

# Water's Edge – Salado, TX

High-end development project in one of Texas' fastest growing regions



Ground-up development with income generation from year 1. The asset is a 210-unit multifamily in Salado, Texas. The asset's high-end amenities cater to the region's large population of white-collar professionals, and the project is led by an experienced Sponsor that has successfully overseen similar projects across Texas. This is iintoo's 9<sup>th</sup> deal with the Sponsor.

## Project Details

Property Type	Multifamily
Investment Type	Development
Asset Class	A
Number of Units	210 Units, (avg. of 982 SQF/unit)
Lot Size	23.6 Acres
Construction Start Date	July 2021

## Property Address

1263 South Main Street,  
Salado, Texas 76571

Investment Type  
Development, Income-  
Generating from Year 1

Financing Type  
Preferred Equity

Estimated Closing Date  
May 2021

Estimated Holding Period  
36 Months

Minimum Investment  
\$25,000

Please note: Per FINRA Rule 2210, we are no longer permitted to enclose IRR estimates, as of July 2020. For details on the deal financials, please reach out to your Licensed Investment Specialist.

## Investment Highlights

### 1. Unique deal structure

**-Preferred Equity Position in the capital stack:** for the repayment of any potential profits earned from the investment relative to other equity investors.

**-Income generating from year one:** Equity financing for this development project will generate cash flow for iintoo equity investors at an estimated NOI of 5.15%, annually.

### 2. Well-established and experienced sponsor

The sponsor has an extensive track record in Texas with both development and multifamily deals. This will be our ninth deal with the sponsor. See page 2 for more details. Furthermore, iintoo has a strategic relationship with the sponsor since 2019. As part of its acquisition of RealtyShares, iintoo and the sponsor formed a joint venture to manage former RealtyShares' investments that were still active in its portfolio.

### 3. High-end development project catering to working professionals

The asset's modern and efficient design, high-quality finishes, and premium amenities will cater to tenants looking for suburban rental options that can match the comfort and convenience of private homeownership. Salado has attracted a well-educated, white-collar demographic, and many Salado residents are commuters who are eager to escape the climbing home prices of larger neighboring cities.<sup>1</sup>

## Investment Highlights, Continued

### 4. Strong regional connectivity

Salado's local economy is largely tied to the town's neighboring cities and is bolstered by continued growth within the Austin metro area, significant ongoing military defense spending in Killeen, and Temple's renowned healthcare industry. As a result, the region's multifamily vacancy rates and rent growth have trended favorably in recent years – even during COVID-19.<sup>1</sup>

## Sponsor Details



RREAF Holdings, LLC is a privately-held, vertically integrated commercial real estate company based in Dallas, Texas. The company includes RREAF Construction Services (RCS), which was formed in early 2020 to further streamline the development and construction process at RREAF Holdings. RREAF focuses its portfolio of commercial real estate projects and development on multifamily acquisition, hospitality and resort redevelopment, and ground-up development. RREAF employs over 250 people, mostly across the South and Southeastern U.S.. RREAF, along with its debt and equity alliances, has built a diversified portfolio in its core competencies in excess of \$850MM over the past five years.<sup>2</sup>

### Sponsor Track Record

This is iintoo's 9<sup>th</sup> deal with the Sponsor and 2<sup>nd</sup> development deal – the first being a ground-up development of a 120-unit multifamily complex in Kerrville Texas. Construction for our Kerrville project was recently completed, and a Certificate of Occupancy was received for the project's 9 buildings at the end of 2020. The asset is currently being stabilized, with rent collections in-line with business plan projections, and the asset is expected to be sold in 2021. In addition to the Kerrville project, iintoo has also fully exited two deals with the Sponsor in San Angelo & Big Spring, Texas, with two additional deals expected to exit soon, and our active deals are generally performing in-line with business plan projections.

