

MADISON CENTRE

920 5TH AVE
SEATTLE, WA 98104

May 3, 2023



MEET OUR TEAM



Aidan
Erickson-Mullane
Principal



Natalie Rais
Senior Analyst



Kayla Thai
Junior Analyst



Alex Breton
Junior Analyst



Nico Piazza
Junior Analyst

WHAT IS IREA?

- Isenberg Real Estate Advisors
- Student-run, selective real estate advisory group
- Transition to mock fund structure
 - Acquisition Teams
- Quantitative and qualitative analysis to value investments



DEAL SELECTION

- Source OMs from GP connections
- Fully analyze several deals for investment



INVESTMENT PITCH

- Full financial and market analysis
- Sensitivity analysis
- Thesis & risks to thesis



ASSET MANAGEMENT

- Track performance of our asset
- Stay in close contact with GP

DEAL SELECTION OVERVIEW



Colewood

- Denver, CO
- Class A Multifamily



Madison Centre

- Seattle CBD, WA
- Class A+ Trophy Office



Freedom Drive

- Charlotte, NC
- Class C Medical Office Development



Softening Fundamentals



High Market Vacancies & Oversupply



Slow Rent Growth



Premier Trophy Asset with Strong Financials



Tenant Diversity



Strong Lease Contracts



Instability in Class C Office



High Capital Expenditure



Competition in the area



MADISON CENTRE OVERVIEW

Building

- Purchase Price: \$510M
- Trophy Office Tower
- 760,971 RSF Area
- Built in 2017

Location

- Seattle CBD
- Walk Score 99
- Transit Score 100



AMENITIES

MODERN FINISHES & AMENITIES

*BUILT-TO-SPEC UNITS FOR FINANCIAL,
RETAIL, MEDIA, AND ARCHITECTURAL TENANTS*

13-FOOT CEILING HEIGHT

STATE OF THE ART A/C AND HEATING

CONFERENCE / TRAINING ROOMS

24/7 ON-SITE SECURITY STAFF

LIFESTYLE COMMUNITY

CORPORATE ROOFTOP DECK/PATIO

FITNESS CENTER

OVER 450 GARAGE PARKING SPACES

AMAZON GO AND COFFEE SHOP

SUB 5-MINUTE WALK TO BUS AND TRAIN

16 TOTAL ELEVATORS

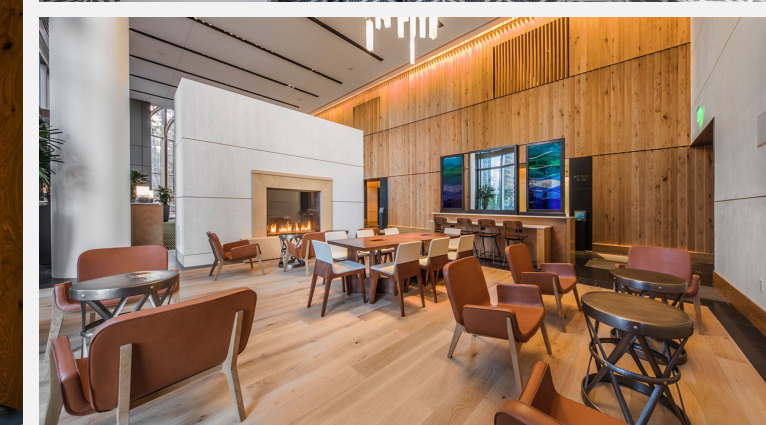
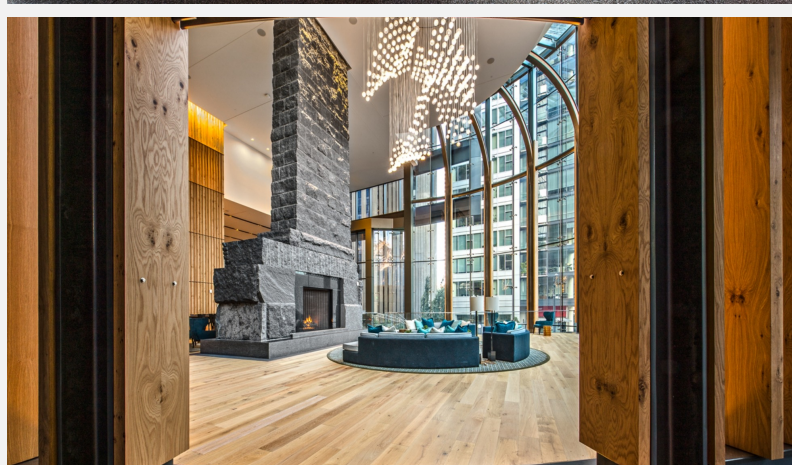
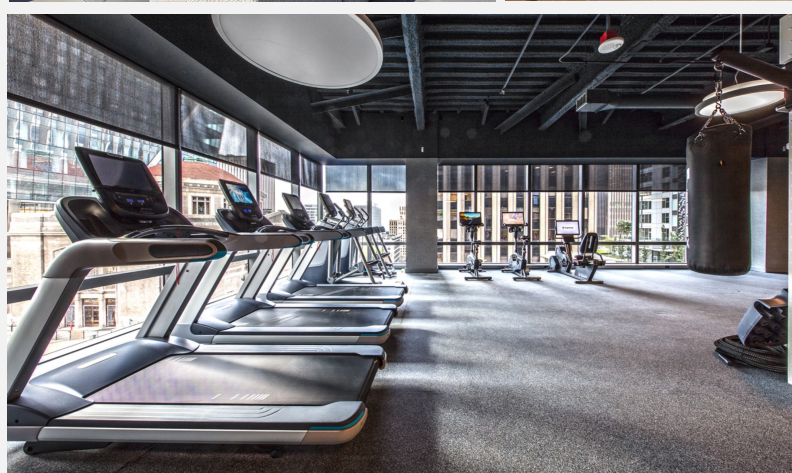
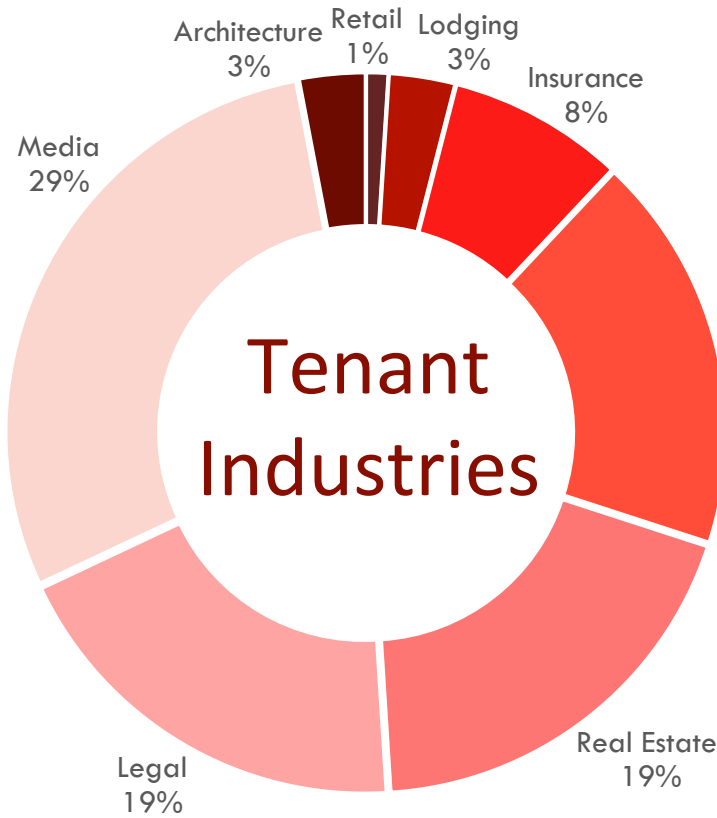




