

Company name IA Capital Structures (Ireland) plc
Headline Notice to Noteholders of Series 114

19 August 2019

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE OWNERS OF THE NOTES. IF APPLICABLE, ALL DEPOSITARIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO PASS THIS NOTICE TO SUCH OWNERS IN A TIMELY MANNER.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial, legal or other advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised independent financial adviser.

If you have recently sold or otherwise transferred your entire holding(s) of the Notes referred to below, you should immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

NOTICE FROM THE ISSUER TO NOTEHOLDERS

IA Capital Structures (Ireland) plc
(the “**Issuer**”)

The Assemblage WTC Mezz Loan Class A (Series 114) Notes due 2021
ISIN: XS1632784994 COMMON CODE: 163278499
(the “**Notes**” or the “**Series**” and the holders thereof the “**Noteholders**”)

Reference is made to the investor letter from Prodigy Shorewood Investment Management LLC (“**PSIM**”) (the “**Investor Notice**”), appended hereto as Annex.

Capitalised terms used but not otherwise defined in this notice shall have the meanings ascribed to them in the Series Memorandum in relation to the Notes dated 22 June 2017 and the Investor Notice.

BACKGROUND

The Issuer hereby delivers to the Noteholders the attached Investor Notice it has received from PSIM.

PROPOSED ACTION

The Issuer proposes no course of action at this time. This notice is for informational purposes only and the Issuer expresses no opinion on the information contained in the Investor Notice.

Further Information

For further information please contact the investment manager at investorrelations@prodigynetwork.com

ANNEX – THE INVESTOR NOTICE

Dear Investors,

On behalf of Prodigy Network LLC, the investment manager of the project, we are writing to inform you of the current status of your indirect investment in the 17 John Street Preferred Series, for the property located at 17 John Street in Manhattan (the “Property”).

Investor Report Period: January 1 - June 30 2019
Investment Manager: Prodigy Network, LLC
Co-Owners: Prodigy Network and Shorewood Real Estate Group
Fund Administrator: NESF Fund Services Corp.
Property Managers: The Assemblage Hospitality, LLC (“The Assemblage”) and Kokua Hospitality, LLC (“Kokua”)

Property Performance Summary

For the six-month period measuring January 1 to June 30 2019, the Property hit a milestone and is now running at a monthly operating profit. As of April, monthly Net Operating Income (“NOI”) has been positive and continues to climb, reaching over \$250,000 NOI in June alone. Substantial jumps in revenue from Hotel, Coworking Memberships, and Events, in combination with strategic reductions in operating expenses, is apparent in the results. From the 1st to 2nd Quarter of 2019, NOI increased by over \$1.1 million following strategy changes implemented during this time, which are detailed in this Report. As seen in the table below, the Property achieved an NOI of nearly \$400,000 for the 2nd Quarter. However, despite the overall growth, the NOI forecast as per the original budget was not met. The budgeted NOI of approximately \$856,000 for the first half of 2019 was missed, as the actual result was approximately negative \$345,000. This was largely a result of missing our projected Membership numbers, and thus missing the Revenue forecast by approximately \$1.5 million (\$6.2 million forecast vs \$4.7 million actual).

Assemblage John Street - Summary of Key Financial Metrics as of June 30, 2019					
<u>Metric</u>	<u>2Q 2019</u>	<u>1Q 2019</u>	<u>2Q 2018</u>	<u>Q-o-Q %</u>	<u>Y-o-Y %</u>
Gross Revenue	\$2,752,008	\$1,960,326	\$1,234,323	40%	123%
Operating Expenses	(\$2,362,230)	(\$2,695,287)	(\$1,834,502)	-12%	29%
Net Operating Income	\$389,778	(\$734,961)	(\$600,179)	N/A	N/A

Revenue increases were seen across the board in nearly all revenue categories. Most noteworthy has been the Hotel operations, achieving over \$1.7 million in revenue during the 2nd Quarter. Membership Revenue has continued to be driven by Resident Office, despite some slowdown in both Resident Desk and House memberships. Events revenue has also been a revenue driver, nearly doubling from the 1st to 2nd Quarter alone. F&B revenue saw a slight decline from quarter-to-quarter, as a result of the aforementioned strategic operating expense reductions. The overall breakdown of Revenue is shown in the following table:

