growth rate of the median NOI since 2013 has been 2.8% per year. The highest median NOI amounts are traditionally in the western regions, and the lowest median NOI has been in the Northeast Region. With occupancy rates hovering at 95% and an operating expense growth rate of 5.0%, the NOI in the Southeast region dropped by 8.6% in 2019.

MEDIAN NET OPERATING INCOME BY SUB-REGION							
SUB-REGION	2013	2014	2015	2016	2017	2018	2019
Northwest	$2,416	$2,379	$2,455	$2,609	$2,577	$2,649	$2,570
California	$2,833	$2,923	$2,803	$2,824	$2,963	$3,349	$3,348
Southwest	$2,623	$2,700	$2,695	$2,869	$2,997	$3,046	$3,198
North Central	$1,803	$1,718	$1,785	$1,944	$1,957	$1,800	$1,833
South Central	$2,206	$2,124	$1,932	$2,064	$2,127	$2,065	$2,265
Northeast	$1,432	$1,566	$1,527	$1,605	$1,893	$1,786	$1,776
New York City	$1,917	$1,857	$2,147	$2,260	$2,722	$2,411	$2,415
Mid-Atlantic	$2,159	$2,103	$2,302	$2,400	$2,303	$2,553	$2,537
Southeast	$1,862	$1,899	$1,986	$2,158	$1,959	$2,234	$2,043
PORTFOLIO	$2,143	$2,154	$2,245	$2,324	$2,391	$2,444	$2,524