



General Information Package

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About Two Bridges

Not everyone is qualified to invest in real estate deals with Two Bridges Asset Management LLC (Two Bridges). You've received this information package because you're a successful, sophisticated person who meets certain strict criteria. You're also a disciplined saver with funds that need to be invested well. Congratulations on your success so far!

Despite your success, you likely face at least three problems when it comes to investing:

- You want alternatives to stocks, bonds, and mutual funds. But private equity and hedge funds say you don't meet their minimum investment requirements. So, you miss out on the best alternative investment opportunities, like multi-family real estate (MFRE).
- You live in a major metro area. Real estate near you is too expensive or offers low returns. And you have no way to learn about better MFRE investment opportunities available outside your area. So you miss out on those opportunities as well.
- You're focused on your career. That's why you're so successful in the first place! Even if you had the opportunity to buy profitable MFRE nearby, you wouldn't have the time to manage it properly!

Two Bridges ***solves these problems*** by bringing attractive MFRE investment opportunities in the fast-growing Southeastern United States solely to "accredited investors"¹ like you and doing all the hard work associated with finding, buying, and managing good properties. And, rather than needing ***hundreds of thousands – or even millions – of dollars*** to access private equity deals or to buy potentially low-yielding real estate that you have to manage yourself, working with Two Bridges enables you to participate in high quality private equity-style real estate deals at a far more accessible minimum investment level.

¹ According to Rule 501 of Regulation D, as promulgated under the Securities Act of 1933, as amended ("Rule 501"), the definition of "accredited investor" includes the following:

1. A natural person whose individual net worth (total tangible assets as currently valued less total liabilities) or joint net worth with spouse at time of purchase exceeds \$1,000,000. Note: For these purposes, "total tangible assets" excludes the individual's primary residence and "total liabilities" excludes any related indebtedness secured by the primary residence up to its fair market value, but includes the amount of any such indebtedness in excess of that value.
2. A natural person who had an individual income in excess of \$200,000 in each of the two most recent years, or joint income with spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same level of income in the current year.
3. If not a natural person, the investor qualifies under one of the other categories of "accredited investor" as set forth in Rule 501.



Two Bridges focuses on MFRE in smaller, fast-growing markets where returns beat those in larger metros. It seeks properties where the apartment supply is limited by geography, zoning, construction costs, or other factors. It reduces risk by only buying properties with current positive cash flow, and it increases value by improving occupancy, rental income, and operational efficiency. Two Bridges uses top local brokers to identify deals and works with professional management companies to oversee day-to-day property operations.

Two Bridges is not a real estate investment trust (REIT) that raises money in advance. It's true that REITs offer diversification and liquidity (if publicly traded); but once invested, investors have no control over where their money goes. And with publicly traded REITs, general stock market sentiment having nothing to do with real estate fundamentals could impact the value of your investment. Because Two Bridges raises money on a deal-by-deal basis, you can review each separate deal and the local market conditions before investing.

Jonathan D. Twombly, a multifamily real estate investor and former big firm lawyer, manages Two Bridges. He is a graduate of Harvard College and Columbia Law School.

Two Bridges' investments are illiquid investments for which there is a limited market, and investors should expect to hold their membership interests for at least 5-7 years.

This is not an offering or a solicitation to purchase interests in real estate. Actual investment opportunities are made available only to our pre-qualified investor group. So, if you would like to learn more after carefully reviewing these materials, please complete and return the Investor Qualification Form found at the end of this package. If you are qualified, you will receive exclusive access to our deals on a first-come, first-served basis. There is no obligation ever to invest.



Why Does Two Bridges Focus Exclusively on Multi-Family Real Estate?

Two Bridges focuses solely on MFRE because we believe it offers unique advantages that make it an especially attractive investment. MFRE allows you to:

- Obtain “equity-like” upside with “bond-like” security²
- Purchase under-managed property at a discount to its real value
- Realize that real value by installing professional management in properties previously owned by “mom & pop” owner/operators
- Obtain stable current income from rents
- Obtain real asset appreciation, from natural increase due to market conditions and forced appreciation due to improvements to the property and/or its operations
- Increase your returns by using conservative amounts of mortgage debt
- Obtain tax advantages, such as the ability to offset depreciation against net income
- Hedge against long-term inflation, because rents rise with inflation over time and asset values rise along with rents
- Diversify into an asset that often displays counter-cyclical qualities, as seen in the last recession and its aftermath, when millions of would-be homeowners had to rent instead, driving occupancy rates to historic highs in many markets³
- Invest in something you can understand – literally a “bricks and mortar” business!