Assemblage John Street - Revenue Summary as of June 30, 2019					
<u>Revenue Type</u>	<u>2Q 2019</u>	<u>1Q 2019</u>	<u>2Q 2018</u>	<u>Q-o-Q %</u>	<u>Y-o-Y %</u>
Hotel Rooms	\$1,716,315	\$1,081,437	\$836,595	59%	105%
Memberships	\$510,374	\$418,804	\$104,816	22%	387%
F&B	\$57,786	\$64,508	\$57,088	-10%	1%
Events	\$91,196	\$47,654	\$5,750	91%	1486%
Conference Rooms	\$28,913	\$21,325	\$5,500	36%	426%
Retail	\$347,424	\$326,598	\$224,574	6%	55%
Total	\$2,752,008	\$1,960,326	\$1,234,323	40%	123%

Due to continued oversupply in the local hotel market, average RevPAR performance across the city struggled with a decline of 4.5% year-over-year for the six-month period¹. The John Street Hotel had solid results with increases of both ADR and Occupancy from quarter-to-quarter, as well as the 2nd quarter year-over-year compared to 2018. However, the forecast in the 2018 Year-End report was missed, as Occupation was budgeted at 78% and 85% and ADR was budgeted at \$233 and \$337, for the first and second quarter respectively. The actuals are shown in the following table:

Assemblage John Street - Hotel Summary as of June 30, 2019			
<u>Metric</u>	<u>2Q 2019</u>	<u>1Q 2019</u>	<u>2Q 2018</u>
ADR	\$288	\$195	\$251
OCC	78%	72%	47%
RevPAR	\$225	\$141	\$117

Even while seeing an increase in overall Membership Revenue, Resident Desk and House memberships lagged substantially. This shortfall is being addressed as part of a new Assemblage strategy detailed further on. Membership counts and quarter-over-quarter growth rates are outlined in the table below:

Assemblage John Street - Membership Summary as of June 30, 2019							
<u>Membership Type</u>	<u>2Q 2019</u>	<u>1Q 2019</u>	<u>2Q 2018</u>	<u>Q-o-Q %</u>	<u>Y-o-Y %</u>	<u>Capacity</u>	<u>2Q19 Occupancy</u>
Resident Office	97	79	33	23%	194%	105	92%
Resident Desk	38	62	6	-39%	533%	71	54%
House	87	95	22	-8%	295%	500	17%
<u>Assembly</u>	<u>54</u>	<u>40</u>	<u>14</u>	<u>35%</u>	<u>286%</u>	<u>1,500</u>	<u>4%</u>
Total	276	276	75	0%	268%	2,176	13%

Business & Operating Improvements

Prodigy recently implemented a significant overhaul of Property operations during the 2nd Quarter of 2019. These recent changes to the business have already generated over \$600,000 per month in additional NOI. This was chiefly a result of strategic cost reductions in Staff and F&B expenses, with a monthly operating expense reduction of over \$300,000. We are also implementing new revenue initiatives that have already

led to a projected increase of \$100,000+ increase in total monthly revenue by end of 2019, as well as aiming to receive our liquor license by November and an alcohol-serving bar up and running by January 2020.

Summary of Key Operating Performance Metrics						
Monthly 1H 2019 as of June 30, 2019						
Metric	Jan	Feb	March	April	May	June
Gross Revenue	\$579,167	\$597,457	\$783,702	\$937,408	\$926,163	\$888,436
Operating Expenses	(\$881,980)	(\$938,346)	(\$874,961)	(\$918,873)	(\$815,954)	(\$627,403)
Net Operating Income	(\$302,813)	(\$340,889)	(\$91,259)	\$18,535	\$110,209	\$261,033

Staff Expense Reduction:

- Total cost savings of over \$185,000 per month following recent reduction
- Eliminated non-essential and/or inefficient property staff while still maintaining high level of Assemblage brand standard / offerings
- Salaries & expenses reduced nearly 40% to approximately \$250,000 per month as of 6/30
- John Street previously had over \$400,000 per month in staff & related corporate salaries & expenses

Food & Beverage Savings:

- F&B expense reduction of \$35,000 per month, from over \$50,000 per month to approximately \$15,000 per month
- Unbundled F&B from memberships effective June 1st 2019; F&B subscription was significantly underpriced at \$200 per month per member

Hotel: Corporate, Group & Local Sales

- Prodigy is taking advantage of a clear opportunity to increase hotel revenue through increasing the amount of corporate, group and local negotiated rate (LNR) business
- Typical hotels in the space book 30% or more of their business through these channels while currently John St. is booking less than 10%

