

Grand Pavilion Apartments — Tampa, FL

Invest in a value-add multifamily asset in one of Florida's hottest markets



Property Details

Property Type	Multifamily
Asset Class	B+
Number of Units	264 Units, (avg. of 666 SQF/unit)
Year Built	1984
Project Type	Value-add

Property Address

3110 Grand Pavilion Drive
Tampa, FL 33613

Target Closing Date

June 2021

Acquisition and upgrade of a currently income-generating multifamily asset in Tampa, Florida, with intent to sell the property within 48 months from the closing date. The asset submarket is projected to be the fastest growing Tampa submarket in terms of rent growth^[1], and the deal is led by an experienced Sponsor with an extensive track record across Florida.

Investment Type	Financing Type	Contractual Buyout Option
Multifamily	Equity	18-36 Months
Estimated Holding Period	Minimum Investment	Estimated NOI Generated to Equity Investors
48 Months	\$25,000	7.01% (Avg. per year, Net of all fees)*

Investment Highlights

1. Expecting Strong Post-COVID Market Dynamics

The deal asset is located in Tampa's University submarket – the #1 Tampa submarket in terms of projected post-COVID rent growth (2022-2024) according to Axiometrics, at 4.5% per year.^[1] A recent PwC report ranked Tampa #6 in overall real estate prospects and #2 for investment in the multifamily sector among the 80 markets surveyed^[2], and our deal submarket is the only Tampa submarket with no new multifamily inventory deliveries expected through 2024.^[1]

2. Seasoned Sponsor with Proven Local Track Record

The Sponsor has an extensive track record managing multifamily assets in Florida, having owned 6,129 units and managed 696 units across the Sunshine State.^[1] Recently, the Sponsor operated, renovated and sold a similar property located about a mile from the deal asset.

3. Significant Value-Add Opportunity

The Sponsor expects to increase monthly rents from \$943 to \$1,090 via an extensive value-add renovation plan. This plan covers both interior upgrades and strategic enhancements to common area amenities, and the Sponsor has successfully achieved post-renovation rent premiums of \$150+ for other similar properties in the past.

*** Please note: Per FINRA Rule 2210, we are no longer permitted to enclose IRR estimates, as of July 2020.**

The indicative performance notifications herein above were determined based on the following stipulations: **an investment's Estimated Net Operating Income (NOI) amount that is generated to Equity Investors 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. **The project's detailed operational figures are provided in the expanded financials, which are available in the document center.**

All financial estimates are calculated based on the total capital iintoo equity investors contribute and are net of all fees.

[1] According to Sponsor

[2] PwC, "Emerging Trends in Real Estate® United States and Canada 2021"

Property Details

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Grand Pavilion is a gated community spanning over 18.5 acres that offers residents convenient, low-density living coupled with ample green space and high-quality amenities. The property itself consists of 264 total units spread across 21 buildings, which amounts to ~17K SQF of rentable space.

Community amenities include a pool, a clubhouse, parking spots, and laundry facilities, and apartment amenities include kitchen appliances, Wi-Fi and cable, individual climate control, and private balconies/patios. The property's tenant-friendly features have contributed to its success, and as of March 2021 the asset had a 92% occupancy rate and a 100% collection rate.^[1]

Asset Location

The property is located in Tampa's University submarket in Uptown Tampa, minutes away from the University of South Florida, major retailers, recreational centers, and major entertainment hubs such as the Raymond James Stadium, which is home to the Tampa Bay Buccaneers. The asset is also a short drive from Tampa's numerous scenic spots and white-sand beaches, including two "Top Beach in America" winners – Fort De Soto and Caladesi Island state parks.^[2]

Target Demographic

The Sponsor is primarily targeting white-collar professionals and other households who are looking for a high-quality housing option that provides the privacy and feel of homeownership. The area's two largest job sectors are the trade, transportation, and utilities sector followed by the professional and business services sector, and given the uptick in middle-class in-migration from population-dense urban centers to more spacious yet well-developed markets like Tampa, we expect tenant demand for assets like Grand Pavilion to persist through the foreseeable future.

Capital Enhancement Plan

Interior Renovation Plan

The Sponsor plans on upgrading the interiors of 96 units which are still in their original condition, at an estimated cost of \$7,000 per unit. This renovation plan includes: new stainless appliances, brushed nickel hardware/fixtures, new counter-tops, new or refaced cabinets, a full paint job, modern lighting package, faux-wood flooring, 2" blinds, LED lighting & USB plugs.

For the remaining 168 units, the Sponsor plans to add 2" blinds, LED lighting & USB plugs along, with several additional touch-ups at an estimated cost of \$2,500 per unit. The Sponsor also plans to add washer & dryer connections and appliances to an additional 25 units.