PHOTO GALLERY

TENANT OVERVIEW



Floor	Assurance IQ Patio 1,301 SF Jan-32	Rooftop Deck Amenity		
37	Assurance IQ 22,193 SF Jan-32			
36	Assurance IQ 22,725 SF Jan-32			
35	Assurance IQ 22,725 SF Jan-32			
34	Bain Consulting 14,203 SF Sep-27	SVB Financial Group 7,990 SF Apr-26		
33	DWT 22,725 SF Nov-28			
32	DWT 22,193 SF Nov-28			
31	DWT 22,725 SF Nov-28			
30	DWT 22,193 SF Nov-28			
29	DWT 22,725 SF Nov-28			
28	RSM 22,193 SF Apr-29			
27	Spec Suite-Future Tenant 7,985 SF	Schnitzer West 8,771 SF Oct-25	Cresset Wealth Advisors 5,971 SF Jan-30	
26	Hulu 23,089 SF Oct-29			
25	Hulu 22,399 SF Oct-29			
24	Hulu 22,414 SF Oct-29			
23	Textio/Stripe (1) 22,931 SF Sep-27			
22	Stripe 22,380 SF Sep-27			
21	Stripe 22,931 SF Sep-27			
20	Stripe 22,380 SF Sep-27			
19	Stripe 22,931 SF Sep-27			
18	WeWork 22,380 SF Nov-31			
17	WeWork 22,931 SF Nov-31			
16	WeWork 22,380 SF Nov-31			
15	WeWork 22,931 SF Nov-31			
14	Stripe 22,341 SF Jan-30			
13	FATCO 6,105 SF Aug-28	Cigna 12,890 SF May-27	HSBC 3,252 SF Feb-27	
12	First American Title Insurance Company (FATCO) 22,017 SF Aug-28			
11	EY 22,343 SF Oct-27			
10	EY 8,032 SF Oct-27	EY 4,968 SF Oct-30	Spec Suite-Future Tenant 9,009 SF	
9	Ernst & Young (EY) 22,343 SF Oct-30			
8	Future Tenant 22,011 SF			
7	Booking.com 22,343 SF Apr-26			
6	B+H Architects 22,011 SF May-29			
5	Davis Wright Tremaine (DWT) 22,343 SF Nov-28			
4	Future Tenant 13,131 SF	BMO 2,436 SF May-33	Pathstone 3,095 SF Nov-26	Century Pacific 2,388 SF Nov-24
3	SVB Financial Group 12,255 SF Jul-27			
2	Fitness/Wellness/Board Rooms/Quiet Rooms			
1	Grand Rotunda/Conference Center/Library/Living Wall			
G	Lobby - Retail	Amazon Go 3,736 SF Jul-28	Key Bank 3,070 SF Apr-31	
	Parking Level A			
	Parking Level B			
	Parking Level C			
	Parking Level D			
	Parking Level E			
	Parking Level F			
	Parking Level G			

TENANT STRENGTH



stripe

Payment processing platform
with 23.86% of the market
share

AAA+ Credit Rating

4 years left on lease
with one 5-year extension
option



hulu

BBB+ Credit Rating

Owned by Disney

Over \$8B in cash reserves

6 Years left on lease with
two 5-year extension options



Davis Wright
Tremaine LLP

Private company, 88th best
law firm in country

Media & entertainment law

HQ is Madison Centre

Lease expires in 5 years
with two 5-year extension
options



bxp

Boston
Properties

GP OVERVIEW

S&P 500 Company

3rd Largest US Office REIT

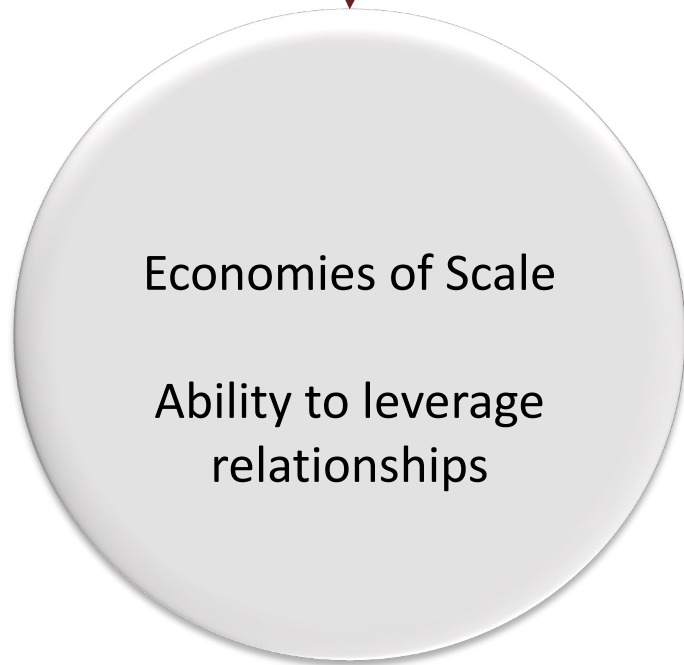
Diverse Portfolio of Primarily
Class A Office Space

