

# East Burnside — Bronx, NY

An income-generating asset acquired below market value in New York City



An acquisition of a mixed-use asset that is currently income-generating and is valued above the purchase price. The sponsor is an expert in the New York City market and in turning around assets. The asset is located in the Fordham neighborhood of the Bronx, where home prices and retail unit leases are rising post-pandemic. 97% of Fordham residents rent their homes.<sup>1</sup>

## Property Details

Property Type	Mixed-Use
Asset Class	C
Number of Buildings	2
Number of Units	12 Units (5 Retail 2 Office Floors 5 Residential Apartments)
Year Built	c 1930
Property Location	101 East Burnside Ave, Bronx, NY, 10453
Target Closing Date:	April 2022

Asset Type  
**Mixed-Use**

Financing Type  
**Equity**

Estimated NOI Generated to Equity Investors  
**5.93%\* (Avg. per year, Net of all fees)**

Estimated Holding Period  
**36 Months**

Minimum Investment  
**\$25,000**

Project Type  
**Income-Generating**

## Investment Highlights

### 1. Currently income-generating with long-term leases in place

The asset will be acquired below the market valuation, the purchase price is \$9.85M, while the estimated market value is ~\$11M.<sup>1</sup> The mixed-use asset is currently generating rental income, with 60% occupancy at present. The currently occupied retail units consist of a T-Mobile store with a 4-year lease remaining, a pharmacy with a 5-year lease remaining, and a restaurant with a 7-year lease remaining, the latter of which has recently invested \$500K Capex. Furthermore, the sponsor has recently secured 10-year lease agreements for 3 new units (2 retail, 1 office), which combined should bring the occupancy to 73% at closing. As the asset contains two buildings, there is the potential to sell each building separately in the future.

### 2. New York City showing strong recovery

New York City is showing strong signs of recovery, with the number of unemployment claims to date in the first quarter of 2022 below the same time period pre-pandemic<sup>2</sup>. The City's real estate market started rebounding in the second half of 2021, with both renters and buyers returning, and rents are predicted to continue to rise<sup>3</sup>. Median home prices are also rising in all five boroughs<sup>4</sup>. The asset is close to the busy Fordham Road shopping district, home to 200 retail stores and heavy foot traffic.

### 3. Excellent sponsor track record with a presence and expertise in the local submarket

The sponsor is experienced in managing and leasing in the local market, with the large majority of its 50+ completed deals located in New York City. Through its commercial real estate brokerage, retail and office leasing, investment sales, financing and development divisions, the sponsor is privy to current market data, allowing for a mark to market valuation of assets. This asset has been carefully vetted and is seen as having the potential for a quick turnaround.

\* 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) Sources: Purchase price vs market value / NY Times: Median Prices NYC Real Estate / Property Shark: Retail NYC, Bronx / Niche: Fordham NY  
(2) Source: Investopedia/NY1: NYC Economic Recovery Index  
(3) Source: Brick Underground: 2022 NYC Real Estate Forecast  
(4) Source: NY Times: Median Prices NYC Real Estate

## Property Details

The 2-building property is a mixed-use assemblage consisting of 24,316 SF. Building 1 consists of ground floor retail units and 2 commercial office floors, each of which is its own unit, with a dedicated elevator. Building 2 contains ground floor retail units and 5 apartments; three studio units, one 2BR unit and one 1BR unit. 3 of the residential units are occupied.

The property also has 53,000 SF of air rights, presenting a new buyer the opportunity for redevelopment in the future. The currently occupied retail units consist of a T-Mobile store, a pharmacy and a restaurant which has recently invested \$500K Capex.

The sponsor has already pre-leased two retail units and one office floor with 10-year terms.

## The Market

Bronx County has the largest share of renters of any county in New York State<sup>1</sup>. Rental prices on residential apartments have been rebounding in the Bronx post-pandemic, with an average 5% rise Y/Y<sup>2</sup> as of February 2022, and industry experts expect rents to continue to rise<sup>3</sup>.

