



## The Ocala, Florida Portfolio

**A unique, off-market, 112-unit, institutional-sized multi-family 'workforce housing' portfolio with a middle-market, value-add return profile**

Ocala, Florida is ranked 5th among the “fast-growing places” in the United States\*

*\*(US News & World Report, 2020-2021)*

**8% Preferred Return | 15% Base Case Projected IRR  
| Projected 5-Year Holding Period |**



**Sponsorship Team**

Red Knight Properties  
*Confidential Investment Summary*

[www.redknightproperties.com](http://www.redknightproperties.com)

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# THE OPPORTUNITY

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Off-market value-add workforce housing multifamily apartment portfolio in the recession-resilient (pre & post-COVID-19) Central Florida market, within the 5th fastest growing county (Marion) in the United States (2020-2021)\*.

The portfolio provides access to three separate properties totaling 112 units (24, 32 & 56 units + storage) with strong in-place cash flow & significantly below market rents, within three diverse markets (urban/suburban infill, suburban & rural) in Ocala, Florida. With a projected addition of 6,000+ warehouse jobs over the next 5-10 years, there are now growing concerns for a lack of available market-rate, workforce housing options in Ocala proper.

The Ocala portfolio also provides the ability to leverage Red Knight's existing Florida management team to takeover mismanagement of these three assets; each from non-institutional long-term ownership groups and to acquire an institutional sized deal of 112 units, with a middle-market deal return profile and initial acquisition approach for economies of scale and superior exit pricing.

All three of the assets are being combined into one larger portfolio and are each within a ~5 minute radius and at an entry per unit basis of \$104,018/unit, the Red Knight Ocala Portfolio is ~15% lower than a recent 2021 Ocala multifamily sale comp of 99-units (marketed deal) at ~\$122K/door on the same street, and well below replacement cost, especially in recent times given rising construction costs.

*\*(US News & World Report, 2020-2021)*



# THE OPPORTUNITY

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## Market:

- Ocala is one of the most attractive, pandemic/recession-resilient markets in America with an unemployment rate of lower than the national average of 4.4%
- Location, location, location: Halfway between Miami & Atlanta with immediate interstate highway access provides a major attraction for distribution & manufacturing hub
- Landlord-friendly market economics of Florida (pre & post-COVID-19), no rent control

## Assets:

- Three unique assets (urban/suburban infill, suburban & rural), within a 5 mile radius of one another
- 4th Street Townhomes: \$2.52m; 1981 24-door- 2 story asset (2BD/1.5BA)
- Oak Crest Villas: \$2.87m; 1981, 32-door- 1 story asset (2BD/1BA)
- Briarwood Manor: \$6.25m; 1973, 55-door- 2 story asset + one single family home (1BD/1BA, 2BD/1BA, 3B/1BA)
- Combined Pricing: ~\$104k / unit, 15% below recent similar Ocala sale comps trading at \$122,222 (99-unit – mostly 1970s vintage)

## Strategy:

- Combine all 3 assets for economies of scale for management projected eventual refinance/disposition value (112 unit portfolio more desirable than one-off 32, 24 or 55 unit assets)
- Improve and rebrand 112-units, with a potential of converting the one (1) single family home unit into a duplex (not pro-formaed in base case), refinance/sell as 112-units vs. three separate, smaller initial transactions
- In-Place: average rent (between 3 assets) \$691.13
- Business Plan: ~\$5,600/door rehab, add amenities, fresh paint, appliance upgrades, flooring upgrades, expense reductions through efficiencies and water bill-backs, appeal current Oak Crest property taxes, lease Briarwood storage units, convert single-family home to duplex and rentable, etc.
- Pro-forma: average rent (between 3 assets) in Year 2 of \$944 with a yield-to-cost of ~7% with capital improvements (base case projections)

## Team:

- Uniquely qualified sponsorship team with extensive multi-family track record, local expertise through past Florida real estate transactions (76-Units owned & managed in Clearwater, Florida)
- Sponsors: Red Knight Properties managed and deployed \$500m+ private equity and real estate capital, portfolio of 400+ units in four different states (FL, NJ, NY & PA - multifamily, retail & self-storage)
- General Partners: contribute own capital (~10-15%) for deep skin-in-game & self-manage to ensure smoother business plan execution

## Return Projections:

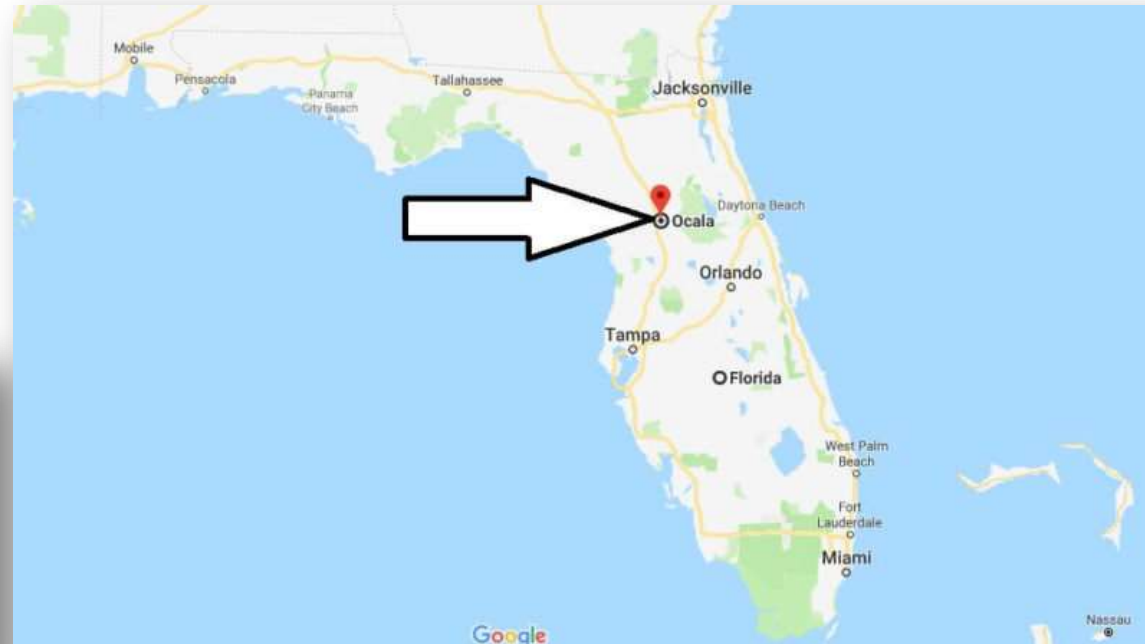
- Investors to receive ~9.5% levered cash-on-cash, 8% preferred return, ~15% net IRR with a expected return of capital event from a year two refinance with conservative base case projections (5-year hold)



# The Market

—  —  
*Halfway Between Atlanta & Miami*

***Excellent central location with quick highway access to Tampa, Orlando, Gainesville, Jacksonville Within ~ 1-2 hour driving distance***



*Marion County Submarket Population: 378,613 (2021 U.S. Census)*

# The Market

**Ocala Job Growth:** Expected higher than 37.6% (10+ year horizon)

## Ocala Overview

- Ocala ranked 5th among the “fast-growing places” in the United States and saw net migration of nearly 10% from 2014-2018 *US News & World Report, 2020-2021*
- 4.4% unemployment rate, trending downward, currently lower than national average – *February 2021, Ocala Star-Banner*
- Future job growth for Ocala is expected to significantly outpace the National Average at a rate of 37.6% over the next ten years – *BestPlaces, 2021*
- Ocala was ranked as the 69th “Best Place to Live” in the United States – *US News & World Report, 2020-2021*
- Ocala has become a powerhouse logistics hub with the recent opening of a 617,046 square foot Amazon distribution center and the first phase of the 1.2 million square foot Dollar Tree Distribution Center, bringing an influx of new jobs to the area
- Ocala is already home to distribution and logistics centers for major companies such as Chewy, AutoZone, FedEx, Kmart & more

Major Employers:



# The Market

Proven & Continued Economic Growth



## “Moving Forward” Initiative by Ocala/Marion County Chamber & Economic Partnership

- 7,500 jobs created, \$900 million total investment since initiative started 7 years ago
- Phase 1 achievements:
  - 4,000 jobs created with wages that are 16% above country average,
  - (original goal: 3,500 jobs at 15% above average)
  - \$225 million total investment
  - Accomplished goals 12 months early
- Phase 2 targets:
  - Continue expanding jobs to achieve multi-year target
    - 5,000-6000 jobs are expected to be created with the influx of warehouses
  - Efforts to target major employers and diversify employment base
    - \*The increased distribution and manufacturing jobs are helping to diversify the workforce. In the last recession, the economy in Ocala was heavily reliant on service jobs. During Covid-19, that job diversity prevented a similar dip, also helping the community recover quickly as warehouse jobs were and continue to be in high demand.



