

# Private Market Investment Memo

**To:** EverSource Investment Committee  
**From:** Daniel Phillips  
**Date:** 7/21/2023  
**Re:** LIV Development Fund I

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## SUMMARY

LIV Development Fund I is an unregistered, closed-end private real estate fund focused on investing in merchant multifamily development projects. The sponsor, LIV Development, is the 14<sup>th</sup> largest multifamily developer in the U.S. and has built a reputation over the last 17 years for excellent risk-adjusted returns. LIV Development is the General Partner for 48 multifamily syndicated deals and has successfully realized 25 investments with an average IRR of 46% and equity multiple of 2.2x across an average 2.5-year hold period. LIV Development Fund I has substantially identical terms to prior equity syndicate deals that were structured as joint ventures with institutional LPs, while serving as LIV's first pooled vehicle to provide its private wealth network of friends and family access to more deal flow.

LIV Development has progressively moved towards a vertically integrated development model differentiated by off-market site selection, an in-house design team, scaled project management, an equity aligned approach to its property management partnership, and an affiliated Foundation focused on fostering healthy community among residents. While the Fund does not have an impact investing mandate, the leadership team does seek to have a social and spiritual impact on residents' lives through community programming and placing care teams to build relationships with tenants.

LIV Development is an emerging real estate manager, and its fund accounting and control systems will need improvements if the firm plans to scale future fund vintages. Notable gaps include the decisions to in-source fund administration without licensing a fund administration platform and avoiding an external audit for fund financials. Internal controls and accounting systems for the underlying project entities appear adequate, but these operational weaknesses at the Fund level should be noted.

## RECOMMENDATION

Approve LIV Development Fund I for the EverSource advisor platform. In the past, EverSource has successfully partnered with other emerging real estate managers with a strong local reputation and LIV Development's initial fund presents a good opportunity to build a long-term relationship with a leading development real estate sponsor.

However, position sizing per client and EverSource's overall exposure should reflect LIV Development's emerging manager operational risks. The fund is *qualified client* eligible with a minimum investment requirement of \$250,000. The appropriate max allocation size per client is 5% of the total household portfolio value.

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## FUND PROFILE

<b>Firm/GP Legal Name:</b>	LIV Development	
<b>Fund Legal Name:</b>	LIV Development Fund I	
<b>Investment Advisor:</b>	N/A	
<b>Regulatory Supervisor:</b>	SEC	
<b>Key Persons:</b>	Fund:	Robb Crumpton, Andrew Murray, Jeff Hicks
	Firm:	Robb Crumpton
	Strategy:	Robb Crumpton, Andrew Murray
<b>Fund Size:</b>	Targeted:	\$120 million
	Minimum:	\$30 million
	Maximum / Cap:	\$120 million
	First Close:	\$30 million
	GP Commitment:	\$1.5 million (includes deferred development fees)
<b>Fund Term:</b>	Structure:	Limited Partnership
	First Close:	Q2 2023
	Final Close:	Q3 2023
	Investment Period:	2 years
	Remainder of Term:	5 years
	Extension Period:	2 years
<b>Liquidity:</b>	Subscriptions:	Final close in Q3 2023.
	Distributions:	None until underlying properties are sold.
	Redemptions:	None.
<b>Fees (Management, Incentive &amp; Other):</b>	Investment Period:	1.5% of called capital
	Follow-on Period:	N/A
	Hurdle (%):	8% compounded annually (fund level)
	Incentive Fee (%):	30% to 15% IRR, 40% to 20% IRR, then 50% (deal level)
	Catch-up (%):	None
	Other:	3.0% development fee on total cost; 1.5% construction fee on total hard costs; \$85,000 pre-development fee per project; 2.0% acquisition fee on land costs; and \$60,000 design fees per project
<b>Investment Focus:</b>	Strategic:	Private Real Estate – Opportunistic; Class A MFH Development
	Geographic:	Southeast – Birmingham, Charlotte, Jacksonville, Atlanta potential locations
	Industry:	Real Estate
	Impact/ESG:	Yes – resident community programs via Goodfield Foundation
<b>Target Returns:</b>	Net IRR:	16%-18%
	Net MOIC:	1.5x
<b>Client Access:</b>	Eligibility Requirements:	Qualified Client (3c5 and 3c6 exemptions)
	Share Class Minimums:	\$250,000
	Investor Portal:	Juniper Square
	Tax Forms:	K-1
	Custodians:	N/A

