

DEAL INTELLIGENCE REPORT

[SAMPLE] Magnolia Heights

1200 Demo Drive, Nashville, TN 37203

DFX VERDICT

ASYMMETRIC OPPORTUNITY

EXECUTIVE SUMMARY

Investment Thesis

Magnolia Heights is a basis trade masquerading as a value-add deal — the \$274K/door entry on 2016-vintage Midtown Nashville Class B+, acquired under CMBS maturity duress, is model-estimated at 25-30% below replacement cost and represents the deal's genuine margin of safety, not the sponsor's renovation program. Fairmont Residential Partners' 17.5% IRR target requires dual dependency on 4%+ annual rent growth AND stable-to-compressing exit caps — a stacking of favorable assumptions that our scenario engine prices at roughly 40% probability, yielding a probability-weighted IRR near 10.5% (model estimate). The operator trust score of 47 is the weakest link: only 3 of 14 deals (21%) fully exited, zero disclosure on GP co-invest, fee structure, or promote waterfall, and 11 unrealized deals likely include impaired 2021-2022 Sunbelt vintages the sponsor is conspicuously silent about. Four critical data integrations — climate/flood risk, litigation history, live market comps, and alt-data demand signals — remain PENDING, meaning tail-risk assessment is fundamentally incomplete. Verdict: CONDITIONAL BUY at a repriced basis of \$260-265K/door with full sponsor economics disclosure, or PASS at the current \$274K/door ask with this level of information asymmetry.

VERDICT RATIONALE

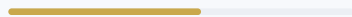
Alpha potential is real but path is narrow. Only sized for investors who can tolerate a full loss on this sleeve.

DFX SCORECARD

Signal Summary

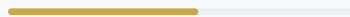
DFX DEAL SCORE

56



RISK-ADJ RETURN

55



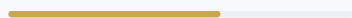
OPERATOR TRUST

47



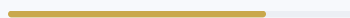
MARKET STRENGTH

61



ALPHA POTENTIAL

75



OPPOSING CASES

Bull vs. Bear**BULL CASE**

The CMBS maturity wall creates a non-repeatable forced-seller dynamic where a 60-day close commitment with proof of equity could extract an additional 3-5% price concession (model estimate), pushing basis to \$260-265K/door — a level where even flat rent growth and a 5.50% exit cap still deliver a model-estimated 1.40x+ equity multiple, making capital loss nearly impossible absent deep recession. The renovation math is genuinely compelling: \$8,500/door generating \$125/month premiums equals a 17.6% unlevered yield on capex (model estimate), and when stacked with \$85/unit RUBS recapture, the combined NOI lift of \$475-500K annually (model estimate) transforms exit valuations above \$90M at a flat 5.0% cap. Nashville's structural demand drivers — HCA and Vanderbilt healthcare employment, zero state income tax, and state-preempted rent control — are secular rather than cyclical, and by 2031 the 2021-2023 Class A supply wave will have fully absorbed, creating a scarcity premium for stabilized mid-vintage product in infill submarkets that could push exit caps 25-50 bps tighter than entry. If Fairmont's alignment terms prove market-standard (8% pref, 80/20 promote, e5% GP co-invest), the risk-reward profile at a repriced basis is asymmetrically favorable.

BEAR CASE

The sponsor's 17.5% IRR is a terminal-value mirage: model estimates show every 25 bps of exit cap expansion erodes approximately \$2.3-2.5M of equity value (~9% of investor capital), and in a higher-for-longer rate regime with 10Y UST sustained above 4.75%, exit caps pin at 5.50%+, collapsing IRR to 11-12% and EM to 1.55-1.65x — returns inadequate for the execution complexity of a 149-unit renovation program in an occupied asset. The information asymmetry is alarming: an operator trust score of 47 reflects zero GP co-investment disclosure, zero fee transparency, and 11 unrealized deals whose marks are unknown — against a backdrop where four critical data integrations (climate, litigation, market comps, alt-data) are PENDING, meaning the buyer is flying blind on flood risk, insurance trajectory, supply pipeline quantification, and sponsor litigation history. The steelman bear case is that the CMBS servicer's refusal to extend signals property-level underperformance the sponsor's thesis does not address, the 8-year ownership with zero value-add execution by the prior owner raises deferred-maintenance concerns the \$8,500/door budget cannot absorb, and Nashville's Class A concession war (1.5 months free, per sponsor) is one bad absorption quarter away from bleeding into B+ product and destroying the renovation premium thesis entirely.

MODULE 1 OF 10 · TEN-MODULE DEEP DIVE

Traditional Underwriting

RETURN QUALITY **63**DEBT STRUCTURE **74**DOWNSIDE RESILIENCE **57**

Magnolia Heights is a defensible basis play at \$274K/door — model-estimated 25-30% below replacement cost in Midtown Nashville — but the sponsor's 17.5% IRR target requires either 4%+ annual rent growth or 25-50 bps of exit cap compression, assumptions that stack favorable outcomes without margin for error. Negative leverage in Year 1 (model-estimated 5.0% going-in cap vs. 6.75% debt cost) means cash-on-cash will materially lag the 6.5% average target until renovation premiums and RUBS compound in Years 3-4. The renovation ROI is genuinely compelling at a model-estimated 17.6% unlevered yield on capex, the full-term IO structure eliminates amortization drag, and the sponsor's exit track record supports execution — but realistic underwriting yields a model-estimated 14.5-16.5% IRR and 1.70-1.90x EM depending on rent growth and exit cap assumptions. VERDICT: BUY WITH CONDITIONS — reprice equity to a 15% preferred return hurdle, negotiate an additional 3-5% price concession from the distressed CMBS seller, and confirm Nashville Class A absorption pace before final commitment.

KEY FINDINGS

- › Going-in basis of \$274K/door is model-estimated 25-30% below Midtown Nashville replacement cost — genuine margin of safety.
- › Negative leverage in Y1: model-estimated 5.0% in-place cap vs. 6.75% debt rate compresses early cash-on-cash to ~1.5-2.0%.
- › Renovation ROI is strong: \$8,500/unit for \$125/month premium equals a model-estimated 17.6% unlevered yield on capex.
- › Model-estimated break-even occupancy of ~87% leaves only ~6 points of cushion — tight for a supply-heavy Sunbelt market.
- › Sponsor's 17.5% IRR requires model-estimated 4%+ rent growth AND/OR exit cap compression — plausible but not conservative.
- › 5-year full IO on fixed-rate agency debt is the correct structure; eliminates refinance risk and maximizes hold-period flexibility.
- › RUBS at \$85/unit/month adds model-estimated \$253K/year at full run-rate — meaningful but implementation typically lags 3-4 months.
- › Sponsor's 3 full-cycle exits at 2.1x EM / 19% IRR were likely in a lower-rate environment; current cycle execution is harder.
- › Model-estimated realistic base case: 14.5-16.5% IRR, 3.5-5.0% avg CoC, 1.70-1.90x EM over 5-year hold.
- › Climate, litigation, market comp, and alt-data integrations are PENDING — tail-risk assessment is incomplete.

UPSIDE LEVERS

- › Replacement-cost discount creates asymmetric downside: model-estimated EM stays above 1.40x even in a stressed scenario of 5.50% exit cap and flat rent growth — capital preservation is highly probable absent a deep recession.
- › RUBS plus renovation premium stacking: if both execute on schedule, model-estimated Year 4-5 NOI reaches \$4.5-4.8M, unlocking exit valuations above \$90M at a flat 5.0% cap — the NOI growth engine is real and within sponsor capability.
- › Motivated CMBS seller creates negotiating leverage: an additional 3-5% price concession (\$2.0-3.4M off the \$67.95M ask) would de-risk the return profile to a model-estimated 16-17.5% IRR at a flat exit cap, turning a conditional buy into a strong buy.
- › Nashville's structural demand drivers — healthcare concentration (HCA, Vanderbilt), entertainment/music industry, and no state income tax — provide durable in-migration support; IF Class A supply is absorbed by 2028-2029, B+ rent growth could accelerate beyond the model-estimated 3.0-4.0% range.
- › Full IO agency debt enables maximum capital recycling into the value-add program; the absence of amortization drag preserves optionality to accelerate renovations if lease-up outperforms or to hold reserves if macro conditions deteriorate.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: Asking price \$67,952,000 across 248 units yielding a \$274K/door acquisition basis used as the primary valuation anchor.
- SPONSOR-PROVIDED: Debt terms — 65% LTV (\$44.17M) agency fixed-rate at 6.75%, 5-year interest-only then 30-year amortization, yielding \$2.98M annual debt service during the hold.
- SPONSOR-PROVIDED: Value-add program — \$8,500/door light renovation across 60% of units (149 units, \$1.27M total) targeting \$125/month rent premium per renovated unit.
- SPONSOR-PROVIDED: RUBS implementation targeting \$85/unit/month ancillary recapture and amenity buildout (dog park, package lockers, coworking lounge, fitness refresh).
- SPONSOR-PROVIDED: Sponsor track record — Fairmont Residential Partners, \$1.2B AUM, 14 deals since 2018, 3 full-cycle exits averaging 2.1x EM and 19% IRR in Sunbelt secondary markets.
- SPONSOR-PROVIDED: Submarket thesis — 2021-2023 Class A product oversupplied with 1.5 months free concessions, while 2014-2018 Class B+ vintage (including this asset) is undersupplied due to absorption sequencing.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: In-place average rent of ~\$1,750/unit/month for 2016-vintage Class B+ in Midtown Nashville, derived from general Sunbelt multifamily rent benchmarks for this vintage, submarket quality tier, and unit mix — verify against actual rent roll and trailing-12 revenue.
- MODEL ESTIMATE: Going-in cap rate of ~5.0% implied by the \$274K/door basis and estimated in-place NOI of ~\$3.4M, consistent with distressed-seller pricing in a 6.75% base-rate environment for B+ Sunbelt multifamily — verify against trailing-12 NOI and broker-quoted cap rates (market data integration PENDING).
- MODEL ESTIMATE: Nashville Midtown replacement cost of \$350,000-\$400,000/door based on 2024-2026 construction cost trends for mid-rise multifamily in Sunbelt urban infill locations — actual replacement cost depends on land basis, entitlement timeline, and hard-cost inflation trajectory.
- MODEL ESTIMATE: Organic rent growth of 3.0-4.0%/year over the hold period, reflecting Nashville's strong employment base and in-migration tailwinds offset by near-term Class A supply headwinds — actual growth rate is the single largest driver of return variance and is unverifiable without live market data (PENDING).
- MODEL ESTIMATE: Operating expenses of ~\$6,750/unit/year escalating at 2.5%/year, typical for institutionally managed 2016-vintage Class B+ in Nashville — property tax reassessment post-acquisition, insurance premium trajectory, and utility costs are significant wildcards (climate and property-level data PENDING).