Number of Unemployed Persons





# The Market

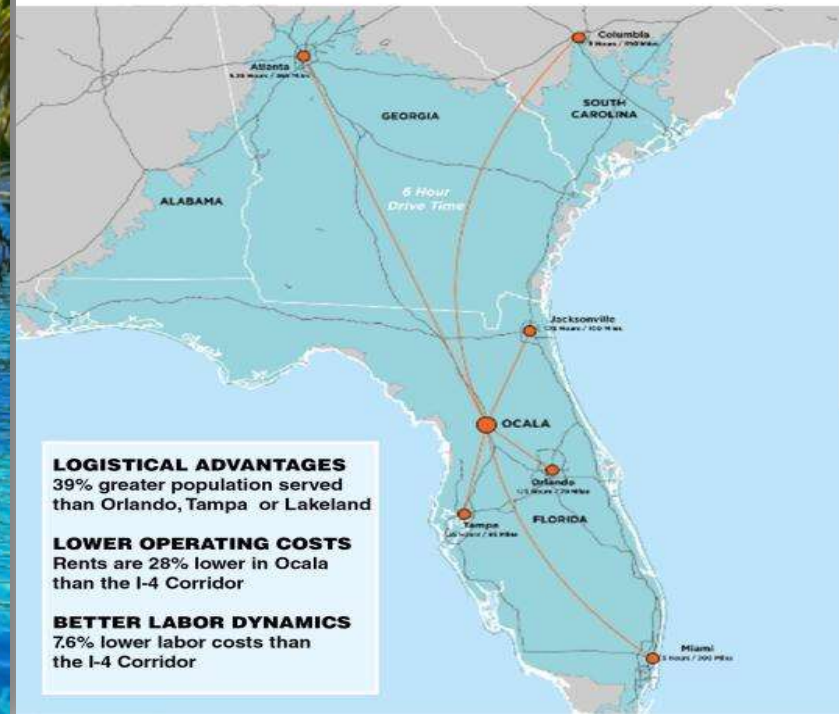
Location, location, location

# OCALA

POPULATION  
61,810

- Ocala's backyard includes the Ocala National Forest (pictured), horse farms, historic districts and city streets canopied by 100-year-old trees, golf courses, friendly communities, rivers teeming with fish and crystal-clear freshwater springs
- With over 200 farms in the Ocala area devoted to breeding/training thoroughbred horses and other like breeds, it is clear as to why the city is labeled the "Horse Capital of the World" by the USDA
- In 2015, an economic impact study of the equine industry on Marion County discovered that the industry contributes \$2.6 billion annually to the local economy
- Ocala's cost of living is 16.2% lower than the U.S. average
- Ocala ranked among the top three net-gain markets for movers using U-Haul trucks in 2019
- Home appreciation in Ocala over the last 10 years is 8.5%

**LARGE NATIONAL USERS DISCOVER THE SUPERIOR LOGISTICS AND LABOR BENEFITS OF OCALA**



**OCALA'S STRATEGIC LOCATION REACHES 34 MILLION RESIDENTS.**

**THIS IS A 39% GREATER POPULATION REACH THAN THE I-4 CORRIDOR**

- LOGISTICAL ADVANTAGES**  
39% greater population served than Orlando, Tampa or Lakeland
- LOWER OPERATING COSTS**  
Rents are 28% lower in Ocala than the I-4 Corridor
- BETTER LABOR DYNAMICS**  
7.6% lower labor costs than the I-4 Corridor

# The Market

## OCALA // Developments & Economic Highlights

### DOWNTOWN HILTON GARDEN INN (pictured)

- Opened April 2020, the hotel boasts more than 100 guest rooms, six meeting rooms and nearly 4,000 square feet in event space
- There is a restaurant, bar and rooftop lounge

### NEW DOWNTOWN RESTAURANTS & BARS

- Loft is a new upscale bar above The Lodge Brick City Craft Pub & Eatery
- Anti-Monopoly Speakeasy is modeled after the bygone prohibition speakeasies of the 1920's and will borrow its decor and setting to give the feel of a business operating 100 years ago; it is named after the old Anti-Monopoly Drug Store that was originally founded in Ocala over 130 years ago
- The Black Sheep on Broadway celebrated its grand opening in October 2019 in the location formerly occupied by Fox Den Tavern
- Bank Street Patio Bar opened the doors at its new location in October 2019, which has been well-trafficked by residents ever since
- Late 2019, The Tippy Skipper and Mellow Mushroom also both announced plans to open locations along Magnolia Avenue

### STATE-OF-THE-ART AQUATIC CENTER

- The new center will be the largest facility of its kind locally, topping 80,000 square feet with an indoor 50-meter pool
- The pool will be located at On Top of The World (OTOW) and will have the potential to play host to the largest tournaments around the state and country
- In addition to the main pool, the facility will offer a 25-yard warm-up pool and a smaller play pool for children
- Ken Colen, the CEO of OTOW, believes the total offering will ultimately translate to dollars being spent in the county



### CAPITAL INVESTMENT & JOB GROWTH

- The Ocala/Marion County Chamber and Economic Partnership (CEP) announced the addition of 7,500 jobs and over \$900 million in capital investments in the Ocala/Marion County area over the last seven years
- The impressive growth figures are a product of the group's efforts to build, strengthen and diversify Ocala's growing economy during a multi-phased plan currently in its second phase and seventh year
- In only three years, the chamber has already surpassed two of its five-year goals, including \$547 million in capital investment and the creation of over 4,000 jobs with wages that are 16 percent above the county average; the 4,000 jobs represent over 90 percent of the chamber's current five-year goal of creating 4,500 jobs, which is Phase II of the overall plan

### LOGISTICAL HUB

- A developer spent about \$50 million to build the 617,000-square-foot Amazon fulfillment center warehouse, including more than \$7 million for the 46-acre site in the Ocala/Marion County Commerce Park at 3400 NW 35th Street Road
- The park is also home to logistics centers for AutoZone, Chewy and FedEx
- The growing segment in Marion County is attracting hundreds of new jobs to the area
- Dollar Tree is building a 1.7 million-square-foot distribution center on 198 acres of the park, that \$200 million project promises up to 700 new jobs

### BIOSSYSO HEADQUARTERS

- Biosysco, a Chicago-based company that specializes in muscle activation technology, will establish a new equine division headquartered in Ocala
- CEP President Kevin Sheilley emphasized the importance of diversifying the city's economy and focusing on bringing more high-paying jobs to Ocala to make it a more attractive destination for young families and professionals

## OCALA // Attractions

### WORLD EQUESTRIAN CENTER

- The largest equestrian complex in the United States; on 4,000 acres and within those 4,000 acres, The World Equestrian Center currently inhabits 378 acres, with 300 more acres in reserve for more building
- The World Equestrian Center is a world-class multi indoor and outdoor arena facility with state of the art amenities that can accommodate numerous different disciplines within the Equine Industry
- The event grounds will feature a luxurious six-story, 5-star hotel, with 254 extra large suites, retail space and on-site dining options including several sit-down restaurants