## MERITS

- *Established vertically integrated multifamily team with excellent reputation:* LIV's leadership team credits their success to their vertically integrated platform differentiated by site sourcing, creative design, strong project management, a high-functioning relationship with their third-party property manager, and community building programming through an affiliated Foundation. LIV Development is now the 14<sup>th</sup> largest multifamily developer by unit volume in the U.S.
- *Strong track record of project realizations:* LIV has realized 25 merchant multifamily development projects with a minimum 24% IRR and a 1.7x equity multiple. The fee structure for prior syndicates is substantially identical to the Fund's fee structure.
- *Conservative underwriting and capital structure provide margin of safety:* LIV has historically applied a more conservative underwriting model to analyze deal flow. For example, LIV chooses not to bring down exit cap rates beneath 5.5% or trend rent growth. In addition, LIV's reputation as a developer has allowed it to continue to access Bank CRE lenders when many smaller developers have been shut out. LIV also does not use preferred equity to further leverage common equity returns, providing a larger margin of safety than many developers syndicating apartment developments.
- *Access to merchant multifamily development fund strategy without a double promote:* LIV's fund structure and terms provide access to a highly resilient asset class and opportunistic real estate strategy, while avoiding the double promote typical of institutional funds accessing multifamily development deals.

## CONCERNS

- *Rapid growth in development projects and organization:* LIV has 23 active projects under development compared to 25 achieved realizations. LIV Development's team has doubled in size in the last two years. There are 11 projects in the pipeline under contract. The current environment will be a significant test of LIV's underwriting conservatism and ability to deliver performance during peak activity in a softening macro environment for multifamily. LIV has grown staff from 20 two years ago to over 70 to stay ahead of this growth.
- *Fund concentration by project:* LIV Development Fund I will be investing in 3-4 pre-selected development deals from LIV's pipeline. Highlighted potential deals will be geographically spread across the Southeast and are likely to come from the Birmingham, AL; Charlotte, NC; Jacksonville, FL; or Atlanta, GA submarkets and require similar amounts of equity (~\$30M). While preferable to an individual syndicated deal, the fund is still highly concentrated.
- *Historically elevated new supply of multifamily units:* New multifamily housing starts in 2023 are at the most elevated level since the mid-1980's. While various economists have estimated that there is a national shortage of 4-5 million housing units, housing demand is local and not completely inelastic as demonstrated by negative net lease absorption in 2H 2022 as the runup of asking rents pressured demand. Given that LIV Development builds a premium Class A product for a premium asking price, the firm may have more difficulty achieving premium rents if net absorption materially declines in its target submarkets.
- *High cost of debt capital:* In a higher for longer environment of elevated SOFR rates, debt financing is more expensive and less accretive (~5%, <60% LTVs) but will slow the volume of new MFH starts. LIV's average historical IRRs are likely unattainable in this new market environment given that upside is likely capped by higher interest cost and lower loan to cost construction loans.
- *Operational risks reflective of an emerging real estate manager:* this is LIV's initial pooled vehicle and LIV is approaching the fund similar to its previously syndicated deals from an accounting systems and controls position. Fund administration is being managed internally via Excel and the fund will not have an external audit.

## ORGANIZATION AND TEAM

Since being founded in 2006 by Robb Crumpton, LIV Development has grown into the 14<sup>th</sup> largest multifamily developer in the U.S. LIV Development has differentiated itself through meticulous site selection; a deep vertically integrated design and development process; fostering its resident communities through unique programming, living, and gathering spaces; and extraordinary financial outcomes for LPs.

Prior to co-founding LIV, CEO Robb Crumpton served on the Construction/Development team at Capstone, overseeing pre-development, due diligence, budgeting, and construction of student housing across the Southeast and Midwest. During the first nine years of LIV Development, he led a relatively small team (<10) that grew deal-by-deal. Mr. Crumpton bought out two of his early co-founders who preferred to build their own lifestyle business with less aggressive growth goals. From an external perspective, the split appeared to be amicable. Eight years ago, as LIV was starting to gain scale, Mr. Crumpton began a series of strategic hires that have significantly accelerated the firm’s growth trajectory.