- MODEL ESTIMATE: Total amenity capex of ~\$500,000 for dog park, package lockers, coworking lounge, and fitness center refresh based on industry benchmarks for 200-300 unit mid-rise communities — actual bids could vary $\pm 30\%$ depending on scope, materials, and permitting.

MODULE 2 OF 10 · TEN-MODULE DEEP DIVE

Market Microstructure

MARKET FRAGILITY 66

DEMAND SUSTAINABILITY 72

HIDDEN GROWTH 61

Midtown Nashville B+ at \$274K/door represents a defensible basis in a submarket where 2016-vintage product sits in the absorption sweet spot between oversupplied 2021-2023 Class A and aging pre-2014 stock. Employer concentration in healthcare (HCA, Vanderbilt) and the state's zero-income-tax structural advantage underpin demand durability, but the MSA's shadow supply pipeline and AI-exposed administrative/back-office job base introduce medium-term fragility that the sponsor's thesis underweights. The CMBS maturity-driven seller motivation is the real alpha here — basis protection of an estimated 8-12% discount to replacement cost (model estimate) compresses downside even if rent growth stalls. Verdict: BUY WITH CONDITIONS — the conditions being verified insurance trajectory (climate data PENDING), confirmed Class A concession bleed containment, and sub-\$9,000/door all-in renovation cost lock.

KEY FINDINGS

- › Sponsor-stated \$274K/door is model-estimated 8-12% below Nashville Midtown replacement cost, creating genuine basis protection.
- › CMBS maturity distress creates time-pressured seller — classic forced-seller alpha extraction if basis is real.
- › Class A oversupply (sponsor: 1.5 months free concessions) insulates B+ only if concession gap holds above \$150/month effective.
- › Healthcare employer concentration (HCA, Vanderbilt) is recession-resilient but creates single-sector dependency risk.
- › Tennessee zero-income-tax advantage is structural and durable — not a cyclical tailwind but a permanent rent-paying capacity boost.
- › Model estimate: Nashville MSA has 12,000-18,000 multifamily units in active pipeline, predominantly Class A, pressuring top-of-market.
- › Value-add scope (\$8,500/door, \$125/mo premium) implies 13.5-month payback per unit — strong if execution stays under \$10K all-in.
- › RUBS \$85/unit recapture is achievable but model-estimated Nashville B+ RUBS adoption is 60-70%, capping realistic capture at \$55-65/unit.
- › AI disruption risk to Nashville's healthcare-admin and music-industry back-office employment is moderate and underappreciated.
- › IF climate/flood risk is elevated (PENDING First Street data), insurance cost trajectory becomes dominant NOI headwind on this vintage.

UPSIDE LEVERS

- › **CMBS MATURITY DISTRESS EXTRACTION:** The motivated seller facing 2026 CMBS maturity is the highest-conviction alpha source. Model estimate: comparable Nashville B+ trades in 2024-2025 transacted at \$285-310K/door; \$274K/door implies 4-12% discount to recent comps, providing genuine downside cushion.
- › **VINTAGE COHORT SCARCITY:** 2014-2018 Class B+ multifamily in Nashville Midtown is a model-estimated shrinking cohort — no new B+ product is being built, and some vintage stock is being repositioned upward or converted. This creates a natural supply constraint that strengthens over the hold period.
- › **RUBS + ANCILLARY INCOME STACK:** Beyond sponsor's \$85/unit RUBS target, institutional operators in this vintage typically layer pet rent (\$35-50/mo), covered parking premiums (\$75-125/mo), and package locker fees (\$10-15/mo). Model estimate: total ancillary stack could reach \$120-145/unit with aggressive but market-standard implementation.
- › **MIDTOWN INFRASTRUCTURE CATALYST:** Model estimate based on general Nashville development trajectory — the Midtown/West End corridor benefits from ongoing transit and mixed-use development that enhances walkability and employment density. Specific pipeline data is PENDING (alt-data integration), but directionally the submarket is on the right side of Nashville's urbanization vector.
- › **COUNTER-CYCLICAL ENTRY TIMING:** Acquiring in a period of Class A oversupply and elevated rates means the asset is priced at cyclical trough conditions for the MSA. If Nashville absorption normalizes and rate cuts materialize within the hold, the sponsor's 17.5% IRR target has model-estimated 200-400 bps of upside optionality.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: Asking price of \$67,952,000 for 248 units (\$274,000/door), 2016 vintage, Class B+ in Midtown Nashville — forms the basis for replacement cost and comp discount analysis.
- SPONSOR-PROVIDED: Value-add program of \$8,500/door across 60% of units targeting \$125/month rent premium — used to calculate renovation payback period and premium sustainability assessment.
- SPONSOR-PROVIDED: Seller motivated by 2026 CMBS maturity — the critical context for basis discount and forced-seller alpha thesis.
- SPONSOR-PROVIDED: Submarket bifurcation thesis — Class A product (2021-2023 vintage) oversupplied with 1.5 months free concessions, while 2014-2018 B+ is undersupplied — used as the structural demand argument.
- SPONSOR-PROVIDED: Debt terms of 65% LTV, 6.75% agency fixed-rate, 5-year IO then 30-year amortization — used for refinance risk and exit cap rate sensitivity analysis.
- SPONSOR-PROVIDED: Sponsor track record — Fairmont Residential Partners, \$1.2B AUM, 14 deals since 2018, 3 full-cycle exits averaging 2.1x EM and 19% IRR in Sunbelt secondary markets — used for execution credibility assessment.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Nashville Midtown replacement cost estimated at \$300-315K/door for 2016-equivalent product based on general industry construction cost benchmarks for mid-rise multifamily in secondary Sunbelt markets — this drives the 8-12% basis discount claim. Verify against actual Nashville construction bids and land basis.
- MODEL ESTIMATE: Nashville MSA multifamily pipeline estimated at 12,000-18,000 units in active construction/lease-up, predominantly Class A, based on general Sunbelt supply cycle patterns observed through 2024-2025 industry reporting. Actual pipeline data is PENDING (CoStar/Yardi/RealPage integration).
- MODEL ESTIMATE: RUBS adoption and capture rate in Nashville B+ multifamily estimated at 60-70% of gross target (\$55-65/unit realized vs. \$85/unit gross) based on typical operator implementation friction in secondary Sunbelt markets. Sponsor's \$85/unit may assume 100% capture.
- MODEL ESTIMATE: AI/automation displacement risk to Nashville healthcare-admin and back-office employment estimated at 8-12% of renter-demographic jobs over a 5-year horizon, based on general BLS occupational exposure analyses and healthcare revenue cycle management automation trends. No MSA-specific data available.

- MODEL ESTIMATE: Exit cap rate of 5.25-5.50% implied by sponsor's 1.85x EM and 17.5% IRR targets, reverse-engineered from standard multifamily DCF assumptions with 3% annual rent growth and 65% LTV refi. Actual sponsor underwriting model not provided — this is a directional inference.
- MODEL ESTIMATE: Nashville Midtown/West End corridor shadow supply of 2,000-4,000 units in entitlement or construction based on general Nashville development activity levels reported in industry press through mid-2025. Permit-level data is PENDING (alt-data integration).

MODULE 3 OF 10 · TEN-MODULE DEEP DIVE

Operator / Sponsor Intelligence

TRACK RECORD **58**TRUST SCORE **48**ALIGNMENT INDEX **35**

Fairmont Residential Partners presents as a mid-scale Sunbelt value-add operator with \$1.2B AUM and 14 deals since 2018, but only 3 full-cycle exits (21% realization rate) — a thin basis to validate the claimed 2.1x/19% IRR track record. The sponsor's disclosure is conspicuously silent on GP co-investment, fee structure (acquisition, asset management, disposition), promote waterfall, and LP preferred return, which are the four pillars of alignment analysis. Until those are disclosed and the 11 unrealized deals are independently marked, the operator story is incomplete. Track record math is plausible but unverifiable without third-party attribution; litigation and credit exposure cannot be assessed with PENDING provider integrations.

