**Section 4 – Return Potential (Fully Enhanced TURF + Townsend Depth)**  
**Evaluation Grade:** ☐ Very Positive ☐ Positive ☐ Neutral ☐ Negative ☐ Very Negative

**Instructions:**  
For each sub-criterion below, present:

* Narrative paragraph (Townsend IC memo tone: objective, fact-driven, no marketing language).
* Supporting data in bullets or tables (show at least one numeric datapoint per sub-criterion).
* Peer/benchmark comparisons where possible.
* Sensitivity analysis: highlight downside scenarios and quantify potential IRR/MOIC impacts.

**Sub-Criteria:**

1. **Sponsor Target Returns**
   * Present GP’s stated net IRR and equity multiple objectives.
   * Compare to historical performance of prior funds and to market peer benchmarks.
   * Identify whether target returns are gross or net and if they are achievable based on underwriting and market context.
2. **Initial Income**
   * Detail expected cash yield or income from seeded/stabilized assets, if any.
   * Compare to sector averages and show projected contribution to overall return.
3. **Income Growth Potential**
   * Evaluate NOI and rent growth trajectory, using market-level and property-type forecasts.
   * Include historical rent growth trends for target markets over 5–10 years.
4. **Capital Appreciation**
   * Break down valuation uplift assumptions (exit cap rates, mark-to-market, asset repositioning).
   * Benchmark exit assumptions vs. recent market transactions.
5. **Development Return Uplift**
   * Calculate yield-on-cost vs. market cap-rate spread for development or major redevelopment projects.
   * Include scenario analysis on cost overruns or rent underperformance.
6. **Leverage Impact**
   * Quantify the contribution of leverage to projected IRR/MOIC.
   * Include stress testing under higher interest rate or lower exit pricing scenarios.
7. **Sensitivity & Downside Analysis**
   * Present return sensitivity to key assumptions (cap rate expansion, slower rent growth, cost overruns).
   * Include a summary table: *Variable | Base Case | Downside Case | IRR/MOIC Impact*.
8. **Return Composition**
   * Break down return sources (current income %, capital appreciation %, fees, other sources).
   * Show how the mix compares to prior funds and to peers.
9. **Impact of Fees & Expenses**
   * Quantify the net return drag from management fees, carried interest, and other expenses.
   * Compare fee load to market norms.
10. **Historical Hit Rate on Underwritten Returns**
    * Assess how often the sponsor has met or exceeded underwritten returns in prior funds.
    * Provide data on over/under-performance relative to original pro forma.

**Wrap-Up:**

* 3–4 bullets summarizing the most material upside and downside factors in the return profile.
* Preliminary Section Rating: [Rating] — [Justification].