

THE RUNE, LLC

Alexandria, Minnesota

Project Summary

Assumptions:	BASE CASE - 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%	33,253,195	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%	80.0%	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	
Net Occupancy - Commercial		68.4%	81.7%	87.5%	91.1%	96.8%	96.4%	96.4%	96.4%	96.4%	96.4%	
Rental Revenue	0	1,696,051	1,988,267	2,221,714	2,388,629	2,480,654	2,636,157	2,696,529	2,759,069	2,823,855	2,890,966	
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	120,348	165,022	179,047	199,555	220,885	226,407	232,067	237,869	243,815	
Total Revenue	0	1,776,424	2,108,614	2,478,401	2,727,088	2,843,873	3,025,062	3,095,422	3,168,200	3,243,477	3,321,345	
Total Operating Expense	0	374,052	500,797	602,404	631,102	630,985	705,071	733,512	763,324	794,578	827,356	
Net Operating Income (NOI)	0	1,402,372	1,607,818	1,875,997	2,095,986	2,212,888	2,319,991	2,361,910	2,404,877	2,448,899	2,493,990	
Return Analysis:												
Equity Investment	(5,906,771)	0	0	0	0	0	0	0	0	0	0	
NOI	0	1,402,372	1,607,818	1,875,997	2,095,986	2,212,888	2,319,991	2,361,910	2,404,877	2,448,899	2,493,990	
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)	(73,802)	(86,744)	(95,448)	(99,536)	(105,877)	(108,340)	(110,887)	(113,522)	(116,247)	
Partnership Mgmt Fee	0	(17,764)	(21,086)	(24,784)	(27,271)	(28,439)	(30,251)	(30,954)	(31,682)	(32,435)	(33,213)	
Net Cash Flow from Operations	(5,906,771)	347,816	304,468	319,033	527,696	639,200	737,999	776,592	816,116	856,574	897,973	
Cash Distributions	0	347,816	280,704	299,982	522,315	639,222	724,108	771,260	810,527	850,714	891,827	
	10.4%	5.9%	4.8%	5.1%	8.8%	10.8%	12.3%	13.1%	13.7%	14.4%	15.1%	
Valuation (Year Ten)											33,253,195	
Less: Selling Expenses											(1,662,660)	
Less: Outstanding Principal											(12,359,334)	
Net Proceeds at Sale											19,231,202	
NOI/Debt Service	NA	1.44	1.33	1.30	1.45	1.53	1.60	1.63	1.66	1.69	1.72	
Cash Flow to All Principals	(5,906,771)	347,816	280,704	299,982	522,315	639,222	724,108	771,260	810,527	850,714	891,827	
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	993,048	1,296,657	1,548,555	1,696,695	1,814,577	1,896,584	1,972,673	2,051,759	2,133,966	
Return on Equity	10 Yr Avg	27.5%	13.9%	16.8%	22.0%	26.2%	28.7%	30.7%	32.1%	33.4%	34.7%	36.1%
Tax Saved (Paid)	0	220,696	149,949	43,924	(40,033)	(89,954)	(136,920)	(162,730)	(189,554)	(217,431)	(958,376)	

PRE-TAX	INVESTMENT IRR	18.2%
	CASH ON CASH RETURN (AVG)	10.4%
	CASH ON CASH RETURN (AVG) W/O RESERVES	12.0%
AFTER TAX	INVESTMENT IRR	17.9%
	CASH ON CASH RETURN (AVG)	9.3%

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THE RUNE, LLC
Alexandria, Minnesota

05/21/19

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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THE RUNE, LLC
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%	80.0%	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Rent Per Unit	73		16,000	18,926	22,037	24,075	24,918	25,790	26,693	27,627	28,594	29,595
Commercial:												
Net Occupancy (%)			68.4%	81.7%	87.5%	91.1%	96.8%	96.4%	96.4%	96.4%	96.4%	96.4%
Gross Rent Per Sq. Ft.	28,030		21.7	25.9	27.8	28.9	30.7	34.8	34.8	34.8	34.8	34.8
Rental Income (14)			1,696,051	1,988,267	2,221,714	2,388,629	2,480,654	2,636,157	2,696,529	2,759,069	2,823,855	2,890,966
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	120,348	165,022	179,047	199,555	220,885	226,407	232,067	237,869	243,815
TOTAL REVENUES		0	1,776,424	2,108,614	2,478,401	2,727,088	2,843,873	3,025,062	3,095,422	3,168,200	3,243,477	3,321,345
OPERATING DISBURSEMENTS												
	% of Rent (yr 4)											
Management Fees (% of actual rent)	3.5%		62,175	75,647	87,765	96,779	103,546	113,137	118,640	124,443	130,564	137,022
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	1.6%		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	1.1%		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)	7.1%		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	23.1%	0	374,052	500,797	602,404	631,102	630,985	705,071	733,512	763,324	794,578	827,356
NET OPERATING INCOME		0	1,402,372	1,607,818	1,875,997	2,095,986	2,212,888	2,319,991	2,361,910	2,404,877	2,448,899	2,493,990
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	21,086	24,784	27,271	28,439	30,251	30,954	31,682	32,435	33,213
Contingency Allowance (18)	3.5%		62,175	73,802	86,744	95,448	99,536	105,877	108,340	110,887	113,522	116,247
TOTAL NON-OPERATING DISBURSEMENTS		0	1,054,556	1,303,350	1,556,964	1,568,290	1,573,688	1,581,992	1,585,317	1,588,760	1,592,325	1,596,017
CASH FROM OPERATIONS		0	347,816	304,468	319,033	527,696	639,200	737,999	776,592	816,116	856,574	897,973
CASH (WORKING CAPITAL RESERVE) (10)		70,135	70,135	93,899	112,951	118,332	118,310	132,201	137,534	143,123	148,983	155,129
CASH DISTRIBUTIONS		0	347,816	280,704	299,982	522,315	639,222	724,108	771,260	810,527	850,714	891,827