New York City has followed the national trend of rising home prices, and this has been the case for The Bronx also, with a 2-year gain of 17% to the median home price in the county<sup>4</sup>, driving demand for rental accommodation as people search for cheaper alternatives.

The nearby Fordham Road is the biggest shopping district in the Bronx. Both the asking rents and the retail vacancy rate in this busy retail area have bounced back to pre-pandemic levels.<sup>5</sup>

(1) Source: Office of the New York State Comptroller Report June 2021

(2) Source: MNS Real Estate: Bronx Rental Market Report

(3) Source: Ariel Property Advisors Bronx 2021 Year-End Sales Report

(4) Source: NY Times: Median Prices NYC Real Estate

(5) Source: NY Times: Retail Zones have Bounced Back

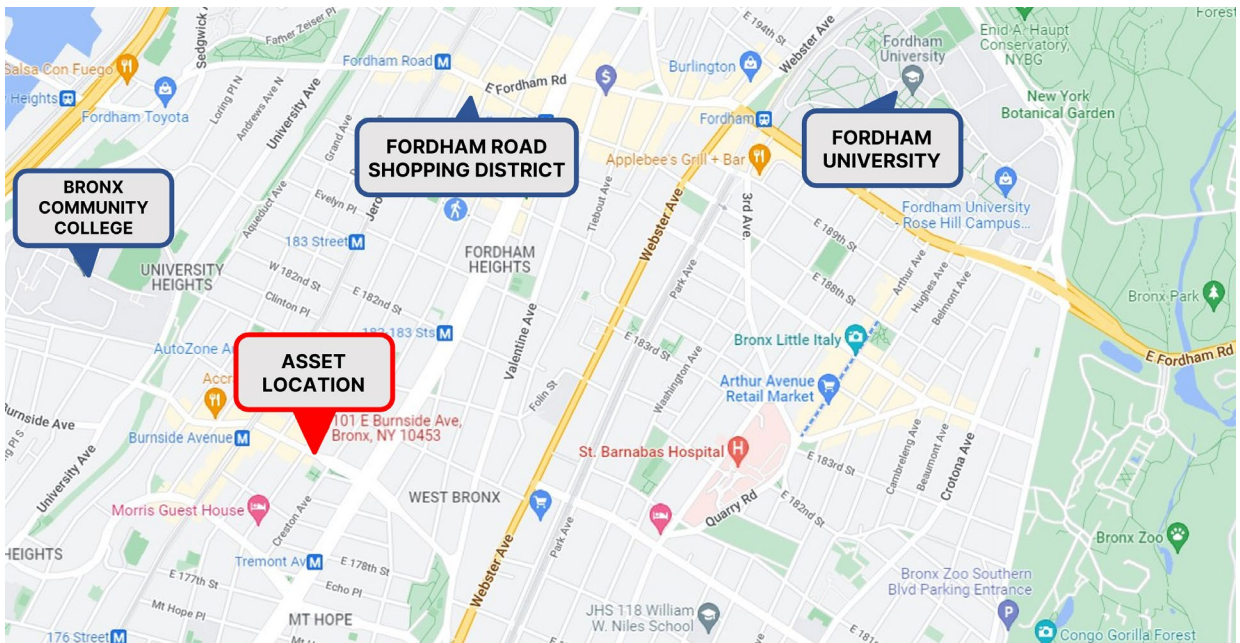
## Asset Location

The asset is located on the corner of East Burnside Ave and Morris Ave, in the Fordham neighborhood of the Bronx, NY. There are numerous healthcare and medical centers within a 2-block radius, as well as a post office, restaurants, and stores, which all bring a steady flow of foot traffic through the area.

Fordham is a residential, densely urban area, where 97% of residents rent their homes<sup>1</sup>. Several transit lines have routes that pass near East Burnside Avenue, including 3 bus lines and 3 subway lines. The nearby B and 4 subway lines provide easy access to the major employment hub of Manhattan in ~30 minutes.

Fordham Road is well known for its shopping, with hundreds of chain stores, specialty shops, and boutiques<sup>2</sup>. The asset is located between Fordham University, which enrolls 16K students<sup>3</sup> and Bronx Community College, which enrolls ~10K students<sup>4</sup>. Both are a ~10-minute commute by public transport.

