NOTIONAL DEVELOPMENT PARTNERS

PORTFOLIO LENDING FACILITY DEPOSIT REQUEST | JUNE 2025

Table of Contents

INVESTMENT REQUEST: Approximately $79 million in cash deposits to be held in depositor's account at a tier one money center bank. The deposit induces a credit facility of approximately $625 million, but is released to the depositor after 12 months. As consideration for making the deposit, the depositor will earn a share of cash flows from all properties financed by the facility, as well a cash preferred return when the desposit is released after 12 months (subject to senior lender approval), providing an excellent risk-adjusted return with residual cash flows for many years after return of capital.

Notional Development Partners LLC ("Notional") is in discussions with a lender known as F&G Strategic Partners ("F&G") to provide a lending facility across Notional's entire development portfolio. F&G structures their facilities with a large upfront origination fee (6%) but a low interest rate (4.75%), fixed-rate and interest-only, for the duration of the six-year initial term and a four-year extension. The low interest rate leaves projects with ample cash flow to supplement the capital stack with alternative loan products like C-PACE. While F&G lends 100% of development costs during construction, the loan must be paid down to 75% loan-to-cost at completion. The balloon payment may come in the form of C-PACE financing, in which case the project would be effectively 100% debt-financed.

At the initial closing of the facility, F&G requires an equity deposit equal to 25% of the overall development budget of the portfolio. This deposit can take the form of a standby letter of credit / bank guarantee to the benefit of F&G. Alternatively, F&G will offer a structure in which it leverages its own balance sheet to create a 25% letter of credit to the benefit of the equity depositor, secured by a 10% cash deposit from the equity depositor. In this scenario, the cash will be held in an account in the equity depositor's name at a tier one money center bank such as Barclays, Bank of America, or HSBC, and the letter of credit will not be callable by F&G. The letter of credit will mature in 12 months, at which time the equity deposit will be released to the depositor.

With the latter structure, the equity depositor will realize an excellent risk-adjusted return via a cash return upon expiration of the letter of credit (subject to approval by F&G) and/or an economic interest in the distributable cash flows of Notional's development portfolio. This interest may be secured by a 2nd lien deed of trust or a partnership interest in the developments, depending on the preference of the equity depositor.

The table below indicates the total budget and sources of funding for each project in the portfolio. Note that the equity deposit, which is equal to 12.5% of the entire facility, does not actually get contributed to any project; rather, it remains in the depositor's bank account in order to security the letter of credit, until it is released 12 months from closing.

Project	Size (units)	Total Budget ($000)	Senior Loan ($000)	C-PACE ($000)
1200 Springdale	348	$ 136,159	$ 102,119	$ 34,040
600 Cumberland	120	$ 51,788	$ 38,841	$ 12,947
5800 Springdale Ph I	244	$ 90,206	$ 67,655	$ 22,552
2600 E MLK	310	$ 128,634	$ 96,476	$ 32,159
4120 E 12th Street	244	$ 91,289	$ 68,467	$ 22,822
5800 Springdale Ph II	259	$ 99,399	$ 74,549	$ 24,850
1418 Frontier Valley*	101	$ 28,000	$ 21,000	$ 7,000
Total	**1,626**	**$625,475**	**$469,106**	**$156,369**

*1418 Frontier Valley is a recapitalization of an existing building that was completed in May

About Us

Notional Development Partners provides Class A attainable housing for Austin's teachers, first responders, service industry employees, and young professionals. In partnership with local housing nonprofits, housing authorities, and public facilities corporations, it is our mission to support the development of market rate and income restricted units that serve the missing middle of Austin's Strategic Housing Blueprint. We believe that the communities we create foster upward mobility for our residents and supports the long-term sustainability of our city.

Our communities are green and energy efficient. They participate in the Austin Energy Green Building program and qualify for one or more national green building certifications, such as NGBS, ENERGY STAR or LEED. We use light-gauge steel framing instead of lumber to create a more durable, longer-lived building with a more efficient envelope than traditional stick-framed construction.

As more of Austin's workforce gets pushed out to the suburbs where rent is more affordable, we strive to deliver Class A, fully amenitized properties in highly desirable locations, providing our residents a compelling offer: Affordable Luxury Housing.