192 Properties and 54.1M
SF in Portfolio

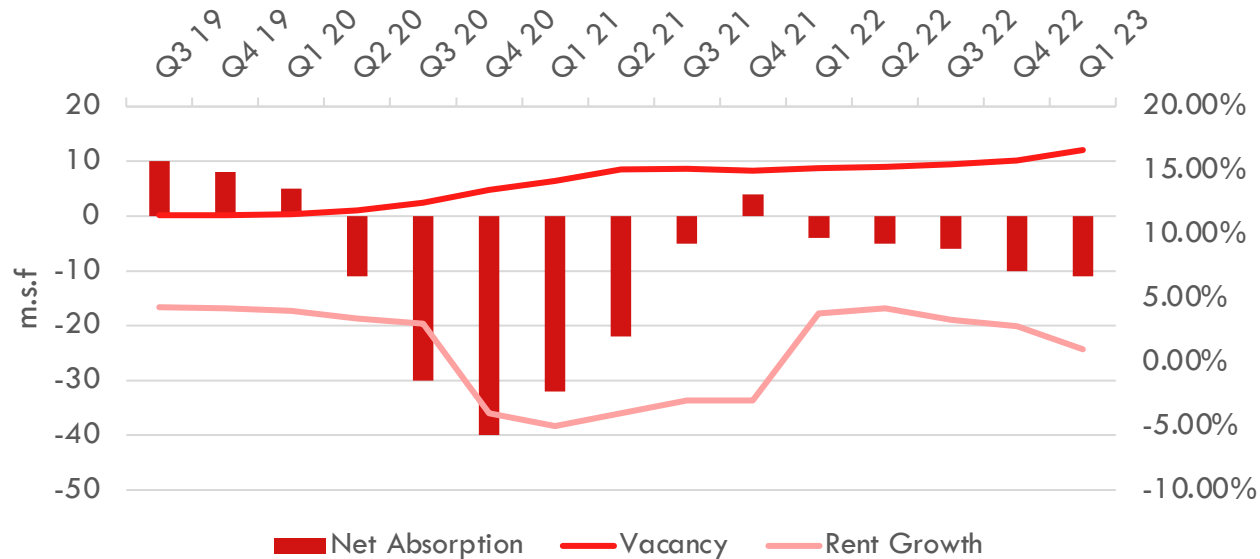
Core Markets: Boston, LA,
NY, San Francisco, Seattle



Strategy Benefits



NATIONAL TRENDS



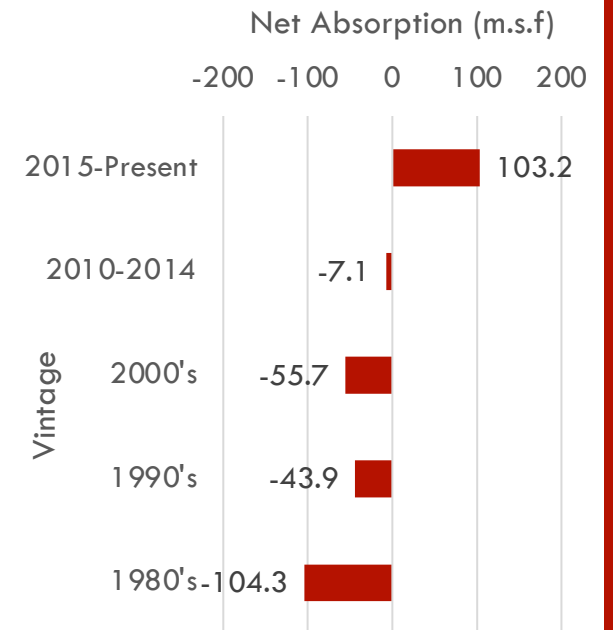
Sublease availability up **10msf** from last quarter to **242msf**
 Madison Centre is **3.7%** subleased

Tenants have the leverage

Class A **103.2msf** net absorption versus **-32.2msf** nationally

Supply pipeline slowing, new construction quickly absorbed

Flight to Quality



FROM THE HEADLINES

FORTUNE

Remote workers are losing ground in the work from home wars: More than half of employees went into the office last week

Forbes

Bosses Are Winning The Battle To Get Workers Back To The Office

The Washington Post

Google says its workers will have to be back in the office April 4

Bloomberg

Ken Griffin Decries Remote Work, Sees Too Many Distractions at Home

INSIDER

Salesforce is ordering some employees back to the office, a reversal from CEO Marc Benioff's public comments that workers are just as productive at home

THE WALL STREET JOURNAL.

U.S. Return-to-Office Rate Rises Above 50% for First Time Since Pandemic Began

IN-PERSON MANDATES



All employees 4 days per week

JPMORGAN

Half employees 5 days per week
The rest at least 3 days per week

All employees
3 days per
week



"Not showing
up when able
to is the same
as resignation"
-Elon Musk

Goldman Sachs

All employees 5
days per week

amazon

Half employees 5 days per week



SEATTLE MARKET

March 2023 avg.
sale price in Seattle
\$294 psf

18% sublease
availability up from
16% last quarter

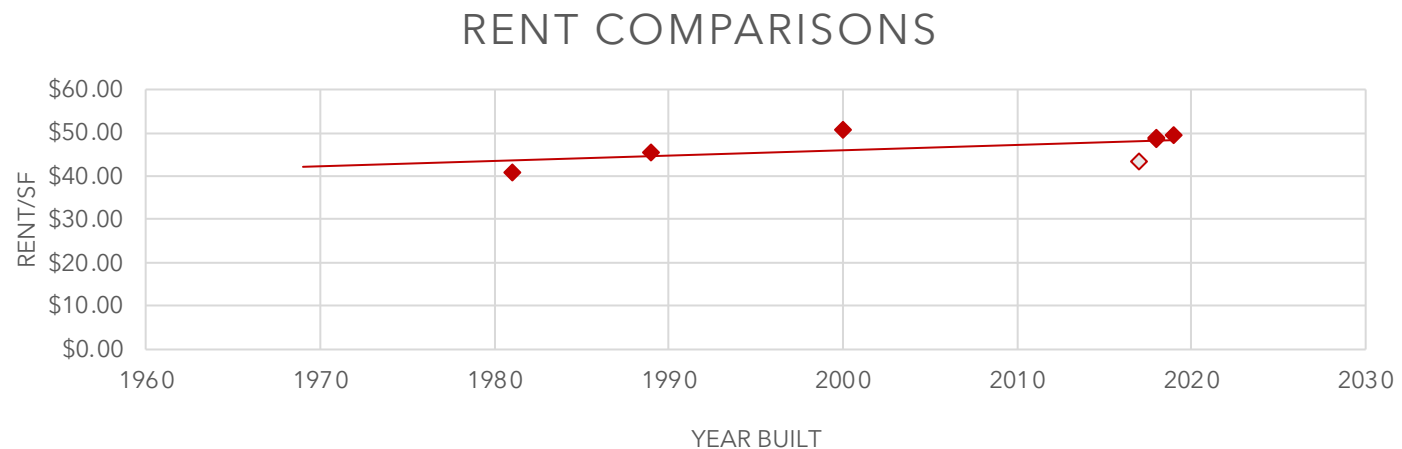
Total regional
employment
growth 5.1% in
2022, slowing in
2023

