

## District South

### Investment Committee Memo

\$32.4 Million Basis (48% LTC, 61% LTV Permanent Refi)

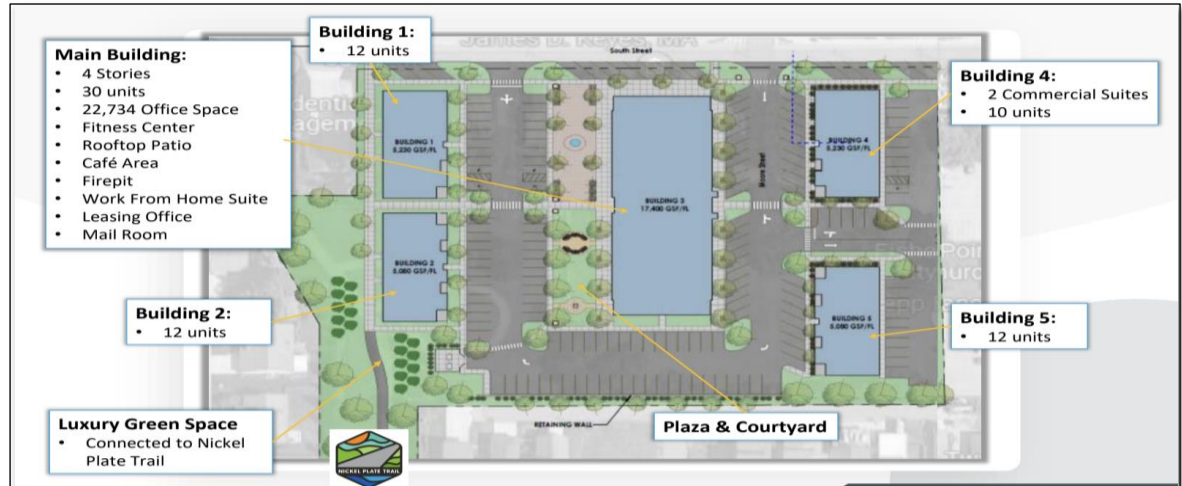
2025 Class A Mixed Use Development (76 Residential Units, 2,256 SF Retail, 22,734 SF Office)

\$9.4M Municipality Development Grant

Fishers, Indiana

November 2023

## Property Photos



## Opportunity Overview

- Opportunity:** \$32.4 Million (48% LTC, 61% Permanent Refi LTV) 2025 Class A Mixed Use Ground-up Development in Fishers, Indiana. The City of Fishers is granting municipal incentive of \$9,400,000 as a nonrepayable investment, reducing the all-in cost basis. Project funding is targeted to close early December, with the following 14-month construction period set to finish in March of 2025. The development will be comprised of five buildings total (76 Residential Units, 2256 SF Retail, 22734 SF Office). 78% of the commercial spaces are currently pre-leased.
- Key Strengths:** Class A, newly constructed mixed-use development in a high growth market. Well-located on major routes and relative proximity to local school system. Strong forward leasing (78% pre-leased commercial spaces). Lower construction costs (\$9.4M grant from The City of Fishers).
- Key Considerations:** The major risk with this development is potential issues with construction disrupting the investment timeline. Development projects are inherently risky and can be affected by obstacles that arise in the construction process. Another risk is not getting the project fully leased by the time construction is finished. Higher vacancy numbers could diminish returns for investors.



## Fishers Demand Drivers

### Top School Systems



The Indianapolis metro is home to the state's top universities. It continues to benefit from a state-wide focus to reinvest in education. As a result, the state has the third highest rate of higher education in the Midwest, fostering a growing, young, talented, and educated labor force increasingly choosing to call this their permanent place of residence.

### Diverse Employment



The Fishers Submarket boasts strong forward-looking employment growth backed by their healthcare and tech industries. According to the Indiana Department of Workforce Development, the Fishers region is expected to add 95,000 jobs by 2030, a 9.2% increase. Major employers in the region include St. Vincent Hospitals, IU Health, and Eli Lilly.

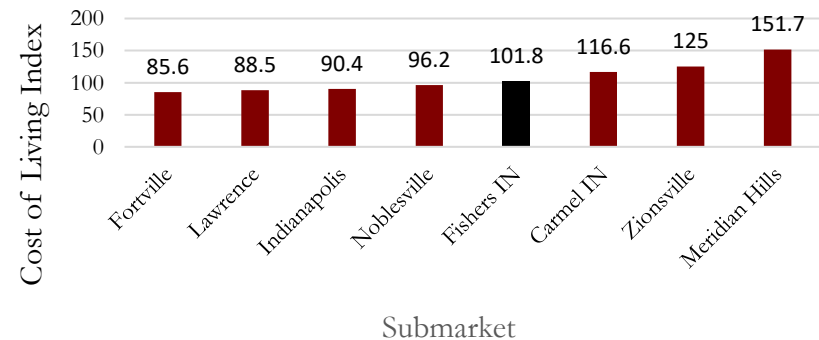
### Leader in Life Sciences



Over the past 4 years, several life-science companies have moved or announced movement to station in Fishers. This migration promises the creation of hundreds of new high wage medical tech jobs by 2025.