Chris Affinito
Managing Partner

Chris Affinito is the Managing Partner of Notional Development Partners. With 14 years of experience in a variety of real estate and development sectors, including acquisitions, land planning, structured finance, valuation and sales, Chris brings in-depth expertise to his leadership role. Chris has developed and managed several thriving communities of single-family homes, townhouses, apartments, condos, and more, across Central Austin, providing more unique and sustainable living options for Austinites. Chris began his career as an economic and valuation services associate at KPMG LLP, where he appraised commercial real estate. He left to work for Vision Real Estate Partners, a New Jersey based commercial real estate developer, where he was responsible for sourcing new acquisitions and raising capital. In this role, Chris was directly involved in over $500 million of office, retail and industrial real estate. In 2014, he made the move from New Jersey to Austin, entering a completely new and growing real estate market. Chris grew up in New Jersey and received his bachelor's degree in finance and real estate from Villanova University in the greater Philadelphia area and his Masters of Business and Administration from the University of Texas at Austin.

Drew Fineberg
Managing Partner

Drew Fineberg is a Managing Partner of Notional Development Partners. With more than 10 years in commercial construction and development, Drew brings experience in development, project management, and pre-construction management, as well as local experience and knowledge of the Austin market. Drew entered the Austin market in 2017, working for Austin Commercial as a project manager on the Music Lane and City View projects located on South Congress. After shifting his focus to preconstruction management, Drew worked for both Austin Commercial and Flintco on various commercial project types, including transportation, hotel, core and shell office, high-rise luxury condominium multifamily, high-rise luxury apartment multifamily, tenant improvement, and public works. Drew grew up in New York City and received his Bachelor's degree in Biomedical Engineering from Rensselaer Polytechnic Institute, his Master's degree in Construction Engineering and Project Management from the University of Texas at Austin, and his Masters of Business and Administration from the University of Texas at Austin.

As CFO at Notional, Todd provides advisory services regarding finance, accounting, reporting, tax and deal structure. Todd is a Certified Public Accountant and brings over 20 years of finance and accounting experience primarily focusing on commercial real estate, affordable housing, and residential development. When he’s not working, Todd enjoys spending time with family and friends, watching sports, and supporting his kids' athletic endeavors.

Todd Pittenger

Chief Financial Officer

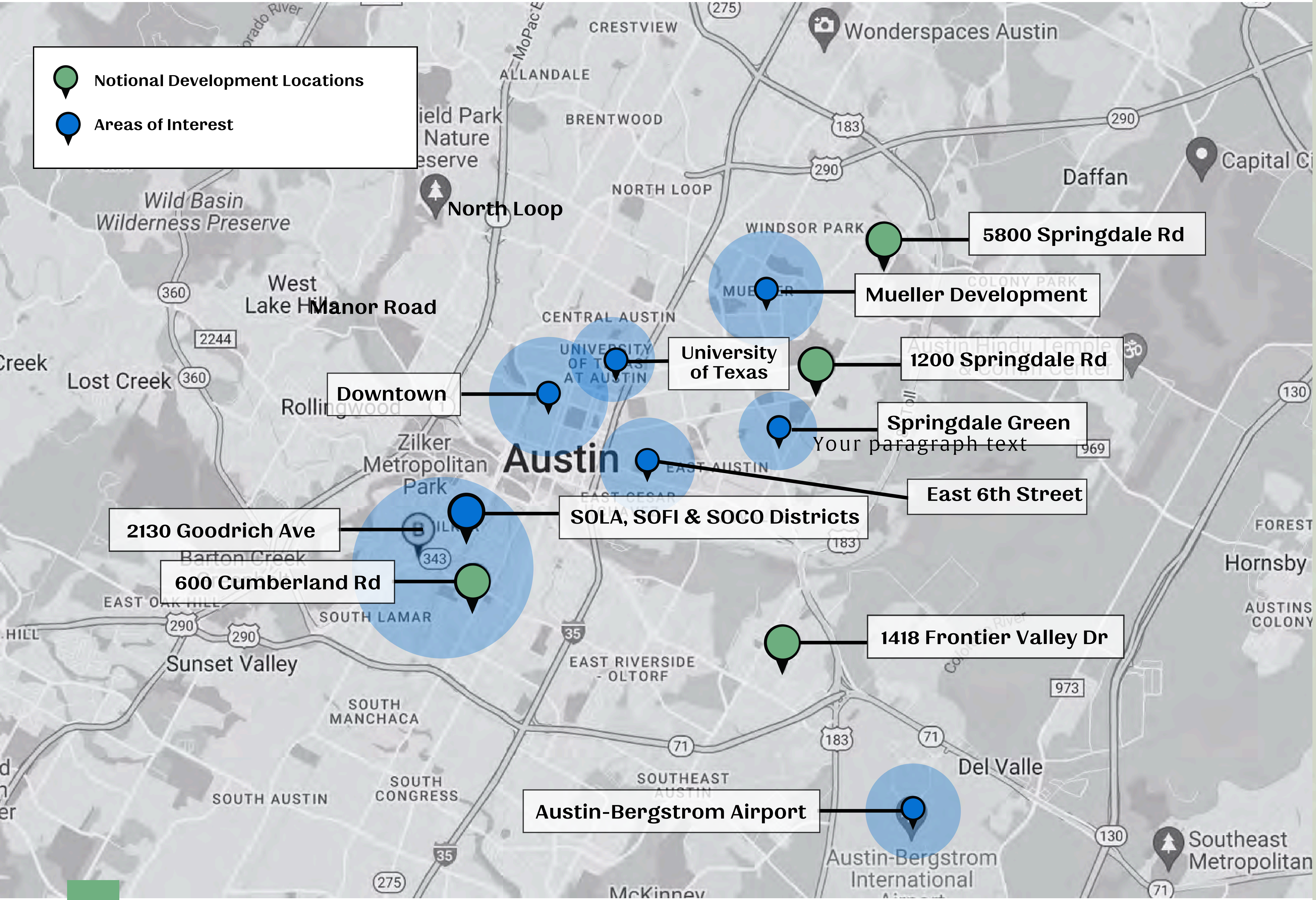
An Austin native with deep roots in the community, Michael joins us after over a decade of significant contributions to the real estate development industry in the region, where he has been instrumental in structuring over $50 million in project financing and guiding developers through complex legal and strategic challenges across numerous projects. Michael's commitment to the community extends beyond his professional practice: He is currently a Trustee of St. Stephen’s Episcopal School, and a past Economic Prosperity Commissioner for the City of Austin, and teaches business law at a variety of institutions near and far, including the University of Texas’ McCombs School of Business, Texas State University, Duale Hochschule Baden-Württemberg, and the International Law Institute’s African Centre for Legal Excellence in Uganda.

