



Paddock Apartments Portfolio - Ocala, Florida

An off-market, mid-1980's, 61-unit value-add 'workforce housing' portfolio from long-term ownership benefiting from Red Knight's existing economies of scale in Ocala & superior acquisition financing below 2%*.

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 |**



**Sponsor personally guaranteed, starting interest rate*

Sponsorship Team
Red Knight Properties
Confidential Investment Summary

www.redknightproperties.com

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THE OPPORTUNITY

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 (Paddock Apartments I&II), provides access to two separate properties (1BD-2BD/1.5BA) built between 1983-1985 totaling 61 units with strong in-place cash flow & significantly below market rents (based on Red Knight's other properties owned in the market) in Ocala, Florida. With a projected addition of 6,000+ warehouse jobs over the next 5-10 years, there are growing concerns for a lack of available market-rate, workforce housing options in Ocala proper.

The Paddock Apartments portfolio also provides the ability to leverage Red Knight's existing Ocala management team from of it's existing portfolio of 112 units to takeover mismanagement from long-term private individual local ownership for economies of scale, superior exit pricing & Red Knight's financing relationship with an interest rate starting below 2%** upon acquisition.

The Paddock Apartments portfolio is within a ~5 minute radius of Red Knight's 112-unit Ocala Portfolio and is being acquired at an entry per unit basis of \$98,361/unit; the Red Knight Ocala Portfolio is ~24% lower than a recent 2021 Ocala multifamily sale comp of 99-units (marketed deal) at ~\$122K/door (mostly 1970's vintage), and well below replacement cost, especially in 2021 given the rise of construction costs/inflationary pressures.

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

**Sponsor personally guaranteed, starting interest rate



THE OPPORTUNITY

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:

- Two unique assets (Paddock Apartments I&II)
- Combined Pricing: ~\$98k / unit, ~25% below recent similar Ocala sale comps trading at \$122,222 (99-unit – mostly 1970s vintage)

Strategy:

- Combine the Paddock Apartments portfolio with Red Knight's 3 existing 112 unit portfolio for economies of scale for management projected eventual refinance/disposition value (totaling 173 units vs. 112 in Ocala)
- Improve and rebrand 61-units with mostly interior renovations, refinance/sell as 173-units (combined with Red Knight's 112 unit portfolio) vs. 61
- In-Place: average rent (between 3 assets) \$694.83
- 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 \$918.52 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/Ocala real estate transactions (268-Units owned & managed in Florida, 112 in Ocala)
- Sponsors: Red Knight Properties managed and deployed \$500m+ private equity and real estate capital, portfolio of ~580 units in four different states (FL, NJ, NY & PA - multifamily, retail & self-storage)
- General Partners: contribute own capital (~15-20%) for deep skin-in-game & self-manage to ensure smoother business plan execution

Return Projections:

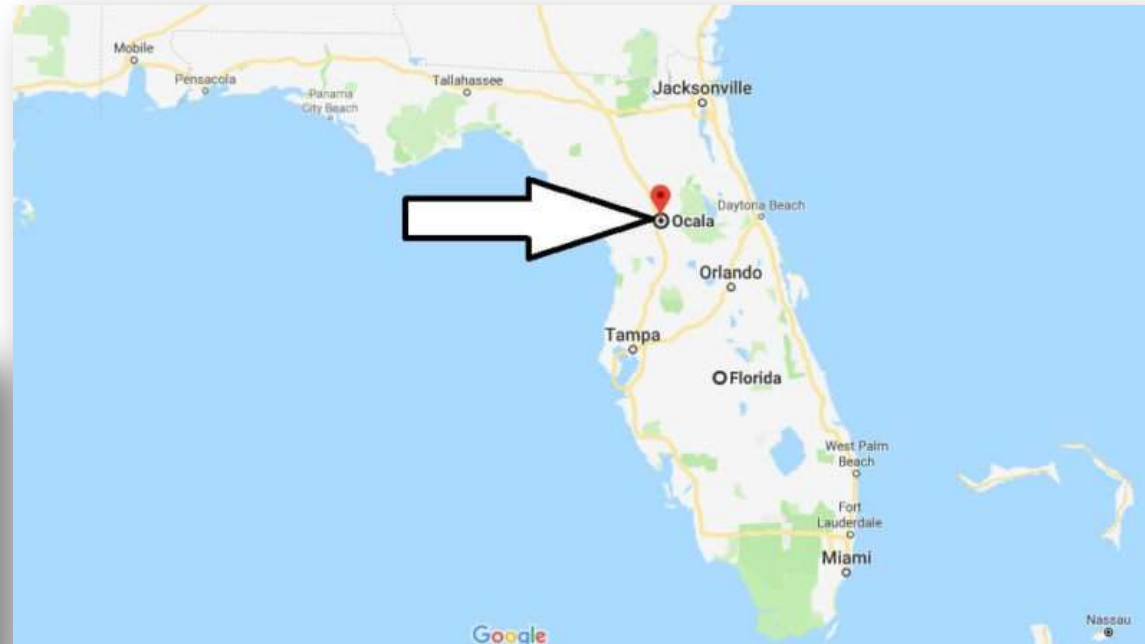
- Investors to receive ~10% levered cash-on-cash, 8% preferred return, ~15% net IRR with a expected return of capital event from a year two refinance with conservative base case projections (5-year hold)



