iintoo

Single-Family Rental Portfolio, Louisville, KY

Invest in an asset class that has seen increasing interest from investors and strong post pandemic momentum

Acquisition and renovation of a portfolio of 178 existing single-family rental (SFR) homes in Louisville, Kentucky, consisting of noncontiguous units spread across several neighborhoods. The sponsor expects to acquire the portfolio at $20M ($112K per door), renovate 80% of the units at $6,500 per home while generating $200 in monthly rent premiums, and sell after 3 years to an institutional buyer.

Portfolio Details

Property Type	Residential; Single-Family Homes
Deal Type	Value –Add, Currently Income-Generating
Number of Units	178 Single-Homes, (600-2,025 of SQF/unit)
Asset Class	B-
Average Year Built	1947

Investment Type	Financing Type	Estimated Closing Date
Single-Family Home Rentals	Equity	August 2021
Estimated Holding Period	**Minimum Investment**	**Estimated Net Operating Income (NOI)**
36 Months	$25,000	6.14%

For details on the deal financials, please reach out to your Licensed Investment Specialist.

Investment Highlights

1. Louisville Single Family Rentals are in High Demand

Rental rates for single-family homes across the U.S. climbed to the highest level since September 2006, as a result of increased demand for more spacious and private housing options .[1] This is particularly true for cities like Louisville, which has a diverse economy and is one of the fastest growing cities in Kentucky. In fact, the city has been named as one of the top cities for renters by Forbes.[2] Louisville has large employers in manufacturing, shipping, logistics and finance. The portfolio properties are located near the university and the airport and primarily cater to blue-collar households with moderate annual income, who are seeking affordable yet spacious housing options. Given Louisville's rising housing prices, many families can afford to rent a single-family home but are unable to purchase a standard Louisville home.

2. Seasoned Sponsor with Proven Track Record

This is our fourth deal with the Sponsor. iintoo's first deal with the Sponsor, Maplewood Apartments, is operationally similar to the SFR portfolio in the sense that it is not a centralized apartment complex, however, the dispersion is on smaller scale. Located just 10-blocks away within the Newburg submarket, the Maplewood Apartments value-add multifamily complex has been performing well, has received a higher than projected valuation and is being prepared for sale earlier than expected given strong market dynamics.[2]

3. Strong Institutional Interest in SFR

With COVID-19 supercharging demand for single-family rentals across the U.S., the SFR market has experienced a flurry of institutional investment activity. Institutional investment in the U.S. SFR sector reached $4.7 billion in 2020 and institutional demand for this property class is expected to remain strong for the foreseeable future.[3] This presents a viable opportunity to increase post-rehabilitation rental rates for assets like the ones in our portfolio , particularly as the competitive landscape becomes more heavily capitalized by large institutions willing to bid down cap rates in the coming years.[4]

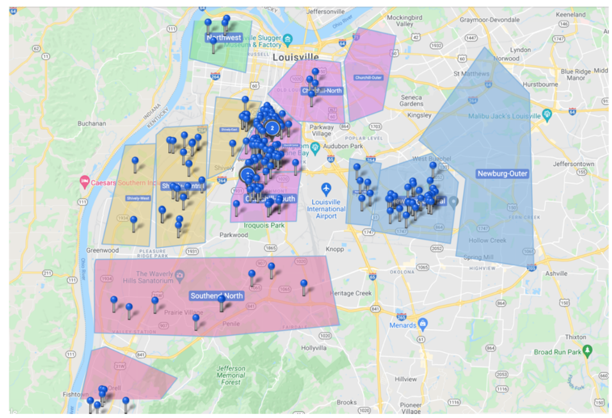
[1] "U.S. Single Family Home Rents Hit 14-Year High as Costs Surge," Bloomberg, May 18, 2021
[2]"Best Cities For Renters 2021," Forbes, March 2, 2021
[3] "U.S. Housing Market Is Nearly 4 Million Homes Short of Buyer Demand," WSJ, April 15, 2021
[4] "Single-Family Rental Housing's Phenomenal Year," CBRE Investor Hub, December 22. 2020
Please note header image is for illustration purposes only.

