

Section 8, Affordable Housing Portfolio

South Portfolio T8



A subsidized multifamily housing portfolio consisting of twelve renovated properties for low-income households. An average of ~80% of the sponsor's portfolio is subsidized by the Chicago Housing Authority and other government entities. This is iintoo's sixth deal with the sponsor, and our fifth affordable housing portfolio in South Chicago.

Property Details

Property Type	Multifamily Section 8
Number of Buildings	12
Number of Units	212
Year Built	1914 - 1930
Asset Class	B+
Target Closing Date	Sept 2022

Investment Type
Income Generating

Financing Type
Equity

Minimum Investment
\$50,000

Estimated Holding Period
60 Months

Distribution Frequency
Quarterly

Estimated NOI generated to equity investors
5%* (Avg. per year, Net of all fees)

Investment Highlights

1. Rent is heavily subsidized by Chicago's municipal government

An average of ~80% of the sponsor's portfolio is subsidized by the government under Section 8 housing regulations. A ~95% occupancy rate on average across the twelve buildings is expected at closing.

2. Shortage of Affordable Housing options

Chicago has faced a chronic shortage of affordable housing options for years. Only 36 affordable rental homes are available per 100 low-income renter households in Illinois.¹ According to the City Housing Department, Chicago is in need of 120,000 more units of affordable housing.²

3. Renovated buildings with cost-saving efficiencies

The portfolio will be purchased after largescale renovations, meaning there is no Capex required. Additionally, solar panels will be installed, using a government subsidy which is higher than the installation cost. The sponsor is also securing a 4-year fixed price deals on gas and electric, to reduce current costs and to protect against rising utility prices.

4. iintoo's previous deals in the same asset class and submarket remain stable

This is our sixth deal with the Sponsor. iintoo has previously raised capital for four comparable portfolios with the same Sponsor, which are in close proximity to this deal's assets and cater to the same tenant demographics. The previous portfolios have an average collection rate of 94.25% and an average occupancy rate of 92.15% as of May 2022. For more details, refer to page 5.

* 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] Source: National Low Income Housing Coalition: IL
[2] Source: Chicago Tribune: Affordable Housing in Chicago

Section 8

Affordable Housing

The Housing Choice Voucher program, also known as Section 8, provides assistance to eligible low-income families to rent housing in the private market. Participants must comply with all program requirements, including certification, inspections, and allowing property owners to make any necessary repairs. A percentage of monthly rent is subsidized by the government, providing stable income, and vacancy rates can be lower as tenants often renew leases.¹

Extremely low-income renters face a shortage of affordable housing in every state and major metro area in the US. Chicago needs an estimated 120,000 affordable housing units to meet the city's demand,² and only 36 affordable and available rental homes exist for every 100 household in the state of Illinois.³

Government Funding

Government entities such as the Chicago Housing Authority are subsidizing rent. Residents must not exceed the low-income limit, which ranges from \$41,500 for a one-person household to \$78,250 for an eight-person household. Each Section 8 housing tenant goes through an annual background check covering employment and financial status to determine their eligibility for rent subsidies.

Sponsor Details

Goldman Investments

Expertise

Goldman Investments is an industry leader in privately-held vertically integrated commercial real estate investments. The company focuses on value-added residential transactions using innovative in-house technology and has over a decade of experience and success in the acquisition, development, management, and financing of multifamily properties across the U.S and the U.K.

GOLDMAN
INVESTMENTS



Track Record

With 15 years experience, Goldman Investments has a real estate portfolio surpassing \$800 million, and owns 67 buildings (~1,600 units) in Chicago.

Management Company

WPD Management



Goldman Investments is utilizing the management and operating services of WPD Management for this project. WPD Management manages 3000+ units across 180+ properties and specializes in renovating and stabilizing Class B assets in Chicago's South Shore submarket. WPD currently manages 1,500 units owned by Goldman Investments in south Chicago. According to WPD, ~50% of their units are subsidized, with vacancies averaging 2-3% and collection losses ranging from 3-5%. The fact that they will be managing the subject properties post transaction is key to the potential success of this deal.

[1] Source: Roofstock: Section 8 Real Estate

[2] Source: Chicago Tribune: Affordable Housing in Chicago

[3] Source: National Low Income Housing Coalition: IL

The Market

Local Economic Drivers

A three-year citywide planning initiative named We Will Chicago¹ will receive input from community leaders across Chicago to encourage growth and address social and economic issues specific to individual neighborhoods. The proposed plan would see investment in local businesses, community-led projects and job programs.

Invest South/West is a community development initiative that has aligned more than \$1.4 billion in public and private investment in the south and west of the city in the past 2 years.² Chicago's South Shore was recently announced as the location for a \$47 million development³ via Invest South/West that includes 11,000 SF of retail space, a health center, a restaurant, and residential units.

Property Details

General

Twelve multifamily properties comprising 212 units in south Chicago. The portfolio includes 10 retail units, which represents nearly 3.5% of total gross revenue. Residential units consist of 52 1BR, 112 2BR, 31 3BR, and 7 4BR. A 4-year fixed-price lease will be signed to keep gas and electric bills at a fixed price. In addition, solar panels will be installed on the roofs of all buildings, which will be subsidized by the State of Illinois.