### APPLETON MUSEUM OF ART

- The Appleton is an award-winning contemporary interpretation of classical architecture clad in Italian travertine marble
- The 81,610-square-foot museum features 30,000 square feet of gallery space devoted to the Appleton's permanent collections

### DON GARLITS MUSEUM OF DRAG RACING

- One of the largest collections of Fords
- Collection also includes around 300 muscle cars, rare vintage automobiles, funny cars, motorcycles and more from the early days of drag racing up to present day
- Home to the International Drag Racing Hall of Fame

### SILVER SPRINGS STATE PARK

- One of America's largest springs
- Guests can experience a Silver Springs Glass Bottom Boat tour, kayak the five-mile Silver River, explore the Silver River Museum and Cracker Village
- Features include camping, hiking, dining and shopping as well

### OCALA NATIONAL FOREST

- The southernmost forest in the continental United States and protects the world's largest contiguous sand pine scrub forest
- The forest has more than 600 lakes, rivers and springs, including three first-magnitude springs where visitors can swim, snorkel and dive in crystalline waters year round



Source: Marcus & Millichap

# The Market



# The Market



# The Market

## Marion/Ocala poised to gain 5 million more square feet of warehouse space (2021-2022+), Building on Spec, Marion County of National Radar for Manufacturing

### **April, 2021 – Joe Callahan, Ocala Star-Banner**

Marion County is expected to expand its warehouse space by 5 million square feet within the next year, with construction companies betting that this area has cemented itself as one of the state's major distribution and manufacturing hubs.

Kevin Sheilley, president and CEO of the Ocala Metro Chamber & Economic Partnership (CEP), said that warehouse companies are speculating that national companies will need lots of room for distribution and manufacturing in Marion.

Marion County is a prime location for these two employment sectors because of its close proximity to major highways, including Interstate 75, the Florida Turnpike and U.S. 301, allowing for quick movement of goods statewide.

"What we have going on here is geography at work," said Mark Davis, president of the Mid-Florida Regional Manufacturing Association board. "If you look at it closely, Ocala is halfway between Atlanta and Miami."

Davis said the continued growth of distribution and manufacturing will enhance the trend of diversifying the area workforce.

Building on Spec: It's called building on spec, which is short for speculation. Construction companies – some with ties to national distribution and manufacturing businesses – build warehouses that can meet the needs of companies planning to branch out to Florida.

One example of a spec warehouse was when Red Rock built a 617,000-square-foot warehouse in the Ocala/Marion County Commerce Park and sold it to an investment company, which then leased it to Amazon.

Officials say that trend is about to explode locally.

Sheilley said local, state and national industry experts were watching to see what would happen with the Red Rock spec warehouse venture, specifically if "they would be able to lease that space."

"And because they leased it so quickly, we now have a number of additional spec buildings that are going to be coming on the market," Sheilley said. "We're going to see about 5 million square feet of industrial spec space break ground this year."

To put that in perspective: All four warehouses in the Ocala/Marion County Commerce Park, which includes Amazon, Chewy, FedEx and AutoZone, total 2 million square feet. In one year, 2.5 times that amount of space will be constructed.

Three South Florida counties, home to many warehouses near shipping ports, added about 18 million square feet of warehouse space in 2020. Broward, Palm Beach and Miami-Dade counties are home to 6.5 million people.

Marion County has 5.6% of the population of those three counties, but in 2021 is expected to add nearly one-third of the warehouse space that those large counties combined added in 2020.

Sheilley said that the warehouse boom, the 5 million square feet of new space, will amount to an investment of at least \$250 million and will create thousands of jobs. Based on the number of employees working at the four warehouses in the Ocala commerce park, the added warehouse space could lead to 5,000 to 6,000 new jobs, officials said.

"This tells me that, nationally, developers are recognizing that there's a tremendous opportunity in Ocala," he said. "They're recognizing it because they're hearing it from businesses (which located here)."

Manufacturing jobs hit an all-time high of 9,800 jobs in December 2020, about 33% higher than in 2011. Jobs in the trade and transportation sector, which includes logistics, hit a record of 27,900 in December, up 25% in 10 years.

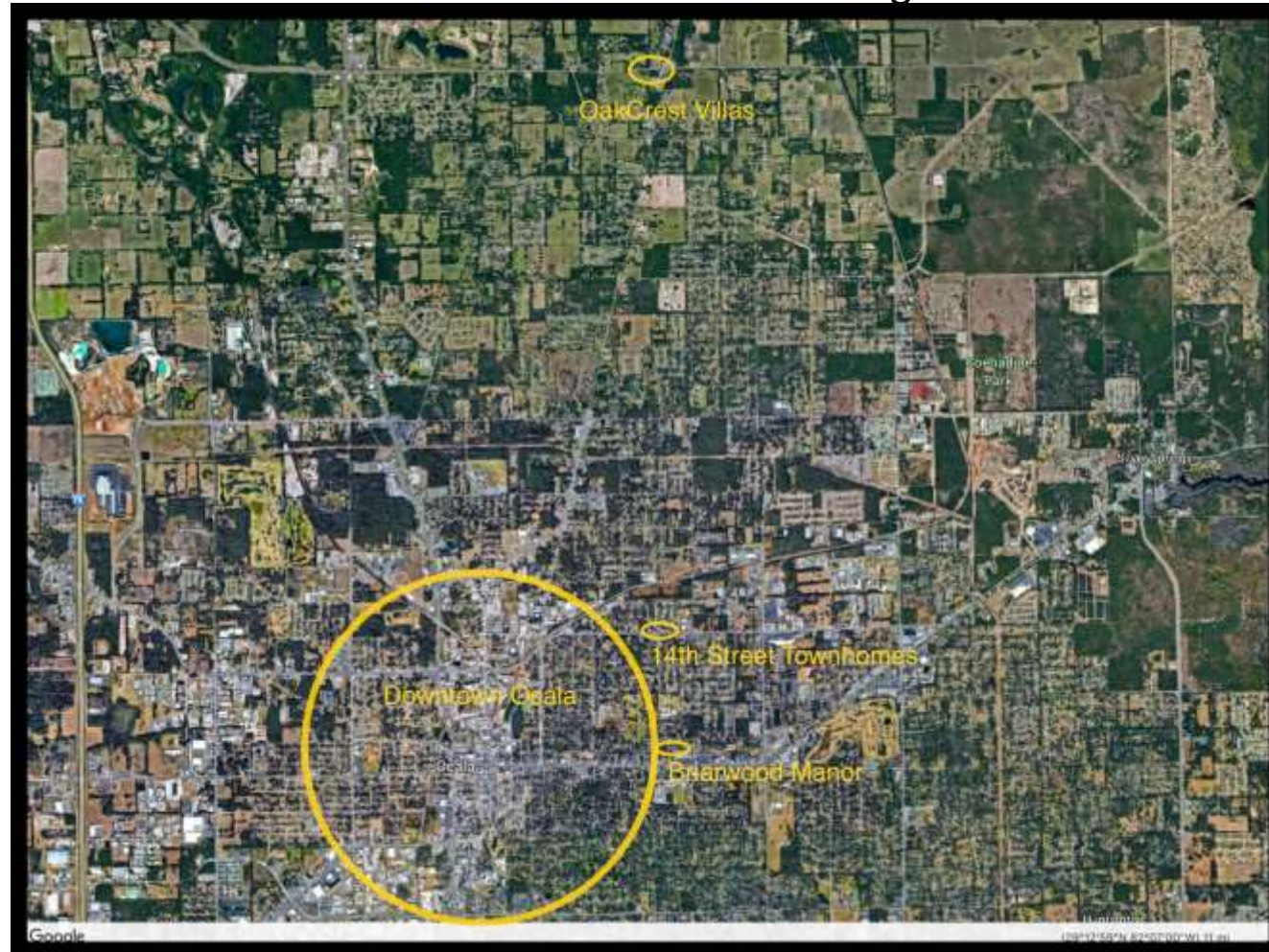
In recent years, Davis said, there has been 8% to 9% job growth in logistics jobs. "Before all these companies, like AutoZone and FedEx, Chewy and Amazon, started coming here, there was limited opportunities for warehouse and distribution," Davis noted. "Their arrival has driven up wages." He said that before the warehouse movement began, those type jobs paid about \$10 per hour, but now the average is about \$15.



