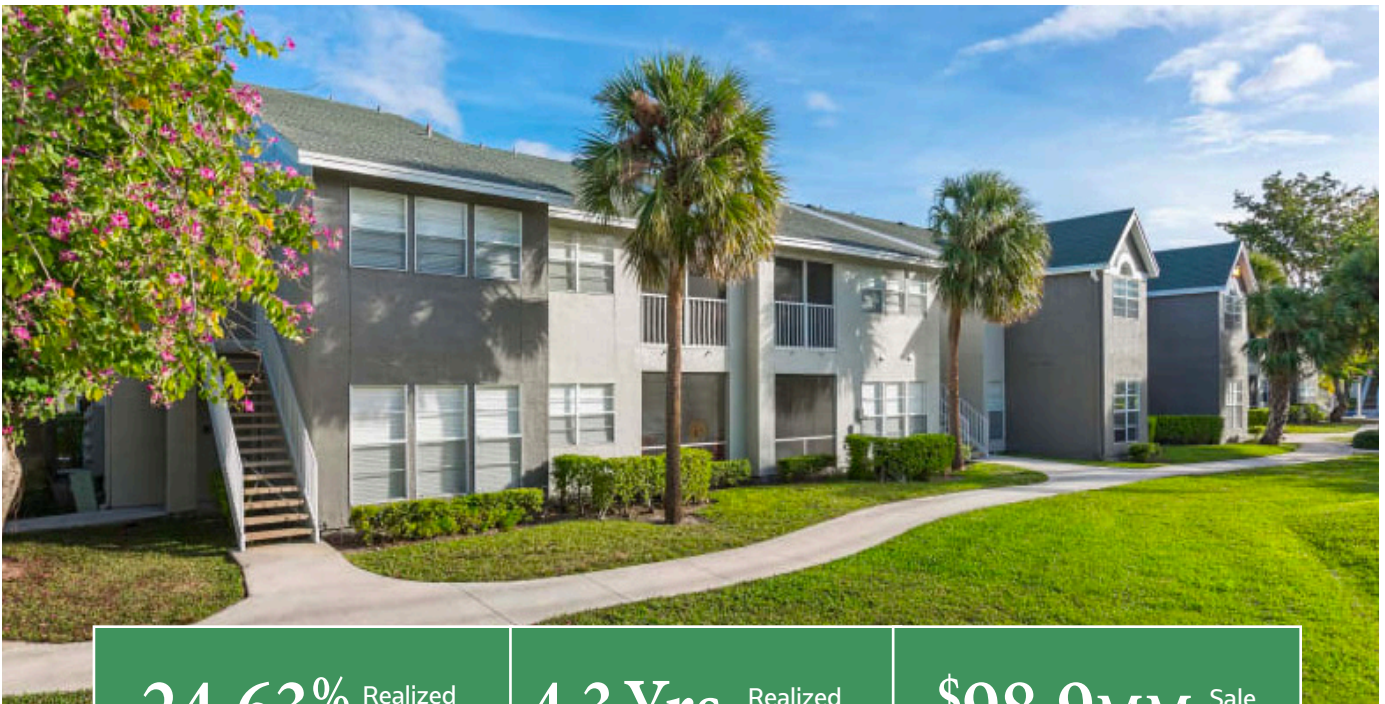


## Realized Investment: Lago Paradiso



**24.63%** Realized  
Net IRR

**4.3 Yrs.** Realized  
Hold Period

**\$98.9MM** Sale  
Price

**This case study examines ArborCrowd's latest full cycle, high-performing multifamily investment.**



## ArborCrowd Investment Summary

INVESTMENT SUMMARY	RETURNS SUMMARY
Property Type: ..... Multifamily	Projected Net IRR: ..... 14%-17%
Total Capitalization: ..... \$69.65MM	Projected Hold Period: ..... 4-7 yrs.
ArborCrowd Equity: ..... \$4MM	<b>Realized Net IRR: ..... 24.63%</b>
Sponsor Equity: ..... \$18.78MM	<b>Realized Hold Period: ..... 4.3 yrs.</b>

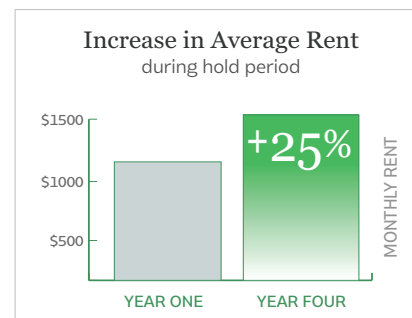
## Business Plan and Execution

Lago Paradiso was acquired by an affiliate of Electra America (“the Sponsor”) in May 2017 for \$61.2 million in an off-market transaction. The property was 97% occupied at the time of the acquisition. An ArborCrowd affiliate prefunded \$4 million of the total required equity for the acquisition and ArborCrowd investors entered the deal by replacing that equity in September 2017.

The Sponsor purchased the property at a basis of \$144,426 per unit. The business plan encompassed the implementation of a nearly \$4 million renovation plan to capture proven rental premiums for units, as well as the enhancement and expansion of property amenities. Some of the unit upgrades included granite countertops, wood-style plank flooring, new kitchen cabinets, bathroom vanities, and upgraded lighting.

Property amenity enhancements included upgrading and expanding the fitness center, clubhouse improvements, new pool furniture, and a new dog park. In addition, the Sponsor’s affiliate management company, which has a track record and expertise in maximizing revenue and implementing operational efficiencies, was to take over property management to create additional value.