Capitalization Update

Despite the Property crossing the breakeven threshold and being profitable operationally, there is still not sufficient cash flow from operations to meet its near-term anticipated debt obligations. In addition to the strategy changes outlined in this Report, we are working with Newmark Knight Frank to evaluate the most optimal financial plan in the near-term. Meanwhile, there have been capital requirements to ensure the property continues to operate throughout this evaluation period with no threat of default or immediate shortfall. Two Manager Loan Promissory Notes were recently contributed by Prodigy in order to meet financial obligations while the Property continues to ramp up NOI. The total amount loaned thus far by Prodigy is approximately \$894,000 at an interest rate of 8% accruing. While we anticipate that Property NOI will be able to meet the Senior Debt Service requirement by September, it is projected that an additional capital infusion of approximately \$4.25 to \$4.75 million will be required to fulfill the Mezzanine debt obligations. We expect to communicate to Investors the result of Newmark’s evaluation shortly. The updated Property Capitalization is detailed in the following table:

Assemblage John Street - Capitalization Table as of June 30, 2019							
<u>Entity</u>	<u>Capitalization</u>	<u>Lender / Owner</u>	<u>JV Seniority</u>	<u>Fund Seniority</u>	<u>Amount**</u>	<u>Rate</u>	<u>Maturity</u>
17 John Street Property Owner LLC	Senior Debt	Delphie CRE / Acore Capital	1		\$75,000,000	L + 4.25%	6/30/2022 w/ one 1-year extension
17 John Street Mezz LLC	Mezzanine Debt	Vanbarton	2		\$36,000,000	10.00%	6/30/2022 w/ one 1-year extension
17 John Street JV LLC	Manager Loan	Prodigy	3		\$437,456	8% accrual	-
17 John Street JV LLC	JV Preferred Equity	PN Investors	4		\$52,418,345	7% current + 5% accrual	3/31/2023 w/ three 1-year extensions
17 John Street Realty Associates LLC	JV Equity	PSIM	5		\$1,238,006		
Prodigy Shorewood Master Rep Fund LLC	Manager Loan	Prodigy	-	1	\$456,134	8% accrual	
Prodigy Shorewood Master Rep Fund LLC	Preferred Interest Equity	PN Investors	5	2	\$52,266,289	6% IRR hurdle	
Prodigy Shorewood Master Rep Fund LLC	Common Interest Equity	PSIM	6	3	\$732,725		
Total:					\$218,548,955		

Note - above summary excludes accrued operating liabilities of the property and fund and accrued interest on all loans/debt.

**Amount = equity at original basis (i.e. deployed capital, not fair value), and outstanding principal amount for all debt/loans (excludes accrued interest)

