UNDERWRITE

INVESTMENT COMMITTEE MEMO

# Cayuga Commons (Illustrative Case)

Ithaca, NY Mixed-Use

RECOMMENDATION

## PURSUE

| Year 1 NOI | Levered IRR | Equity multiple | Minimum DSCR |
|---|---|---|---|
| **$594,066.40** | **15.34%** | **2.4351x** | **1.46x** |

2026-05-10

Analyst: Not provided



Figures are the engine's, or a document cited on the page.

## Executive summary

RECOMMENDATION

**PURSUE**

| | |
|---|---|
| Year 1 NOI | **$594,066.40** |
| Levered IRR | **15.34%** |
| Equity multiple | **2.4351x** |
| Minimum DSCR | **1.46x** |

**Project IRR 15.34%, clears the 15.00% hurdle by 0.34 pts. Min DSCR 1.46x covers debt service.**

The committee is asked to approve the acquisition at the modeled price of $8,500,000, on the assumptions in this memo.

| Year 1 NOI | Levered IRR | Equity multiple | Minimum DSCR | Recommendation |
|---|---|---|---|---|
| $594,066.40 | 15.34% | 2.4351x | 1.46x | PURSUE |

## Investment thesis

Cayuga Commons (Illustrative Case) prices year 1 NOI of $594,066.40 at $8,500,000, a going-in cap of 6.99%. The hold is 7 years. The sale uses the following year's NOI at an exit cap of 6.50%. Levered IRR is 15.34% against the engine hurdle of 15.00%. The equity multiple is 2.4351x. Minimum DSCR over the hold is 1.46x against the 1.00x floor. The engine recommendation is PURSUE.

1. Basis. Going-in cap is 6.99% on year 1 NOI of $594,066.40 and a price of $8,500,000.
2. Business plan. The hold is 7 years. The sale uses the next year's NOI at a 6.50% exit cap.
3. Return. Levered IRR is 15.34% against the 15.00% hurdle. The equity multiple is 2.4351x.
4. Debt. Minimum DSCR is 1.46x against the 1.00x floor. Year 1 debt yield is 10.75% against the 6.25% note rate.



Figures are the engine's, or a document cited on the page.

## Property

| Item | Figure |
|---|---|
| Property type | Mixed-Use |
| Address | Ithaca, NY |
| Residential units | 24 |
| Average residential rent | $2,400.00 a month |
| Commercial area | 4,200 SF |
| Commercial rent | $38.00 per SF a year |
| Purchase price | $8,500,000 |
| Price per residential unit | $354,167 |

## Rent roll summary

| Line | Figure | Note |
|---|---|---|
| Residential units | 24 | $2,400.00 a month |
| Residential vacancy | 6.00% | Stabilized from year 1 |
| Commercial area | 4,200 SF | $38.00 per SF |
| Year 1 EGI | $841,560.00 | Engine |
| Year 1 NOI | $594,066.40 | Engine |
| Going-in cap | 6.99% | Year 1 NOI over price |

## Market

No market series was attached to this deal. This memo does not estimate rents, vacancy, population, or cap rates.

| Series | Figure | Source |
|---|---|---|
| Market rent | Not provided | Not attached |
| Vacancy | Not provided | Not attached |
| Population | Not provided | Not attached |
| Sale comps | Not provided | Not attached |
| Cap rates | Not provided | Not attached |

## Business plan

Rent growth is 3.00% a year. Expense growth is 2.50%. Other income growth is 2.50%.

Stabilized vacancy is 6.00% residential and 8.00% commercial.

No lease-up schedule is in the inputs. Vacancy is the stabilized rate from year 1.

Selling costs are 2.50% of the gross sale price.

No analyst notes were entered.

## Sources and uses

| Uses | Amount | Share | Sources | Amount | Share |
|---|---|---|---|---|---|
| Purchase price | $8,500,000 | 97.42% | Senior debt | $5,525,000 | 63.32% |
| Closing costs | $170,000 | 1.95% | Equity | $3,200,250 | 36.68% |
| Origination | $55,250 | 0.63% | Total sources | $8,725,250 | 100.00% |
| Total uses | $8,725,250 | 100.00% | Balance | $0 | 0.00% |



Figures are the engine's, or a document cited on the page.

