

Beach Hawk Capital Overview Deck

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Associates is for discussion purposes only*



August 2023

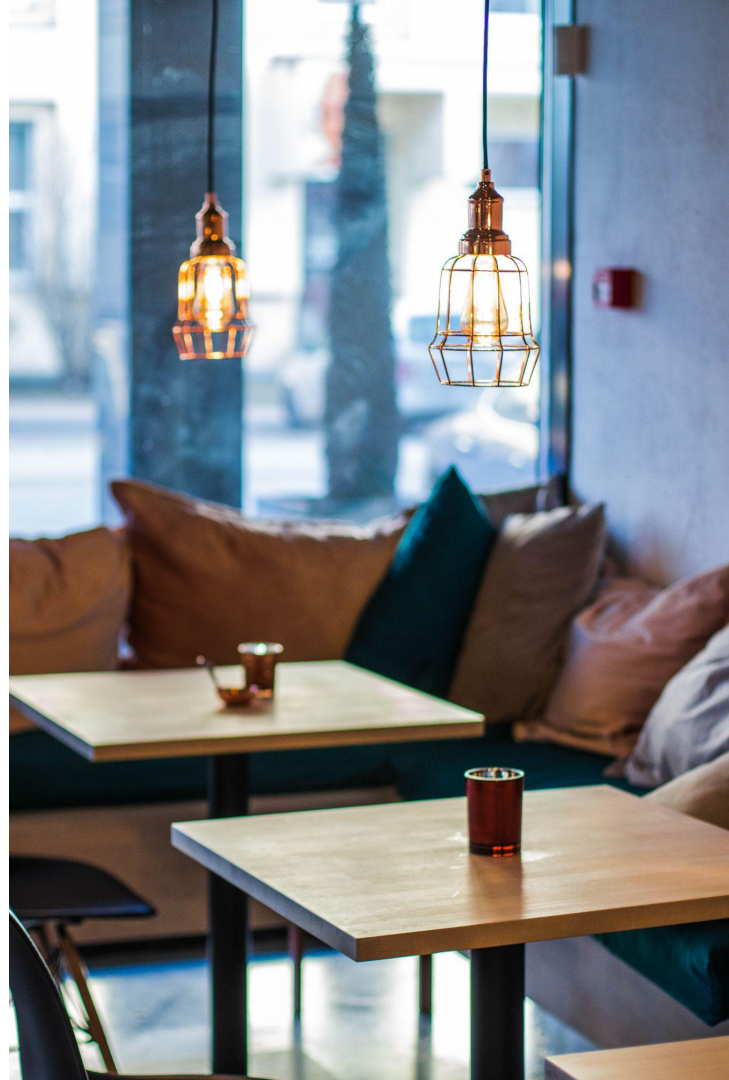


We are here to help

“Companies will not continue to grow and expand here if their workers aren't going to be able to afford to live in the communities they're working.”

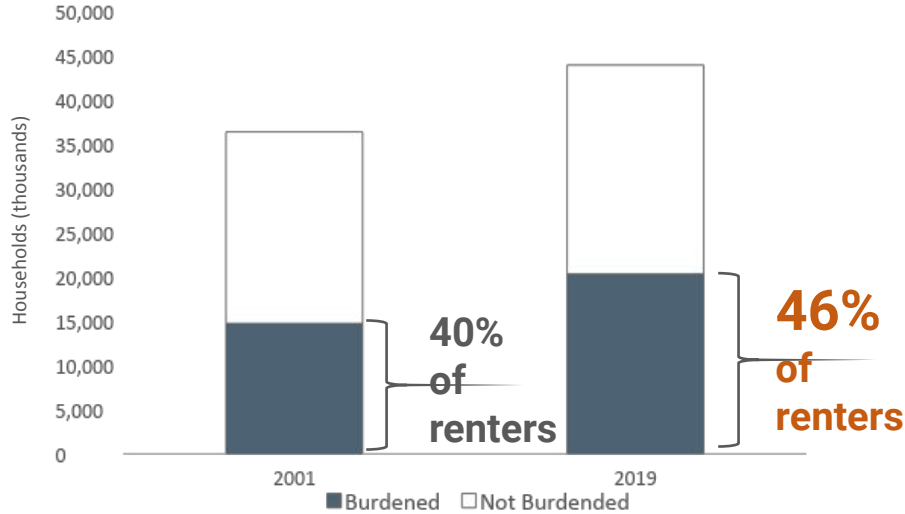
- Mayor Andrew Ginther

THE SOLUTION: We know how to solve this issue for employers and employees through our unique approach to convert existing, low-demand hospitality buildings into **quality, economical, flexible-lease, micro-unit apartments** coupled with community spaces and targeted amenities that support workforce populations and local business growth.



