



## Introducing Ashcroft Value Add Fund III

INVESTOR OVERVIEW DECK - PRIVATE AND CONFIDENTIAL

Updated: 11.22.2022

IMPORTANT

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AVAF3

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VALUE-ADD

FUND 3



# Why Have Over 3,000 Investors Already Invested with Ashcroft Capital?

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Based on investor feedback, here are four reasons why investors choose to invest with us. If you'd like to hear directly from them, feel free to watch or read the over 100 testimonials here: [Investor Testimonials](#)

1. Strong historical performance with average annual returns generally above several other investments like bonds, publicly traded REITs, and public equities. ***Ashcroft as has gone full-cycle of 26 deals on average have provided investors with the following returns:***

- ❖ Annual Cash-on-Cash returns - 25.6%
- ❖ NOI growth - 32%
- ❖ LP IRR - 22.7%
- ❖ Equity Multiple - 1.8x

2. We operate our own properties with our in-house management and construction company, Birchstone Residential. **Precise and streamlined processes has allowed us to significantly decrease current construction costs.** Every decision made by Ashcroft and Birchstone's combined 350+ employees has an ownership mentality. This thought process has driven us to reduce costs, build up team members, and increased our revenue allowing us to offer higher returns to our investors.

3. **Monthly distributions combined with transparent communication.** You receive monthly distributions, and your preferred return starts accruing the following month after completing the investment. Plus, you'll receive monthly email updates on your investment that include rent changes, distribution notes, market trends and other relevant information on your investment.



# Ashcroft Value-Add Fund III Overview

# Introducing AVAF3

Fundamentals in the multifamily sector remain very strong. Ashcroft believes that investing in value-add properties throughout the Sunbelt offers excellent opportunities to capitalize on the continued performance of the sector. Rising interest rates have led to cap rate expansion and the opportunity to acquire properties at a **significant** discount to where they would have traded in the beginning of 2022.

In an effort to continue our focus on capital preservation and further mitigate risk while still having upside potential, we have launched the **Ashcroft Value-Add Fund III ("AVAF3")**. This investment vehicle has been created a primary purpose in mind: to reduce our investors' risk. AVAF3 will continue to use the same conservative business plan that Ashcroft has had success with on 26 full cycle deals, averaging 25.6% annual cash on cash returns.

## FUND HIGHLIGHTS

- **Target Properties:** 6-10 Assets
- **Anticipated Life of Fund:** 5 to 7 years
- **Target Assets:** 200+ unit assets located in high growth Sun Belt markets including Dallas-Fort Worth, Atlanta, Orlando, Tampa, Jacksonville, Raleigh/Durham, Charlotte, and Phoenix
- **Strategy:** Class A/B properties with excellent opportunity for value creation through improvements
- **Product:** Underperforming or distressed multifamily properties
- **Deal Size:** \$20 million to \$150 million total capitalization per property
- **Minimum Investment:** \$25,000
- **Two Share Class Options:** Class A – 9% Coupon with limited upside; Class B – 7% Coupon with share in appreciation

**Investment Incentive - If you invest more with us, you get more potential upside on your returns. See improved structure in chart below:**

AVAF3 Class B Waterfall Based on Investment Amount			
Total Investment Amount	Coupon Rate	LP/GP Split from Coupon to 13% IRR	LP/GP Split after 13% IRR Achieved
\$25,000 to \$99,999	7.0%	70% / 30%	<b>50%</b> / 50%
\$100,000 to \$499,999	7.0%	70% / 30%	<b>55%</b> / 45%
\$500,000 to \$999,999	7.0%	70% / 30%	<b>60%</b> / 40%
\$1,000,000+	7.0%	70% / 30%	<b>65%</b> / 35%

\* In accordance with the waterfall structure detailed in the subscription documents, contingent upon investment performance, Class A may also be entitled to .5% or 1% of cash distributions, but such allocation would reduce the GP percentage, and not the Class B.

\*\*At any time, the GP, in its sole discretion, may limit the amount of capital to be allocated to each Class and Tier, and may close one or all Classes or Tiers within a Class.

# AVAF3 Investment Incentive

AVAF3 is offering an incentive to investors based on the equity amount they invest Class B of the fund. **The more you invest, the more upside you participate in.** Ashcroft has historically outperformed our projected returns as evidenced by an LP IRR of 22.7% and average cash on cash return of 25.6% across the 26 properties that have gone full-cycle\*.

The below example illustrates if the fund hypothetically returned a 18.2% IRR. Investors who invest more than \$100,000 would receive additional upside. For example, in this hypothetical scenario, an investor who invested in the \$100,000 - \$499,999 range would receive a 18.7% IRR and 24.6% annualized cash-on-cash return whereas an investor who invested in the \$500,000 - \$999,000 range would receive a 19.1% IRR and a 25.4% cash-on-cash return.

Please note the table below is meant to only be used to illustrate the upside benefits for investing more. To review the projected returns of AVAF3 please refer to slide 9.

**It is also important to note that the additional upside in the investment tiers comes out of the GP profits. It does not impact any LP returns.** For example, a \$25,000 investor is not making less money when a \$1,000,000 investor receives additional upside.

Investment Tier	Coupon Rate	LP/GP Split from Coupon to 13% IRR	LP/GP Split after 13% IRR Achieved	LP IRR**	LP Equity Multiple**	LP Avg CoC (inc Sale)**
\$25,000 to \$99,999	7.0%	70% / 30%	<b>50%</b> / 50%	18.5%	2.22x	24.3%
\$100,000 to \$499,999	7.0%	70% / 30%	<b>55%</b> / 45%	19.0%	2.26x	25.2%
\$500,000 to \$999,999	7.0%	70% / 30%	<b>60%</b> / 40%	19.5%	2.31x	26.1%
\$1,000,000+	7.0%	70% / 30%	<b>65%</b> / 35%	20.0%	2.35x	27.1%

*\*Past performance is not an indicator of future outcomes, and there can be no guarantee of similar results or distributions at the same rate. Future performance may materially differ.*

*\*\*Sample returns for discussion purposes only*

*\*\*\*In accordance with the waterfall structure detailed in the subscription documents, contingent upon investment performance, Class A may also be entitled to .5% or 1% of cash distributions, but such allocation would reduce the GP percentage, and not the Class B.*

*\*\*\*\*At any time, the GP, in its sole discretion, may limit the amount of capital to be allocated to each Class and Tier, and may close one or all Classes or Tiers within a Class.*



# Targeted Returns

Similar to previous Ashcroft investments, AVAF3 will continue to take a disciplined investment approach that focuses on targeting high-quality, well-located properties. We aim to identify assets in markets with strong multifamily fundamentals, employment growth, population growth, and other key demand drivers. The Fund has a targeted investment focus on well-located properties in Texas, Florida, Georgia, North Carolina, Phoenix and other markets in the sunbelt where thoughtful capital improvements and operational efficiencies can create significant value. The properties that we expect to acquire will have value-add opportunities that include the ability to reposition the property through capital improvements and upgrades, renovating the interior units, improving operations, decreasing expenses, and creating other revenue generating projects. Every property will have a unique business plan that is formulated with input from all aspects of the company in order to maximize investor returns while carefully focusing on preserving investors' capital.

