

THE RUNE, LLC

Alexandria, Minnesota

Project Summary

Assumptions:	UPSIDE - w/TIF												
Total Project Cost	23,627,085	Valuation: Higher of appreciation / y		2.0%		Total Leaseable SF		101,200					
Acquisition Cost	1,875,000	or Cap rate of :		7.5%		33,659,635		Total Land SF			250,000		
Construction/Development Costs	21,752,085	Equity %		25.0%		Rent - Residential / unit		\$1,925					
Mortgage (20 years)	17,720,314	Debt %		75.0%		Net Rent - Comm/SF		\$24.27					
Equity	5,906,771	Interest Rate		5.50%		Gross Rent - Comm /SF		\$31.73					
		During		Year									
		Construct'n	1	2	3	4	5	6	7	8	9	10	
Net Occupancy - Residential			70.0%	89.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	
Net Occupancy - Commercial			68.4%	88.5%	94.3%	94.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Rental Revenue	0	1,696,051	2,188,653	2,352,348	2,407,179	2,498,838	2,656,928	2,717,022	2,779,277	2,843,771	2,910,583		
TIF Reimbursement	0	0	0	91,666	159,412	163,664	168,020	172,486	177,064	181,754	186,564		
Operating Exp Pass Through - Commercial	0	80,373	135,701	184,069	188,671	209,545	231,990	237,790	243,735	249,828	256,074		
Total Revenue	0	1,776,424	2,324,354	2,628,083	2,755,262	2,872,047	3,056,938	3,127,298	3,200,076	3,275,354	3,353,222		
Total Operating Expense	0	374,052	508,536	607,908	632,164	632,073	706,333	734,806	764,650	795,938	828,749		
Net Operating Income (NOI)	0	1,402,372	1,815,817	2,020,175	2,123,098	2,239,973	2,350,605	2,392,492	2,435,427	2,479,416	2,524,473		
Return Analysis:													
Equity Investment	(5,906,771)	0	0	0	0	0	0	0	0	0	0	0	
NOI	0	1,402,372	1,815,817	2,020,175	2,123,098	2,239,973	2,350,605	2,392,492	2,435,427	2,479,416	2,524,473		
Debt Service	0	(974,617)	(1,208,462)	(1,445,436)	(1,445,571)	(1,445,714)	(1,445,864)	(1,446,023)	(1,446,191)	(1,446,369)	(1,446,556)		
Contingency Allowance	0	(62,175)	(81,352)	(91,983)	(96,434)	(100,522)	(106,993)	(109,455)	(112,003)	(114,637)	(117,363)		
Partnership Mgmt Fee	0	(17,764)	(23,244)	(26,281)	(27,553)	(28,720)	(30,569)	(31,273)	(32,001)	(32,754)	(33,532)		
Net Cash Flow from Operations	(5,906,771)	347,816	502,760	456,475	553,540	665,018	767,179	805,740	845,232	885,656	927,021		
Cash Distributions	0	347,816	477,544	437,843	548,992	665,035	753,255	800,402	839,636	879,790	920,869		
	11.3%	5.9%	8.1%	7.4%	9.3%	11.3%	12.8%	13.6%	14.2%	14.9%	15.6%		
Valuation (Year Ten)												33,659,635	
Less: Selling Expenses												(1,682,982)	
Less: Outstanding Principal												(12,359,334)	
Net Proceeds at Sale												19,617,319	
NOI/Debt Service	NA	1.44	1.50	1.40	1.47	1.55	1.63	1.65	1.68	1.71	1.75		
Cash Flow to All Principals	(5,906,771)	347,816	477,544	437,843	548,992	665,035	753,255	800,402	839,636	879,790	920,869		
Add: Principal Reduction	0	239,803	524,133	553,699	584,932	617,926	652,782	689,604	728,503	769,597			
Appreciation @	2.0%	472,542	472,542	472,542	472,542	472,542	472,542	472,542	472,542	472,542	472,542		
Total Return	(5,906,771)	820,357	1,189,888	1,434,518	1,575,232	1,722,508	1,843,723	1,925,726	2,001,783	2,080,835	2,163,008		
Return on Equity	10 Yr Avg	28.4%	13.9%	20.1%	24.3%	26.7%	29.2%	31.2%	32.6%	33.9%	35.2%	36.6%	
Tax Saved (Paid)	0	220,696	79,962	(4,588)	(49,156)	(99,067)	(147,220)	(173,019)	(199,832)	(227,698)	(1,037,723)		

PRE-TAX	INVESTMENT IRR	19.1%
	CASH ON CASH RETURN (AVG)	11.3%
	CASH ON CASH RETURN (AVG) W/O RESERVES	13.0%
AFTER TAX	INVESTMENT IRR	18.5%
	CASH ON CASH RETURN (AVG)	9.8%

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THE RUNE, LLC
Alexandria, Minnesota