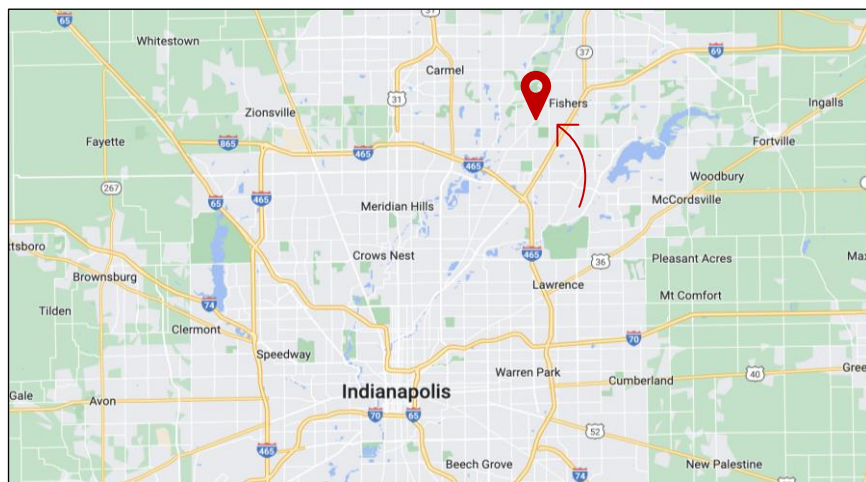
### Lower Cost of Living

Cost of Living Index: Indiana Submarkets

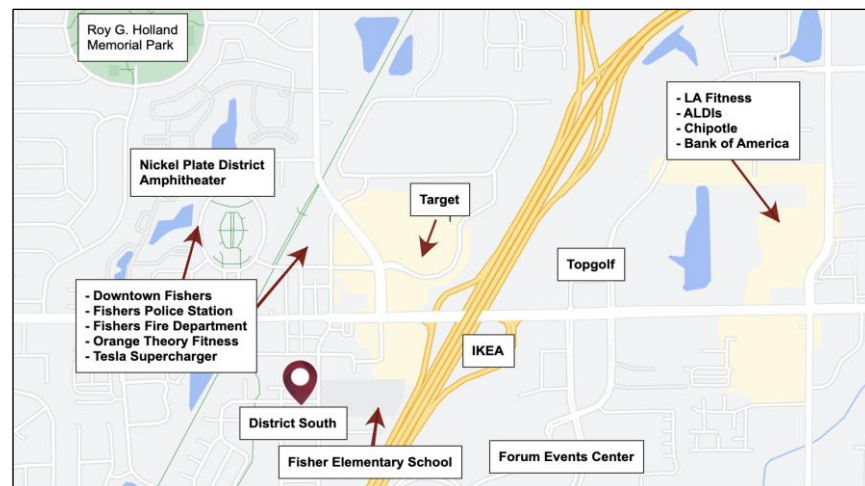


## Location Overview

### Macro-Location



### Micro-Location



- The Property is located in Fishers, Indiana which has an average household income of \$141,887, median rent per month of \$1,585, and 45% population growth since 2010. In addition, 73% of its residents have a college degree and 86% of the population have a professional/office employment.
- Fishers is ranked as the top place to live in the Indianapolis MSA, experiencing incredible growth and expansion with new developments in all sectors from housing to hotels, entertainment, and retail. The city is a 30-minute drive from the central business district.
- The region is experiencing growing apartment demand due to increasingly expensive homes which are forcing more people to rent. Typical value of homes is \$409,951 Fishers home values have gone up 2.3 % over the past year.
- Well located property → close proximity to US Route 69, “The District” (restaurants, shops, parks, & more), Big Retail names (IKEA, Target, Top Golf), schools, amphitheater, Nickel Place Trail (9.2 miles).

## Property Overview

District South is a 2025 Class A Mixed Use Ground-up Development in Fishers, Indiana. The project will be anchored by five buildings including 22,734 SF of office space, 5,021SF of retail space, a fitness center, rooftop patio, café lounge, shared conference room, civic plaza, and fully amenitized courtyard. The Village will consist of 53 1BR and 23 2BR Class A apartments.