Amazon, Meta, and
Microsoft all currently
expanding/developing
office space

Seattle CBD 6.1%
rent growth from
last quarter to an
average of
\$45.20/sf

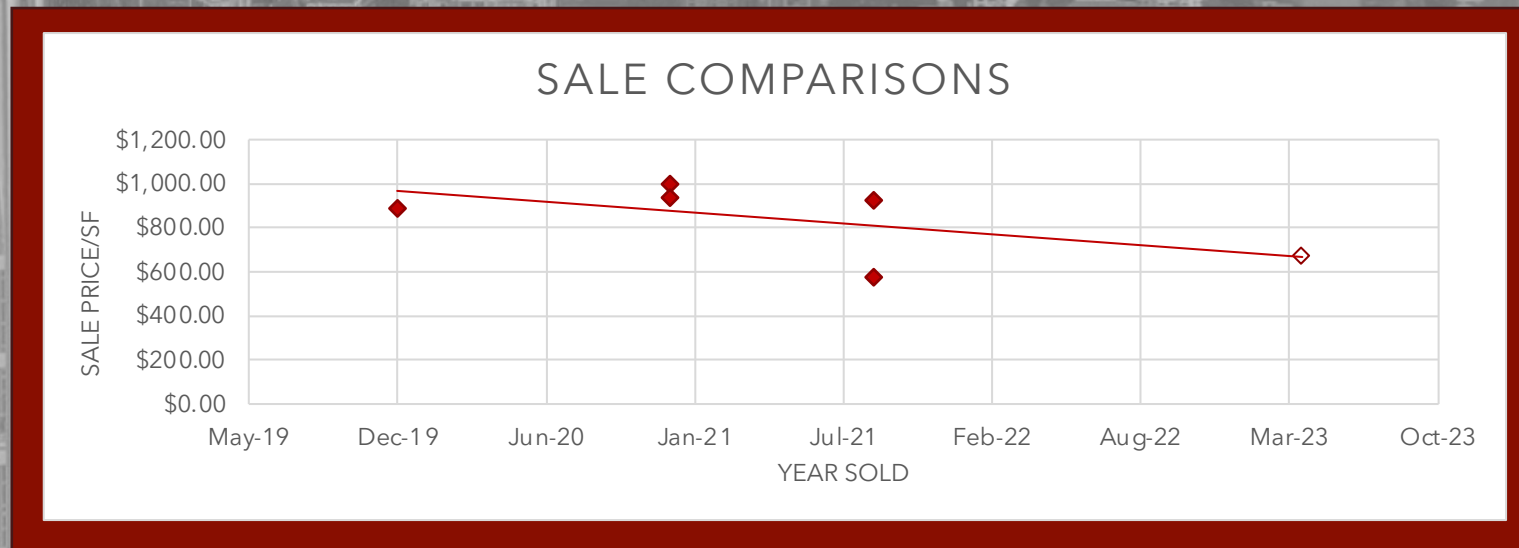
Rent Comps

Property	# of Units	Year Built	Distance	Avg Unit SF	Rent Per SF
Madison Centre	46	2017		22.2K	\$43.32
F5 Tower	43	2018	<0.5 Mile	19K	\$48.49
Qualtrics Tower	14	2019	2 Mile	18.5K	\$49.40
Pike Tower	28	1981	<0.5 Mile	5K	\$41.00



Sales Comps

Property	Year Built	Year Sold	Distance	Square Feet	Sale Price
Madison Centre	2017			760K	\$510M / \$670 PSF
F5 Tower	2018	Dec 2019	<0.5 Mile	516K	\$531M / \$888 PSF
Qualtrics Tower	2019	Dec 2020	2 Mile	725K	\$652M / \$998 PSF
West 8th	2009	Sep 2021	1 Mile	500K	\$490M / \$924 PSF



Federal Reserve keeps interest rate at record low

Politics Nov 5, 2020 5:16 PM EDT



“To the extent that faster growth generates higher inflation, it also generates higher demand for commercial space and higher property valuations.” – Forbes 2021

“When interest rates increase, it is possible for property values to decrease to partially or fully make up for lower expected cash flows.” – Forbes 2023

“Office cap rates have widened by 107bp year-over-year, contributing to offices being devalued by 15.9%.” – Avison Young Q1 2023 Office Report