07/17/19

Building Size:	SF	Major Assumptions:	
Total Sq FT	101,200	Rent - Residential/Unit	\$ 1,925 Per SF (Useable) - 10YR Average
Commercial Sq Ft	28,030	Net Rent - Commercial / SF	24.27
Commercial Cost per Sq Ft	\$190.00	Gross Rent -Commercial /SF	\$ 31.73
Residential Units	73	Inflation	2.5%
Residential Sq Ft	73,170	Prime Rate	5.50%
Residential Cost per Sq Ft	\$190.98	Selling Expense	5.0%
Residential Cost per Unit	\$191,429		

TABLE 1: SOURCES & APPLICATIONS

SOURCES				APPLICATIONS		
				Per SF	Dollars	
Mortgage - (2) @	5.50%	75.0%	17,720,314			
Equity (3)	25.0%	25.0%	5,906,771			
TOTAL SOURCES			23,627,085			
						HARD CONSTRUCTION COST
						Building Shell Cost (4)
						18,000,000
						Sitework Cost (6)
						900,000
						Contingency
						400,000
						TOTAL HARD CONSTRUCTION COST
						\$190.71
						19,300,000
						SOFT CONSTRUCTION COST
						Legal & Accounting Fees
						45,000
						Enviro/Survey/ Appraisal Fees
						19,000
						Leasing Commission
						130,000
						Development Fees
				5.0%		1,097,950
						Permanent Financing Fees (7)
				0.5%		90,000
						Construction Interest (9)
				5.5%		500,000
						TOTAL SOFT CONSTRUCTION COST
						1,881,950
						ACQUISITION COSTS
						Land and Buildings
						1,875,000
						Equipment
						0
						Non-Compete
						0
						TOTAL ACQUISITION COSTS
						1,875,000
						WORKING CAPITAL (Operating Reserve) (10)
						70,135
						CONTINGENCY - CONTAMINATION
						500,000
						TOTAL PROJECT COSTS
				(Gross/SF)		\$233.47
						23,627,085

See accompanying summary of significant forecast assumptions and accounting policies.

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Alexandria, Minnesota

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Forecasted Statement of Cash From Operations

TABLE 2: ANALYSIS OF DISBURSABLE CASH

	Factor	During Construct'n	Year									
			1	2	3	4	5	6	7	8	9	10
OPERATING RECEIPTS												
Residential:												
Net Occupancy (%)			70.0%	89.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Rent Per Unit	73		16,000	21,055	23,261	24,075	24,918	25,790	26,693	27,627	28,594	29,595
Commercial:												
Net Occupancy (%)			68.4%	88.5%	94.3%	94.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Rent Per Sq. Ft.	28,030		21.7	28.1	29.9	29.9	31.7	35.9	35.9	35.9	35.9	35.9
Rental Income (14)			1,696,051	2,188,653	2,352,348	2,407,179	2,498,838	2,656,928	2,717,022	2,779,277	2,843,771	2,910,583
TIF Reimbursement			0	0	91,666	159,412	163,664	168,020	172,486	177,064	181,754	186,564
Operating Exp Pass Through - Commercial (15)			80,373	135,701	184,069	188,671	209,545	231,990	237,790	243,735	249,828	256,074
TOTAL REVENUES		0	1,776,424	2,324,354	2,628,083	2,755,262	2,872,047	3,056,938	3,127,298	3,200,076	3,275,354	3,353,222
OPERATING DISBURSEMENTS												
		% of Rent (yr 4)										
Management Fees (% of actual rent)		3.6%	62,175	83,386	93,269	97,841	104,634	114,399	119,934	125,769	131,924	138,415
Advertising / Marketing		0.5%	13,779	14,123	14,476	14,838	15,209	15,854	16,250	16,656	17,073	17,500
Legal		0.5%	12,889	13,212	13,542	13,880	14,227	14,715	15,083	15,460	15,847	16,243
Administrative		0.6%	16,447	16,858	17,279	17,711	18,154	19,269	19,751	20,245	20,751	21,270
Utilities		5.4%	129,984	134,089	140,616	147,500	154,761	169,033	177,281	185,979	195,155	204,836
Trash		1.5%	36,591	38,403	40,316	42,335	44,465	48,433	50,850	53,402	56,095	58,938
Maintenance / Repairs		0.9%	20,891	22,011	23,197	24,450	25,776	29,429	30,970	32,597	34,317	36,136
Grounds		1.0%	25,354	26,419	27,537	28,710	29,943	33,221	34,630	36,111	37,665	39,298
Real Estate Taxes (10 yr Avg)		7.0%	11,788	113,639	188,914	193,636	198,477	203,439	208,525	213,739	219,082	224,559
Insurance		1.3%	30,696	32,181	33,748	35,400	38,002	40,568	42,547	44,635	46,837	49,161
Other		0.6%	13,459	14,214	15,014	15,861	8,424	17,972	18,985	20,057	21,192	22,394
TOTAL OPERATING EXPENSES	22.9%	0	374,052	508,536	607,908	632,164	632,073	706,333	734,806	764,650	795,938	828,749
NET OPERATING INCOME		0	1,402,372	1,815,817	2,020,175	2,123,098	2,239,973	2,350,605	2,392,492	2,435,427	2,479,416	2,524,473
NON-OPERATING DISBURSEMENTS												
Debt Service - Interest (2)			974,617	968,659	921,303	891,872	860,782	827,938	793,241	756,587	717,865	676,959
Debt Service - Principal (2)			0	239,803	524,133	553,699	584,932	617,926	652,782	689,604	728,503	769,597
Land Rent (17)			0	0	0	0	0	0	0	0	0	0
Partnership Management Fee		1.0%	17,764	23,244	26,281	27,553	28,720	30,569	31,273	32,001	32,754	33,532
Contingency Allowance (18)		3.5%	62,175	81,352	91,983	96,434	100,522	106,993	109,455	112,003	114,637	117,363
TOTAL NON-OPERATING DISBURSEMENTS		0	1,054,556	1,313,058	1,563,700	1,569,558	1,574,956	1,583,426	1,586,752	1,590,195	1,593,760	1,597,451
CASH FROM OPERATIONS		0	347,816	502,760	456,475	553,540	665,018	767,179	805,740	845,232	885,656	927,021
CASH (WORKING CAPITAL RESERVE) (10)		70,135	70,135	95,351	113,983	118,531	118,514	132,437	137,776	143,372	149,238	155,390
CASH DISTRIBUTIONS		0	347,816	477,544	437,843	548,992	665,035	753,255	800,402	839,636	879,790	920,869

