

# NPL-2

Senior Debt Fund



*Limited Series*

# NPL-2 Senior Debt Fund

Participate in a highly-selective short-term fund to acquire a portfolio of non-performing real estate backed loans

## Investment Type

Short-Term Senior Debt Notes

## Collateral

First Lien Position

## Asset Types

Multifamily, Retail, Mixed-use

## Exit Strategy

Default Interest + Servicing Fees

## LTV

70%

## Geographic Markets

NYC and East Coast Markets

## Estimated Holding Period

24 Months

## Expected # of Loans in Fund

3-4

## Investment Strategy

Opportunistic



## Investment Highlights

### 1. Fund Strategy

Through the fund, investors will gain exposure to 3-4 defaulted senior debt notes (known as non-performing loans, or NPLs), and will potentially benefit from high default interest. Risk mitigation includes first lien right on the asset and a maximum LTV of 70%. The title on the asset must be clear, and all loans must be in material default due to non payment or loan maturity, with notice already served, and cure period complete. The average holding period for each loan is expected to be 1-2 years.

Once a note is acquired, the sponsor will file for foreclosure and in parallel negotiate with the borrower. There are three typical outcomes:

- (a) The borrower successfully refinances, and the sponsor collects principal, default interest and fees;
- (b) A receiver is appointed and the property goes to a foreclosure auction, and the sponsor collects principal, default interest and fees from the proceeds;
- (c) The sponsor takes ownership of the property, selling the asset on the open market.

### 2. Well established, reputable sponsor with highly specialized expertise

The sponsor has a strong relationship with originating institutional lenders who want to sell their NPLs, giving them access to deals that are otherwise unavailable. The sponsor has a proven track record in closing on NPLs, managing the legal process, and negotiations with the borrower. This is iintoo's second NPL fund and fourth commercial real estate project with the sponsor, with all prior projects meeting or exceeding business plan projections.<sup>1</sup>

(1) Past performance does not guarantee future results

## NPL Pipeline

As an example of the NPL-2 fund pipeline, we reference our first NPL Fund with the sponsor, which is comprised of 3 debt notes.

### NPL-1 Fund – Closed March 2022

Debt Note	Date Closed <sup>1</sup>	Current Status
<b>1. Lincoln Highway, Edison, NJ</b>	03/08/2022	The rent receiver received the bond and sent formal notices to the tenants on December 12th, 2022. We anticipate that our Motion for Final Judgement of Foreclosure will be heard in January. Expenses are in line with the underwritten budget. The default rate is 19.75%, \$771.97 per diem.
<b>2. 89<sup>th</sup> Ave, Queens, NY</b>	06/07/2022	The sponsor sought foreclosure proceedings, but the borrower successfully refinanced the loan. While the borrower refinanced the loan, the sponsor was able to still collect default interest and fees, resulting in iintoo's annualized return of approximately 19% on the LP level. Since this deal was exited earlier than expected, in August, the proceeds were allocated back into the fund and re-invested into the Vyse Ave debt note.
<b>3. Vyse Ave, Bronx, NY</b>	07/21/2022	The sponsor has initiated a foreclosure action. The motion for summary judgement and borrower's cross-motion to dismiss were submitted to the assigned judge on December 13, 2022. The ex parte application for the appointment of a receiver by the Court is pending. Expenses are in line with the underwritten budget. The default rate is 20.0%, \$515.17 per diem.

(1) Date mortgage was assigned

## Investment Criteria

<u>Criteria</u>	<u>Benchmark</u>
LTV	70%
Default Interest Rate	Minimum 18%
Location & Asset Type	Sponsor must have prior experience in location and asset type
Default Status	Uncontested Material Default Due to Non Payment or Loan Maturity (Notice already served, cure period complete)
Title	Clean
Liens	Any lien above ours (e.g. tax lien) must be within LTV of 70%

## Sponsor Expertise



Kassin Sabbagh Realty (KSR) is a fully-integrated real estate services and investment firm that focuses primarily on East Coast markets but has a presence nationally where opportunities are identified.

In addition to their core commercial brokerage business, they are actively engaged in real estate acquisition, financing, property management, development, and construction management.

The Sponsor has long standing relationships with banking institutions, hedge funds, private lenders and others that serve as a streamline of deal flow in the non-performing loan sector.