## Returns

| Measure | Figure |
|---|---|
| Levered IRR | 15.34% |
| Unlevered IRR | 10.31% |
| Equity multiple | 2.4351x |
| Unlevered multiple | 1.8022x |
| Modified IRR | 14.40% |
| Cash on cash, year 1 | 5.81% |
| Going-in cap | 6.99% |
| Exit cap | 6.50% |

Unlevered cost is purchase price plus closing costs. The unlevered series does not deduct debt service.

## Equity bridge

| Step | Amount |
|---|---|
| Equity invested | ($3,200,250) |
| Cumulative NOI | $4,569,807 |
| Debt service | ($2,857,544) |
| Net sale | $11,054,978 |
| Loan repaid | ($4,974,356) |
| Net to equity | $4,592,635 |

## Scenarios

Downside is the engine recession case. Base is the deal as modeled. Upside is the engine aggressive case. No other case is shown.

| Case | Levered IRR | Multiple | Min DSCR | Year 1 NOI | Recommendation |
|---|---|---|---|---|---|
| Downside | (0.50%) | 0.9704x | 1.34x | $570,073.84 | PASS |
| Base | 15.34% | 2.4351x | 1.46x | $594,066.40 | PURSUE |
| Upside | 20.15% | 3.1785x | 1.47x | $602,063.92 | PURSUE |

## Exit scenarios


Figures are the engine's, or a document cited on the page.

At the modeled exit cap of 6.50% and a sale in year 7, the sale price is $11,338,439 and net proceeds are $6,080,622. LP distributions are $7,030,985, LP IRR is 13.58%, and the LP multiple is 2.1970x. GP promote is $761,901. This is the same engine and the same waterfall as the verdict plate. At this exit cap and year the plate reads Year 1 NOI $594,066.40, levered IRR 15.34%, equity multiple 2.4351x, minimum DSCR 1.46x, PURSUE.

| Breakpoint | Sale price | Exit cap | LP | GP |
|---|---|---|---|---|
| Promote begins | $6,628,054 | 11.12% | $3,200,259 | $1 |
| LP pref met | $8,971,036 | 8.22% | $5,256,225 | $228,442 |
| Second hurdle crossed | $10,601,874 | 6.95% | $6,528,279 | $546,455 |
| Third hurdle crossed | $13,801,443 | 5.34% | $8,711,985 | $1,482,329 |

## Debt

| Measure | Figure |
|---|---|
| Senior loan | $5,525,000 |
| Loan to value | 65% |
| Interest rate | 6.25% |
| Amortization | 30 years |
| Term | 7 years |
| Monthly payment | $34,018.38 |
| Year 1 debt service | $408,220.50 |
| Year 1 DSCR | 1.46x |
| Minimum DSCR | 1.46x |
| Average DSCR | 1.60x |
| Debt yield | 10.75% |
| Balance at exit | $4,974,356 |
| Net sale price | $11,054,978 |

## Debt by year

Debt yield is year NOI divided by the beginning balance. DSCR is read against the 1.00x floor. Debt yield is read against the note rate.

| Year | DSCR | Debt yield | Vs 1.00x floor | Vs note rate |
|---|---|---|---|---|
| 1 | 1.46x | 10.75% | Clears | Above the rate |
| 2 | 1.50x | 11.22% | Clears | Above the rate |
| 3 | 1.55x | 11.72% | Clears | Above the rate |
| 4 | 1.60x | 12.25% | Clears | Above the rate |


Figures are the engine's, or a document cited on the page.

| Year | DSCR | Debt yield | Vs 1.00x floor | Vs note rate |
|---|---|---|---|---|
| 5 | 1.65x | 12.82% | Clears | Above the rate |
| 6 | 1.70x | 13.44% | Clears | Above the rate |
| 7 | 1.75x | 14.10% | Clears | Above the rate |


Figures are the engine's, or a document cited on the page.