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

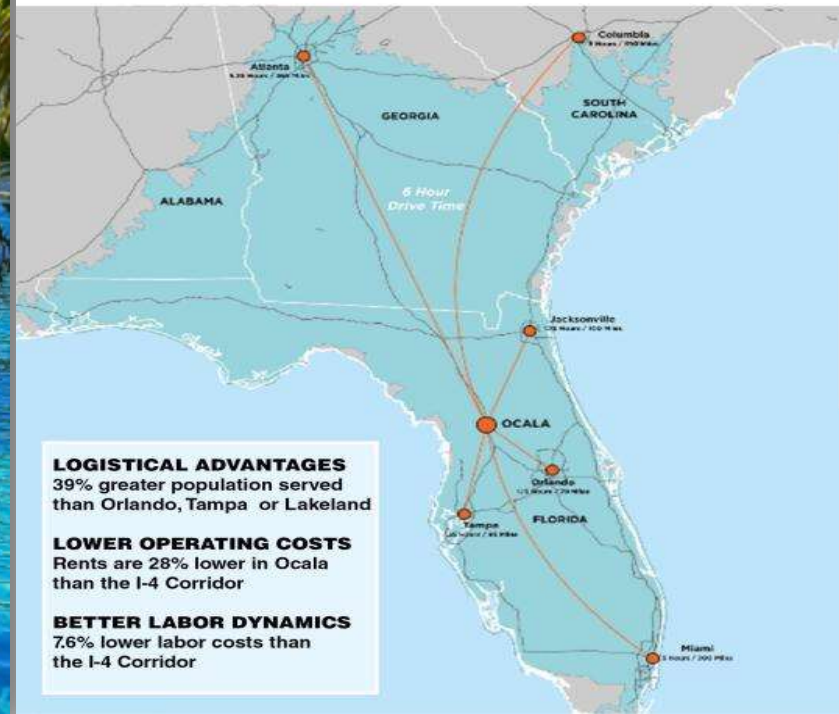
Location, location, location



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

The Market

A circular graphic with a house icon containing a dollar sign. Below the icon, the number \$62,637 is displayed in a large, bold font. Underneath the number, the text reads 'AVERAGE HOUSEHOLD INCOME WITHIN A TWO-MILE RADIUS'.

OCALA // Demographics

POPULATION	EMPLOYMENT	RENT STATISTICS
97,477 Total Population within a Five Mile Radius of Subjects	73,930 Total Employees within a Five Mile Radius of Subjects	1.6% Year-Over-Year Rental Rate Increase North Ocala Submarket
104,248 Projected 2025 Population within a Five Mile Radius of Subjects	7,312 Total Businesses within a Five Mile Radius of Subjects	97.2% Average Occupancy Rate North Ocala Submarket