### Completed Exits with iintoo

Investment Name	# of Units	iintoo Equity	Total Equity	iintoo Equity %	Closing Date	Exit Date	Projected Exit Yield (Business Plan)	Actual Exit Yield
MP1 (San Angelo & Big Spring, TX)	142	\$2,572,000	\$3,215,000	80%	4/30/2017	12/17/2020	15.53%	9.59%
MP2 (San Angelo, TX)	234	\$2,840,800	\$3,551,000	80%	4/25/2017	1/19/2021	15.44%	15.40%
Fox Run Apartments (Dothan, AL)*	160	\$1,668,000	\$2,034,000	82%	9/7/2017	5/19/2021	15.67%	23.72%

\*Raised by overseas investors.

### Pending Exits with iintoo

Investment Name	# of Units	iintoo Equity	Total Equity	iintoo Equity %	Closing Date	Estimated Exit Date	Projected Exit Yield (Business Plan)	Projected Exit Yield (Latest Estimate)
Fountaingate (Wichita Falls, TX)*	280	\$3,090,600	\$5,050,000	61%	9/29/2016	May 2021	16.85%	10%*
Sendero Ridge (Kerrville, TX)	120	\$3,000,000	\$4,528,500	66%	11/10/2017	Sep 2021	16.00%	TBD

\*Fountaingate is under contract and is expected to exit by May 2021. As a result, the listed 'Actual Exit Yield' figure for this deal is based on recent exit negotiations and may be subject to change once the asset is sold.

### Active Projects with iintoo

Investment	iintoo Equity	Closing Date	Projected Annual Return			Actual Annual Return		
			Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Palm Isle (Biloxi, MS)*	\$2,800,000	1/9/2017	10.10%	11.80%	11.80%	11.1%	9.3%	9.8%
Park Ave. Lofts (Little Rock, AR)**	\$3,500,000	8/23/2019	5.20%	5.20%	5.20%	3.9%	0.0%	
Artaban Townhomes (Baltimore, MD)	\$1,048,000	2/4/2020	8.00%	8.00%	8.00%	7.2%		

\*Palm Isle: Pending exit; the asset sale has been delayed due to water damage sustained to the property.

\*\*Park Ave: This deal exited early due to low occupancy and lower than expected cash flows, resulting in an annualized gross return of 2.08% to iintoo equity investors

## Asset Overview

### Property Details

The property, Water's Edge, is a 210-unit multifamily development that will feature a mix of studios, one bedroom, two bedroom, and three-bedroom floorplans spanning seven 3-4 story buildings. The property will offer a variety of premium tenant amenities including a resort-style pool, clubhouse, fitness center, and dog park. This asset will occupy 10.63 acres of land and is part of a larger 23.6-acre development project spearheaded by the Sponsor, which will eventually also include for-sale condominiums and single-family homes.

Water's Edge Unit Mix					
Floor Plan	Type	Units	SF	Market Rate	Market/SF
S1	Studio	9	610	\$995	\$1.63
A1a	1B/1B	28	724	\$1,125	\$1.55
A1b/c	1B/1B	25	743	\$1,150	\$1.55
A2	1B/1B	24	788	\$1,200	\$1.52
B1a/c	2B/2B	68	1,069	\$1,490	\$1.39
B1b	2B/2B	6	1,108	\$1,515	\$1.37
B2	2B/2B	18	1,170	\$1,570	\$1.34
C1	3B/2B	32	1,331	\$1,715	\$1.29

### Target Project Schedule

- **Apr 2021** – Purchase of Land
- **Jul 2021** – Construction Start (est. 16 months)
- **Aug 2022** – First Unit Delivered  
(est. 13-month lease-up period after construction completion, with an expected 12 units leased/month)
- **Sep 2023** – Property Fully Stabilized  
(est. 29 months after the deal closes)

### Asset Location

The asset site is conveniently situated along the east side of Interstate 35 between the Service Road to the west, FM 2268 to the South, College Hill Drive to the north, and San Juan Road to the east.