Portfolio Details

The portfolio consists of 178 single, dispersed homes across wide swaths of the city of Louisville. Consistent with the business strategy, the portfolio include relatively old, mid-century houses in varying conditions. All homes present a value-add opportunity while targeting mostly working-class families, where the demand for rental homes is consistently high as the population seeks more space and affordable options.

Location of Assets

- Churchill - 95 homes - around the Churchill Downs racetrack and the area West of the airport
- Newburg - 33 homes - East of the airport
- Old Louisville - 4 homes - North of the University of Louisville campus
- Shively - 28 homes - West half of Louisville
- Portland & Shawnee - 4 homes - Northwest end of Louisville
- South End - 15 homes - South side of Louisville



Renovation Plan

Total Capex of $936k / $6.5K per home for 144 renovated units ($5.2K per all 178 units). These houses were recently renovated by the previous owner with over $2M invested, addressing roofs, HVACs, water heaters and flooring.

The Sponsor intends to invest in the kitchens by adding or upgrading the backsplash, appliances, countertops and cabinets, as well as bathroom upgrades.

Unit Mix & Rent

Unit Type	# Units	Avg SQFT	Monthly Rent Per SQFT	Monthly Rent per Unit	Total Rent/Month
2 Bd	67	837	$0.97	$788	$52,800
3 Bd	77	1,064	$0.94	$967	$74,473
4 Bd	29	1,382	$0.84	$1,119	$32,450
5+ Bd	5	1,527	$0.87	$1,235	$6,175
Average	**178**	**1,043**	**$0.93**	**$932**	**$165,898**

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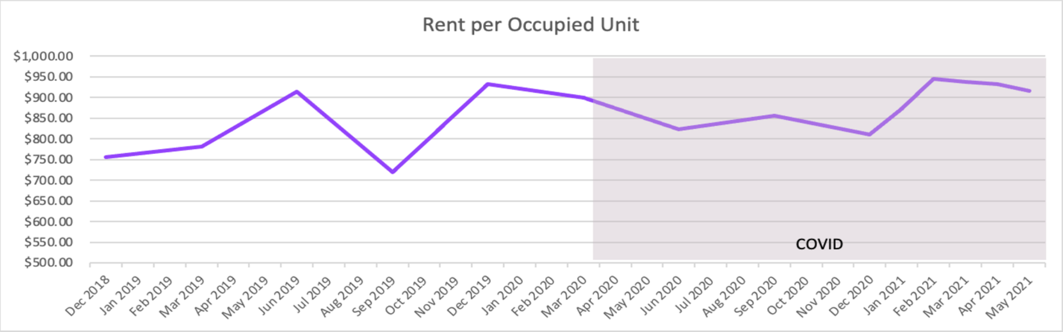
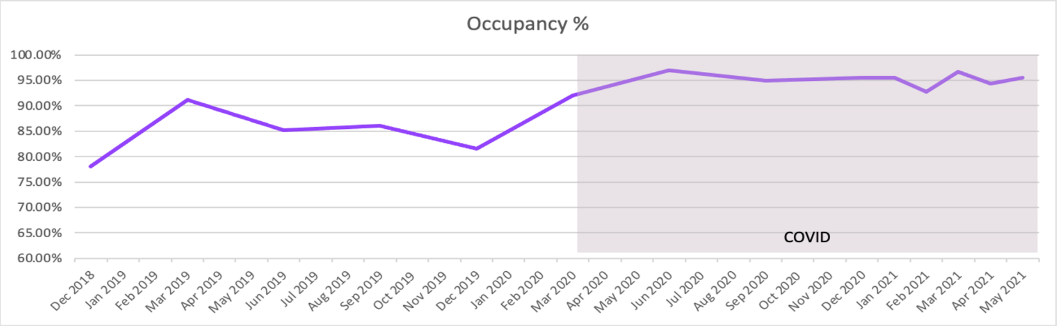
Portfolio Historical Performance

The average occupancy rate has hovered at around 95% which is attributed to increased demand for larger spaces because of the pandemic. The average collection rate has remained stable at 85% in 2021.



