

# IRONSTONE

STRATEGIC CAPITAL PARTNERS

**FOR IMMEDIATE RELEASE**

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## **IRON STONE STRATEGIC CAPITAL PARTNERS ACQUIRES PHILADELPHIA MULTIFAMILY APARTMENT PORTFOLIO**

**PHILADELPHIA (January 10, 2011)** – Iron Stone Strategic Capital Partners (Iron Stone) today announced two separate acquisitions totaling nearly 800 apartment units in twelve buildings for approximately \$25,000,000. The acquisitions are the latest in a series of strategic purchases by Iron Stone’s Fund II, an opportunistic real estate equity fund. Since 2008 Iron Stone has acquired \$70 million worth of commercial real estate mortgage notes and REO properties, totaling 30 buildings, 1,600 apartment units, and hundreds of thousands of square feet of commercial space.

Iron Stone has focused on distressed real estate since 1998. Responding to the increasing dysfunction in the real estate markets that preceded the real estate crisis, Iron Stone formed a \$50,000,000 private equity fund in 2007. Since then Iron Stone’s experience, access to capital, and relationships with banks have yielded a series of value-add deals with dramatic upside opportunity. Iron Stone is now recognized as the buyer of choice for financial institutions looking to dispose of non-performing or sub-performing assets quickly, and with few contingencies. “We are sensitive to a bank’s needs concerning timing, decisiveness and discreteness. Iron Stone can make a go/no go decision on a portfolio the same day and close on large note acquisitions in as little as two weeks,” said Jason Friedland, Director of Operations.

In its latest set of transactions, Iron Stone purchased twelve buildings located in densely populated sections of Philadelphia. Because the buildings had been poorly managed, occupancy rates dipped from approximately 95% in 2007 to around 55% today. The buildings are all located in desirable neighborhoods with easy access to public transportation. Once long-needed improvements and renovations are complete, Iron Stone is confident that the buildings will lease quickly and generate strong cashflow for its limited partners.

**Transaction A:** Iron Stone purchased a fee simple interest in five buildings, comprising 276 apartments, from Interwest National Bank, which had taken the properties back through foreclosure. Three of the properties are in University City. One of the properties is located next to LaSalle University and another near Temple University School of Medicine.

Fund II first made contact with Interwest in November 2009. The conversation continued while the bank put the portfolio under agreement to three different groups of buyers, all at substantially higher prices than Fund II ultimately paid. The other purchasers were unable to secure the resources to consummate the transaction, and backed out. Iron Stone patiently waited until the pricing came into line with where we believed we could produce high returns.

This waiting period was also necessary for the deal to “ripen” – for the bank to recognize that pursuing high offers from buyers who can’t close was just making their position worse. Once this recognition sinks in the bank places a premium on a buyer like Iron Stone, who may not outbid other buyers, but who will complete the transaction as promised.

**Transaction B:** Fund II purchased 511 apartment units in seven buildings. The buildings are located near the following universities: University of the Sciences / University of Pennsylvania, LaSalle University, and Saint Joseph’s University; and in the residential neighborhood of West Mount Airy. Iron Stone began negotiating this deal in late 2009.

The strategy for this acquisition is identical to Iron Stone’s former portfolio purchases. Iron Stone will re-brand the buildings, remediate code violations, improve the units and common areas, properly manage them, and lease them up. The partners are intimately familiar with the neighborhoods surrounding these buildings and believe that the improvement and lease-up process will take 12-18 months. Three of the buildings are already close to stabilized.

#### About Iron Stone Strategic Capital Partners

Iron Stone Strategic Capital Partners is an opportunistic real estate venture group located in the Cira Centre in Philadelphia. It is now deep into its investment period with Iron Stone Real Estate Fund II, a distressed debt Fund with a target rate of return of 20%. “We are very proud of Fund II’s portfolio. We believe that we have acquired very attractive assets at below market values,” said Andrew Eisenstein, Managing Partner.

It is anticipated that Iron Stone Real Estate Fund III will launch later in 2011 and will continue where Fund II leaves off. Through its new investment vehicle, which will be seeded by Partners’ Capital and subscribed by local institutions and high net worth individuals, Iron Stone will continue to focus on acquiring, improving, and managing cash-flow producing apartment buildings. Iron Stone will acquire most of these distressed assets by purchasing debt on them from banks and insurance companies and then either foreclosing or negotiating a deed in lieu of foreclosure. This strategy will continue to allow it to produce high returns by combining asset appreciation and consistent cash flow.