# The Ocala Portfolio

**14th Street Apartments, Oak Crest Villas, and Briarwood Manor**

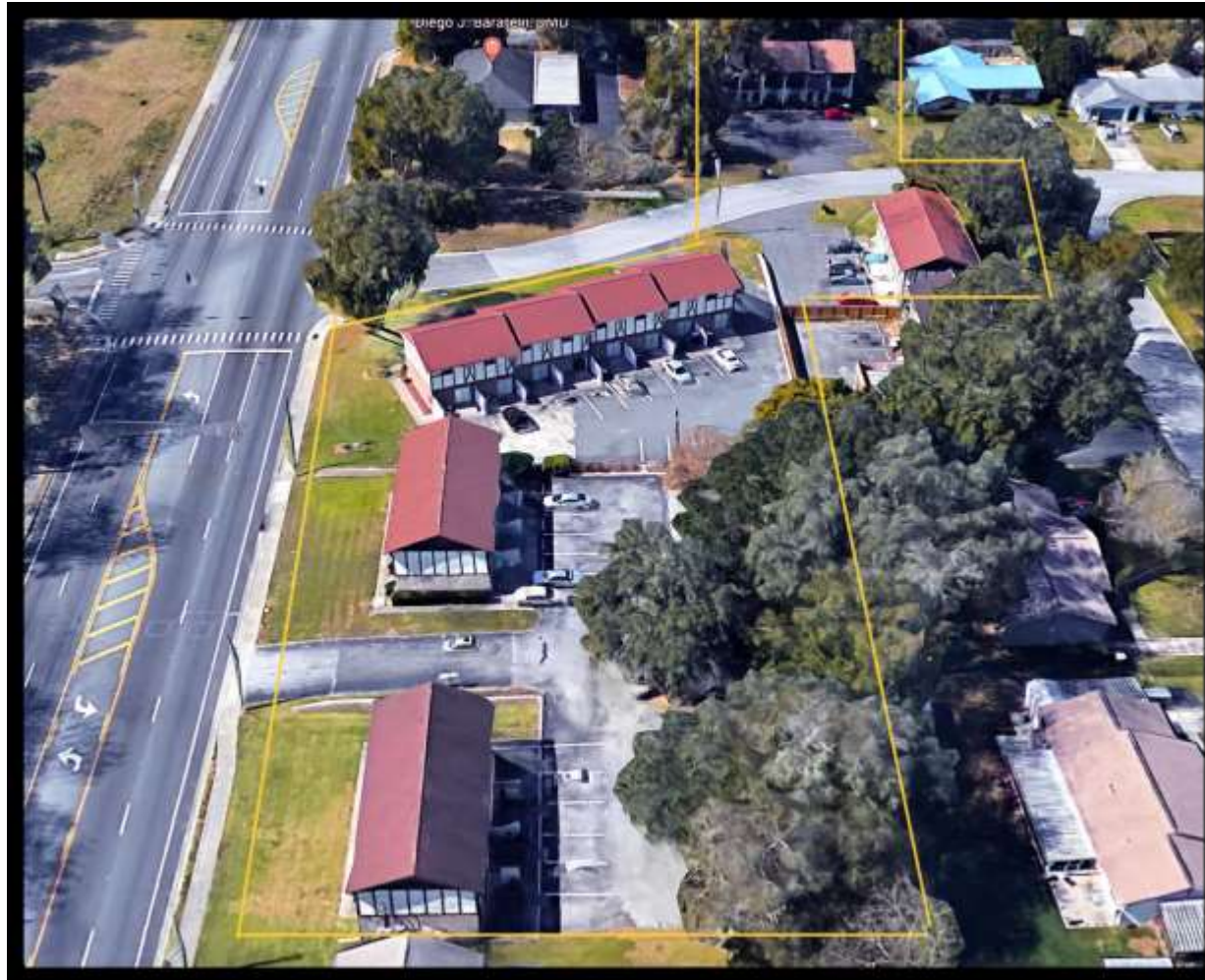
112 units + 15 Existing Storage Units / 3 locations within a 5 mi radius, benefits of economies of scale with management



# The Ocala Portfolio (Property 1)

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**14th Street Apartments - 1713 NE 14th St, Ocala, FL 34470**  
24 Units / 1 Minute from Briarwood Manor and 7 Minutes from Oakcrest Villas



# 14th Street Apartments (Property 1)

1981 | 24 units on 1.81 acres

Exterior



Interior Example



- 24-unit two-story “townhome style” urban/suburban “infill” multi-family asset in a quiet neighborhood
- *Major loss to lease:* Substantial opportunity to increase rents through interior renovations plus water bill-backs (Tenant pays electric heat/hot water)
- **All Units: 2 Bed / 1.5 Bath, Avg. Unit Size 833/SF, Avg Rent: \$717.27, ~\$1.16/SF**



# The Ocala Portfolio (Property 2)

**Oak Crest Villas - 1641 NE 70th St, Ocala, FL 34479**

32 units / 7 minutes from 14th Street Apartments & 8 Minutes from Briarwood Manor



# Oak Crest Villas (Property 2)

1981 | 32 units on 6.18 acres

Exterior



Sample Interior



- 32-unit one-story multi-family asset in a quiet, rural neighborhood setting (*John Travolta's residence .3 mile from subject*)
- *Major Loss to Lease*: Substantial opportunity to increase revenue through interior renovations plus water bill-backs (Tenant pays electric heat/hot water)
- *Amenity Upgrade*: Add value with improved outdoor amenities such as added seating, gazebo, etc.
- **Unit Count: 2 Bed / 1 Bath, Avg Unit Size 868/SF. Avg Rent: \$682, ~\$1.27/SF**

# The Ocala Portfolio (Property 3)

**Briarwood Manor - 1738 NE 3rd St, Ocala, FL 34470**

56 units (including 1 SFR) + 15 existing unrented storage units / 1 minute drive from 14th Street Townhomes & 8 minute drive from Oak Crest Villas



# Briarwood Manor (Property 3)

1973 | 56 + 15 storage units on 3.03 acres

Exterior



Sample Interior



- 56-unit, two-story, multi-family asset in a quiet suburban neighborhood setting
- 1 single family home (upside opportunity to convert to duplex and/or build 8 additional units)
- Storage Units Unrented: 15 vacant ready to lease, opportunity to build additional units for ancillary income
- *Major Loss To Lease*: Substantial opportunity to increase revenue through interior renovations, allowing pets, water bill backs (Tenant pays electric heat/hot water)
- **Unit Count: 22, 2BR/1Bath, 33 1BR/1Bath, 1 3BR/1Bath, 703-1041/SF. Avg Rent: \$674.13, ~\$1.19/**

# Team

Uniquely qualified sponsorship team with extensive multifamily track record, local expertise & existing Florida management presence (76 existing units)

- Currently own 76-units in Florida
- Principals have \$500m+ commercial real estate acquisition experience
- Currently have 400 units under self-management & ownership across 11 properties in four states (FL, NJ, NY & PA)
- Principal formerly lived in Florida and is highly familiar with the market, completed over \$100m of commercial real estate transactions in Florida



**Anthony Scandariato**

- Strong financial institutional private equity real estate experience.
- Co-founder Ridgeview Partners acquired and developed 110+ retailers
- Former Vice President of Vision Properties, acquired and managed \$594m office assets including in Florida
- Cornell University, bachelors' degree in Applied Economics and Management