Andrew Murray was hired in 2015 as the Senior Managing Director of Development and assumed responsibilities for originating and structuring new investment opportunities. Michael Mummert joined LIV in 2016 as Managing Director of Construction and took over responsibility for overseeing preconstruction, budgeting, and contract negotiation. In 2018, Tom Spies was hired a President and COO, responsible for all day-to-day operations and brought significant expertise and experience in this role. Three other members of the leadership team have joined as well in the last few years, including Jeff Hicks (CFO – replacement in 2021), Katie Stripling (Chief of Staff), and Jason Bailey (Chief Legal Officer). As of 2023, the organization has now scaled to over 70 persons spanning all functions of the business.

<b>Function</b>	<b>Headcount</b>
Leadership	7
Corporate	8
Pre-Development	17
LIV Creative Group	7
Construction	21
Operations	9
Finance	6
<b>Total</b>	<b>75</b>

In the last five years, the only significant turnover among key people that LIV has disclosed was the departure of the former CFO. That role was filled recently with the hiring of Jeff Hicks in 2021.

As the founder, CEO, and owner of LIV Development, Robb Crumpton maintains full control over the firm and there is no formal succession plan in place. Mr. Crumpton is still in his mid-40’s. There is no board of directors or other formal governance outside of Mr. Crumpton and the LIV leadership team. However, there is a deep and growing bench of talent that could feasibly execute a contingency plan, limiting key man risk for Robb Crumpton.

The only formal committee of the fund is an investment committee consisting of Robb Crumpton (CEO), Jeff Hicks (CFO), Tom Spies (President & COO), Bradley Sklar (external member – attorney), Thomas Harris (external member), and Jeffrey Cash (external member). The investment committee will meet on an ad hoc basis and make decisions by majority vote.

An LPAC will be established within the first anniversary of the initial close (April 2024) consisting of 3-5 LPs independent of the GP. The only decisions that would require LPAC approval include recalling capital, adjusting investment objectives, and authorizing co-investment opportunities.

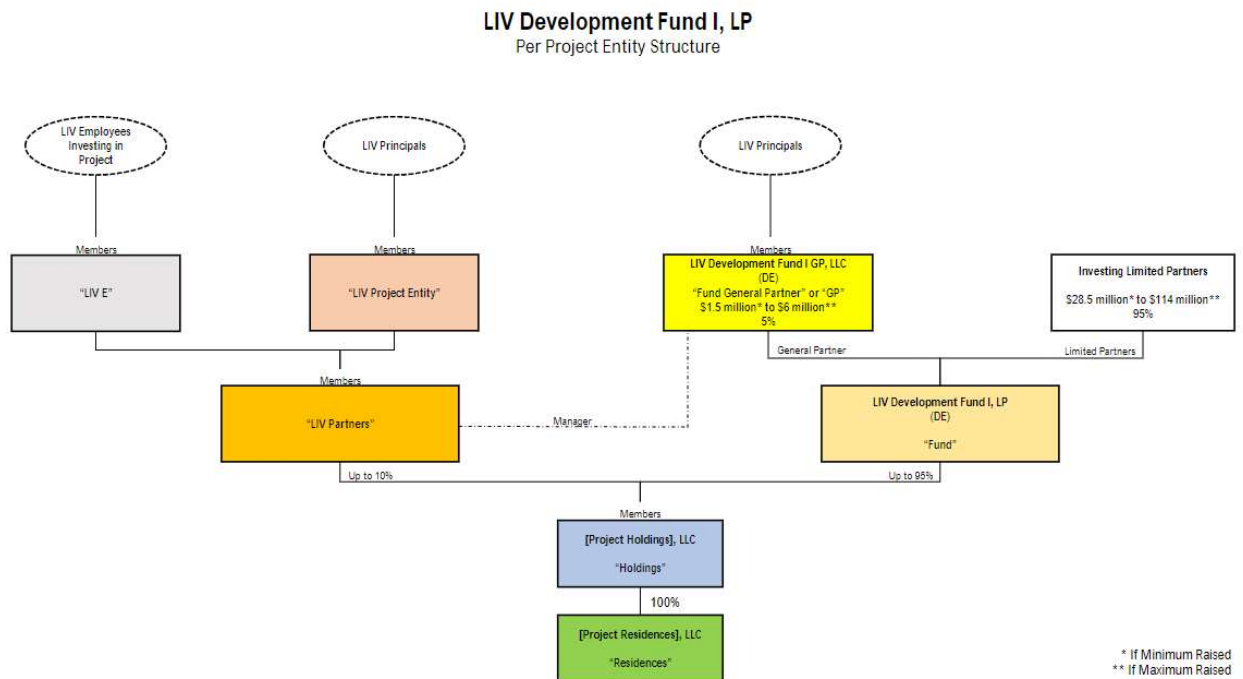
LIV Development has not disclosed its financials. As part of EverSource’s diligence process, LIV did attest that the firm, its affiliates, and leadership members and directors have never failed to make payments on any debt or declared bankruptcy. LIV Development provides joint and several repayment and completion

