

Beachwood Palms — Los Angeles, CA

Invest in a value-add multifamily asset in Hollywood Hills in the heart of LA



An opportunity to invest in one of L.A.’s central locales where most residents rent their homes. The asset is in good condition but will benefit from substantial interior renovations. The planned value-add project will enable the sponsor to significantly increase occupancy and lease up at free market rent and stabilize the asset within two years.

Property Detail

Property Type	Multifamily
Current Asset Class	C
Future Asset Class	B
Current Unit Count	26 Units
Future Unit Count	29 Units (avg. 743 SQF/unit)
Year Built	1953
Project Type	Value-add
Property Address	2033 N. Beachwood Dr. Los Angeles, CA 90068

Target Closing Date: October 2021

Investment Type	Financing Type	Estimated Holding Period	Projected Annual Return %	Minimum Investment
Multifamily	Equity	36 Months	11.85% (Net of Fees)	\$50,000

Investment Highlights

1. Desirable Submarket

Situated in the heart of “Movie Capital of the World”, this is a distinctive, Los Angeles neighborhood nestled between the Hollywood Historic Business District and the trails of Griffith Park and the iconic Hollywood Sign. Hollywood Hills is considered to be a highly desirable place to live in California¹, offering residents an urban suburban mix feel, along with entertainment options, such as restaurants, shops and parks. Many residents are young professionals, and 52% rent their homes¹.

2. Preferred position on the return of iintoo’s capital contribution and project returns

At exit, iintoo investors will receive their principal return plus a hurdle IRR of 8% per annum, followed by participation in the remaining profits as detailed in the deal waterfall.

3. Value-Add Opportunity

The Sponsor intends to substantially renovate all 26 of the property’s units at an average of \$31.4K per unit and in addition build out/convert 3 stand-alone units² at a cost of \$75K per unit. Further upgrades of exterior and communal amenities are also planned. The Sponsor expects that this capital improvement project will allow the asset to compete with higher rents at newer properties in the submarket. The rental premium post-renovation is projected to be ~\$710/month per unit on average, thus providing potential upside in rental income.

The current owners have held the asset for the last ten years and currently reside in the property itself and it is in good condition. Ahead of the imminent acquisition, leases have not been renewed and units are being vacated to enable the sponsor to schedule renovations shortly after acquiring the asset.

4. Experienced Local Sponsor

The Sponsor is based in LA and has a strong track record completing similar value-add and development projects in California.

* 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: Niche 2021

[2] The 3 units are defined as accessory dwelling units (ADUs) — which are independent of the primary dwelling unit.

Property Details

2033 N Beachwood Drive is a value-add boutique multifamily complex located in Hollywood Hills, LA. The asset is comprised of 26 spacious units spread across two stories building and offers an affordable option within one of the city's most affluent communities. Additionally, the current owner lives in the building and has been maintaining the interior and façade of the property.

Asset Location

The asset is located in the Beachwood Canyon neighborhood, north of Franklin Avenue, along the palm tree-lined street of Beachwood Drive. Tenants have access to restaurants, cafes, shopping, and many entertainment options. The close proximity to Franklin Village, Griffith Observatory, the Hollywood Sign, Los Feliz, and Downtown Hollywood (and the Hollywood/Vine Metro Station) makes this an ideal central location.



Value-Add Plan

The Sponsor's proposed renovation plan will focus on a substantial upgrade of all of 26 existing units to provide a more modern aesthetic as well as exterior and common area upgrades to enhance curb appeal. In addition, the sponsor plans to build out and convert 3 accessory dwelling units (ADU's). This renovation plan is expected to begin in November 2021 and be completed by November 2023. The sponsor will be able to immediately renovate eight vacant units, and two more are occupied by the owners and will be vacant 90 days after closing. The sponsor is converting a storage space into an ADU (\$35k), and replacing some of the garages with 2 more ADUs (\$95k each).