Property Addresses

- 1136 W 68th, Chicago, IL 60621
- 614 E. 71st, Chicago, IL 60619
- 7511 S. Yale Ave, Chicago, IL 60620
- 7755 S. Ada St Chicago, IL, 60620
- 8209-13 S. Ellis, Chicago, IL 60619
- 6901 S. Prairie Ave, Chicago, IL 60637
- 7656 S Kingston, Chicago, IL 60644
- 7556 S. Eggleston Ave, Chicago, IL 60620
- 8055 S. Ada St, Chicago, IL 60620
- 435 E. 71st St, Chicago, IL 60619
- 5050 S Laflin St, Chicago, IL, 60609
- 8143 S. Ellis Ave, Chicago, IL, 60619

[1] Source: We Will Chicago Dot Com

[2] Source: Chicago Dot Gov: Invest SW

[3] Source: Block Club Chicago: City-Backed Project at South Shore-South Chicago Border

Property Images

Exteriors



Interiors



Track Record – Our Previous Deals with the Sponsor¹

South Chicago, Portfolio 1 Performance — (3 Multifamily Buildings, 86 units)

	Mar 2022	Apr 2022	May 2022
Collection Rate	96.6%	94.2%	93.46%
Occupancy Rate	95.7%	97.1%	96.5%
Avg. Rental Rate	\$1,240	\$1,235	\$1,248

- Q1-Q4/2021 Distribution to iintoo equity investors : 7.66% annualized cash yield
- Closing Date October 2019

South Chicago, Portfolio 2 Performance — (7 Multifamily Buildings, 92 units)

	Mar 2022	Apr 2022	May 2022
Collection Rate	95.7%	95.8%	96.20%
Occupancy Rate	94.2%	94.1%	91.3%
Avg. Rental Rate	\$1,133	\$1,132	\$1,176

- Q1-Q4/2021 Distribution to iintoo equity investors : 5.77% annualized cash yield
- Closing Date June 2020

South Chicago, Portfolio 3 Performance — (13 Multifamily Buildings, 194 units)

	Mar 2022	Apr 2022	May 2022
Collection Rate	93.0%	95.7%	91.48%
Occupancy Rate	93.5%	91.3%	92.8%
Avg. Rental Rate	\$963	\$973	\$966

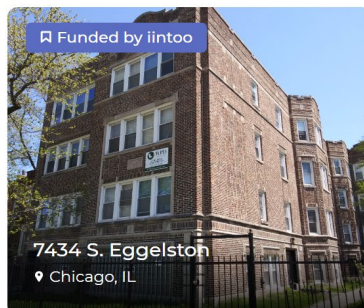
- Q1-Q4/2021 Distribution to iintoo equity investors : 5.27% annualized cash yield
- Closing Date November 2020

South Chicago, Portfolio 5 Performance — (7 Multifamily Buildings, 158 units)

	Mar 2022	Apr 2022	May 2022
Collection Rate	96.6%	97.0%	95.89%
Occupancy Rate	90.9%	92.1%	88.0%
Avg. Rental Rate	\$1,170	\$1,172	\$1,179

- Q4 2021 Distribution to iintoo equity investors : 7.37% annualized cash yield
- Closing Date October 2021

Similar Projects Completed by the Sponsor



[1] iintoo funded 4 previous deals in South Chicago with the sponsor: South Portfolio 1, 2, 3, 5. (4 was skipped).

Estimated Cash Distributions

Pursuant to the deal structure and payment waterfall, the estimated cash distributions from the on-going cash flows will be distributed first to iintoo, the investor entity and the Sponsor as an equity investor, pro rata, until reaching an 7% return hurdle, then the Sponsor will be entitled to its 30% promote, and the rest of the profits will be distributed to the equity holders pro rata.

From sale or refinance, it is first to any sponsor loan for overrun costs or capital expenditure not exceeding 5% of an applicable line item, then to return of capital contributions of equity holders, then to finish the hurdles of the equity holders pro rata to the extent not done so above, then 70-30 to equity holders, then to any sponsor loan for overrun costs or capital expenditure exceeding 5% of an applicable line item.

Please see JV Agreement for further details.

Capital Stack

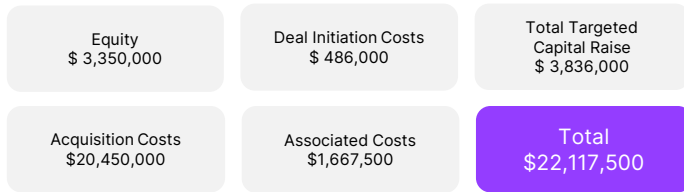


**Raised by overseas investors*

Ownership

The iintoo investor entity is expected to hold a 73.75% stake in the special purpose entity that owns the asset. Ownership of the asset is via a 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.