This location provides a direct linkage to nearby cities and metropolitans: Austin is around 45 minutes south, Killeen is a ~30-minute drive south, Temple is around 20 minutes north, and Georgetown is approximately 20 minutes south. The deal asset is also expected to benefit from a nearby Public Improvement District which is currently under development.

### Target Demographic

The Sponsor has selected Salado due to the northward population growth and increased commerce brought about by the metro area expansion of Austin. The asset's modern and efficient design and high-quality finishes will primarily cater to white-collar households who work in larger neighboring cities but want to live in a more affordable, family friendly neighborhood. 66% of Salado's residents currently have commute times longer than 20 minutes, and many people regularly commute to neighboring cities such as Austin, Fort Hood, and Killeen.

# Asset Mockups

## Main Property



## Floor Plans



## Site Plan



## Market Overview

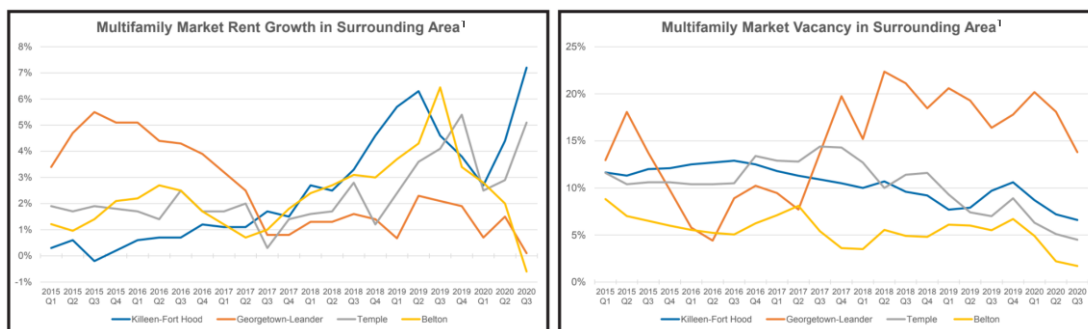
### Salado, Texas

Located in southern Bell County, Salado has become a booming tourist destination and has garnered a reputation for being a preferred home of well-educated white-collar professionals who are eager to escape the climbing home prices of larger neighboring cities. Known for its artistic flair, Salado is home to several distilleries, bed and breakfasts, festivals, galleries, and wineries. Most of the shopping and restaurants are independently owned, validating Salado's reputation as an artistic haven. Salado's esteemed reputation has garnered the collection of very intellectual and highly skilled residents.

Additionally, Salado's public school system is a top-ranked district under Texas' FAST educational accountability system, and Salado High School's Academic UIL Team has taken home eight state championships.<sup>1</sup> Median household income in the area is \$77,727, and Salado is ideal for those who work in larger cities but want to live in a more affordable, family friendly neighborhood.<sup>1</sup> Nearly three fourths of workers in Salado commute to jobs outside of Salado, and the average commuting time for Salado residents is nearly 20% shorter than the national average.<sup>2</sup>

### Salado Multifamily Market

Both vacancy and multifamily market growth in the areas surrounding Salado have been trending favorably in recent years despite the pandemic.<sup>3</sup> According to BBG, a commercial real estate appraiser, Salado's demand for apartment rentals will continue to outstrip demand over the next three years, and on average new properties in the town filled 18 units per month during their lease-up period.<sup>2</sup> By contrast, the Sponsor for this deal is conservatively projecting an absorption rate of 12 units per month for the project's lease-up period.<sup>1</sup>

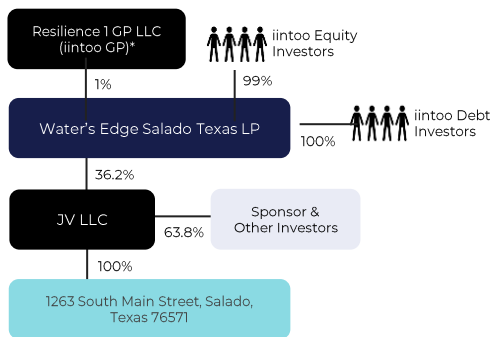


[1] Source: Sponsor  
 [2] Source: 24/7 Wall St  
 [3] Source: BBG

## Estimated Cash Distributions

Pursuant to the deal structure and payment waterfall, after the payment of IRR returns as specified in the JV Agreement, the division of all anticipated profits from the project upon sale or refinance will be 100% to the iintoo investor entity until returning a 17.0% IRR on its closing capital contribution.

