



## Origin IncomePlus Fund: Frequently Asked Questions

### General

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- **What is the Origin IncomePlus Fund?**  
The Origin IncomePlus Fund is a private commercial real estate fund that primarily owns and operates multifamily properties and is supplemented by strategic real estate debt investments.
- **What is the Fund structure and how does it work?**  
The Fund is structured as a limited liability company (LLC) with a real estate investment trust (REIT) subsidiary. Individuals will make their investment in the LLC which owns 100% of the REIT. The REIT subsidiary enables individuals to invest in the Fund with their IRA or 401k without having to worry about unrelated business income tax (UBIT). Properties are owned by the REIT and cash flow passes from the property to the REIT subsidiary, which makes distributions to the Fund, which then makes distributions to investors based on the number of Units they own.
- **What does it mean that the Fund is evergreen?**  
An evergreen structure means the Fund has no expiration date.
- **Why did you launch this Fund?**  
The Fund was created to deliver both current income and appreciation in a tax-efficient manner. The Fund's strategy is "buy, fix, and hold," which means that Origin acquires assets that have the potential to grow in value, renovates and repairs those assets, and then holds them for an indefinite period. This strategy allows Origin to acquire high-quality assets with greater long-term growth potential and deliver an efficient after-tax return. Combining debt and equity investments in one Fund also provides downside protection without sacrificing upside, and risk is further reduced with the use of moderate leverage and focusing on the apartment sector. Lastly, the Fund eliminates the J-curve of traditional private equity investing by calling 100% of investor commitment at once.
- **Do you still anticipate launching Origin Fund IV?**  
The IncomePlus Fund is Origin's follow-up offering to Origin Fund III. The IncomePlus Fund strategy is similar to Origin Fund III but designed to be far more tax efficient. The buy, fix and hold strategy, lower leverage, and single capital call are all features meant to make the IncomePlus Fund Origin's best wealth building vehicle yet, by delivering high returns with less risk.
- **What is the Fund's target return?**  
The Fund is targeting net returns between 9% and 11%, inclusive of 6% in annual distributions, paid quarterly.
- **What is the target Fund size? How many investments will be in the Fund?**  
The Fund has no target equity limit but will only add properties that meet the Fund's risk and return objectives. Origin intends to hold between 30 and 50 assets in the Fund.
- **What is Origin's co-investment in the Fund?**  
The principals will invest a minimum of \$10 million into the Fund.



## Origin IncomePlus Fund: Frequently Asked Questions

- **What is the Distribution Reinvestment Plan (DRIP) and why is it important?**  
The IncomePlus Fund's distribution reinvestment plan means that investors can automatically elect to reinvest their quarterly distributions rather than taking them in cash. Investors who opt in to the DRIP will see their total Units increase each quarter as a result. The distributions that are reinvested will be used by the Fund to improve existing properties or will be invested in new properties.
- **What is the par price of Fund Units?**  
Each Unit's par value is \$10.00. The Unit price will be fixed at this value for the first 12 months of the IncomePlus Fund's inception and will then float to reflect the true net asset value of the investment. The Unit price will be reassessed and updated on a quarterly basis and the Fund's Unit net asset value will be the price at which new investors invest in the Fund.
- **How is the Origin IncomePlus Fund different from a non-exchange traded REIT?**  
The IncomePlus Fund is an institutionally priced direct-to-investor fund. A typical non-exchange traded REIT typically charges higher fees to non-institutional investors and pays advisors to sell their products. The investment strategy of various non-exchange traded REITs may also vary substantially when compared to the Origin IncomePlus Fund. Also, the IncomePlus Fund is structured as an LLC, but uses a REIT subsidiary for tax purposes.

