Multifamily Acquisition and Asset Management

GREENWOOD BEACH PARTNERS

What the Plan

Greenwood Beach Partners, Inc. (GBP) was formed in 2022 to build a manageable multifamily portfolio throughout select Midwest markets over the next five years. The goal is to build a stable multifamily portfolio. One that can grow in value over time and provide investors with a reasonable annual cash return while providing minimal long-term risk.

Portfolio size - 1,000 - 1,500 units

- Why small? We are looking for a portfolio that the sponsors can acquire, nurture, and develop. A portfolio that is operated directly by sponsors who have skin in the game. By limiting the growth, we can provide you with our knowledge and experience.

Property Type – Stabilized multifamily that attracts renters at a higher-than-average income level

- Many/most renters are becoming housing burdened and can't afford rent increases. However, the higher-income renters, both those who rent by need and those who rent by choice, are not as affected by price.
- We want properties that provide tenants with modern mechanicals and both in-unit and property-based amenities that can attract higher-income tenants.

What the Plan

Markets – Stable markets with manageable supply growth and limited climate change implications/effects

- Historically Midwest markets have been stable due to limited housing stock growth; we expect this to continue.
- The Midwest, with ample fresh water and limited coasts, is expected to see less climate impact than other regions of the country.
- Markets within a 5-hour drive of the sponsor's location. Markets we have experience in and visit frequently.

Individual deals, no fund

- We would like you to join us on every deal and become a partner in the portfolio, but that's your decision. We show you the deal, and you decide what real estate you want to own.

What's the ask?

We are looking for partners (investors) who believe that multifamily housing is a superior investment vehicle. Investors who understand that multifamily investments have ups and downs but, in the end, are usually successful. That is for ones that are properly built with moderate leverage and reasonable expectations.

The investors we work with should understand that this is a long-term investment. While you are expected to get quarterly distributions, this is an illiquid investment. Holding periods may be as quick as 3-4 years but are expected to be 7-10 years or longer. Also, building the portfolio is a long-term process. We expect it to take five years to build the portfolio.

If you are interested in joining us on this journey, please set up a meeting with one of us so we can meet and make sure we are a fit for each other.

Scheduled a meeting

Feel free to sign up for our mailing list if you are not ready to talk yet or just want to see what we are doing, check out our webinar.

Webinar

Who are we?

The principals of Greenwood Beach Partners have over 60 years of experience in multi-family housing. Much of the experience occurred as multifamily finance professionals, but we have also been involved in multi-family ownership, acquisition and asset management since 2008. We have lived through the ups and downs of multi-housing and seen what makes a deal successful and what makes it fail.

Adam Klingher is responsible for acquisitions and asset management at GBP. He lives with his wife Amy and dog Lily in Evanston, Illinois. Adam has been involved in the ownership and financing of apartment properties for over 35 years.

During his career, he worked for several major apartment lenders in loan origination, underwriting and management including Freddie Mac, GMAC Commercial Mortgage and WaMu/J.P. Morgan Chase. Throughout his career, he has been responsible for over $10 billion in multifamily financing. Adam holds an MBA from the Olin School of Business at Washington University in St. Louis and a BA in History from Lake Forest College.

After the GFC (2008), Adam started buying and syndicating apartment properties. He has been involved in sponsoring real estate syndications consisting of over 25 apartment projects consisting of over 2,500 units.

Joseph Markech is responsible for Partner Relations and Administration at GBP. Joe is also a member of the investment committee. Joe has been involved in commercial real estate for over 35 years. He worked in Asset Management during the S&L crisis; he underwrote loans throughout the 1990s, including the Russian Debt Crisis. Since 2005 he has originated multifamily loans for Fannie Mae, Freddie Mac, HUD, life companies, CMBS and commercial banks.

Joe has acquired, disposed, managed, and originated loans throughout the United States in all commercial property asset types. Joe holds an MBA from The University of Iowa and a BA in Economics and Marketing from St. Ambrose University.

