



CARDINAL
CAPITAL MANAGEMENT, INC.

REAL ESTATE DEVELOPER

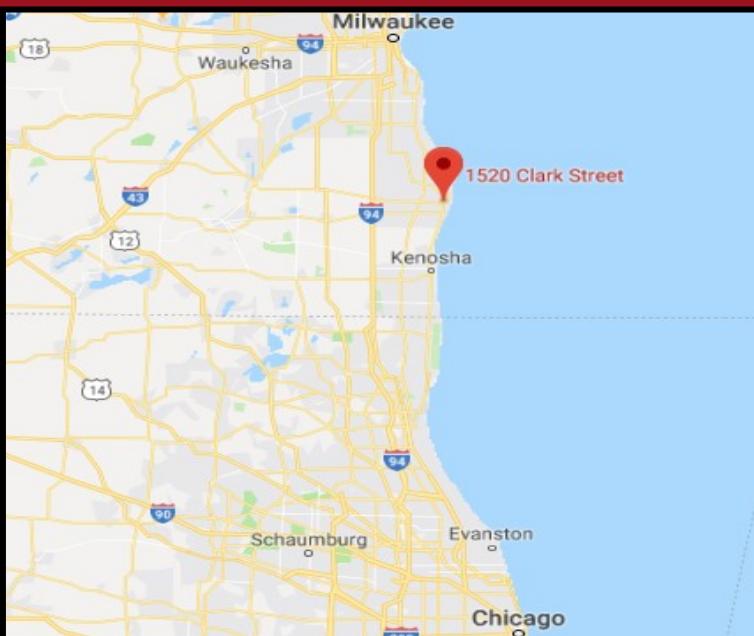
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Why Racine?

A city with a rich history of manufacturing located between Chicago and Milwaukee and on the shore of Lake Michigan, Racine has a unique opportunity to reinvent itself to prepare for the future. With an approximate \$10 billion investment from the international electronics company FoxConn, Racine has become one of the most anticipated real estate markets in the country.

Beyond FoxConn's commitment to growth in the region, Racine offers many natural advantages: affordability, proximity to a Great Lake, and a history of economic resilience and determination.



Investment Opportunity

Cardinal Capital Management, Inc., is pleased to present The Ajax, a proposed multi-family development located at 1520 Clark Street, Racine, Wisconsin. The site is located near the southwest side of the City of Racine's central downtown area.