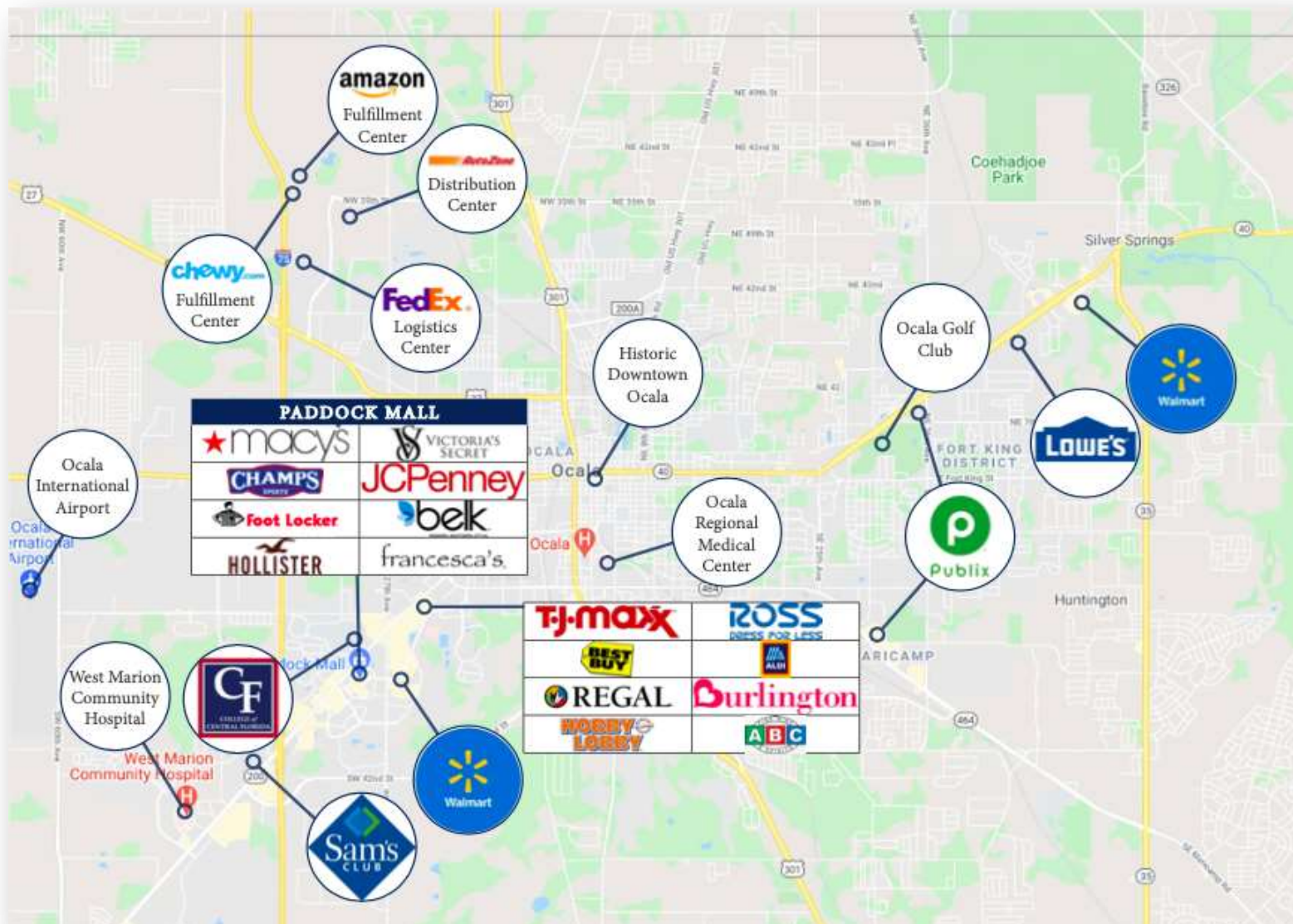
LARGEST EMPLOYERS

COMPANY	EMPLOYEES
Munroe Regional Health System	2,648
Walmart	2,370
Ocala Regional Health System	2,020
Publix Supermarkets	1,488
AT&T	1,000
Lockheed Martin	981



Source: Marcus & Millichap

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.