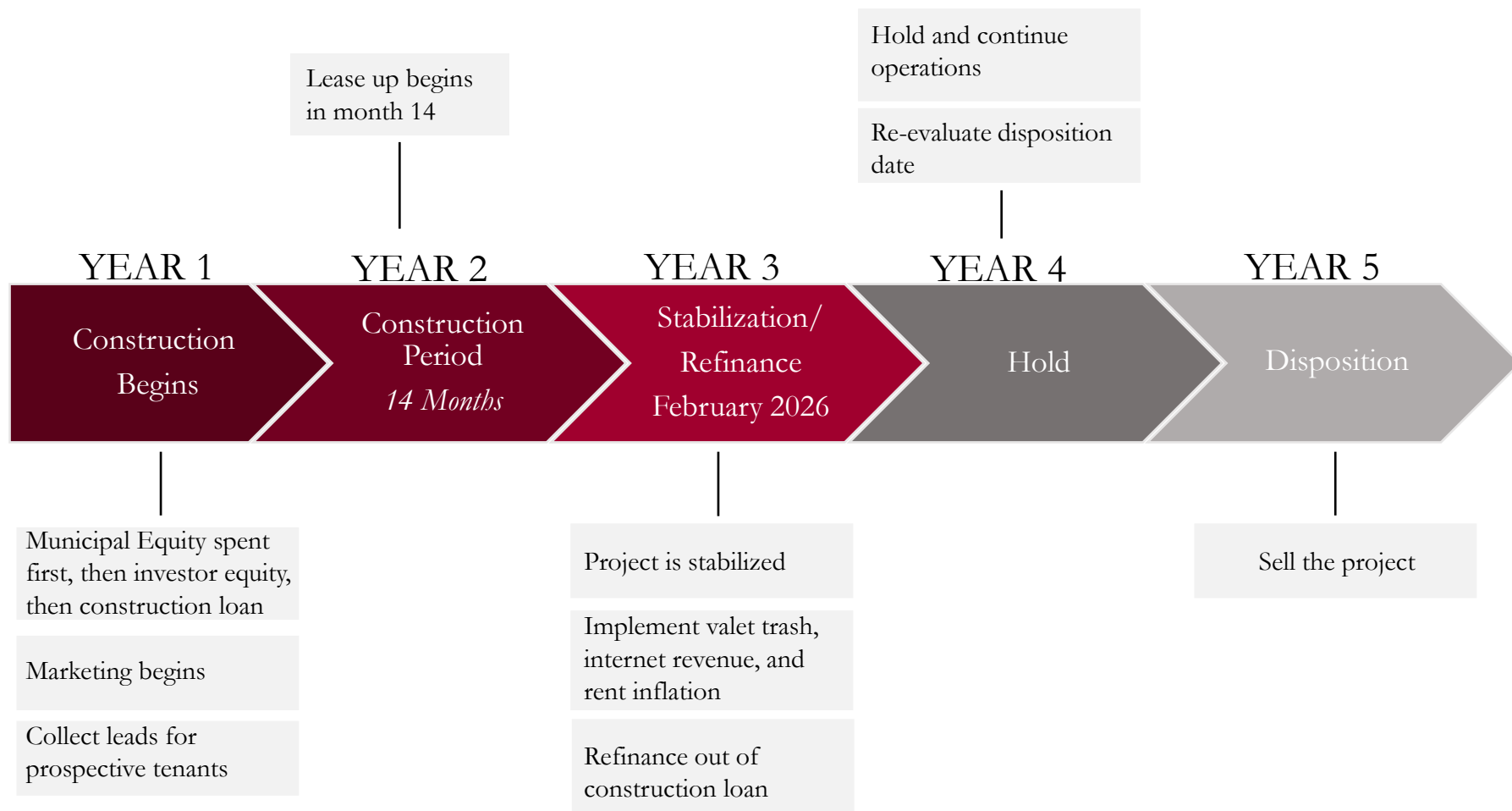
### Property Summary

Built	2025
Address	11347 & 11355 Lantern Rd. Fishers, IN 46038
City	Fishers
State	Indiana
Parking	114 stalls
Parking Ratio	1.5
Site Area (SF)	20,529 SF
Stories	4 Stories
Rentable SF	74,361 SF
# of Units/Tenants	76 Residential, 5021 SF Retail, 22734 SF Office
Acquisition Date	1/1/2024
Hold Period (Years)	5-7 Years
Purchase Price	32,363,100
Price Per Door	425,830
Basis Per Door	
Business Plan	Development to Stabilization
Building Purpose	Multi-Use

### Land Photos



## Investment Timeline



## Floor Plans

Office building: Fourth Floor Plan



Office building: Third Floor Plan



Office building: Second Floor Plan



Office building: First Floor Plan



Unit A1 822 SF

Unit A2 851 SF

Unit A3 755 SF

Unit A4 765 SF



Unit A5 817 SF

Unit A6 784 SF

Unit A7 822 SF



## Rebar Development

Development  
Partner:  
Rebar  
Development

Rebar Development has successfully developed nearly \$200M in public-private partnership projects over the past 5 years including over \$72M in municipal incentives and \$40M in third-party equity. Shelby Bowen leads the charge with a unique approach to mixed-use development projects and a passion for improving communities throughout Indiana.

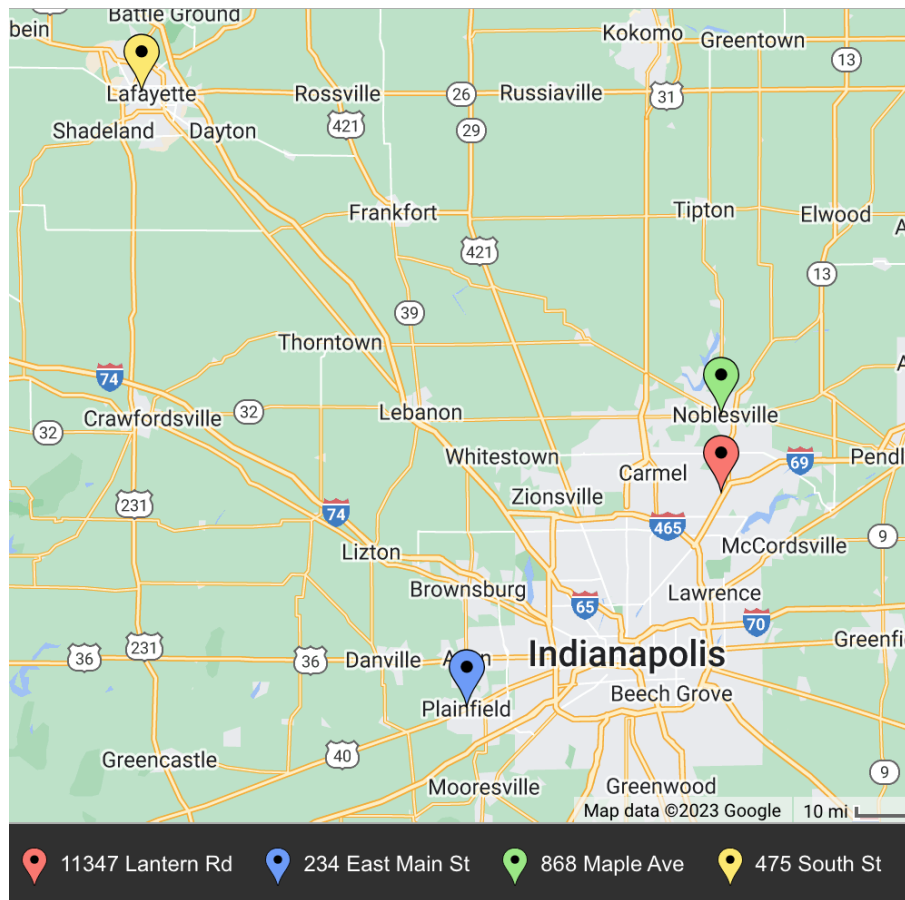


The Barlow:  
100% leased in under 45 days after  
completion

The Levinson:  
100% leased 15 days after completion

The Ellsworth:  
100% pre-leased 60 days *before* completion

## Map of Historic Rebar Development Projects



### Distance to District South



The Barlow: 40 miles  
➤ 43 min drive



The Levinson: 7.1 miles  
➤ 12 min drive



The Ellsworth: 68 miles  
➤ 1 hour 8 min drive

## Pre-Leased Office Tenants



### The Annex Group

Indiana-based multi-family housing developer, general contractor, property manager and owner. The group has re-developed and constructed over \$1 billion in residential projects, making up a portfolio of communities valued at more than \$500 million. Specializing in affordable, workforce, student and market-rate housing communities, The Annex Group is ranked #67 in largest Indiana Private Companies. The anchor tenant is expected to relocate roughly 83 employees making an average salary of \$94,000 to the new HQ at District South and hire 40 more employees by the end of 2027.