guarantees for all projects currently under development, which could create a material negative impact on the firm, and by extension, Robb Crumpton’s financial position if a project were not completed. LIV is also heavily incentivized to deliver an excellent financial outcome within a constrained period (30-36 months) through the graduated incentive fee structure with three IRR hurdles at 8%, 15%, and 20% to achieve the initial carried interest of 30%, then 40%, and finally 50% of distributions.

From a capital alignment perspective, LIV’s requirements are more flexible than desired given that the GP is only required to commit 5% of total capital commitments to the fund and that commitment may be partially funded through deferred development fees. However, the all-in commitment from the LIV group, including employees, is 10-15% of the projected equity commitment. In aggregate, this is acceptable given the significant capital required from LIV Development’s growth and the rest of the structure.

## FUND STRUCTURE

LIV Development Fund I was formed with the intention of investing in 3-4 merchant multifamily developments. The pre-identified and contracted sites are in Birmingham, AL; Charlotte, NC; Jacksonville, FL; and Atlanta, GA. The Fund will invest in each project via a project specified joint venture with LIV Development (or affiliate). Each joint venture will be structured as a limited partnership. The organizational entity structure for each joint venture is provided below.



Capital will be deployed for each project entity through the development cycle with equity leading, followed by bank construction loan financing (target 60% LTV). The funding period for each deal is expected to last less than three years. Historically, LIV has returned capital within 30 months on average, which has led to highly competitive IRRs. The anticipated lifetime of the fund is 5 to 7 years, given that different projects will likely be shovel ready, drawdown, and return capital on different schedules. During the lifecycle of the fund, there will be no liquidity or capital redemption rights for LPs.

Given that LIV Development is an emerging manager, LIV Development Fund I represents the initial evolution from per project syndicates to a pooled fund of projects. Therefore, it is not surprising that fund structure, fees, compliance, and reporting commitments have not evolved materially toward an institutional quality level yet.

LIV Development does not intend to provide audited financials for the Fund. The incentive fee structure will be on a deal-by-deal basis after the preferred return is achieved, but there is a clawback provision of carried interest in the event a later deal fails to reach the 8% compound annual preferred return hurdle to protect LPs.

Warren Averett will provide tax audit and compliance. The Fund will provide a K-1 to each LP. All tax form reporting, return of capital distributions, and quarterly updates will be delivered via the Juniper Square investor portal.

## FUND STRATEGY

LIV Development Fund I will be allocating capital to 3-4 merchant multifamily deals in the Southeast. LIV's thesis continues to be that despite the surge in new apartment unit supply hitting these submarkets in 2023 and 2024, growing demand will continue to absorb new units and keep occupancy levels elevated as high short-term rates constrict further new supply and rent growth restabilizes at a lower baseline level.

LIV's investment strategy has remained consistent since the firm's founding, while the reach and quality of the firm's vertical integration has been strengthened and refined. LIV's process starts in pre-development with a thorough process around site selection and underwriting, led by Andrew Murray and a team of 16 other Managing Directors, Directors, and Associates, responsible for deal sourcing and screening. LIV has always applied a more conservative approach to underwriting, modeling to above market cap rates of ~5.5% and electing not to trend revenue growth (assume per unit market rents are constant over the life of the project). LIV's leadership estimates that through its proactive process of employing regional teams to build local relationships and its proprietary underwriting process, it can place premium sites under contract at a 20-50% discount to market land costs through targeting off-market sites via its network of sellers and local brokers.