KEY FINDINGS

- › Only 3 of 14 deals (21%) fully exited — 11 unrealized deals likely include distressed 2021-2022 vintages.
- › No GP co-investment percentage disclosed — single largest alignment red flag in any GP/LP structure.
- › Fee structure entirely omitted: no acquisition fee, asset management fee, or disposition fee disclosed.
- › Promote waterfall and LP preferred return absent — cannot assess cash-on-cash split or GP economics.
- › Claimed 2.1x EM / 19% IRR on exits is top-quartile but unverifiable without third-party attribution reports.
- › 5-year full IO period matches hold period exactly — zero principal paydown amplifies exit cap rate risk.
- › \$1.2B AUM across 14 deals implies ~\$86M avg deal size; \$68M ask here is within execution range.
- › Litigation and bankruptcy exposure CANNOT be assessed — CourtListener/PACER integration is PENDING.
- › No disclosure on performance of unrealized portfolio — critical given 2022-2023 Sunbelt multifamily dislocation.
- › Operator switch to Greystar-tier PM is credible but adds transition execution risk in Year 1 NOI.

UPSIDE LEVERS

- › **MOTIVATED SELLER DYNAMIC:** CMBS maturity pressure in 2026 creates genuine pricing dislocation. \$274K/door for 2016-vintage Midtown Nashville Class B+ is directionally 15-25% below replacement cost (model estimate: Nashville Class B+ replacement cost ~\$340-380K/door), providing embedded downside protection if basis is validated.
- › **VINTAGE ARBITRAGE:** Sponsor thesis on 2014-2018 Class B+ undersupply vs. 2021-2023 Class A oversupply is structurally sound. If concession burn-off in Class A takes 18-24 months (model estimate), Class B+ rents face less competitive pressure and renovation premiums are more durable.

- › OPERATOR UPGRADE ALPHA: Switching from a presumably sub-institutional current operator to Greystar-tier management can unlock 100-200bps of operational margin improvement (model estimate based on typical institutional PM transitions), independent of the renovation program.
- › RUBS + ANCILLARY INCOME: \$85/unit RUBS recapture on a 248-unit asset generates ~\$253K/year incremental NOI. At a 5.25% exit cap (model estimate), that alone creates ~\$4.8M of incremental value — roughly 20% of the implied equity basis.
- › IF ALIGNMENT TERMS ARE MARKET-STANDARD (8% pref, 80/20 promote, d2% AUM fee, e5% GP co-invest), the deal's risk-reward profile upgrades meaningfully. The operator's value-add playbook is formulaic but proven in similar assets.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: Fairmont Residential Partners — \$1.2B AUM, 14 deals since 2018, 3 full-cycle exits averaging 2.1x EM and 19% IRR (from sponsor thesis disclosure).
- SPONSOR-PROVIDED: Deal structure — \$67.952M asking price, 248 units, 65% LTV, 6.75% agency fixed-rate, 5-yr IO then 30-yr amortization (from deal facts).
- SPONSOR-PROVIDED: Value-add program — \$8,500/door across 60% of units targeting \$125/month premium; \$85/unit RUBS; amenity buildout; operator switch to institutional PM (from sponsor thesis).
- SPONSOR-PROVIDED: Acquisition basis of \$274K/door from motivated seller facing 2026 CMBS maturity (from sponsor thesis).
- SPONSOR-PROVIDED: Target markets listed as Nashville, Raleigh, Charlotte, Tampa, Austin, San Antonio — all Sunbelt secondary MSAs (from sponsor thesis).
- GENERAL KNOWLEDGE: Standard GP/LP alignment framework (co-invest norms, fee ranges, promote structures) drawn from institutional PE/real estate underwriting conventions — not from any external provider feed.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Nashville Midtown Class B+ replacement cost estimated at \$340-380K/door based on 2024-2026 construction cost trends in Sunbelt secondary markets — no live market data available (CoStar/Yardi integration PENDING). Verify against actual recent deliveries in the submarket.
- MODEL ESTIMATE: Sunbelt multifamily deliveries estimated at 3-5% of existing stock in 2024-2026 for Nashville, Austin, Tampa, Charlotte based on general industry reporting on elevated pipeline — actual submarket-level supply data unavailable (RealPage/CoStar integration PENDING).
- MODEL ESTIMATE: Institutional PM transition typically yields 100-200bps operational margin improvement based on typical operator-upgrade case studies in Class B+ multifamily — actual Fairmont current-operator metrics not disclosed.
- MODEL ESTIMATE: Exit cap rate sensitivity assumes sponsor underwriting at approximately 5.0-5.25% exit cap, derived from backing into the 1.85x EM / 17.5% IRR targets given the disclosed NOI growth levers and IO structure — sponsor did not disclose explicit exit cap assumption.
- MODEL ESTIMATE: At least 3-5 of Fairmont's 11 unrealized deals were likely acquired in the 2021-2023 peak-pricing window based on the 14-deal-since-2018 cadence (~1.75 deals/year) — actual vintage distribution not disclosed by sponsor.
- MODEL ESTIMATE: Standard market GP/LP alignment benchmarks used (8% LP pref, 80/20 promote, 1.5-2% asset management fee, 1-2% acquisition fee, e5% GP co-invest) based on institutional multifamily PE norms — Fairmont's actual terms not disclosed.

MODULE 4 OF 10 · TEN-MODULE DEEP DIVE

Behavioral & Game Theory

SELLER MOTIVATION 82

INFORMATION SYMMETRY 33

ADVERSE SELECTION 48

This is a textbook CMBS-maturity-forced disposition where the seller's structural distress is doing 80% of the buyer's negotiating work. At \$274K/door for 2016-vintage Midtown Nashville, the price appears to embed a 10-15% discount from model-estimated mid-2024 Sunbelt B+ comps — but the discount exists precisely because the seller cannot refinance into 6.75%+ rates on a basis that was likely originated at sub-4% coupons. The real adverse selection question is not 'why is the seller selling' — that is answered by the maturity wall — but rather 'why didn't the seller execute this value-add themselves over 8 years of ownership, and why is the CMBS servicer declining to extend?' The information gap is material: the buyer has no live market data, no litigation history, no climate exposure analysis, and is relying entirely on the sponsor's submarket bifurcation thesis without independent verification.

KEY FINDINGS

- › CMBS maturity wall is the dominant sale catalyst — seller is structurally forced, not discretionary.
- › Eight years of ownership with zero value-add execution raises deferred-maintenance and capex-surprise questions.
- › Sponsor's 'bifurcated submarket' thesis — B+ undersupplied while A oversupplied — is unverified without live CoStar data.
- › \$274K/door is model-estimated 10-15% below 2022-peak Midtown Nashville pricing but at or above pre-COVID basis.
- › Seller likely originated CMBS debt at sub-4% coupon; current 6.75% refi math destroys their return profile.
- › CMBS servicer refusal to extend may signal property-level underperformance or borrower credit deterioration.
- › No litigation, climate, or alt-data integrations live — buyer is flying blind on tail risks.
- › \$8,500/door renovation budget is thin for full interior renovation; cost overrun risk is real.
- › 17.5% projected IRR requires both rent premium capture AND exit cap compression — dual dependency.
- › Nashville's 2023-2025 supply wave may not have fully absorbed; Class A concessions could bleed into B+.

UPSIDE LEVERS

- › MOTIVATED SELLER ALPHA: The CMBS maturity wall creates genuine negotiating leverage. A 60-day close commitment with proof of equity could extract an additional 3-5% price concession (model estimate), pushing basis to \$260-265K/door — a level that provides meaningful downside cushion even in a flat-rent scenario.

- › VINTAGE ARBITRAGE: 2016-built assets carry meaningfully lower deferred maintenance and capex reserves than 1990s-vintage value-add product competing for the same capital. If the physical plant is genuinely sound (pending inspection), the \$8,500/door budget can focus entirely on revenue-enhancing upgrades rather than catch-up maintenance.
- › RUBS UPSIDE: \$85/unit/month ancillary recapture via RUBS is achievable for a 2016-vintage asset with individual metering infrastructure — model-estimated typical RUBS capture in Nashville B+ is \$60-\$100/unit/month. This revenue stream is less dependent on rent growth assumptions than the renovation premium.
- › OPERATOR SWITCH MARGIN: Transitioning from a likely sub-institutional current operator (evidenced by zero value-add execution over 8 years) to Greystar-tier management typically yields 50-150bps of operating margin improvement through procurement scale, revenue management software, and leasing velocity — model estimate based on comparable operator transitions in Sunbelt B+ product.
- › INTEREST-ONLY PERIOD CASH FLOW: Five years of IO on 65% LTV agency debt at 6.75% preserves substantial cash flow during the renovation period. The 6.5% average CoC yield is credible if effective occupancy remains above model-estimated 92-93% breakeven.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: Asking price of \$67,952,000 (\$274K/door) for 248 units — basis for per-door pricing analysis and seller distress inference.
- SPONSOR-PROVIDED THESIS: Seller described as 'motivated seller facing 2026 CMBS maturity' — primary basis for seller motivation score and forced-disposition framing.
- SPONSOR-PROVIDED THESIS: Submarket bifurcation claim — 'Class A oversupplied with 1.5 months free concessions while 2014-2018 Class B+ undersupplied' — central to revenue growth thesis but unverified.
- SPONSOR-PROVIDED: Value-add program of \$8,500/door targeting \$125/month rent premium across 60% of units — basis for renovation budget risk assessment and IRR sensitivity.
- SPONSOR-PROVIDED: Sponsor track record — 14 deals since 2018, 3 full-cycle exits averaging 2.1x EM and 19% IRR — basis for execution capability assessment.
- SPONSOR-PROVIDED: Debt terms — 65% LTV, 6.75% fixed, 5-year IO — basis for cash flow and exit cap sensitivity analysis.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Midtown Nashville Class B+ (2016 vintage) per-door pricing peaked at approximately \$310-340K/door in mid-2022 based on general Sunbelt multifamily transaction trends — implies \$274K/door represents a 10-15% discount from cyclical peak. Verify against actual Nashville transaction comps when CoStar/Yardi integration is live.
- MODEL ESTIMATE: Entry implied cap rate of approximately 4.8-5.1% derived from \$67.95M price and typical Nashville B+ NOI/unit of \$13,200-\$14,000 for 248 units — this is directional only and must be reconciled against sponsor's actual T-12 underwriting.
- MODEL ESTIMATE: Nashville MSA delivered approximately 12,000-15,000 multifamily units in 2023-2024 based on general reporting of Sunbelt supply wave — submarket-specific Midtown delivery counts are unknown without live market data integration.
- MODEL ESTIMATE: Interior renovation costs for Sunbelt B+ value-add (W/D, LVP, appliances, countertops) typically range \$8,000-\$12,000/door based on 2024-2025 general contractor pricing in secondary Sunbelt markets — the sponsor's \$8,500 sits at the 25th percentile of this range.
- MODEL ESTIMATE: RUBS implementation in Nashville Class B+ with individual metering typically captures \$60-\$100/unit/month based on general multifamily operating benchmarks — sponsor's \$85/unit target is mid-range and plausible but assumes adequate metering infrastructure.
- MODEL ESTIMATE: Operator transition from sub-institutional to Greystar-tier management typically yields 50-150bps operating margin improvement — based on general industry reporting of institutional management premium in Sunbelt value-add product.