He received his B.S. from Georgetown University and his J.D. from the New York University School of Law. In his role, Michael aims to leverage his extensive experience in law and his deep understanding of the real estate sector to drive Notional’s strategic growth and navigate the complexities of the real estate market in Central Texas.

Michael Ybarra

General Counsel

Location



Notional Development Locations
Areas of Interest
5800 Springdale Rd
Mueller Development
University of Texas
1200 Springdale Rd
Downtown
Springdale Green
Your paragraph text
East 6th Street
SOLA, SOFI & SOCO Districts
2130 Goodrich Ave
600 Cumberland Rd
1418 Frontier Valley Dr
Austin-Bergstrom Airport
North Loop
Manor Road
Austin

Workforce housing is the city's most underserved need.

2600 E MLK will bring 252 affordable rental units to East Austin. This project will help solve the city's affordability crisis while maintaining excellent deal fundamentals.

We will partner with housing finance corporations to offer income-restricted and naturally occurring affordable housing subsidized by property tax exemptions.

An entire sector of the industry, made up of housing authorities, nonprofits, and for-profit developers, is dedicated to providing highly subsidized low-income housing that is deeply affordable. Families earning 60%-100% of median income are falling through the cracks.

We will serve families earning

60 to 120%

of median income.

Chapter 394 of the Texas Local Government Code, which governs Housing Finance Corporations ("HFC" or HFCs"), allows for sponsoring entities such as public housing authorities to partner with private developers to provide a 100% exemption from ad valorem taxes on a long-term basis, typically from 60-99 years.

HFC partnerships are structured as a ground lease where the HFC owns title to the land and leases the land to the sponsor partnership for 60-99 years. The ground lease structure permits the 100% exemption from ad valorem taxes. In exchange, 90% of units must be affordable to individuals or families earning less than 120% of area median income ("AMI"), with additional set-asides for lower-earning renters.

Rental rates for income restricted units are based on the 2024 HUD Rent Limits for Travis County. In high income counties such as Travis County, rent limits for higher AMI units can exceed market rent. In a typical HFC structure, the HFC will earn annual fees, including ground lease rent and a share of net cash flow. Additionally, the HFC will earn a share of profit from sale of the asset.