Exterior Renovation Plan

The Sponsor has budgeted \$1,472,625 for exterior repairs and amenity enhancements. These upgrades will include full roof replacements, the addition of a new resort-style grilling area, enhancements to the pool area and deck, as well as other aesthetic enhancements.

[1] Source: Sponsor

[2] Source: RealPage, "Tampa-St. Petersburg Market Performance Summary: Q3 2020"

Property Images

According to the Sponsor, the property offers a strong value-add opportunity through implementing interior renovations to create additional value and compete with newer and upgraded properties in the area.

Property Exteriors



Amenities



Interiors



Sponsor Details

Praxis Capital LLC



Expertise

Founded in 2001, Praxis Capital, Inc. is a vertically integrated real estate private equity firm specializing in implementing tactical and strategic models to acquire underperforming residential real estate assets in U.S. growth markets. Praxis' executive team has a combined 100+ years of experience in the multifamily sector, including the ownership and management of over 100,000 apartment units since the company was established.

With over \$200 million in AUM to date, Praxis has a notable track record of strategic real estate acquisitions and asset transformations via effective renovation and repositioning.

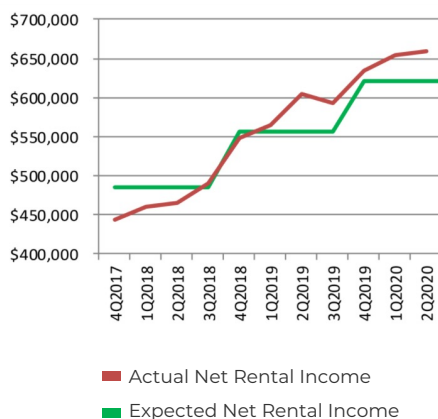
Florida Track Record

Praxis Capital has an extensive track record managing multifamily assets in Florida, and in addition to this deal the Sponsor has owned 6,129 units and managed 696 units across the Sunshine State. The Sponsor recently managed, renovated and sold another Tampa property named Turtle Creek Apartment Homes, which is similar to the deal asset and located about a mile away.

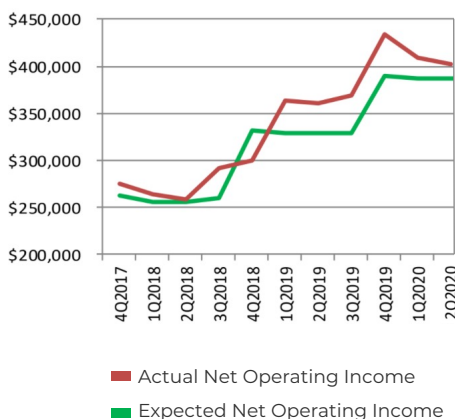
Turtle Creek Apartment Homes (Comparable Asset)

- 232-unit multifamily property (built in 1985)
- Purchased by the Sponsor for \$18.58M on August 28, 2017
- Sold by the Sponsor for \$30.6M on August 14, 2020

Turtle Creek — Net Rental Income



Turtle Creek — Net Operating Income



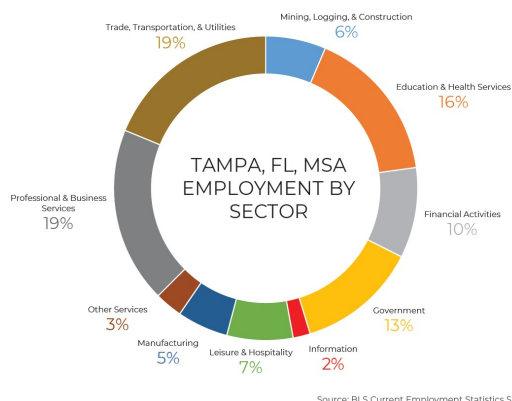
Market Overview

Tampa is a Magnet Market with a COVID-Resistant Economy

Tampa's multifaceted advantages have made it one of the most popular cities in the U.S.; Forbes ranks Tampa as among the best places for business and careers/job growth, and the city also received high ratings from U.S. News & World Report in terms of overall desirability, value, job market, and quality of life.

Since the onset of COVID-19, the best performing markets have offered a strong combination of economic diversity and affordability. Tampa's Economic Development Council found that Tampa's high-growth industries largely consist of sectors that have been fueled by the pandemic such as healthcare, IT, and distribution and logistics.^[1] As a result, Tampa's local economy is much less reliant on industries that have suffered the most from the pandemic.