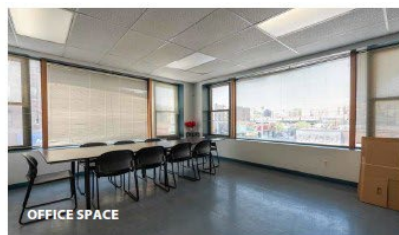
The asset is also close to the 127-acre Crotona Park as well as the Bronx Zoo, and there are a multitude of restaurants, bars, and retail options nearby.



(1) Source: Niche: Fordham, New York  
 (2) Source: NYC Go: Boroughs - The Bronx - Fordham  
 (3) Source: Fordham University: Fordham Facts  
 (4) Source: Brooklyn Community College, Facts & Figures



Property Photos



OFFICE SPACE



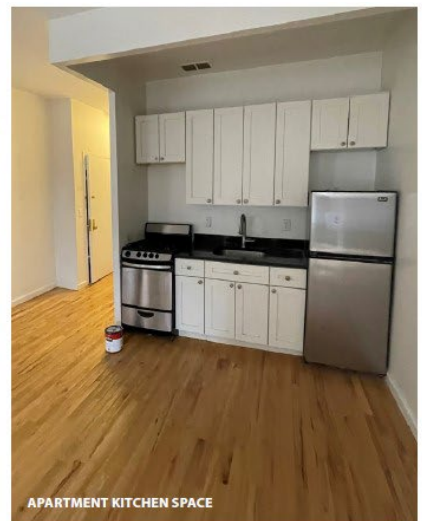
COMMERCIAL UNIT



APARTMENT SPACE



APARTMENT SPACE



APARTMENT KITCHEN SPACE

## Sponsor Details

### Kassin Sabbagh Realty (KSR)



## Expertise

Kassin Sabbagh Realty is a fully-integrated real estate services and investment firm headed by principals Morris Sabbagh and Abraham Kassin. KSR focuses primarily on East Coast markets and also has a presence in additional submarkets nationally where opportunities are identified.

KSR has a strong track record in identifying assets that have potential for turnaround and only selects properties that they believe will see a strong return, whether by sale or long-term hold.

In addition to their core commercial brokerage business, they are actively engaged in real estate acquisition, financing, property management, development, and construction management.

KSR is privy to current market data and off-market opportunities, and is able to accurately underwrite the value of subject properties, through its retail and office leasing, investment sales, financing and development divisions.