## Sponsor Track Record

EXITED NPLS					
PROPERTY	PURCHASE DATE	SALE DATE	PURCHASE PRICE	SALE PRICE	IRR
Concord Avenue, Bronx, NY	04/14/21	02/28/22	\$3,500,000	\$4,549,147	35%
Carrroll Street, Brooklyn NY	08/07/20	12/17/21	\$2,700,000	\$3,593,000	25%
Erasmus Street, Brooklyn, NY	01/16/20	11/09/21	\$3,768,706	\$4,750,000	20%
Broadway, NY, NY	05/20/21	06/29/21	\$2,320,000	\$5,567,930	167%
Route 111, Hauppauge, NY	08/23/18	08/23/20	\$500,000	\$1,500,000	73%
Wythe Ave, Brooklyn, NY	08/13/20	08/14/20	\$3,844,727	\$4,000,000	4%
Mill Rd, Westhampton Beach, NY	07/30/19	08/01/20	\$100,000	\$140,000	30%
Bedford Avenue, Brooklyn, NY	05/10/19	06/29/20	\$16,500,000	\$20,703,060	28%
S. Dixie, West Palm Beach, FL	03/08/18	06/19/20	\$588,750	\$873,146	10%
Lenox, NY, NY	05/22/18	03/12/20	\$1,900,000	\$2,334,136	11%
Atlantic Ave, Brooklyn, NY	11/13/19	03/04/20	\$7,351,267	\$8,203,666	48%
Old Country Road, Carle Place, NY – Mezz Loan	12/18/19	02/19/20	\$16,585,250	\$18,036,474	82%
Old Country Road, Carle Place, NY – Senior Loan	10/23/19	02/19/20	\$2,450,000	\$2,661,585	23%
39th Street, Brooklyn, NY	08/16/19	12/19/19	\$1,593,451	\$1,770,601	22%
Jamaica Ave, Jamaica, NY & Farmer's Boulevard, St. Albans, NY	11/05/19	11/26/19	\$2,500,000	\$2,796,638	254%
Route 37 East, Toms River, NJ	12/20/18	11/25/19	\$362,122	\$435,457	14%
Grand Street, Brooklyn, NY	06/25/19	11/12/19	\$1,541,767	\$1,743,508	25%
MacDougal St & 88th Street, NY, NY	05/22/18	10/29/19	\$739,683	\$1,067,423	19%
East 53rd Street, NY, NY	02/20/19	08/20/19	\$2,071,000	\$3,200,000	24%
Seiler Road, New Haven, IN	07/03/19	07/30/19	\$1,320,000	\$1,765,876	1184%
Ave A & 1st Ave, NY, NY	01/30/19	06/19/19	\$9,300,000	\$10,837,915	31%
Middle Country Road, Smithtown, NY	02/08/19	06/13/19	\$1,380,038	\$2,390,038	397%
3rd Ave, Bronx, NY	02/15/19	04/29/19	\$805,763	\$835,527	12%
Keyland Court, Bohemia, NY	04/27/18	04/09/19	\$170,000	\$373,075	129%
Meadow Lane, Southampton, NY	03/18/19	03/28/19	\$3,500,000	\$4,130,000	18%
Greene Ave, Brooklyn, NY	12/01/14	02/01/19	\$1,300,000	\$2,500,000	17%
Jefferson Avenue, Brooklyn, NY	12/12/18	01/03/19	\$1,119,277	\$1,180,112	62%
Merrick Boulevard, Jamaica, NY	07/17/18	12/28/18	\$225,000	\$425,000	312%
East 170th Street, Bronx, NY	09/27/18	11/19/18	\$4,684,100	\$5,372,307	157%
West 127th Street, NY, NY	02/20/18	11/02/18	\$775,000	\$968,954	387%
Lafayette Avenue, Brooklyn, NY	12/14/17	10/22/18	\$2,650,000	\$3,329,956	31%
103rd Avenue, Jamaica, NY	08/13/18	09/20/18	\$847,000	\$1,027,587	540%
Boston Road, Bronx, NY	05/30/17	05/09/18	\$530,000	\$1,440,530	189%
East Shore Road, Great Neck, NY	04/01/17	04/09/18	\$5,000,000	\$6,000,000	20%
Van Burren Street, Nashville, IN	05/01/17	11/01/17	\$4,000,000	\$4,400,000	21%
Norwood Avenue, Long Branch, NJ	10/01/16	11/01/17	\$700,000	\$1,000,000	43%
Liberty Avenue, Jamaica, NY	04/28/17	08/23/17	\$535,000	\$665,058	97%
Grand Concourse, Bronx, NY	12/01/14	07/01/17	\$3,000,000	\$9,300,000	55%
Arthur Ave, Bronx, NY	05/20/16	05/24/17	\$6,000,000	\$10,500,000	74%
East Bay Ave, Manahawkin, NJ	11/01/16	05/01/17	\$4,150,000	\$4,650,000	26%
137 Street, Bronx, NY	08/04/16	02/01/17	\$800,000	\$2,000,000	535%
Dianes Ct. Dix Hills, NY	01/01/15	11/15/16	\$310,000	\$935,000	80%
Union Street, Brooklyn, NY	09/01/14	10/31/16	\$575,000	\$1,370,000	49%
Convent Avenue, Manhattan, NY	07/22/14	08/12/16	\$610,000	\$913,000	22%
Plainfield Pike, Cranston, RI	01/13/16	05/20/16	\$3,550,000	\$4,500,000	97%
East 30th Street, NY, NY	09/01/14	04/01/16	\$6,000,000	\$7,298,000	13%
Great Pasture Road, Danbury, CT	02/26/16	03/26/16	\$5,600,000	\$5,850,000	73%
Building Portfolio, Ridgewood, Queens, NY	03/01/16	03/22/16	\$4,100,000	\$7,600,000	77%
Avenue X, Brooklyn, NY	09/01/15	03/01/16	\$370,000	\$420,000	29%
CVS & FedEx, NY	08/01/15	02/01/16	\$18,025,000	\$21,225,000	38%
West 95th Street, NY, NY	10/22/15	11/24/15	\$6,387,737	\$8,059,101	1208%
Flatlands Ave, Brooklyn, NY	09/01/15	09/08/15	\$475,000	\$525,000	22%
SW College Road, Ocala, FL	03/01/15	09/01/15	\$9,000,000	\$9,700,000	35%
Jefferson Ave, Brooklyn, NY	09/23/14	05/20/15	\$1,500,000	\$2,375,000	102%
East 58th Street, NY, NY	05/01/12	03/12/15	\$3,000,000	\$6,300,000	30%
Henry Street, Brooklyn, NY	06/01/14	12/16/14	\$1,175,000	\$1,850,000	131%
Nostrand Ave, Brooklyn, NY	10/01/14	12/12/14	\$1,950,000	\$2,400,000	187%
Pulaski Street, Brooklyn NY	05/01/14	05/22/14	\$1,550,000	\$1,750,000	724%