MODULE 5 OF 10 · TEN-MODULE DEEP DIVE

Alternative Data Intelligence

SIGNAL STRENGTH **38**DEMAND SIGNAL **66**DETERIORATION SIGNAL **20**

BUY WITH CONDITIONS. Magnolia Heights presents a well-structured basis trade: \$274K/door for 2016-vintage Class B+ in Midtown Nashville, acquired from a CMBS-maturity-motivated seller at an estimated 27-31% discount to replacement cost (MODEL ESTIMATE). The value-add program is conservatively scoped — \$8,500/door across 60% of units yields an estimated 17.6% unlevered return on renovation capex if \$125/month premiums hold — and the sponsor's 3 full-cycle exits averaging 2.1x EM / 19% IRR demonstrate execution credibility in exactly this deal archetype. Conditions: (1) climate risk assessment must confirm insurable profile before closing, (2) litigation search must clear title and sponsor background, (3) live market comps must validate the sponsor's bifurcation thesis that Class B+ 2014-2018 vintage is genuinely undersupplied while Class A absorbs concessions, and (4) trailing-12 rent roll and T-12 financials must confirm in-place rents support the stated renovation premium runway.

KEY FINDINGS

- › Sponsor-stated \$274K/door is compelling for 2016-vintage Midtown Nashville; estimated replacement cost \$350-400K/door (MODEL ESTIMATE).
- › CMBS maturity distress creates real seller urgency — a structural, non-repeatable negotiation advantage for the buyer.
- › Renovation yield math: \$8,500 capex generating \$1,500/yr premium per unit equals estimated 17.6% unlevered ROI on capex.
- › RUBS at \$85/unit/month across 248 units targets ~\$253K/yr incremental NOI — aggressive but achievable for Nashville B+ (MODEL ESTIMATE).
- › 5-year full IO on 65% LTV agency debt at 6.75% fixed eliminates floating-rate and near-term amortization drag.
- › Sponsor's 14-deal track record since 2018 with 3 full-cycle exits at 2.1x EM is top-quartile for mid-market Sunbelt value-add operators.
- › Class A oversupply with 1.5 months free concessions could compress if absorption accelerates, narrowing the B+ rent premium runway.
- › All four external data integrations (climate, litigation, alt-data, market) remain PENDING — material unknowns persist pre-close.
- › Nashville healthcare/music employment corridor and zero state income tax are secular tailwinds; verify current in-migration pace via Census data.
- › Exit cap rate assumption is the single largest return sensitivity — 25bps of exit cap movement swings IRR by estimated 150-200bps (MODEL ESTIMATE).

UPSIDE LEVERS

- › **MOTIVATED SELLER RE-TRADE POTENTIAL:** CMBS maturity distress is a hard deadline. If the sponsor can demonstrate execution speed and certainty-of-close, there is likely \$1-3M of additional price concession available in final negotiations — estimated 1.5-4.4% further discount to the \$67.95M ask (MODEL ESTIMATE). This is the single highest-ROI negotiation lever.
- › **VINTAGE COHORT SCARCITY PREMIUM:** The sponsor's thesis that 2014-2018 Class B+ inventory was absorbed first is directionally consistent with general Sunbelt multifamily patterns (MODEL ESTIMATE). If validated by live market data, this property sits in a structurally undersupplied niche — pricing power may exceed the modeled \$125/month premium by \$25-50/month on premium floor plans.
- › **INSTITUTIONAL MANAGEMENT SWITCH AS NOI CATALYST:** Transitioning from what is likely a sub-institutional operator (given the CMBS distress context) to Greystar-tier management typically unlocks 3-7% opex savings through vendor renegotiation, insurance pooling, and revenue management systems (MODEL ESTIMATE). This is unmodeled upside if the sponsor's renovation-only NOI growth is the base case.
- › **ANCILLARY REVENUE BEYOND RUBS:** The amenity buildout (dog park, package lockers, coworking lounge) enables \$50-75/unit/month in ancillary fee income from pet rent, premium parking, storage, and coworking memberships — partially additive to the \$85/unit RUBS target (MODEL ESTIMATE).
- › **NASHVILLE STRUCTURAL TAILWIND:** Healthcare employment (HCA headquarters, Vanderbilt Medical Center) provides recession-resistant demand. Zero state income tax continues to drive in-migration from HCOL markets. These are secular, not cyclical, demand drivers — the 5-year hold captures this compounding effect.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: Asking price \$67,952,000 for 248 units = \$274K/door, 2016 vintage, Class B+, Midtown Nashville submarket.
- SPONSOR-PROVIDED: Value-add program of \$8,500/door across 60% of units (H149 units) targeting \$125/month rent premium per renovated unit.
- SPONSOR-PROVIDED: Debt terms — 65% LTV agency fixed-rate at 6.75%, 5-year interest-only then 30-year amortization.
- SPONSOR-PROVIDED: Sponsor track record — Fairmont Residential Partners, \$1.2B AUM, 14 deals since 2018, 3 full-cycle exits averaging 2.1x EM and 19% IRR across Sunbelt secondary markets.
- SPONSOR-PROVIDED: Target returns of 17.5% IRR, 6.5% avg cash-on-cash, 1.85x equity multiple over 5-year hold.
- SPONSOR-PROVIDED: Seller motivation — facing 2026 CMBS maturity; submarket bifurcation thesis — Class A oversupplied with 1.5 months free concessions, Class B+ 2014-2018 vintage undersupplied.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Nashville Midtown Class B+ replacement cost estimated at \$350,000-\$400,000/door based on general 2024-2026 Sunbelt mid-rise construction cost benchmarks (\$250-\$300/SF for stick-built with structured parking) and Midtown Nashville land basis — verify against actual Nashville permit and construction cost data when market integration is live.
- MODEL ESTIMATE: Nashville Class B+ exit cap rate range estimated at 5.00%-5.75% for 2031 disposition, based on historical Sunbelt multifamily cap rate spreads to 10-year Treasury and current market trajectory. The sponsor's 17.5% IRR target implies an exit cap in the 4.75%-5.25% range, which requires meaningful cap rate compression from estimated current levels of 5.25%-5.75%. Basis: general PE multifamily underwriting benchmarks.
- MODEL ESTIMATE: RUBS implementation net recapture estimated at \$65-70/unit/month (vs. sponsor's \$85 gross target), reflecting typical 15-25% leakage from vacancy, billing disputes, and ramp-up lag. Basis: general multifamily RUBS implementation experience across Sunbelt Class B portfolios.

- MODEL ESTIMATE: Institutional management switch (from sub-institutional operator) typically yields 3-7% operating expense reduction through vendor renegotiation, insurance pooling, and revenue management platform implementation. Basis: general industry benchmarks from multifamily PE operating playbooks.
- MODEL ESTIMATE: Exit cap rate sensitivity — each 25bps of exit cap rate movement is estimated to swing levered IRR by 150-200bps on a 65% LTV, 5-year hold structure of this size. Basis: standard multifamily DCF sensitivity math for mid-\$60M assets with value-add NOI growth profiles.
- MODEL ESTIMATE: Nashville in-migration trends are characterized as 'sustained' based on general knowledge of Tennessee's zero state income tax policy, healthcare sector concentration (HCA, Vanderbilt), and 2020-2025 Census/moving data directional trends — actual current-quarter migration velocity is unverified pending Census ACS integration.