RENT ROLL

Rent Accelerator: 3%

Unit Mix	Suite	Tenant	Years left on lease	Extension option	Sq. Ft	PSF monthly rent	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Ground Floor	100	Amazon Retail	5	2x5	3,718	\$3.69	\$164,633	\$164,633	\$164,633	\$164,633	\$164,633	\$164,633	\$204,341	\$204,341	\$204,341	\$204,341	\$204,341
	120	Key Bank National	8	2x5	3,048	\$2.94	\$107,533	\$110,759	\$114,082	\$117,505	\$121,030	\$124,661	\$128,401	\$132,253	\$136,220	\$140,307	\$144,516
Floor 1	150	BSB Coffee, LLC	5	2x5	945	\$2.50	\$28,350	\$28,350	\$28,350	\$41,504	\$41,504	\$41,504	\$41,504	\$41,504	\$41,504	\$41,504	\$41,504
	300	SVB (lease secured by First Citizens)	4	N/A	12,172	\$3.14	\$458,641	\$472,400	\$486,572	\$501,169	\$516,204	\$531,691	\$547,641	\$564,071	\$580,993	\$598,422	\$616,375
Floor 4	400	Century Pacific	1	1x5	2,372	\$3.56	\$101,332	\$104,372	\$107,503	\$110,728	\$114,050	\$117,471	\$120,996	\$124,625	\$128,364	\$132,215	\$136,182
	415	Pathstone Family Office	3	1x5	3,074	\$3.43	\$126,526	\$130,322	\$134,231	\$138,258	\$142,406	\$146,678	\$151,078	\$155,611	\$160,279	\$165,088	\$170,040
	430	Shnitzer West	10	Auto Yearly	2,439	\$3.77	\$110,340	\$113,651	\$117,060	\$120,572	\$124,189	\$127,915	\$131,752	\$135,705	\$139,776	\$143,969	\$148,288
	450	Vacant	N/A	N/A	13,131	\$3.83	\$603,501	\$621,606	\$640,254	\$659,462	\$679,245	\$699,623	\$720,611	\$742,230	\$764,497	\$787,432	\$811,055
Floor 5	500	Davis Wright Tremaine	5	2x5	22,343	\$2.61	\$699,783	\$720,776	\$742,400	\$764,672	\$787,612	\$811,240	\$835,577	\$860,645	\$886,464	\$913,058	\$940,450
Floor 6	600	BH Architects	6	2x5	21,861	\$3.28	\$860,449	\$886,262	\$912,850	\$940,236	\$968,443	\$997,496	\$1,027,421	\$1,058,244	\$1,089,991	\$1,122,691	\$1,156,371
Floor 7	700	Booking.com	3	1x5	22,191	\$2.92	\$777,573	\$800,900	\$824,927	\$849,675	\$875,165	\$901,420	\$928,462	\$956,316	\$985,006	\$1,014,556	\$1,044,993
Floor 8	800	Vacant	N/A	N/A	22,011	\$3.50	\$924,462	\$952,196	\$980,762	\$1,010,185	\$1,040,490	\$1,071,705	\$1,103,856	\$1,136,972	\$1,171,081	\$1,206,213	\$1,242,400
Floor 9	900	Ernst & Young	7	2x5	22,191	\$3.25	\$865,449	\$891,412	\$918,155	\$945,699	\$974,070	\$1,003,293	\$1,033,391	\$1,064,393	\$1,096,325	\$1,129,215	\$1,163,091
	1000	Ernst & Young	5	2x5	8,070	\$2.92	\$282,773	\$291,256	\$299,994	\$308,993	\$318,263	\$327,811	\$337,646	\$347,775	\$358,208	\$368,954	\$380,023
Floor 10	1050	Vacant	N/A	N/A	9,009	\$3.50	\$378,378	\$389,729	\$401,421	\$413,464	\$425,868	\$438,644	\$451,803	\$465,357	\$479,318	\$493,697	\$508,508
Floor 11	1070	Ernst & Young	5	2x5	4,934	\$3.25	\$192,426	\$198,199	\$204,145	\$210,269	\$216,577	\$223,074	\$229,767	\$236,660	\$243,759	\$251,072	\$258,604
	1100	Ernst & Young	4	2x5	22,104	\$2.92	\$774,524	\$797,760	\$821,693	\$846,343	\$871,734	\$897,886	\$924,822	\$952,567	\$981,144	\$1,010,578	\$1,040,896
Floor 12	1200	First American Insurance	5	2x5	22,017	\$3.38	\$893,010	\$919,800	\$947,394	\$975,816	\$1,005,090	\$1,035,243	\$1,066,300	\$1,098,289	\$1,131,238	\$1,165,175	\$1,200,130
Floor 13	1300	First American Insurance	5	2x5	6,064	\$3.38	\$245,956	\$253,335	\$260,935	\$268,763	\$276,825	\$285,130	\$293,684	\$302,495	\$311,569	\$320,917	\$330,544
	1350	Cigna Health Insurance	4	2x5	12,713	\$3.37	\$514,114	\$529,537	\$545,423	\$561,786	\$578,640	\$595,999	\$613,879	\$632,295	\$651,264	\$670,802	\$690,926
	1375	HSBC Bank	4	1x2	3,252	\$4.36	\$170,145	\$175,249	\$180,506	\$185,922	\$191,499	\$197,244	\$203,162	\$209,256	\$215,534	\$222,000	\$228,660
Floor 14	1400	Stripe Inc	7	N/A	22,189	\$3.14	\$836,082	\$861,164	\$886,999	\$913,609	\$941,017	\$969,248	\$998,325	\$1,028,275	\$1,059,123	\$1,090,897	\$1,123,624
Floor 15	1500	WeWork	8	2x5	22,774	\$3.20	\$874,522	\$900,757	\$927,780	\$955,613	\$984,282	\$1,013,810	\$1,044,225	\$1,075,551	\$1,107,818	\$1,141,052	\$1,175,284
Floor 16	1600	WeWork	8	2x5	22,227	\$3.20	\$853,517	\$879,122	\$905,496	\$932,661	\$960,641	\$989,460	\$1,019,144	\$1,049,718	\$1,081,210	\$1,113,646	\$1,147,055
Floor 17	1700	WeWork	8	2x5	22,774	\$3.20	\$874,522	\$900,757	\$927,780	\$955,613	\$984,282	\$1,013,810	\$1,044,225	\$1,075,551	\$1,107,818	\$1,141,052	\$1,175,284
Floor 18	1800	WeWork	8	2x5	22,277	\$3.73	\$997,119	\$1,027,032	\$1,057,843	\$1,089,578	\$1,122,266	\$1,155,934	\$1,190,612	\$1,226,330	\$1,263,120	\$1,301,014	\$1,340,044
Floor 19	1900	Stripe Inc	4	1x5	22,774	\$3.38	\$923,713	\$951,425	\$979,968	\$1,009,367	\$1,039,648	\$1,070,837	\$1,102,962	\$1,136,051	\$1,170,133	\$1,205,237	\$1,241,394
Floor 20	2000	Stripe Inc	4	1x5	22,227	\$3.38	\$901,527	\$928,573	\$956,430	\$985,123	\$1,014,677	\$1,045,117	\$1,076,471	\$1,108,765	\$1,142,028	\$1,176,288	\$1,211,577
Floor 21	2100	Stripe Inc	5	1x6	22,228	\$3.52	\$938,911	\$967,078	\$996,090	\$1,025,973	\$1,056,752	\$1,088,455	\$1,121,109	\$1,154,742	\$1,189,384	\$1,225,066	\$1,261,817
Floor 22	2200	Stripe Inc	4	1x5	22,774	\$4.08	\$1,095,725	\$1,128,597	\$1,162,454	\$1,197,328	\$1,233,248	\$1,270,245	\$1,308,353	\$1,347,603	\$1,388,031	\$1,429,672	\$1,472,563
Floor 23	2300	Stripe Inc	4	1x5	22,380	\$3.48	\$929,619	\$957,508	\$986,233	\$1,015,820	\$1,046,295	\$1,077,684	\$1,110,014	\$1,143,315	\$1,177,614	\$1,212,942	\$1,249,331
Floor 24	2400	Hulu	6	2x5	22,261	\$3.94	\$1,051,838	\$1,083,393	\$1,115,895	\$1,149,372	\$1,183,853	\$1,219,369	\$1,255,950	\$1,293,628	\$1,332,437	\$1,372,410	\$1,413,583
Floor 25	2500	Hulu	6	2x5	22,247	\$3.94	\$1,084,225	\$1,116,752	\$1,150,254	\$1,184,762	\$1,220,305	\$1,256,914	\$1,294,621	\$1,333,460	\$1,373,464	\$1,414,668	\$1,457,108
Floor 26	2600	Hulu	6	2x5	22,932	\$3.94	\$377,531	\$388,857	\$400,522	\$412,538	\$424,914	\$437,662	\$450,792	\$464,315	\$478,245	\$492,592	\$507,370
Floor 27	2700	Vacant	N/A	N/A	7,985	\$4.33	\$308,308	\$317,557	\$327,084	\$336,896	\$347,003	\$357,413	\$368,136	\$379,180	\$390,555	\$402,272	\$414,340
	2750	Cresset Capital Management	7	1x5	5,929	\$4.46	\$317,320	\$326,840	\$336,645	\$346,744	\$357,147	\$367,861	\$378,897	\$390,264	\$401,972	\$414,031	\$426,452
Floor 28	2750	Schnitzer West	2	2x2	8,712	\$3.82	\$399,358	\$411,339	\$423,679	\$436,389	\$449,481	\$462,965	\$476,854	\$491,160	\$505,895	\$521,072	\$536,704
	2800	RSM	6	2x5	22,193	\$4.08	\$1,086,569	\$1,119,166	\$1,152,741	\$1,187,324	\$1,222,943	\$1,259,632	\$1,297,421	\$1,336,343	\$1,376,433	\$1,417,726	\$1,460,258
Floor 29	2900	Davis Wright Tremaine	5	2x5	22,547	\$4.06	\$1,098,490	\$1,131,445	\$1,165,388	\$1,200,350	\$1,236,360	\$1,273,451	\$1,311,654	\$1,351,004	\$1,391,534	\$1,433,280	\$1,476,278
Floor 30	3000	Davis Wright Tremaine	5	2x6	22,022	\$4.06	\$1,072,912	\$1,105,099	\$1,138,252	\$1,172,400	\$1,207,572	\$1,243,799	\$1,281,113	\$1,319,546	\$1,359,133	\$1,399,907	\$1,441,904
Floor 31	3100	Davis Wright Tremaine	5	2x7	22,547	\$4.06	\$1,098,490	\$1,131,445	\$1,165,388	\$1,200,350	\$1,236,360	\$1,273,451	\$1,311,654	\$1,351,004	\$1,391,534	\$1,433,280	\$1,476,278
Floor 32	3200	Davis Wright Tremaine	5	2x8	22,022	\$4.06	\$1,072,912	\$1,105,099	\$1,138,252	\$1,172,400	\$1,207,572	\$1,243,799	\$1,281,113	\$1,319,546	\$1,359,133	\$1,399,907	\$1,441,904
Floor 33	3300	Davis Wright Tremaine	5	2x9	22,547	\$4.06	\$1,098,490	\$1,131,445	\$1,165,388	\$1,200,350	\$1,236,360	\$1,273,451	\$1,311,654	\$1,351,004	\$1,391,534	\$1,433,280	\$1,476,278
Floor 34	3400	Bain & Company	4	2x5	1,406	\$4.30	\$72,550	\$74,726	\$76,968	\$79,277	\$81,655	\$84,105	\$86,628	\$89,227	\$91,904	\$94,661	\$97,501
	3450	Subleased by SVB to Westriver Management	3	N/A	7,936	\$4.30	\$409,498	\$421,783	\$434,436	\$447,469	\$460,893	\$474,720	\$488,962	\$503,630	\$518,739	\$534,301	\$550,331
Floor 35	3500	Assurance IQ	9	2x5	22,570	\$3.73	\$1,010,233	\$1,040,540	\$1,071,756	\$1,103,909	\$1,137,026	\$1,171,137	\$1,206,271	\$1,242,459	\$1,279,733	\$1,318,125	\$1,357,669
Floor 36	3600	Assurance IQ	9	2x5	22,042	\$4.73	\$1,251,104	\$1,288,637	\$1,327,296	\$1,367,115	\$1,408,128	\$1,450,372	\$1,493,884	\$1,538,700	\$1,584,861	\$1,632,407	\$1,681,379
Weighted Avg / Total			6.93		742,181	\$3.61											
Gross Potential Rent:							\$31,314,979	\$32,248,639	\$33,210,308	\$34,213,982	\$35,234,218	\$36,285,060	\$37,407,136	\$38,521,975	\$39,670,259	\$40,852,991	\$42,071,205