## How to Invest

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- **How do I invest?**  
The first step to making an investment in the IncomePlus Fund is to notify Origin by clicking the "Indicate Interest" button on the IncomePlus Fund page in your Origin account. Your dedicated Origin investment contact will walk you through the investment process. Origin will provide an electronic subscription agreement and a form to verify your accreditation status. Origin may also need certain additional documents if you plan to invest through a Trust, Self-Directed IRA, LLC, Corporation, or other related entity.
- **How does the accreditation verification process work?**  
Only investors who are "accredited investors" under Rule 501(a) of Regulation D may purchase Units of the Fund. You can verify your accredited investor status by forwarding Origin's certification form to a licensed attorney, CPA, or financial advisor that is privy to your financial status as an accredited investor. The licensed individual will then need to complete the form on your behalf. Or, you can utilize a third-party service provider to verify your accreditation status, such as *VerifyInvestor*. The accreditation form must be completed for the entity that the investor invests through. For example, if your name is John Smith, then the accreditation form must refer to you as "John Smith." If you invest through an LLC called "John Smith Investments, LLC," the accreditation form must state "John Smith Investments, LLC."



## Origin IncomePlus Fund: Frequently Asked Questions

- **Can I invest in the IncomePlus Fund through my solo 401k, self-directed IRA, or other retirement account?**  
Yes, you can invest in the IncomePlus Fund as an individual, jointly with your spouse or other related person, through several different types of retirement accounts, or through an LLC, Corporation, Trust, and many other types of entities.
- **After I execute my subscription agreement, when will you call my funds?**  
After you complete the subscription process, you will lock in your place in the funding queue. Origin's Investor Relations team will keep you updated on the estimated timing of your capital call. Investors will have at least seven business days to fund once the capital call is issued.
- **Will my commitment be invested at one time or drawn down on a periodic basis?**  
After you complete the subscription process and when you get to the front of the funding queue, you will fund 100% of your commitment at once.
- **Can I add to my initial investment later?**  
Yes. You can increase your commitment to the IncomePlus Fund at any time by contacting your dedicated investment contact.

## Distributions

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- **Where will my distributions come from?**  
Distributions will come from cash flow generated by the Fund's properties and interest payments from the Fund's real estate debt investments.
- **When can I expect to receive my distributions?**  
The Fund will make distributions on a calendar-quarter basis to investors who were invested during the preceding full calendar-quarter.
- **What if I want to re-invest my distributions?**  
Distributions will be automatically reinvested if you opt in to the DRIP when completing your subscription agreement.
- **Can I adjust my election to the DRIP in the future?**  
Yes. You can opt in or out of the distribution reinvestment plan at any time by emailing your Origin investment contact.
- **Will the 6% target distribution stay consistent on original investment or does it change based on net asset value?**  
The Fund's goal is to maintain a regular 6% annual distribution yield based on the net asset value of your account.



## Origin IncomePlus Fund: Frequently Asked Questions

### Taxes

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- **Are my distributions taxed at the ordinary income rate? Do I receive the benefit of depreciation?**

The Fund is structured as a partnership for tax purposes. In a partnership, the investors are taxed based on their share of taxable income or loss from the Fund, rather than on actual cash distributions. The nature of income at the Fund-level determines whether the income will be taxed as ordinary income or capital gains.

The Fund will be investing through its REIT subsidiary, and distributions received from the REIT will be treated as either ordinary income, return of capital or capital gains. Distributions, to the extent that they are from current or accumulated earnings and profits, will generally be taxed as ordinary income. However, we anticipate that the depreciation available to the REIT subsidiary will reduce the amount of its taxable income and profit, and that this reduction will enable the REIT subsidiary to make distributions that will be treated as a return of capital. Any portion of the distribution that is in excess of current and accumulated earnings and profits is considered a return of capital for U.S. federal income tax purposes and will reduce the tax basis of the investment. Once the investor's tax basis has been reduced to zero, any further distributions will result in capital gains.