## Operating projections




| Year | EGI | NOI | Debt service | DSCR | Levered CF |
|---|---|---|---|---|---|
| 1 | $841,560 | $594,066 | $408,221 | 1.46x | $185,846 |
| 2 | $866,582 | $612,662 | $408,221 | 1.50x | $204,441 |
| 3 | $892,349 | $631,835 | $408,221 | 1.55x | $223,614 |
| 4 | $918,883 | $651,602 | $408,221 | 1.60x | $243,382 |
| 5 | $946,207 | $671,983 | $408,221 | 1.65x | $263,763 |
| 6 | $974,345 | $692,997 | $408,221 | 1.70x | $284,776 |
| 7 | $1,003,321 | $714,662 | $408,221 | 1.75x | $6,387,063 |

## Trailing twelve months

| Line | T-12 | Pro forma year 1 |
|---|---|---|
| NOI | Not provided | $594,066.40 |
| EGI | Not provided | $841,560.00 |
| Operating expenses | Not provided | $247,493.60 |

No trailing twelve month statement was attached. The comparison is not estimated.

## Sensitivity and downside

Exit cap set to 7.00%. Every other assumption unchanged.

That engine rerun returns 13.51% levered IRR, 2.1883x equity multiple, and minimum DSCR 1.46x. Recommendation: PASS.

Recession stress: Rent growth -> 0 percent, exit cap +100bps, vacancy +300bps. Result: (0.50%) levered IRR, 0.9704x, minimum DSCR 1.34x, PASS.

Exit cap sweep at the deal's rent growth of 3.00%, from the engine.

| Exit cap | Levered IRR |
|---|---|
| 5.50% | 19.30% |
| 6.00% | 17.26% |
| 6.25% | 16.29% |
| 6.50% | 15.34% |
| 6.75% | 14.42% |
| 7.00% | 13.51% |
| 7.50% | 11.76% |

Exit cap by purchase price. Columns are the price as a percent of the modeled price. Each cell is an engine rerun.

| Exit cap | 90% | 95% | 100% | 105% | 110% |
|---|---|---|---|---|---|
| 5.50% | 23.23% | 21.22% | 19.30% | 17.46% | 15.70% |
| 6.00% | 21.31% | 19.24% | 17.26% | 15.36% | 13.52% |
| 6.25% | 20.40% | 18.30% | 16.29% | 14.35% | 12.48% |
| 6.50% | 19.52% | 17.39% | 15.34% | 13.37% | 11.45% |
| 6.75% | 18.66% | 16.50% | 14.42% | 12.40% | 10.45% |
| 7.00% | 17.83% | 15.63% | 13.51% | 11.46% | 9.46% |
| 7.50% | 16.22% | 13.95% | 11.76% | 9.62% | 7.53% |

## Truth Score

No offering claims were checked.

The OM Truth Score is 100 times the weighted credit of the claims that were actually checked, divided by the weight of those claims. Weights: NOI 30, pro forma rent 15, occupancy 10, expense ratio 10, taxes 10, units 10, square footage 5, year built 5, cap rate 5. A claim with no evidence is Not checked. Its weight is left out. Missing evidence is not a discrepancy and it does not lower the score. If nothing was checked, the score is not scored. Credit for a checked claim is 1 minus the normalized gap, and it cannot go below 0. The family's credit is the lowest credit among the evidence rows for that claim. Money, rent, taxes, expense ratio, and square footage agree within 2 percent. Past that, credit falls to 0 across the next 20 percent of relative gap. Occupancy agrees within 1 percentage point. Past that, credit falls to 0 across the next 15 percentage points. Units agree only when the counts are equal. Credit is 1 minus the unit gap divided by the larger count. Year built agrees within one year. A wider gap takes the whole credit. It is not converted into NOI. Cap rate agrees within 15 basis points. Past that, credit falls to 0 across the next 150 basis points. HUD Fair Market Rent and Census ACS median gross rent are benchmarks. They are shown and they are not scored. They are not comps. Open violations are an exposure. They are shown and they are not scored, and they are not converted into NOI. A positive LL97 penalty estimate is an exposure. It is not scored. It is subtracted in the adjusted NOI because a historical T-12 does not contain a future penalty. Adjusted NOI starts from the T-12 NOI when one is present, otherwise from the OM NOI. A tax assessment above the OM tax is subtracted only when the starting NOI is the OM figure, because a T-12 already includes the taxes that were paid. The adjusted case runs on a copy. The base verdict does not change unless that copy is applied. Dollar impact on NOI is the claim minus the evidence for income, and the evidence minus the claim for taxes. Value impact divides that NOI gap by the OM cap rate, or by the model's entry cap when the OM states no cap rate. The cap-rate row repeats the NOI gap capitalized at the claimed cap. It is the same dollars, not a second deduction.