See accompanying summary of significant forecast assumptions and accounting policies.

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TABLE 3: ANALYSIS OF TAX BASIS CASH FLOW

	At Close	During Construct'n	Year									
			1	2	3	4	5	6	7	8	9	10
BEGINNING OF PERIOD	0	4,031,771	70,135	70,135	95,351	113,983	118,531	118,514	132,437	137,776	143,372	149,238
SOURCES												
Cash from Partners	5,906,771	0	0	0	0	0	0	0	0	0	0	0
Bank Mortgage Proceeds	0	17,720,314	0	0	0	0	0	0	0	0	0	0
Cash from Operations	0	0	347,816	502,760	456,475	553,540	665,018	767,179	805,740	845,232	885,656	927,021
Sale Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	5,906,771	17,720,314	347,816	502,760	456,475	553,540	665,018	767,179	805,740	845,232	885,656	927,021
APPLICATIONS												
Hard Construction	0	19,300,000	0	0	0	0	0	0	0	0	0	0
Soft Construction	0	1,836,950	0	0	0	0	0	0	0	0	0	0
Org Costs: Legal & Accounting	0	45,000	0	0	0	0	0	0	0	0	0	0
Acquisition Costs	1,875,000	0	0	0	0	0	0	0	0	0	0	0
Start-up Costs	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous & Contingency	0	500,000	0	0	0	0	0	0	0	0	0	0
End of Year Distribution to Partners	0	0	347,816	477,544	437,843	548,992	665,035	753,255	800,402	839,636	879,790	920,869
TOTAL APPLICATIONS	1,875,000	21,681,950	347,816	477,544	437,843	548,992	665,035	753,255	800,402	839,636	879,790	920,869
END OF PERIOD	4,031,771	70,135	70,135	95,351	113,983	118,531	118,514	132,437	137,776	143,372	149,238	155,390

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TABLE 4: ANALYSIS OF TAXABLE INCOME

	During Construct'n	Year									
		1	2	3	4	5	6	7	8	9	10
CASH FROM OPERATIONS	0	347,816	502,760	456,475	553,540	665,018	767,179	805,740	845,232	885,656	927,021
Less: Depreciation (19)	20	(1,059,098)	(1,059,098)	(1,059,098)	(1,059,098)	(1,059,098)	(1,059,098)	(1,059,098)	(1,059,098)	(1,059,098)	(1,059,098)
Less - Amortization of Start-up Costs (19)	5	0	0	0	0	0	0	0	0	0	0
Add Principal		0	239,803	524,133	553,699	584,932	617,926	652,782	689,604	728,503	769,597
Add Contingency Reserve (18)		62,175	81,352	91,983	96,434	100,522	106,993	109,455	112,003	114,637	117,363
TAXABLE INCOME	0	(649,107)	(235,183)	13,494	144,575	291,373	433,001	508,881	587,742	669,700	754,884
PASSIVE LOSS LIMITATION											
Passive (Loss) not allowed (23)	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss Carry Forward) (22)	0	0	0	0	0	0	0	0	0	0	0
Marginal Tax Rate Assumed (19)	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
TAX SAVED (PAID)	0	220,696	79,962	(4,588)	(49,156)	(99,067)	(147,220)	(173,019)	(199,832)	(227,698)	(256,660)

See accompanying summary of significant forecast assumptions and accounting policies.