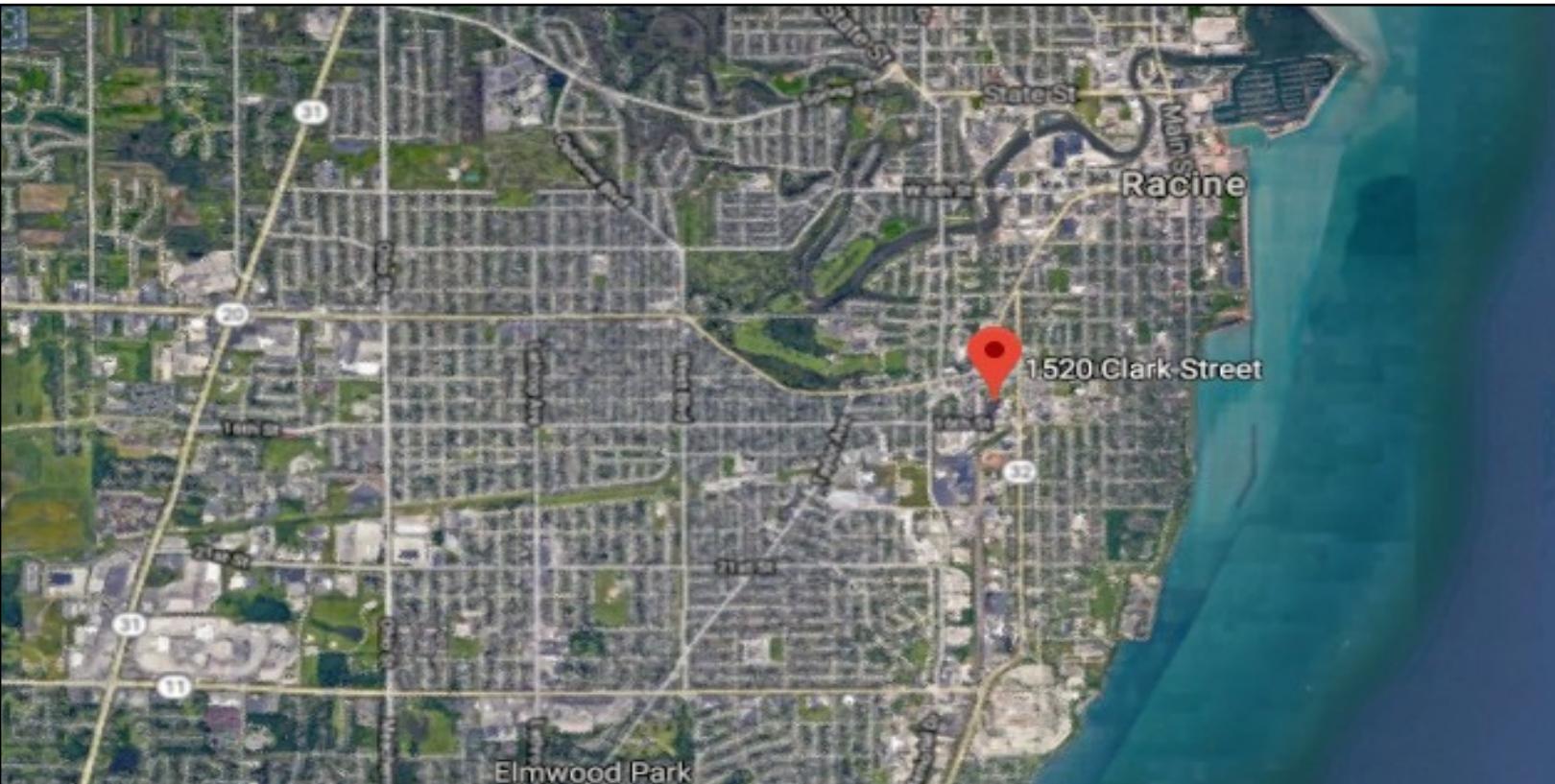
The primary site area consists of three improved parcels of land containing a total of 3.332 acres. The site is currently a blighted Brownfield site that is home to 19 dilapidated, industrial buildings. The proposed project will improve the site by replacing the existing structures with two buildings and a mixed-income neighborhood development totaling 131 units.

The market rate development will provide 83 total units:

- (18) one-bedroom / one-bathroom units at 648 square feet
- (12) one-bedroom / one-bathroom plus den units at 702 square feet
- (37) two-bedroom / 1.5-bathroom units at 907 square feet
- (16) two-bedroom / 1.5-bathroom town-house-style (with den) units at 1,296 square feet

AJAX and Racine

The Ajax is located between 16th Street and 15th Street, along the west side of Clark Street and east of the Union Pacific Railroad, in the southwest section of the City of Racine's central downtown area. Only 22 miles south of Milwaukee and the fifth largest city in Wisconsin, Racine has a population of 78,199. Its median home price is \$103,625 making it one of the most affordable cities in Wisconsin to buy a home.



In January of 2017, it was rated "the most affordable place to live in the world" by the Demographia International Housing Affordability Survey.

The City of Racine has identified the former Walker-Ajax plant as a catalytic site prime for redevelopment, and has committed to revitalizing the neighborhood and working with developers to provide a place for local employees to live, work and play. Located within a densely developed, densely populated neighborhood within

Racine's central downtown area, the neighborhood currently consists mostly of commercial and industrial type developments. The City has identified housing as a priority for this neighborhood, particularly considering FoxConn's anticipated influx of employees and potential renters. The Ajax has linkages to transportation routes, employment, entertainment, shopping, education, and recreational advantages to multifamily development.



