

# Industrial Asset - Corporate Drive - Mahwah, NJ

Invest in an income-generating production facility in an in-demand industrial area



An opportunity to invest in an off-market industrial asset in northern New Jersey, with a long-term triple net lease and a built-in rent increase set for 3 consecutive years. This is our 3<sup>rd</sup> off market deal with the sponsor, and the asset is situated in an in-demand area, amidst numerous industrial facilities which have recently been bought by institutional buyers.

## Property Detail

Property Type	Industrial
Commercial Space	38,500 SF
Year Built	1977
Project Type	Income-Generating
Asset Class	B
Property Address	500 Corporate Drive, Mahwah, NJ 07430
Closing Date	June 2022

Asset Type <b>Industrial</b>	Financing Type <b>Equity</b>	Estimated NOI Generated to Equity Investors <b>5.53%* (Avg. per year, Net of all fees)</b>
Estimated Holding Period <b>36 Months</b>	Minimum Investment <b>\$50,000</b>	Project Type <b>Income-Generating</b>

## Investment Highlights

### 1. Triple net lease with a built-in rent increase for 3 consecutive years

The asset is leased by a long-term tenant, a digital printing company that has operated in the building for 30 years. The triple net<sup>1</sup> lease is currently \$378,000 per year and will increase to \$551,025 in November 2022. Subsequently, in November 2023 and 2024, rent will increase an additional 3%. The current lease term covers the full duration of the investment holding term through August 2025, after which the tenant has two 5-year options to extend at fair market value. The tenant does not have early termination rights.

### 2. Situated in an in-demand industrial area

The asset is located in an area which is predominantly occupied by pharmaceutical and biomedical companies. Several of these buildings have been purchased by institutional buyers within the last number of years. Blackstone owns the property next door to the asset, and Brookfield purchased another industrial asset a few blocks away. The sponsor believes the asset is ideally situated for a future acquisition by these types of institutional buyers.

### 3. Strong Industrial Asset Class

Vacancy rates in the industrial sector have fallen to a 27-year low.<sup>2</sup> Continued growth in e-commerce is expected to increase demand for industrial real estate by 850M SF by 2023.<sup>3</sup> Northern New Jersey ranked in the top 2 markets for industrial real estate due to its low vacancy rate and YOY rent increases.<sup>2</sup>

\* 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) Triple Net Lease: A triple net lease (triple-net or NNN) is a lease agreement on a property whereby the tenant pays all of the expenses of the property, including real estate taxes, insurance and maintenance. These expenses are in addition to the cost of rent and utilities. In contrast, in standard commercial lease agreements, some or all of these payments are typically the responsibility of the landlord.  
 (2) Source: The Real Deal: US Industrial Vacancy Falls to 27 Year Low  
 (3) Source: Deloitte: Future of Industrial Real Estate

## The Asset

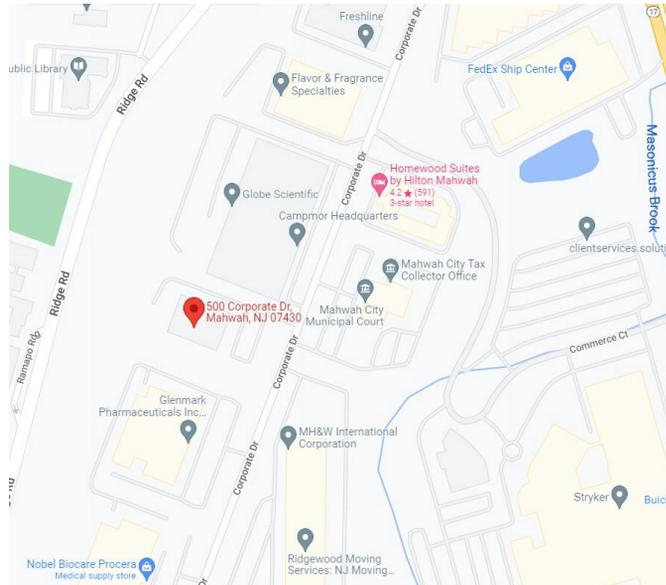
The 2-story, 38,500 SF building was built in 1977 and consists of office space, warehouse space, and assembly space. The property contains 3 tailgates for deliveries, 1 drive-in for forklifts, and 65 car parking spaces. Solar panels are also installed on the property, creating additional income.

The triple net lease is currently \$378,000 per year and will increase to \$551,025 in November 2022. In November 2023 and 2024, rent will increase an additional 3%. The tenant will cover costs including building and landscaping maintenance, property tax (estimated amount paid to landlord on a monthly basis, with a true-up once the final amount is calculated), utilities and inspections, repairs, and insurance.