## Target Fund Returns\*

**Cash-On Cash Returns  
(Avg including sale)**  
13.0% to 20.0%

**Cash-On Cash Returns  
(Avg excluding sale)**  
6.0% to 8.0%

**Levered IRR (Net)**  
13% to 18%

**Equity Multiple (Net)**  
1.45x to 2.0x

## Annual Fund Cash on Cash Projections \*\*

**Year 1: 4.0%**

**Year 2: 6.3%**

**Year 3: 7.0%**

**Year 4: 7.5%**

**Year 5: 8.0%**

*\*Based on 5-year hold for Class B Limited Partner Investment. Target returns represent ranges for base case, downside, and upside scenarios*

*\*\*Projected cash on cash returns are based on base case assumptions for the properties within the Fund*

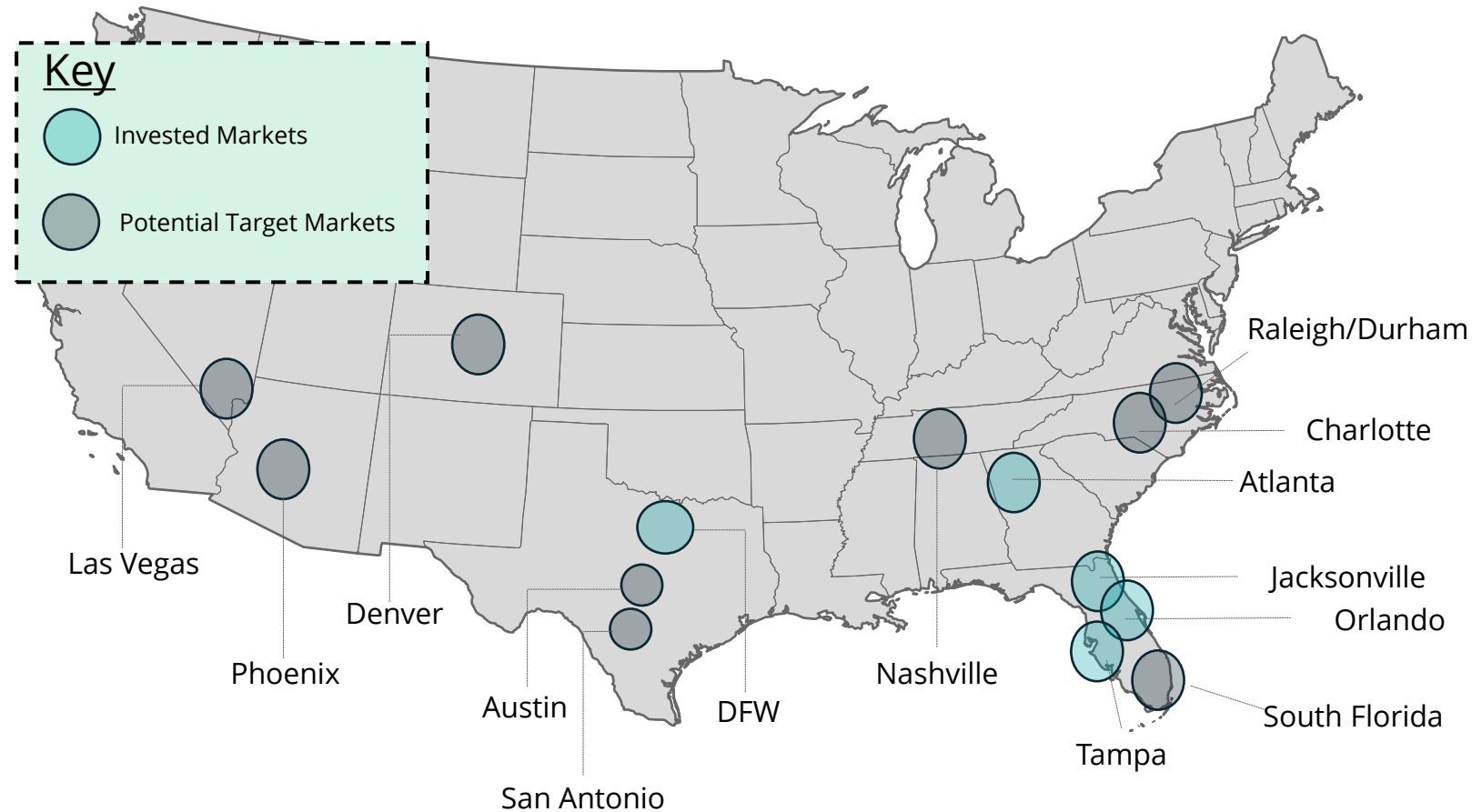
*Note: Projected returns are based on LP levels of Fund*

# Investment Approach

- Ashcroft seeks to identify assets in markets with strong multifamily fundamentals, employment growth, population growth, and other key demand drivers.
- Value-add characteristics allow for repositioning assets through capital improvements, renovation of unit interiors, operational improvements, expense reductions, and implementation of incremental revenue generating amenities.
- Ashcroft currently owns and operates properties in 5 markets and actively evaluating opportunities in additional sunbelt markets noted below.

## Acquisition Criteria<sup>1</sup>

- Properties located in high-growth markets of the sun belt
- Class A/B communities with strong value-add opportunity remaining
- Underperforming multifamily properties
- 200 to 1,000-unit assets
- \$20 million to \$200 million total capitalization for single properties
- Up to \$1+ billion for portfolios
- Preference towards free & clear of debt



<sup>1</sup>As market conditions warrant, Ashcroft may modify these strategies, including the acquisition criteria, or undertake new strategies.

# Start Investing in AVAF3

Go to [AVAF3.com](https://AVAF3.com) to start investing now



# Why Multifamily? Why Now?



# Why Multifamily? Why Now?

Multifamily remains an attractive asset class for investment, and Ashcroft believes there is opportunity to capitalize on value-add properties throughout the Sunbelt. Rising interest rates have led to cap rate expansion in the second half of 2022, which has presented the opportunity to acquire properties at a **significantly discounted basis** to where they would have traded in the beginning of 2022.

Multifamily housing has gained a comparative edge in tenant demand compared to other classes of Real Estate. Regardless of the state of the economy, people need a roof over their heads. Downsizing baby boomers are losing interest in owning, many millennials delayed or abandoned home buying plans, and Generation Z, now coming of age is entering the housing market with rentals first.

## Strong Multifamily Fundamentals

1. Multifamily rents are at all time highs and vacancy rates are near historic lows with these levels projected to remain stronger than pre-pandemic levels.
  - a) Average Rent Growth: 2022 YTD of 4.8%, 3YR Forecast of 2.5%, pre-pandemic (2010-2020) of 2.4%.
  - b) Average Vacancy: 2022 YTD of 5.6%, 3YR Forecast of 6.7%, pre-pandemic (2010-2020) of 6.5%.
2. The combination of high prices and rising interest rates have pushed home-buying affordability to its lowest level in decades. This has led to an increase in demand for rental housing, evidenced by a 1.53% increase in renters from 4Q21 to 1Q22.
  - a) People entering the housing market now typically pay 25% of their income on mortgage payments, up from 15% before the pandemic.
  - b) US Average rent as of 2022 YTD is \$1,639 while the average estimated mortgage payment is \$2,728\*.
3. There is a current housing shortfall **of approximately 1.6 million homes**.
  - a) Rising construction costs for SFR led to a 41.4% decrease in completions from 2007 to 2021 which caused home prices to increase 50.5% since 2017.
  - b) Multifamily is expected to continue to reap the benefits from the shortfall of single-family housing.