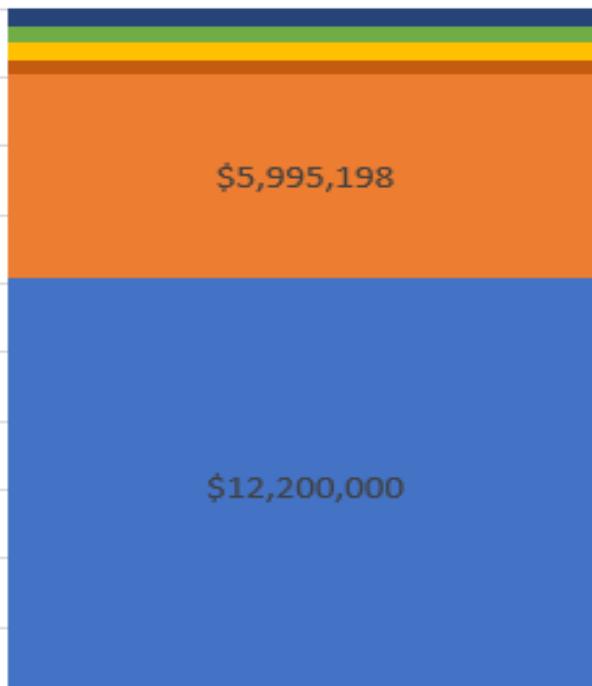


AJAX by the numbers...

Number of Residential Units	83
Total Residential Square Footage	74,372
Parking Units (underground)	73
Total Project Cost	\$19,602,359
Pro Forma Net Income	\$1,131,869

Investor Investment Period	5 years	7 years	10 years
Targeted Investor Pre-tax IRR	19.33%	18.54%	14.92%
Targeted Investor After-tax IRR	16.67%	16.30%	13.10%
Targeted After-tax Equity Multiple	3.08	3.67	3.96
Targeted Pre-tax Cash-on-Cash Return	7.1%	9.7%	13.8%
Minimum Investment	\$100,000	\$100,000	\$100,000

Total Budget Per Unit	\$236,173
Yield on Total Capitalization	5.77%
First Mortgage	\$12,200,000
City Funded Developer Assistance	\$500,000
WEDC Bownfield Grant	\$500,000
Sponsor Equity-Dev & Constant Management Fee	\$407,162
Cash Investor Capital	\$5,995,198
Other- TIF (not monetized)	\$2,700,000



Source of Funds

Capital Stack

City Funded Developer Assistance: \$500,000

WEDC Bownfield Grant: \$500,000

Sponsor Equity: \$407,162

Investor Equity: \$5,995,198

Perm Loan: \$12,200,000

Foxconn

In 2017, Foxconn announced it will be locating its first U.S. manufacturing facility in Mount Pleasant, Wisconsin—approximately seven miles west of The Ajax. This will undoubtedly become a catalytic business for the area. An international company, Foxconn has recognized the opportunities in Racine County and committed to an unprecedented investment in the community.

Foxconn is investing an estimated \$10 billion to create North America's first state-of-the-art advanced display manufacturing campus right in Mount Pleasant in the heart of Racine County. The Foxconn Manufacturing campus will be approximately 22 million square feet—by far the largest project in the state, and will, in fact, be one of the largest manufacturing campuses in the world.



THE FOXCONN DEAL AT A GLANCE



Total Capital Investment:
\$10 Billion



Estimated Size of Corporate Campus:
20 Million sq. ft.



Total Jobs Created:
13,000



Total Incentives Package:
\$3 Billion



Project Location:
**Southeast Wisconsin
near Racine & Kenosha**

This opportunity represents the return of electronics manufacturing to the U.S. from Asia. Foxconn's investment will change the economic landscape in Wisconsin and establish Southeastern Wisconsin as the electronics manufacturing capital of North America.