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Alexandria, Minnesota

Forecasted Statement of Total Benefits

TABLE 5: ANALYSIS OF RETURNS

	Size of Unit:	50,000										
LLC Company Unit	0.76%		(All LLC units add to: 90.0%)									
Share of Cash Requirements	0.85%		(All Cash Requirement shares add up to 100%) add to:									
	At Closing	During Construct'n	Year									
			1	2	3	4	5	6	7	8	9	10
PER UNIT RETURNS												
Capital Contribution	0	(50,000)										
Cash Distribution	0	0	2,650	3,638	3,336	4,182	5,066	5,739	6,098	6,397	6,703	7,016
Tax Benefits (Payments)	0	0	1,681	609	(35)	(374)	(755)	(1,122)	(1,318)	(1,522)	(1,735)	(1,955)
Net Proceeds from Sale (After Tax)	0	0	0	0	0	0	0	0	0	0	0	143,502
TOTAL BENEFITS	0	(50,000)	4,331	4,247	3,301	3,808	4,312	4,617	4,780	4,874	4,968	148,562
	0	(50,000)	2,650	3,638	3,336	4,182	5,066	5,739	6,098	6,397	6,703	156,468
IRR - PRE-TAX	17.5%											
IRR - AFTER TAX	16.9%											
CASH ON CASH - PRE-TAX(*)	10.2%	NA	5.3%	7.3%	6.7%	8.4%	10.1%	11.5%	12.2%	12.8%	13.4%	14.0%
CASH ON CASH - AFTER TAX (*)	8.9%	NA	8.7%	8.5%	6.6%	7.6%	8.6%	9.2%	9.6%	9.7%	9.9%	10.1%
TOTAL PROJECT RETURNS												
Purchase Price (excluding finance charges)		(23,037,085)										
Cash from Operations (Distributions)		0	347,816	477,544	437,843	548,992	665,035	753,255	800,402	839,636	879,790	920,869
Add - Debt Service		0	974,617	1,208,462	1,445,436	1,445,571	1,445,714	1,445,864	1,446,023	1,446,191	1,446,369	1,446,556
Add - Partnership Management Fee		0	17,764	23,244	26,281	27,553	28,720	30,569	31,273	32,001	32,754	33,532
Net Proceeds from Sale (Pre-Tax)												33,659,635
TOTAL RETURNS	0	(23,037,085)	1,340,197	1,709,249	1,909,560	2,022,116	2,139,469	2,229,689	2,277,698	2,317,828	2,358,912	36,060,592
	0	(23,037,085)	1,340,197	1,709,249	1,909,560	2,022,116	2,139,469	2,229,689	2,277,698	2,317,828	2,358,912	36,060,592
IRR - PRE-TAX	11.3%											
CASH ON CASH - PRE-TAX	9.0%	NA	5.8%	7.4%	8.3%	8.8%	9.3%	9.7%	9.9%	10.1%	10.2%	10.4%

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Alexandria, Minnesota

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Forecasted Statement of Residual Value at End of Year 10

TABLE 6: ANALYSIS OF SALE

				<u>Year 10</u>
Valuation Method (24) - Greater of:				
Sale Cap Rate Basis	NOI:	2,524,473	7.5%	33,659,635
Appreciation Basis	Yrs:	10	2.0%	28,801,284
VALUATION USED:				33,659,635
Selling Expenses			5.0%	1,682,982
Debt Balance				12,359,334
PROCEEDS FROM SALE				19,617,319
TAXABLE GAIN				
Initial Project Costs		23,627,085		
Less: Depreciation/ Amortization		(10,590,975)		
Add: Contingency Reserve		992,917		
BASIS		14,029,027		
GAIN OVER BASIS		5,588,292		
Less: Selling Expenses		(1,682,982)		
TAXABLE GAIN		3,905,311		
Capital Gains Tax (19) @	20.0%	781,062		(781,062)
NET PROCEEDS FROM SALE - AFTER TAX				18,836,257

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Forecasted Statement of Total Revenue

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TABLE 7: RESIDENTIAL RENT ROLL - GROSS RENT