| Claim | Evidence | Severity |
|---|---|---|
| Pro forma NOI | T-12 NOI | not-checked |
| Pro forma rent | Rent roll in-place rent | not-checked |
| Pro forma rent | HUD one-bedroom Fair Market Rent | not-checked |
| Pro forma rent | Census median gross rent | not-checked |
| OM occupancy | Occupancy evidence | not-checked |
| OM expense ratio | T-12 expense ratio | not-checked |
| OM real estate taxes | Tax evidence | not-checked |
| OM units | Rent roll units | not-checked |
| OM square footage | Rent roll square feet | not-checked |
| OM year built | PLUTO year built | not-checked |
| OM cap rate | T-12 NOI over price | not-checked |
| Open violations | HPD class C, DOB, and ECB open counts | not-checked |

## Key risks and responses


Figures are the engine's, or a document cited on the page.

| Risk | What the file supports |
|---|---|
| Not flagged. Tax jump after sale moves year 1 tax from $95,000.00 to $95,000.00. | This is a scenario overlay. The recommendation in the rest of this memo stays the base case. |
| Exit cap set to 7.00%. Every other assumption unchanged. Levered IRR in that engine rerun is 13.51% and minimum DSCR is 1.46x. | The engine recommendation in that case is PASS. The workbook sensitivity recalculates the same exit cap from the blue cells. |
| Recession stress from the engine: Rent growth -> 0 percent, exit cap +100bps, vacancy +300bps. | That rerun returns (0.50%) levered IRR, 0.9704x equity multiple, and minimum DSCR 1.34x. Recommendation: PASS. |
| Exit cap: Exits 49 bps inside the 6.99% entry cap, which is a compression bet | Advisory test only. It does not change the engine recommendation. |
| Re-tenanting cost is not modeled | 4,200 SF of commercial space runs on an aggregate rent assumption with no rent roll, so tenant improvements, leasing commissions, rollover downtime and free rent sit outside this cash flow. Add a rent roll to model them. |
| Expense recoveries are not modeled | Operating expenses are carried gross. CAM, tax and insurance reimbursements from commercial tenants are not credited back to EGI, so NOI is conservative by the amount of any recovery this asset actually collects. |
| Returns are pre-tax and pre-fee | Taxes, depreciation and partner-level management fees are not modeled. Every IRR and multiple on this desk is a pre-tax, pre-fee project-level figure. |

## The ask

**The committee is asked to approve the acquisition at the modeled price of $8,500,000, on the assumptions in this memo.**

Price $8,500,000. Levered IRR 15.34%. Equity multiple 2.4351x. Minimum DSCR 1.46x.

## Conditions to close

1. The price stays at $8,500,000.
2. The senior loan stays at 65% of price, 6.25%, 30 year amortization, 7 year term.
3. A trailing twelve is attached, or the committee accepts that it is Not provided.
4. Market evidence is attached, or the committee accepts that the market page is Not provided.
5. The recommendation PURSUE is the one recorded in the minutes.