Furthermore, for taxable years beginning after December 31, 2017 and before January 1, 2026, pursuant to the Tax Cuts and Jobs Act, individual investors are generally eligible for a deduction of up to 20% on most ordinary REIT dividends. Because each investor's tax considerations are different, we recommend that you consult with your tax advisor.

- **What is the 20% pass-through tax deduction?**

Since the Fund's distributions all originate at the REIT subsidiary, investors are subject to a special deduction that allows them to deduct up to 20% of their taxable distributions from the Fund on an annual basis. An investor in the highest tax bracket who is eligible for this deduction can effectively reduce the federal tax rate on this income from 37% to 29.6%. Below is an example:

Taxable Distribution Income: \$100,000  
20% deduction: \$20,000  
Taxable Income: \$80,000  
Taxes before the 20% pass-through deduction: \$37,000 ( $\$100,000 \times 37\%$ )  
Tax Rate: 37%  
Taxes after 20% pass-through deduction: \$29,600 ( $\$80,000 \times 37\%$ )  
Effective Tax Rate: 29.6%

- **Do I receive the benefit of the long-term capital gains rate?**

Yes. Investors in the Fund for more than one year will generally be eligible for a long-term capital gains tax rate on the capital gains achieved by the Fund.



## Origin IncomePlus Fund: Frequently Asked Questions

- **Will the Fund have UBIT (Unrelated Business Income Tax)?**  
It depends. Tax-exempt investors are subject to tax on unrelated business taxable income (“UBTI”). The Fund uses a REIT structure and, because of this, UBTI is essentially blocked. However, there could be income otherwise generated at the Fund-level that could potentially be considered to be UBTI.
- **What tax forms will I receive?**  
The Fund will issue federal K1s to all investors on an annual basis. Since the Fund utilizes a REIT subsidiary, the burden of having to file K-1s in each state that the Fund owns property is alleviated.
- **When can I expect to receive my annual tax forms?**  
We make every effort to provide K1s to investors in early April.

## Fund Assets

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- **Why are preferred equity and mezzanine debt investments part of the Fund’s strategy?**  
Preferred equity and mezzanine debt investments function differently than typical equity ownership of a property. Preferred equity and mezzanine debt investments are typically less risky than equity investments and they come with regular interest payments from the borrower. Thus, these investments are included in the IncomePlus portfolio in order to diversify risk in the portfolio and to supplement cash flow that each property generates with their associated interest income.
- **Will the IncomePlus Fund acquire assets solely or in joint ventures?**  
The IncomePlus Fund will target sole ownership of the properties it acquires. However, the Fund may also enter into joint ventures or other co-investment opportunities with third parties for the acquisition and management of properties. Joint ventures and co-investments may allow the Fund to access unique resources and expertise of partners, gain access to projects and assets that it would not otherwise have, acquire assets at prices lower than they would transact in a marketed process, and share the risk of an investment with such partners. In situations in which the Fund enters into a joint venture, Origin will conduct an extensive analysis of each prospective partner’s management organization, performance in prior or existing transactions, and its current and past borrowing relationships. The Fund will retain substantive management and control rights in any joint venture vehicle.
- **What is the target loan-to-value ratio for multifamily investments?**  
The Fund will target a 60% loan-to-value ratio for multifamily equity investments in the Fund.
- **What are the controls the Fund has on a preferred equity investment?**  
The Fund’s preferred equity investments are structured as interests in an entity that owns real estate investments, directly or indirectly. The Fund’s interests are senior with respect to distributions, redemption rights and rights at liquidation to the entity’s common equity. Upon a default, there is a change of control event in which the Fund assumes control of the property-owning entity and the common equity owners lose their rights with regards to operational input and become a passive investor.

## Liquidity and Valuation Policies

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## Origin IncomePlus Fund: Frequently Asked Questions

- **Does the Fund offer liquidity?**

The IncomePlus Fund intends to make quarterly tender offers to investors that elect to sell their investment back to the Fund at the investment's net asset value through these offerings. The tender offers are subject to certain restrictions and limitations that are detailed in the IncomePlus Fund Private Placement Memorandum.