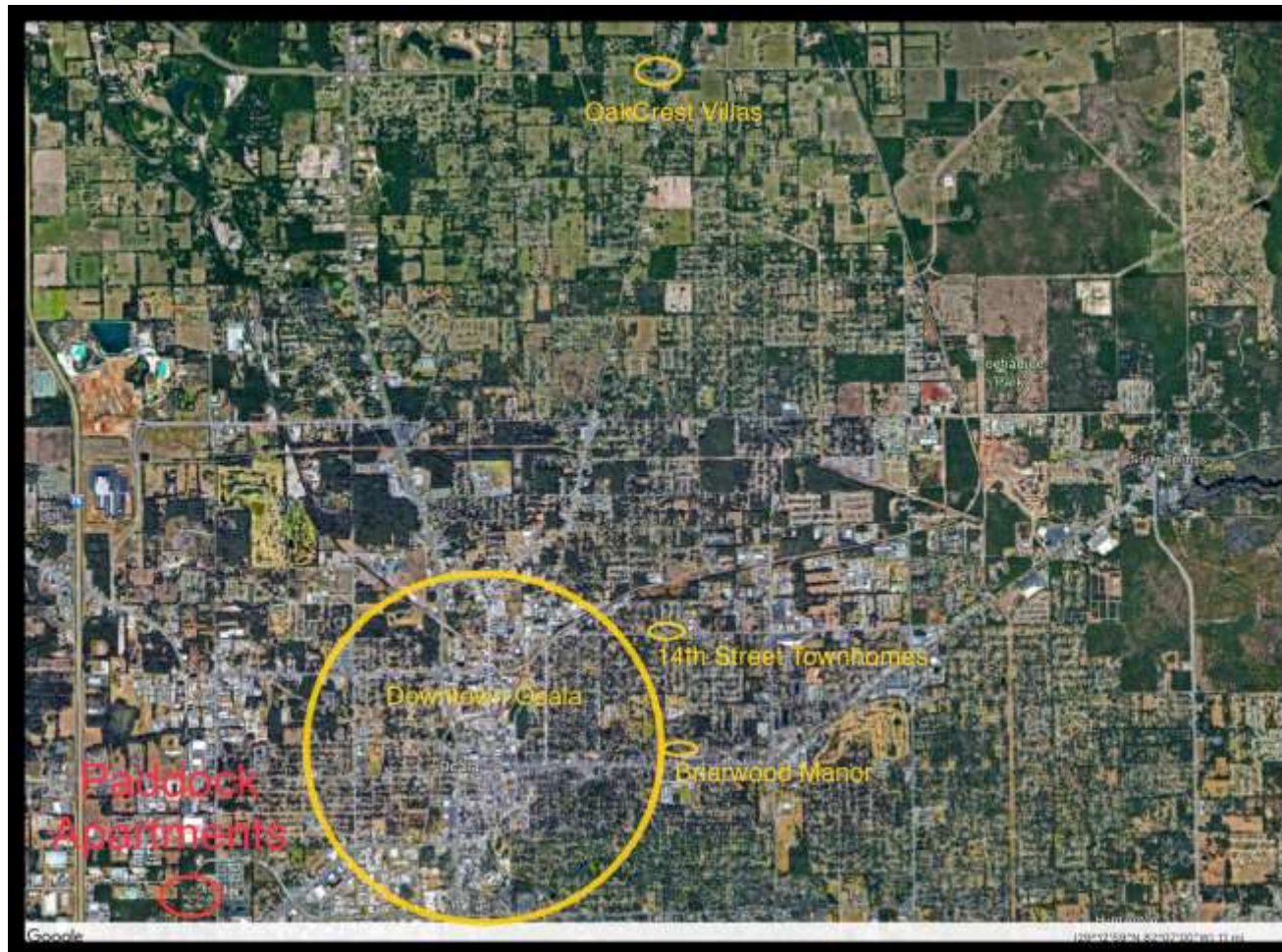
In recent years, Davis said, there has been 8% to 9% job growth in logistics jobs. "Before all these companies, like AutoZone and FedEx, Chewy and Amazon, started coming here, there was limited opportunities for warehouse and distribution," Davis noted. "Their arrival has driven up wages." He said that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



Red Knight's Existing Ocala Portfolio (112 Units)