We believe these qualities make MFRE an important part in every accredited investor’s portfolio. If you wish to discuss further how you might add an MFRE component to your portfolio, please complete and return the Qualified Investor Form found at the end of this package.

² A study by J.P. Morgan Asset Management entitled, “Real Estate: Alternative no More,” found that, between 1977 and 2012, direct investments in US real estate produced consistent, stable, “bond-like” yields, combined with “equity-like upside.” And real estate investments displayed less than *half* the volatility of equities.

³ The same study concluded that, between 1977 and 2012, real estate on average produced positive overall returns even when asset values fell. J.P. Morgan concluded that \$100 invested in direct real estate during its *down periods* “would have grown, on average, to \$110 over a five-year hold.” In contrast, “those investing \$100 in the S&P over its down periods would have ended up with \$94.”



Our Investment Strategy

Two Bridges' believes you can potentially obtain safety, income, and appreciation by purchasing multifamily real estate assets with the following characteristics:

- Class B and C properties
- \$2-\$10 million total deal size
- 100 or more units
- Purchased below replacement cost
- Generating an attractive un-levered return ("cap" rate)
- Currently producing healthy positive cash flow
- High debt coverage ratio
- Value-add opportunity – for example, by raising rents and/or occupancy to market levels, addressing deferred maintenance, or reducing operating expenses
- Located in areas experiencing greater population growth than the US as a whole
- Located in secondary and tertiary markets
- Located in the Southeastern US

Class B and C Properties.⁴ We believe that Class B and C properties offer an opportunity to obtain attractive assets at a discount to inherent value. They are more likely than Class A assets to be operated by "Mom & Pop" owners, who often defer maintenance and allow rents to fall below market levels. Better managing such a property can substantially increase net operating income (NOI), translating into a higher sale price at the time of exit.

\$2-\$10 Million Deal Size. Deals of this size are too small for institutional investors and too large for most local investors. Reduced competition for these properties can result in higher yields than properties for which there are more bidders. Though exit times may be longer, on balance we believe that assets in this price range are very attractive targets.

⁴ "A," "B," "C," and "D" are shorthand to describe types of property. "A" properties are newly built, command premium rents, and rent to professionals. "B" properties are generally 5-20 years old and may have a mixture of white and blue-collar tenants. "C" Properties tend to be more than 20 years old and have more blue-collar and student tenants. "D" properties are the oldest class of property, are in poor condition, tend to have primarily public assistance tenants, and often exhibit problems such as criminal activity and drug use.



100 Units or More. Properties with 100 or more units present lower vacancy risk than smaller properties, because each unit represents a smaller fraction of overall revenue. Larger properties also offer economies of scale, such as lower management fees, the ability to hire staff to perform maintenance in-house, and bulk purchasing power.

Purchasing Below Replacement Cost. Purchasing MFRE below replacement cost builds in an advantage over newly constructed apartments, which must pass on higher costs through higher rents, making them unable to compete with your properties.

Current Cash Flow/Attractive Un-levered Return. Two Bridges never buys solely in anticipation of future property appreciation. We seek assets currently producing enough cash flow to generate attractive immediate returns to investors. Market conditions permitting, we seek to buy at a “cap rate” (i.e., unlevered return) of at least 8%, because such an un-levered return should result in annualized leveraged returns to investors of 15-20% over the holding period, including capital gains realized at the time of sale.

High DCR. Though banks typically require a debt coverage ratio (DCR) of net income 1.25 greater than the annual mortgage payment, we seek properties we believe will generate a DCR of at least 1.5 times debt service, thus building in a margin of safety for investors.

Adding Value. To increase your returns, Two Bridges seeks opportunities to increase value, such as boosting net income (and therefore asset value) by raising rents to market level and reducing expenses. Opportunities may also exist to bring non-rent-ready units back to rentable condition, upgrade apartments, or charge tenants for the cost of utilities they use.

High Growth Areas. Where population growth is strong, demand for Class B and C rentals often exceeds supply. New Class B or C properties are not *built*. Instead, buildings *age* into Class B and C, so their supply is determined by what was built decades ago, with a smaller population. As a result, we believe that, where population is rising, Class B and C apartments should maintain occupancy levels even in the face of new construction.

Secondary and Tertiary Markets. We focus on secondary (e.g., Charlotte, NC) and tertiary (e.g., Spartanburg, SC) markets because competition for good properties is less intense than in major markets. Few institutions invest there, and our targets are too large for most local investors. Although these factors may lengthen sale time, on balance we believe they favor investment because less competition at purchase means more bargains and better cash-on-cash yields to you, the investor.