Capital Accounts

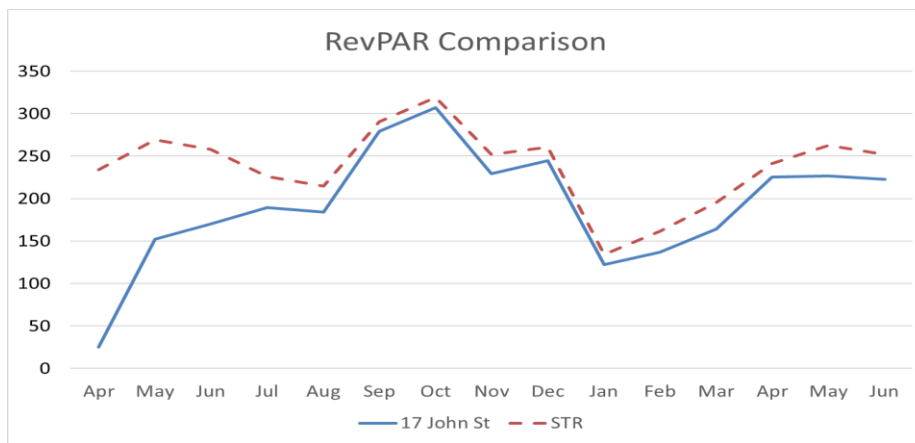
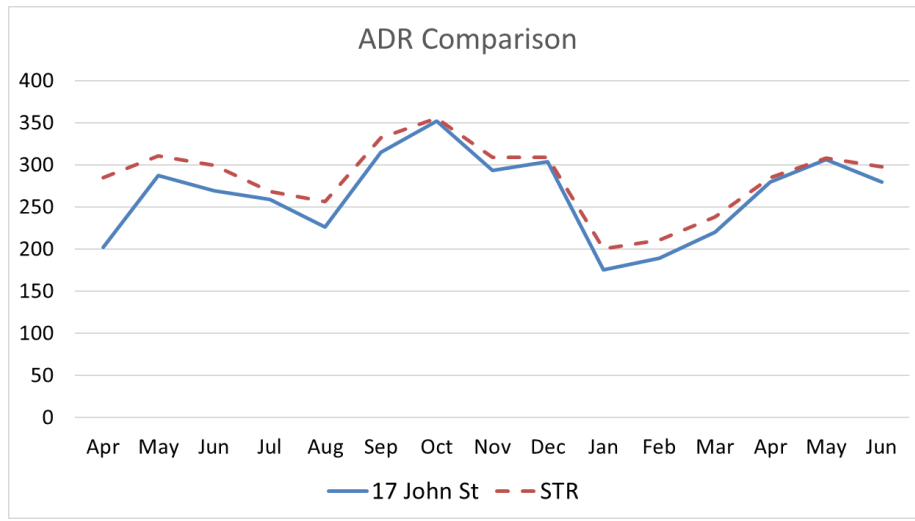
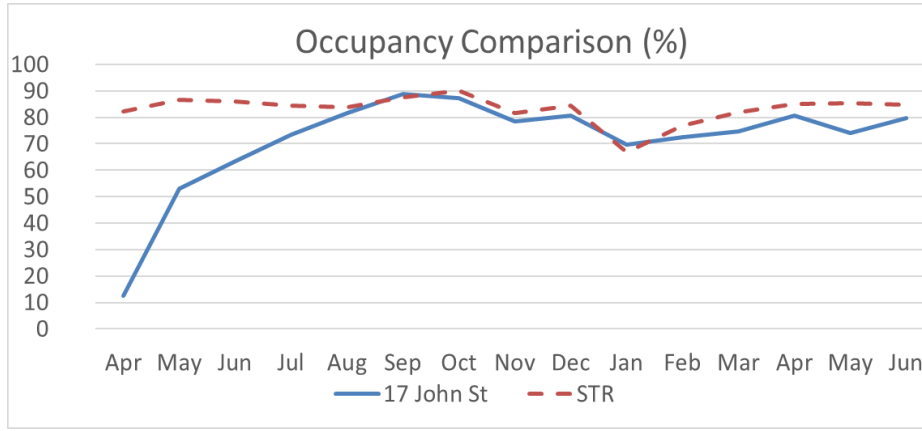
<u>The Assemblage John Street - Cash Reserves</u>	
Senior Interest Reserve	367,534
Mezz Interest Reserve	303,250
RET Escrow	455,427
Insurance Escrow	52,412
Capex	61,465
<u>FF&E Reserve</u>	<u>47,504</u>
Total	1,287,592

The 2019 Monthly Statement of Operations (Actual + Forecast, Unaudited):