After a site is underwritten and placed under contract, LIV begins work on the design process while working through any rezoning and entitlement requirements. In the last two years, LIV has grown its multi-disciplinary internal design group to seven team members, LIV Creative Group, to bring to life each unique Livano community through architecture, landscape, and interiors designs that elevate the best features of the local environment and focus on creating communities. In 2022, LIV unveiled its Livano brand to distinguish its premium Class A product in the marketplace.

Once the entitlement, design process, and capital funding plan are complete, LIV will close on each property and commence construction, overseen by Michael Mummert and a team of 20 Directors, Project Managers, and Project Coordinators. LIV will work with 4-5 third-party general contractors at a time and requires each general contractor to sign a guaranteed maximum price (GMAX) contract, which is a construction agreement that puts a maximum cap on hard costs and the scope of work.

As each construction project nears completion (14-24 months), LIV will engage the property manager, Fogelman Property Management, to begin the marketing and lease-up process. LIV has had a very close relationship with Fogelman from its initial project and requires Fogelman to co-invest in every single project to properly align incentives. LIV has published a playbook that spells out exactly how each property must be managed by Fogelman. LIV's leadership team has described the relationship as a great partnership. Fogelman manages 28,000 units across the Southeast and Central U.S. and has a track record of over 50 years in property management and 20 years as a multifamily investor focused on return maximization.

In the fund, each deal will be capitalized with a 55%-60% senior secured loan from a bank CRE lender and 40-45% equity from LIV and Fund LPs. LIV will not be using a preferred equity partner in any deal. Equity will be fully called down first, then debt. Each project entity is expected to have a 30-36-month funding period before capital is returned. There will not be any anticipated distributions or liquidity events until each deal is sold.

## INVESTMENT PERFORMANCE

LIV Development Fund I is the Firm’s first fund, formed to provide “friends and family” access to an exclusive vehicle given that LIV’s prior syndicate offerings have been oversubscribed and this investor group has been cut back relative to Institutional capital partners. As such, there is no prior fund track record. However, there is a robust history of deals via joint ventures with institutional capital partners (e.g., Mesa Capital Partners, Eagle Realty Group).

The terms between the prior equity syndicates and the fund are the same. However, the fund will benefit through the diversification of three deals for the fund-level 8% annual preferred return.

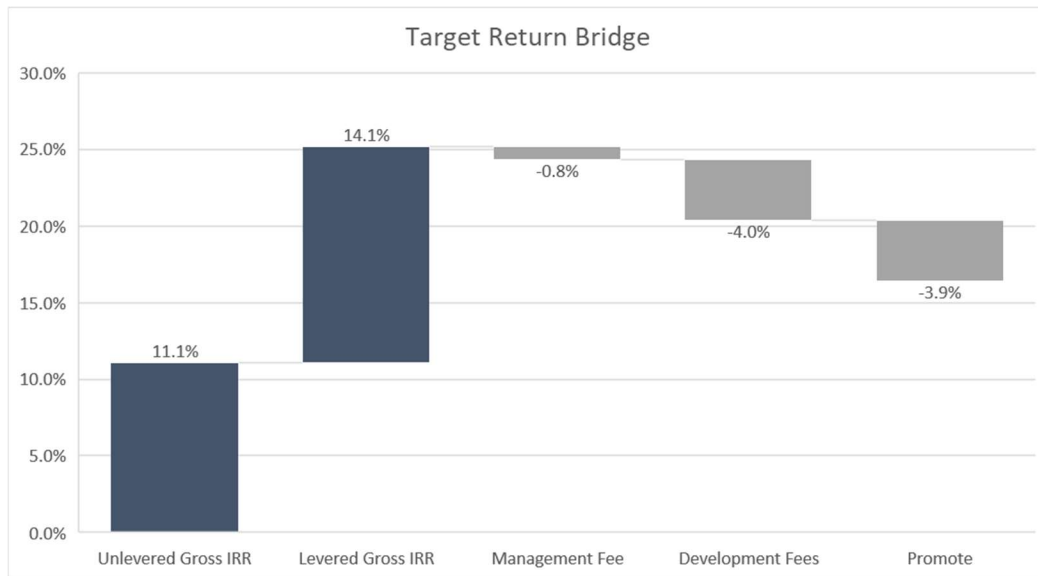
LIV’s Founder, Robb Crumpton, and Andrew Murray have overseen the site selection pipeline, acquisition process, and deal financial modeling from LIV’s first deal. LIV’s track record is attributable to this process and the vertically integrated design and development process that follows.