Southeastern United States. We focus on the Southeast, centering on the Carolinas. This region has recently experienced strong population growth, which is expected to continue. Despite its attractiveness, however, it has garnered less attention from investors than “hotter” areas like Texas and Florida, making it a better area to search for bargains. And the Southeast’s proximity to New York makes it easy for us to monitor your investments.



How Our Deals Work

Assuming you are qualified to invest and decide to participate in one of Two Bridges' deals, how would the process work?

In a typical deal, we:

- Work with our network of local brokers to find an attractive property
- Negotiate the deal
- Conduct or oversee financial, physical, and environmental due diligence
- Arrange mortgage financing from our lenders
- Raise equity through a private placement offered only to qualified investors
- Form a limited liability company or limited partnership to own the property
- Operate the property by overseeing the professional onsite property management company, conducting surprise site visits, etc.
- Distribute any net income to investors, typically on a quarterly basis
- Decide when to sell the asset and negotiate the sale
- Return the original investment capital, and
- Distributes any profits to the investors

Two Bridges is not a REIT and does not accept funds before we identify a specific target property. Investors wire funds directly to escrow, where they are used to pay the equity portion of the purchase and the transaction costs involved in the purchase.

Investors should expect to hold their investments at least 5-7 years. These investments are not liquid and membership interests will be difficult, if not impossible, to sell before the holding period ends.

Two Bridges makes information about specific investments available *only* to pre-qualified accredited investors by means of private placement memoranda. To commence the pre-qualification process, please fill out and return the attached Investor Qualification Form.



Jonathan Twombly: Who I Am and What I Believe



Who I Am

I was born in Madison, Wisconsin, and grew up in Englewood, New Jersey, with my mom and younger brother. After attending the local public schools, I went to Harvard College and Columbia Law School, with three years in between working in Tokyo, Japan. I spent 12 years as a lawyer, practicing commercial, hospitality, and real estate litigation in New York, Boston, and London. In 2011, I left law to help form a multifamily real estate partnership, TRB Investment Group LLC. In 2013, I formed Two Bridges. I live in Brooklyn, New York, with my wife and our two daughters.

Why Investing In Real Estate is My Passion

My love of real estate came from my dad. My parents were divorced, we lived apart, and like many dads of his generation, he could be a bit distant. We connected by looking at buildings together. Dad taught architectural history for a living, and he knew everything about buildings – the style, when they were built, who built them. His specialty was Frank Lloyd Wright, and he knew many owners of Wright houses. Whenever we went, we looked at the buildings, and if it was a town with a Wright house, we usually got a private tour.

But my best memories of my dad are from working on buildings together. When I was 9, he bought an old farmhouse outside New York City and decided to restore it himself. When I visited him, we worked on it together. While listening to Mets games and talking baseball, we stripped wallpaper, tore up linoleum, sanded and stained floors, moved walls, hung sheetrock, installed wiring and plumbing, built in bookshelves and closets, and painted. We converted an old shed out back into a bunkhouse where my brother and I slept in the summer. We even demolished a friend's collapsed barn with nothing but claw hammers and crowbars in return for some of the clapboards, which we used to replace worn ones on the house. The restoration took more than 10 years, at which point it was time to turn around and start repairing the things we fixed first!

I love buildings because of the time I spent with my dad, and I still look at the architecture everywhere I go. From a young age, I dreamed of owning real estate, though I never imagined that I could make it a career. My chance arrived in 2011, when I became a victim of the Great Recession and my law firm job ended. Unhappy as a lawyer for years (because I dislike fighting with people, a terrible trait for a litigator), I decided to quit law and follow my dream of becoming a full-time real estate investor.

Shortly afterward, I was invited to help form TRB Investment Group, LLC, a multifamily investment partnership. TRB taught me the essentials of the business – how to locate



properties, underwrite them, negotiate deals, negotiate loans, conduct due diligence, etc. Though we got a few deals under contract and through the due diligence process, we were unable to close them, and at the end of 2012, we decided to dissolve. I learned some hard (and financially painful) lessons about ignoring my conservative inclinations and gut instincts. But I also laid the groundwork for future success, because I had the opportunity to cultivate the great team I now depend on in the Carolinas. And I believe the hard lessons I learned will benefit my current and future clients.

In late 2012, one of TRB's largest investors proposed backing me in a new MFRE platform, where I would be free to run the business in line with my own investment philosophy, beliefs, and values. Early in 2013, we launched Two Bridges Asset Management LLC.