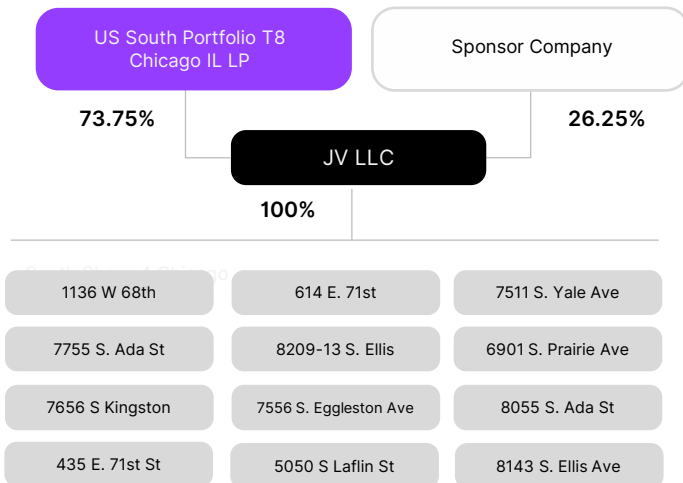
Deal Structure



Buyout

Starting at 18 months until 54 months from the project start date, the sponsor is entitled to a buy-out right that should amount to a return to the iintoo investor entity of its target IRR under the Business Plan plus 7% of its closing capital contribution.

Legal Structure



Financial Snapshot

Sources & Uses

Uses	
Acquisition Price	20,450,000
Capital Improvements (Solar Panels Installation)	470,000
Purchase Costs	993,000
Working Capital & Other Reserves	204,500
Total Uses	22,117,500
Sources	
Sponsor and Other Investors Equity	1,780,000
iintoo Equity Investors	3,350,000
iintoo Debt Investors	1,650,000
Total Equity	6,780,000
Bank Loan	15,337,500
Total Sources	22,117,500

Estimated Cash Flow Distributions

	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Income	2,942,825	3,031,110	3,122,043	3,215,704	3,312,176
Other Income	15,822	15,822	15,822	15,822	15,822
Total Income	2,958,647	3,046,931	3,137,865	3,231,526	3,327,997
Property Taxes	(202,170)	(202,170)	(202,170)	(202,170)	(202,170)
Insurance	(112,996)	(115,256)	(117,561)	(119,912)	(122,311)
Repairs, Maintenance & Turnover	(441,424)	(454,666)	(468,306)	(482,356)	(496,826)
Utilities	(338,425)	(321,504)	(321,504)	(321,504)	(321,504)
Marketing & Administration	(344,854)	(275,151)	(280,554)	(286,065)	(291,687)
Management Fee	(162,726)	(167,581)	(172,583)	(177,734)	(183,040)
Total Expenses	(1,602,594)	(1,536,329)	(1,562,678)	(1,589,741)	(1,617,537)
Net Operating Income (NOI)	1,356,052	1,510,603	1,575,187	1,641,785	1,710,460
Debt Service	(720,863)	(720,863)	(720,863)	(954,553)	(954,553)
Asset Management Fee	(36,983)	(36,983)	(36,983)	(36,983)	(36,983)
Replacement Reserves	(127,200)	(129,744)	(132,339)	(134,986)	(137,685)
Net Cash Flow Before Tax	471,007	623,013	685,002	515,263	581,239
Hurdle Return to iintoo Investors (7%) - Pro Rata	(347,350)	(350,000)	(350,000)	(350,000)	(350,000)
Hurdle Return to Sponsor (7%) - Pro Rata	(47,101)	(47,460)	(47,460)	(47,460)	(47,460)
Hurdle Return to Other Investors (7%) - Pro Rata	(76,556)	(77,140)	(77,140)	(77,140)	(77,140)
Sponsor Promote above Hurdle Return (30%)	-	(60,538)	(85,824)	(16,587)	(43,498)
iintoo Share of Profits (73.75%) - Pro Rata	-	(76,615)	(108,615)	(20,991)	(55,049)
Sponsor Share of Profits (10%) - Pro Rata	-	(10,389)	(14,728)	(2,846)	(7,465)
Other Investors Share of Profits (16.25%) - Pro Rata	-	(872)	(1,236)	(239)	(626)
Estimated Cash Flow to iintoo Investors	347,350	426,615	458,615	370,991	405,049
iintoo Asset Management Fee (1.9%)	-	-	-	(95,000)	(95,000)
Capital Reserve	-	(70,000)	(100,000)	95,000	75,000
Estimated Cash Flow to iintoo - Debt Investors (9% Interest)	(159,660)	(159,660)	(159,660)	(159,660)	(159,660)
Partnership Costs	(13,050)	(9,300)	(9,300)	(9,300)	(10,550)
Estimated Cash Flow to iintoo Equity Partnership	174,640	187,655	189,655	202,031	214,839
Estimated Cash Flow to iintoo GP (1% Ownership Rate)	(1,746)	(1,877)	(1,897)	(2,020)	(2,148)
Estimated Cash Flow to iintoo Equity Investors (99.0%)	172,894	185,778	187,758	200,011	212,691

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

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