01 Executive summary

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Five hypothetical loans/projects; outstanding exposure $25,500,000. Quarterly NOI/EBITDA proxy $1,104,000; debt service $830,000; portfolio DSCR 1.33x.

Major developments: the illustrative hotel has operating and renovation pressure; manufacturing faces cost escalation; healthcare margins narrow. These are invented conditions, not findings about real borrowers.

Priorities: obtain current financial reporting, review the hotel liquidity/capital gap and confirm 2027 maturities and covenant definitions.

Risk category	Loans	Exposure
Stable	2	$12,250,000
Watch	2	$7,150,000
Elevated	0	$0
Critical	1	$6,100,000

02 Portfolio dashboard

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Exposure and operating indicators are consolidated without averaging individual DSCR ratios. Geography is an invented regional allocation.

Loan / region	Sector	Balance	DSCR	Risk
MF-01 / Southeast	Multifamily	$7,400,000	1.74x	Stable
HT-02 / Southwest	Hotel	$6,100,000	0.91x	Critical
IN-03 / Midwest	Industrial	$4,850,000	1.57x	Stable
HC-04 / Northeast	Healthcare	$3,900,000	1.25x	Watch
MN-05 / Midwest	Manufacturing	$3,250,000	1.23x	Watch

03 Individual loan performance

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Quarterly operating figures use simple NOI (property) or EBITDA (business) proxies. Real lender adjustments require engagement-specific evidence.

Loan	Original loan	Balance	Rate / maturity
MF-01 Illustrative multifamily	$8,000,000	$7,400,000	5.8% / 2029-06-30
HT-02 Illustrative hotel	$6,500,000	$6,100,000	7.5% / 2027-09-30
IN-03 Illustrative industrial property	$5,200,000	$4,850,000	6.0% / 2028-12-31
HC-04 Illustrative healthcare business	$4,300,000	$3,900,000	7.0% / 2028-03-31
MN-05 Illustrative manufacturing business	$3,600,000	$3,250,000	6.5% / 2027-12-31

04 Underwritten versus actual performance

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All revenue, expense, debt service, capex and cash-flow values are quarterly USD. Variance means actual minus original underwriting; positive expense variance is adverse.

Loan / measure	Underwritten	Actual	Variance
MF-01 revenue	$520,000	$545,000	$25,000
MF-01 expenses	$210,000	$232,000	$22,000
MF-01 noi	$310,000	$313,000	$3,000
MF-01 debtService	$180,000	$180,000	$0
MF-01 capex	$20,000	$25,000	$5,000
MF-01 cashFlow	$110,000	$108,000	-$2,000
MF-01 occupancy	95.0%	94.0%	-1.0 pp
HT-02 revenue	$800,000	$740,000	-$60,000
HT-02 expenses	$510,000	$560,000	$50,000
HT-02 noi	$290,000	$180,000	-$110,000
HT-02 debtService	$190,000	$198,000	$8,000
HT-02 capex	$35,000	$55,000	$20,000
HT-02 cashFlow	$65,000	-$73,000	-$138,000
HT-02 occupancy	73.0%	64.0%	-9.0 pp
IN-03 revenue	$355,000	$370,000	$15,000
IN-03 expenses	$120,000	$132,000	$12,000
IN-03 noi	$235,000	$238,000	$3,000
IN-03 debtService	$152,000	$152,000	$0
IN-03 capex	$12,000	$15,000	$3,000

04 Underwritten versus actual performance

Loan / measure	Underwritten	Actual	Variance
IN-03 cashFlow	**$71,000**	**$71,000**	**$0**
IN-03 occupancy	98.0%	98.0%	0.0 pp
HC-04 revenue	$950,000	$1,020,000	$70,000
HC-04 expenses	$730,000	$817,000	$87,000
HC-04 noi	$220,000	$203,000	-$17,000
HC-04 debtService	$155,000	$162,000	$7,000
HC-04 capex	$18,000	$24,000	$6,000
HC-04 cashFlow	$47,000	$17,000	-$30,000
HC-04 occupancy	Not applicable	Not applicable	Not applicable
MN-05 revenue	$1,350,000	$1,360,000	$10,000
MN-05 expenses	$1,110,000	$1,190,000	$80,000
MN-05 noi	$240,000	$170,000	-$70,000
MN-05 debtService	$130,000	$138,000	$8,000
MN-05 capex	$45,000	$60,000	$15,000
MN-05 cashFlow	$65,000	-$28,000	-$93,000
MN-05 occupancy	Not applicable	Not applicable	Not applicable

05 DSCR analysis

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DSCR = quarterly NOI/EBITDA proxy divided by quarterly debt service. Forward-looking values use a separate invented next-quarter budget.

