

**Enhancing Returns for a Real Estate Income Fund with the HMG Platform**  
**Overview**

A diversified real estate income fund is designed to generate strong returns for investors by acquiring and managing a portfolio of properties. The fund’s structure prioritizes stable distributions, but through the integration of the HMG platform, the fund has the opportunity to significantly enhance its total returns by leveraging a reinvestment strategy that compounds distributions at a targeted 6% annualized return. This illustrates how the HMG platform can add value to the fund, increasing its equity multiple and boosting total returns over the fund's 7-10 year lifecycle.

**Challenges in Traditional Models**

In the standard model, distributions are paid out quarterly, and investors often need to find alternative ways to reinvest these funds to maintain compounding growth. This process can lead to inefficiencies and missed opportunities for returns within the fund itself. Additionally, investors may face delays in capital deployment or be subject to market volatility when managing reinvestments on their own.

**The HMG Platform Solution**

The HMG platform provides an innovative solution by automatically reinvesting quarterly distributions at a targeted 6% annualized return, ensuring that all available capital is continuously working throughout the lifecycle of the project. This reinvestment strategy creates a compounding effect, significantly enhancing the overall return on equity and improving the fund’s total performance metrics.

**Key Metrics: Impact of the HMG Platform**

| Metric                              | Standard Model      | HMG Platform Enhanced Model |
|-------------------------------------|---------------------|-----------------------------|
| Initial Equity Investment           | \$186.6 million     | \$186.6 million             |
| Projected IRR                       | 11.00% - 13.00%     | 11.25% - 13.50%             |
| Equity Multiple                     | 2.25x - 2.50x       | 2.55x - 2.85x               |
| Total Distributions                 | \$143.5M - \$193.6M | \$153.8M - \$207.3M         |
| Total Return on Equity              | \$420M - \$466.5M   | \$475.1M - \$531.5M         |
| Percentage Increase in Total Return | -                   | 13.1% - 13.9%               |

**Benefits of Integrating the HMG Platform**

- Compounding Returns:** The reinvestment of distributions ensures that capital is continuously generating returns, significantly increasing the equity multiple and total return over the life of the fund.

2. **Capital Efficiency:** The HMG platform allows the fund to optimize capital deployment, reducing idle cash periods and ensuring efficient use of all available funds.
3. **Strategic Flexibility:** Reinvested funds can be deployed into new opportunities or to strengthen existing investments within the portfolio, allowing the fund to react more quickly to favorable market conditions.

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## **Conclusion**

By integrating the HMG platform, this real estate income fund could see a total return boost of up to 13.9% compared to the traditional model. This innovative platform enables investors to maximize their returns without the hassle of managing distributions independently, providing a seamless and efficient way to enhance the performance of their real estate investments.