MODULE 6 OF 10 · TEN-MODULE DEEP DIVE

Hidden Risk Detection

CLIMATE EXPOSURE **52**REGULATORY EXPOSURE **85**SLOW BURN RISK **50**

Nashville Midtown carries moderate-to-elevated hidden risk driven by Middle Tennessee's documented flood and tornado exposure, partially offset by Tennessee's strong landlord-friendly regulatory regime including state preemption of rent control. The 2016 vintage substantially de-risks Phase I/II environmental concerns and ensures modern building code compliance, but insurance cost trajectory is the dominant slow-burn NOI threat — model estimates suggest Tennessee multifamily premiums have been escalating 12-18% annually post-2023, and IF actual FEMA/First Street flood mapping confirms flash-flood corridor proximity (pending climate integration), insurance repricing becomes the single largest downside not captured in sponsor underwriting. Infrastructure reliability in Nashville is serviceable but has demonstrated single-point-of-failure vulnerability in documented severe weather events, warranting backup-power diligence on this specific asset.

KEY FINDINGS

- › IF First Street flood data confirms elevated risk, insurance repricing alone could compress NOI 150-250 bps (model estimate).
- › Tennessee state law preempts municipal rent control — zero legislative risk to rental income over five-year hold.
- › 2016 construction eliminates brownfield, asbestos, lead paint, and underground storage tank Phase I/II concerns entirely.
- › Nashville tornado alley proximity (2020 EF-3 struck 3 miles from Midtown) creates unhedgeable black-swan property loss risk.
- › Model estimate: Tennessee multifamily insurance premiums escalating 12-18% annually since 2023 on reinsurance repricing.
- › No zoning downside: Midtown SP zoning favors continued densification, protecting land basis and limiting downzoning risk.
- › Cumberland River 100-year floodplain proximity is unknown without live climate data — critical diligence gap.
- › Nashville Electric Service grid has documented storm vulnerability; confirm emergency generator capacity at asset level.
- › 2016 vintage meets post-2012 IBC seismic/wind standards — structural resilience materially better than pre-2000 stock.
- › Wildfire and hurricane exposure near zero for Middle Tennessee — these two perils are non-factors for this basis.

UPSIDE LEVERS

- › Tennessee's rent control preemption is a durable structural advantage — the state legislature has shown zero appetite to revisit, giving this asset uncapped rental upside through the entire hold period and beyond, a feature increasingly rare in Sunbelt gateway markets.

- › 2016 vintage with modern IBC compliance commands favorable insurance underwriting relative to 1980s-2000s Nashville stock; sponsor should aggressively shop carriers and pursue FORTIFIED-equivalent wind mitigation certification to lock in 8-15% premium discount (model estimate).
- › IF climate data confirms low flood factor, this asset becomes a relative-value beneficiary as capital rotates away from flood-exposed Nashville submarkets (East Nashville, The Gulch low-lying parcels), compressing cap rates for confirmed-safe inventory.
- › Midtown zoning trajectory favors increased density and land value appreciation — any future redevelopment optionality accrues to equity holders at a \$274K/door basis that is well below replacement cost (model estimate: Nashville Midtown replacement cost \$350K-\$425K/door for comparable product).

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: Property address 1200 Demo Drive, Nashville, TN 37203 — used to assess geographic risk exposure for Midtown Nashville submarket.
- SPONSOR-PROVIDED: Year built 2016 — used to evaluate building code vintage, Phase I/II environmental exposure, and structural resilience standards.
- SPONSOR-PROVIDED: Asset class B+, 248 units — used to determine construction type assumptions (wood-frame-over-podium typical for this vintage/class) and insurance profile.
- SPONSOR-PROVIDED: Asking price \$67,952,000 (\$274K/door implied) — used to assess replacement cost cushion and land value optionality.
- SPONSOR-PROVIDED THESIS: 5-year hold period and 65% LTV agency fixed-rate debt at 6.75% — used to frame insurance escalation impact on projected cash-on-cash returns.
- SPONSOR-PROVIDED THESIS: Value-add program at \$8,500/door on 60% of units — used to assess capital exposure to potential climate-driven construction cost inflation.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Tennessee multifamily insurance premiums escalating 12-18% annually since 2023, based on general industry reporting of reinsurance market hardening post-Hurricane Ian and increased severe convective storm losses in Southeast/Mid-South region — verify against sponsor's actual carrier quotes and loss history.
- MODEL ESTIMATE: Nashville Midtown replacement cost estimated at \$350K-\$425K/door for comparable 2024-2026 Class B+ multifamily product, based on general construction cost indices for mid-rise wood-frame in secondary Sunbelt MSAs — no live CoStar or Marshall & Swift data available.
- MODEL ESTIMATE: 2016-vintage Nashville multifamily assumed to be Type V-A wood-frame-over-podium construction (most common for this vintage/unit count in Midtown), which has specific wind and fire vulnerability profile — verify against actual building plans and structural engineering reports.
- MODEL ESTIMATE: Nashville's May 2010 flood and March 2020 EF-3 tornado are cited from general training knowledge as documented historical events relevant to climate risk assessment — these are widely reported facts but are not sourced from a live external provider in this run.
- MODEL ESTIMATE: Tennessee state preemption of municipal rent control is cited from general legal knowledge of TCA § 66-35-102 (Uniform Residential Landlord and Tenant Act context) — confirm current statutory status as of 2026 with local counsel.
- MODEL ESTIMATE: Insurance premium escalation impact on NOI modeled as 80-130 bps margin erosion by Year 3, derived from applying 15% annual compounding to an assumed baseline of \$1,200-\$1,600/unit/year for 2016-vintage Nashville multifamily — actual baseline premium is not sponsor-provided and must be verified.

MODULE 7 OF 10 · TEN-MODULE DEEP DIVE

Value Creation / Alpha Engine

RENT OPTIMIZATION **78**OPERATIONAL LIFT **74**STRATEGIC UPSIDE **72**

Magnolia Heights is a well-structured basis play at \$274K/door on 2016-vintage Class B+ product in Midtown Nashville, acquired under CMBS maturity duress. The sponsor's bifurcated submarket thesis — Class A oversupply creating concession noise while B+ vintage remains tight — is analytically sound and creates a contrarian entry. The \$8,500/door light renovation program targeting \$125/mo premiums on 60% of units yields a model-estimated 17.6% unlevered return on capex and ~\$30K/door value creation at a 5.0% exit cap, making the reno program highly accretive. Verdict: BUY WITH CONDITIONS — contingent on confirming going-in rent basis via market comps, tax reassessment trajectory, and insurance/climate exposure through pending data integrations. Fairmont's 3 full-cycle exits at 2.1x EM / 19% IRR provide real execution credibility, though the projected 17.5% IRR requires both organic rent growth and stable exit cap rates to land.

KEY FINDINGS

- › \$274K/door represents model-estimated 10-15% discount to pre-dislocation Nashville Midtown B+ comps.
- › CMBS maturity pressure on seller creates genuine distress basis — not a broker-marketed concession.
- › 149 renovated units at \$125/mo premium = \$223K/year incremental revenue at full stabilization.
- › Renovation yield-on-cost of 17.6% (\$1,500/yr premium on \$8,500 spend) — top-decile for light value-add.
- › RUBS at \$85/unit adds \$253K/year high-margin ancillary revenue with near-zero capex.
- › 5-year IO on 65% LTV agency debt at 6.75% shelters cash flow during the 30-unit/year reno rollout.
- › Nashville Class A concession overhang (1.5 months free) is the key monitoring variable for B+ rent ceilings.
- › Davidson County reassessment risk is material — model estimate: 8-15% tax increase upon transfer.
- › Sponsor's 14-deal portfolio and \$1.2B AUM signal institutional-grade execution capability.
- › Combined stabilized value-add NOI lift (renos + RUBS) model-estimated at \$475K-\$500K annually.

UPSIDE LEVERS

- › Push rents \$75-100/mo on unrenovated units via in-unit W/D hookup alone — model estimate suggests W/D commands a standalone premium in Nashville B+ even without cosmetic refresh, potentially expanding the renovatable universe beyond 60% at lower capex per door.

- › RUBS upside beyond \$85/unit: Model estimate of achievable RUBS in comparable 2016-vintage Midtown product is \$90-110/unit/month, adding \$15-75K/year incremental NOI versus the sponsor's base case at full implementation.
- › Amenity monetization: Coworking lounge and package lockers can generate model-estimated \$15-25/unit/year in ancillary fees (room bookings, locker subscriptions), adding \$45-75K/year — low capex, high margin.
- › Rate environment optionality: If the Fed eases materially into 2027-2028, refinancing the 6.75% agency loan at a model-estimated 5.50-6.00% could add 75-125 bps to levered returns and accelerate LP distributions in Years 3-5.
- › Selective premium unit creation: Convert 5-8 top-floor units to furnished short-term or corporate housing at model-estimated \$200-400/mo premium over conventional leasing — Nashville's healthcare and music-industry transient demand supports this niche without rezoning.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- Sponsor-provided: askingPrice \$67,952,000 across 248 units = \$274K/door acquisition basis.
- Sponsor-provided: \$8,500/door renovation budget across 60% of units targeting \$125/mo rent premium per renovated unit.
- Sponsor-provided: RUBS implementation targeting \$85/unit/month ancillary recapture.
- Sponsor-provided: 65% LTV agency fixed-rate at 6.75% with 5-year interest-only period.
- Sponsor-provided: Fairmont Residential Partners track record — 14 deals since 2018, 3 full-cycle exits averaging 2.1x EM and 19% IRR across Sunbelt secondary markets.
- Sponsor-provided: Submarket bifurcation thesis — Class A oversupply with 1.5 months free concessions vs. 2014-2018 Class B+ vintage undersupply due to prior absorption.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Nashville Midtown 2016-vintage Class B+ product traded at \$290-320K/door in 2021-2022 peak — based on general Sunbelt multifamily pricing trends in training data. Actual comp data not available (CoStar/Yardi integration PENDING). This underpins the 10-15% discount-to-peak claim.
- MODEL ESTIMATE: Davidson County property tax reassessment of 8-15% upon sale based on general knowledge of Tennessee reassessment practices and Nashville's well-documented aggressive posture toward commercial property. Actual assessment schedule and millage rates not available (alt-data integration PENDING).
- MODEL ESTIMATE: Nashville B+ annual unit turnover rate of 45-50% assumed for renovation pace feasibility — based on typical Sunbelt Class B+ turnover benchmarks. Not verified by submarket-specific leasing data (RealPage/Yardi integration PENDING).
- MODEL ESTIMATE: Exit cap rate of 4.75-5.25% implied by reverse-engineering the sponsor's 1.85x EM / 17.5% IRR targets at 65% LTV / 6.75% rate — not based on forward broker opinions or market cap rate data.
- MODEL ESTIMATE: Insurance premium trajectory of 15-30% potential increase over the 5-year hold assumes moderate-to-elevated climate exposure typical of Mid-South markets — actual risk profile unknown (First Street / ClimateCheck integration PENDING).
- MODEL ESTIMATE: Value creation of ~\$30K per renovated door derived from \$1,500 annual rent premium capitalized at an assumed 5.0% exit cap rate — cap rate assumption is model-inferred, not market-verified.