Renovations totaling nearly \$4 million were completed at the property by spring 2018. This included renovations of the individual units as well as the property-wide enhancements. The Sponsor and its affiliates—having owned and operated over 75 multifamily properties, comprising over 22,000 units at the time of acquisition—implemented institutional quality management and operations at the property after the acquisition. The average monthly unit rent increased more than 25% during the hold period from \$1,218 to over \$1,530.





## Deal Analysis

The property was sold by an affiliate of the Sponsor for \$98.9 million, or \$233,255 per unit in September 2021, completing the transaction in a little over four years and resulting in a net internal rate of return (IRR) of 24.63% for ArborCrowd investors. The realized IRR surpassed the original projected range of 14% – 17%. **An investor who made a \$50,000 investment in Lago Paradiso received a net distribution of \$103,461.83 and a net profit of \$53,461.83.**

The deal was set up for success because of the Sponsor's ability to execute the business plan's renovation program on time and on budget. Additionally, the Sponsor executed professional property management focusing on revenue maximization and expense control. No time was wasted in commencing the business plan, paving the way for a \$7.2 million supplemental loan in June 2019, which returned over \$1.2 million to ArborCrowd investors in less than 24 months. By year three of the hold period, ArborCrowd investors had already received over 50% of their original investment back between the loan proceeds and quarterly distributions from the property's operating cash flow.

Upon property operations and net operating income being maximized, along with a substantial investment interest in similar product in the area, the Sponsor capitalized by navigating a sale of the asset to a highly qualified buyer.



## Property Overview

Constructed in 1987, Lago Paradiso consists of 424 units in 27 buildings spread over 17 acres in the lakefront Hammocks neighborhood of Miami.

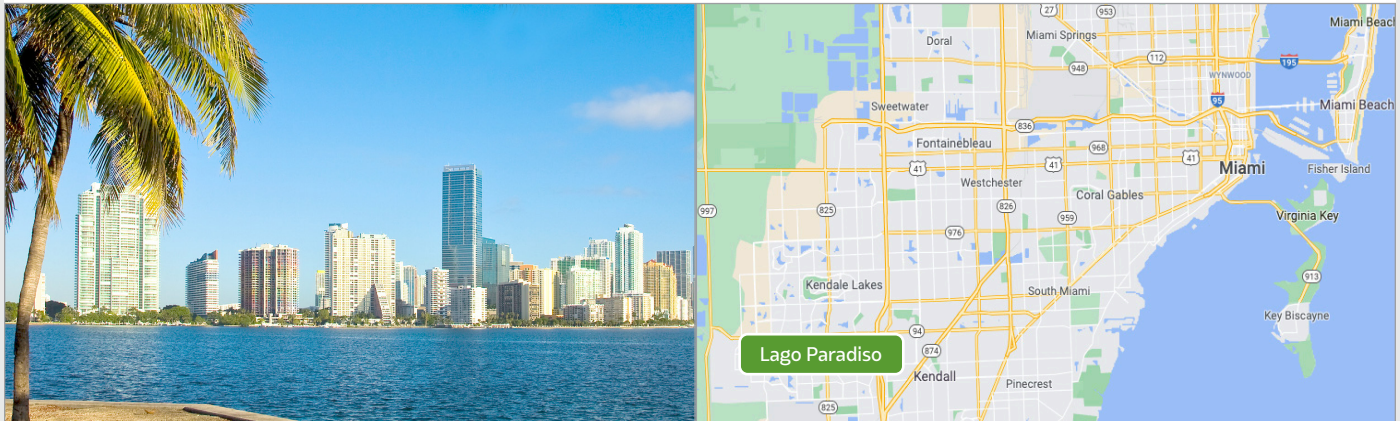
- **LOCATION:** Lago Paradiso is conveniently located 20 miles from Downtown Miami and 25 miles from South Beach. The property is also 10 miles from Florida International University, one of the largest universities in the country by enrollment. Nearby neighborhood amenities include the Hammocks Town Center shopping mall, which is across the street from the property, as well as the Miami Zoo, and West Kendall Baptist Hospital.
- **UNIT MIX:** The garden-style property has a mix of 1- and 2-bedroom units.
- **AMENITIES:** Lago Paradiso's amenities include a clubhouse with a café, two swimming pools with cabanas, a fitness center, gated entry with security, and 657 parking spaces.



# Market Overview

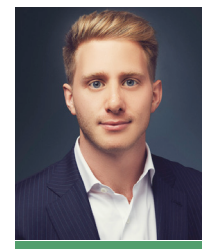
At the time of acquisition of the property (2017), the Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area (MSA) exhibited strong demand as it was the eighth most populated MSA in the country with over 6 million people. The Miami MSA has a global and diversified economy with over 1,100 companies having headquarters or regional headquarters in the area. Additionally, Miami is a tourism and hospitality hotspot for both international and domestic travelers, and a major port for the cruise industry.

Average asking rents had increased each year between 2011 and 2017, and the trend continued until the COVID-19 pandemic began in 2020. However, the market quickly rebounded in 2021, with rents exceeding pre-pandemic levels.



## About ArborCrowd

ArborCrowd is the first real estate crowdfunding platform to be launched by a real estate institution, opening an exclusive network to a new class of investors. As part of The Arbor Family of Companies, which includes Arbor Realty Trust, a leading publicly traded commercial mortgage real estate investment trust, ArborCrowd is backed by more than 30 years of leadership experience.



**Adam Kaufman**  
Co-Founder & COO

## Questions?

If you have any questions about this case study, please email [InvestorRelations@ArborCrowd.com](mailto:InvestorRelations@ArborCrowd.com) or call **844-365-1200** and an ArborCrowd team member will promptly return your inquiry.

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