The tenant is Digital Lizard, a subsidiary of LSC Communications, which in turn is owned by Atlas Holdings. The building is used as a warehouse and for running printing presses and the skilled workforce primarily lives in the vicinity. The tenant will need to provide a 1-year advance notice if they do not intend on renewing the lease in 3 years.

## Asset Location

Corporate Drive is located in Mahwah in northern New Jersey, minutes from the New York State Border. The nearby Route 17 provides access to New York City in under an hour. Routes 287 and 87 are 1.5 miles from the asset. Both FedEx and UPS have shipping centers close by.



## The Market

Northern New Jersey is ranked in the top 2 major markets in the U.S. in the Industrial sector market as of Q1 2022.<sup>1</sup> Vacancy rates are at 2.5% while YOY rent increases in the submarket have reached 16%.<sup>1</sup>

Pharmaceuticals, manufacturing, technology, and transport and logistics make up 4 of the top 5 industries driving the state's economy.<sup>2</sup> The strong transportation and logistic industries have meant a continued focus on infrastructure in the state.

The asset is situated in Bergen County, which is the most populous county in New Jersey, with over 900,000 residents. The top 5 private sectors employers are all Medical/Healthcare services.<sup>3</sup> There is a well-developed road system in the county, including the New Jersey Turnpike, the Garden State Parkway and the Palisades Interstate Parkway.

[1] Source: Deloitte: US Industrial Vacancy Falls to 27-Year Low  
[2] Source: Investopedia: New Jersey's Economy: The Top Industries Driving GDP Growth  
[3] Source: Choose NJ: Bergen County

Sponsor Details

Kassin Sabbagh Realty (KSR)



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 Track Record

Property Address	City, State	Asset Type	Status	Units	Purchase date	Purchase price (\$)
Funded by iintoo 101 E Burnside Ave	Bronx, NY	Mixed-Use	Active	12	5/10/2022	9,850,000
Funded by iintoo NPL Fund	-	Fund	Active	-	3/15/2022	-
153 Grand Street	Brooklyn, NY	Mixed-Use	Active	3	6/14/2017	1,950,000
1561 Westchester Avenue	Bronx, NY	Retail	Active	3	4/14/2016	2,350,000
18 West 125th Street	New York, NY	Mixed-Use	Active	9	4/1/2014	3,000,000
2025 West Florence Avenue	Los Angeles, CA	Retail	Active	1	12/3/2021	427,000
22-56 31st Street	Astoria, NY	Retail	Active	4	10/19/2021	3,750,000
2308 Washington Avenue	Bronx, NY	Mixed-Use	Active	2	11/6/2018	350,000
245 East 137th Street	Bronx, NY	Warehouse	Active	1	2/10/2017	800,000
2530 Grand Concourse	Bronx, NY	Retail	Active	1	10/26/2017	9,150,000
3 East 124th Street	New York, NY	Multifamily	Active	4	1/10/2017	1,100,000
153 Central Avenue	Albany, NY	Retail	Active	2	12/5/2019	2,300,000
1088 Madison Avenue	New York, NY	Retail	Active	1	10/25/2018	2,000,000
48 West 22nd Street	New York, NY	Retail	Active	1	5/6/2015	2,485,000
515 Route 111	Hauppauge, NY	Office	Active	4	8/22/2018	500,000
65 Graham Avenue	Brooklyn, NY	Mixed-Use	Active	12	3/31/2016	535,000
69 Graham Avenue	Brooklyn, NY	Retail	Active	1	4/12/2021	2,100,000
450 N. Laurel Street	Bridgeton, NJ	Warehouse	Active	1	1/13/2022	10,000,000
409 S. Carlisle Street	Allentown, PA	Retail/Warehouse	Active	1	12/28/2021	2,800,000
266 Wyckoff Avenue	Brooklyn, NY	Mixed-Use	Active	6	7/7/2021	1,750,000
242 Jefferson Street	Brooklyn, NY	Multifamily	Active	6	7/7/2021	1,150,000
1585 Flatbush Avenue	Brooklyn, NY	Retail	Active	4	7/31/2012	1,600,000
537 Lenox Avenue	New York, NY	Mixed-Use	Active	9	8/19/2014	3,500,000