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



Paddock Apartments Portfolio

Paddock Apartments I&II - 1900 SW 31st Ave, Ocala, FL 34474



Paddock Apartments Portfolio

1983-1985 | 61 units on 4.08 acres

Exterior



Interior Examples



- 61-unit two-story, some “townhome style” suburban multi-family asset in a quiet neighborhood near new development
- *Major loss to lease:* Substantial opportunity to increase rents through interior renovations plus water bill-backs (Tenant pays electric heat/hot water)
- 29, 1 Bed / 1 Bath Units, Avg. Unit Size: 600/SF, Avg. Rent: \$622.03, ~\$1.04/SF
- 13, 2 Bed / 1 Bath Units, Avg. Unit Size: 850/SF, Avg. Rent: \$698.15, ~\$1.22/SF
- 19, 2 Bed / 1.5 Bath (Townhome) Units, Avg. Unit Size: 990/SF, Avg. Rent: 837.11, ~\$.85/SF

Team

Uniquely qualified sponsorship team with extensive multifamily track record, local expertise & existing Florida management presence (268 existing units, 112 in Ocala)

- Currently own 268-units in Florida (112 in Ocala)
- Principals have \$500m+ commercial real estate acquisition experience
- Currently have ~580 units under self-management & ownership across 12 properties in four states (FL, NJ, NY & PA)
- Principal(s) 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



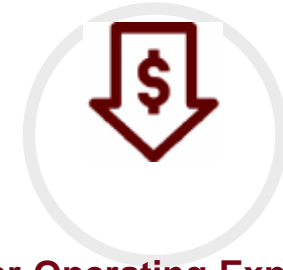
Improve Exteriors/Interiors & Community

- Enhanced Landscaping
- Outdoor Seating Areas
- Allow Pets
- Interior renovations



Improve Management & Rents

- Existing in-house Ocala 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: \$694.83

Reno Proforma Avg: \$918.52 (Base Case)

Business Plan

Planned ~\$300K capital expenditures, executed in years 1-2

Capital Improvement Breakdown

Interior Improvements	\$ 274,500	Kitchen improvements, new laminent PVC flooring (all units)	
Exterior Improvements	\$ 10,000	Landscaping improvements	
Contingency	\$ 14,974		5%
Total	\$ 299,474		

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 (Hudson, Laurel)	\$516,036	\$672,360	\$692,531	\$713,307	\$734,706
- Vacancy	(\$25,802) 5.00%	(\$33,618) 5.00%	(\$34,627) 5.00%	(\$35,665) 5.00%	(\$36,735) 5.00%
- TURNOVER (Yr 1) Concessions, Loss to Lease, Bad Debt	(\$15,481) 3.00%	(\$13,447) 2.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Effective Gross Income	\$474,753	\$625,295	\$657,904	\$677,641	\$697,971
Other Income	\$0	\$0	\$0	\$0	\$0
Utility Income (Water Bill Back)	\$0	\$10,980	\$10,980	\$10,980	\$10,980
Total Net Income	\$474,753	\$636,275	\$657,904	\$677,641	\$697,971
EXPENSES					
Total Expenses	\$171,689 ▼ 36.16% ▲	\$203,750 ▼ 32.02% ▲	\$209,989 ▼ 31.92% ▲	\$216,289 ▼ 31.92% ▲	\$222,778 ▼
Net Operating Income (NOI)	\$303,064	\$432,525	\$447,915	\$461,352	\$475,193

Business Plan

Clear refinancing and exit strategy

Refinancing Plan

Refinance End of Year → 2

Net Operating Income (Exl. Turnover)		\$445,972
Cap Rate at Re-Finance		6.0%
Appraised Value		\$7,432,872
Re-Finance LTV		75%
Interest Rate		4.0%
Term / Amortization (Years)		30
Re-Finance Loan Amount		\$5,574,654
- Re-Finance Costs (Title, Appraisal, Legal)	0.50%	(\$37,164)
- Prepayment Penalty (No Prepay - Bridge Loan Program)		\$0
<hr/>		
- Insurance Release		\$2,000
- Repay Outstanding Loan Balance		(\$4,500,000)
= Gross Proceeds from Re-Finance		\$1,039,489
Return of Member Capital		\$1,039,489
% of Initial Investment Returned		48%
Capital Account Balance After Re-Fi		\$1,138,496
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
Total Cash to Members at Re-Finance (Initial Capital + Appreciation)		\$1,039,489
Ending Capital Account Balance		\$1,138,496