**Brian Leonard**

- Familiar with Florida – former Tampa Bay Buccaneer NFL player
- Won two national football awards at Rutgers, including the Campbell Trophy - considered by many to be the “Academic Heisman”
- 8 year NFL Career, drafted in 2nd round Rutgers University, bachelors' degree in Business Management/Labor Relations

# Business Plan

## 3-Prong Strategy to Add Massive Value



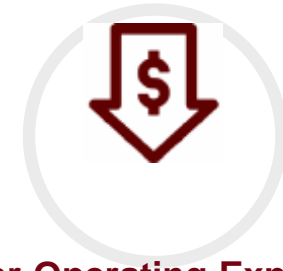
### Improve Exteriors/Interiors & Community

- Enhanced Landscaping
- Roof & HVAC Replacements
- Outdoor Seating Areas
- Allow Pets
- Interior renovations
- Create additional storage units



### Improve Management & Rents

- Existing in-house Florida Management Team will Be Leveraged
- Proven Track Record
- 25% Average Rental Increases



### Lower Operating Expenses

- Capitalizing On Prior Owner's Operational Inefficiencies
- Trusted network of vendors
- Economies of Scale Benefits Lacked With Prior Ownership

**Improved financials in 1-2 years**

***Avg In-Place Rent: \$691.13***

***Reno Proforma Avg: \$944 (Base Case)***

# Business Plan

Planned ~\$626K capital expenditures, executed in years 1-2

| <u>Capital Improvement Breakdown</u> |                         |  |
|--------------------------------------|-------------------------|--|
| Oakcrest                             | \$16,000                | HVAC Replacement                                       |
| Oakcrest                             | \$38,400                | Roof Replacements (1600sqft buildings)                 |
| Oakcrest                             | \$83,328                | Flooring Upgrades                                      |
| Oakcrest                             | \$32,000                | Appliance Upgrades                                     |
| Oakcrest                             | \$10,000                | Landscaping Upgrades (Amenity Area & Monument Signage) |
| Crossings on 14th                    | \$63,360                | Flooring Upgrades                                      |
| Crossings on 14th                    | \$52,800                | Paint Kitchen Cabinets/Appliance Upgrades              |
| Crossings on 14th                    | \$3,000                 | Monument Signage                                       |
| Briarwood                            | \$50,000                | New Parking Lot  |
| Briarwood                            | \$137,500               | Interior Unit Turns (7 Have Not Been Completed Turned) |
| Briarwood                            | \$50,000                | Deferred Maintenance                                   |
| Briarwood                            | \$35,000                | Landscaping Upgrades (Amenity Area & Monument Signage) |
| Briarwood                            | \$25,000                | SFR Upgrade 3BD/2BD                                    |
| <u>Contingency</u>                   | \$29,819.40             | 5%   |
| <b><u>Total</u></b>                  | <b><u>\$626,207</u></b> |  |

# Business Plan

Conservative plan assumptions yield stable returns, target 5-year exit

## 5-Year Financial Summary

|   | REFINANCE!       |                    |                    |                    | SALE!              |  |
|---|------------------|--------------------|--------------------|--------------------|--------------------|--|
| INCOME  | 1                | 2                  | 3                  | 4                  | 5                  |  |
| Gross Potential Income  | \$921,288        | \$1,265,220        | \$1,303,177        | \$1,342,272        | \$1,382,540        |  |
| - Vacancy   | (\$46,064)       | 5.00% (\$63,261)   | 5.00% (\$65,159)   | 5.00% (\$67,114)   | 5.00% (\$69,127)   |  |
| - TURNOVER (Yr 1) Concessions, Loss to Lease, Bad Debt                      | (\$27,639)       | 3.00% (\$12,652)   | 1.00% \$0          | 0.00% \$0          | 0.00% \$0          |  |
| Effective Gross Income  | \$847,585        | \$1,189,307        | \$1,238,018        | \$1,275,158        | \$1,313,413        |  |
| Other Income (Late Fees, App Fees, Etc.) - NO INFLATION                     | \$33,316         | \$33,316           | \$33,316           | \$33,316           | \$33,316           |  |
| Briarwood Storage Units (15) - NO INFLATION                                 | \$0              | \$9,000            | \$9,000            | \$9,000            | \$9,000            |  |
| Utility Income (Water Bill Back) \$25 Per Month Water Charge - NO INFLATION | \$4,907          | \$28,560           | \$28,560           | \$28,560           | \$28,560           |  |
| <b>Total Net Income</b>   | <b>\$885,808</b> | <b>\$1,260,183</b> | <b>\$1,308,894</b> | <b>\$1,346,035</b> | <b>\$1,384,290</b> |  |
| <b>EXPENSES</b>   |                  |                    |                    |                    |                    |  |
| Total Expenses  | \$337,520        | \$412,783          | \$425,603          | \$438,286          | \$451,349          |  |
| <b>Net Operating Income (NOI)</b>   | <b>\$548,288</b> | <b>\$847,400</b>   | <b>\$883,292</b>   | <b>\$907,749</b>   | <b>\$932,940</b>   |  |



# Business Plan

Clear refinancing and exit strategy

## Refinancing Plan

| Refinance End of Year   | → 2   |                  |
|---|-------|------------------|
| Net Operating Income (Exl. Turnover)  |       | \$860,053        |
| Cap Rate at Re-Finance  |       | 6.0%             |
| Appraised Value   |       | \$14,334,209     |
| Re-Finance LTV  |       | 75%              |
| Interest Rate   |       | 4.0%             |
| Term / Amortization (Years)   |       | 30               |
| Re-Finance Loan Amount  |       | \$10,750,657     |
| - Re-Finance Costs (Title, Appraisal, Legal)                                | 0.20% | (\$28,668)       |
| - Prepayment Penalty (Bridge Exit Fee)                                      | 0.50% | (\$48,700)       |
| <hr/>   |       |                  |
| - Insurance Release   |       | \$10,660         |
| - Repay Outstanding Loan Balance  |       | (\$9,740,000)    |
| = Gross Proceeds from Re-Finance  |       | \$943,948        |
| Return of Member Capital  |       | \$943,948        |
| % of Initial Investment Returned  |       | 75%              |
| Capital Account Balance After Re-Fi   |       | \$2,305,711      |
| Net Proceeds/Profit from Re-Finance   |       | \$0              |
| <hr/>   |       |                  |
| Principal Reduction   |       | \$0              |
| <hr/>   |       |                  |
| Appreciation  |       | \$0              |
| <hr/>   |       |                  |
| Capital Transaction Fee to Mgr  | 1.0%  | \$0              |
| Net Proceeds/Profit Paid to Members   | 70%   | \$0              |
| Net Proceeds/Profit Paid to Manager   | 30%   | \$0              |
| <b>Total Cash to Members at Re-Finance (Initial Capital + Appreciation)</b> |       | <b>\$943,948</b> |
| Ending Capital Account Balance  |       | \$2,305,711      |

## Exit Projections

| Disposition End of Year  | → 5  |                    |                       |
|--|------|--------------------|-----------------------|
| Net Operating Income   |      | \$922,940          |                       |
| Cap Rate   |      | 6.3%               |                       |
| Sales Price  |      | \$14,767,045       | Per Unit \$131,848.62 |
| Sales Cost (Broker Fee, Legal, Transfer Tax, Prepa)                        | 5%   | (\$694,051)        |                       |
| Outstanding Loan Balance   |      | (\$10,159,234)     |                       |
| Total Equity   |      | \$3,913,761        |                       |
| Return of Member Capital   |      | \$2,305,711        |                       |
| Net Proceeds/Profit from Sale  |      | \$1,608,049        |                       |
| Principal Reduction  |      | \$591,423          |                       |
| Appreciation   |      | \$1,016,626        |                       |
| Capital Transaction Fee to Mgr   | 1.0% | \$147,670          |                       |
| Net Proceeds/Profit Paid to Members  | 70%  | \$1,022,265        |                       |
| Net Proceeds/Profit Paid to Manager  | 30%  | \$438,114          |                       |
| <b>Total Cash to Members at Sale</b>                                       |      | <b>\$3,327,976</b> |                       |
| <hr/>  |      |                    |                       |
| <b>After Final Disposition</b>   |      |                    |                       |
| <b>Total Profits from Appreciation Paid to Members</b>                     |      | <b>\$1,022,265</b> |                       |
| <b>Total Cash to Members (Initial Capital + Profits from Appreciation)</b> |      | <b>\$4,271,925</b> |                       |
| <b>Levered Internal Rate of Return (IRR)</b>                               |      | <b>15.0%</b>       |                       |
| <b>Average Levered Cash on Cash Return</b>                                 |      | <b>9.5%</b>        |                       |