### Acuity ES

Acuity Environmental Solutions, based in Indiana, specializes in providing comprehensive environmental consulting services. The company is known for its expertise in environmental assessments and remediation planning. They work closely with clients to address environmental challenges, ensuring sustainable and responsible practices. Acuity has grown into a multi-million dollar business that focuses heavily on regulatory compliance.



### Osborn Insurance

Osborn Insurance is a small insurance company founded in 2005. They operate out of Fishers, IN and serve the local communities, consisting of small to medium sized businesses, and offer insurance plans that suit every income group in the area. Osborn Insurance is backed by Erie Insurance, a Fortune 500 insurance company. Erie Insurance received an A rating from A.M. credit rating agency and was voted #1 in customer satisfaction in a survey done by JD Power.

# Investment Strengths and Risks

## Strengths

### 1. Municipal Grant

- The City of Fishers is securing a bond to be allocated as the first \$9.4M dollars into the District South Project. This funding will be designated as a non-repayable grant, signifying the immense financial commitment by the municipality for housing and community development.
- This will result in a substantial reduction in project costs on an all-in basis while also enhancing overall return metrics.

### 2. Developer Track Record

- Rebar Development has successfully executed three recent mixed-use developments in the region with optimal lease-up pre-development.
- This shows this project is a proven strategy supported by the optimal performance of the last few projects.

### 3. Sequence of Capital for Development

- The initial phase of development is being financed through the municipal bond, providing a safeguard for investor equity in the event of construction or lease-up failure in the early stages of development.

### 4. Commercial Tenant Risk Exposure

- The diversified commercial tenant base encompasses several reputable firms spanning real estate development, environmental consulting, insurance, and other sectors.
- These smaller executive suites provide a hedge against overall vacancy for the property.

## Risks

### 1. Development Timeline

- The development period accounts for a 14-month duration, considering the possibilities of unforeseen economic events that could affect workforce or supply chain.
- MITIGANT: Strong pre-leasing activity for the remainder of the smaller units is not of immediate concern, also given the fact that these rents are modeled in at 5-10% below market.

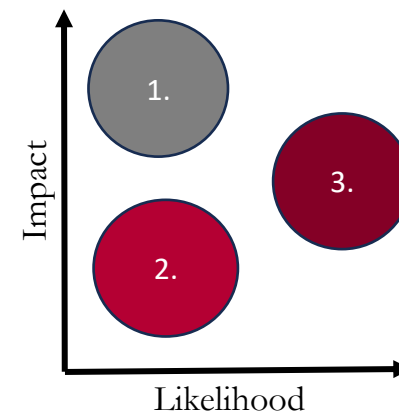
### 2. Commercial Rents Essential

- The Property is anchored in commercial tenants, with potential downside contingent upon lease covenants.
- MITIGANT: The largest commercial unit (12,800SF) is anticipated to be signed by Annex HQ early December. The smaller remaining units are promoted below the market rent and are experiencing notable demand.

### 3. Office Commercial Space

The property incorporates 22,734SF of office space, presenting potential risk given the current diminished demand for office spaces.

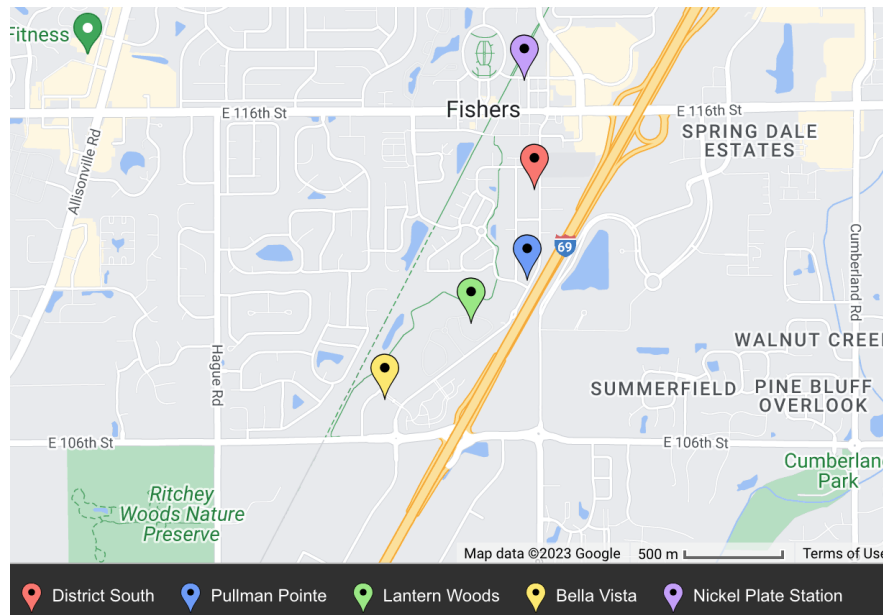
MITIGANT: The primary office tenant *Annex HQ* is poised for pre-leasing, relocating from their existing HQ down the street, while subsequently planning to sell the current HQ after move-in.



## Rent Comparables

Building Name	Address	Units	Yr Blt/Ren	Avg SF	mi Away	Rent/SF	Rent/Unit	1 Beds	2 Beds	Occ %	Concess %
<b>District South</b>	<b>11347 &amp; 11355 Lantern Rd</b>	<b>76</b>	<b>2025</b>	<b>978</b>	<b>0</b>	<b>\$1.79</b>	<b>\$1,748</b>	<b>\$1,748</b>	<b>\$2,202</b>	<b>100.00%</b>	<b>0.04%</b>
The Flats at Fishers Marketplace	9588 Ambleside Dr	306	2015	1063	2.8	\$1.86	\$1,731	\$1,519	\$1,784	93.00%	0.80%
Pullman Pointe	11110 Lantern Rd	190	2020/-	862	0.3	\$1.90	\$1,633	\$1,595	\$1,770	94.20%	0.00%
Lantern Woods	10950 Lantern Woods Blvd	460	2000/-	954	0.35	\$1.42	\$1,353	\$1,177	\$1,429	92.60%	0.80%
Bella Vista	10732 Bella Vista Dr	320	2014/-	954	0.56	\$1.58	\$1,505	\$1,349	\$1,598	95.60%	0.60%
Nickel Plate Station	11671 Maple St	237	2022/-	952	0.58	\$1.86	\$1,770	\$1,566	\$2,005	92.00%	0.50%
<b>AVERAGE</b>						<b>\$1.72</b>	<b>\$1,598</b>	<b>\$1,441</b>	<b>\$1,717</b>	<b>93.48%</b>	<b>0.54%</b>