As a testament to this fact, the Bureau of Labor Statistics reported that unemployment in the Tampa-St. Petersburg-Clearwater metro region was -4.3% as of August 2020 (well above the national number of -7.0%), which indicates faster job growth in the region. Going forward, RealPage forecasts the area's job growth to be ~5.0% in 2021 and 2.3% each year from 2022 to 2024.^[2]



2021 United States | Canada

EMERGING TRENDS IN REAL ESTATE®

High Ranks for Tampa in Recent PwC Report

- #2 in Multifamily Investments
- #6 in Overall Real Estate Prospects

Tampa's Multifamily Market

Tampa's steady job growth, population growth, and business expansions are resulting in rapidly rising demand for housing in Hillsborough County, where Tampa is located. In a recent report by PwC on U.S. "Magnet Markets", Tampa ranked in the top 10 for overall real estate prospects among the 80 markets covered^[3], and the majority of economists and real estate experts surveyed by the Tampa Bay Times last year expect Tampa's real estate market to outperform the national average in 2021.^[4]

As the Tampa Bay Times reports, pent-up demand and low inventory is making it difficult for first-time home buyers to compete. Tampa's median home prices grew 9.1% from 2019 to 2020, and this bullish housing market is helping drive demand for rental properties in the Tampa metro area.^[5] As a result, there is a persistent need for rental housing options that provide several benefits of homeownership in a convenient, cost-accessible format. This demand for high-quality multifamily housing has resulted in consistent rent growth for over a decade in Tampa. The city's annual effective rent growth has averaged 2.7% year-over-year since 1996 and rent prices in our deal submarket, University, have grown even more rapidly at 3.2% y-o-y over the same period.^[2]

Going forward, the submarket's effective rent growth is forecasted to average 4.1% from 2021 to 2023, and this demand is further bolstered by the fact that University is the only Tampa submarket with no new multifamily inventory deliveries expected through 2024.^[6]

[1] Tampa Bay Economic Development Council

[2] RealPage, "Tampa-St. Petersburg-Clearwater Market Performance Summary Q32020"

[3] PwC, "Emerging Trends in Real Estate – United States and Canada 2021"

[4] Tampa Bay Times, "Hot Tampa Housing Market Leaves Some Buyers in the Cold"

[5] Berkadia, "Tampa Market Overview"

[6] According to Sponsor

Estimated Cash Distributions

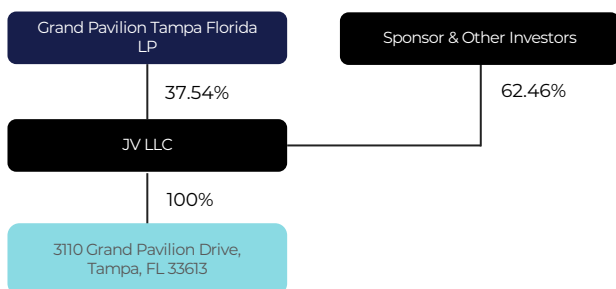
To the extent that there is cash flow available for distribution, the LLC shall make all allocations and distributions per the following priority:

First return any outstanding overrun loans made in accordance with this agreement; then return iintoo and other investors' closing capital contributions, pro rata; then hurdle distributions (8%) per annum on all closing capital contributions invested for the duration of project, pro rata; then the remainder in accordance with the below distribution until iintoo receives an annual return of 18.0% IRR:

- Sponsor: 30% ("Promote"; applies only if the Sponsor remains the manager of the LLC)
- iintoo: 26.28%
- Other investors: 43.72%

Towards the repayment of any overrun loans for expenses which were not permitted overrun expenses; then the remainder thereafter split 70% to the Sponsor, 11.26% to iintoo, and 18.74% to other investors.

Legal Structure



Ownership

The iintoo investor entity is expected to hold a 37.54% stake in the special purpose entity that own the asset. Ownership of the asset is via a two-tiered designated SPV held by investors.

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. See Private Placement Memorandum for further details.

Deal Structure

iintoo Debt* \$ 1,550,000	Deal Initiation Costs \$ 172,000	Total Targeted Capital Raise \$ 1,722,000
iintoo Equity \$ 3,450,000	Deal Initiation Costs \$ 470,000	Total Targeted Capital Raise \$ 3,920,000
Sponsor & Other Equity Investors \$ 8,320,000		Total Capital \$ 5,642,000

*Raised by overseas investors

Capital Stack

Bank Loan \$ 24,440,000
iintoo Debt Investors* \$ 1,550,000
iintoo Equity Investors \$ 3,450,000
Sponsor & Other Investors \$ 8,320,000

*Raised by overseas investors

Buyout

Starting at 18 months until 36 months from the project start date, the Sponsor is entitled to a buyout right that should amount to a cash sum that represents a return equal to the projected IRR of 18% plus 7% of iintoo's capital contribution.

Please refer to page 3 of the Summary of Key Terms in executed JV Formation Agreement, which describes the mechanism for buyout at 36 months.