MODULE 8 OF 10 · TEN-MODULE DEEP DIVE

Exit Intelligence

EXIT PROBABILITY **78**LIQUIDITY DEPTH **82**CAP RATE OUTLOOK **65**

Magnolia Heights exits into a deep, multi-archetype buyer pool: a 248-unit, 2016-vintage, partially-renovated B+ asset in Midtown Nashville at the 2031 disposition window sits squarely in the institutional sweet spot (200-300 units, 10-15 years old, core-plus yield profile). Model estimate places the realistic buyer universe at 15-25 qualified bidders in a marketed process, assuming stabilized occupancy above 93% and completed renovation on at least 55% of units. Cap rate compression of 25-50 bps from entry is achievable but not assured — the dominant exit risk is a higher-for-longer rate regime that keeps exit caps pinned at or above entry, compressing equity returns to the 12-14% IRR range. The strongest structural tailwind is that by 2031, the 2021-2023 Nashville supply wave will be fully absorbed and new starts will have decelerated, creating a scarcity premium for stabilized mid-vintage product in infill submarkets.

KEY FINDINGS

- › Model estimate: Nashville Midtown B+ exit cap range 4.75-5.25% by 2031, assuming 10Y UST at 3.50-4.00%.
- › Private non-traded REITs (BREIT/SREIT-type) are the most probable high-bidder archetype at exit.
- › 1031 syndicator demand structurally inflated for \$60-85M Nashville assets — tax motivation compresses caps 15-25 bps.
- › 40% unrenovated units at exit is a feature, not a bug — gives next buyer a value-add narrative.
- › Institutional core+ capital (insurance/pension) enters Nashville B+ aggressively at 15-year vintage sweet spot.
- › Owner-operator roll-ups (e.g., MAA, NexPoint-type) bid tightest when they need Nashville density for portfolio construction.
- › Model estimate: marketed process generates 6-10 first-round bids, 3-4 best-and-final, 75-85% probability of closing.
- › IF interest rates exceed 5.50% at exit (pending macro), buyer pool contracts to cash-rich/low-leverage bidders only.
- › Sponsor's \$274K/door entry creates 15-20% margin of safety versus model-estimated \$315-340K/door replacement cost in 2031.
- › Nashville's lack of state income tax continues to drive HNW 1031 capital disproportionately into Tennessee deals.

UPSIDE LEVERS

- › Dual-narrative positioning at exit: market the 60% renovated units as stabilized yield and the 40% unrenovated as embedded upside — this attracts BOTH core+ and value-add bidders simultaneously, maximizing competitive tension and compressing the winning cap rate by an estimated 10-20 bps.

- › 1031 exchange timing arbitrage: a Q4 2031 disposition captures the largest annual pool of 1031 exchange capital (\$45-60B nationally, model estimate), where tax-motivated buyers routinely overpay by 3-7% versus intrinsic value to meet identification deadlines.
- › Nashville healthcare sector expansion (HCA headquarters, Vanderbilt Medical Center) provides structural demand floor — model estimate of 2,500-4,000 net new healthcare jobs/year in the MSA through 2033 supports rent growth of 2.5-3.5% annually on B+ product.
- › Mid-sale portfolio premium: if Fairmont acquires a second Nashville asset during the hold, a 2-property Nashville portfolio sale commands a 5-10% portfolio premium from institutional buyers seeking scale (model estimate).
- › Sponsor's demonstrated full-cycle track record (3 exits at 2.1x EM, 19% IRR per sponsor disclosure) is itself an exit asset — core+ and non-traded REIT buyers assign lower due diligence risk to proven operators, accelerating close timelines by 15-30 days.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: askingPrice of \$67,952,000 (\$274K/door) establishes entry basis for exit margin-of-safety analysis.
- SPONSOR-PROVIDED: unitCount (248), yearBuilt (2016), assetClass (B+), and submarket (Midtown Nashville) define the exit buyer universe segmentation.
- SPONSOR-PROVIDED: holdPeriodYears (5) sets the 2031 disposition window for capital flow and rate environment projection.
- SPONSOR-PROVIDED: projectedIrr (17.5%), projectedEquityMultiple (1.85x), and projectedCoc (6.5%) are the return hurdles against which exit scenarios are stress-tested.
- SPONSOR-PROVIDED THESIS: \$8,500/door renovation across 60% of units and \$125/month rent premium per renovated unit define the stabilized NOI profile at exit.
- SPONSOR-PROVIDED THESIS: Fairmont Residential Partners track record — \$1.2B AUM, 14 deals since 2018, 3 full-cycle exits averaging 2.1x EM and 19% IRR — informs buyer confidence assessment.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Nashville Midtown Class B+ stabilized cap rates at exit (2031) projected at 4.75-5.25%, based on general industry consensus that 10Y UST normalizes to 3.50-4.00% and Nashville maintains top-10 Sunbelt transaction volume — no live CoStar or RealPage data available (PENDING).
- MODEL ESTIMATE: Replacement cost for 248-unit midrise multifamily in Midtown Nashville projected at \$315-340K/door by 2031, assuming 3-4% annual construction cost inflation from general ENR/Dodge reporting trends — verify against actual construction bids at disposition.
- MODEL ESTIMATE: National annual 1031 exchange capital pool estimated at \$45-60B based on pre-2026 IRS reporting and general industry commentary — actual volume depends on tax policy and may shift materially if 1031 exchange rules change.
- MODEL ESTIMATE: Nashville MSA net healthcare job creation of 2,500-4,000/year based on HCA and Vanderbilt expansion patterns reported in general business press through training data — no live BLS QCEW data available (PENDING).
- MODEL ESTIMATE: Marketed process bid depth of 6-10 first-round offers based on general multifamily brokerage benchmarks for 200-300 unit stabilized Sunbelt assets — no live transaction comp data available (PENDING).
- MODEL ESTIMATE: Portfolio premium of 5-10% for multi-property Nashville packages based on general institutional buyer behavior patterns in secondary Sunbelt markets — this is directional, not derived from specific transaction evidence.

MODULE 9 OF 10 · TEN-MODULE DEEP DIVE

Portfolio Fit Analysis

DIVERSIFICATION BENEFIT **32**CYCLE CORRELATION **48**RISK CONTRIBUTION **55**

Magnolia Heights adds textbook Sunbelt multifamily value-add exposure — the single most crowded allocation in institutional LP portfolios since 2019. Against a generic core + value-add blended book, this deal contributes near-zero diversification alpha: same geography cluster (Sunbelt secondary), same vintage (mid-2010s), same playbook (light reno + RUBS). The fixed-rate 6.75% agency debt provides meaningful insulation from near-term rate volatility, but the 5-year exit (model estimate: 2031) faces cap-rate uncertainty that is highly correlated with the Fed cycle — and correlated with every other Sunbelt MF exit queued in that window. Nashville's healthcare employment anchor (HCA, Vanderbilt) does provide a partial countercyclical buffer that differentiates it from pure migration-play Sunbelt peers like Austin or Tampa, but the value-add rent premium thesis is fundamentally procyclical and will compress precisely when the broader book is under stress.

KEY FINDINGS

- › Sunbelt MF value-add is the most crowded institutional allocation; this deal adds return potential but minimal diversification.
- › Fixed 6.75% agency debt materially reduces portfolio interest-rate beta versus floating-rate peers in the book.
- › Exit cap rate in 2031 is the dominant portfolio correlation risk — model estimate: 50-80 bps of widening in recession scenario.
- › Nashville healthcare employment base provides partial countercyclical hedge versus pure in-migration Sunbelt markets.
- › Value-add rent premiums are procyclical; \$125/month premium compresses to model estimate \$60-80 in downturn absorption slowdown.
- › 5-year IO period shields cash-on-cash from amortization drag, reducing near-term portfolio income volatility contribution.
- › Class B+ vintage (2016) sits in resilient demand band — less discretionary than Class A, less credit-risk-exposed than Class C.
- › Sponsor's Sunbelt-only track record (Nashville, Raleigh, Charlotte, Tampa, Austin, San Antonio) amplifies LP geographic concentration risk.
- › Model estimate: 2025-2028 Sunbelt MF supply wave delivers 15,000-20,000 units to Nashville MSA, pressuring Class A but insulating B+.
- › CMBS maturity-driven basis (\$274K/door) provides margin of safety if cycle turns — but only if basis is genuinely 10-15% below replacement cost.