### Location



Pullman Pointe



Lantern Woods



Bella Vista



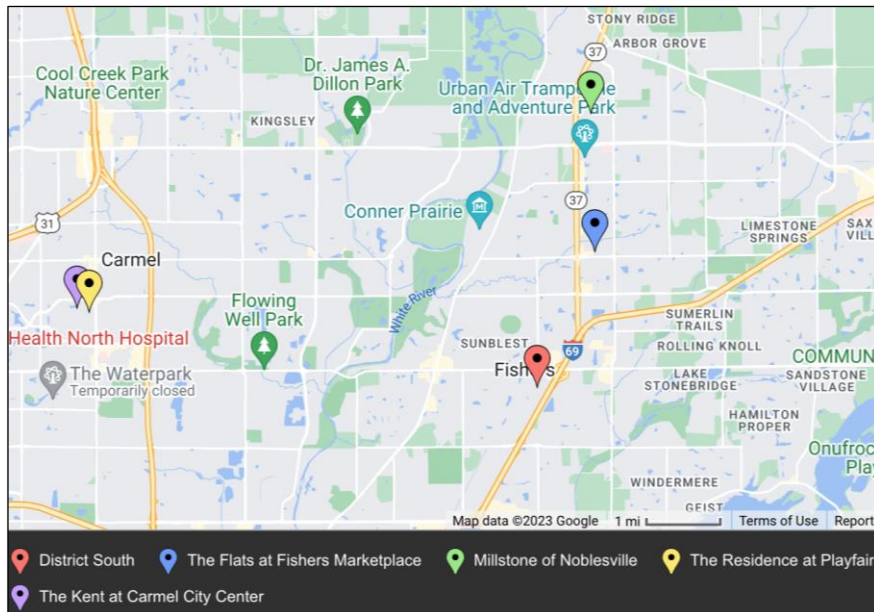
Nickel Plate Station



## Sales Comparables

Building Name	Address	Yr Blt/Ren	Units	Sale Price	Price/Unit	Avg SF	mi Away	Occ %	Concess %
<b>District South</b>	11347 & 11355 Lantern Rd	2025	76				0	100%	
The Flats at Fishers Marketplace	9588 Ambleside Dr	2015	306	\$71,000,000	\$232,026	1062	<5	92.20%	0.80%
Millstone of Noblesville	15001 Creekstone Way	2016	338	\$89,000,000	\$263,314	991	<5	94.00%	0.00%
The Residence at Playfair	880 Monon Green Blvd	2022	112	\$47,250,000	\$421,875	977	5-6mi	92.20%	-
The Kent at Carmel City Center	301 American Way N -	2021	83	\$33,280,000	\$400,964	1402	6mi	92.60%	-

### Location



Fishers Marketplace



Millstone



Residents at Playfair



The Kent



# Homeownership Rent vs. Buy Analysis

## Rent vs. Buy Analysis

Median Single-Family Home Price		409,951
Estimated Closing Costs	2%	8,199
<b>Total Purchase Price</b>		<b>418,150</b>
Mortgage Financing	80% LTV	327,961
<b>Estimated Down Payment</b>		<b>90,189</b>
Monthly Mortgage Payment	7.50% Interest Rate	6,764
Loan Term	30 Year	
Property Taxes	2.23 mill rate	914
Insurance	0.5% Purchase Price	174
R&M	1.0% Purchase Price	348
<b>Total Monthly Cost to Own</b>		<b>8,201</b>
<b>Average Rent in Fishers</b>	<b>1,583</b>	Per Month
<b>Discount to Homeownership</b>	<b>(6,617)</b>	Per Month
Homeownership Premium	-418%	
Median Household Income in Fishers		141,887
Average U.S Savings Rate		3.40%
Est. Annual Savings for Resident in Fishers		4,824
Number of Years Required to Save for Down Payment		19

## Challenges to Homeownership

### Rising Interest Rates

- The average 30 year-fixed rate jumped from 3.09% in Nov 2021 to a high of 7.5 % Nov 2023<sup>1</sup>.

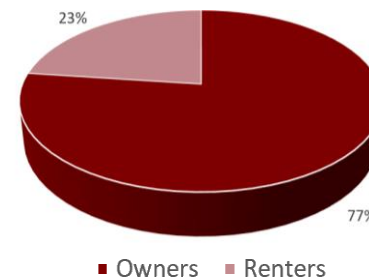
### Competitive Market

- The average Fishers Home value is up 2.3% over the past year<sup>2</sup>.
- Fishers is currently a competitive market in favor of the sellers
- Houses are on the market for an average of 20 days compared to the national average of 50
- 6.3% change in number of homes on the market<sup>3</sup>.

### Housing Inventory

- 44% of homes in Fishers were built after the year 2000 compared to 14% statewide

### Owners versus Renters in Fishers



(1) Source: Freddie Mac Primary Mortgage Market Survey as of 11/9/2023

(2) Zillow

(3) FRED Median Days on Market

## Reporting & Distributions

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### Investor Reporting

Reports will be distributed to investors per monthly basis by Velocity Capital.

### Distributions

Beginning approximately April-May 2025, quarterly distributions will be initiated upon achieving a 90% occupancy rate and when the property begins demonstrating positive cash flow.