Target Investment Criteria

Physical Asset

- B+ quality or better, renting to the higher income cohort of renters by need or lower cohort of renters by choice.
- 1990 or newer construction or have been rehabbed (including major mechanical systems) since 1990.
- Modern conveniences – Full kitchens with dishwashers, Individual HVAC, in-unit W/D or connections, preferred.
- Properties should have or have space to develop tenant amenities such as a bike storage area, dog park, exercise room, lounge and/or workspace.
- We want to be within walking distance of public transportation for urban properties and have adequate parking.
- We prefer deals that can achieve our goals by repositioning rents or light value add but will consider more significant value add or development transactions.

Target Investment Criteria

Markets

- Stable and/or growing markets/submarkets based on households and job growth.
- We target markets with a population of at least 200,000, ideally over 1 million.
- Lower-than-average potential climate effects. You can't get away from climate change, but we want locations with better-than-average climate concerns to limit the costs of dealing with climate issues.
- Proximity – we want properties in markets we know and frequently visit.

Target markets

Chicago, Illinois	(8.9 million population)
Milwaukee, Wisconsin	(1.5 million population)
Grand Rapids, Michigan	(1.3 million population)
Indianapolis Indiana	(1.8 million population)

While we will look at other markets these markets and their surrounding areas are where we expect to focus

Target Returns

IRR	12% - 20%
Equity Multiple	2 times +
Average Cash on Cash Return	9% +
Typical preferred Cash on Cash (paid quarterly)	7%
Estimated Hold Period	7-15 years

Every deal is different, we typically underwrite to and target these criteria. The specific deal criteria will be outlined in the individual transaction offering materials.

Case Studies

Artisan Cove

Sarasota, Florida

Number Units: 21

Acquired - 2015

Sold – 2018

	Underwritten	Actual
Internal Rate of Return	21.4%	56.0%
Equity Multiple	2.74x	4.32x

We took a vacant transitional living facility and converted it into a workforce housing rental project. Units were rehabbed into modern units and the exterior of the property was updated with new painting, parking lot, landscaping and recreational deck. The property was refinanced after 18 months investor equity was returned.

Places at Red Rock

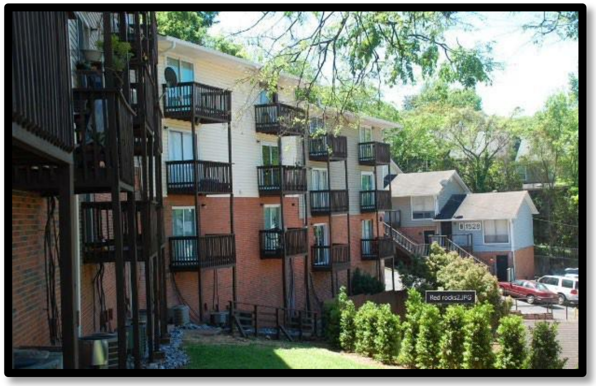
Birmingham Alabama

Number of units: 56

Acquired - 2018

Sold – 2022

	Underwritten	Actual
Internal Rate of Return	16.2%	36.9%
Equity Multiple	2.5x	3.25x



We repositioned the property by adding exterior amenities such as a grill and chill area, a management office, and upgraded the laundry. About 65% of units were fully rehabbed and all were released to market-rate tenants. The property was refinanced after 24 months and investor equity was returned.

Typical Deal Structure

Individual LLC investments, no fund

Investment Splits:

Cash Flow

First, Pref to investors – 7% of the outstanding capital

Then:

80% to Investors (as return of capital)

20% to Sponsors

Sale

Return of any outstanding capital to Investors

80% to Investors

20% to Sponsors (subordinate to return of 100% of initial capital)

Fees:

Acquisition Fee – 1-2% of purchase price (depending on size of transaction)

Financing Fee – 1% on the refinancing of the property, none on the acquisition

Asset Management fee – 1-2% of gross collections (paid annually, deferred to investor Pref)

Disposition Fee – 2% of the sale price

Guarantee Fee – ½ of 1% to guarantor (only if a personal guarantee is needed to obtain the loan)

Contact Info

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Schedule a call and learn more about GBP

We look forward to working together in partnership with you.