Loan	Underwritten	Prior quarter	Current	Forward
MF-01	1.72x	1.73x	1.74x	1.73x
HT-02	1.53x	1.08x	0.91x	0.92x
IN-03	1.55x	1.56x	1.57x	1.57x
HC-04	1.42x	1.28x	1.25x	1.27x
MN-05	1.85x	1.32x	1.23x	1.29x

06 Historical performance trends

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Four hypothetical quarters are supplied. They are demonstration inputs, not observed borrower reporting.

Quarter	Revenue	Expenses	NOI/EBITDA	DSCR
2025 Q4	$4,028,000	$2,729,000	$1,299,000	1.61x
2026 Q1	$4,040,000	$2,805,000	$1,235,000	1.52x
2026 Q2	$4,015,000	$2,871,000	$1,144,000	1.39x
2026 Q3	$4,035,000	$2,931,000	$1,104,000	1.33x

07 Market and economic conditions

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All market statements below are hypothetical scenario assumptions. No external research or real employment/ population estimate is asserted.

Loan	Hypothetical market assumption
MF-01	Hypothetical new apartment deliveries increase concessions; no actual local market research is represented.
HT-02	Hypothetical competitive supply and weaker room demand reduce occupancy; all demand assumptions are illustrative.
IN-03	Hypothetical flat leasing demand; a major tenant expiry in 2027 requires review. No observed leasing data is claimed.
HC-04	Hypothetical wage pressure and slower collections affect margins. Patient utilisation is not property occupancy.
MN-05	Hypothetical input-cost escalation and customer concentration; no external industry forecast is cited.

08 Financial risk analysis

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Liquidity uses current assets divided by current liabilities. Leverage is balance divided by a supplied hypothetical valuation; missing values remain unavailable. Cash balance is a stock, not quarterly cash flow.

Loan	Cash	Current ratio	LTV	Operating margin
MF-01	$360,000	1.80x	66.1%	57.4%
HT-02	$95,000	0.70x	Not available	24.3%
IN-03	$260,000	1.86x	67.4%	64.3%
HC-04	$175,000	1.28x	Not available	19.9%
MN-05	$130,000	1.13x	Not available	12.5%

09 Covenant and exception monitoring

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Invented DSCR thresholds illustrate exception reporting only. Compliance requires the signed agreement, testing dates, adjustments and waivers. Missing valuations for three records require separate evidence if LTV testing is contracted.

Loan	Illustrative DSCR minimum	Actual	Example exception
MF-01	1.20x	1.74x	Meets example threshold
HT-02	1.25x	0.91x	Below example threshold
IN-03	1.20x	1.57x	Meets example threshold
HC-04	1.15x	1.25x	Meets example threshold
MN-05	1.20x	1.23x	Meets example threshold

10 Construction and development monitoring

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Only the hotel renovation and manufacturing expansion have hypothetical construction activity. Other loans: not applicable. Cost-to-complete = forecast total less incurred costs; it is not automatically available financing.

Loan	Budget / forecast	Incurred / draws	Completion / delay	Cost to complete
MF-01	Not applicable	Not applicable	Not applicable	Not applicable
HT-02	$1,200,000 / $1,380,000	$1,080,000 / $900,000	80.0% / 45 days	$300,000
IN-03	Not applicable	Not applicable	Not applicable	Not applicable
HC-04	Not applicable	Not applicable	Not applicable	Not applicable
MN-05	$1,800,000 / $2,050,000	$1,100,000 / $950,000	55.0% / 30 days	$950,000

11 Portfolio concentration analysis

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Exposure shares use current outstanding balance. Each invented sponsor controls one loan. Sector and asset-type concentration are the same in this five-record example.

Loan / borrower	Region / sector	Maturity	Exposure share
MF-01 / Hypothetical sponsor A	Southeast / Multifamily	2029-06-30	29.0%
HT-02 / Hypothetical sponsor B	Southwest / Hotel	2027-09-30	23.9%
IN-03 / Hypothetical sponsor C	Midwest / Industrial	2028-12-31	19.0%
HC-04 / Hypothetical sponsor D	Northeast / Healthcare	2028-03-31	15.3%
MN-05 / Hypothetical sponsor E	Midwest / Manufacturing	2027-12-31	12.7%

12 Interest rate and debt sensitivity

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Floating-rate stress adds balance x 2% / 4 to quarterly debt service for floating loans only. Refinancing stress applies the same incremental interest to all loans; principal amortisation and lender pricing are not forecast.