TENANT	# of Units	1 Monthly Rent	Rent Increase per Yr	Gross Sq Ft per Unit	Year																			
					1		2		3		4		5		6		7		8		9		10	
					\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Studio	5	1,200	3.5%	650	50,400	70.0%	66,323	89.0%	73,272	95.0%	75,836	95.0%	78,491	95.0%	81,238	95.0%	84,081	95.0%	87,024	95.0%	90,070	95.0%	93,222	95.0%
1 Bedroom	20	1,500	3.5%	850	252,000	70.0%	331,614	89.0%	366,359	95.0%	379,182	95.0%	392,453	95.0%	406,189	95.0%	420,405	95.0%	435,120	95.0%	450,349	95.0%	466,111	95.0%
1 Bedroom - Premium	9	1,750	3.5%	940	132,300	70.0%	174,097	89.0%	192,338	95.0%	199,070	95.0%	206,038	95.0%	213,249	95.0%	220,713	95.0%	228,438	95.0%	236,433	95.0%	244,708	95.0%
2 Bedroom	12	1,950	3.5%	1,140	196,560	70.0%	258,659	89.0%	285,760	95.0%	295,762	95.0%	306,113	95.0%	316,827	95.0%	327,916	95.0%	339,393	95.0%	351,272	95.0%	363,566	95.0%
2 Bedroom - Premium	12	2,200	3.5%	1,140	221,760	70.0%	291,820	89.0%	322,396	95.0%	333,680	95.0%	345,359	95.0%	357,446	95.0%	369,957	95.0%	382,905	95.0%	396,307	95.0%	410,178	95.0%
2 Bedroom - Premium+	15	2,500	3.5%	1,140	315,000	70.0%	414,518	89.0%	457,949	95.0%	473,977	95.0%	490,566	95.0%	507,736	95.0%	525,507	95.0%	543,899	95.0%	562,936	95.0%	582,639	95.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
TOTALS	73			73,170	1,168,020	70.0%	1,537,031	89.0%	1,698,074	95.0%	1,757,506	95.0%	1,819,019	95.0%	1,882,685	95.0%	1,948,579	95.0%	2,016,779	95.0%	2,087,366	95.0%	2,160,424	95.0%
Total Vacant Units					17.4		6.4		2.9		2.9		2.9		2.9		2.9		2.9		2.9		2.9	
% Vacancy (units)					23.8%		8.7%		4.0%		4.0%		4.0%		4.0%		4.0%		4.0%		4.0%		4.0%	
% Vacancy \$					30.0%		11.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%	
% Occupancy \$					70.0%		89.0%		95.0%		95.0%		95.0%		95.0%		95.0%		95.0%		95.0%		95.0%	
Potential Additional Gross Revenue					500,580		189,970		89,372		92,500		95,738		99,089		102,557		106,146		109,861		113,707	

See accompanying summary of significant forecast assumptions and accounting policies.

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THE RUNE, LLC
Alexandria, Minnesota
Forecasted Statement of Total Revenue

07/17/19

TABLE 8A: RESIDENTIAL OPERATING EXPENSES

OPERATING EXPENSES	% increase per year	% of Rent	Year																			
			1	2	3	4	5	6	7	8	9	10										
Management Fees (% of actual rent)	2.5%	3.5%	40,881	3.5%	55,141	3.6%	62,441	3.7%	66,242	3.8%	70,275	3.9%	74,553	4.0%	79,091	4.1%	83,906	4.2%	89,014	4.3%	94,433	4.4%
Advertising / Marketing	2.5%	0.7%	12,000	1.0%	12,300	0.8%	12,608	0.7%	12,923	0.7%	13,246	0.7%	13,577	0.7%	13,916	0.7%	14,264	0.7%	14,621	0.7%	14,986	0.7%
Legal	2.5%	0.7%	12,000	1.0%	12,300	0.8%	12,608	0.7%	12,923	0.7%	13,246	0.7%	13,577	0.7%	13,916	0.7%	14,264	0.7%	14,621	0.7%	14,986	0.7%
Administrative	2.5%	0.7%	12,000	1.0%	12,300	0.8%	12,608	0.7%	12,923	0.7%	13,246	0.7%	13,577	0.7%	13,916	0.7%	14,264	0.7%	14,621	0.7%	14,986	0.7%
Utilities	2.5%	5.0%	85,516	7.3%	88,509	5.8%	93,897	5.5%	99,613	5.7%	105,677	5.8%	112,110	6.0%	118,934	6.1%	126,175	6.3%	133,855	6.4%	142,004	6.6%
Trash	2.5%	1.5%	25,029	2.1%	26,553	1.7%	28,169	1.7%	29,884	1.7%	31,703	1.7%	33,633	1.8%	35,680	1.8%	37,852	1.9%	40,157	1.9%	42,601	2.0%
Maintenance / Repairs	2.5%	1.0%	16,686	1.4%	17,702	1.2%	18,779	1.1%	19,923	1.1%	21,135	1.2%	22,422	1.2%	23,787	1.2%	25,235	1.3%	26,771	1.3%	28,401	1.3%
Grounds	2.5%	0.7%	12,014	1.0%	12,745	0.8%	13,521	0.8%	14,344	0.8%	15,217	0.8%	16,144	0.9%	17,127	0.9%	18,169	0.9%	19,275	0.9%	20,449	0.9%
Real Estate Taxes	% of rent X % of RE value:	4.8%	5,128	0.4%	49,433	3.2%	82,177	4.8%	84,232	4.8%	86,338	4.7%	88,496	4.7%	90,709	4.7%	92,976	4.6%	95,301	4.6%	97,683	4.5%
Insurance	2.5%	1.2%	20,023	1.7%	21,242	1.4%	22,535	1.3%	23,907	1.4%	26,906	1.4%	28,544	1.5%	30,282	1.5%	32,125	1.5%	34,081	1.6%		1.6%
Other	2.5%	0.7%	11,680	1.0%	12,391	0.8%	13,146	0.8%	13,946	0.8%	6,509	0.4%	15,695	0.8%	16,651	0.9%	17,664	0.9%	18,740	0.9%	19,881	0.9%
TOTAL RESIDENTIAL OPERATING EXPENSES			252,957	21.7%	320,616	20.9%	372,488	21.9%	390,859	22.2%	383,100	21.1%	430,690	22.9%	452,272	23.2%	475,052	23.6%	499,100	23.9%	524,491	24.3%