# Rent Roll

Residential												
Unit Type	SF	# of units	Monthly Rent	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
1BR - 1Bath	755	2	1,450			2,417	2,987	3,077	3,169	3,264	3,362	3,463
1BR - 1Bath	761	1	1,454			1,212	1,498	1,543	1,589	1,636	1,686	1,736
1BR - 1Bath	765	2	1,454			2,423	2,995	3,085	3,178	3,273	3,371	3,472
1BR - 1Bath	774	1	1,463			1,219	1,507	1,552	1,599	1,647	1,696	1,747
1BR - 1Bath	806	1	1,475			1,229	1,519	1,565	1,612	1,660	1,710	1,761
1BR - 1Bath	811	1	1,476			1,230	1,520	1,566	1,613	1,661	1,711	1,762
1BR - 1Bath	822	12	1,496			14,960	18,491	19,045	19,617	20,205	20,811	21,436
1BR - 1Bath	843	2	1,492			2,487	3,074	3,166	3,261	3,359	3,459	3,563
1BR - 1Bath	846	15	1,497			18,713	23,129	23,823	24,537	25,273	26,031	26,812
1BR - 1Bath	851	4	1,523			5,077	6,275	6,463	6,657	6,857	7,062	7,274
1BR - 1Bath	854	4	1,546			5,153	6,370	6,561	6,757	6,960	7,169	7,384
1BR - 1Bath	1,042	8	1,855			12,367	15,285	15,744	16,216	16,703	17,204	17,720
2BR-2Bath	1,251	23	2,102			40,288	49,796	51,290	52,829	54,414	56,046	57,728
Monthly Total:						108,774	134,445	138,478	142,633	146,912	151,319	155,858
Gross Potential Rent:						965,915	1,613,338	1,661,739	1,711,591	1,762,938	1,815,827	1,870,301
Rent Growth:						0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Commercial												
Floor Plan	SF	P/SF	Monthly Rent	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Office Annex HQ	12,836	26.50	28,346			23,622	29,197	30,072	30,975	31,904	32,861	33,847
Office: Acuity	4,915	26.50	10,854			9,045	11,180	11,515	11,860	12,216	12,583	12,960
Office: Osborn Insurance	1,800	25.00	3,750			3,125	3,863	3,978	4,098	4,221	4,347	4,478
Office Suite 101	1,000	33.00	2,750			2,292	2,833	2,917	3,005	3,095	3,188	3,284
Office Suite 201	881	32.69	2,400			2,000	2,472	2,546	2,623	2,701	2,782	2,866
Office Suite 202	1,285	31.75	3,400			2,833	3,502	3,607	3,715	3,827	3,941	4,060
Commercial Suite 101	905	34.48	2,600			2,167	2,678	2,759	2,841	2,927	3,015	3,105
Commercial Suite 201	1,351	35.53	4,000			3,333	4,120	4,244	4,371	4,502	4,637	4,776
Monthly Total:						48,417	59,843	61,639	63,488	65,393	67,354	69,375
Gross Potential Rent:						581,005	718,122	739,665	761,855	784,711	808,252	832,500
Rent Growth:						0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%

## Residential

## IREF UW – 5 YR HOLD

Year	0	1	2	3	4	5	6
<b>Lease-Up</b>							
Number of Units Leased			76	-	-	-	-
Cumulative Units Leased			76	76	76	76	76
Average Monthly Rent			1,717	1,769	1,822	1,877	1,933
<b>Revenue</b>							
Scheduled Base Rental Revenue			965,915	1,613,338	1,661,739	1,711,591	1,762,938
Residential Other Income			213,864	220,280	226,888	233,695	240,706
Commercial Rental Revenue			581,005	718,122	739,665	761,855	784,711
Residential Vacancy			-	(129,067)	(83,087)	(85,580)	(88,147)
Commercial Vacancy			(29,050)	(35,906)	(36,983)	(38,093)	(39,236)
Concessions			(9,659)	(8,067)	-	-	-
Economic Loss			(10,565)	(15,310)	(15,770)	(16,245)	(16,730)
<b>Effective Gross Income</b>			<b>1,711,509</b>	<b>2,363,390</b>	<b>2,492,452</b>	<b>2,567,226</b>	<b>2,644,243</b>
<b>Operating Expenses</b>							
Repairs & Maintenance			(9,500)	(11,742)	(12,094)	(12,457)	(12,831)
Monthly Services			(22,167)	(27,398)	(28,220)	(29,067)	(29,939)
Utilities			(47,500)	(58,710)	(60,471)	(62,285)	(64,154)
Advertising & Promotion			(14,250)	(17,613)	(18,141)	(18,686)	(19,246)
Payroll			(76,000)	(93,936)	(96,754)	(99,657)	(102,646)
Administrative Expense			(9,500)	(11,742)	(12,094)	(12,457)	(12,831)
Real Estate Taxes			-	(313,120)	(322,514)	(332,189)	(342,155)
Insurance			(38,000)	(39,140)	(40,314)	(41,524)	(42,769)
Retail Op Expenses			(143,640)	(147,949)	(152,388)	(156,959)	(161,668)
Turnover			-	(11,400)	(11,742)	(12,094)	(12,457)
Management Fee			-	-	-	-	-
Franchise Tax (% of Base Revenue)			-	-	-	-	-
<b>Total Operating Expenses</b>			<b>(360,557)</b>	<b>(732,750)</b>	<b>(754,733)</b>	<b>(777,375)</b>	<b>(800,696)</b>
Operating Expenses / Door			(4,744)	(9,641)	(9,931)	(10,229)	(10,535)
<b>Net Operating Income</b>			<b>1,350,952</b>	<b>1,630,640</b>	<b>1,737,720</b>	<b>1,789,851</b>	<b>1,843,547</b>
Asset Management Fee			54,038	65,226	69,509	71,594	73,742
Cap Ex Reserves			8,781	10,599	11,295	11,634	11,983
<b>Cash Flow after Vacancy &amp; Reserve</b>			<b>1,288,133</b>	<b>1,554,815</b>	<b>1,656,916</b>	<b>1,706,623</b>	<b>1,757,822</b>
<b>Building Schedule</b>							
Soft Costs	(771,739)	(9,260,871)	(771,739)				
Hard Costs	(1,539,196)	(18,470,357)	(1,539,196)				
<b>Construction Total</b>	<b>(2,310,936)</b>	<b>(27,731,229)</b>	<b>(2,310,936)</b>				
Gross Sale Proceeds						33,519,032	
Disposition Costs						(335,190)	
<b>Total</b>						<b>33,183,842</b>	
<b>Unlevered Cashflow</b>	<b>(2,310,936)</b>	<b>(27,731,229)</b>	<b>(1,022,803)</b>	<b>1,554,815</b>	<b>1,656,916</b>	<b>34,890,465</b>	
<i>Cumulative Unlevered Cashflow</i>	<i>(2,310,936)</i>	<i>(30,042,164)</i>	<i>(31,064,967)</i>	<i>(29,510,152)</i>	<i>(27,853,236)</i>	<i>7,037,229</i>	
<b>Unlevered Summary</b>							
IRR	5.36%						
Multiple	1.23x						