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	93,899	112,951	118,332	118,310	132,201	137,534	143,123	148,983
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	304,468	319,033	527,696	639,200	737,999	776,592	816,116	856,574	897,973
Sale Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	5,906,771	17,720,314	347,816	304,468	319,033	527,696	639,200	737,999	776,592	816,116	856,574	897,973
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	280,704	299,982	522,315	639,222	724,108	771,260	810,527	850,714	891,827
TOTAL APPLICATIONS	1,875,000	21,681,950	347,816	280,704	299,982	522,315	639,222	724,108	771,260	810,527	850,714	891,827
END OF PERIOD	4,031,771	70,135	70,135	93,899	112,951	118,332	118,310	132,201	137,534	143,123	148,983	155,129

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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	304,468	319,033	527,696	639,200	737,999	776,592	816,116	856,574	897,973
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	73,802	86,744	95,448	99,536	105,877	108,340	110,887	113,522	116,247
TAXABLE INCOME	0	(649,107)	(441,025)	(129,187)	117,745	264,570	402,706	478,617	557,510	639,502	724,719
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	149,949	43,924	(40,033)	(89,954)	(136,920)	(162,730)	(189,554)	(217,431)	(246,405)

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	2,139	2,285	3,979	4,870	5,517	5,876	6,175	6,481	6,794
Tax Benefits (Payments)	0	0	1,681	1,142	335	(305)	(685)	(1,043)	(1,240)	(1,444)	(1,656)	(1,877)
Net Proceeds from Sale (After Tax)	0	0	0	0	0	0	0	0	0	0	0	141,086
TOTAL BENEFITS	0	(50,000)	4,331	3,281	2,620	3,674	4,185	4,473	4,636	4,731	4,825	146,004
	0	(50,000)	2,650	2,139	2,285	3,979	4,870	5,517	5,876	6,175	6,481	153,305
IRR - PRE-TAX	16.7%											
IRR - AFTER TAX	16.3%											
CASH ON CASH - PRE-TAX(*)	9.4%	NA	5.3%	4.3%	4.6%	8.0%	9.7%	11.0%	11.8%	12.3%	13.0%	13.6%
CASH ON CASH - AFTER TAX (*)	8.3%	NA	8.7%	6.6%	5.2%	7.3%	8.4%	8.9%	9.3%	9.5%	9.6%	9.8%
TOTAL PROJECT RETURNS												
Purchase Price (excluding finance charges)		(23,037,085)										
Cash from Operations (Distributions)		0	347,816	280,704	299,982	522,315	639,222	724,108	771,260	810,527	850,714	891,827
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	21,086	24,784	27,271	28,439	30,251	30,954	31,682	32,435	33,213
Net Proceeds from Sale (Pre-Tax)												33,253,195
TOTAL RETURNS	0	(23,037,085)	1,340,197	1,510,252	1,770,202	1,995,157	2,113,374	2,200,223	2,248,237	2,288,400	2,329,517	35,624,792
	0	(23,037,085)	1,340,197	1,510,252	1,770,202	1,995,157	2,113,374	2,200,223	2,248,237	2,288,400	2,329,517	35,624,792
IRR - PRE-TAX	11.0%											
CASH ON CASH - PRE-TAX	8.8%	NA	5.8%	6.6%	7.7%	8.7%	9.2%	9.6%	9.8%	9.9%	10.1%	10.3%