- **How can my shares be redeemed? Is there a penalty for redeeming my shares? What are the redemption period dates and deadlines?**

Investors who wish to have their Units repurchased may notify their Origin investment contact in accordance with the written notice of the tender offer. Investors may not tender any Units for a period of 12 months after such Units were purchased. Units held for less than five years will be subject to a discount, ranging from 2.5% to 10%, depending on the amount of time such Units were held by the investor. The Fund intends to limit the amount of each tender offer to 5% of the Fund's net asset value, determined as of the end of the calendar quarter prior to the tender date.

- **How is the net asset value of my investment determined? How often is my investment in the IncomePlus Fund re-valued?**

The net asset value of the IncomePlus Fund will be calculated by the Origin Investments Asset Management team as of the last day of each calendar quarter. The valuation of an individual investor's account will be determined by their respective Unit holdings. Net asset value is calculated by utilizing best practice valuation methods to value of the Fund's assets, including real estate, credit related investments, cash, and other various assets that may be owned by the Fund. The IncomePlus Fund and associated net asset value will be audited by a third-party accounting firm each calendar year.

## Fees

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- **What is an Acquisition Fee and how is it charged?**

An acquisition fee of 0.50% percent is paid to the manager at the time a deal is acquired by the Fund. For example, if an asset were acquired for \$40 million, the acquisition fee earned by the manager would be \$200,000. This fee is paid by the Fund and is used to cover costs and expenses incurred by the manager in pursuit of Fund properties.

- **Does the Acquisition Fee apply to debt and debt-like investments that the Fund makes?**

The acquisition fee only applies to the acquisition of real property. In terms of debt investments, the manager is entitled to 50% of any origination fee paid by the borrower on a loan and the Fund receives the other 50%. For example, if a loan of \$10 million were made with a 1% upfront fee payable by the borrower, then the manager would receive \$50,000 and the Fund would receive the other \$50,000. The Fund will receive 100% of the interest payments from the loan.

- **When is the Administrative Fee charged? How will Administrative Fees be charged if I add to my investment later?** The up-front Administrative Fee is charged upon collecting capital from the investor. Any incremental contributions made by an investor subsequent to their initial investment will be subject to the Administrative Fee schedule, and if the investor crosses the threshold so that their aggregate total commitment reaches the next fee-break threshold, then the incremental investment they made is subject to that threshold's lower fee.

- **How do the fees impact my Unit price?**



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The Administrative Fee is drawn directly from an investor's capital account. All other fees are Fund-level fees and reflected in the net asset value of the Fund's Units.

- **How does Origin's Performance Allocation work? What does 50/50 catch-up mean?**

The Fund manager is compensated based on the performance of the Fund. On an annual basis, the Fund manager is entitled to receive a percentage of net increase in the net asset value of Fund Units, but only after the Fund investors have received a 6% return on their beginning net asset value for that year. The performance allocation is designed to provide the Fund manager with 10% of the Fund's increase in value, but only after delivering the 6% return to investors and subject to a "high water mark."

The "catch-up" provision is a means by which the manager recoups the 10% performance allocation that was forgone to ensure the 6% return is met. After the 6% return is made to investors, 50% of the Fund's profits are allocated to the Fund manager until the manager has received an amount that equals 10% of the total increase in net asset value for that year. Once the Fund manager's performance allocation is "caught-up," 90% of the increase in value is retained by the Fund for allocation to its investors and 10% is allocated to the manager.

The "high water mark" assures that the Fund manager only participates in net new incremental increases in the Fund's net asset value. For example, if the Fund returns 10% in year one and -3% in year two, there is no manager catch up or Performance Allocation in year three until the Fund first returns 9% (6% annual return for the current year, plus the 3% shortfall from prior year) to investors.