See accompanying summary of significant forecast assumptions and accounting policies.

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TABLE 8: COMMERCIAL RENT ROLL - GROSS RENT																								
TENANT	Rent Increase per Yr	Net Rent	Occup Costs	Gross Leasable Sq Ft	Year																			
					1		2		3		4		5		6		7		8		9		10	
					\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Tenant 1	2.5%	23.00	7.46	3,340	0	0.0%	101,736	100.0%	101,736	100.0%	101,736	100.0%	101,736	100.0%	115,105	100.0%	115,105	100.0%	115,105	100.0%	115,105	100.0%		
Tenant 2	2.5%	22.00	7.46	4,030	118,724	100.0%	118,724	100.0%	118,724	100.0%	118,724	100.0%	118,724	100.0%	134,325	100.0%	134,325	100.0%	134,325	100.0%	134,325	100.0%		
Tenant 3	2.5%	23.00	7.46	3,920	119,403	100.0%	119,403	100.0%	119,403	100.0%	119,403	100.0%	119,403	100.0%	135,094	100.0%	135,094	100.0%	135,094	100.0%	135,094	100.0%		
Tenant 4	2.5%	23.00	7.46	3,350	0	0.0%	0	0.0%	51,021	50.0%	51,021	50.0%	51,021	50.0%	102,041	100.0%	115,450	100.0%	115,450	100.0%	115,450	100.0%		
Tenant 5	2.5%	23.00	7.46	2,110	64,271	100.0%	64,271	100.0%	64,271	100.0%	64,271	100.0%	64,271	100.0%	72,716	100.0%	72,716	100.0%	72,716	100.0%	72,716	100.0%		
Tenant 6	2.5%	22.00	7.46	3,420	70,527	70.0%	100,753	100.0%	100,753	100.0%	100,753	100.0%	100,753	100.0%	113,993	100.0%	113,993	100.0%	113,993	100.0%	113,993	100.0%		
Tenant 7	2.5%	20.00	7.46	3,420	46,957	50.0%	93,913	100.0%	93,913	100.0%	93,913	100.0%	93,913	100.0%	106,254	100.0%	106,254	100.0%	106,254	100.0%	106,254	100.0%		
Tenant 8 - Restaurant	2.5%	35.00	7.46	4,440	188,522	100.0%	188,522	100.0%	188,522	100.0%	188,522	100.0%	188,522	100.0%	213,296	100.0%	213,296	100.0%	213,296	100.0%	213,296	100.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
					0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
TOTALS				28,030	608,404	68.4%	787,323	88.5%	838,343	94.3%	838,343	94.3%	889,364	100.0%	1,006,234	100.0%	1,006,234	100.0%	1,006,234	100.0%	1,006,234	100.0%		
Total Vacant Sq Ft				9,426			7,789		6,114		6,114		4,439		4,439		4,439		4,439		4,439			
% Vacancy (sq ft)				33.6%			27.8%		21.8%		21.8%		15.8%		15.8%		15.8%		15.8%		15.8%			
% Vacancy \$				31.6%			11.5%		5.7%		5.7%		0.0%		0.0%		0.0%		0.0%		0.0%			
% Occupancy (\$)				68.4%			88.5%		94.3%		94.3%		100.0%		100.0%		100.0%		100.0%		100.0%			
Potential Additional Gross Revenue				280,960			102,041		51,021		51,021		0		0		0		0		0			

See accompanying summary of significant forecast assumptions and accounting policies.