## Diligence

| Item | On file | Next step |
|---|---|---|
| Trailing twelve NOI | Not provided | Attach the statement before the book is final. |
| Market series | Not provided | Attach a sourced series, or leave the gap on the page. |
| Offering claims | Not provided | No claim was checked. |
| Tenant roll | Not provided | The live model uses the aggregate unit mix. |
| Analyst | Not provided | Name the person who will walk the committee through the book. |
| Senior loan | 65% LTV at 6.25% | Confirm the quote matches the rate, the term, and the amortization. |
| Exit | 6.50% on the next year's NOI | Confirm the sale assumption before the approval is recorded. |
| Physical condition | Not provided | Not an input in this model. |

## Tax jump after sale

Not flagged. Year 1 tax $95,000.00 before the sale and $95,000.00 after. Before: NOI $594,066.40, minimum DSCR 1.46x, levered IRR 15.34%, recommendation PURSUE. After: NOI $594,066.40, minimum DSCR 1.46x, levered IRR 15.34%, recommendation PURSUE.

Source: Outside New York City, New York does not reassess to the sale price in this check. Post-sale tax here is your millage times the purchase price. This is an estimate, not a tax bill.


Figures are the engine's, or a document cited on the page.

No sale-reset rule is applied. The millage starts at the seller's implied rate, 1.1176%. Post-sale tax is that rate times the purchase price until you edit it. Later years in the scenario grow with the deal's expense growth. The engine keeps one expense growth rate.

## Investor allocation

Each investor's cash follows the equity waterfall, split pro rata by commitment within LP and within GP. Totals tie to the deal. This page does not move money, and it does not contact anyone.

| Investor | Class | Commitment | Share | Contributed | Distributed | Profit | IRR | MoIC |
|---|---|---|---|---|---|---|---|---|
| LP One | LP | $1,600,125.00 | 50.00% | $1,600,125.00 | $3,515,492.38 | $1,915,367.38 | 13.58% | 2.1970x |
| LP Two | LP | $960,075.00 | 30.00% | $960,075.00 | $2,109,295.43 | $1,149,220.43 | 13.58% | 2.1970x |
| LP Three | LP | $640,050.00 | 20.00% | $640,050.00 | $1,406,196.95 | $766,146.95 | 13.58% | 2.1970x |
| General Partner | GP | $0.00 | 100.00% | $0.00 | $761,900.71 | $761,900.71 | n/a | n/a |
| LP total | LP | | | $3,200,250.00 | $7,030,984.76 | $3,830,734.76 | | |
| GP total | GP | | | $0.00 | $761,900.71 | $761,900.71 | | |

| Investor | Year 1 | Year 2 | Year 3 | Year 4 |
|---|---|---|---|---|
| LP One | $92,922.95 | $102,220.69 | $111,807.04 | $121,690.89 |
| LP Two | $55,753.77 | $61,332.42 | $67,084.22 | $73,014.53 |
| LP Three | $37,169.18 | $40,888.28 | $44,722.82 | $48,676.36 |
| General Partner | $0.00 | $0.00 | $0.00 | $0.00 |

| Investor | Year 5 | Year 6 | Year 7 |
|---|---|---|---|
| LP One | $131,881.41 | $142,388.06 | $2,812,581.33 |
| LP Two | $79,128.85 | $85,432.84 | $1,687,548.80 |
| LP Three | $52,752.56 | $56,955.22 | $1,125,032.53 |
| General Partner | $0.00 | $0.00 | $761,900.71 |

Tie-out: investor cash matches the waterfall. Largest gap $0.00.



Figures are the engine's, or a document cited on the page.

## Disclaimers

The live workbook covers this deal. Its formulas follow the aggregate unit mix, senior debt, and the sale of next year's NOI. At export they match the engine.

Re-tenanting cost is not modeled 4,200 SF of commercial space runs on an aggregate rent assumption with no rent roll, so tenant improvements, leasing commissions, rollover downtime and free rent sit outside this cash flow. Add a rent roll to model them.

Expense recoveries are not modeled Operating expenses are carried gross. CAM, tax and insurance reimbursements from commercial tenants are not credited back to EGI, so NOI is conservative by the amount of any recovery this asset actually collects.

Returns are pre-tax and pre-fee Taxes, depreciation and partner-level management fees are not modeled. Every IRR and multiple on this desk is a pre-tax, pre-fee project-level figure.

Nothing in this memo is filled in where an input or a cited document is missing.

This memo is not a promise of a return, a loan commitment, or a valuation opinion. It is the deal on the screen, set out for the committee.