Over the course of the anticipated four-year construction period, it's expected that there will be \$10 billion of capital investment to construct and equip the facility, over 10,000 new construction and related jobs, over \$2.41 billion in direct labor income for work performed in Racine County, and \$9 million in local tax revenues for Racine County Governments.

Once fully operational, experts anticipate the Foxconn facility will create billions of dollars in additional annual Racine County GDP through directly employing thousands of workers in Racine county and supporting thousands of indirect jobs. It also will create millions of dollars in annual local tax revenues through indirect and induced economic activity and taxes paid by employees. For every 10 jobs created through direct employment, it is estimated the ripple effect will create an additional six jobs throughout Racine County.

Relatively successful

Biggest family businesses*

Country (founded)	Industry	Revenue, 2013, \$bn
Walmart	United States (1962)	Retail
	Germany (1937)	Automotive
GLENCORE	Anglo-Swiss (1974)	Commodities
	South Korea (1969)	Electronics
	United States (1917)	Energy
EXOR	Italy (1927)	Finance/Industrial
	United States (1903)	Automotive
	Russia (1991)	Oil
MCKESSON	United States (1833)	Pharmaceuticals
FOXCONN	Taiwan (1974)	Electronics

Economic Snapshot of Racine

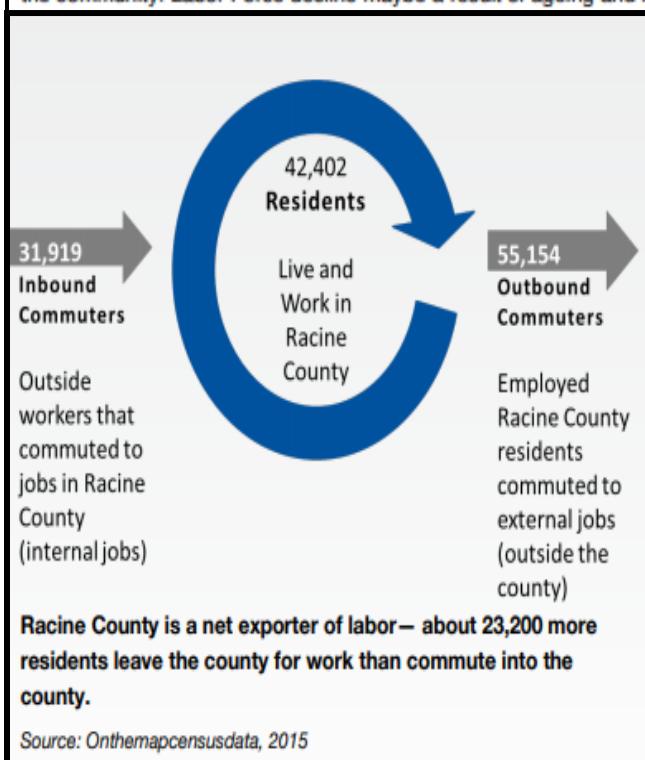
Racine is the headquarters of a number of industries, including J.I Case (heavy equipment), S.C. Johnson & Son (cleaning and chemical products), Dremel Corporation, Reliance Controls Corp (time controls and transfer switches), Twin Disc, and Arthur B. Modine (heat exchangers). The Mitchell & Lewis Company, a wagonmaker in the 19th century, began making motorcycles and automobiles as Mitchell-Lewis Motor Company and has continued since. Racine is also home to InSinkErator, the first garbage disposal.