## Sponsor Details

### Kassin Sabbagh Realty (KSR)



Property Address	City, State	Asset Type	Status	Unit	Purchase date	Purchase price (\$)	Exit date	Sale Value (\$)	Return
101-54 117th Street	Queens, NY	Care Facility	Current	1	6/25/2019	3,350,000	N/A	N/A	N/A
1075 Norwood Avenue	Deal, NJ	Gas Station	Current	1	2/10/2017	640,043	N/A	N/A	N/A
118-49 Montauk Street	St. Albans, NY	Charter School	Current	1	6/16/2020	2,550,000	N/A	N/A	N/A
118-63 Montauk Street	St. Albans, NY	Parking Lot	Current	1	3/3/2022	200,000	N/A	N/A	N/A
153 Grand Street	Brooklyn, NY	Mixed-Use	Current	3	6/14/2017	1,950,000	N/A	N/A	N/A
1561 Westchester Avenue	Bronx, NY	Retail	Current	3	4/14/2016	2,350,000	N/A	N/A	N/A
18 West 125th Street	New York, NY	Mixed-Use	Current	9	4/1/2014	3,000,000	N/A	N/A	N/A
2025 West Florence Avenue	Los Angeles, CA	Retail	Current	1	12/3/2021	427,000	N/A	N/A	N/A
22-56 31st Street	Astoria, NY	Retail	Current	4	10/19/2021	3,750,000	N/A	N/A	N/A
2308 Washington Avenue	Bronx, NY	Mixed-Use	Current	2	11/6/2018	350,000	N/A	N/A	N/A
245 East 137th Street	Bronx, NY	Warehouse	Current	1	2/10/2017	800,000	N/A	N/A	N/A
2530 Grand Concourse	Bronx, NY	Retail	Current	1	10/26/2017	9,150,000	N/A	N/A	N/A
3 East 124th Street	New York, NY	Multifamily	Current	4	1/10/2017	1,100,000	N/A	N/A	N/A
153 Central Avenue	Albany, NY	Retail	Current	2	12/5/2019	2,300,000	N/A	N/A	N/A
1088 Madison Avenue	New York, NY	Retail	Current	1	10/25/2018	2,000,000	N/A	N/A	N/A
48 West 22nd Street	New York, NY	Retail	Current	1	5/6/2015	2,485,000	N/A	N/A	N/A
515 Route 111	Hauppauge, NY	Office	Current	4	8/22/2018	500,000	N/A	N/A	N/A
65 Graham Avenue	Brooklyn, NY	Mixed-Use	Current	12	3/31/2016	535,000	N/A	N/A	N/A
69 Graham Avenue / 69 Moore Street	Brooklyn, NY	Retail	Current	1	4/12/2021	2,100,000	N/A	N/A	N/A
450 N. Laurel Street	Bridgeton, NJ	Warehouse	Current	1	1/13/2022	10,000,000	N/A	N/A	N/A
409 S. Carlisle Street	Allentown, PA	Retail/Warehouse	Current	1	12/28/2021	2,800,000	N/A	N/A	N/A
266 Wyckoff Avenue	Brooklyn, NY	Mixed-Use	Current	6	7/7/2021	1,750,000	N/A	N/A	N/A
242 Jefferson Street	Brooklyn, NY	Multifamily	Current	6	7/7/2021	1,150,000	N/A	N/A	N/A
1585 Flatbush Avenue	Brooklyn, NY	Retail	Current	4	7/31/2012	1,600,000	N/A	N/A	N/A
537 Lenox Avenue	New York, NY	Mixed-Use	Current	9	8/19/2014	3,500,000	N/A	N/A	N/A
1 East 124th Street	New York, NY	Multifamily	Current	10	10/7/2014	2,150,000	N/A	N/A	N/A

#### Portfolio

16-75 Woodbine Street	Flushing, NY	Multifamily	Current	6	12/10/2015		N/A	N/A	N/A
17-26 Woodbine Street	Flushing, NY	Multifamily	Current	6	12/10/2015		N/A	N/A	N/A
16-73 Woodbine Street	Flushing, NY	Multifamily	Current	6	12/10/2015		N/A	N/A	N/A
Total for 3 properties:						1,333,333			

#### Realized Properties:

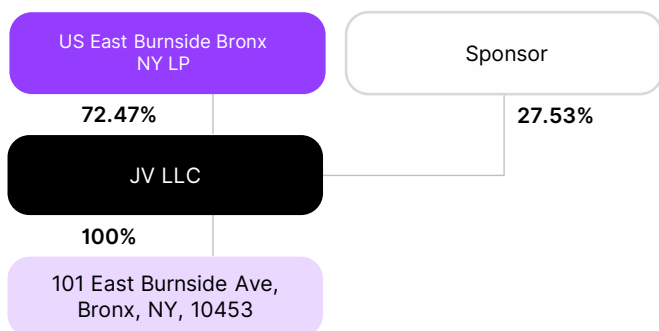
2001 Rike Drive	Millstone, NJ	Industrial	Exit	1	1/19/2022	5,500,000	1/19/2022	7,350,000	33.64%
228 Lenox Avenue	New York, NY	Multifamily	Exit	7	5/22/2018	1,900,000	3/16/2020	2,500,000	31.58%
3362 Boston Road	Bronx, NY	Mixed-Use	Exit	1	6/20/2017	530,000	5/9/2018	1,550,000	192.45%
321-323 East 58th Street	New York, NY	Mixed-Use	Exit	2	5/31/2012	4,000,000	11/19/2014	6,300,000	57.50%
2000 Plainfield Pike	Cranston, RI	Industrial	Exit	1	5/16/2016	3,566,000	5/19/2016	4,000,000	12.17%

## Estimated Cash Distributions

Ongoing cash distributions and distributions from sale or refinance.