# INVESTOR RETURNS

Investor returns of ~9.5% cash-on-cash; ~15% IRR with target return of capital event in year 2 through refinance  
(Over 5-Year Investment Horizon)  
(Base Case Projections)

| Investment Snapshot         |                  |
|-----------------------------|------------------|
| Purchase Price              | \$11,650,000     |
| Capital Improvement Budget* | \$626,207 (est.) |
| Closing Costs               | \$663,482 (est.) |
| Total Capitalization        | \$12,929,689     |
| Units                       | 112 + 15 Storage |
| Current Occupancy           | ~95%             |



1

Ocala submarket is recession/pandemic resilient & fast-growing

2

Undervalued Assets in a high-quality diverse neighborhoods

3

Operational improvements will yield better returns

4

Qualified sponsorship team with extensive multi-family experience

5

Conservative underwriting projections

# INVESTOR RETURNS

Investor returns of ~9.5% cash-on-cash; ~15% IRR with target return of capital event in year 2 through refinance  
(Over 5-Year Investment Horizon)  
(Base Case Projections)

Base Case Investor Returns Based On  
\$100,000

## Investor Yield Projection (Base Case)

- Average Cash-On-Cash: ~9.5%
  - Internal Rate of Return (IRR): ~15%
- \* Average cash flow yields from operations, not including any refinance or profit from sale

BASE CASE - Member Returns Based On Specific \$ Invested

\$100,000

AS IS (IN PLACE)

REFINANCE!

SALE!

|   | 1              | 2               | 3              | 4              | 5               | 6 | 7 | 8 | 9 | 10 | Return \$       | Return %      |
|---|----------------|-----------------|----------------|----------------|-----------------|---|---|---|---|----|-----------------|---------------|
| Beginning Member Capital Account Balance          | \$100,000      | \$100,000       | \$70,952       | \$70,952       | \$70,952        |   |   |   |   |    |                 |               |
| % of Overall Membership Ownership for \$ Invested | 3.1%           | 3.1%            | 3.1%           | 3.1%           | 3.1%            |   |   |   |   |    |                 |               |
| Member Cashflow                                   | \$5,000        | \$12,181        | \$6,860        | \$7,161        | \$7,695         |   |   |   |   |    | \$38,898        |               |
| Cash on Cash Return                               | 5%             | 12.18%          | 9.67%          | 10.09%         | 10.85%          |   |   |   |   |    |                 |               |
| Average Cash on Cash Return to Date               | 5%             | 8.41%           | 8.83%          | 9.14%          | 9.48%           |   |   |   |   |    |                 |               |
| Net Proceeds/Profits from Refinance or Sale       |                | \$0             |                |                | \$31,458        |   |   |   |   |    | \$31,458        |               |
| Average Annual Return to Date                     | 5%             | 8.59%           | 11.29%         | 10.99%         | 19.83%          |   |   |   |   |    |                 |               |
| Return of Member Capital                          |                | \$29,048        |                |                | \$70,952        |   |   |   |   |    |                 |               |
| Ending Member Capital Account Balance             | \$100,000      | \$70,952        | \$70,952       | \$70,952       | \$0             |   |   |   |   |    |                 |               |
| <b>Total Return in Investment</b>                 | <b>\$5,000</b> | <b>\$12,181</b> | <b>\$6,860</b> | <b>\$7,161</b> | <b>\$39,153</b> |   |   |   |   |    | <b>\$70,355</b> | <b>70.36%</b> |
| Average Annual Return                             |                |                 |                |                |                 |   |   |   |   |    |                 | 15.0%         |
| Average Levered Annual Levered Return (IRR)       |                |                 |                |                |                 |   |   |   |   |    |                 | 15.0%         |
| Average Levered Cash On Cash Return               |                |                 |                |                |                 |   |   |   |   |    |                 | 9.5%          |

## Key Investment Terms – Partnership Structure

- Minimum investment: \$50,000
- Investor partners can expect a starting quarterly return
- 8% preferred return
- 70% profit split to investors above the 8% preferred return
- Once a 15% IRR is achieved on this investment, the profit split will be 50%/50%
- \*Cost Segregation Reports Will Be Ordered For Maximum Tax Advantage With Bonus Depreciation\*



# APPENDICES

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# THE MARKET – RENT COMPS

The average in-place rents for the 112 unit Ocala Portfolio are well below market rents based on current comps.  
 In-place rent average as of June 2021:  
**\$575.13**/mo afor a 1BR/1BA  
**\$733.52** /mo 2BD/1-1.5BA

Forest Hills Apartments  
 2404 SE 5th Circle, Ocala, FL

| Type                     | Units     | Total SF      | SF         | Total Rent      | Rent           | \$/SF         |
|--------------------------|-----------|---------------|------------|-----------------|----------------|---------------|
| 2 / 2                    | 56        | 54,040        | 965        | \$56,280        | \$1,005        | \$1.04        |
| <b>Total / Wtd. Avg.</b> | <b>56</b> | <b>54,040</b> | <b>965</b> | <b>\$56,280</b> | <b>\$1,005</b> | <b>\$1.04</b> |



Steeples Apartments  
 2901 SW 41st St., Ocala, FL

| Type                     | Units      | Total SF       | SF           | Total Rent       | Rent           | \$/SF         |
|--------------------------|------------|----------------|--------------|------------------|----------------|---------------|
| 2 / 2                    | 177        | 185,142        | 1,046        | \$225,675        | \$1,275        | \$1.22        |
| <b>Total / Wtd. Avg.</b> | <b>177</b> | <b>185,142</b> | <b>1,046</b> | <b>\$225,675</b> | <b>\$1,275</b> | <b>\$1.22</b> |



Latigo  
 1601 SW 27th Ave., Ocala, FL

| Type                     | Units      | Total SF       | SF         | Total Rent       | Rent           | \$/SF         |
|--------------------------|------------|----------------|------------|------------------|----------------|---------------|
| 2 / 2                    | 120        | 115,200        | 960        | \$136,200        | \$1,135        | \$1.18        |
| <b>Total / Wtd. Avg.</b> | <b>120</b> | <b>115,200</b> | <b>960</b> | <b>\$136,200</b> | <b>\$1,135</b> | <b>\$1.18</b> |