	Dec-17	Net Change Over	
		1-Month	1-Year
Racine County			
Labor Force	98,864	↓ -830	↑ 815
Unemployment Rate	3.2	↑ -0.1	↑ -1.2
Racine, City			
Labor Force	35,473	↓ -341	↑ 158
Unemployment Rate	3.8	↑ -0.3	↑ -1.6
Outside Racine City			
Labor Force	63,391	↓ -489	↑ 657
Unemployment Rate	2.9	↔ 0.0	↑ -0.9
Caledonia, Village			
Labor Force	13,521	↓ -125	↑ 108
Unemployment Rate	2.8	↑ -0.2	↑ -1.2
Mt. Pleasant, Village			
Labor Force	14,117	↓ -112	↑ 151
Unemployment Rate	2.8	↑ -0.1	↑ -0.9
*Wisconsin:			
Labor Force	3,150,289	↓ -22,655	↑ 51,954
Unemployment Rate	2.7	↔ 0.0	↑ -1.0
*United States			
Labor Force	159,880,000	↓ -586,000	↑ 912,000
Unemployment Rate	3.9	↔ 0.0	↑ -0.6

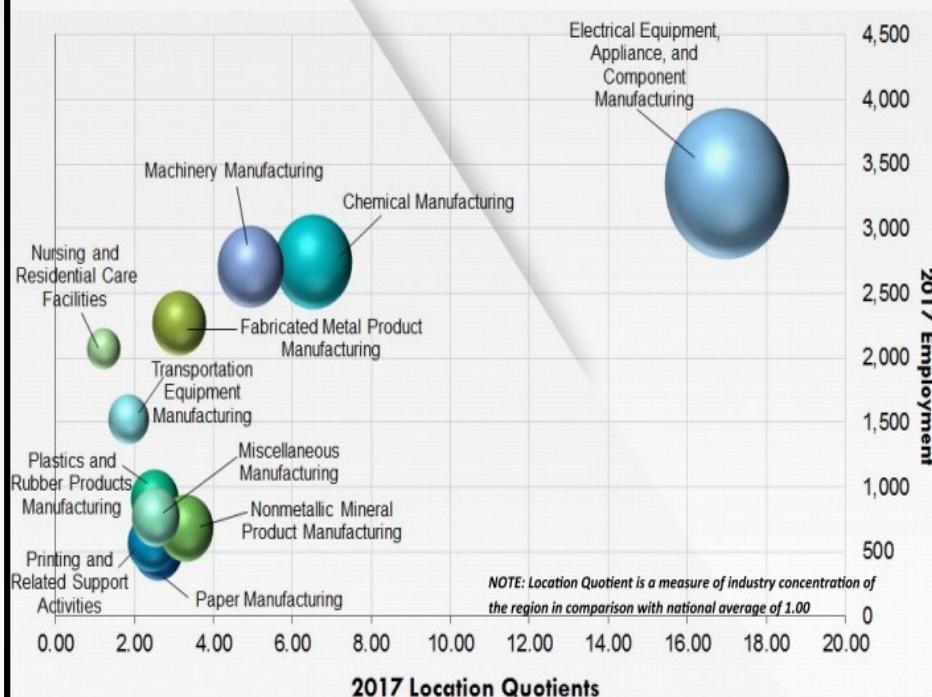
Source: WI DWD; American Community Survey; (*) Not Seasonally Adjusted

NOTE: Decreasing Unemployment Rate is indicative of a positive trend ↑ for the community. On the contrary decreasing Labor Force is indicative of a negative trend ↓ for the community. Labor Force decline maybe a result of ageing and retiring baby boomers.

As of 2017, Wisconsin has higher rates of employment and more private sector jobs than at any time in its history. The state added 56,100 jobs in 2016 and 2017. Employment increased in almost all industry sectors, with prominent gains in construction, manufacturing, and healthcare. With Foxconn joining the community, 2018 and beyond continues to look bright.



Cluster Employment and Location Quotients



Amenities

The projected unit mix (36.1% one-bedroom units and 63.9% two-bedroom units) includes a higher percentage of two-bedroom units. This is in line with the existing developments within the market, however, we have observed trends within southeastern Wisconsin markets that suggest newer developments are incorporating more studio and one-bedroom units than what has historically been delivered. Nonetheless, market analysts have no concerns regarding the proposed unit mix. Cardinal's projected average unit sizes are very comparable to what is currently being built / proposed within the market.