Exit Projections

Disposition End of Year → 5

Net Operating Income		\$465,193	
Cap Rate		6.2%	
Sales Price		\$7,564,114	Per Unit
Sales Cost (Broker Fee, Legal, Transfer Tax)	5%	(\$378,206)	\$124,001.87
Outstanding Loan Balance		(\$5,267,977)	
Total Equity		\$1,917,932	
Return of Member Capital		\$1,138,496	
Net Proceeds/Profit from Sale		\$779,435	
Principal Reduction		\$306,677	
Appreciation		\$472,758	
Capital Transaction Fee to Mgr	1.0%	\$75,641	
Net Proceeds/Profit Paid to Members	70%	\$492,656	
Net Proceeds/Profit Paid to Manager	30%	\$211,138	
Total Cash to Members at Sale		\$1,631,152	

After Final Disposition

Total Profits from Appreciation Paid to Members	\$492,656
Total Cash to Members (Initial Capital + Profits from Appreciation)	\$2,670,642
Levered Internal Rate of Return (IRR)	15.0%
Average Levered Cash on Cash Return	10.00%

INVESTOR RETURNS

Investor returns of ~10% 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	\$6,000,000
Capital Improvement Budget*	\$299,474 (est.)
Closing Costs	\$378,512 (est.)
Total Capitalization	\$6,677,986
Units	61
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 ~10% 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: ~10%
- 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!						Return \$	Return %
	1	2	3	4	5	6	7	8	9	10		
Beginning Member Capital Account Balance	\$100,000	\$100,000	\$52,273	\$52,273	\$52,273							
% of Overall Membership Ownership for \$ Invested	4.6%	4.6%	4.6%	4.6%	4.6%							
Member Cashflow	\$8,252	\$12,361	\$4,632	\$5,118	\$5,556						\$35,979	
Cash on Cash Return	8%	12.36%	8.88%	9.79%	10.63%							
Average Cash on Cash Return to Date	8%	10.31%	9.86%	9.84%	10.00%							
Net Proceeds/Profits from Refinance or Sale		\$0			\$22,620						\$22,620	
Average Annual Return to Date	8%	10.31%	16.14%	14.55%	22.42%							
Return of Member Capital		\$47,727			\$52,273							
Ending Member Capital Account Balance	\$100,000	\$52,273	\$52,273	\$52,273	\$0							
Total Return in Investment	\$8,252	\$12,361	\$4,632	\$5,118	\$28,176						\$58,598	58.60%
Average Annual Return												15.0%
Average Levered Annual Levered Return (IRR)												15%
Average Levered Cash On Cash Return												10.00%

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



THE MARKET – RENT COMPS

The average in-place rents for Paddock Apartments are well below market rents based on current comps & existing Red Knight Ocala assets.

In-place rent average as of October 2021:

- 29, 1 Bed / 1 Bath Units, Avg. Unit Size: 600/SF, Avg. Rent: \$622.03, ~\$1.04/SF
- 13, 2 Bed / 1 Bath Units, Avg. Unit Size: 850/SF, Avg. Rent: \$698.15, ~\$1.22/SF
- 19, 2 Bed / 1.5 Bath (Townhome) Units, Avg. Unit Size: 990/SF, Avg. Rent: 837.11, ~\$.85/SF

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
Total / Wtd. Avg.	56	54,040	965	\$56,280	\$1,005	\$1.04



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
Total / Wtd. Avg.	177	185,142	1,046	\$225,675	\$1,275	\$1.22



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
Total / Wtd. Avg.	120	115,200	960	\$136,200	\$1,135	\$1.18