50% of the residential units will be set aside for families earning between 50% and 80% of AMI, with a targeted average affordability level of 60% of AMI for those units. Relative to market rents, 50% AMI units represent a significant discount to market, while 80% units offer a much smaller (50-10%) discount to market. An additional 40% of the residential units will be set aside for families earning no more than 120% of AMI, while the remaining 10% of residential units will be technically unrestricted. Practically speaking, market rent is well below maximum rent for a 120% AMI unit so, in practical terms, all of the 120% units will be limited by the amount of rent the market will bear for the foreseeable future.

At a national level, market rent growth has traditionally exceeded the growth rate of income restricted units, leading to the conventional wisdom that income-restricted properties will experience lower long-run rent growth than unrestricted properties. In rapidly growing parts of the country like Travis County, however, the brisk rate of wage growth and job creation has caused HUD rent limits to increase by 5.4% annually over the past 10 years, and 7.4% annually over the past five years. This represents a higher rate of growth than the national average of even market rent growth.

Portfolio Level Cash Flow Projections

As consideration for making the equity deposit, the depositor will be given a share of residual cash flows in the entire portfolio of projects financed by the credit facility and, subject to lender approval, a cash pref upon release of the deposit in month 12. In the example below, the cash pref is 8% and the share of residual cash flows is 10%. This analysis also makes several key, conservative assumptions:

- No property is sold before year 10 (the end of the extended term of the credit facility). In reality, most properties will be sold of refinanced prior to the end of the extended term, providing earlier capital events.
- Cap rates upon sale are 5% for all properties, despite recent transactions in Austin in today's high-interest rate environment occurring at sub-5% cap rates.
- Annual rent growth is 4% per year for the entire 10-year term, despite Affordable rent growth in Austin of 6-8% per year over the last 15 years and the widely held expectation that market-rate rent growth will rebound strongly over the next several years.

Year	0	1	2	3	4	5	6	7	8	9	10
Year End	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Cash/SBLC	$(79,403,133)	$85,755,384	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1200 Springdale	$ (0)	$ (165)	$ -	$ 47,847	$218,288	$253,628	$ 290,338	$ 328,473	$ 368,089	$ 409,243	$ 8,537,708
600 Cumberland	$ (0)	$ (58)	$ (0)	$ 42,296	$ 73,729	$ 86,958	$ 100,710	$ 115,004	$ 129,863	$ 145,308	$ 3,815,062
1418 Frontier Valley	$ -	$ 14,854	$63,377	$ 70,524	$ 77,975	$ 85,743	$ 93,842	$ 102,286	$ 111,088	$ 120,263	$ 2,694,320
5800 Springdale Ph I	$ (0)	$ (113)	$ -	$ (0)	$123,861	$212,491	$ 239,075	$ 266,713	$ 295,447	$ 325,322	$ 8,374,296
2600 E MLK	$ (0)	$ -	$ (153)	$ -	$ 2,907	$159,391	$ 194,780	$ 228,433	$ 263,433	$ 299,836	$ 8,201,420
4120 E 12th Street	$ (0)	$ -	$ -	$ (106)	$ -	$ 38,318	$ 145,561	$ 169,503	$ 194,391	$ 220,263	$ 6,224,160
5800 Springdale Ph II	$ (0)	$ -	$ -	$ (116)	$ -	$ (0)	$ 138,325	$ 261,042	$ 291,413	$ 322,992	$ 8,370,960
Total	**$(79,403,133)**	**$85,769,903**	**$63,224**	**$160,446**	**$496,760**	**$836,529**	**$1,202,632**	**$1,471,453**	**$1,653,724**	**$1,843,227**	**$46,217,925**
XIRR	**21.6%**										

As previously discussed, the cash pref and share of residual cash flows can be tailored to meet the return requirements of the depositor. Below is a sensitivity analysis comparing various cash pref rates and various residual cash flow shares. Note that, even with a 0% cash pref, projected returns can exceed 20% per year over a 10-year horizon.