ASSUMPTIONS

Assumptions		
Property SF		760971
Year Built		2017
Vacancy (Years 1-3, 4+)	7%	5%
Credit Loss		2%
OpEx Reimbursements		40.00%
Insurance Cost		1.66%
Property Taxes PSF		\$6.82
CapEx Reserves		0.25%
Discount Rate		8.00%
Entry Cap		5.73%
Exit Cap		5.25%
Purchase Price		\$510,000,000
Rent Accelerator		3.00%
WALT		6.93 Years

Capex Assumptions		
TI Allowance PSF: Renewals	\$8.40	70% chance
TI Allowance PSF: New Deals	\$12.00	30% chance
Blended TI Allowance PSF		\$9.48
TI SF Percentage (Years 1-6, 7+)	5% of total SF	15% of total SF
Leasing Commissions PSF		\$2.00
Leasing Commissions SF Percentage	5% of total SF	15% of total SF
Free Rent (Months per year of term)		1
Leases: Avg SF, Avg Price PSF	22200	\$3.61
Estimated Length of Lease		5 Years
Number of Leases Expiring (Years 1-6, 7+)	2	3

DEBT ASSUMPTIONS

Debt Assumptions	
Purchase Price	\$510,000,000
LTV	55%
UST-10Y	3.74%
Spread (Bps)	2.75%
APR	6.49%
Monthly Rate	0.54%
Loan Amount	\$280,500,000
Monthly Payment	\$1,517,038
Annual Payment	\$18,204,450
Loan Fees	2%
I/O	10 Years
Year 10 Balloon	\$280,500,000
DSCR (Y1)	1.61
DSCR (Hold Period)	1.91

At Loan Maturity:					
Change in Property Value	-5%	-10.0%	-15.0%	-20.0%	-25.0%
Property Value	\$484,500,000	\$459,000,000	\$433,500,000	\$408,000,000	\$382,500,000
Remaining Equity	\$204,000,000	\$178,500,000	\$153,000,000	\$127,500,000	\$102,000,000