Exterior & Common Area Renovations (\$75,000 CAPEX)

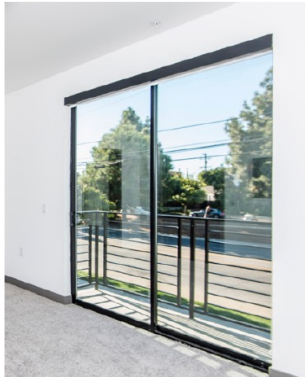
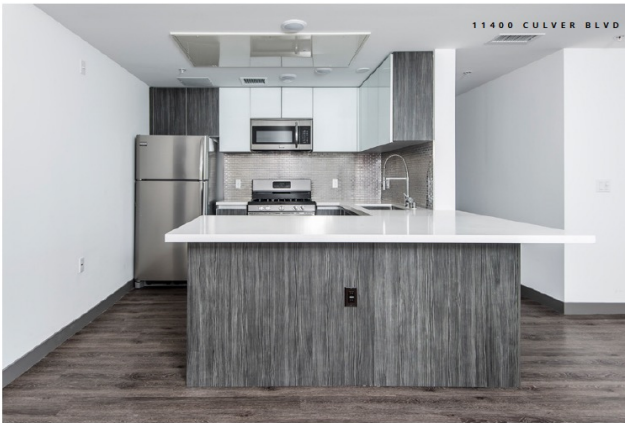
- New exterior paint job
- Balcony railing
- Doors and windows
- Landscaping

Interior Renovations (\$1,315,000 CAPEX)

- Build out of three accessory dwelling units (ADUs)
- Resurfaced countertops in kitchen and bathrooms
- New flooring in common areas and bedrooms
- New appliance package
- White shaker cabinet replacements with new pulls
- Updated plumbing and lighting fixtures
- Frame in bathroom mirror
- Tub/shower resurfacing
- Cash for keys

Project Vision

As executed in another one of the sponsor's comparable projects in Los Angeles



Market Overview

Los Angeles

With \$807 billion in annual output, Los Angeles County ranks among the world's largest economies. Its GDP, which would rank No. 19 in the world if it were a standalone nation, is larger than Switzerland and Saudi Arabia, and right behind Netherlands and Turkey, underscoring the magnitude of the region's economy.

Hollywood Hills

Known around the world as the "movie capital", the local economy is famously and heavily based around the entertainment industry. The entertainment industry is primarily focused on television, motion pictures, interactive games and recorded music. Other largely significant sectors of the metropolitan's economy include aerospace, technology, petroleum, fashion and apparel, tourism as well as the shipping and international trade business. The Hollywood Hills neighborhood is located in Los Angeles proper and is considered to be one of the fastest growing and vibrant places in Southern California. It is bounded on the north by the Hollywood Hills neighborhood of Los Angeles, on the east by the Fairfax District, and on the southwest by Beverly Grove (home of the Beverly Center, the premiere spot for shopping and dining in Los Angeles). The area benefits from a very dense, compact urban structure with small lots, mixed land use, and a walkable street grid. It is considered one of the most walkable places in Los Angeles with a CoStar walk score of 89 of 100. Commercial corridors line the streets with the nightlife focused on the Sunset Strip.

Asset Pictures

2033 N. Beachwood Dr. Los Angeles, CA 90068



Sponsor Details

SCHON | TEPLER

Expertise

Schon Tepler Group is California-based multifamily investment group that targets value-add and development investments in submarkets with an educated, stable workforce and high proximity to major employment hubs. The group is vertically integrated, with both construction management and property management subsidiary, ST Group LLC, that directly oversees their portfolio. Furthermore, the company’s organizational structure and investment strategy focuses on fewer markets with a localized presence in order to improve the company’s ability to identify and pursue local opportunities.