All data provided by the Sponsor.

ACTIVE NPLS			
PROPERTY	PURCHASE DATE	PURCHASE PRICE	
37th Street, Queens, NY	09/29/22		\$3,264,060
89th Ave, Queens, NY	06/07/22		\$1,903,165
Hempstead Turnpike, Queens, NY	05/20/22		\$1,000,653
Lincoln Highway, Edison, NJ	03/08/22		\$1,500,000
Atlantic Ave, Brooklyn, NY	01/31/22		\$875,000
West 169th St, NY, NY	11/30/21		\$4,002,794
W Highway 89A, Sedona, AZ	09/25/21		\$1,325,000
Rockaway, Queens, NY & Rutland, Brooklyn, NY	07/08/21		\$760,000
Bushwick Avenue, Brooklyn, NY			
Dekalb Avenue, Brooklyn, NY	01/16/20		\$29,239,280
38th Avenue, Flushing, NY			
62nd Avenue, Flushing, NY	11/26/19		\$6,080,000
Macon Street, Brooklyn, NY	03/19/19		\$1,131,042

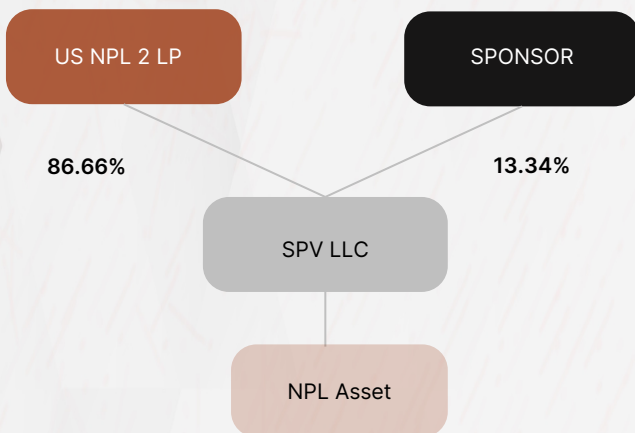
All data provided by the Sponsor.

## Estimated Cash Distributions

Ongoing cash distributions and distributions from sale or refinance.

Repayment of Capital Contributions of iintoo and the Sponsor pro rata; Then Hurdle Distributions (7.5%) to iintoo and the Sponsor pro rata; remainder until iintoo receives 17.5% IRR pro rata in accordance with ratio of 25% to Sponsor (Promote) and 75% to iintoo and Sponsor pro rata; remainder flips 70% to the Sponsor and 30% to iintoo and Sponsor pro rata. For further details see Schedule of Key Business Terms<sup>1</sup>, page 2.

### Legal Structure



### Ownership

The iintoo investor entity is expected to hold an 86.66% stake in the special purpose entity that own the asset. 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

<b>iintoo Preferred Equity*</b> \$ 1,650,000	<b>Deal Initiation Costs</b> \$ 69,000	<b>Total Targeted Capital Raise</b> \$ 1,719,000
<b>iintoo Equity</b> \$ 3,350,000	<b>Deal Initiation Costs</b> \$ 141,000	<b>Total Targeted Capital Raise</b> \$ 3,491,000
<b>Sponsor</b> \$ 769,912		<b>Total Capital</b> \$ 5,210,000

### Buyout

Starting at 12 months until 24 months from the Closing, Sponsor is entitled to exercise a buyout right that should amount to a cash return to iintoo totaling its Closing Capital Contribution plus the target IRR of 17.5%, plus 5% of iintoo's Closing Capital Contribution amount.

### Capital Stack

<b>Sponsor</b> \$ 769,912	<b>iintoo Preferred Equity Investors*</b> \$ 1,650,000
	<b>iintoo Equity Investors</b> \$ 3,350,000

\*Raised by overseas investors

(1) Schedule of Key Business Terms is included in the Appendix of the JV Feeder Agreement

## Disclaimer

The indicative performance notifications herein above were determined based on the following stipulations: An 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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