# The 4 Benefits of Investing in Multifamily



**Passive Income from Cash Flow:** Investors are typically drawn to the stable monthly cash flow that multifamily properties can provide. This cash flow is generally more predictable compared to other real estate investments as units can be turned over easily and re-leased to ensure steady cash flow year in and year out.



**Lowered Risk:** According to Forbes, multifamily is often considered a relatively “safe investment” compared to other real estate asset classes.\* One reason for this is because people still need a place to live regardless of the economic environment. While demand for office or retail may fluctuate throughout cycles, multifamily typically remains less volatile.



**Tax Benefits:** Investing in multifamily can potentially offer some tax benefits. For example, depreciation can be used to offset a significant portion of the rental income collected each year.



**Added Value Potential:** Multifamily properties have the ability to appreciate in value through our value-add strategy, which often leads to higher returns for investors. Real estate can fluctuate and be cyclical, but as history has shown, values tend to increase over time.

# Ashcroft Team & Track Record

TRACK RECORD, PERFORMANCE, AND A FULLY INTEGRATED TEAM



AVAF3

# Outsized Growth and Returns

INSTITUTIONAL INVESTMENT DISCIPLINE  
WITH AN ENTREPRENEURIAL MINDSET

Ashcroft Capital is a **vertically integrated** multifamily investment firm comprised of industry-leading executives with over 100 years of combined experience. Ashcroft applies institutional policies and procedures while remaining entrepreneurial and implementing innovative solutions to an often antiquated industry. We are driven by a focused mission to improve the quality of life for our residents at well-located, value-add communities. Though we are first and foremost focused on capital preservation, this approach has resulted in several outsized, full-cycle investor returns.

## Ashcroft Overview

**25.6%** Annualized  
CoC Return to  
our Investors

**\$1.165B** Equity  
Invested

**1.8x** LP Equity  
Multiple

**\$2.8B+** Assets Under  
Management

**32%** NOI  
Growth

**21,000+** Units  
Acquired





“...BIRCHSTONE RESIDENTIAL HAS ONE CLIENT. AND THAT CLIENT IS ASHCROFT CAPITAL.”

INTRODUCING ASHCROFT'S IN-HOUSE PROPERTY MANAGEMENT

# BIRCHSTONE

## RESIDENTIAL

Birchstone is a name residents and investors trust. Our property management company was built by us with the sole purpose of providing an unparalleled experience elevated by superior service in every facet — from quality lifestyle enrichment to hands-on management that fosters the investment health of our communities.



**IN-HOUSE MANAGEMENT PLATFORM** which focuses on resident satisfaction while executing each business plan that our acquisition arm carefully crafted. Additionally, Birchstone doesn't offer 3<sup>rd</sup> party services to any other owners. We are exclusively focused on Ashcroft Capital.



**WE HAVE BOOTS ON THE GROUND** in every neighborhood we serve. This allows us to leverage our passion into personalized living experiences and enables us to take a hands-on management approach.



**OUR VALUE PROPOSITION** is to identify under-market, inefficient communities and renovate and improve operations tremendously. No matter the location, we strive to be the most desirable community on the block.

# Ashcroft's Differentiator: Birchstone Procurement

Custom Manufacturing & Proprietary Distribution System; High Quality Renovations and a Streamlined Process

## Ashcroft built a systematic procurement & renovation process focused on:

- Combatting potential problems in manufacturing, supply, delivery, and installation of renovation materials.
- Enhancing Ashcroft's capacity to deliver thoughtfully designed apartments with consistently high-quality and durable materials.
- Developing brand recognition which enhance:
  - i. Resident retention & renovation premiums, and
  - ii. Motivate tenants to make our communities their home of choice wherever they may live.

## The Results:

- Cost saving on per unit renovations due to in-house construction and management.
- Eliminates surplus margins on both materials purchased and labor costs associated with managing workers renovating apartments.
- The same product is delivered across all submarkets, creating brand recognition for potential tenants who have enjoyed Ashcroft's products and seek it out elsewhere.
- Reduces supply chain risk & eliminates risk of unnecessary delays on the production of specific materials.
- Proprietary systems ensure efficient use of materials and scheduling reduces time wastage.

## The Procurement Process

### Design

- Custom renovation materials are designed specifically for Ashcroft.
- Ashcroft has control over all materials used for each renovation across the entire portfolio.

### Manufacturing

- Materials are ordered in bulk to cover 6 months of renovations at a time for the entire portfolio.
- Bulk order means Ashcroft can renovate on time without supply chain risk.

### Bulk Shipping & Warehousing

- The materials are shipped to a warehouse in Dallas which can be scaled in size depending on the size of the order.
- Warehouse employees unpack the materials and organize the in categories for kit preparation.

### Individual "Renovation Kit" Preparation

- Every 45 days, internal systems indicate potential 60-day vacancy across the portfolio.
- Asset Management creates an itemized list of renovation materials for each unit using a proprietary tracking system to send to the kit preparation team.
- The team at the warehouse prepares individualized Renovation Kits for each unit.

### Kit Delivery

- The kits are shipped and stored at each property, available for renovation the day a unit vacates.
- The renovation team scans the components of the kits at each step of the renovation process.
- This information is sent to Ashcroft to monitor the quantity, quality, and material consumption throughout the renovation process.

CURRENT

# ASSETS UNDER MANAGEMENT

Ashcroft's total assets under management currently exceeds \$2.5 billion\* spanning over 12,800 units.

Property	Market	Built	Acquisition Date	Units
Exchange @ 7272	Dallas	1988	Aug-18	436
Westmoor	Dallas	1984	Sep-18	350
The Preserve at Preston	Dallas	1984	Aug-19	380
LIV at Winter Park	Dallas	1974	Oct-19	278
Anthem Clearwater	Tampa	1975	Jul-20	416
Devon on Northgate	Dallas	1985	Sep-20	447
Vista 121	Dallas	2006	Oct-20	270
Halston on Frankford	Dallas	1998	Dec-20	332
Halston Riverside	Atlanta	1996	Apr-21	412
Elliot Baymeadows	Jacksonville	1986	Apr-21	352
Elliot Roswell	Atlanta	1973	Jun-21	312
Elliot Abernathy	Atlanta	1972	Jul-21	228
Halston World Gateway	Orlando	2008	Oct-21	252
Halston Four Corners	Orlando	2009	Oct-21	270
Anthem Town East	Dallas	2002	Nov-21	224
Elliot Pioneer	Dallas	1985	Nov-21	200
Elliot Norcross	Atlanta	1972 / 1989	Nov-21	687
Elliot Windsprint	Dallas	1983	Dec-21	288
Halston Park Central	Orlando	2007	Dec-21	288
Elliot Gwinnett Place	Atlanta	1986	Apr-22	284
Avery	Dallas	2004	May-22	304
Northern Cross	Fort Worth	2001	May-22	398
Lexington	Dallas	1979, 80	May-22	410
The Estates at Las Colinas	Dallas	1989	May-22	415
Macarthur Place	Dallas	1964	May-22	547
Southside Villas	Jacksonville	1990	May-22	300
Oaks at Valley Ranch	Dallas	1985	May-22	529
LIV on the Green	Dallas	1981	May-22	206
The Anthem	Dallas	1996	May-22	231
Elliot Gateway	Atlanta	1984	May-22	388
Halston Shiloh Valley	Atlanta	2001	Jun-22	300
Halston Harris Bridge	Atlanta	2001	Jun-22	332
Halston South Point	Atlanta	2006	Jun-22	284
Halston McDonough	Atlanta	2004	Jun-22	264
Anthem Mesquite	Dallas	1999	Jun-22	508
Halston Citrus Ridge	Orlando	2010	Sep-22	432
Halston Paces Crossing	Atlanta	2001	Nov-22	260