## Legal Structure



## Ownership

The iintoo investor entity is expected to hold a 36.2% stake in the special purpose entity that owns the asset through a wholly-owned subsidiary.

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

iintoo Debt \$ 1,400,000	Deal Initiation Costs \$ 105,000	Total Targeted Capital Raise \$ 1,505,000
iintoo Equity \$ 2,600,000	Deal Initiation Costs \$ 354,000	Total Targeted Capital Raise \$ 2,954,000
Sponsor & Other Equity Investors \$ 7,050,000		Total Capital \$ 11,050,000

## Buyout

Starting at 24 months until 36 months from the project start date, the Sponsor is entitled to a buy-out right that should amount to a cash sum that represents a return equal to the projected IRR of 17.0% plus 3% of their capital contribution.

## Capital Stack

Bank Loan \$ 24,110,000
iintoo Debt Investors* \$ 1,400,000
iintoo Equity Investors \$ 2,600,000
Sponsor & Other Investors \$ 7,050,000

\*Raised by overseas investors

## Financial Snapshot

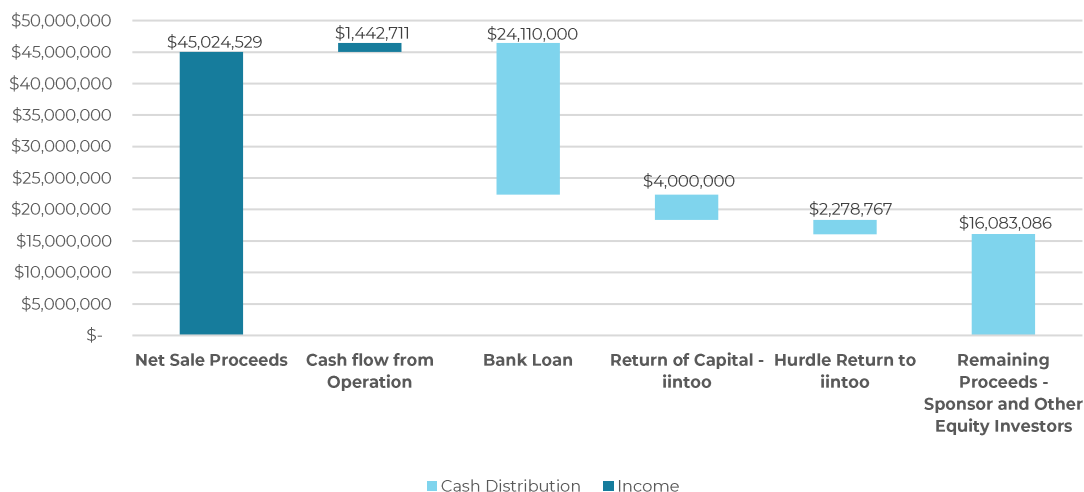
Sources	
Bank Loan	\$24,110,000
iintoo Debt Investors	\$1,400,000
iintoo Equity Investors	\$2,600,000
Sponsor & Other Investors	\$7,050,000
<b>Total Sources</b>	<b>\$35,160,000</b>

Uses	
Acquisition Price	\$2,415,000
Capital Improvements	\$30,981,007
Purchase Costs	\$1,763,993
Working Capital	\$480,000
<b>Total Uses</b>	<b>\$35,160,000</b>