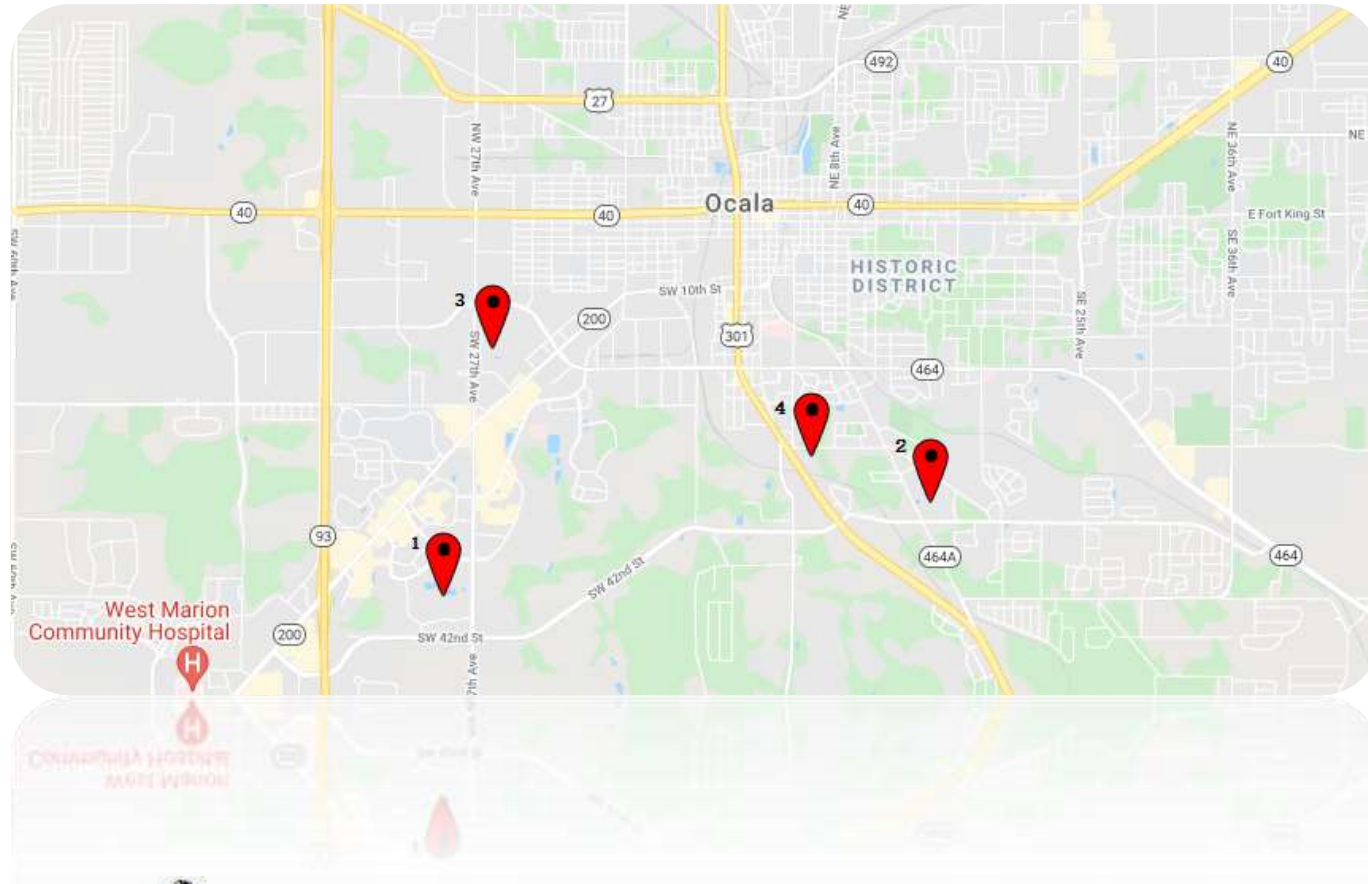
Carrington Lane
3001 SE Lake Weir Ave., Ocala, FL

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
Total / Wtd. Avg.	119	49,112	937	\$140,523	\$1,181	\$1.26