\*As of December 2021.

## FULL-CYCLE SUCCESS

# HIGH-YIELD DISPOSITIONS

To date, Ashcroft has successfully taken seventeen assets full-cycle and completed a nine-property recapitalization, with an average annual **Cash on Cash return of 25.6%** and an **Equity Multiple of 1.8x** to our investors.

PROPERTY	UNITS	HOLDING PERIOD	VALUATION INCREASE	LP Annualized CoC	LP EQUITY MULTIPLE
Woodglen Village	250	53 Months	71.5%	22.6%	2.0x
The Alara	155	30 Months	61.1%	23.9%	1.6x
Carrollton Oaks	320	24 Months	32.3%	25.1%	1.5x
Residence at Midtown	296	31 Months	36.8%	23.2%	1.6x
Eleven600	216	18 Months	49.6%	39.5%	1.6x
Esencia	200	39 Months	50.9%	21.7%	1.7x
Estancia	220	28 Months	70.8%	38.0%	1.9x
Belterra	314	28 Months	52.6%	35.0%	1.8x
98Fifty	196	47 Months	54.9%	15.2%	1.6x
Apex	244	45 Months	43.4%	15.9%	1.6x
Fort Worth Portfolio <sup>1</sup>	462	38 Months	44.3%	44.2%	2.4x
Ridge on Randol	356	33 Months	37.3%	18.3%	1.5x
Vue on Forest	326	40 Months	75.7%	25.4%	1.8x
The Montgomery	208	34 Months	39.5%	21.5%	1.6x
Mystic Bay	228	39 Months	45.7%	18.7%	1.4x
Western Station	202	53 Months	58.4%	20.4%	1.9x
Project Howard <sup>2</sup>	3,340	35 Months	50.1%	25.7%	1.7x

## 32.9%

NOI Growth

## 25.6%

Annual CoC Returns

## 1.8x





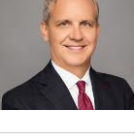
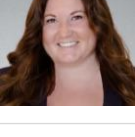

LP Equity Multiple

*LP Historical Returns are based on actual distributions, and calculated net of fees collected. The GP, for the best interest of the Partnership, and in its sole discretion, may make loans to the Partnership and defer or waive fees as permitted by Articles V and VII of the Partnership Agreement, which may affect returns.*






<sup>1</sup>Fort Worth Portfolio consists of Metro 7000 and 1505 Exchange.

<sup>2</sup>Nine-property recapitalization sale of eight assets in Dallas and one asset in Jacksonville. Returns are based on a weighted average calculation.

# Ashcroft Leadership Team

Management Team	Biography
 <p><b>Frank Roessler</b> <i>Founder and CEO</i></p>	<ul style="list-style-type: none"> <li>Mr. Roessler has more than 14 years of experience in the multifamily housing industry.</li> <li>Before founding Ashcroft Capital, Mr. Roessler spent 8 years at M&amp;A Real Estate Partners as the director of asset management overseeing a portfolio of 25 assets consisting of large, value-add multifamily communities across numerous U.S. metros.</li> <li>As CEO of Ashcroft, Mr. Roessler leads and oversees all aspects of strategic planning and company operations, including oversight and implementation of acquisitions, due diligence, property management, asset management, debt placement, and maintaining relationships with intermediaries.</li> </ul>
 <p><b>Joe Fairless</b> <i>Co-Founder and Partner</i></p>	<ul style="list-style-type: none"> <li>Mr. Fairless is primarily responsible for equity procurement through a deep and proprietary network of high net worth individuals. Mr. Fairless also is responsible for maintaining investor communication and corporate marketing.</li> <li>In addition to his responsibilities with Ashcroft Capital, Joe created the podcast, Best Real Estate Investing Advice Ever Show, which is the longest running daily real estate podcast in the world and generates over 500,000 monthly downloads.</li> <li>Joe is also a proud Member of the Texas Tech Alumni Advisor Board for the College of Media and Communication, as well as being recognized as Outstanding Alumni at Texas Tech University, where he is a former Adjunct Professor.</li> </ul>
 <p><b>Scott Lebenhart</b> <i>Chief Investment Officer</i></p>	<ul style="list-style-type: none"> <li>Mr. Lebenhart has over 15 years of experience in real estate acquisition and asset management in the multifamily housing industry, including over 11 years at DRA Advisors.</li> <li>Mr. Lebenhart's experience includes the acquisition of over \$6 billion of institutional quality multifamily, industrial, office, and retail assets throughout the U.S., including more than \$2 billion of multifamily assets at Ashcroft since he joined the firm.</li> </ul>
 <p><b>David Deitz</b> <i>President of Birchstone Residential</i></p>	<ul style="list-style-type: none"> <li>Mr. Deitz has more than 30 years of diverse experience in property management operations comprising 50,000 apartment units, 2,500 condominium units, and 500,000 square feet of commercial and mixed-use space.</li> <li>Since founding Birchstone Residential in 2020, Mr. Deitz has built a growing corporate team of 26 and total staff of 207 to support his vision for an industry-leading management company grounded in a strong philosophy and culture: 'People serving People', where team members are valued, developed, and inspired.</li> </ul>
 <p><b>Bill Kay</b> <i>Managing Director of Capital Markets</i></p>	<ul style="list-style-type: none"> <li>Mr. Kay has 20+ years of experience across private real estate and private equity with expertise in multifamily assets, including at a prior firm which has acquired over 64,000 units in JV's with operating partners.</li> <li>Mr. Kay's experience includes the raising of ~\$10 billion of equity for a variety of private real estate and private equity vehicles across primary, secondary, and co-investment funds and separate accounts. Mr. Kay has a deep track record of building and scaling world-class institutional investment management businesses.</li> </ul>
 <p><b>Traci Wilhelm</b> <i>Director of Asset Management</i></p>	<ul style="list-style-type: none"> <li>Ms. Wilhelm has 11+ years of experience overseeing the asset management program for large multifamily portfolios at leading firms including RXR Realty, CBRE Global Investors, JPI, and Gables Residential.</li> <li>Ms. Wilhelm's experience includes managing over \$5.4 billion of residential assets in a variety of leading U.S. metros including Sun Belt markets.</li> </ul>
 <p><b>Kseniia Zaydfudim</b> <i>Chief Financial Officer</i></p>	<ul style="list-style-type: none"> <li>Ms. Zaydfudim has 9 years of experience in finance and accounting, including as Vice President of Finance at 60 Guilders, a vertically integrated real estate investment and management firm that has acquired 10 million + square feet of property in NYC across 39 buildings. At 60 Guilders, she was responsible for the financial reporting, accounting, auditing, and compliance functions of the firm.</li> <li>At KPMG, LLP, Ms. Zaydfudim performed audits of real estate clients and tax compliance services for REITs and private equity clients.</li> </ul>