Estimated Cashflow (\$)	Year 1	Year 2	Year 3
Rental Income	-	-	\$3,075,179
Other Income	-	-	\$551,218
Total Income	-	-	\$3,626,396
Payroll	-	-	(\$233,192)
Property Taxes	-	-	(\$521,055)
Insurance	-	-	(\$79,157)
Repairs, Maintenance & Turnover	-	-	(\$174,654)
Utilities	-	-	(\$177,032)
Marketing & Administration	-	-	(\$112,104)
Management Fee	-	-	(\$145,056)
<b>Total Expenses</b>	-	-	<b>(\$1,442,249)</b>
Net Operating Income (NOI)	-	-	\$2,184,147
Debt Service	-	-	(\$1,148,908)
Asset Management Fee	-	-	(\$72,528)
Application of Working Capital and Other Reserves	\$240,000	\$240,000	-
<b>Net Cash Flow Before Tax</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$962,711</b>
Expected Cash Flow to iintoo Investors	\$240,000	\$240,000	\$240,000
Expected Cash Flow to iintoo - Debt Investors (5% Interest)	\$75,250	\$75,250	\$75,250
Partnership Costs	(\$13,050)	(\$9,300)	(\$10,550)
Expected Cash Flow to iintoo Investors after Debt Investors and Partnership Costs	\$151,700	\$155,450	\$154,200
Expected Cash Flow to iintoo GP, pro rata*	\$1,517	\$1,555	\$1,542
Expected Cash Flow to iintoo Equity Investors	\$150,183	\$153,896	\$152,658

\*iintoo GP has a 1% ownership interest in the issuer and serves as the general partner of the issuer and monitors the JV entity's performance on behalf of investors.

### Estimated Waterfall Distribution at Exit



Above figures are for illustrative purposes only. Actual results may differ. 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.

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.

Private placements of securities accessible through the iintoo™ social network real-estate investment platform (the "Platform") are intended for accredited investors. Such private placements of securities have not been registered under applicable securities laws, are restricted and not publicly traded, may be subject to holding period requirements, and are intended for investors who do not need a liquid investment. These investments are not bank deposits (and thus are not insured by the FDIC or by any other federal governmental agency), are not guaranteed by and iintoo Investments Ltd. ("iintoo") or any third party working on our behalf, and may lose value. Neither the Securities and Exchange Commission nor any federal or state securities commission or regulatory authority has recommended or approved any investment or the accuracy or completeness of any of the information or materials provided by or through the Platform. Investors may lose their entire investment.

Equity securities are offered through Dalmore Group LLC. ("Dalmore"), a registered broker-dealer and member of FINRA ([www.finra.org](http://www.finra.org)), member of SIPC ([www.sipc.org](http://www.sipc.org)). Any real estate investment accessible through the Platform involves substantial risks. Any projections as herein stated, are hypothetical in nature, are based on methodology deployed regarding the likelihood of various investment outcomes, do not reflect actual investment results and are not guarantees of future results, and iintoo makes no representations or warranties as to the accuracy of such information as herein stated and accepts no liability whatsoever.

Investors should always conduct their own due diligence, not rely on the financial assumptions or estimates displayed herein, and should always consult with a reputable financial advisor, attorney, accountant, and any other professional that can help them to understand and assess the risks associated with any investment opportunity. Any investment involves substantial risks. Major risks, including the potential loss of some or all principal, are disclosed in the private placement memorandum for each applicable investment.

Neither iintoo nor its affiliates nor Dalmore Group LLC makes investment recommendations nor do they provide investment advisory services, and no communication, including herein or through the Platform or in any other medium should be construed as such. iintoo, its employees and affiliates are not insurers or insurance brokers, and do not offer insurance services, advice or information to new or existing investors.

The Terms of Use regulating your use of the Platform can be found at:  
<https://www.iintoo.com/terms-of-use/>

The Platform's Privacy Policy can be found at:  
<https://www.iintoo.com/privacy-policy/>

By accessing this site and any pages thereof, you agree to be bound by our Terms of Use and Privacy Policy.