To any of the Sponsor's overrun loan or interest on the overrun loan; to repay capital contributions of iintoo and the Sponsor to hurdle return (7.5%). Then, split: 25% to sponsor (promote) and 75% to equity investors, pro-rata up to 17.5%. Then, remainder; 70% to sponsor and 30% pro-rata to equity investors. For more details, please see formation agreement page 3.

## Legal Structure



## Ownership

The iintoo investor entity is expected to hold a 72.47% 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

<b>iintoo Debt*</b> \$ 907,500	<b>Deal Initiation Costs</b> \$ 67,500	<b>Total Targeted Capital Raise</b> \$ 975,000
<b>iintoo Equity</b> \$ 1,842,500	<b>Deal Initiation Costs</b> \$ 250,500	<b>Total Targeted Capital Raise</b> \$ 2,093,000
<b>Sponsor</b> \$ 1,044,807		<b>Total Capital</b> \$ 3,794,807

## Buyout

The Sponsor is entitled to a buyout right that should amount to a cash sum that represents a return equal to the IRR of 16.17% plus 7% of iintoo's capital contribution up to 24 months. The 7% will be reduced to 5.5% if the buyout occurs after the 24 months up to 29 months and will be further reduced to 3.7% if the buyout occurs anytime after the 29<sup>th</sup> month.

## Capital Stack



## Financial Snapshot

(\$ Sources	
Bank Loan	\$6,900,000
iintoo Debt Investors	\$907,500
iintoo Equity Investors	\$1,842,500
Sponsor	\$1,044,807
<b>Total Sources</b>	<b>\$10,694,807</b>

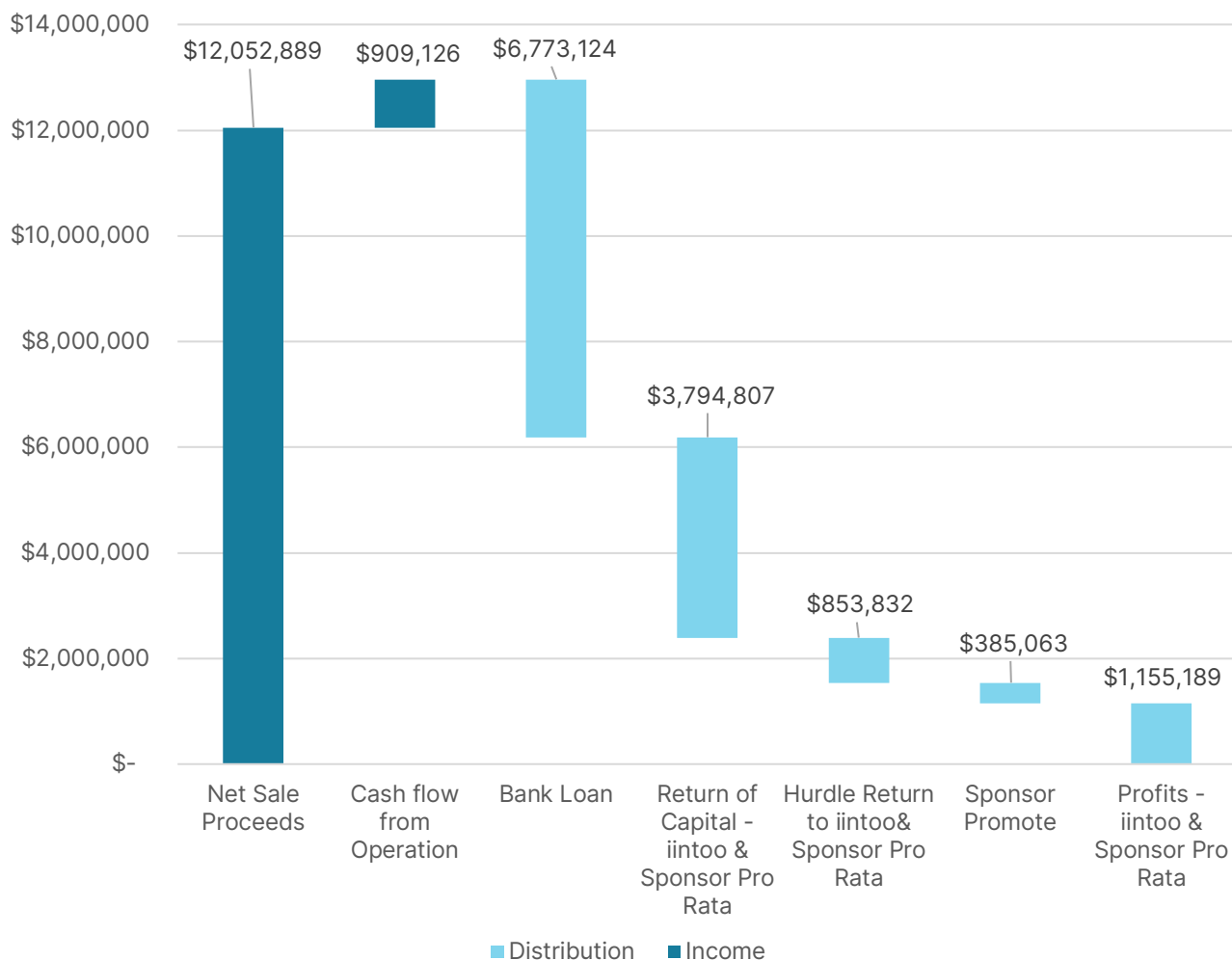
Uses	
Acquisition Price	\$9,850,000
Capital Improvements	\$90,100
Purchase Costs	\$595,800
Working Capital & Other Reserves	\$158,907
<b>Total Uses</b>	<b>\$10,694,807</b>