Source: Sponsor



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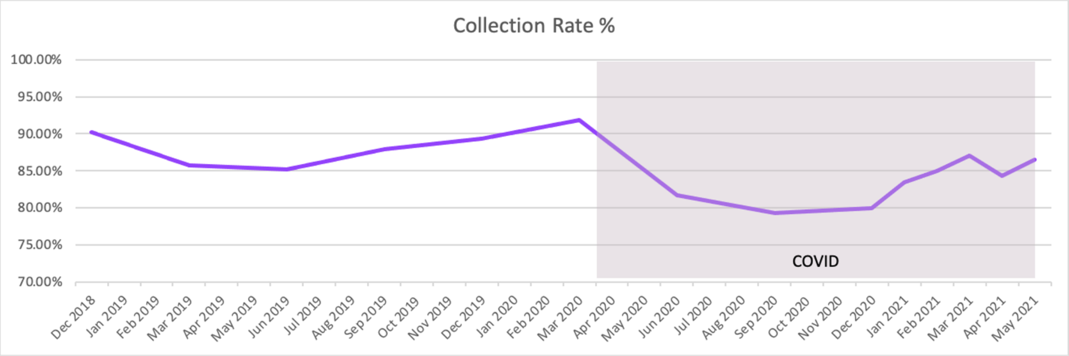


Source: Sponsor

Sponsor Details

VAZZA
REAL ESTATE GROUP

Expertise

Established in 1965, the Vazza Real Estate Group is a full-service real estate development and investment firm focused on Class B and C multifamily assets in growing secondary cities throughout the U.S. Southeast, Midwest and Mid-Atlantic. The Company has developed a number of residential communities and thousands of units of housing - selectively developing single family community developments, apartments, senior housing, and high-end condominium communities. The company seeks to improve property value through both managerial efficiencies and value-add work completed both at the unit and property level.

To date, the Sponsor has bought and sold nearly $1B worth of commercial real estate since inception and currently manages a real estate portfolio surpassing $150M in value.

iintoo's Track Record with the Sponsor

iintoo's first deal with the Sponsor, Maplewood Apartments, is operationally similar to the SFR portfolio in the sense that it is not a stand-alone apartment complex. Located just 10-blocks away from the deal asset, within the Newburg submarket, Maplewood Apartments has been performing well and has received a higher than expected market valuation. The asset is expected to exit sooner than expected given the strong market dynamics.[3] Park at Sunderland is also on the market and the Sponsor has received a signed Purchase and Sale Agreement (PSA).

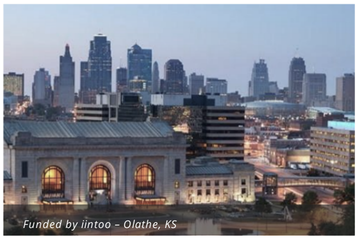
Performance of Current Deals

Investment Name	City, State	Occupancy Rate (June 2021)	Collection Rate (June 2021)	Closing Date	Annualized Cash Yield 2019	Annualized Cash Yield 2020	Annualized Cash Yield 2021
Maplewood Apartments ***Pending Exit***	Louisville, KY	93.5%	92.4%	Jun 2019	10.0%	10.7%	10.0%
Park at Sunderland* ***Pending Exit***	Birmingham, AL	97.1%	82.7%	Sep 2019	6.5%	2.5%	1.5%
Chestnut Heights	Olathe, KS	94.4%	98.1%	Nov 2020	N/A	11.3%	9.1%

*Park at Sunderland, Birmingham AL:
The investment is expected to exit soon. According to the sale price in the executed PSA (which is subject to final official closing on August 17th), iintoo's equity investors are expected to receive a 5.17% annual return.
In terms of asset performance, in 2020 the property suffered from significant water damage. A utility company digging on the property damaged pipes servicing the apartments which caused leaks. The sponsor retained legal services to recoup utility expenses, and succeeded in obtaining reimbursements. Furthermore, collection rates were impacted when some tenants faced difficulties during COVID. However as of Q1 2021, performance improved and rents for new tenants have been raised.