Below is a summary of LIV Development’s deal track record detailing the Limited Partner MOIC and IRR per deal. This track record of realized deals stretches from 2006 to 1Q 2023. Impressively, the minimum multiple and IRR is 1.71x and 24%, respectively, and the average multiple and IRR is 2.19x and 46%, demonstrating incredibly strong risk-adjusted returns for LPs since the inception of the strategy.

Project	Cost/Unit	Sale Price/Unit	Profit/Unit	LP MOIC	LP IRR
City Green	\$ 97,518	\$ 122,411	\$ 24,894	3.55	69%
Miller Creek	\$ 100,000	\$ 132,576	\$ 32,576	2.87	90%
Whitepalm	\$ 102,941	\$ 131,665	\$ 28,724	2.42	63%
Riverhouse	\$ 114,559	\$ 151,830	\$ 37,271	1.93	45%
Whitestone	\$ 101,471	\$ 163,235	\$ 61,764	2.40	52%
Parkside	\$ 150,230	\$ 237,257	\$ 87,027	2.80	48%
Brookson	\$ 118,247	\$ 165,000	\$ 46,753	2.07	40%
1760	\$ 137,910	\$ 207,531	\$ 69,621	2.26	51%
Cleo	\$ 171,821	\$ 230,203	\$ 58,382	1.76	24%
Portiva	\$ 135,712	\$ 195,000	\$ 59,288	2.02	40%
Antiquity	\$ 132,163	\$ 189,250	\$ 57,087	2.27	51%
Round Rock	\$ 140,214	\$ 179,500	\$ 39,286	1.73	27%
Ironwood	\$ 137,521	\$ 185,500	\$ 47,979	1.80	34%
Bluebird Row	\$ 162,563	\$ 223,145	\$ 60,582	1.80	28%
Edison	\$ 170,856	\$ 220,000	\$ 49,144	1.80	25%
Westhouse	\$ 171,238	\$ 238,207	\$ 66,969	1.88	30%
Vecina	\$ 166,516	\$ 220,000	\$ 53,484	1.71	32%
Harrison	\$ 202,459	\$ 285,000	\$ 82,541	1.79	32%
Hillson	\$ 170,571	\$ 286,000	\$ 115,429	2.43	46%
Livingston	\$ 184,893	\$ 280,000	\$ 95,107	2.06	38%
Terrabella	\$ 195,612	\$ 326,000	\$ 130,388	2.36	56%
Jamestown	\$ 212,692	\$ 340,000	\$ 127,308	2.12	43%
Summerhouse	\$ 212,118	\$ 417,000	\$ 204,882	1.75	41%
Santos Flats	\$ 193,811	\$ 405,000	\$ 211,189	2.90	95%
Louis	\$ 181,331	\$ 287,500	\$ 106,169	2.21	48%

Summary Metrics:	LP MOIC	LP IRR
Minimum	1.71	24%
Maximum	3.55	95%
Average	2.19	46%
Median	2.07	43%