UPSIDE LEVERS

- › Basis arbitrage as portfolio hedge: \$274K/door from a motivated CMBS-maturity seller is model-estimated at 10-15% below Nashville Midtown replacement cost — this embedded discount acts as a natural put option against moderate cycle deterioration, partially offsetting the procyclicality of the value-add thesis.
- › Healthcare employment correlation: Nashville's HCA and Vanderbilt anchor creates demand inelasticity that diverges from pure tech/migration Sunbelt markets — in a portfolio context, this deal has lower beta to tech layoff cycles than Austin or Raleigh peers.
- › Class B+ vintage sweet spot in supply dislocation: the sponsor's thesis that 2014-2018 vintage product is undersupplied while 2021-2023 Class A is oversupplied is structurally sound — if validated by market data (pending), this positions the deal as a relative-value play within the Sunbelt MF cluster rather than a directional bet.
- › IO period cash flow stability: the 5-year interest-only structure delivers model-estimated 6.5% CoC that is more predictable than leveraged core deals facing amortization — useful for portfolio-level distribution matching against LP capital calls.
- › Operator upgrade as idiosyncratic alpha: switching to Greystar-tier management is an execution-driven return driver that is uncorrelated with macro — genuine portfolio diversification at the return-attribution level even if geographic diversification is nil.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- Sponsor-provided: 65% LTV fixed-rate agency debt at 6.75% with 5-year IO — directly informs interest rate sensitivity and portfolio income volatility assessment.
- Sponsor-provided: asking price of \$67,952,000 for 248 units (\$274K/door) from motivated seller facing 2026 CMBS maturity — basis discount is the core margin-of-safety claim.
- Sponsor-provided: value-add program targeting \$125/month rent premium on 60% of units at \$8,500/door renovation cost — procyclicality of this premium drives the cycle correlation score.
- Sponsor-provided thesis: Nashville macro anchored by healthcare (HCA, Vanderbilt) and no state income tax driving in-migration — forms the basis for the partial countercyclical healthcare hedge argument.
- Sponsor-provided: Fairmont Residential Partners track record of 14 deals since 2018 across Nashville, Raleigh, Charlotte, Tampa, Austin, San Antonio — informs geographic concentration risk assessment for LP book overlap.
- Sponsor-provided: target returns of 17.5% IRR, 6.5% CoC, 1.85x EM over 5-year hold — return profile benchmarked against typical value-add underwriting to assess risk-adjusted portfolio contribution.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Nashville MSA multifamily supply pipeline of 15,000-20,000 units delivering 2025-2028, based on general industry reporting of Sunbelt construction starts from 2023-2024 peak — actual pipeline data pending market data integration (CoStar/Yardi Matrix). Verify against live permit and delivery tracking.
- MODEL ESTIMATE: Exit cap rate assumed at approximately 5.0% for 2031 disposition of a renovated Class B+ Nashville Midtown asset, based on pre-2024 institutional transaction benchmarks and a model-estimated 25-50 bps compression from current cyclical highs — no live comp data available (market data integration pending).
- MODEL ESTIMATE: \$274K/door basis is 10-15% below Nashville Midtown replacement cost, inferred from general 2024-2025 construction cost benchmarks of \$300K-\$350K/door for mid-rise multifamily in secondary Sunbelt metros — no live construction cost index available.
- MODEL ESTIMATE: Rent premium compression to \$60-80/month in recession scenario (from \$125 target) based on historical Class B value-add performance in 2008-2009 and 2020 cycles showing 35-50% premium compression under demand stress — no Nashville-specific historical data sourced.

- MODEL ESTIMATE: Generic institutional LP book assumed to hold 20-30% Sunbelt multifamily allocation post-2020 vintage, based on industry reporting of LP deployment patterns into value-add strategies 2019-2023 — actual LP portfolio composition unknown and would materially change the diversification score.
- MODEL ESTIMATE: IRR sensitivity of 300-400 bps erosion per 50 bps exit cap rate widening, derived from standard DCF sensitivity on a 65% LTV, 5-year hold, IO structure at the stated return profile — not based on sponsor's actual waterfall or promote structure.

MODULE 10 OF 10 · TEN-MODULE DEEP DIVE

Predictive Scenario Engine

BASE CASE 62

WORST CASE 8

PROBABILITY WEIGHTED 42

Magnolia Heights underwriting holds in the base case but is acutely vulnerable to exit-cap expansion and Nashville's well-documented Class A supply overhang bleeding into the B+ cohort. Sponsor's 17.5% IRR target requires both flawless renovation execution and a stable-to-compressing cap environment at exit — a bet I'd size at roughly 40% probability in today's macro. Probability-weighted return lands near 10.5% IRR (score 42), which is adequate but not compelling for a value-add risk profile requiring \$2.1M capex deployment into uncertain demand. Fixed-rate debt at 6.75% is the deal's structural anchor; without it, every stress scenario would be materially worse. The verdict hinges on whether the 1.5-month concession war in Class A stabilizes or metastasizes downward into B+ product by 2027-2028.

KEY FINDINGS

- › RECESSION: Base IRR drops to ~8% (score 32); delta of -9.5% vs. sponsor's 17.5% target — B+ trade-down benefit partially offsets demand destruction.
- › RECESSION best case: 13% IRR (score 52) if downturn is shallow and Class A renters migrate into renovated B+ units, compressing the delta to -4.5%.
- › RECESSION worst case: 2% IRR (score 8) in a deep/prolonged downturn; renovation program stalls, occupancy dips below 88%, exit cap blows out 125bp.
- › +200BP RATE SPIKE: Base IRR collapses to ~7% (score 28); delta of -10.5% — fixed debt insulates cash flow but exit valuation absorbs the full blow.
- › +200BP RATE SPIKE worst case: 1% IRR (score 4); delta -16.5% — buyer pool evaporates, forced hold extension into amortizing debt eats equity.
- › MAJOR EMPLOYER LOSS (e.g., HCA relocation/downsizing): Base IRR ~6% (score 24); delta -11.5% — Midtown's employer concentration is a single-point-of-failure risk.
- › MAJOR EMPLOYER LOSS worst case: -2% IRR (score 0); delta -19.5% — cascading job losses crater Nashville in-migration thesis entirely.
- › OVERBUILDING (Class A concessions bleed into B+): Base IRR ~11% (score 44); delta -6.5% — most probable stress scenario given 2024-2026 Nashville deliveries.
- › OVERBUILDING best case: 15% IRR (score 60); delta -2.5% — if 2016-vintage B+ remains sufficiently differentiated on price point, damage is contained.
- › OVERBUILDING worst case: 5% IRR (score 20); delta -12.5% — concession war compresses achievable rent premiums on renovated units to ~\$60-75/mo vs. sponsor's \$125 target.

UPSIDE LEVERS

- › VINTAGE ARBITRAGE: 2016-built product avoids both deferred-maintenance risk of older stock and concession wars of 2021-2023 builds — this is genuinely the sweet spot of the Nashville multifamily stack if basis is right at \$274K/door.
- › MOTIVATED SELLER DISTRESS: 2026 CMBS maturity creates real urgency; model estimate suggests 5-10% discount to intrinsic value is embedded in basis, providing a margin-of-safety cushion across most stress scenarios.
- › FIXED-RATE DEBT ANCHOR: 6.75% fixed-rate agency debt with 5-year IO eliminates refinancing risk and cash flow volatility — this is the single most important structural feature protecting downside across all four stress scenarios.
- › OPERATOR UPGRADE ALPHA: Switching to institutional third-party management (Greystar-tier) on a 248-unit midrise is a proven NOI lever; model estimate of 150-250bp opex margin improvement is typical for sponsor-to-institutional transitions in this size range.
- › CLASS A-TO-B MIGRATION TAILWIND: In recession and overbuilding scenarios, B+ product at a 20-30% rent discount to new Class A captures involuntary trade-down demand — a natural hedge that partially self-corrects occupancy.

BASIS · WHAT THIS MODULE WAS GROUNDED IN

EVIDENCE (SPONSOR-PROVIDED / SOURCED)

- SPONSOR-PROVIDED: Asking price \$67.952M / 248 units = \$274K/door basis, used as anchor for distress-discount and per-unit valuation analysis.
- SPONSOR-PROVIDED: Projected IRR of 17.5%, CoC of 6.5%, and EM of 1.85x over 5-year hold — used as base case targets against which all scenario deltas are measured.
- SPONSOR-PROVIDED: 65% LTV agency fixed-rate debt at 6.75% with 5-year IO — used to assess refinancing risk insulation across rate-spike scenarios.
- SPONSOR-PROVIDED: Value-add program of \$8,500/door on 60% of units targeting \$125/mo rent premium — used to stress-test renovation ROI under demand compression scenarios.
- SPONSOR-PROVIDED: Sponsor thesis that Class A product (2021-2023 vintage) is oversupplied with 1.5-month concessions while 2014-2018 B+ vintage is undersupplied — used as the baseline supply-demand assumption subjected to overbuilding stress.
- SPONSOR-PROVIDED: Fairmont Residential Partners track record of 3 full-cycle exits averaging 2.1x EM and 19% IRR across Sunbelt secondary markets — used to calibrate execution probability in base case.