## IREF UW – 5 YR HOLD

Levered Cashflow	0	1	2	3	4	5
Construction Loan Origination Fee	(77,647)					
Construction Loan Exit Fee						
Construction Loan Interest Expense	(403,767)	(1,211,300)	(1,211,300)			
Construction Proceeds	13,060,299	2,469,189				
Construction Principal Repayment				(15,529,488)		
Refi Debt Origination Fee				(96,364)		
Refi Debt Exit Fee						
Refi Debt Interest Expense					(1,503,285)	(1,503,285)
Refi Debt Final Repayment						(19,272,891)
Refi Proceeds				19,272,891		
Mezz Debt Proceeds		9,400,000				
<b>Levered Cashflow</b>	<b>(2,388,583)</b>	<b>(5,674,696)</b>	<b>235,086</b>	<b>3,990,553</b>	<b>153,630</b>	<b>14,114,289</b>
<i>Cumulative Levered Cashflow</i>	<i>(2,388,583)</i>	<i>(8,063,279)</i>	<i>(7,828,193)</i>	<i>(3,837,640)</i>	<i>(3,684,010)</i>	<i>10,430,279</i>
<b>Levered Summary</b>						
IRR		24.77%				
Multiple		2.29x				

## IREF UW – 7 YR HOLD

Year	0	1	2	3	4	5	6	7	8
<b>Lease-Up</b>									
Number of Units Leased			76	-	-	-	-	-	-
Cumulative Units Leased			76	76	76	76	76	76	76
Average Monthly Rent			1,717	1,769	1,822	1,877	1,933	1,991	2,051
<b>Revenue</b>									
Scheduled Base Rental Revenue			965,915	1,613,338	1,661,739	1,711,591	1,762,938	1,815,827	1,870,301
Residential Other Income			213,864	220,280	226,888	233,695	240,706	247,927	255,365
Commercial Rental Revenue			581,005	718,122	739,665	761,855	784,711	808,252	832,500
Residential Vacancy			(77,273)	(80,667)	(83,087)	(85,580)	(88,147)	(90,791)	(93,515)
Commercial Vacancy			(29,050)	(35,906)	(36,983)	(38,093)	(39,236)	(40,413)	(41,625)
Concessions			(9,659)	(8,066.69)	-	-	-	-	-
Economic Loss			(10,565)	(15,310)	(15,770)	(16,243)	(16,730)	(17,232)	(17,749)
<b>Effective Gross Income</b>			<b>1,634,236</b>	<b>2,411,790</b>	<b>2,492,452</b>	<b>2,567,226</b>	<b>2,644,243</b>	<b>2,723,570</b>	<b>2,805,277</b>
<b>Operating Expenses</b>									
Repairs & Maintenance			(9,500)	(11,742)	(12,094)	(12,457)	(12,831)	(13,216)	(13,612)
Monthly Services			(22,167)	(27,398)	(28,220)	(29,067)	(29,939)	(30,837)	(31,762)
Utilities			(47,500)	(58,710)	(60,471)	(62,285)	(64,154)	(66,079)	(68,061)
Advertising & Promotion			(14,250)	(17,613)	(18,141)	(18,686)	(19,246)	(19,824)	(20,418)
Payroll			(76,000)	(93,936)	(96,754)	(99,657)	(102,646)	(105,720)	(108,898)
Administrative Expense			(9,500)	(11,742)	(12,094)	(12,457)	(12,831)	(13,216)	(13,612)
Real Estate Taxes			-	(313,120)	(322,514)	(332,189)	(342,155)	(352,419)	(362,992)
Insurance			(38,000)	(39,140)	(40,314)	(41,524)	(42,769)	(44,052)	(45,374)
Retail Op Expenses			(143,640)	(147,949)	(152,388)	(156,959)	(161,668)	(166,518)	(171,514)
Turnover			-	(11,400)	(11,742)	(12,094)	(12,457)	(12,831)	(13,216)
Management Fee			-	-	-	-	-	-	-
Franchise Tax (% of Base Revenue)			-	-	-	-	-	-	-
<b>Total Operating Expenses</b>			<b>(360,557)</b>	<b>(732,750)</b>	<b>(754,733)</b>	<b>(777,375)</b>	<b>(800,696)</b>	<b>(824,717)</b>	<b>(849,458)</b>
Operating Expenses / Door			(4,744)	(9,641)	(9,931)	(10,229)	(10,535)	(10,852)	(11,177)
<b>Net Operating Income</b>			<b>1,273,679</b>	<b>1,679,040</b>	<b>1,737,720</b>	<b>1,789,851</b>	<b>1,843,547</b>	<b>1,898,853</b>	<b>1,955,819</b>
Asset Management Fee			59,947	67,162	69,509	71,594	73,742	75,954	78,233
Cap Ex Reserves			8,279	10,914	11,295	11,634	11,983	12,343	12,713
<b>Cash Flow after Vacancy &amp; Reserve</b>			<b>1,214,453</b>	<b>1,600,964</b>	<b>1,656,916</b>	<b>1,706,623</b>	<b>1,757,822</b>	<b>1,810,556</b>	<b>1,864,873</b>
<b>Building Schedule</b>									
Soft Costs	(771,739)	(9,260,871)	(771,739)						
Hard Costs	(1,539,196)	(18,470,357)	(1,539,196)						
<b>Construction Total</b>	<b>(2,310,936)</b>	<b>(27,731,229)</b>	<b>(2,310,936)</b>						
Gross Sale Proceeds								34,312,610	
Disposition Costs								(343,126)	
<b>Total</b>								<b>33,969,484</b>	
<b>Unlevered Cashflow</b>	<b>(2,310,936)</b>	<b>(27,731,229)</b>	<b>(1,096,482)</b>	<b>1,600,964</b>	<b>1,656,916</b>	<b>1,706,623</b>	<b>1,757,822</b>	<b>1,810,556</b>	<b>1,864,873</b>
<i>Cumulative Unlevered Cashflow</i>	<i>(2,310,936)</i>	<i>(30,042,164)</i>	<i>(31,138,647)</i>	<i>(29,537,682)</i>	<i>(27,880,767)</i>	<i>(26,174,144)</i>	<i>(24,416,322)</i>	<i>11,363,719</i>	
<b>Unlevered Summary</b>									
IRR	5.69%								
Multiple	1.38x								