Funded by iintoo - Birmingham, AL


Funded by iintoo – Louisville, KY


Funded by iintoo – Olathe, KS

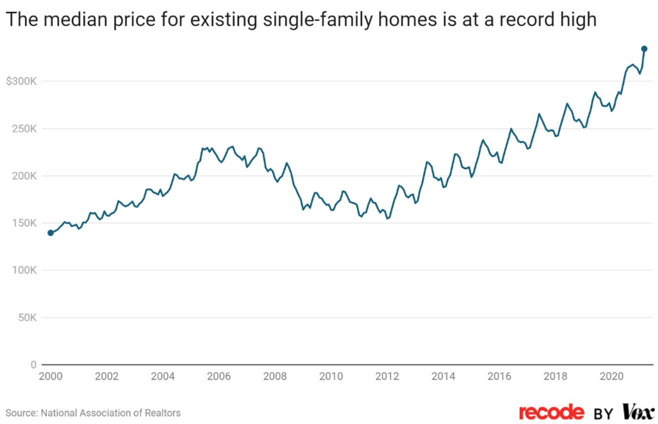
(1) *Source: Sponsor*

Market Overview

Single Family Home Rentals

The U.S. single-Family Rental (SFR) market has traditionally fared well during periods of decreasing housing affordability, and grew significantly during and after the 2008 Recession. With COVID-19 causing economic distress across and reshaping living and rental presences across the world, the SFR market performance has once again exhibited strong performance.

5.6 million single-family homes were sold last year in the U.S., which was more than at any time since the housing bubble. Additionally, the national median existing-home sales price rose 16.2% on a year-over-year basis to $319,200 — a record high since 1989, according to the National Association of Realtors (NAR).[5] The NAR expects average housing prices to go up another 9% in 2021, which is a significant increase relative to the typical 3-5% annual price growth in past years, and far faster than most households' income growth rate.[6]



As a result, the pandemic supercharged growth in the single-family rental (SFR) market. This market vertical is primarily driven by three factors: rising demand for homes, declining homeownership rates due to unattainable house prices, and more households looking for larger alternatives to urban apartments.[7] With the economic disruptions brought about by COVID-19 creating tailwinds for all three trends, rental rates for single-family homes in the U.S. climbed to the highest level since September 2006 as the pandemic pushes Americans to seek out more space.[1] This strong pandemic–related shift is primarily fueled by economy shifts to flexible remote work arrangements coupled with an affordability issue with homeownership in the US which has only been exacerbated over the last twelve months.[3]

This increase in SFR demand has in turn triggered increased interest from institutional capital and a boom in development, according to research from Trepp.[7] In 2020, institutional investment in the SFR sector weighted in at an extraordinary $4.7 billion in equity investments in operating SFR companies and joint ventures with significant SFR operations. Much of this capital was allocated to programs of acquiring, renovating, and leasing existing single-family homes in noncontiguous, or "scattered" locations like the ones in our deal portfolio.[1] With institutional interest in SFRs expected to continue growing and the U.S. housing market still 3.8 million single-family homes short of what is needed to meet national housing demand, we believe SFRs will remain one of the most compelling real estate investment options for the foreseeable future.[4]

[5] "Virtually Every Metro Area Experienced Home Prices Rise in First Quarter of 2021," National Association of Realtors, May 11, 2021
[6] "Pending Home Sales Grow 1.9% in March," National Association of Realtors, April 29, 2021
[7] "Rapidly Growing & Recession-Resistant: Interest Spikes for the Single-Family Rental Market," Trepp, April 22, 2021

Market Overview

Louisville, KY

Nicknamed the “Gateway to the South,” Louisville boasts a low cost of living and a dynamic economy underpinned by a diverse range of sectors such as manufacturing, high tech, and transportation, and shipping. A large number of Fortune 500 corporations have chosen the city as their base, including Humana Inc., Papa John’s, the United Postal Service, and Ford Motor Company. Three of the city’s top six private employers are healthcare-related and the city is increasingly home to a number of fast-growing startups, including PharmaCord, which plans to invest nearly $57 million into a new operations and call center in the area.***

In addition to being the largest city in Kentucky, Louisville is also one of the fastest growing cities in the state, according to the Kentucky League of Cities.[8] 26% of the population in Louisville is between the ages of 20 and 39, which is an optimistic sign for investors targeting the millennial renter market.[9] Given Louisville’s population composition as well as its affordability, accessibility to nature, and active economy, the city has been named one of the top cities for renters by Forbes.[2] This is especially true for single-family homes, given that Louisville renters are increasingly upsizing to bigger homes with more space as households spend more time at home.