Loan	Current debt service	Floating +200 bp DSCR	Refinance +200 bp DSCR
MF-01	$180,000	1.74x	1.44x
HT-02	$198,000	0.79x	0.79x
IN-03	$152,000	1.57x	1.35x
HC-04	$162,000	1.12x	1.12x
MN-05	$138,000	1.10x	1.10x

13 Stress testing

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Standalone shocks: revenue -10%, operating expenses +10%, occupancy -5 percentage points for applicable properties, floating rates +200 bp, refinancing +200 bp, combined revenue/expense/floating-rate stress. Fixed-rate existing debt does not reprice.

Scenario	Quarterly NOI/EBITDA	Debt service	Portfolio DSCR
Revenue -10%	$700,500	$830,000	0.84x
Expenses +10%	$810,900	$830,000	0.98x
Occupancy -5 percentage points	$998,321	$830,000	1.20x
Floating rate +200 basis points	$1,104,000	$896,250	1.23x
Refinancing at +200 basis points	$1,104,000	$957,500	1.15x
Combined downside	$407,400	$896,250	0.45x

14 Risk classification

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These are illustrative internal analytical categories based only on current DSCR. They are not regulatory classifications, formal credit ratings or investment recommendations. A real engagement also assesses missing data, covenants, liquidity, sponsors, collateral and market conditions.

Category	Illustrative threshold
Stable	Current DSCR >= 1.35x
Watch	Current DSCR >= 1.20x and < 1.35x
Elevated	Current DSCR >= 1.00x and < 1.20x
Critical	Current DSCR < 1.00x

15 Recommended actions

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These invented follow-ups demonstrate the areas an analyst may flag for additional investigation; they are not instructions to a real borrower or lender.

Loan	Additional evidence / investigation
MF-01	Obtain the next certified rent roll, concession schedule and trailing operating statement.
HT-02	Request a liquidity plan, debt reset terms, renovation cost-to-complete and updated booking pace.
IN-03	Review tenant concentration, lease expiry dates and renewal assumptions.
HC-04	Obtain receivables ageing, payer mix and evidence supporting staffing assumptions.
MN-05	Review backlog conversion, inventory ageing, customer concentration and the expansion funding gap.

16 Portfolio outlook

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Invented next-quarter portfolio DSCR: 1.34x. This is a budget scenario, not a verified forecast or guarantee.

Downside risks include operating-cost inflation, weaker occupancy, delayed stabilisation and floating-rate exposure. 2027 hotel/manufacturing maturities require scenario-specific refinancing review.

Upcoming hypothetical events: hotel renovation stabilisation in 2027 Q2; manufacturing expansion stabilisation in 2027 Q3. Missing reliable valuations and detailed adjusted cash-flow evidence limit conclusions.

Loan	Current DSCR	Illustrative forward DSCR
MF-01	1.74x	1.73x
HT-02	0.91x	0.92x
IN-03	1.57x	1.57x
HC-04	1.25x	1.27x
MN-05	1.23x	1.29x

17 Supporting financial schedules

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Every value, place, borrower, market condition and date is hypothetical. Reporting-period selection does not create real observations.

Quarterly property NOI and business EBITDA proxies equal revenue less the stated operating expenses. They exclude depreciation, income tax and interest; detailed lender cash-flow adjustments are not modelled.

DSCR = quarterly NOI/EBITDA proxy / quarterly debt service. Portfolio DSCR = total quarterly proxy / total debt service, not an average of loan ratios.

After-debt/capex cash flow = NOI/EBITDA proxy - debt service - capital expenditure. It is not investor distributable cash or an equity return.

Rate scenarios add outstanding balance x annual rate change / 4 to quarterly debt service for floating loans; the refinancing scenario applies to all loans. These are incremental-interest approximations, not amortisation quotes.

Occupancy stress reduces revenue proportionally only for property records with an occupancy input; business occupancy is not applicable. It assumes unchanged rates and expenses and is not a demand forecast.

Risk bands use current DSCR alone to make the example reproducible. They are illustrative internal analytical categories, not regulatory classifications, formal credit ratings or a full credit decision.

Covenant comparisons use invented example thresholds. Actual compliance requires the executed agreement, permitted adjustments, testing dates, waivers and reliable financial statements.

Projected figures are a separate illustrative next-quarter budget. Valuation-based leverage is shown only where a hypothetical valuation is supplied; missing values are not zero.

Loan	Revenue - expenses	NOI/EBITDA / debt	After-debt/capex cash
MF-01	$545,000 - $232,000	$313,000 / $180,000	$108,000
HT-02	$740,000 - $560,000	$180,000 / $198,000	-$73,000
IN-03	$370,000 - $132,000	$238,000 / $152,000	$71,000
HC-04	$1,020,000 - $817,000	$203,000 / $162,000	$17,000
MN-05	$1,360,000 - $1,190,000	$170,000 / $138,000	-$28,000