# Ashcroft Investor Relations Team

Management Team	Biography
 <p><b>Chautauqua Collins</b> <i>Senior Managing Director of Operations</i></p>	<ul style="list-style-type: none"><li>• Chautauqua (Chat) joined Ashcroft Capital in April of 2016. Ms. Collins oversees the investor relations, investor services and marketing teams and is also responsible for reviewing, analyzing and evaluating operations, as well as implementing policies and procedures within those departments.</li><li>• Ms. Collins has more than 20 years of experience in the real estate industry, including investing in and the development of residential and commercial properties, mortgage lending and consulting.</li></ul>
 <p><b>Travis Watts</b> <i>Director of Investor Development</i></p>	<ul style="list-style-type: none"><li>• Mr. Watts joined Ashcroft Capital in September of 2019 and currently serves as the Director of Investor Education.</li><li>• Mr. Watts is a proven leader in the real estate industry, where he's been investing since 2009 in multi-family, single-family and vacation rentals. Travis dedicates his time to educating and mentoring those interested in investing in multifamily real estate.</li><li>• Mr. Watts is concurrently a podcast Host @ Best Ever Real Estate, as well as an educator, speaker and mentor across the real estate industry.</li></ul>
 <p><b>Danielle Jackson</b> <i>Director of Investor Relations</i></p>	<ul style="list-style-type: none"><li>• Danielle currently serves as an Director of Investor Relations. She is responsible for overseeing the Investor Relations team, as well a resource for both new and existing clients.</li><li>• Ms. Jackson has 13+ years of experience across the financial services and asset management industries, with an investor relations background covering the spectrum of real estate and private equity.</li></ul>
 <p><b>Ryan Wynkoop</b> <i>Manager, Investor Relations</i></p>	<ul style="list-style-type: none"><li>• Ryan currently serves as an Investor Relations Consultant for Ashcroft Capital. Ryan helps both new and existing investors learn more about Ashcroft's offerings and getting started on investments.</li><li>• Mr. Wynkoop has more than 17 years of experience in real estate management, investor advisory services, strategic asset repositioning projects, and development.</li><li>• Mr. Wynkoop has a Bachelor of Arts &amp; Science from Miami University in Oxford, Ohio.</li></ul>
 <p><b>Ben Nelson</b> <i>Manager, Investor Relations</i></p>	<ul style="list-style-type: none"><li>• Ben joined Ashcroft Capital in October of 2022 serves as a Regional Manager of Investor Relations. He is responsible for cultivating and managing investor relationships in the Texas market.</li><li>• Ben has 15+ years of corporate experience in the DFW Metroplex, primarily working with accredited investors to communicate company information and help them reach their financial goals.</li><li>• Ben graduated from Texas A&amp;M University with a Bachelor of Science in Economics.</li></ul>

# Case Study: Project Howard

## Overview & Execution

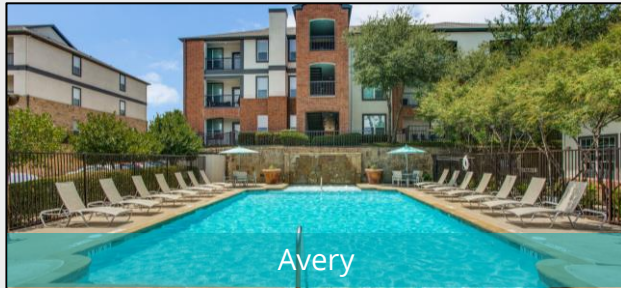
- Purchased assets throughout multiple dates ranging from 2018 through 2020 totaling \$428M+
- Goldman Sachs and Blackstone Strategic Partners were the leading Limited Partners in the transaction. Limited Partners will also provide primary capital for prospective opportunities.
- Ashcroft had operating history with the existing assets, with an average hold period of 2.8 years for the Portfolio and had implemented the initial stages of their value-add plan. Ashcroft's complete vertical alignment and submarket experience presented LPs with the opportunity to acquire high quality value-add assets without traditional transition pains nor J-Curve risk.



Southside Villas



Northern Cross



Avery



The Anthem



Estates at Las Colinas



Oaks at Valley Ranch



MacArthur Place

Portfolio Summary					
Property	MSA	Year Built	Units	Purchase Date	Purchase Price
MacArthur Place	Irving	1964	547	June-2019	\$48.2M
LIV on the Green	Arlington	1981	206	Jan-2020	\$22.4M
Southside Villas	Jacksonville	1990	300	Sep-2019	\$42.6M
Oaks at Valley Ranch	Irving	1985	529	Dec-2019	\$75.1M
Lexington	Dallas	1980	410	Feb-2019	\$46.4M
Estates at Las Colinas	Irving	1989	415	Mar-2019	\$61.7M
The Anthem	Irving	1996	231	Feb-2020	\$42.0M
Northern Cross	Fort Worth	2001	398	Nov-2018	\$48.6M
Avery	Lewisville	2004	304	Dec-2017	\$40.5M
Average/Total		1988	3,340		\$427.7M

## PROJECT HOWARD PERFORMANCE STATS

Sale Date	5/5/2022
Sale Price	\$642,500,000
NOI Growth	33.5%
Hold Period	35 Months
LP Level IRR	23.4%
LP Level Equity Multiple	1.7x

<sup>1</sup> Estimated as of the fund close date. <sup>2</sup> As of 3/22/2022



# Case Study: Western Station

## Investment Merits

- Purchased in 2017 in the amount of \$25,250,000
- Built in 1998, the property featured large townhome units with 100% direct access garages and 9-foot ceilings.
- The property featured a modern amenity package including two resort style swimming pools, expansive fitness center, outdoor BBQ and picnic area, and dog park.
- There was a proven value add component as only 19% of units were renovated at the time of purchase.
- Located in North Fort Worth, Western Station is in close proximity to major employers and located within the highly rated Keller Independent School System.

## Executed Value-Add Plan

- Interior renovations at this property included stainless steel appliances, quartz countertops and undermount sinks, new cabinets in the kitchen, and faux wood plank flooring.
- Exterior renovations at this property included a full roof replacement, clubhouse improvements, a new package locker system, and improved landscaping.