Sponsor Track Record

GROUND UP MULTI-FAMILY PROJECTS

ADDRESS	UNITS	APPROX. CONSTRUCTION VALUE	APPROX. MARKET VALUE
641 Hobart Ave. Los Angeles (Hollywood)	14	\$3,000,000	\$7,000,000
3617 Venice Blvd (Mid City)	29	\$6,300,000	\$14,500,000
638 N Ardmore Ave (Hollywood)	12	\$2,600,000	\$6,000,000
2812 Temple St, Los Angeles (Echo Park)	43	\$10,500,000	\$16,000,000
916 N Alvarado St, Los Angeles (Echo Park)	28	\$6,500,000	\$10,000,000
552 Hobart Ave, Hollywood, Los Angeles	26	\$6,000,000	\$13,000,000
426 Alexandria Ave, Los Angeles (Koreatown) Co-Living - 40 Beds	8	\$4,000,000	\$10,000,000
10757 Palms Blvd, Los Angeles (West LA)	14	\$3,000,000	\$7,000,000
161 N Normandie Ave, Los Angeles (Koreatown)	13	\$2,800,000	\$6,500,000
519 N Normandie Ave, Los Angeles (Hollywood)	14	\$3,000,000	\$7,000,000
1223 N Edgemont St, Los Angeles (Hollywood)	13	\$2,800,000	\$7,000,000
3821 W Ave 43, Los Angeles (Eagle Rock)	29	\$6,000,000	\$14,000,000
180 N Alexandria Ave, Los Angeles (Koreatown)	14	\$3,000,000	\$7,000,000
644 N Normandie Ave, Los Angeles (Hollywood)	12	\$2,600,000	\$6,000,000
5066 Romaine St, Los Angeles (Hollywood)	15	\$3,000,000	\$7,500,000
644 N Hobart Ave, Los Angeles (Hollywood)	12	\$2,600,000	\$6,000,000
5036 Slauson Ave, Culver City (City of LA)	13	\$2,600,000	\$6,500,000
10748 Riverside Dr, Toluca Lake (North Hollywood)	13	\$2,700,000	\$6,500,000
5812 Virginia Ave, Los Angeles (Hollywood)	12	\$2,700,000	\$6,000,000
8748 Reading Ave, Los Angeles (Westchester, LAX vicinity)	10	\$2,000,000	\$5,000,000
11400 Culver Blvd, Los Angeles (West LA)	21	\$4,800,000	\$10,500,000
7036 La Tijera Blvd, Los Angeles (Westchester, LAX vicinity)	13	\$2,400,000	\$6,500,000
545 N Kenmore Ave, Los Angeles (Koreatown)	16	\$3,200,000	\$7,800,000
4255 Lockwood Ave, Los Angeles (Hollywood)	8	\$1,600,000	\$3,800,000
8621 Ramsgate Ave, Los Angeles (Westchester, LAX vicinity)	13	\$2,200,000	\$5,800,000
TOTAL	415	\$91,900,000	\$202,900,000

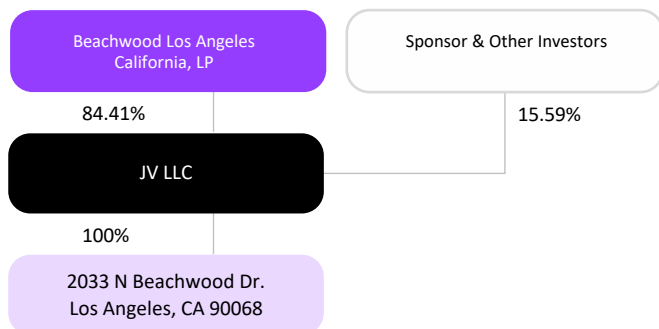
Source: The Sponsor

Estimated Cash Distributions

Ongoing cash distributions and distributions from sale or refinance

To repay capital contributions of iintoo and preferred IRR of 8%; To repay capital contributions of sponsor and preferred IRR of 8%; to pay acquisition fee to sponsor (deferred from start of project) of \$170,000; to pay profit split of 30% promote to the sponsor and 70% pro rata to hurdle IRR 17.5% (to the Sponsor (10.9%) and iintoo (59.1%)); then a disposition fee of 1% to the sponsor; and then any remainder split 70% promote to the Sponsor and 30% pro rata (to the Sponsor (4.7%) and iintoo (25.3%)). For more details, please see the formation agreement, page 2.

Legal Structure



Ownership

The iintoo investor entity is expected to hold a 84.41% 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* \$ 955,000	Deal Initiation Costs \$ 71,500	Total Targeted Capital Raise \$ 1,027,000
iintoo Equity \$ 1,774,500	Deal Initiation Costs \$ 241,500	Total Targeted Capital Raise \$ 2,016,000
Sponsor Equity \$ 504,153		Total Capital \$ 3,043,000

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 target IRR plus 7% of the iintoo closing capital contribution. Notwithstanding the aforementioned, the 7% in the previous sentence will be reduced to 4% during months 30-33, and to 2% between months 33-36.

Capital Stack

Bank Loan \$7,504,816
iintoo Debt Investors* \$955,000
iintoo Equity Investors \$1,774,500
Sponsor Equity \$504,153

*Raised by overseas investors

*Based on Sponsor's valuation.