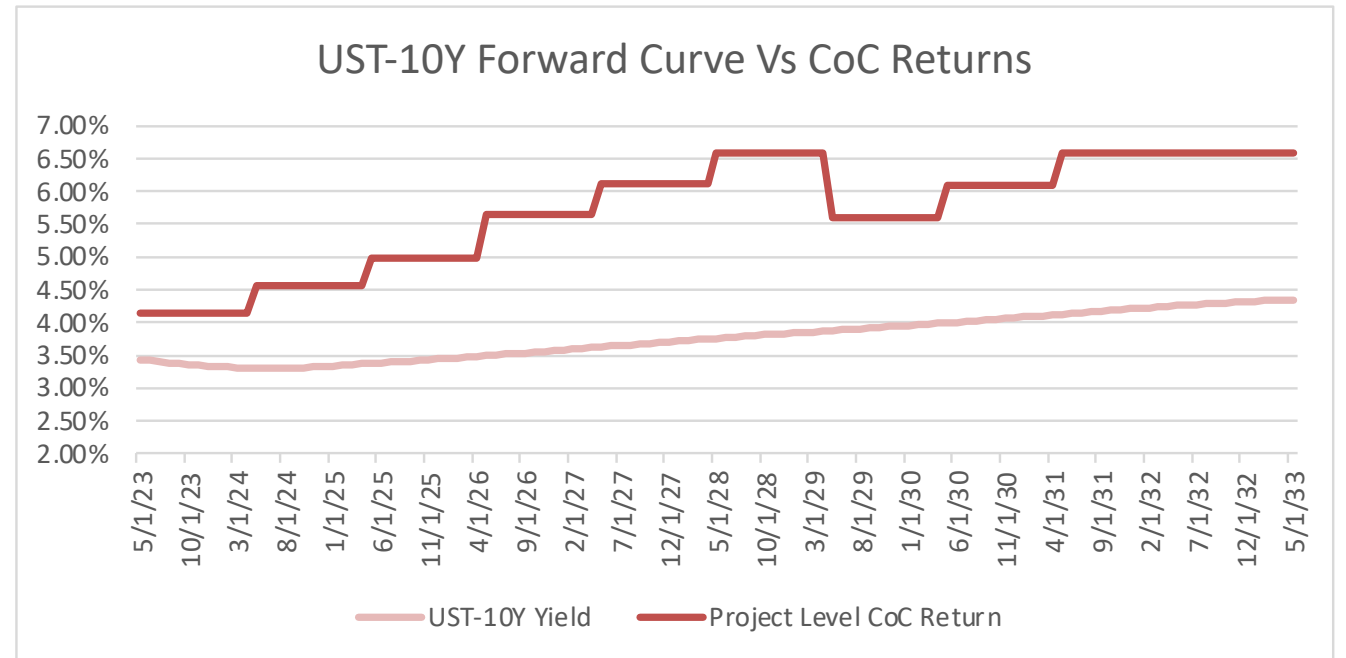
PRO FORMA

Year:		0	1	2	3	4	5	6	7	8	9	10	11
Cash Flow Statement	Percentages												
Rent Income:													
Gross Potential Rent			\$31,314,979	\$32,248,639	\$33,210,308	\$34,213,982	\$35,234,218	\$36,285,060	\$37,407,136	\$38,521,975	\$39,670,259	\$40,852,991	\$42,071,205
General Vacancy Loss	7% - 5%		\$2,192,049	\$2,257,405	\$2,324,722	\$1,710,699	\$1,761,711	\$1,814,253	\$1,870,357	\$1,926,099	\$1,983,513	\$2,042,650	\$2,103,560
Credit Loss	2.00%		\$626,300	\$644,973	\$664,206	\$684,280	\$704,684	\$725,701	\$748,143	\$770,439	\$793,405	\$817,060	\$841,424
Other Income:													
OpEx Reimbursement	40.00%		\$12,525,991	\$12,899,455	\$13,284,123	\$13,685,593	\$14,093,687	\$14,514,024	\$14,962,854	\$15,408,790	\$15,868,103	\$16,341,196	\$16,828,482
Parking	3.80%		\$1,189,969	\$1,225,448	\$1,261,992	\$1,300,131	\$1,338,900	\$1,378,832	\$1,421,471	\$1,463,835	\$1,507,470	\$1,552,414	\$1,598,706
Fitness Center	0.36%		\$112,734	\$116,095	\$119,557	\$123,170	\$126,843	\$130,626	\$134,666	\$138,679	\$142,813	\$147,071	\$151,456
Bridge Rent	0.58%		\$181,627	\$187,042	\$192,620	\$198,441	\$204,358	\$210,453	\$216,961	\$223,427	\$230,087	\$236,947	\$244,013
Storage	0.20%		\$62,630	\$64,497	\$66,421	\$68,428	\$70,468	\$72,570	\$74,814	\$77,044	\$79,341	\$81,706	\$84,142
Effective Gross Revenue:			\$42,569,582	\$43,838,799	\$45,146,093	\$47,194,767	\$48,602,080	\$50,051,612	\$51,599,403	\$53,137,212	\$54,721,155	\$56,352,616	\$58,033,021
Operating Expenses:													
Property Taxes	\$6.82		\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822	\$5,189,822
Insurance	1.66%		\$706,655	\$727,724	\$749,425	\$783,433	\$806,795	\$830,857	\$856,550	\$882,078	\$908,371	\$935,453	\$963,348
Repairs & Maintenance	3.00%		\$1,277,087	\$1,315,164	\$1,354,383	\$1,415,843	\$1,458,062	\$1,501,548	\$1,547,982	\$1,594,116	\$1,641,635	\$1,690,578	\$1,740,991
Property Management Fee	4.00%		\$1,702,783	\$1,753,552	\$1,805,844	\$1,887,791	\$1,944,083	\$2,002,064	\$2,063,976	\$2,125,488	\$2,188,846	\$2,254,105	\$2,321,321
General & Admin	2.00%		\$851,392	\$876,776	\$902,922	\$943,895	\$972,042	\$1,001,032	\$1,031,988	\$1,062,744	\$1,094,423	\$1,127,052	\$1,160,660
Cleaning	3.60%		\$1,532,505	\$1,578,197	\$1,625,259	\$1,699,012	\$1,749,675	\$1,801,858	\$1,857,579	\$1,912,940	\$1,969,962	\$2,028,694	\$2,089,189
Security	1.50%		\$638,544	\$657,582	\$677,191	\$707,922	\$729,031	\$750,774	\$773,991	\$797,058	\$820,817	\$845,289	\$870,495
Utililites	2.50%		\$1,064,240	\$1,095,970	\$1,128,652	\$1,179,869	\$1,215,052	\$1,251,290	\$1,289,985	\$1,328,430	\$1,368,029	\$1,408,815	\$1,450,826
Roads & Grounds	0.85%		\$361,841	\$372,630	\$383,742	\$401,156	\$413,118	\$425,439	\$438,595	\$451,666	\$465,130	\$478,997	\$493,281
Total Operating Expenses			\$13,324,869	\$13,567,417	\$13,817,241	\$14,208,742	\$14,477,680	\$14,754,685	\$15,050,468	\$15,344,343	\$15,647,035	\$15,958,807	\$16,279,932
Net Operating Income:			\$29,244,713	\$30,271,382	\$31,328,852	\$32,986,025	\$34,124,400	\$35,296,927	\$36,548,935	\$37,792,868	\$39,074,120	\$40,393,809	\$41,753,088
TI Allowance			\$360,700	\$360,700	\$360,700	\$360,700	\$360,700	\$360,700	\$1,082,101	\$1,082,101	\$1,082,101	\$1,082,101	\$1,205,378
Leasing Commissions			\$380,486	\$380,486	\$380,486	\$380,486	\$380,486	\$380,486	\$1,141,457	\$1,141,457	\$1,141,457	\$1,141,457	\$1,141,457
Free Rent			\$800,668	\$800,668	\$800,668	\$800,668	\$800,668	\$1,201,002	\$1,201,002	\$1,201,002	\$1,201,002	\$1,201,002	\$1,201,002
Cash Flow Before Debt Service			\$27,702,859	\$28,729,529	\$29,786,998	\$31,444,171	\$32,582,546	\$33,354,739	\$33,124,376	\$34,368,309	\$35,649,560	\$36,969,249	\$38,205,251
Debt Service			\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450	\$18,204,450
DSCR			1.61	1.66	1.72	1.81	1.87	1.94	2.01	2.08	2.15	2.22	2.29
Cash Flow After Debt Service			\$9,498,409	\$10,525,079	\$11,582,548	\$13,239,721	\$14,378,096	\$15,150,289	\$14,919,926	\$16,163,859	\$17,445,110	\$18,764,799	\$20,000,801
Purchase & Sale Metrics													
Unlevered Cash Flow:													
Purchase Price			-\$510,000,000										
Closing Costs	2%		-\$10,200,000										
Sale Price													\$795,296,917
Cost of Sale	2%												-\$15,905,938
Total Unlevered Cash Flow			-\$520,200,000	\$27,702,859	\$28,729,529	\$29,786,998	\$31,444,171	\$32,582,546	\$33,354,739	\$33,124,376	\$34,368,309	\$35,649,560	\$816,360,228
Levered Cash Flow:													
Loan Proceeds			\$280,500,000										
Loan Fees	2%		-\$5,610,000										
Loan Payoff													-\$280,500,000
Total Levered Cash Flow			-\$245,310,000	\$9,498,409	\$10,525,079	\$11,582,548	\$13,239,721	\$14,378,096	\$15,150,289	\$14,919,926	\$16,163,859	\$17,445,110	\$517,655,778