### WESTERN STATION PERFORMANCE STATS

Sale Date	12/17/2021
Sale Price	\$40,000,000
NOI Growth	14.7%
Hold Period	55 Months
LP Level IRR	17.5%
LP Level Equity Multiple	1.9x





# Case Study: Vue on Forest

## Investment Merits

- Purchased in 2018 in the amount of \$20,600,000
- Vue on Forest is a 326-unit apartment complex built in 1983.
- Opportunistic investment in a transitional submarket of North Dallas.
- Purchased in a completely off-market transaction.
- At acquisition, the Property was 78% occupied and 100% of the units were in classic condition.
- Acquired from a non-institutional seller who had fallen behind on deferred maintenance projects and did not have a renovation program.
- Strong location in the Richardson submarket with convenient access to major highways.

## Executed Value-Add Plan

- Identified and completed the immediate repairs and resolved deferred maintenance issues.
- Fully repositioned the Property by tripling the security patrol costs and narrowing down the leasing criteria.
- Worked with the city to identify high-risk residents and maintained a zero-tolerance policy for crime related activity.
- Ashcroft spent approx. \$4,650/unit on interior renovations, which included stainless steel appliances, quartz countertops, new cabinet fronts with pulls, backsplash, and vinyl-plank flooring.
- Ashcroft spent approx. \$3,000/unit on exterior renovations, which included painting the exterior, upgrading the clubhouse and adding new furniture, and improving the pool area.

### VUE ON FOREST PERFORMANCE STATS

Sale Date	10/21/2021
Sale Price	\$36,200,000
NOI Growth	18.0%
Hold Period	40 Months
LP Level IRR	23.1%
LP Level Equity Multiple	1.8x

# Start Investing in AVAF3

Go to [AVAF3.com](https://AVAF3.com) to start investing now

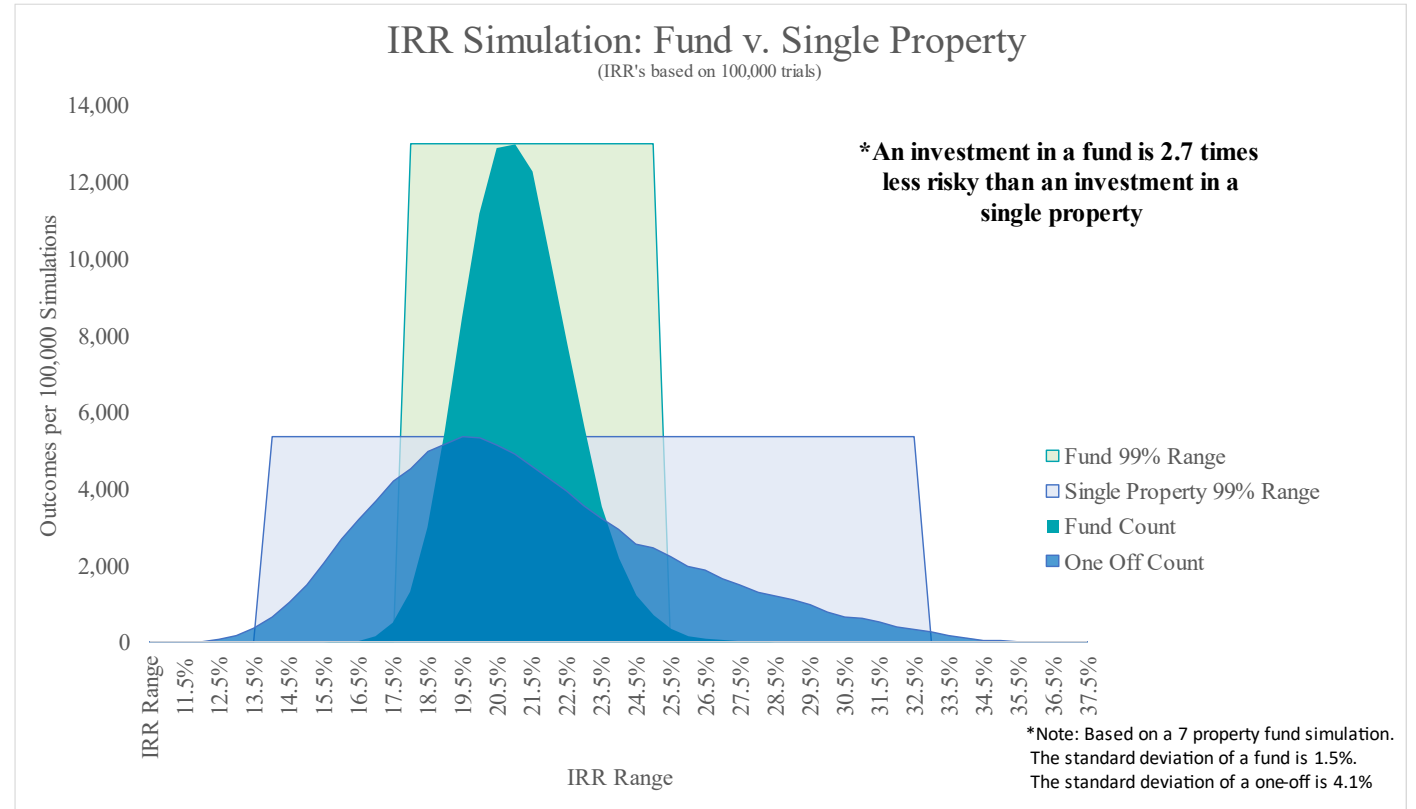


# Appendix



# BENEFITS OF INVESTING IN A FUND

- ✓ Spreads out investor equity over multiple acquisitions
- ✓ Greater exposure to investments in various markets and asset classes
- ✓ Ability to invest in different individual property business plans and hold periods
- ✓ Provides the opportunity to participate in upside on property price appreciation upon sale, refinances, and supplemental loans
- ✓ Diversification offers the ability to reduce risks while offering the potential for higher returns
- ✓ Potential tax benefits for investors such as pass through depreciation opportunities and 1031 exchanges



*This chart illustrates the rewards of diversification by investing in a fund versus a single property investment, we decided to model a simulation of each. One half of the model demonstrates the returns of a single investment with randomly generated annual returns and IRR's that are within range of Ashcroft's historical returns. The other half of the model incorporated an identical set of parameters, but pools the returns of 7 properties together into a fund. We then ran a simulation for each circumstance 100,000 times. Under these parameters, the results show that a single property investment has a standard deviation that is 2.7 times greater than investing in a fund.*

*\*The diversification of a fund leads to reduced volatility. However, there are other risks to take into consideration that are outlined in detail in the private placement memorandum that may affect the overall performance of the fund*