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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:	2,493,990	7.5%	33,253,195
Appreciation Basis	Yrs:	10	2.0%	28,801,284
VALUATION USED:				33,253,195
Selling Expenses			5.0%	1,662,660
Debt Balance				12,359,334
PROCEEDS FROM SALE				19,231,202
TAXABLE GAIN				
Initial Project Costs		23,627,085		
Less: Depreciation/ Amortization		(10,590,975)		
Add: Contingency Reserve		972,577		
BASIS		14,008,686		
GAIN OVER BASIS		5,222,516		
Less: Selling Expenses		(1,662,660)		
TAXABLE GAIN		3,559,856		
Capital Gains Tax (19) @	20.0%	711,971		(711,971)
NET PROCEEDS FROM SALE - AFTER TAX				18,519,231

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

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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%	49,565	3.6%	59,155	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%	0.8%	12,000	1.0%	12,300	0.9%	12,608	0.8%	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%	0.8%	12,000	1.0%	12,300	0.9%	12,608	0.8%	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%	0.8%	12,000	1.0%	12,300	0.9%	12,608	0.8%	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	6.4%	93,897	5.8%	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	1.9%	28,169	1.8%	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	1.3%	18,779	1.2%	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	0.9%	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	3.6%	82,177	5.1%	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	1.5%	22,535	1.4%	23,907	1.4%	6,509	0.4%	26,906	1.4%	28,544	1.5%	30,282	1.5%	32,125	1.5%	34,081	1.6%
Other	2.5%	0.7%	11,680	1.0%	12,391	0.9%	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%	315,040	22.8%	369,202	23.0%	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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THE RUNE, LLC
Alexandria, Minnesota
Forecasted Statement of Total Revenue

05/21/19

TABLE 8A: COMMERCIAL 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%	21,294	3.5%	26,082	3.6%	28,610	3.7%	30,536	3.8%	33,271	3.9%	38,584	4.0%	39,548	4.1%	40,537	4.2%	41,551	4.3%	42,589	4.4%
Advertising / Marketing	2.5%	0.2%	1,779	0.3%	1,823	0.3%	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	0.3%	2,513	0.3%
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	6.3%	46,719	6.0%	47,887	5.9%	49,085	5.7%	56,923	5.8%	58,346	6.0%	59,805	6.1%	61,300	6.3%	62,832	6.4%
Trash	2.5%	1.3%	11,562	1.9%	11,851	1.6%	12,147	1.6%	12,451	1.5%	12,762	1.5%	14,800	1.5%	15,170	1.6%	15,549	1.6%	15,938	1.6%	16,336	1.7%
Maintenance / Repairs	2.5%	0.6%	4,205	0.7%	4,310	0.6%	4,417	0.6%	4,528	0.6%	4,641	0.5%	7,008	0.7%	7,183	0.7%	7,362	0.8%	7,546	0.8%	7,735	0.8%
Grounds	2.5%	1.5%	13,340	2.2%	13,674	1.9%	14,016	1.8%	14,366	1.8%	14,725	1.7%	17,077	1.8%	17,504	1.8%	17,941	1.8%	18,390	1.9%	18,850	1.9%
Real Estate Taxes	%of rent X % of RE value:	13.5%	6,660	1.1%	64,206	8.8%	106,736	13.7%	109,405	13.5%	112,140	13.0%	114,943	11.8%	117,817	12.1%	120,762	12.4%	123,781	12.7%	126,876	13.0%
Insurance	2.5%	1.2%	10,672	1.8%	10,939	1.5%	11,213	1.4%	11,493	1.4%	11,493	1.3%	13,662	1.4%	14,003	1.4%	14,353	1.5%	14,712	1.5%	15,080	1.5%
Other	2.5%	0.2%	1,779	0.3%	1,823	0.3%	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	0.3%	2,513	0.3%
TOTAL COMMERCIAL OPERATING EXPENSES			121,095	19.9%	185,757	25.6%	233,202	30.0%	240,243	29.7%	247,885	28.8%	274,381	28.2%	281,240	28.9%	288,271	29.6%	295,478	30.3%	302,865	31.1%
OPX PER Square Foot			4.32		6.63	0.00	8.32	0.00	8.57	0.00	8.84	0.00	9.79	0.00	10.03	0.00	10.28	0.00	10.54	0.00	10.81	0.00

5 yr avg 7.34

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>90.5% Residential
90.8% Commercial</p> | | | | | | |
| <p>2. The mortgage amount is based on:
 The mortgage assumptions are as follows:</p> <table border="0" style="margin-left: 150px; 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)	3.5%
	Advertising / Marketing	0.5%
	Legal	0.5%
	Administrative	0.6%
	Utilities	5.4%
	Trash	1.6%
	Maintenance / Repairs	0.9%
	Grounds	1.1%
	Real Estate Taxes (10 yr Avg)	7.1%
	Insurance	1.3%
	Other	0.6%
	TOTAL OPERATING EXPENSES	23.1%

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.

- | | |
|---|--|
| 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 |