American tenants cannot keep up with market rents

As rentership rates have increased, proportion of renters moderately or severely cost burdened have as well



Primary drivers of crisis

- **Severely constrained housing supply** substantially increases home prices and in turn, drives up market rents
- **Historically high inflation** has sharply driven up market rents
- **Homeownership increasingly out of reach** given high interest rates and inability to save for down payment and closing costs; increasing competition for rental properties

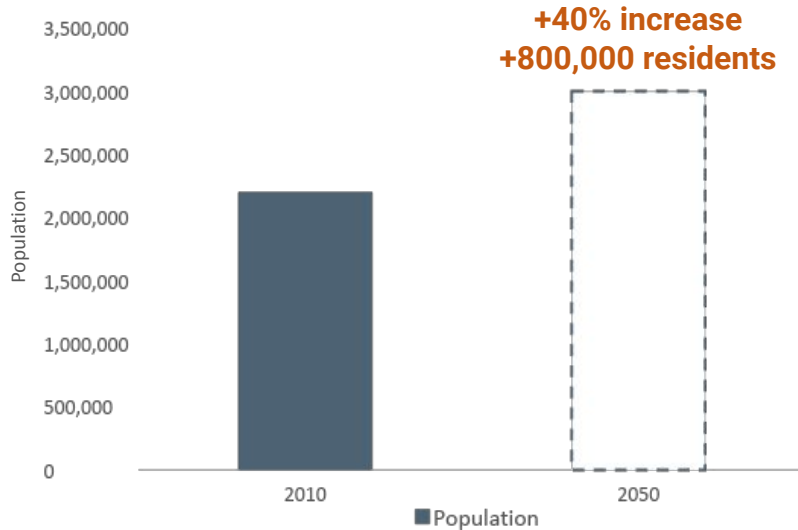
Moderately (severely) cost-burdened households pay more than 30% up to 50% (more than 50%) of household income for housing. Households with zero or negative income are assumed to be severely burdened, while households paying no cash rent are assumed to be unburdened

Sources: CNBC, Economic Policy Institute, Harvard JCHS "America's Rental Housing",



Columbus is not sheltered from national housing supply concerns

Significant growth in Columbus population expected in next 30 years



Key figures

- **54,000 Columbus-area residents** spend 50% or more of their income on rent
- **14,000 - 19,000 new housing units required for next ten years to meet expected demand** – rate of production has averaged 8,000 - 9,000 per year'
- **70,000 apartments** needed for households earning <\$75,000 over the next ten years

Columbus area needs to double housing construction to meet demand, report finds

The Columbus Dispatch

Feb 22, 2022

Central Ohio's growth requires innovative housing solutions, planners say



Feedback from April Columbus Focus Group

Perspectives on Housing Crisis

- **Barriers to access**
- **Inadequate supply**
- **Proximity to employment**
- **Affordability**
- **Pervasive issue**

Impact to Bottom Line / Objectives

- **Retention / Attraction**
- **Morale and Health**
- **Diversity**
- **Absenteeism**
- **Focus**



Continued economic growth requires housing innovation

Insights from AHACO report:

- **We can improve mental health, reduce worker turnover, and increase worker productivity:** Personal financial pressure due to housing drives anxiety / mental health issues, worker turnover, and negatively impacts worker productivity
- **We can enable increased workforce diversity:** Employer DEI initiatives are difficult to uphold to due to lack of economically advantageous and diverse housing options or more economical housing
- **We can help attract large employers:** Lack of economically advantageous and diverse housing options deters expansion of larger employers into region
- **We can enhance worker proximity and quality of life :** There is an imbalance between where jobs are located and where safe, economically advantageous, and diverse housing stock is located, and this drives up commute times and negatively impacts productivity



Alternative living arrangements have emerged as attractive housing solutions

Models

Co-living properties support several unrelated individuals sharing a home, typically with private bedrooms but shared common spaces (e.g., kitchen, dining, living)

Typically, **micro-units** consist of a one-room living space designed to include seating, a bed, a bathroom, storage, and a kitchenette, with possible access to communal amenities

Accelerating momentum, fueled by macro trends and investment

The Rise of Co-Living

Co-living housing was reborn four years ago and has captured the attention of the entire multifamily industry ever since. Market demand and product are both rapidly growing.

CBRE +streetsense.