What I Believe

I believe passionately that real estate investment opportunities should be available to successful professionals, not just the ultra rich. And because I've seen friends lose money on real estate deals out of ignorance of how to invest properly, I am committed to helping people better understand real estate investing, whether they ever invest with us or not.

I believe that, in the long run, the best way to make money is by not losing money. I would rather err on the side of caution and miss a good deal than do a bad deal. I follow a value-based approach, where the goal is to create a margin of safety so the unexpected is less likely to result in lost capital. Thus, I only invest at a valuation supported by current cash flow and never solely on the basis of anticipated future appreciation that may never occur.

People say you should treat other people as well as you treat yourself. This saying has always mystified me, because I believe you must treat them **better**. My training in law, which legally and ethically puts clients' interests first, only strengthened this belief. You should only entrust your funds to someone who will put your interests ahead of their own, and I promise to put your interests first, all the time.

Because we believe you come first, we reject the practice for some syndicators to take a bigger percentage of the deal the better the deal is. Whether a deal just meets our minimum standards for investment or is the deal of a lifetime, Two Bridges' fees will always be the same. If we find the deal of a lifetime and use your funds to acquire it, then it should be the deal of a lifetime for you, too.

I'm truly grateful to the growing group of investors who have already joined us, indicating they will invest anywhere from \$50,000 to more than \$1,000,000 in our deals. If you are an accredited investor and would like to apply to join the investor group, please fill out the Qualified Investor Form attached to the back of this package. And even if you can't join us right now, you can help us grow by recommending us to qualified family and friends.



Strategic Partners & Professionals

Two Bridges knows we can only do so much by ourselves. So we've spent years developing a strong team of experienced partners and professionals in the Carolinas and New York to help you obtain the best value and performance. Our Carolinas team ensures that a local professional is monitoring your investment at all times.

Red Drum Capital

Two Bridges has built a close relationship with Red Drum Capital, located in Charleston, South Carolina. Red Drum's principal, Tyler Flesch, has nearly two decades of experience as a real estate investor, developer, advisor, and broker, and was been involved in the acquisition, financing, asset management and disposition of multifamily real estate assets in excess of \$500 million during his time with the institutional investment firm JL Woode. Red Drum functions as Two Bridges' "team on the ground" to help source deals, conduct due diligence, and provide local market intelligence. Red Drum's involvement continues after closing, to help ensure that onsite property management is protecting the value of your investment and to respond quickly to issues on the property.

Ledic Management Group

Ledic Management Group, of Memphis, Tennessee, provides Two Bridges with professional onsite property management, including leasing, maintenance, and financial management. Ledic manages more than 30,000 units across the South and Southeast.

Lending Institutions

Two Bridges has forged relationships with such banks as Key Bank, NA and J.P. Morgan Chase Bank NA to provide mortgage financing on qualified acquisitions.

Buist, Byars & Taylor LLC

Two Bridges is represented in its real estate dealings in the Carolinas by Gray Taylor of the law firm of Buist, Byars & Taylor LLC, based in Charleston. Gray has more than 15 years of experience as a real estate lawyer.

Arthur Giglio, CPA

Arthur Giglio, CPA, an accounting firm specializing in real estate accounting matters, handles Two Bridges' accounting matters. They are located in Hartsdale, New York.



Mission Statement

Two Bridges takes its values seriously and, in closing, would like to share them with you. Consistent with our values, Two Bridges seeks to achieve five “greats” in our business:

- Great investments for our clients
- Great value for our tenants
- Great reputation in the industry
- Great environment for our employees
- Great reputation in the communities where we invest

Clients: We’re deeply honored when successful people invest funds in our deals. We understand that they have worked hard to earn this money and that it represents their family’s financial security. So we work very hard to provide them with the safest possible investments and the best possible returns.

Tenants: Tenants are our lifeblood. They deserve value for their hard-earned rent money: clean, safe, well-managed apartments that they can be proud to call home.

The Industry: We believe that reputation and success are inseparable. We strive to maintain a reputation of the highest integrity among all our stakeholders – investors, lenders, property managers, tenants, professionals, brokers, employees, and the communities where we invest.

Employees: We know that, as we grow, our success will depend on the strength of our people. Attracting the best people requires us to maintain an environment that supports growth and allows them to advance as far and as fast as their talents permit.

The Community: Property owners are stewards of assets existing in a larger community. We owe a duty to the communities where we invest to leave them better off when we exit our holdings than they were when we first acquired them.



Our Contact Information

For further information, please visit our website at www.twobridgesmgmt.com.