Estimated Cashflow (\$)	Year 1	Year 2	Year 3
Rental Income	783,782	909,715	928,583
Other Income	15,860	46,373	74,697
<b>Total Income</b>	<b>799,642</b>	<b>956,089</b>	<b>1,003,280</b>
Payroll	(12,000)	(12,240)	(12,485)
Property Taxes	(48,799)	(64,185)	(79,598)
Insurance	(35,087)	(35,789)	(36,505)
Repairs, Maintenance & Turnover	(46,500)	(47,430)	(48,379)
Utilities	(35,000)	(35,700)	(36,414)
Marketing & Administration	(98,060)	(77,232)	(22,622)
Management Fee	(31,986)	(38,244)	(40,131)
<b>Total Expenses</b>	<b>(307,432)</b>	<b>(310,820)</b>	<b>(276,133)</b>
<b>Net Operating Income (NOI)</b>	<b>492,210</b>	<b>645,269</b>	<b>727,147</b>
Debt Service	(258,750)	(258,750)	(383,460)
Asset Management Fee	(37,948)	(37,948)	(37,948)
Replacement Reserves	-	(90,100)	-
Application of Working Capital and Other Reserves	74,702	74,702	-
<b>Net Cash Flow Before Tax</b>	<b>270,214</b>	<b>333,173</b>	<b>305,739</b>
Estimated Cash Flow to iintoo Investors	195,817	241,442	221,561
Estimated Cash Flow to iintoo - Debt Investors (8.5% Interest)	82,875	82,875	82,875
Partnership Costs	(14,550)	(9,300)	(10,550)
Estimated Cash Flow to iintoo Equity Partnership	98,392	149,267	128,136
Estimated Cash Flow to iintoo Equity Investors	97,408	147,774	126,855



## Financial Snapshot

### Estimated Waterfall Distribution at Sale



**For a more detailed financial breakdown of this offering, please refer to the expanded financials which are available in the Document Center. Note full disclaimer below.**

## Disclaimer

The indicative performance notifications herein above were determined based on the following stipulations: An investment's Estimated Operational Net Operating Income (NOI) amount that is generated to Equity Investors amount 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.

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