According to data from CoStar, the Louisville housing market was fairly resilient in the face of the 2008 Recession, with rent price indexes and occupancy trends remaining relatively steady. However, despite the fact that Louisville’s economy underwent significant growth in the years following the recession, there continue to be substantial disparities in unemployment rates in the region. These economic inequalities have grown even more as a result of COVID-19, and as a result the need for more cost-accessible housing options such as our current assets has never been higher.

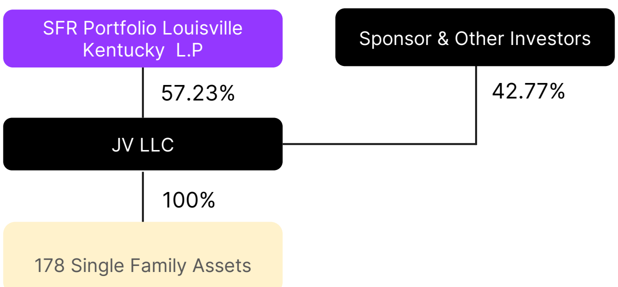
[8] “Kentucky Cities Continue Population Growth,” Kentucky League of Cities, June 4, 2020
[9] “What's Attracting Investors to Louisville's Real Estate Market in 2021?,” Roofstock, January 6, 2021

Estimated Cash Distributions

Pursuant to the deal structure and payment waterfall, all available cash flows will be distributed to iintoo investors and the Sponsor as an equity investor (pro rata) until returning closing capital contributions and then until a 9% return hurdle to each pro rata is reached, followed by repayment of the sponsor's overrun loan if any.

Following that, the waterfall is 65% | 35% to the equity investors but that will flip once the IRR threshold is reached by iintoo investors.

Legal Structure



Ownership

The iintoo investor entity is expected to hold a 57.23% stake in the special purpose entity that owns the asset. Ownership of the asset is via a designated SPV held by investors and the sponsor.

The principal of the Sponsor provides a personal undertaking of the obligations of the Sponsor under the JV agreement. iintoo will oversee and monitor the project until its completion and provide investors with quarterly progress reports. For futher details see the Private Placement Memorandum or reach out to your Licensed Investment Specialist.

Deal Structure

iintoo Debt $1,600,000	**Deal Initiation Costs** $120,000	**Total Targeted Capital Raise** $1,720,000
iintoo Equity $3,400,000	**Deal Initiation Costs** $463,000	**Total Targeted Capital Raise** $3,863,000
Sponsor & Other Equity Investors $3,736,098		**Total Capital** $22,736,098

Capital Stack

Bank Loan	$14,000,000
iintoo Debt Investors*	$1, 600,000
iintoo Equity Investors	$3,400,000
Sponsor & Other Investors	$3,736,098

**Raised by overseas investors*

Buyout

Starting at 18 months until 30 months from the project start date, the Sponsor is entitled to a buy-out right that should amount to a cash sum that represents a return equal to the projected IRR of 18.72% plus 7% of their capital contribution.