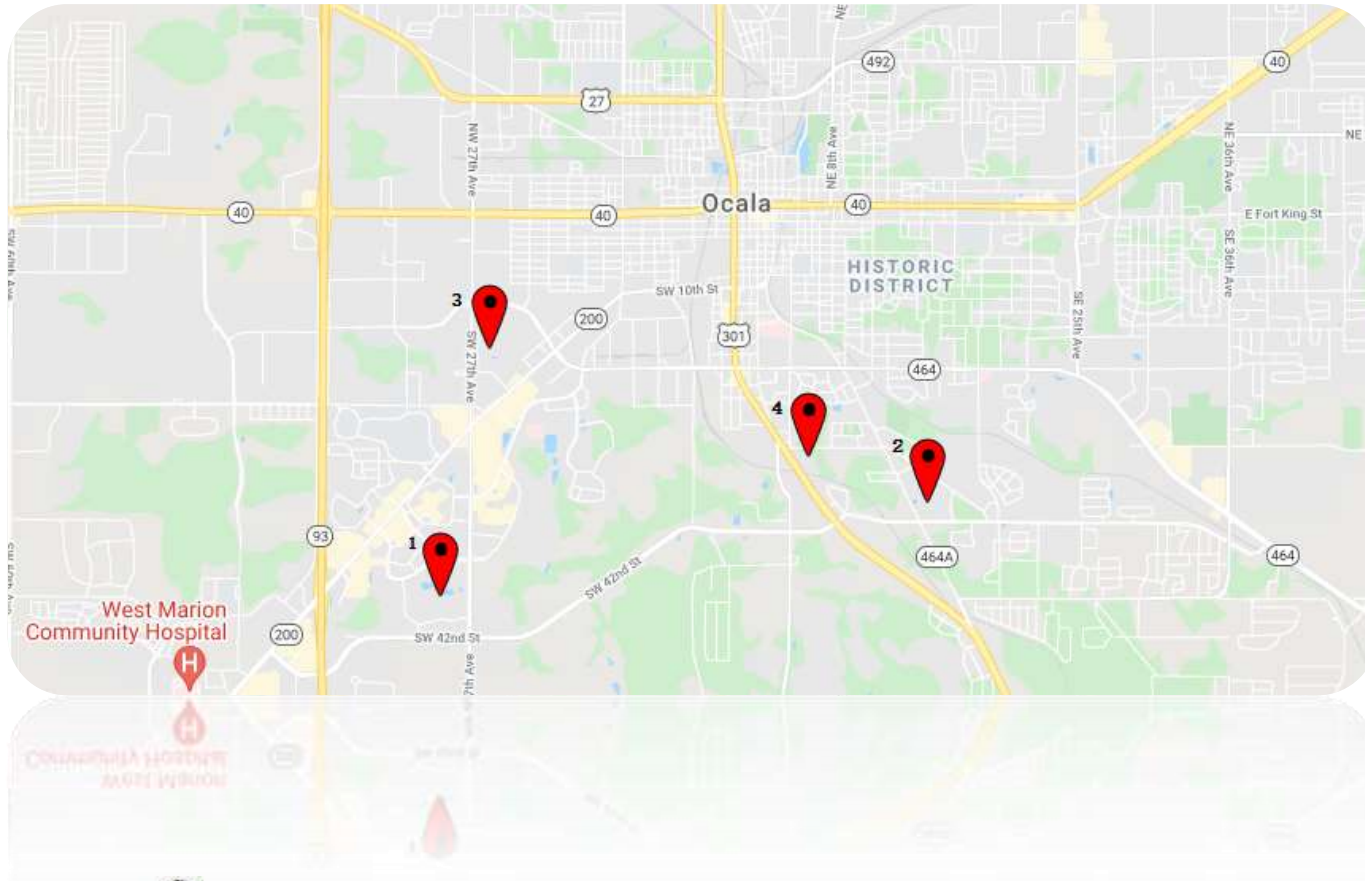
Carrington Lane  
 3001 SE Lake Weir Ave., Ocala, FL

| Type                     | Units      | Total SF      | SF         | Total Rent       | Rent           | \$/SF         |
|--------------------------|------------|---------------|------------|------------------|----------------|---------------|
| 2 / 1                    | 47         | 40,890        | 870        | \$54,003         | \$1,149        | \$1.32        |
| 2 / 1                    | 2          | 1,772         | 886        | \$2,640          | \$1,320        | \$1.49        |
| 2 / 2                    | 64         |               | 975        | \$76,416         | \$1,194        | \$1.22        |
| 2 / 2                    | 6          | 6,450         | 1,075      | \$7,464          | \$1,244        | \$1.16        |
| <b>Total / Wtd. Avg.</b> | <b>119</b> | <b>49,112</b> | <b>937</b> | <b>\$140,523</b> | <b>\$1,181</b> | <b>\$1.26</b> |



# Market – Rent Comps

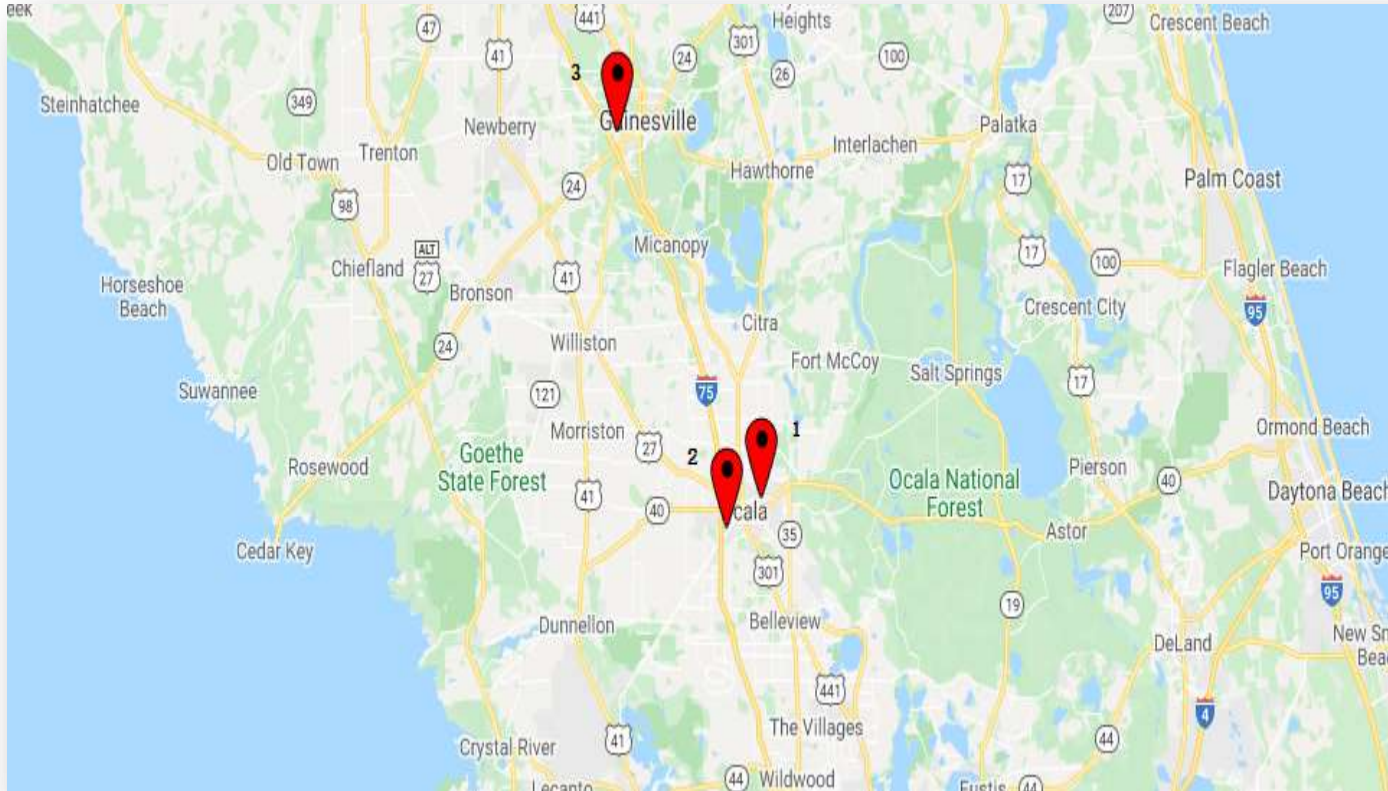
Ocala Rental Comps Map



- 1 Forest Hills Apartments
- 2 Steeples Apartments
- 3 Latigo Apartments
- 4 Carrington Lane Apartments

# Market – Sales Comps

Sales Comps.Map



- 1 Ocala Portfolio – 99 units - 3 Assets - 2021 Sale - \$122,222/Unit - 5% Cap Rate (Mostly 1970s vintage), New Buyer Will Inc. Rents
- 2 Tuscany Place Apartments, Ocala – 288 units, \$147,568/Unit
- 3 Aqua @ Windmeadows, Gainesville – 322, 1972 Vintage, \$122,671/unit