For all other questions, please contact us at:

Two Bridges Asset Management LLC
159 20th Street, Suite 2B
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Tel: 718-715-4484
Email: info@twobridgesmgmt.com

To Invest With Two Bridges

If you are an accredited investor⁵ and would like to speak with us about participating in specific investment opportunities offered by Two Bridges in the future, please fill out the attached **Investor Qualification Form** and return it by mail or PDF to the address above.

Returning the Investor Qualification Form creates no obligation to invest. If accepted by Two Bridges in its sole discretion, a completed form qualifies you to receive private offering documents concerning specific real estate transactions contemplated by Two Bridges. You should carefully review any offering materials and consult with your legal and financial advisers before you decide to invest.

⁵ See Note 1 above.



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INVESTOR QUALIFICATION FORM

Please email or mail completed form to Two Bridges at the address above

Investor:		Spouse:	
Address:		Address:	
Phone:		Phone:	
Fax:		Fax:	
Email:		Email:	

I am/we would like to learn more about real estate investment opportunities with Two Bridges Asset Management LLC ("Two Bridges"). ***I/we understand that, to invest with Two Bridges, I/we must meet at least one of the criteria below. I/we each represent and warrant that I am/we are (an) accredited investor(s) pursuant to one or more of the following categories. (Please initial all categories that apply.)***

Initials	Basis of Qualification
	1. A director, executive officer or general partner of Two Bridges.
	2. A natural person whose individual net worth (total tangible assets as currently valued less total liabilities) or joint net worth with spouse at time of purchase exceeds \$1,000,000. Note: For these purposes, "total tangible assets" excludes the individual's primary residence and "total liabilities" excludes any related indebtedness secured by the primary residence up to its fair market value, but includes the amount of any such indebtedness in excess of that value.



Initials	Basis of Qualification
	3. A natural person who had an individual income in excess of \$200,000 in each of the two most recent years, or joint income with spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same level of income in the current year.
	4. A corporation, limited liability company, partnership, tax-exempt organization (under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended) or Massachusetts or similar business trust (i) not formed for specific purpose of acquiring Securities and (ii) having total assets in excess of \$5,000,000.
	5. An entity that falls within one of the following categories of institutional accredited investors, set forth in 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act") <i>[if you have marked this category, also mark which of the following items (a)-(i) describes you:]</i>
	a. A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or a fiduciary capacity.
	b. A broker/dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.
	c. An insurance company as defined in Section 2(13) of the Securities Act.



Initials	Basis of Qualification
	d. An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act.
	e. A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of Small Business Investment Act of 1958.
	f. Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000.
	g. Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
	h. An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, a savings and loan association, an insurance company or a registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.
	i. A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D.
	6. An entity in which all equity owners are accredited investors.



I/we are interested in making an initial investment in the following amount. (Please initial as appropriate and insert specific amount presently contemplated for initial investment.)

- | | |
|--|-------------------|
| <input type="checkbox"/> \$1,000,000 or more | (Amount: \$_____) |
| <input type="checkbox"/> \$500,000 or more | (Amount: \$_____) |
| <input type="checkbox"/> \$250,000 or more | (Amount: \$_____) |
| <input type="checkbox"/> \$100,000 or more | (Amount: \$_____) |
| <input type="checkbox"/> \$50,000 or more | (Amount: \$_____) |

I/we understand that all real estate investments involve substantial risk of loss of some or all of my/our investment. My/our investment/risk preference is for (initial all that apply):

- ☐ Stabilized property with greater opportunity to receive immediate cash flow, relatively lower risk of losing my investment, and less opportunity for long-term capital appreciation.
- ☐ Value-play property with little or no opportunity to receive immediate cash flow, relatively higher risk of losing my investment, and greater opportunity for long-term capital appreciation.

I/WE UNDERSTAND THAT THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO PURCHASE AN INVESTMENT OR SECURITY. THIS INFORMATION RELATES TO POSSIBLE REAL ESTATE INVESTMENT OPPORTUNITIES FOR QUALIFIED PURCHASERS WHO HAVE ESTABLISHED A SUBSTANTIVE RELATIONSHIP WITH TWO BRIDGES ASSET MANAGEMENT LLC. NATURAL PERSONS MAY QUALIFY AS INVESTORS BY VIRTUE OF A PRE-EXISTING RELATIONSHIP AND BY PROOF OF INCOME OR NET WORTH.

I/we hereby certify the statements above are true and correct.

Printed Name/Title

Signature

Date

_____	_____	_____
_____	_____	_____