How Co-living Companies are Shaping Today's Rental Market

Why Micro-Units are a Win-Win Solution to the Urban Affordable Housing Crisis

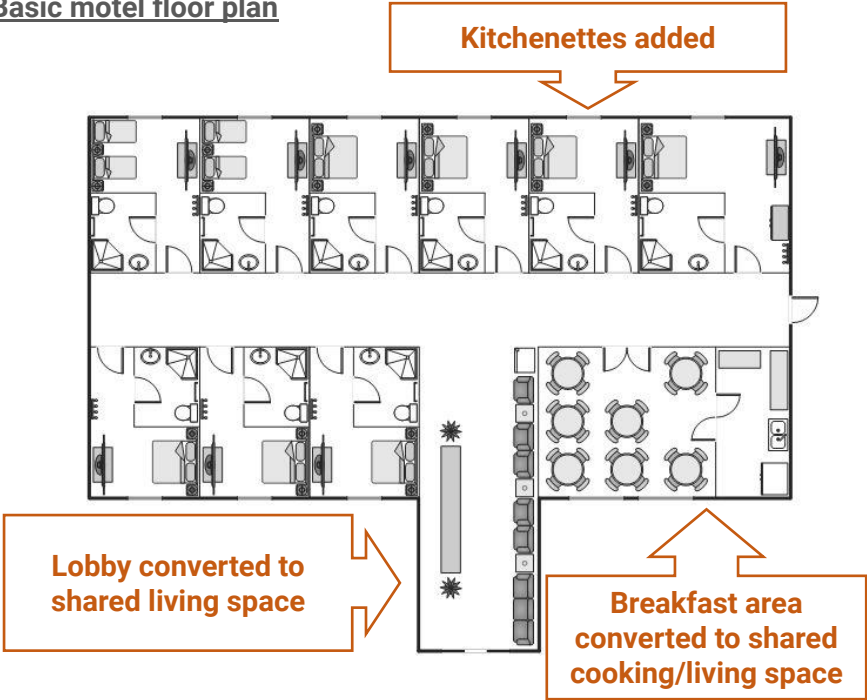
Typical attributes of quality co-living / micro-unit space

- High square footage, including large common spaces
- Pre-furnished
- Plentiful parking
- Privacy and security for sleeping quarters
- Regular cleaning of shared spaces
- Provision of basic supplies for common spaces (e.g., paper products, cleaning)
- In market with rapid rental appreciation



Many small motels have ideal floor plans for micro-unit apartment buildings

Basic motel floor plan



Typical attributes of motel

- ✓ High square footage, including large common spaces (i.e., lobby, breakfast area)
- ✓ Pre-furnished
- ✓ Plentiful parking
- ✓ Privacy and security for sleeping quarters
- ✓ Inherent staff for regular cleaning of shared spaces
- + Proximity to commercial hubs / employment centers
- + Large laundry area (conversion of staff laundry space)
- + Business center for home / remote work



Hotel conversions are now a rapidly growing trend

Empty Hotels Get Second Life as Tiny Apartments During Pandemic

Developers are converting closed hotels and motels into housing, aiming to offer affordable units in hot markets with high rents

- Wall Street Journal, December 22, 2020

PEG Companies Closes on a 9-Property Hotel Portfolio for Conversion Into Multifamily Communities

- Yahoo News, May 11, 2022

Clearwater hotels converted to workforce housing set for first tenants

The 183-unit apartment complex off Ulmerton Road is a \$24 million project from investors in Miami.

- Tampa Bay Times, July 27, 2022

Medford motel converted into much-needed apartments

- Mail Tribune, February 1, 2022

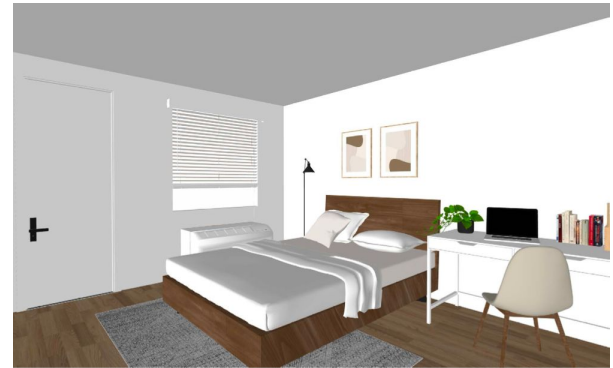


The FlexiHome advantage

- Blend of residential living with hotel amenities
- **More economical** than extended stay hotels, **more flexible and amenity-rich** than traditional apartments
- Perfect for corporate housing, contract workers, and individuals lacking options permanent housing