	Cash Pref-->					
Residual CF-->	21.61%	0%	2%	4%	6%	8%
	5%	12.62%	13.69%	14.80%	15.96%	17.16%
	10%	17.68%	18.60%	19.57%	20.57%	21.61%
	15%	21.10%	21.96%	22.84%	23.77%	24.73%
	20%	23.74%	24.55%	25.40%	26.27%	27.18%
	25%	25.91%	26.69%	27.51%	28.35%	29.22%

Portfolio Level Cash Flow Projections

Although the combined budget of all properties in the portfolio is approximately $625 million, the last two properties to break ground, 5800 Springdale Phase II and 4120 E 12th Street, do not necessarily need to be capitalized upfront. We have requested that F&G structure the facility as a revolving facility where these last two projects are not capitalized upfront, but are funded only after other projects are sold of refinancing in order to pay down the credit facility by enough to capitalize these last two projects. If approved, this would reduce the size of the facility from $625 million to approximately $435 million and the deposit requirement from approximately $79 million to approximately $54 million. Doing so would not impact the construction schedule, availability of funds, or the projected returns, thereby driving a material increase in IRR. Below is the same array using the lower deposit amount.

Cash Pref-->

Residual CF-->

24.51%	0%	2%	4%	6%	8%
5%	15.26%	16.25%	17.28%	18.34%	19.45%
10%	20.87%	21.73%	22.62%	23.55%	24.51%
15%	24.61%	25.42%	26.25%	27.11%	28.00%
20%	27.49%	28.26%	29.05%	29.87%	30.72%
25%	29.86%	30.60%	31.36%	32.15%	32.97%

ADDRESS: 1200 Springdale Road, Austin, TX 78721
PROJECT TYPE: Tax-exempt Workforce Housing
BUILDING TYPE: 5-over-3 Podium
STATUS: Shovel-ready
RESIDENTIAL Units: 348
COMMERCIAL SF: 15,000 SF
LOCATION: East Austin

Sources

Senior Debt	$	119,138,998
C-PACE	$	17,019,857
TOTAL SOURCES	$	136,158,854

Uses

Land (FMV)	$	23,000,000
Closing Costs/Finance Charges	$	9,247,000
Soft Costs	$	9,406,793
Hard Costs	$	86,675,000
Interest/Carry	$	7,830,061
TOTAL USES	$	136,158,854

Stabilized NOI	$	8,649,337
Stabilized DSCR (Cumulative)		1.23x
Stabilized YOC		6.35%

Stabilized Value @ 5% Cap	$	171,884,664
Net Proceeds	$	165,868,701
Net Profit	$	29,709,847

1200 SPRINGDALE

ADDRESS: 600 Cumberland Road, Austin, TX 78704
PROJECT TYPE: Tax-exempt Workforce Housing
BUILDING TYPE: 8-story High-rise
STATUS: Shovel-ready
RESIDENTIAL Units: 120
COMMERCIAL SF: 8,000 SF
LOCATION: South Congress (SoCo)

Sources

Senior Debt	$ 45,314,314
C-PACE	$ 6,473,473
TOTAL SOURCES	$ 51,787,787

Uses

Land (FMV)	$ 6,150,000
Closing Costs/Finance Charges	$ 3,247,000
Soft Costs	$ 3,924,387
Hard Costs	$ 35,369,065
Interest/Carry	$ 3,097,335
TOTAL USES	$ 51,787,787

Stabilized NOI	$ 3,497,427
Stabilized DSCR (Cumulative)	1.33x
Stabilized YOC	6.75%

Stabilized Value @ 5% Cap	$ 69,724,060
Net Proceeds	$ 67,283,717
Net Profit	$ 15,495,930

ADDRESS: 5800 Springdale Road, Austin, TX 78723
PROJECT TYPE: Tax-exempt Workforce Housing
BUILDING TYPE: 5-story Wrap
STATUS: Pre-development
RESIDENTIAL Units: 244
COMMERCIAL SF: 8,000 SF
LOCATION: East Austin

Sources

Senior Debt	$ 78,930,394
C-PACE	$ 11,275,771
TOTAL SOURCES	$ 90,206,165

Uses

Land (FMV)	$ 13,420,000
Closing Costs/Finance Charges	$ 5,698,888
Soft Costs	$ 6,879,000
Hard Costs	$ 57,908,600
Interest/Carry	$ 6,299,677
TOTAL USES	$ 90,206,165

Stabilized NOI	$ 6,491,202
Stabilized DSCR (Cumulative)	1.41x
Stabilized YOC	7.20%

Stabilized Value @ 5% Cap	$ 131,300,172
Net Proceeds	$126,704,666
Net Profit	$ 36,498,501

5800 SPRINGDALE PH I

ADDRESS: 5920 Springdale Road, Austin, TX 78723
PROJECT TYPE: Tax-exempt Workforce Housing
BUILDING TYPE: 5-story Wrap
STATUS: Pre-development
RESIDENTIAL Units: 259
COMMERCIAL SF: 8,000 SF
LOCATION: East Austin