PROPERTY RETURN METRICS

Madison Centre Return Metrics	
Unlevered IRR	9.32%
Unlevered NPV	\$53,896,576
Levered IRR	11.47%
Levered NPV	\$76,707,462
Equity Multiple	2.61x

Cash-on-Cash Return	
Y1 CoC	3.87%
Avg Yearly CoC	5.57%



EQUITY WATERFALL

Partner	Contribution	LP Preferred Return	GP Promote
LP	90%	8%	
GP	10%		20%

Property IRR	11.47%
LP IRR	10.91%
GP IRR	14.98%

Preferred Return w/ GP Promote Waterfall											
Year:	0	1	2	3	4	5	6	7	8	9	10
Equity Level Cash Flows:											
Total Levered Cashflow	-\$245,310,000	\$9,498,409	\$10,525,079	\$11,582,548	\$13,239,721	\$14,378,096	\$15,150,289	\$14,919,926	\$16,163,859	\$17,445,110	\$517,655,778
LP Preferred Return:											
LP Beginning Balance	\$0	\$220,779,000	\$228,942,911	\$236,733,266	\$244,089,379	\$250,376,808	\$256,028,856	\$261,360,876	\$267,349,820	\$272,573,947	\$276,934,753
LP Investment	\$220,779,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LP Preferred Return Earned	\$0	\$17,662,320	\$18,315,433	\$18,938,661	\$19,527,150	\$20,030,145	\$20,482,308	\$20,908,870	\$21,387,986	\$21,805,916	\$22,154,780
LP Preferred Return Paid	\$0	\$9,498,409	\$10,525,079	\$11,582,548	\$13,239,721	\$14,378,096	\$15,150,289	\$14,919,926	\$16,163,859	\$17,445,110	\$22,154,780
LP Ending Balance	\$220,779,000	\$228,942,911	\$236,733,266	\$244,089,379	\$250,376,808	\$256,028,856	\$261,360,876	\$267,349,820	\$272,573,947	\$276,934,753	\$276,934,753
Remaining Cashflow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$495,500,998
GP Account:											
GP Investment	-\$24,531,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GP Returns	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$99,100,200
Total GP Cashflow	-\$24,531,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$99,100,200
LP Account:											
LP Additional Returns	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$396,400,798
Total LP Cashflow	-\$220,779,000	\$9,498,409	\$10,525,079	\$11,582,548	\$13,239,721	\$14,378,096	\$15,150,289	\$14,919,926	\$16,163,859	\$17,445,110	\$418,555,579



IREA Investment	
IREA Investment	\$50,000
IREA % Of LP Equity	0.02265%

IREA Return Metrics	
Levered IRR	10.91%
Levered NPV	\$63,541.27
Equity Multiple	2.45x
Avg CoC	6.19%

IREA Cash Flows	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
-\$50,000.00	\$2,151.11	\$2,383.62	\$2,623.11	\$2,998.41	\$3,256.22	\$3,431.10	\$3,378.93	\$3,660.64	\$3,950.81	\$94,790.62

RISKS



Tech Sector

Tech is struggling with supply chain issues, inflation, and energy crisis

Several tech tenants in Madison Centre



Slow Population Growth

2010 – 2020 ranged from 1%-4%

2020 to 2023 was more <1%



Tax Increases

6.4% increase in property tax in 2023

Government efforts to increase tax rates



Covid and Office

Companies went either fully remote or hybrid after covid hit

Tech especially was a sector that had low demand for in person work



Macro Headwinds

Impending recession

Fed pumping up interest rates

Inflation still increasing

RISK MITIGATORS



Tech Sector

Tech sector isn't broken, just needed correction

Long term high demand for all things tech



Slow Population Growth

Growth remains positive

Population will stay positive as people come back to work in office



Tax Increases

0.84% property tax rate of assessed value

Current state law of 1% tax increase

Underwriting 3% growth in taxes YoY



Covid and Office

Back-to-office trends

Madison has the amenities and flexibility tenants want

1% corporate tax rate



Macro Headwinds

Strong tenant fundamentals

Strong credit ratings

Diverse income

SENSITIVITY ANALYSIS (LP RETURNS)

Levered IRR

Exit Cap Rate

	Rent Growth				
	2.00%	2.50%	3.00%	3.50%	4.00%
5.75%	7.58%	8.66%	9.68%	10.68%	11.64%
5.50%	8.23%	9.28%	10.29%	11.26%	12.21%
5.25%	8.89%	9.92%	10.91%	11.88%	12.81%
5.00%	9.57%	10.59%	11.56%	12.51%	13.43%
4.75%	10.29%	11.28%	12.24%	13.18%	14.09%

Levered NPV

Exit Cap Rate

5.75%	\$36,244.37	\$44,049.01	\$52,171.91	\$60,625.07	\$69,412.52
5.50%	\$41,106.88	\$49,187.22	\$57,598.20	\$66,352.29	\$75,454.06
5.25%	\$46,432.48	\$54,814.78	\$63,541.27	\$72,624.97	\$82,070.98
5.00%	\$52,290.65	\$61,005.11	\$70,078.65	\$79,524.91	\$89,349.59
4.75%	\$58,765.47	\$67,847.04	\$77,304.18	\$87,151.16	\$97,394.37

Avg CoC Return

Vacancy Rate

	Insurance Costs				
	0.66%	1.66%	2.66%	3.66%	4.66%
5.00%	6.48%	6.26%	6.04%	5.82%	5.60%
6.00%	6.45%	6.22%	6.00%	5.78%	5.56%
7.00%	6.41%	6.19%	5.97%	5.75%	5.53%
8.00%	6.37%	6.15%	5.93%	5.71%	5.49%
9.00%	6.33%	6.11%	5.89%	5.67%	5.45%

Levered IRR

Vacancy Rate

5.00%	11.34%	10.99%	10.63%	10.27%	9.90%
6.00%	11.30%	10.95%	10.59%	10.23%	9.86%
7.00%	11.26%	10.91%	10.56%	10.20%	9.83%
8.00%	11.23%	10.88%	10.52%	10.16%	9.79%
9.00%	11.19%	10.84%	10.48%	10.12%	9.75%



“

We recommend that IREA invest \$50,000 of LP equity in Madison Centre due to its strong financial performance and ability to thrive in any economic environment

”

ISENBERG REAL ESTATE ADVISORS

An aerial photograph of a city skyline, featuring a mix of modern glass skyscrapers and older, more traditional buildings. A prominent red banner with a white question mark is overlaid across the center of the image. The banner has a slight gradient and a shadow effect, making it stand out against the city background. The city below shows a dense urban environment with various building heights, streets, and some greenery.

QUESTIONS?