## IREF UW – 7 YR HOLD

Levered Cashflow	0	1	2	3	4	5	6	7
Construction Loan Origination Fee	(77,647)							
Construction Loan Exit Fee								
Construction Loan Interest Expense		(403,767)	(1,211,300)	(1,211,300)				
Construction Proceeds		13,060,299	2,469,189					
Construction Principal Repayment				(15,529,488)				
Refi Debt Origination Fee				(96,364)				
Refi Debt Exit Fee								
Refi Debt Interest Expense					(1,450,539)	(1,450,539)	(1,450,539)	(1,450,539)
Refi Debt Final Repayment								(19,272,891)
Refi Proceeds				19,272,891				
Mezz Debt Proceeds		9,400,000						
<b>Levered Cashflow</b>	<b>(2,388,583)</b>	<b>(5,674,696)</b>	<b>161,406</b>	<b>4,036,702</b>	<b>206,377</b>	<b>256,085</b>	<b>307,283</b>	<b>15,056,611</b>
<i>Cumulative Levered Cashflow</i>	<i>(2,388,583)</i>	<i>(8,063,279)</i>	<i>(7,901,873)</i>	<i>(3,865,170)</i>	<i>(3,658,793)</i>	<i>(3,402,709)</i>	<i>(3,095,426)</i>	<i>11,961,186</i>
<b>Levered Summary</b>								
IRR		19.43%						
Multiple		2.48x						

## Sensitivity Analysis

LIRR - 5 YR				
Residential Rent Growth				
Exit Cap Rate		Downside	IREF	Velocity
	5.0%	29%	31%	31%
	5.25%	26%	28%	28%
	5.5%	23%	25%	25%
	5.75%	20%	22%	22%
	6.0%	17%	19%	19%

LIRR - 7 YR				
Residential Rent Growth				
Exit Cap Rate		Downside	IREF	Velocity
	4.70%	22%	24%	24%
	5.20%	20%	22%	22%
	5.70%	17%	19%	19%
	6.20%	15%	17%	17%
	6.70%	12%	15%	15%

LIRR - 5 YR				
Commercial Vacancy				
Exit Cap Rate		0%	5%	20%
	24.77%	0%	5%	20%
	5.0%	33%	31%	26%
	5.25%	30%	28%	23%
	5.5%	26%	25%	20%
	5.75%	24%	22%	17%
6.0%	21%	19%	14%	

LIRR - 7 YR				
Commercial Vacancy				
Exit Cap Rate		0%	5%	20%
	4.7%	25%	24%	21%
	5.2%	23%	22%	18%
	5.7%	21%	19%	16%
	6.2%	19%	17%	13%
	6.7%	16%	15%	11%

## IRR Bridge

### 5-Year IRR Bridge - IREF > Sponsor

Input	IRR	EMx	IRR Change	EMx Change
<i>Sponsor Case</i>	29.23%	2.57x	0.00%	0.00x
LTC	29.09%	2.55x	-0.15%	0.00x
APR	28.55%	2.52x	-0.53%	-0.05x
Commercial Rent Growth	26.84%	2.52x	-1.71%	-0.03x
Concessions	26.85%	2.41x	0.01%	-0.11x
Resi Vacancy	26.89%	2.41x	0.04%	-0.11x
Commercial Vacancy	26.84%	2.41x	-0.05%	-0.11x
Economic Loss	25.03%	2.31x	-1.81%	-0.10x
Asset Management Fee	24.88%	2.30x	-0.15%	-0.01x
Exit Cap Year 5	24.88%	2.30x	0.00%	0.00x
YR 2 Occupancy	24.77%	2.29x	-0.11%	-0.01x
<i>IREF Case</i>	24.77%	2.29x	-4.46%	-0.28x

### 7-Year IRR Bridge - IREF > Sponsor

Input	IRR	EMx	IRR Change	EMx Change
<i>Sponsor Case</i>	23.76%	3.07x	0.00%	0.00x
LTC	23.32%	2.82x	-0.44%	0.00x
APR	22.77%	2.77x	-0.55%	-0.30x
Commercial Rent Growth	21.18%	2.61x	-1.59%	-0.20x
Concessions	21.19%	2.61x	0.01%	-0.16x
Resi Vacancy	21.12%	2.61x	-0.07%	0.00x
Commercial Vacancy	19.81%	2.51x	-1.31%	-0.10x
Economic Loss	19.69%	2.50x	-0.11%	-0.11x
Asset Management Fee	19.60%	2.49x	-0.09%	-0.02x
Exit Cap Year 5	19.53%	2.49x	-0.07%	-0.01x
YR 2 Occupancy	19.43%	2.48x	-0.10%	-0.01x
<i>IREF Case</i>	19.43%	2.48x	-4.34%	-0.58x