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THE RUNE, LLC
Alexandria, Minnesota
Forecasted Statement of Total Revenue

07/17/19

TABLE 8A: COMMERCIAL OPERATING EXPENSES

OPERATING EXPENSES	% increase per year	% of Rent	Year																			
			1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Management Fees (% of actual rent)	2.5%	3.5%	21,294	3.5%	28,245	3.6%	30,827	3.7%	31,598	3.8%	34,359	3.9%	39,846	4.0%	40,842	4.1%	41,863	4.2%	42,910	4.3%	43,983	4.4%
Advertising / Marketing	2.5%	0.2%	1,779	0.3%	1,823	0.2%	1,869	0.2%	1,915	0.2%	1,963	0.2%	2,277	0.2%	2,334	0.2%	2,392	0.2%	2,452	0.2%	2,513	0.2%
Legal	2.5%	0.1%	889	0.1%	912	0.1%	934	0.1%	958	0.1%	982	0.1%	1,138	0.1%	1,167	0.1%	1,196	0.1%	1,226	0.1%	1,257	0.1%
Administrative	2.5%	0.5%	4,447	0.7%	4,558	0.6%	4,672	0.6%	4,789	0.6%	4,908	0.6%	5,692	0.6%	5,835	0.6%	5,980	0.6%	6,130	0.6%	6,283	0.6%
Utilities	2.5%	5.0%	44,468	7.3%	45,580	5.8%	46,719	5.6%	47,887	5.7%	49,085	5.5%	56,923	5.7%	58,346	5.8%	59,805	5.9%	61,300	6.1%	62,832	6.2%
Trash	2.5%	1.3%	11,562	1.9%	11,851	1.5%	12,147	1.4%	12,451	1.5%	12,762	1.4%	14,800	1.5%	15,170	1.5%	15,549	1.5%	15,938	1.6%	16,336	1.6%
Maintenance / Repairs	2.5%	0.5%	4,205	0.7%	4,310	0.5%	4,417	0.5%	4,528	0.5%	4,641	0.5%	7,008	0.7%	7,183	0.7%	7,362	0.7%	7,546	0.7%	7,735	0.8%
Grounds	2.5%	1.5%	13,340	2.2%	13,674	1.7%	14,016	1.7%	14,366	1.7%	14,725	1.7%	17,077	1.7%	17,504	1.7%	17,941	1.8%	18,390	1.8%	18,850	1.9%
Real Estate Taxes	%of rent X % of RE value:	13.1%	6,660	1.1%	64,206	8.2%	106,736	12.7%	109,405	13.1%	112,140	12.6%	114,943	11.4%	117,817	11.7%	120,762	12.0%	123,781	12.3%	126,876	12.6%
Insurance	2.5%	1.2%	10,672	1.8%	10,939	1.4%	11,213	1.3%	11,493	1.4%	11,493	1.3%	13,662	1.4%	14,003	1.4%	14,353	1.4%	14,712	1.5%	15,080	1.5%
Other	2.5%	0.2%	1,779	0.3%	1,823	0.2%	1,869	0.2%	1,915	0.2%	1,915	0.2%	2,277	0.2%	2,334	0.2%	2,392	0.2%	2,452	0.2%	2,513	0.2%
TOTAL COMMERCIAL OPERATING EXPENSES			121,095	19.9%	187,921	23.9%	235,420	28.1%	241,305	28.8%	248,974	28.0%	275,643	27.4%	282,534	28.1%	289,597	28.8%	296,837	29.5%	304,258	30.2%
OPX PER Square Foot			4.32		6.70	0.00	8.40	0.00	8.61	0.00	8.88	0.00	9.83	0.00	10.08	0.00	10.33	0.00	10.59	0.00	10.85	0.00
									5 yr avg		7.38											

See accompanying summary of significant forecast assumptions and accounting policies.

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THE RUNE, LLC

Summary of significant forecast assumptions and accounting policies.