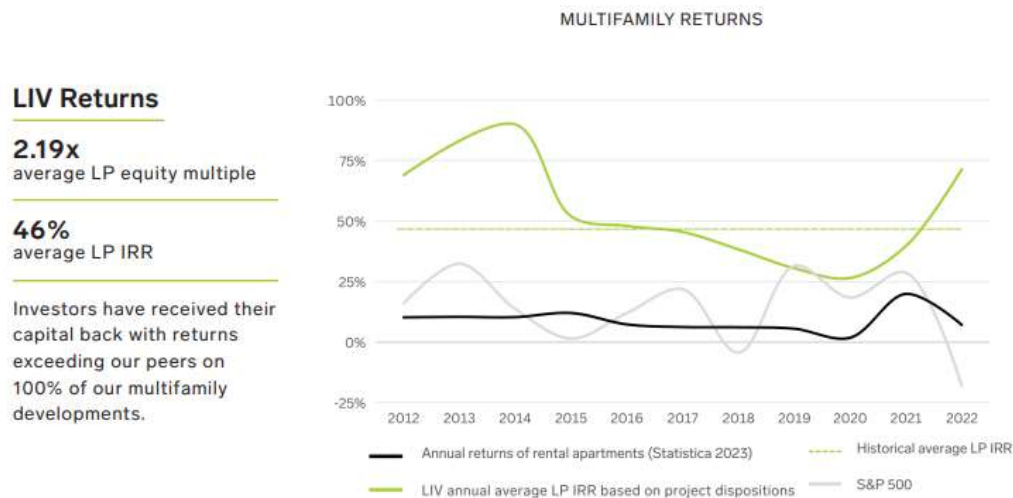
These returns have been achieved with the same leverage profile (~60% project LTV), LP terms, and project underwriting process. LIV Development conservatively underwrites a 16-18% IRR. The target return bridge illustrates our approximate understanding of the path to the Net IRR target.



LIV Development has provided three (3) underwritten deals that it has under contract and plans to capitalize through the fund. Below is a table with high level metrics from each underwritten deal:

Project	Location	Loan to Cost	Sales Cap Rate	LP Net IRR	LP MOIC
Livano Lake Norman	Charlotte, NC	60%	5.00%	16.7%	1.62x
Livano Liberty Park	Birmingham, AL	60%	5.25%	17.4%	1.56x
Livano Sandy Creek	Jacksonville, FL	60%	5.00%	20.5%	1.67x

The chart below illustrates how LIV has significantly outperformed a broad benchmark of rental apartments over the last decade by a wide margin. For these reasons, we believe that the target 16-18% IRR and 1.50x are likely a reasonable lower bound for the expected range of return outcomes, although the higher interest rate and lower leverage environment cap upside potential.



## FUND TERMS

While LIV Development Fund I's fee structure appears complex with multiple layered fees relative to many institutional development funds, the Fund avoids the double promote structure (Developer + Fund Manager) that is typical of many institutional funds allocating to multifamily development. When compared to other Developer fee structures (e.g., JPI, WF) and given the extent of LIV's vertical integration (e.g., site sourcing, LIV Creative Group) that drives the value of LIV's development engine, these fees would be considered market-rate although they can introduce conflicts of interest through payments to affiliated parties. A listing of fees includes:

**Fund-Level Management Fees:** 1.5% of called capital

**Deal-Level Fees:**

- \$85,000 pre-development fee per deal
- Up to 2.0% acquisition fee on the purchase price of the land
- \$60,000 LIV Creative Group design fee per deal
- 3.0% development fee on total hard and soft costs
- 1.5% construction fee on the total construction costs

**Carried Interest Waterfall:**

- Return of capital (pari passu)
- 8% compound annually distributed pari passu (fund level threshold)
- IRR Hurdle 1: 30% promote per deal until a 15% IRR is achieved by LPs
- IRR Hurdle 2: 40% promote per deal until a 20% IRR is achieved by LPs
- Residual Promote: 50% promote per deal after a 20% IRR is achieved by LPs
- Clawback provision: Yes

**Organizational and Operational Costs:** fully covered by Fund.

## IMPACT / ESG DUE DILIGENCE

LIV Development Fund I does not formally hold itself out as an impact fund or have a documented ESG policy. However, the firm has stood up its own nonprofit 501c3 organization, called The Goodfield Foundation, to further the firm's mission of "invest well and do good", through providing dynamic programming to Livano communities, including Ramsey Plus, First Readers, and online counseling services. The opportunity for direct impact occurs from month 14, when residents begin moving in, to month 30-36 when the multifamily community is targeted to be sold.

Steve Ankenbrandt leads the recruitment of ministry teams that are placed in each Livano community as ambassadors to the residents and community builders. LIV gives teams the financial flexibility to stay on 6 months after the sale and the subsequent buyers of the property will keep ministry teams on 50% of the time after the sale.

LIV Development does not prepare any formal impact reports currently or provide investor reporting on these initiatives.

LIV Development matches 2-to-1 all employee contributions to the Foundation.