Realized Properties

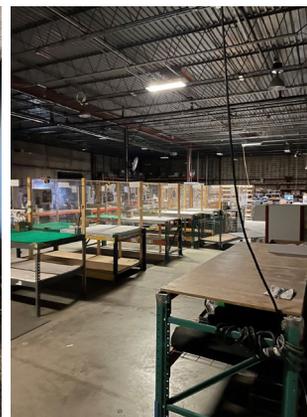
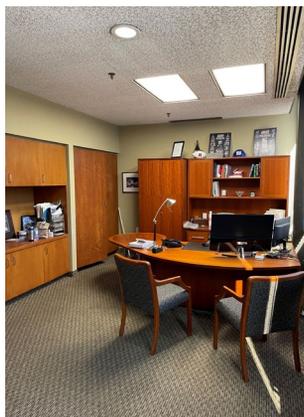
Property Address	City, State	Asset Type	Status	Units	Purchase Date	Purchase Price	Exit Date	Sale Value (\$)
2001 Rike Drive	Millstone, NJ	Industrial	Exit	1	1/19/2022	5,500,000	1/19/2022	7,350,000
228 Lenox Avenue	New York, NY	Multifamily	Exit	7	5/22/2018	1,900,000	3/16/2020	2,500,000
321-323 East 58th Street	New York, NY	Mixed-Use	Exit	2	5/31/2012	4,000,000	11/19/2014	6,300,000
2000 Plainfield Pike	Cranston, RI	Industrial	Exit	1	5/16/2016	3,566,000	5/19/2016	4,000,000

All data provided by the Sponsor  
NPL is a fund that invests in the purchase of non-performing loans. The fund closed in March 2022.

## Asset Class

- Industrial real estate is comprised of any buildings or land that are used for production, manufacturing, assembly, storage, and distribution.
- The asset class has experienced growth for some time, with the rise of e-commerce in particular creating demand. E-commerce deliveries tripled<sup>1</sup> between 2013 and 2018, and with increased sales comes increased returns, which also need to be stored and processed.
- Continued global supply chain issues also means that storage, fulfillment, and distribution facilities are in demand. Meanwhile supply is low, with vacancy rates reported at 3.9%.<sup>2</sup>
- Industry experts predict that e-commerce in particular will lead demand for an additional 850M SF of industrial real estate by 2023.<sup>1</sup>

## Property Photos



## Estimated Cash Distributions

Pursuant to the deal structure and payment waterfall, the estimated cash distributions from the on-going cash flows and from the sale or refinance of the project will be distributed to iintoo investors and the Sponsor (pro rata) until reaching an 7.5% return hurdle.

From ongoing cash flow or sale or refinance, it is first to any overrun loan, then to return each of our capital contributions, then to finish each of our hurdles to the extent not done above, then 75% (iintoo investors) | 25% (sponsor) until we have an IRR of 17.5%, and then it flips 30% | 70% to the sponsor. For more details, please see operating agreement.

## Legal Structure



## Ownership

The iintoo investor entity is expected to hold a 77.58% 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> \$ 605,107	<b>Deal Initiation Costs</b> \$ 44,893	<b>Total Targeted Capital Raise</b> \$ 650,000
<b>iintoo Equity</b> \$ 1,481,470	<b>Deal Initiation Costs*</b> \$ 224,530	<b>Total Targeted Capital Raise</b> \$ 1,706,000
<b>Sponsor &amp; Other Equity Investors</b> \$ 602,953		<b>Total Capital</b> \$ 2,689,530

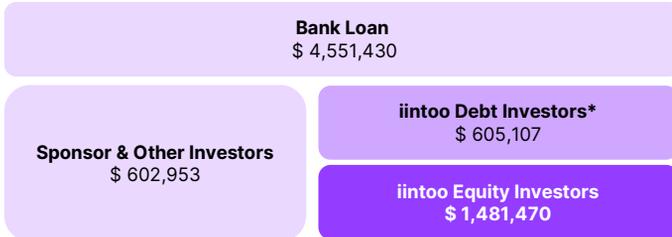
*\*includes \$24,000 partnership expenses held in reserve*

## Buyout

Until month 30, the sponsor has the right at any time to buy out Investor's Closing Capital Contribution, taking into account any previous distributions to provide investor the IRR as projected in the Business Plan, plus 7% of Investor's Capital Contribution.

Beginning in month 30 iintoo investors will have the option to force the sale of the property.