Sources

Senior Debt	$	86,973,732
C-PACE	$	12,424,819
TOTAL SOURCES	$	99,398,551

Uses

Land (FMV)	$	14,245,000
Closing Costs/Finance Charges	$	5,998,888
Soft Costs	$	6,920,250
Hard Costs	$	65,381,000
Interest/Carry	$	6,853,413
TOTAL USES	$	99,398,551

Stabilized NOI	$	7,881,993
Stabilized DSCR (Cumulative)		1.56x
Stabilized YOC		7.93%

Stabilized Value @ 5% Cap	$	161,389,245
Net Proceeds	$	155,740,622
Net Profit	$	56,342,071

5800 SPRINGDALE PH II

ADDRESS: 2600 E MLK BLVD, Austin, TX 78723
PROJECT TYPE: Tax-exempt Workforce Housing
BUILDING TYPE: 5-over-2 Podium
STATUS: Pre-development
RESIDENTIAL Units: 310
COMMERCIAL SF: 11,000 SF
LOCATION: East Austin

Sources

Senior Debt	$ 112,554,448
C-PACE	$ 16,079,207
TOTAL SOURCES	$ 128,633,655

Uses

Land (FMV)	$20,500,000
Closing Costs/Finance Charges	$ 7,115,000
Soft Costs	$ 7,675,000
Hard Costs	$ 82,526,000
Interest/Carry	$ 10,817,655
TOTAL USES	$ 128,633,655

Stabilized NOI	$ 9,513,599
Stabilized DSCR (Cumulative)	1.45x
Stabilized YOC	7.40%

Stabilized Value @ 5% Cap	$ 187,225,310
Net Proceeds	$180,672,424
Net Profit	$ 52,038,769

2600 E MLK

ADDRESS: 4120 E 12th Street, Austin, TX 78721
PROJECT TYPE: Tax-exempt Workforce Housing
BUILDING TYPE: 5-over-2 Podium
STATUS: Pre-development
RESIDENTIAL Units: 244
COMMERCIAL SF: 0 SF
LOCATION: East Austin

Sources

Senior Debt	$	79,877,978
C-PACE	$	11,411,140
TOTAL SOURCES	$	91,289,118

Uses

Land (FMV)	$	12,200,000
Closing Costs/Finance Charges	$	5,616,000
Soft Costs	$	5,800,000
Hard Costs	$	61,558,600
Interest/Carry	$	6,114,518
TOTAL USES	$	91,289,118

Stabilized NOI	$	6,411,487
Stabilized DSCR (Cumulative)		1.38x
Stabilized YOC		7.02%

Stabilized Value @ 5% Cap	$	127,819,828
Net Proceeds	$	123,346,134
Net Profit	$	32,057,016

4120 E 12th STREET

ADDRESS: 1418 Frontier Valley Dr, Austin, TX
PROJECT TYPE: Tax-exempt Workforce Housing
BUILDING TYPE: 5-story surface-parked
STATUS: Lease-up
RESIDENTIAL Units: 101
COMMERCIAL SF: 0 SF
LOCATION: East Riverside

Sources

Senior Debt	$	21,000,000
C-PACE	$	5,500,000
Outside Equity	$	3,000,000
TOTAL SOURCES	$	29,500,000

Uses

Acquisition	$	28,000,000
Closing Costs/Finance Charges	$	1,500,000
TOTAL USES	$	29,500,000

Stabilized NOI	$	1,657,280
Stabilized DSCR (Cumulative)		1.18x
GOING-IN CAP RATE		5.92%

1418 FRONTIER VALLEY

		1		2		3		4		5		6		7
	2H25	1H26	2H26	1H27	2H27	1H28	2H28	1H29	2H29	1H30	2H30	1H31	2H32	1H33
1200 Springdale	Construction					Lease-Up		Stabilization/Disposition						
600 Cumberland	Construction				Lease-Up		Stabilization/Disposition							
5800 Springdale Ph I	Pre-Dev		Construction				Lease-Up		Stabilization/Disposition					
2600 E MLK	Pre-Dev			Construction					Lease-Up		Stabilization/Disposition			
4120 E 12th Street					Pre-Dev		Construction				Lease-Up		Stabilization/Dispositi	
5800 Springdale Ph II						Pre-Dev		Construction				Lease-Up		Stabilizatio
1418 Frontier Valley	Stabilization/Disposition													

DEVELOPMENT SCHEDULE