Market – Rent Comps

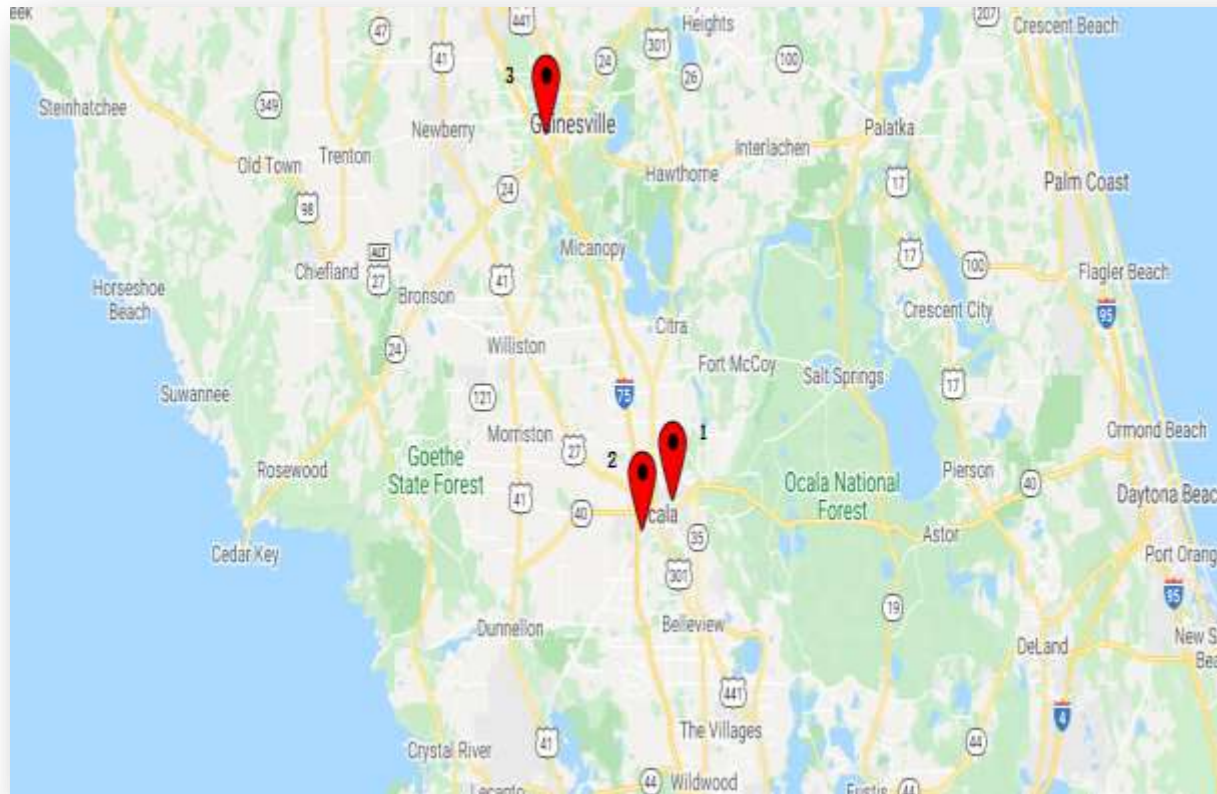
Ocala Rental Comps Map



- 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

Paddock Apartments Portfolio – Additional Photos

—
Quiet neighborhood appeal



Paddock Apartments Portfolio – Additional Photos

Additional Photos



Red Knight Case Study: Mill Street Manor, Newton NJ

Red Knight has successfully acquired, operated similar assets and exited multiple cases
~ 268 existing units currently owned & managed in Florida (112 in Ocala) ~

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.

Red Knight Case Study: **Stonewood & Swartwood, Newton NJ**

Red Knight has successfully acquired, operated similar assets and exited multiple cases
~ 268 existing units currently owned & managed in Florida (112 in Ocala) ~

Stonewood & Swartwood Manor, Newton NJ - Case Study

Owned & Managed by Red Knight Properties



- ✓ Initially acquired sixty-four (64) apartment units in Northern New Jersey's Sussex County submarket, Newton, NJ, from long-term private ownership and motivated seller in July, 2020.
- ✓ Successfully raised apartment rent average with a strategic cosmetic interior & exterior capital improvement plan within fourteen (14) months upon acquisition with minimal turnover/vacancy loss
- ✓ Nearly grew in-place net operating income upon purchase by over 30% within a 14-month investment holding period
- ✓ Achieved cash-out refinance within fourteen (14) months; returned 100%+ of initial investor equity contributions on refinance proceeds alone, while still benefiting from future cash flow distributions and market appreciation.



Paddock Apartments Portfolio - Ocala, Florida

An off-market, mid-1980's, 61-unit value-add 'workforce housing' portfolio from long-term ownership benefiting from Red Knight's existing economies of scale in Ocala & superior acquisition financing below 2%*.

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 |**



**Sponsor personally guaranteed, starting interest rate*

Sponsorship Team
Red Knight Properties
Confidential Investment Summary

www.redknightproperties.com