## Capital Stack



*\*Raised by overseas investors*

## Financial Snapshot

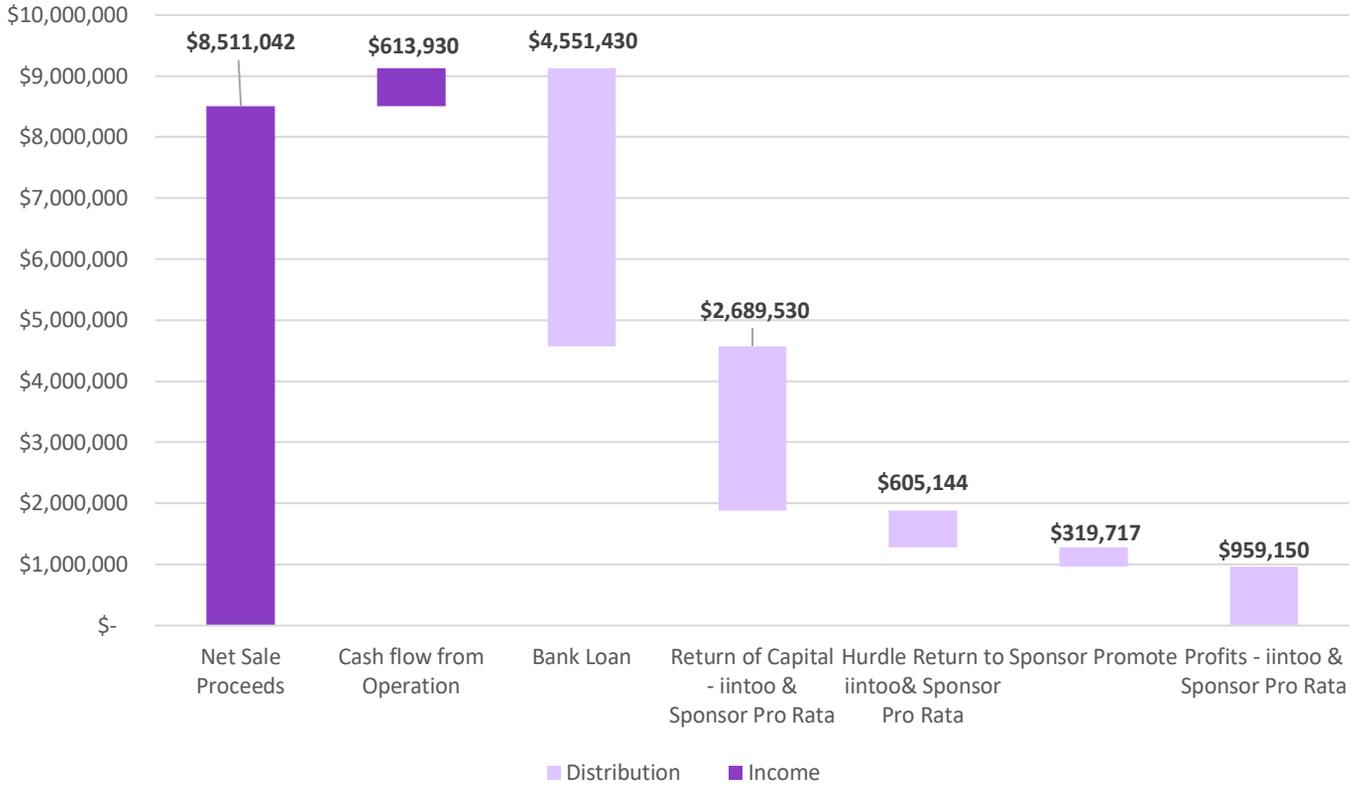
(\$ Sources	
Sponsor and Other Investors Equity	602,953
iintoo Equity Investors	1,481,470
iintoo Debt Investors	605,107
Bank Loan	4,700,000
<b>Total Sources</b>	<b>7,389,530</b>

Uses	
Acquisition Price	6,700,000
Purchase Costs	622,530
Working Capital & Other Reserves	67,000
<b>Total Uses</b>	<b>7,389,530</b>

Estimated Cashflow (\$)	Year 1	Year 2	Year 3
Rental Income	478,931	560,668	577,488
Other Income	5,000	5,150	5,305
<b>Total Income</b>	<b>483,931</b>	<b>565,818</b>	<b>582,792</b>
Management Fee	(22,030)	(25,386)	(26,147)
Operating Reserve	(17,565)	(17,565)	(17,565)
<b>Total Expenses</b>	<b>(39,595)</b>	<b>(42,951)</b>	<b>(43,712)</b>
<b>Net Operating Income (NOI)</b>	<b>444,336</b>	<b>522,867</b>	<b>539,080</b>
Debt Service	(223,250)	(294,209)	(294,209)
Asset Management Fee	(26,895)	(26,895)	(26,895)
<b>Net Cash Flow Before Tax</b>	<b>194,191</b>	<b>201,763</b>	<b>217,976</b>
<b>Estimated Cash Flow to iintoo Investors</b>	<b>150,656</b>	<b>156,531</b>	<b>169,109</b>
Estimated Cash Flow to iintoo - Debt Investors (8% Interest)	(52,000)	(52,000)	(52,000)
Partnership Costs	(14,550)	(9,300)	(10,550)
<b>Estimated Cash Flow to iintoo Equity Partnership</b>	<b>84,106</b>	<b>95,231</b>	<b>106,559</b>
Estimated Cash Flow to iintoo GP (1% Ownership Rate)	(841)	(952)	(1,066)
Estimated Cash Flow to iintoo Equity Investors (99% Ownership Rate)	83,265	94,278	105,493

**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

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The above may contain forward-looking statements. Actual results and trends in the future may differ materially from those suggested or implied by any forward-looking statements in the above depending on a variety of factors. All written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the previous statements. Except for any obligations to disclose information as required by applicable laws, we undertake no obligation to update any information contained above or to publicly release the results of any revisions to any statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of the publishing of the above.

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