# Market – Sales Comps

1



## OCALA PORTFOLIO

2205, 2281 & 2311 Northeast 2nd Street, Ocala, FL 34475

|                       |   |
|-----------------------|---|
| List Price            | \$12,100,000                                |
| Number of Units       | 99  |
| Year Built            | 1973/1974/2005                              |
| Price per Unit        | \$122,222                                   |
| Price per Square Foot | \$135.96                                    |
| Sale Date             | 2021  |
| Represented by        | RPH Multifamily Group of Marcus & Millichap |

2



## TUSCANY PLACE APARTMENTS

3240 Southwest 34th Street, Ocala, FL 34474

|                       |              |
|-----------------------|--------------|
| Sale Price            | \$42,500,000 |
| Number of Units       | 288          |
| Year Built            | 1997         |
| Price per Unit        | \$147,569    |
| Price per Square Foot | \$140.99     |
| Sale Date             | March 2020   |

| UNITS | UNIT TYPE    |
|-------|--------------|
| 60    | 1 Bdr 1 Bath |
| 84    | 2 Bdr 1 Bath |
| 108   | 2 Bdr 2 Bath |
| 36    | 3 Bdr 2 Bath |

3



## AQUA AT WINDMEADOWS

3700 Windmeadows Boulevard, Gainesville, FL 32608

|                       |              |
|-----------------------|--------------|
| Sale Price            | \$39,500,000 |
| Number of Units       | 322          |
| Year Built            | 1972         |
| Price per Unit        | \$122,671    |
| Price per Square Foot | \$120.15     |
| Sale Date             | March 2019   |

| UNITS | UNIT TYPE    |
|-------|--------------|
| 116   | 1 Bdr 1 Bath |
| 154   | 2 Bdr 2 Bath |
| 24    | 3 Bdr 2 Bath |
| 28    | 3 Bdr 3 Bath |



# The Ocala Portfolio – Additional Photos

—            —  
Quiet neighborhood appeal

Briarwood - Suburban



Oak Crest - Rural



14<sup>th</sup> Street - Infill Urban/Suburban



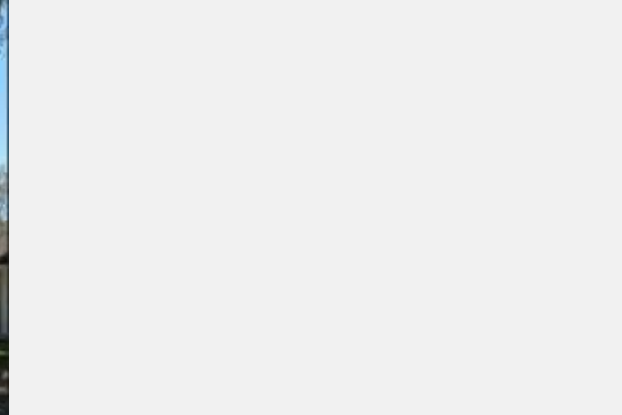
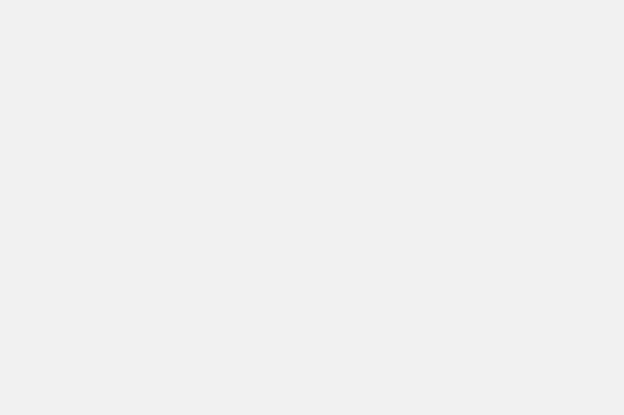
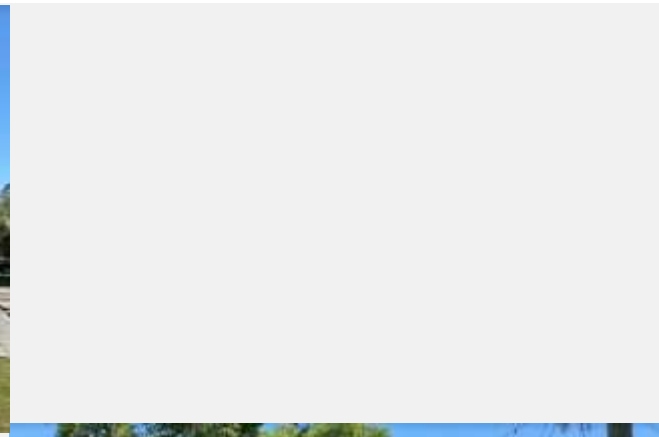
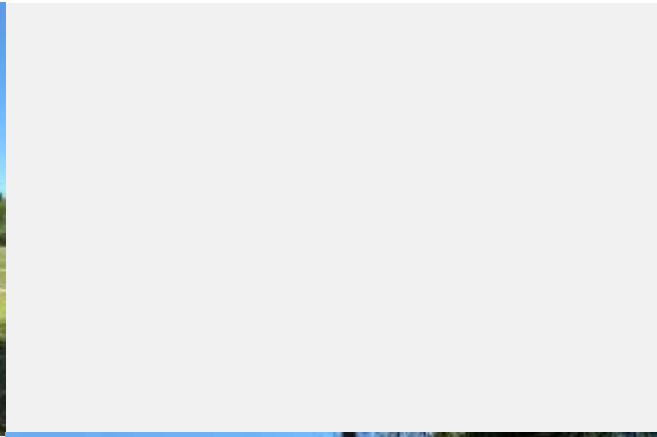
# The Ocala Portfolio - 14th Street Apartments

—  —  
Additional Photos



# The Ocala Portfolio - Oak Crest Villas

Additional Photos



# The Ocala Portfolio – Briarwood Apartments

Additional Photos



## Red Knight Case Study: Mill Street Manor, Newton NJ

Red Knight has successfully acquired, operated similar assets and exited multiple cases  
~ 76 existing units currently owned & managed in Florida ~

### Mill Street Manor, Newton NJ – Case Study

Owned & Managed by Red Knight Properties



Initially acquired forty-eight (48) apartment (46 apartment, 2 vacant retail) + twenty-eight (28) Self-Storage Units in Northern New Jersey's Sussex County submarket, Newton, NJ, from long-term private ownership and motivated seller in January, 2020.



Added three (3) additional apartment units: Converted two (2) former vacant retail & one (1) shell vacant storage unit to two (2) one (1) bedroom apartments & one (1) three (3) bedroom apartment unit, respectively, totaling the apartment unit count to fifty-one (51).



Successfully raised apartment rent average from \$900 to \$1,350 with a strategic cosmetic interior & exterior capital improvement plan within 16 months upon acquisition with minimal turnover/vacancy loss



Nearly doubled in-place net operating income upon purchase within a 16-month investment holding period



Achieved cash-out refinance within 16 months; returned 100% of initial investor equity contributions & realized a levered internal rate of return (IRR) of ~24% on refinance proceeds alone, while still benefiting from future cash flow distributions and market appreciation.





## The Ocala, Florida Portfolio

**A unique, off-market, 112-unit, institutional-sized multi-family 'workforce housing' portfolio with a middle-market, value-add return profile**

**Ocala, Florida is ranked 5th among the “fast-growing places” in the United States\***

*\*(US News & World Report, 2020-2021)*

**8% Preferred Return | 15% Base Case Projected IRR  
| Projected 5-Year Holding Period |**



**Sponsorship Team**  
Red Knight Properties  
*Confidential Investment Summary*

[www.redknightproperties.com](http://www.redknightproperties.com)