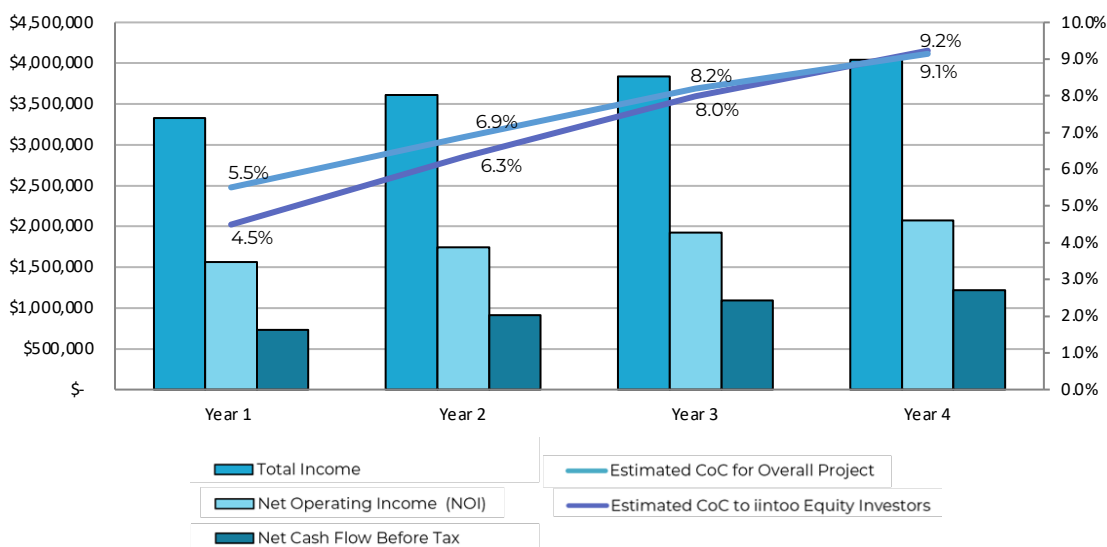
Financial Snapshot

Sources	
Bank Loan	\$24,440,000
iintoo Debt Investors	\$1,550,000
iintoo Equity Investors	\$3,450,000
Sponsor & Other Investors	\$8,320,000
Total Sources	\$37,760,000

Uses	
Acquisition Price	\$32,769,000
Capital Improvements	\$1,638,450
Purchase Costs	\$1,522,785
Working Capital & Other Reserves	\$1,829,765
Total Uses	\$37,760,000

Estimated Cash Flows (\$)	Year 1	Year 2	Year 3	Year 4
Rental Income	2,824,103	3,044,245	3,263,273	3,457,748
Other Income	507,004	565,108	576,410	587,939
Total Income	3,331,107	3,609,353	3,839,684	4,045,687
Payroll	(349,800)	(356,796)	(363,932)	(371,211)
Property Taxes	(442,684)	(503,512)	(523,660)	(544,600)
Insurance	(134,640)	(137,333)	(140,079)	(142,881)
Repairs, Maintenance & Turnover	(229,680)	(234,274)	(238,959)	(243,738)
Utilities	(323,062)	(329,524)	(336,114)	(342,836)
Marketing & Administration	(112,464)	(114,713)	(117,008)	(119,348)
Management Fee	(99,933)	(108,281)	(115,191)	(121,371)
Reserve	(79,200)	(80,784)	(82,400)	(84,048)
Total Expenses	(1,771,464)	(1,865,216)	(1,917,342)	(1,970,032)
Net Operating Income (NOI)	1,559,643	1,744,137	1,922,341	2,075,654
Debt Service	(792,942)	(792,942)	(792,942)	(817,172)
Asset Management Fee	(33,311)	(36,094)	(38,397)	(40,457)
Net Cash Flow Before Tax	733,390	915,101	1,091,002	1,218,025
Expected Cash Flow to iintoo Investors	275,297	343,506	409,535	457,217
Expected Cash Flow to iintoo - Debt Investors (5% Interest)	86,100	86,100	86,100	86,100
Partnership Costs	(13,050)	(9,300)	(10,550)	(9,300)
Expected Cash Flow to iintoo - Equity Investors	176,147	248,106	312,885	361,817

Operational Performance from Ongoing Cashflows through Project Cycle



For a more detailed financial breakdown of this offering, please refer to the expanded financials which are available in the Document Center. Note full disclaimer below.

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.

The above may contain forward-looking statements. Actual results and trends in the future may differ materially from those suggested or implied by any forward-looking statements in the above depending on a variety of factors. All written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the previous statements. Except for any obligations to disclose information as required by applicable laws, we undertake no obligation to update any information contained above or to publicly release the results of any revisions to any statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of the publishing of the above.

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Investors should always conduct their own due diligence, not rely on the financial assumptions or estimates displayed herein, and should always consult with a reputable financial advisor, attorney, accountant, and any other professional that can help them to understand and assess the risks associated with any investment opportunity. Any investment involves substantial risks. Major risks, including related to the Equity Protection and/or the potential loss of some or all principal, are disclosed in the private placement memorandum for each applicable investment.

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