# Anticipated Debt Terms

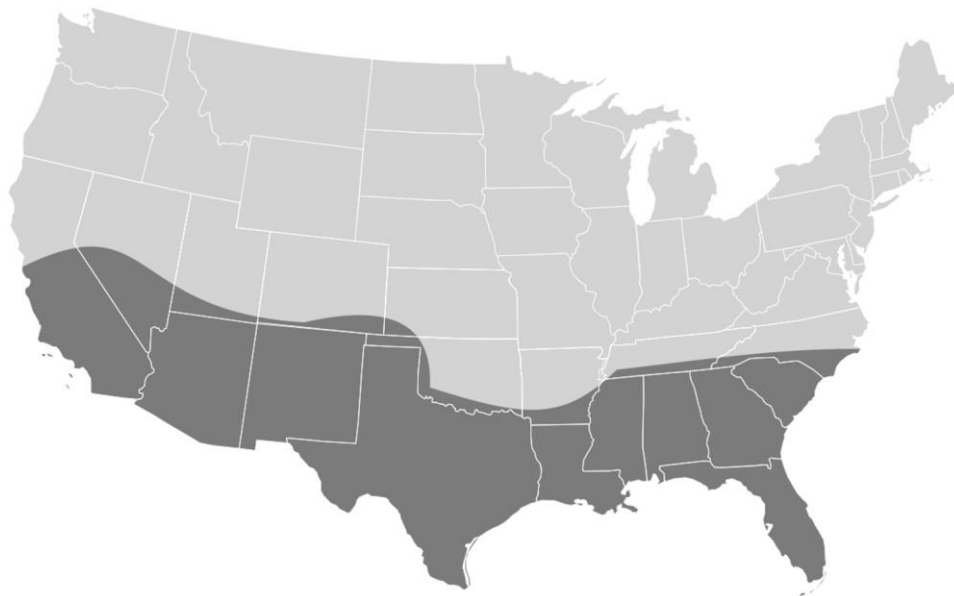
Target Debt Terms – Agency*	
Lender	Freddie Mac or Fannie Mae
Loan-to-Value	50% to 65% of Purchase Price
Term	5, 7, 10, or 12 Years
Interest Only	Up to 72 Months
Amortization	30-Year Amortization after I/O Period
Fixed Interest Rates	5.50% to 6.25%
Floating Interest Rates	SOFR + 200 to 225 Basis Points
Rate Cap	Purchased on Floating Rate Loans to Protect Against Extreme Interest Rate Movement
Prepayment	Yield Maintenance on Fixed Rate Loans or 1% on Floating Rate Loans

Target Debt Terms – Private Loan*	
Lender	Insurance Companies, Banks, Debt Funds
Loan-to-Value	60% to 70% of Total Capitalization
Term	3-5 Years
Interest Only	Up to 60 Months
Amortization	30-Year Amortization after I/O Period
Interest Rates	SOFR + 325 to 400 Basis Points
Rate Cap	Purchased on Floating Rate Loans to Protect Against Extreme Interest Rate Movement
Prepayment	Limited Penalty after Short Lockout Period

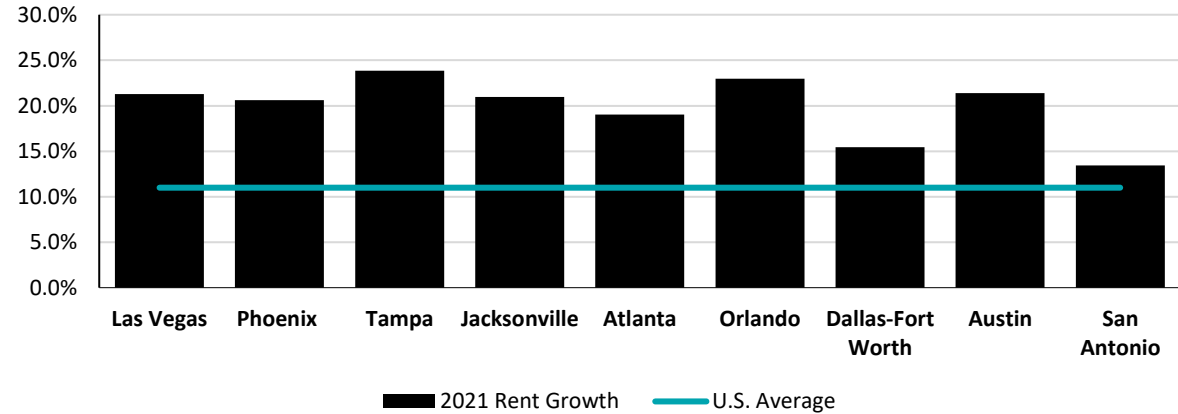
*\*Illustrative of typical loan terms. Actual loan terms may vary.*

# Why the Sunbelt Market?

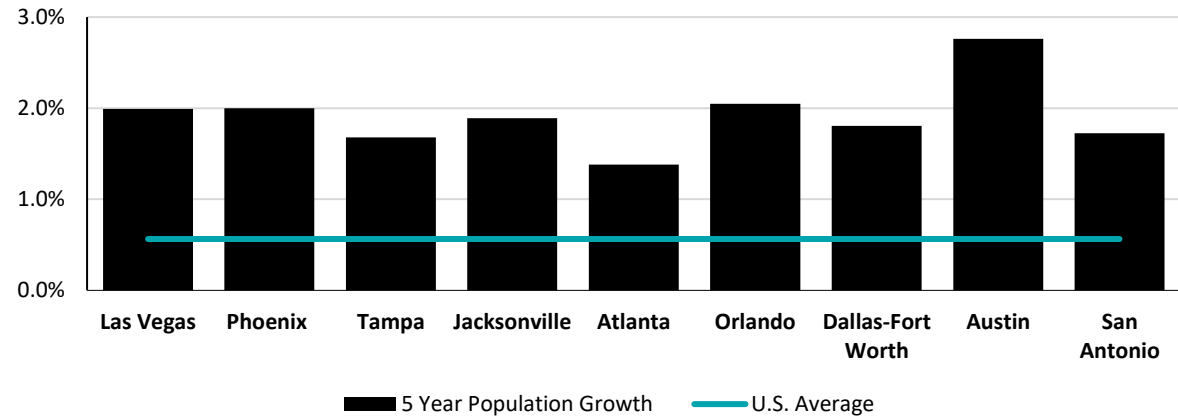
- The average population growth in the major Sun Belt markets has outpaced the U.S. Average by nearly double in the last five-years. The top seven metropolitan areas for population growth in 2021 were all in the greater Sun Belt region.<sup>1</sup>
- Over the next decade, the Sun Belt population growth is expected to accelerate by another 19 million (+13%), whereas non-Sun Belt states are forecasted to rise by only 3 million (+2%).<sup>2</sup>
- Due to friendly tax environments, individuals and businesses are motivated by the greater economic opportunity and affordability throughout the Sun Belt region. As seen by the relocation and expansion by major companies like; Tesla, Oracle, JetBlue Airways, Toyota, Apple and Amazon.<sup>3</sup>
- The rapid population and job growth has created strong demand for multifamily housing as evidenced by the strong rent growth across major Sun Belt metros (see chart to right).