Unit renderings post conversion

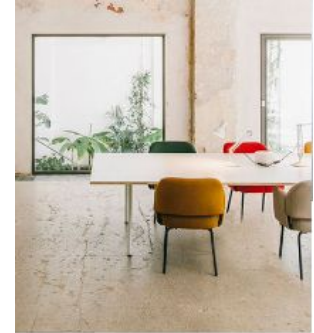
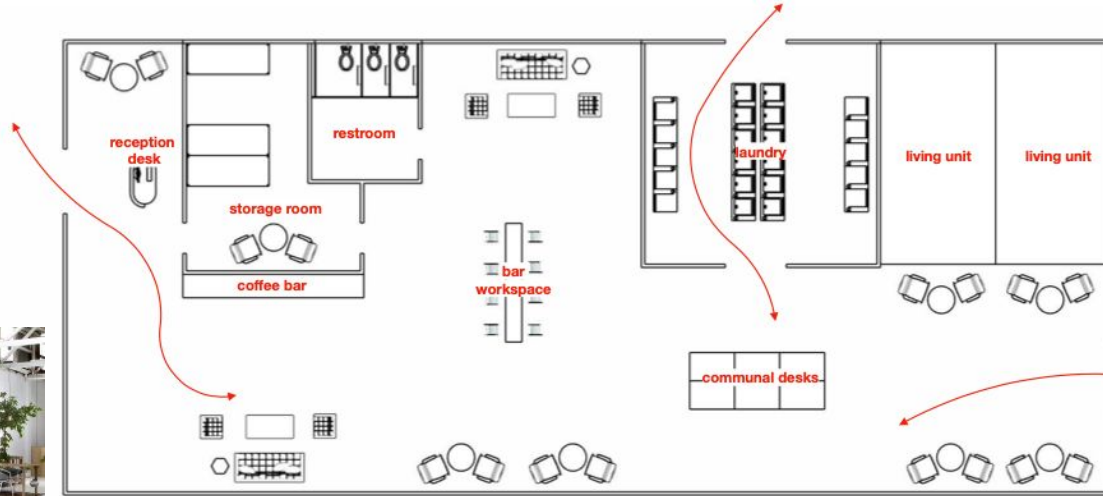


Post-rehab example common space

bringing the outdoor inside



bright, clean, airy space



raw materials and texture



Co-living and co-working space for
serve modern workforce needs



Targeted amenities for the modern workforce tenant











Shared living space to foster community among tenant population; example use-cases:

- Community dinners
- Happy hours
- General socializing
- Reservable event space

Access to job postings from local businesses

Personal finance booklets / resources

Quality amenities:

- | | |
|---|--|
|  Co-working spaces |  On-call maintenance |
|  Laundry Machines |  Public transportation access |
|  Free-Wifi |  Toiletry provisions |
|  Assigned parking |  Security |
|  Cleaning services |  Pre-furnished |



A model where Everybody wins

Local Community

- ✓ Convert trouble spots into community solutions
- ✓ Economic development opportunities
- ✓ Turn “eye sore” motels to “eye catching” apartments

Tenants

- ✓ Economical rent
- ✓ Built-in community
- ✓ No financial liability of roommates
- ✓ Proximity to employment hubs

Motel Owner

- ✓ Transparent acquisition process
- ✓ Opportunity to exit with meaningful value returned

Local Businesses

- ✓ Increased workforce retention
- ✓ Increased productivity through reduced personal financial stress
- ✓ Resource for hiring needs

City

- ✓ Increased workforce housing
- ✓ Increased long-term housing

Investors

- ✓ Unique passive investment opportunity
- ✓ Excess returns through cap-rate arbitrage
- ✓ Excess returns through high-density housing
- ✓ Potential for affordable housing subsidies
- ✓ Opportunity to address housing crisis

Visit us at www.beachhawkcapital.com



10K+ managed units; 1K+ converted workforce housing units; 50+ years of hospitality experience



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KEVIN MCKEON
Burlington Capital
Property Management



DANIEL MAYER
Development Architecture Collaborative
Development & Construction

Detailed bios and track record in appendix



Tenant feedback

Nancy:

Hello,

My name is Nancy and I live at the Fairvue in Springfield, MO. My family and I have lived here for the last 6 years. Garrett and Gaby purchased the Fairvue in December or 2020. Before they purchased the property, it was a very dangerous place to live. If there was an emergency, the police would not come alone and it took them a long time to come. The place was always dirty and had cockroaches and bed bugs. I lived here because I had nowhere else to go due to the eviction I had. My kids and I lived here and I never let them leave the room. There was lots of crime and it was not safe. The first thing Garrett and Gaby did when they bought the property, was hire security and get rid of bugs. They removed over 100 people that were causing problems and started remodeling the rooms. I moved into a new room with a kitchen this last spring and I am very happy and thankful. For the first time, it's safe for my kids to leave the room and play outside. I am very happy to live in Fairvue now.

Nancy

Sherry:

My name is Sherry Lair and I am a resident at Branson Getaway in Branson, Missouri. I have lived at this property for the last 8 years. When I first moved in the property was in bad condition. There were bugs in the room, drugs on the property, and it was not a safe place to live. After the Hawks purchased the property in 2019, the place has improved 100%.

It's now a safe place to live, clean, and the upgrades to the rooms so we can cook have made my quality of life much better. I wish more property owners took care of their tenants the way the Hawks do.

Sincerely,
Sherry Lair