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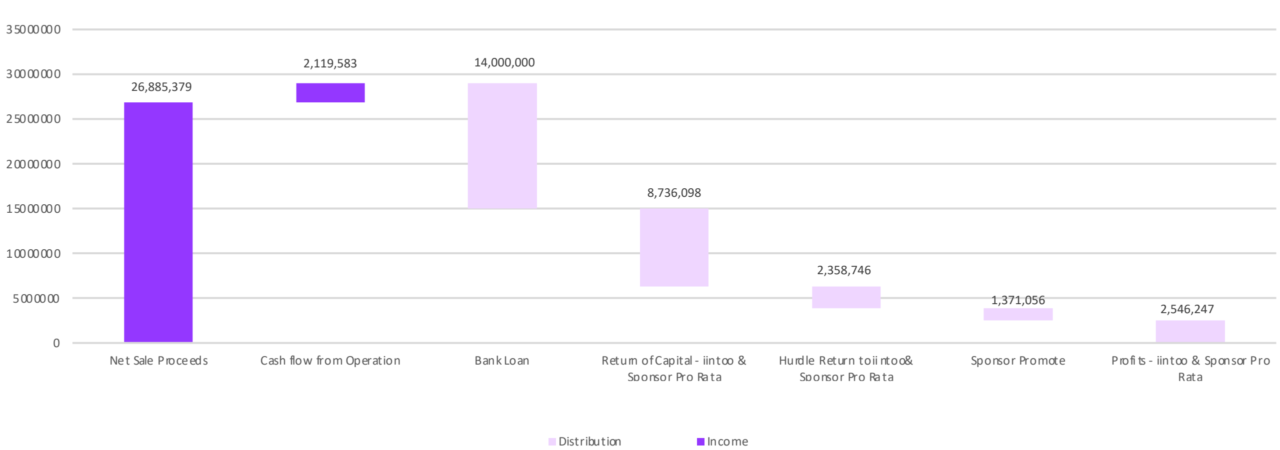
Financial Snapshot

Sources ($)	
Bank Loan	14,000,000
iintoo Debt Investors	1,600,000
iintoo Equity Investors	3,400,000
Sponsor & Other Investors	3,736,098
Total Sources	**22,736,098**

Uses ($)	
Land Acquisition	20,000,000
Hard Costs	936,000
Financing & Purchase Costs	1,220,988
Working Capital & Other Reserves	579,110
Total Uses	**22,736,098**

P&L	Year 1	Year 2	Year 3
Rental Income	1,942,432	2,110,032	2,336,517
Other Income	60,000	60,000	60,000
Total Income	**2,002,432**	**2,170,032**	**2,396,517**
Payroll	(267,000)	(272,340)	(277,787)
Property Taxes	(139,415)	(196,000)	(199,920)
Insurance	(62,300)	(63,546)	(64,817)
Repairs, Maintenance & Turnover	(139,730)	(142,881)	(145,738)
Utilities	(40,050)	(40,851)	(41,668)
Marketing & Administration	(44,500)	(45,390)	(46,298)
Management Fee	(80,097)	(86,801)	(95,861)
Total Expenses	**(773,092)**	**(847,809)**	**(872,088)**
Net Operating Income (NOI)	**1,229,340**	**1,322,224**	**1,524,429**
Debt Service	(595,000)	(595,000)	(595,000)
Sponsor’s Asset Management Fee	(50,061)	(54,251)	(59,913)
Net Cash Flow Before Tax	**584,279**	**672,973**	**869,516**
Expected Cash Flow to iintoo Investors	**334,405**	**385,168**	**497,657**
Expected Cash Flow to iintoo - Debt Investors	154,800	154,800	154,800
Partnership Costs	(14,550)	(9,300)	(10,550)
Expected Cash Flow to iintoo Equity Partnership	**165,055**	**221,068**	**332,307**
Expected Cash Flow to iintoo GP	1,651	2,211	3,323
Expected Cash Flow to iintoo Equity Investors	**163,405**	**218,857**	**328,984**

Estimated Waterfall Distribution at Exit



<u>For a more detailed financial breakdown of this offering, please refer to the expanded financials which are available in the Document Center.</u>

<u>Note full disclaimer below.</u>

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Sample of Portfolio Assets

513 Candlelight Ln, Louisville, KY 40214

6220 Serenity Ct, Louisville, KY 40219

416 Gwendolyn St, Louisville, KY 40203

5310 Rookwood Ave, Louisville, KY 40218

2611 Franklin Ave, Louisville, KY 40216

6706 Skyline Dr, Louisville, KY 40272

Sample Kitchen

Disclaimer

The indicative performance notifications herein above were determined based on the following stipulations: An investment's investment's Estimated Operational Net Operating Income (NOI) amount that is generated to Equity Investors amount is determined by deducting fees and expenses from the current rent roll and other cashflows. We confirm these numbers by comparison with comps received from appraisers. The performance notifications are hypothetical based on the methodology herein above indicated and the actual performance of an investment as stated will vary over time and might not be attained.

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