Individual unit amenities will consist of an electric stainless steel appliance package, in-unit washer and dryer, and private patios or balconies. Unit finishes will consist of luxury plank vinyl within the living areas, with carpet in the bedrooms and laminate countertops. The proposed unit amenities are comparable to everything currently available. Cardinal anticipates that the majority of the subject's proposed unit finishes/amenities will be well accepted by the market. Common area amenities will likely include a clubhouse, exercise room, lobby, and elevator.

The apartment units, which are all located on floors one through four, will be accessed via common hallways. The four-story apartment building will include a level of underground parking. The four-story apartment buildings will include a level of underground parking with 73 heated underground parking stalls. Tenants will be responsible for in-unit electric, while the landlord will pay for heat, water/sewer, and trash removal.

Smaller developments in the market tend to not contain any significant common area space or amenities; while the

proposed development will provide 83 units with a reasonably limited number of common area amenities, the location of the subject property is walkable. The developer plans to charge \$75 per month per underground stall, while surface parking will be provided at no charge.



This Executive Summary (this “Summary”) sets forth certain terms of a proposed offering of limited liability company interests (the “Interests”) in 7PENN, LLC (the “Company”), a Wisconsin limited liability company being formed by Cardinal Capital Management, INC. and its affiliates (collectively, “Cardinal Capital”), to certain investors. The information contained in this document is the proprietary and confidential property of Cardinal Capital. It is provided to interested parties solely for discussion purposes and for their confidential use in evaluating the potential offering. By accepting delivery of this document, recipients agree not to copy it, not to release it to third parties and not to use it for any other purpose than that cited. Recipients also agree to return it to Cardinal Capital, together with any other documents or information that has been furnished, if they elect not to proceed further in discussions with Cardinal Capital. This document does not constitute an investment memorandum or prospectus and it is not an offering of securities in the Company or any affiliated company. Any estimates or projections contained in this document are based on management’s best judgment, and there is no guarantee that any of these projections will be attained. The information in this document is also subject to change without notice and without responsibility or liability on Cardinal Capital’s part. The Parties henceforth shall have no rights or obligations of any kind whatsoever relating to the proposed relationship, investment, or transaction contemplated herein, or any other relationship, investment, or transaction, unless and until definitive documentation, prepared and negotiated by counsel, containing terms and conditions customary in relationships, investments, and transactions of this type, with respect thereto is executed and delivered by each of the parties. This summary is subject to the detailed provisions of the governing documents of the Company and is qualified in its entirety by reference to the governing documents of the Company. In the event that the description of terms in this Summary is inconsistent with or contrary to the description in, or terms of, the governing documents of the Company or related documents (including the Subscription Agreement), the terms of the governing documents of the Company and the related documents will control. The governing documents of the Company will not be made available to any person who does not make certain representations that qualify the investor as meeting the investor suitability standards established under such governing documents. Investment in the Interests is not recommended for persons who are unable to hold the Interests for an indefinite period of time or who cannot afford a complete loss of their investment. neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Interests or passed upon the accuracy or adequacy of this Summary. Any representation to the contrary is unlawful. The Interests have not been registered under the Securities Act of 1933 (the “Securities Act”), or the securities laws of any state or other jurisdiction, in reliance on Rule 506 promulgated under the Securities Act. Unless registered under those laws the Interests may not be resold unless the sale is registered under the Securities Act and applicable state securities laws, or pursuant to an exemption from such laws. In addition, the Interests are subject to restrictions on transferability and resale set forth in the governing documents of the Company.

Cardinal Capital Management Notable Accolades



Astar Capital, working on behalf of WHPC, achieved an "A+" rating for WHPC from Standard & Poor's in December 2013. WHPC is the first social housing provider outside of a public housing provider in the United States to attain an "A+" rating. The S&P rating further validates WHPC's status as a strong enterprise and sound financial institution. Please see Dan O'Connell's bio in the previous page for descriptions of the WHPC and Astar Capital

Credit Profile

Wisconsin Hsg Pres Corp ICR

Long Term Rating

A+/Stable

Affirmed

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