The Assemblage John													
	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019	2019 Total
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Revenue													
Hotel Revenue	\$ 323,878	\$ 327,615	\$ 429,944	\$ 561,514	\$ 589,934	\$ 564,866	\$ 673,786	\$ 638,491	\$ 745,538	\$ 780,871	\$ 596,811	\$ 626,575	\$ 6,859,823
Membership Revenue	107,989	128,883	181,932	162,746	176,855	170,773	145,074	156,176	167,833	178,955	189,566	199,697	1,966,480
Events Revenue	14,958	7,418	25,278	67,501	15,096	8,599	50,000	50,123	75,370	75,556	75,743	126,549	592,192
F&B Revenue	23,572	19,521	21,415	19,514	20,495	17,777	22,500	23,160	23,799	24,418	25,017	25,599	266,786
Conference Room Revenue	3,375	8,625	9,325	10,325	7,975	10,613	8,250	7,599	7,800	7,996	8,185	8,369	98,436
Retail Revenue	105,395	105,395	115,808	115,808	115,808	115,808	116,459	131,091	131,091	131,091	131,091	131,091	1,445,935
Total Revenue	\$ 579,167	\$ 597,457	\$ 783,702	\$ 937,408	\$ 926,163	\$ 888,436	\$ 1,016,069	\$ 1,006,640	\$ 1,151,431	\$ 1,198,886	\$ 1,026,412	\$ 1,117,880	\$ 11,229,652
Operating Expenses													
Payroll	\$ 383,281	\$ 381,654	\$ 364,193	\$ 341,486	\$ 293,315	\$ 247,802	\$ 240,000	\$ 249,769	\$ 254,581	\$ 257,863	\$ 243,951	\$ 251,118	\$ 3,509,013
Rooms Expense	46,441	26,875	42,941	41,938	48,180	37,702	38,688	38,600	40,796	42,294	35,944	39,216	479,615
Kitchen Costs	39,261	40,421	38,014	52,193	31,734	16,576	20,980	21,595	22,191	22,768	23,327	23,869	352,930
Café Costs	5,362	3,199	4,165	1,075	1,158	1,680	2,126	2,189	2,249	2,308	2,364	2,419	30,294
Sales Expense	43,483	30,679	33,044	22,185	20,933	16,231	16,258	16,285	16,312	16,338	16,365	16,393	264,505
Marketing Expense	-	-	-	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Event Expenses	-	502	1,959	2,309	279	-	2,500	2,506	3,769	3,778	3,787	6,327	27,716
Cowork Member Expenses	28,909	34,599	34,786	45,932	23,299	15,265	10,000	10,017	10,033	10,050	10,066	10,083	243,038
Assemblage Corp. Expense	99,548	110,192	85,154	139,592	122,789	32,737	-	-	-	-	-	-	590,012
General & Administration	34,173	88,540	54,413	35,223	34,093	28,362	37,402	37,197	41,580	43,029	37,744	40,545	512,302
IT Expenses	51,392	47,920	54,324	48,000	52,945	48,656	40,000	40,066	40,132	40,199	40,265	40,331	544,230
Engineering Expenses	16,021	24,307	26,488	21,995	19,799	15,470	15,496	15,521	15,547	15,572	15,598	15,624	217,438
Utilities	9,573	9,963	8,091	15,100	7,435	7,435	7,447	7,460	7,472	7,484	7,497	7,509	102,466
Management Fee	9,476	9,841	13,358	16,412	16,227	27,476	22,490	21,889	25,509	26,695	22,383	24,670	236,425
Owner's Expenses	115,060	129,654	114,031	135,433	143,768	132,011	137,000	137,000	137,000	137,000	137,000	137,000	1,591,957
Total Operating Expenses	\$ 881,980	\$ 938,346	\$ 874,961	\$ 918,873	\$ 815,954	\$ 627,403	\$ 615,387	\$ 625,093	\$ 642,169	\$ 650,378	\$ 621,293	\$ 640,105	\$ 8,851,941
Net Operating Income	\$ (302,813)	\$ (340,889)	\$ (91,259)	\$ 18,535	\$ 110,209	\$ 261,033	\$ 400,682	\$ 381,546	\$ 509,263	\$ 548,509	\$ 405,120	\$ 477,775	\$ 2,377,711
Senior Debt Service	418,521	418,521	418,521	418,521	418,521	418,521	418,521	418,521	418,521	418,521	418,521	418,521	5,022,252
Mezzanine Debt Service	304,167	304,167	304,167	304,167	304,167	304,167	304,167	304,167	304,167	304,167	304,167	304,167	3,650,004
Fund Expenses	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000
Net Results	\$ (1,105,501)	\$ (1,143,577)	\$ (893,947)	\$ (784,153)	\$ (692,479)	\$ (541,655)	\$ (402,006)	\$ (421,142)	\$ (293,425)	\$ (254,179)	\$ (397,568)	\$ (324,913)	\$ (7,254,545)

Performance vs Local Competitive Hotel Set

The following charts measure Occupancy, ADR, and RevPAR against the local competitive hotel set, as determined by Smith Travel Research (“STR”), from April 2018 to June 2019.