## OPERATIONAL DUE DILIGENCE

While LIV Development has built up a significant organization, strong leadership team, and track record, the firm should still be classified and analyzed as an emerging manager. Below is a review of vendors and service providers for each functional area.

<b>Function</b>	<b>Vendor/Service Provider Description</b>	<b>Assessment</b>
Investments	Dealpath is a very robust deal sourcing, screening, and diligence management software used by many of the largest CRE sponsors (e.g., Blackstone, Bridge, Nuveen) and internally by LIV Development that is capable of tracking and organizing an enormous amount of data streams on different deal opportunities from initial sourcing and acquisition to development and disposition.	Leading
Finance and Accounting	<p>Microsoft Dynamics Great Plains is the bookkeeping and accounting software that LIV's internal staff uses as the "source of truth" for recordkeeping. This platform is more commonly used by small to mid-sized businesses and will be converted by 2028 to Microsoft's new Business Central product.</p> <p>LIV has treasury controls and segregation of duties in place such as dual wire approvals and positive pay. There have been no known instances of fraud in the past.</p> <p>The financial reporting process is overseen by the CFO, Controller, and Senior Accountant. Monthly reports for each project are prepared by the Senior Accountant, reviewed and approved by the Controller, and finally a third review is conducted by the CFO.</p> <p>Externally, Warren Averett provides tax compliance and reporting. However, Warren Averett takes no role in auditing the Fund's financial statements or any other external attestation function.</p>	Adequate
Valuations	<p>Valuations are performed internally and adhere to GAAP (fair value accounting). Fair value is approximated to be cost until the property is stabilized on a trailing 3-month basis. Upon stabilization, the Controller will coordinate with members of the Firm's operations team and firm's President to determine appropriate fair value measurement based the 3 levels of GAAP hierarchy. The CFO will review and approve valuations.</p> <p>There is no LPAC or third-party review of the fund's valuations but given that the average intended hold for each multifamily investment is 30-36 months, this does not represent a material risk.</p>	Adequate
External Audit	LIV Development has not engaged an external auditor for this Fund, which is a material weakness in financial controls but a very common practice for a "friends and family" real estate managers' first fund of this scale.	Needs Improvement
Fund Administration	Performed in house with Microsoft Excel and output from Microsoft Dynamics GP. Calculations for management fees, preferred return hurdles, promotes, potential clawbacks, and the total fund waterfall are all performed in Microsoft Excel without external verification.	Needs Improvement
Investor Reporting	Juniper Square is the strong leader among CRE sponsors for investor portal and reporting, but LIV is not utilizing the Fund	Leading

	Administration functions. Juniper Square will be used to distribute quarterly report updates, tax documents, and applicable banking information. The firm’s Controller, Finance Manager, Senior Accountant, and Director of Communication and IR maintain the portal under CFO Jeff Hicks oversight.	
IT Systems and Processes	Insperty (HR / PEO), Microsoft Teams (Communication), Asana (project management) and Tailwinds Technologies for managed IT services.	Adequate
Cyber security	LIV relies on Tailwinds Technologies for cyber security consulting. The firm has had email breaches in the last five years and the response has been to immediately require forced password resets and implement firm-wide 2-factor authentication. Ongoing training and testing are limited (no penetration or vulnerability testing). Data stored in cloud is encrypted in transit.	Adequate
BCP/DRP	LIV did not disclose a documented Business Continuity Plan or Disaster Recovery Plan.	Needs Improvement
Legal	Sirote Dentons is external legal counsel and would be considered top tier in these services. LIV Development has not reported any material litigation or legal proceedings that could materially impact their business.	Leading

LIV Development’s primary operational weaknesses as a firm reside in fund administration and controls around fund accounting, including electing to not have an annual external audit of the fund. Given that LIV Development Fund I represents the firm’s first pooled vehicle of multiple projects targeting “friends and family” limited partners, these shortcomings are not unusual. The preselected and limited number of deals going into Fund I and limited number of fund closes significantly reduce the complexity of fund administration. Accounting and internal controls around each underlying multifamily entity investment is adequate with multiple levels of review and internal controls.

Standard background checks were conducted on Robb Crumpton, Andrew Murray, and Jeffrey Hicks. Industry reference conversations were also conducted on LIV Development. All reports and conversations were favorable, and no material red flags were discovered.