

Cayuga Commons (Illustrative Case)

Ithaca, NY Mixed-Use

RECOMMENDATION

PURSUE

Year 1 NOI

\$594,066.40

Levered IRR

15.34%

Equity multiple

2.4351x

Minimum DSCR

1.46x

2026-05-10

Analyst: Not provided

Executive summary

RECOMMENDATION

PURSUE

Year 1 NOI \$594,066.40 Levered IRR 15.34% Multiple 2.4351x Minimum DSCR 1....

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.

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 unit	\$354,167
Price per SF	\$2,023.81

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%

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

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
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

Operating projections

Y1	Y2	Y3	Y4	Y5	Y6	Y7
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

Risk	What the file supports
Exit cap set to 7.00%. Every other assumption unchanged. Leverage...	The engine recommendation in that case is PASS. The workbook sensit...
Recession stress from the engine: Rent growth -> 0 percent, exit c...	That rerun returns (0.50%) levered IRR, 0.9704x equity multiple, and mi...
Exit cap: Exits 49 bps inside the 6.99% entry cap, which is a compr...	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 w...
Expense recoveries are not modeled	Operating expenses are carried gross. CAM, tax and insurance reimbur...
Returns are pre-tax and pre-fee	Taxes, depreciation and partner-level management fees are not modele...

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 b...
Senior loan	65% LTV at 6.25%	Confirm the quote matches the rate, the term, and the amor...
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.

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.