Assemblage Strategy for 2019 & Beyond

17 John St. (“John St.”), along with the NoMad and PAS locations, operates under the Assemblage brand, which is a community-based Coworking and Social Membership concept with additional revenue verticals from 3rd-Party Events, Food & Beverage and boutique hotel (John St. only). Prodigy, the owner of the Assemblage brand, has developed a 2-year business plan to unlock the potential for John St. and chart a course for the future of the Assemblage brand. Following is a summary of major elements of the 2-year business plan by revenue/expense vertical:

Operational Focus:

- Based on lessons learned over the past 2 years from operations at John St., as well as at the NoMad location, significant cost reductions were achieved at John St. with a major focus on the bloated F&B department due in part to the all-you-can-eat breakfast and lunch buffet
- Going forward, the focus will be on top line growth from a new vision of selling Coworking Memberships, and Social Memberships and 3rd-Party Events will be built up around the addition of a liquor license and a reconfiguration of the location’s food service

Coworking Memberships:

- We are in the process of rolling out a broker program offering very competitive fees to licensed real estate brokers who introduce members, with substantial incentives for longer term membership contracts
- An additional channel for Resident Desk and House memberships, which have historically been more difficult for our in-house sales team to sell, will be groups such as Techstars who would bring a large rotating membership base

Social / Assembly Memberships:

- In anticipation of the change in the Assemblage offering to include more attractive nightlife activities, we would look to hire a dedicated regional manager of the social vertical with experience in social membership businesses and/or social clubs
- The regional manager would be responsible for growth in the NOI contribution of this vertical, and would provide leadership on aligning programming and membership sales with the new bar component

3rd -Party Events:

- Expand business substantially with additional support and enhanced offering featuring liquor licenses and redesigned food service
- This vertical has the potential to contribute as much as \$200k to revenues, with a substantial portion flowing straight to the bottom line as a venue rental charge

Food & Beverage:

- Beginning in the fall, we will prepare for the opening of a bar or bars at John St. with liquor licenses obtained in late 219, with the hiring of a bar manager and regional director of the social vertical

- Reduce costs further in F&B, and redesign with a focus on aligning with the bar business and 3rd-party events

Hotel (John St. Only):

- Develop corporate, group and local negotiated rate (LNR) business and hire dedicated salesperson to augment this vertical, which has performed reasonably well in the first 17 months of operations at the location

CONSOLIDATED FINANCIAL STATEMENTS

17 JOHN PREFERRED SERIES

JUNE 30, 2019

(UNAUDITED)

PRODIGY NETWORK

Fund Administration Services Provided By:

NES Financial™

(800) 339-1031 www.nesfinancial.com

Introduction to the Unaudited Financial Statements

The June 30, 2019 unaudited financial statements of the 17 John Preferred Series are presented at fair market value based on the most recent appraisal of the underlying property. The Series' financials, together with the operating performance of the property, are intended to provide the current value of your investment as of June 30, 2019 and a detailed synopsis of the property's actual operating performance, respectively.

The Series' unaudited financial statements are being presented on a consolidated basis for the 17 John Preferred Series of Prodigy Shorewood Master REP Fund, LLC, 17 John Preferred Inc., the 17 John Preferred Series of Prodigy Shorewood New York REP Fund, LP, and the 17 John Preferred Series of Prodigy Shorewood Domestic Feeder REP Fund, LLC, collectively referred to as the Series.

Description of Series' Assets

The Series has invested in, and owns preferred equity in, 17 John Street JV LLC, the joint venture. The joint venture wholly owns the property at 17 John Street, New York, NY through one or more controlled entities.

The Series Manager has forecasted future cash flows after taking into account actual operating results since inception and general market conditions, and after applying market discount and cap rates arrived at a fair valuation of the property of \$188,582,496. This internal valuation model and December 31, 2018 unaudited financial statements are being reviewed by Ernst & Young, the 17 John Street Series' auditor, and are subject to change upon issuance of the December 31, 2018 audited financial statements, which are expected to be completed shortly. The discount and cap rates applied to the forecasted future cash flows are those proposed to Ernst & Young as of the date of this reporting.

The Series Manager values the Series' ownership interest in the property by determining the amount which would be distributed to the Series, by the joint venture, in the event of a hypothetical liquidation of the ownership interest in the property.

The Series has invested all capital contributions received to date into the joint venture. The Series earns a 12% compounding annual return on its capital investment, as defined by the distribution terms set forth in the operating agreement of the joint venture. At June 30, 2019 the Series has invested \$52,544,016 in the joint venture. The Series' capital investment in the joint venture, and the 12% compounding annual return thereon, are junior to the senior debt and liabilities to vendors but senior to all distributions made to the 17 John Street Series via 17 John Street Realty Associates.