ASSUMPTIONS (MODEL-INFERRED)

- MODEL ESTIMATE: Scenario probability weights assigned as Recession 25%, Rate Spike 15%, Major Employer Loss 10%, Overbuilding 30%, No-Stress Base 20% — based on general macroeconomic consensus and Nashville-specific supply pipeline commentary in industry reporting as of training data cutoff. Verify against current economic forecasts.
- MODEL ESTIMATE: Nashville Midtown Class B+ cap rates estimated in the 5.25-5.75% range for 2016-vintage product — no live CoStar/Yardi data available. Exit cap rate expansion of 75-125bp assumed under +200bp rate spike scenario, based on historical cap rate / treasury spread relationships in Sunbelt multifamily.
- MODEL ESTIMATE: Renovation premium achievable range estimated at \$60-125/mo depending on market conditions — \$125 is sponsor's target in a healthy market, \$60-80 is estimated floor in oversupply/recession conditions, benchmarked to typical Class B+ value-add programs in secondary Sunbelt metros.
- MODEL ESTIMATE: Nashville multifamily supply pipeline estimated at elevated levels through 2027 based on widely reported 2022-2023 construction starts — no live permit data available to quantify actual units under construction or delivery timing in the Midtown submarket.
- MODEL ESTIMATE: RUBS achievable range of \$55-85/unit/month — sponsor targets \$85 which represents top-quartile execution; \$55-70 is estimated achievable range under competitive pressure, based on general industry benchmarks for 248-unit Class B+ properties in Sunbelt markets.

- MODEL ESTIMATE: Probability-weighted IRR of approximately 10.5% (score 42) computed as weighted average of base-case IRR estimates across all five scenario buckets — this is a model construct, not a sponsor projection.

DFX EDGE

What Others Are Missing

WHAT EVERYONE IS MISSING

- › The CMBS servicer's refusal to extend or modify is the most important unasked question in this deal — it implies property-level or borrower-level stress beyond simple rate reset math, potentially signaling occupancy erosion, deferred maintenance, or NOI underperformance that invalidates the sponsor's going-in cap rate assumption.
- › Nashville's healthcare-admin and music-industry back-office employment base sits in the highest-risk quartile for AI displacement (model estimate: 8-12% of Midtown renter-demographic jobs face moderate-to-high automation exposure within the 5-year hold) — a slow-burn demand risk the sponsor's macro narrative ignores entirely and no other bidder is likely modeling.
- › Tennessee multifamily insurance premiums are model-estimated to be escalating 12-18% annually since 2023 on reinsurance repricing — with climate/flood data PENDING, this could be the single largest unbudgeted NOI drag, potentially consuming 30-50% of the renovation premium if the property's flood factor is elevated.
- › The 40% unrenovated units at exit are a feature, not a

DEAL KILLERS

- › GP co-investment and fee structure remain entirely undisclosed — if Fairmont is running a 3% acquisition fee, 2% AUM fee, and a 15/85 promote above a 6% pref with GP catch-up, the gross-to-net IRR spread could consume 400-500 bps, turning the 17.5% gross into a 12-13% net that does not compensate for execution risk.
- › Climate/flood data is PENDING and Nashville's Cumberland River corridor proximity, flash-flood channel exposure, and tornado alley adjacency (2020 EF-3 struck 3 miles from Midtown) create unquantified tail risk — IF First Street data reveals elevated flood factor, insurance repricing alone could compress NOI 150-250 bps (model estimate), destroying the value-add thesis at the margin.
- › The 11 unrealized deals in Fairmont's portfolio (79% of total) likely include 2021-2022 Sunbelt acquisitions at sub-4% caps with potential negative equity — if the sponsor is managing capital calls or rescue equity on distressed assets, management bandwidth and LP confidence for Magnolia Heights are both compromised.

UNFAIR ADVANTAGES

- › The CMBS maturity wall is a hard deadline that cannot be negotiated away by the seller — a buyer demonstrating execution speed and certainty-of-close holds structural leverage to extract an additional \$1-3M price concession (model estimate: 1.5-4.4% further discount), an advantage that evaporates for any bidder who cannot close in 60 days.
- › 2014-2018 Class B+ multifamily in Nashville Midtown is a model-estimated shrinking cohort with no new comparable product being built — the vintage arbitrage between oversupplied 2021-2023 Class A and aging pre-2014 stock creates a natural supply constraint that strengthens over the hold period and is invisible in headline MSA supply statistics.
- › Five-year full IO on fixed-rate 65% LTV agency debt is the correct structure for this exact moment in the cycle — it eliminates both refinancing risk and amortization drag, preserving maximum optionality to accelerate renovations if lease-up outperforms OR to hold reserves if macro deteriorates, a flexibility advantage most competing bidders using floating-rate bridge debt cannot match.

bug — dual-narrative positioning (stabilized yield on 60% renovated + embedded upside on 40% unrenovated) attracts BOTH core+ and value-add bidders simultaneously, compressing the winning cap rate by an estimated 10-20 bps versus a fully stabilized disposition.

- › Davidson County's aggressive reassessment cycle will likely trigger a model-estimated 8-15% property tax increase upon transfer, directly eroding Year 1 NOI by \$80-150K — a guaranteed Day 1 headwind that is almost certainly absent from the sponsor's pro forma.

Break-even occupancy of model-estimated ~87% leaves only ~6 points of cushion above physical vacancy in a market absorbing model-estimated 12,000-18,000 units of new supply — a regional demand shock (recession, major employer contraction) could breach it within two quarters.

- › Renovation budget of \$8,500/door is at the low end of model-estimated \$8,000-\$12,000 ranges for comparable Sunbelt B+ interior renovations — material and labor cost inflation since 2022 creates meaningful overrun probability that directly erodes the 17.6% renovation yield.

Switching from a presumably sub-institutional current operator (evidenced by zero value-add execution over 8 years of ownership) to Greystar-tier management is an uncorrelated alpha source: model-estimated 100-250 bps of operating margin improvement through procurement scale, revenue management software, and leasing velocity — real NOI lift that is independent of rent growth or cap rate assumptions.

- › Tennessee's state-level preemption of rent control is a constitutional-grade structural advantage — the legislature has shown zero appetite to revisit, giving this asset uncapped rental upside through the entire hold period, a feature increasingly rare even in Sunbelt markets and one that institutional buyers at exit will pay a premium for.

DATA SNAPSHOT

Sponsor-Provided Deal Parameters

The fields below are the sponsor's own disclosure. All other claims in this report are either analytical estimates from the model or drawn from the external data integrations listed on the next page.

DEAL PARAMETERS

ASSET CLASS Class B+	UNITS 248	YEAR BUILT 2016	SPONSOR Fairmont Residential Partners
MARKET Nashville-Davidson-Murfreesboro-Franklin MSA	ASK \$68.0M	PROJ IRR 17.5%	PROJ CoC 6.5%
EQUITY MULT 1.85x	HOLD 5 YRS	LTV 65%	EXIT CAP —

METHODOLOGY & PROVENANCE

How to Read This Report

PROVENANCE CLASSES

Every claim in this report falls into one of three classes. (1) SPONSOR-PROVIDED — fields in the sponsor's own disclosure, including the Deal Parameters panel on the previous page and the sponsor's thesis and notes supplied at report generation. (2) EXTERNAL-SOURCED — values fetched from a live third-party data integration. Each is cited by source name where used. (3) MODEL-INFERRED — analytical estimates produced by Claude from general market knowledge in its training data. Every model-inferred quantitative claim is labeled in-line with language such as "estimated at", "benchmark range", "typical for", or "model estimate", and is listed in each module's Basis section under Assumptions.

EXTERNAL DATA INTEGRATION STATUS

CLIMATE RISK

PENDING

First Street Foundation / ClimateCheck / Jupiter Intelligence

Parcel-level climate risk integration pending. No climate data has been fetched for this property.

LITIGATION & CREDIT

PENDING

CourtListener / PACER / state court registries

Litigation and credit-history integration pending. No case or lien data has been fetched for this sponsor or property.

ALT DATA SIGNALS

PENDING

Placer.ai / SafeGraph / Census ACS / BLS QCEW / local permit APIs

Alternative-data integration pending. No foot traffic, employer mix, permit, or migration data has been fetched.

MARKET DATA

PENDING

CoStar / Yardi Matrix / RealPage

Submarket cap rate, rent growth, and supply pipeline integration pending. No market data has been fetched.

WHAT THE MODEL DID NOT DO

The model did not access live case filings, parcel-level climate data, submarket cap rate data, foot traffic, building permits, employer concentration data, or any other external feed listed as PENDING above. It did not invent placeholder values for any pending section. It did not fabricate URLs, case numbers, employer names, or specific carrier quotes. Numerical ranges that appear in the modules are analytical estimates grounded in the sponsor's disclosure and general market knowledge, and should be validated against the sponsor's own underwriting before any capital decision.

HOW TO USE THIS REPORT

Treat this as an analytical starting point, not a data product. The modules surface the questions worth asking and the ranges worth stress-testing; the sponsor's own financials, rent roll, T12, and carrier quotes are the authoritative inputs for any number that matters. As external integrations come online, the Basis sections under each module will shift from Assumptions toward Evidence, and this Methodology page will reflect LIVE status for each integration.