- | | | | | | | | | |
|---|-------------------------------|---|-----------------|------|----------------|-------|--------------|--|
| <p>1. The gross rent for the commercial space of:
 consists of a triple net rental rate of:
 plus an estimate for operating expenses including real estate taxes.
 estimated that the pure net rent will increase annually at:
 The rent for the residential units (73) average on a per unit basis:
 and includes all operating expenses except for electricity.
 The pro-forma rental income shown is based on the assumption that the building
 occupancy over a 10 yr period will average:</p> | <p>\$</p> <p>\$</p> <p>\$</p> | <p>31.73 10 Year Avg</p> <p>24.27 per Sq Ft</p> <p>1,925.09</p> <p>91.9% Residential
94.5% Commercial</p> | | | | | | |
| <p>2. The mortgage amount is based on:
 The mortgage assumptions are as follows:</p> <table border="0" style="margin-left: 200px; width: 60%;"> <tr> <td style="padding-right: 20px;">Length:</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Beginning Year:</td> <td style="text-align: right;">2020</td> </tr> <tr> <td>Interest Rate:</td> <td style="text-align: right;">5.50%</td> </tr> </table> <p>There is no certainty that a mortgage of this amount and at these terms can
 be obtained.</p> | Length: | 20 years | Beginning Year: | 2020 | Interest Rate: | 5.50% | <p>75.0%</p> | |
| Length: | 20 years | | | | | | | |
| Beginning Year: | 2020 | | | | | | | |
| Interest Rate: | 5.50% | | | | | | | |
| <p>3. Equity required represents the total dollars that the lender will require
 the owners to inject into this investment. All considerations of the pro-forma
 assume that the owners will inject the equity into the project as lump sum
 payment at closing.</p> | <p>\$</p> | <p>5,906,771</p> | | | | | | |
| <p>4. This is an estimate of the building shell cost and includes hard construction
 cost and one-year full warranty.</p> | <p>\$</p> | <p>18,000,000</p> | | | | | | |
| <p>5. The suite build-out allowance at:</p> | | <p>0 per SF</p> | | | | | | |
| <p>6. This is an estimate of sitework development costs and includes landscaping,
 sidewalks, and utility connections within the ground lease area.</p> | <p>\$</p> | <p>400,000</p> | | | | | | |
| <p>7. Permanent financing placement fees are estimated at:
 Based on past experience, this consideration will provide sufficient funds
 needed to satisfy loan obligation fees paid to both the takeout lender and the
 mortgage broker.</p> | <p>\$</p> | <p>90,000</p> | | | | | | |
| <p>8. Interim financing is anticipated to be conventional financing through a lender
 which would provide both the construction and term financing for a combined
 period of twelve months at an estimated spread of:
 This pro-forma assumes an interim financing fee of:</p> | | <p>0.0% over prime
0</p> | | | | | | |
| <p>9. Construction interest is based on a one year construction period, with a uniform
 rate of construction expenditure.</p> | <p>\$</p> | <p>500,000</p> | | | | | | |

THE RUNE, LLC

Summary of significant forecast assumptions and accounting policies.

10.	Working capital is equal to the greater of cash deficits if any or: of operating expenses for the pro-forma in year two.	2.25 months
11.	Operating expenses pass through includes all operating expenses. This is paid by the tenant as additional rent.	
12.	Cash distribution may be wholly or partially tax free. Opportunity cost is the alternative return on the capital investment that the investor loses by making this investment. The safe alternate rate of return is:	NA
13.	Benefit due to appreciation is equal to the present value of the sale proceeds valued at a before-tax rate of: amortized over:	NA
14.	This analysis assumes the building is completed and occupied at: on:	7/1/2020
15.	Operating Expense Pass through is equal to: this is based on our estimates. Operating expenses of the whole building including those pertaining to the common areas which include any unleased space are to be ratably assumed by each individual tenant as additional rent. The following is a breakdown of operating expenses as a % of rent:	0.04
	Management Fees (% of actual rent)	3.6%
	Advertising / Marketing	0.5%
	Legal	0.5%
	Administrative	0.6%
	Utilities	5.4%
	Trash	1.5%
	Maintenance / Repairs	0.9%
	Grounds	1.0%
	Real Estate Taxes (10 yr Avg)	7.0%
	Insurance	1.3%
	Other	0.6%
	TOTAL OPERATING EXPENSES	22.9%

The administrative expense includes property managers salary and payroll expense, office expenses and supplies , travel, bookkeeping, accounting review, legal expense, fees, permits and licenses..

16.	Operating Expenses increase with inflation. The projected annaul real estate taxes for the development are estimated average over 10 years:	\$ 177,580
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THE RUNE, LLC

Summary of significant forecast assumptions and accounting policies.

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|---|--|
| 17. Estimated land rent is payable of: | NA |
| 18. A contingency reserve shall be set aside to pay for unforeseen expenses, equal to: | 1.0% of Revenue |
| 19. The tax analysis assumes the following: | |
| A. Marginal tax rate of: | 34.0% |
| B. Capital Gain tax rate of: | 20.0% |
| C. The above rates assume a Federal Income tax rate of:
and a State Personal tax rate of: | 28.0%
6.0% |
| D. Depreciation expense is approximate and is based on an estimate of the depreciable base which is expensed over a life of:
even though some of the fixtures and equipment will be depreciated over a shorter life. | 20 years |
| E. Amortization of organizational costs and start-up costs are expensed over a life of: | 5 Years |
| 20. Assumes contingency funds are expensed for capital items in the year shown. | |
| 21. All losses from partnership, including interest expense, are subject to passive loss rules. | |
| 22. Assumes the investor does not have income from passive investments to offset losses or that such offset is prohibited by IRS regulation. Therefore, unused losses must be carried forward to offset future income. | |
| 23. Assumes the passive losses are not currently deductible. | |
| 24. Net proceeds from sale are based on a sale at the higher of (a):
applied to the last years Net Operating Income or (b):
applied to the initial total project costs. | 7.5% Cap Rate
2.0% Appreciation
Rate |