At June 30, 2019 the joint venture had senior debt payable and accrued operating liabilities totaling \$112,023,370. In the event of a hypothetical liquidation of the property at the aforementioned appraised value, the joint venture would have sufficient proceeds to distribute all capital and preferred return earned by the Series. As such, the Series' investment in the joint venture as presented on the balance sheet which follows represents the capital investment plus preferred return earned and not yet distributed by the joint venture.

PRODIGY NETWORK

STATEMENTS OF ASSETS AND LIABILITIES

17 JOHN PREFERRED SERIES (CONSOLIDATED)

JUNE 30, 2019 AND DECEMBER 31, 2018

(Unaudited)

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Assets:		
Cash	\$ 66,209	\$ 352,270
Investments, cost basis	52,544,016	52,316,401
Investments, unrealized gain based on fair market value	5,858,139	2,560,883
Other assets	125,671	500,003
Total Assets	<u>\$ 58,594,035</u>	<u>\$ 55,729,557</u>
Liabilities:		
Due to Joint Venture	\$ 191,880	\$ 852,273
Accounts payable and accrued expenses	-	26,749
Preferred return distributions payable	-	40,702
Total Liabilities	<u>191,880</u>	<u>919,724</u>
Total Members' Equity	<u>58,402,155</u>	<u>54,809,833</u>
Total Liabilities and Members' Equity	<u>\$ 58,594,035</u>	<u>\$ 55,729,557</u>

PRODIGY NETWORK

STATEMENT OF OPERATIONS

17 JOHN PREFERRED SERIES (CONSOLIDATED)

PERIOD ENDED JUNE 30, 2019

(Unaudited)

Investment Income:

Realized gain on investments	\$	-
Change in unrealized gain on investments		3,297,256
Total Investment Income		<u>3,297,256</u>
Net Increase in Members' Equity from Operations	\$	<u>3,297,256</u>

PRODIGY NETWORK

STATEMENT OF CHANGES IN MEMBERS' EQUITY

17 JOHN PREFERRED SERIES (CONSOLIDATED)

PERIOD ENDED JUNE 30, 2019

(Unaudited)

	Master Preferred Interests	Master Common Interests	17 John Preferred Series Consolidated
Balance, January 1, 2019	\$ 55,104,899	\$ -	55,104,899
Capital contributions	-	-	-
Preferred return distributions	-	-	-
Net Increase in Members' Equity from Operations	3,297,256	-	3,297,256
Balance, June 30, 2019	<u>\$ 58,402,155</u>	<u>\$ -</u>	<u>\$ 58,402,155</u>

Footnotes to the Unaudited Financial Statements

Commentary on the Statements of Assets and Liabilities:

Cash

The balance of cash on hand at June 30, 2019 has decreased from December 31, 2018, as the Series has made further investments into the joint venture in order to cover operating costs of the property as well as the Series itself.

Investments, at cost and Investments, unrealized gain based on fair market value

The investments, at cost represents the cost basis of the Series' investment in the joint venture to date. The investments, unrealized gain represents the appreciation of this investment based on the distribution terms of the joint venture, by which the Series earns a current 7% compounding annual preferred return distributed currently and a 5% compounding annual preferred return deferred until liquidation of the investment.

Further, certain members of the Series, through their subscriptions thereto, have been granted common interests in the 17 John Street Series. These interests are technically held by the 17 John Preferred Series of Prodigy Shorewood Master Rep Fund LLC. As such, any unrealized gain or loss on the common interests held is included in this balance sheet item. The value of these interests has been determined by the Series Manager, which is also the Series Manager of the 17 John Street Series.

The total of the investment cost and unrealized gain (\$58,402,155) represents the proceeds the Series would receive from the joint venture in the event of a liquidation of the investment on June 30, 2019, plus the proceeds related to the aforementioned common interests in the 17 John Street Series, if any.

Due to Joint Venture

This liability represents cash and other assets held by the Series at June 30, 2019, which are to be advanced to the joint venture. The Series has retained some cash in order to facilitate certain transactions related to the operating costs of the Series.

Commentary on the Statement of Operations:

The Series has realized a gain on its Investments during the period ended June 30, 2019, which consists of the preferred return earned on the investment in the joint venture.

Commentary on the Statement of Members' Equity:

The members' equity of the Series has increased during the period ended June 30, 2019 due to further capital contributions from investors and investment income.

The Net Increase in Members' Equity from Operations has been allocated in order to segregate the equity value resulting from the investment in the joint venture and all other operations of the Series, and the equity value resulting from the common interests held in the 17 John Street Series.