Financial Snapshot

Sources & Uses

Sources (\$)	
Bank Loan	\$7,504,816
iintoo Debt Investors	\$955,500
iintoo Equity Investors	\$1,774,500
Sponsor Equity	\$504,153
Total Sources	\$10,738,969

Uses (\$)	
Acquisition Price	\$8,500,000
Capital Improvements	\$1,600,000
Purchase Costs	\$322,434
Working Capital & Other Reserves	\$316,535
Total Uses	\$10,738,969

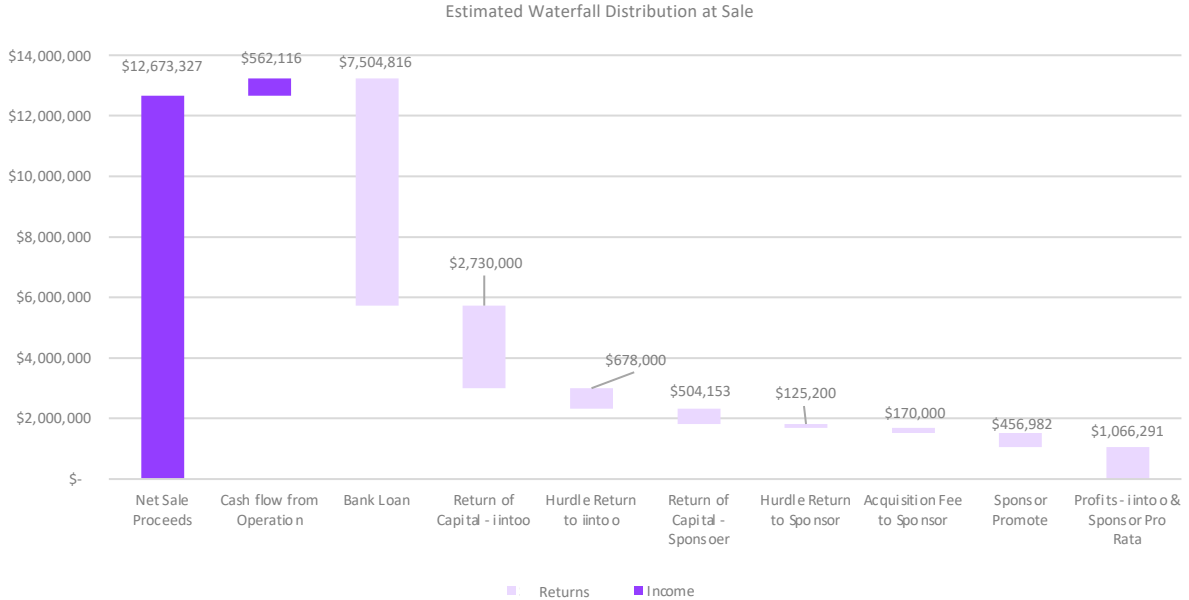
Estimated Cash Flow Distributions

Estimated Cashflow (\$)	Year 1	Year 2	Year 3
Rental Income	675,164	735,504	794,010
Other Income	16,560	16,891	18,599
Total Income	691,724	752,395	812,609
Payroll	(19,227)	(19,612)	(20,004)
Property Taxes	(104,907)	(107,005)	(109,145)
Insurance	(8,874)	(9,051)	(9,233)
Repairs, Maintenance & Turnover	(27,362)	(27,909)	(28,467)
Utilities & Contract Services	(39,282)	(40,068)	(40,869)
Marketing & Administration	(9,643)	(9,836)	(10,033)
Management Fee	(34,586)	(37,620)	(40,630)
Reserve	(5,916)	(6,034)	(6,155)
Total Expenses	(249,797)	(257,135)	(264,536)
Net Operating Income (NOI)	441,927	495,260	548,074
Debt Service	(300,193)	(300,193)	(300,193)
Asset Management Fee	(6,917)	(7,524)	(8,126)
Net Cash Flow Before Tax	134,817	187,544	239,755
Estimated CoC for Overall Project	4.2%	5.8%	7.4%
Expected Cash Flow to iintoo Investors	113,801	158,309	202,381
Expected Cash Flow to iintoo - Debt Investors (9% Interest)	92,430	92,430	92,430
CoC Debt Investors	9.0%	9.0%	9.0%
Partnership Costs	(21,371)	(9,300)	(10,550)
Expected Cash Flow to iintoo Equity Partnership	-	56,579	99,401
Expected Cash Flow to iintoo GP (1% Ownership Rate)	-	566	994
Expected Cash Flow to iintoo Equity Investors (99% Ownership Rate)	-	56,013	98,407

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.

Financial Snapshot

Estimated Distribution Waterfall at Sale



Disclaimer

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