2021 Market Rent Growth<sup>1</sup>



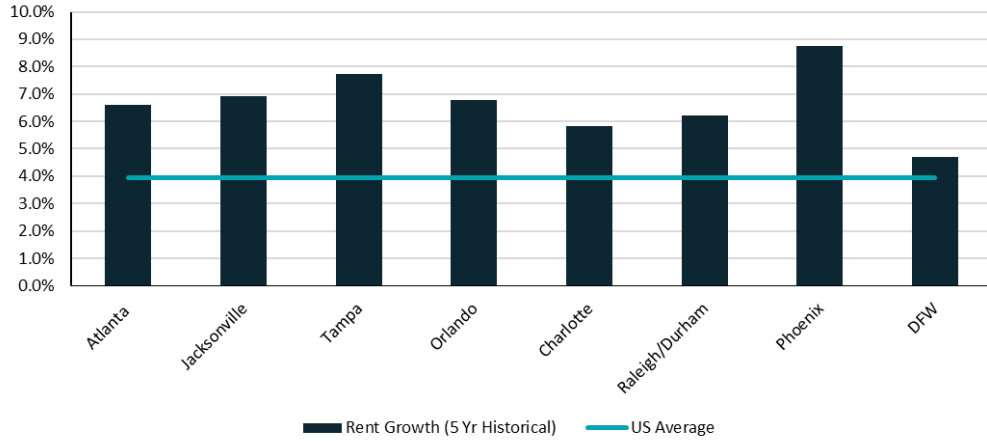
5 Year Average Population Growth<sup>1</sup>



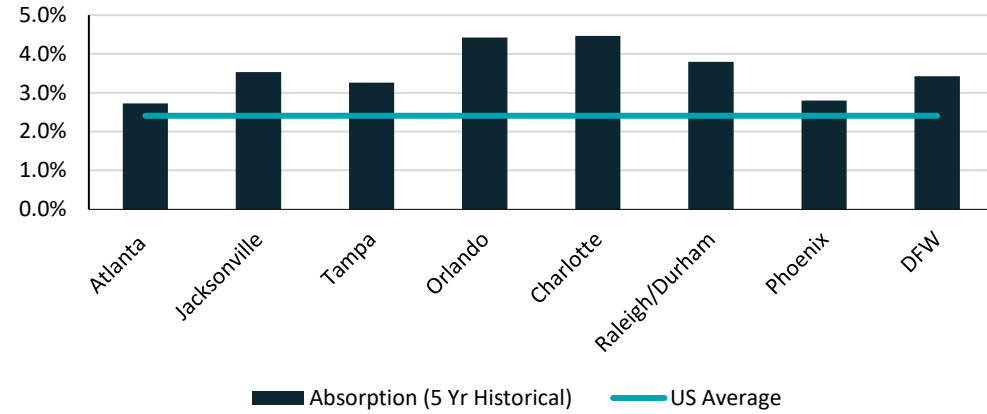
\*Sources: CoStar United States Multi-Family National Report, "The Rise of the U.S. Sun Belt" (Clarion Partners, 2019), "South Florida in 2021: Who's Moving Down Here" (NAI Miami, 2021)

# Target Market Statistics

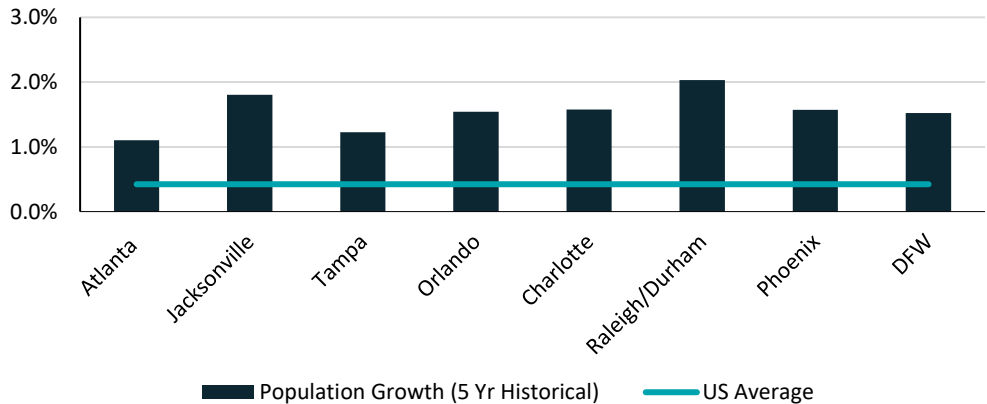
Rent Growth (5 Yr Historical)



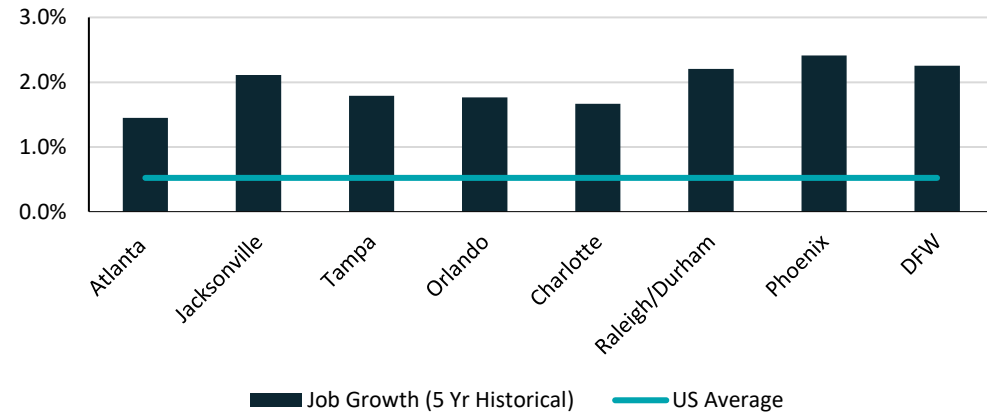
Absorption (5 Yr Historical)



Population Growth (5 Yr Historical)



Job Growth (5 Yr Historical)



ASHCROFT CAPITAL  
**ACQUISITIONS**

Ashcroft utilizes a disciplined investment approach that focuses on targeting high-quality, well-located properties. We aim to identify assets in markets with strong multifamily fundamentals, employment growth, population growth, and other key demand drivers. Ashcroft Capital has a targeted investment focus on well-located properties in Texas and throughout the Southeast where thoughtful capital improvements and operational efficiencies can create significant value. All of the properties we acquire have value-add opportunities that include the ability to reposition the asset through capital improvements and upgrades, renovating the interior units, improving operations, decreasing expenses, and creating other revenue generating projects. **Every property has a unique business plan** that is formulated with input from all aspects of the company in order to maximize investor returns while carefully focusing on preserving investors' capital.

In order to provide attractive opportunities for investors, Ashcroft utilizes its strong relationships and respected reputation within the markets to source acquisitions. As a result, approximately 40% of the properties purchased have been acquired via off-market transactions. Additionally, our experience within the lending community enables us to finance acquisitions with debt that best aligns with the successful execution of the business plan.

SELECT TRUSTED RELATIONSHIPS<sup>1</sup>

**Goldman Sachs**

**Strategic Partners**

**FUND SOLUTIONS**

*A Blackstone Affiliate*

**LANDMARK PARTNERS**



**KKR**



**Prudential**



**HARBOR GROUP  
INTERNATIONAL**



**STARWOOD  
CAPITAL GROUP**

**Rialto**



**CAPITAL MANAGEMENT**

**HEITMAN**

A REAL ESTATE INVESTMENT MANAGEMENT FIRM

**PROSPECT CAPITAL**

**BRIDGE  
INVESTMENT  
GROUP**

**DRA  
ADVISORS**

<sup>1</sup>The names of certain project partners are provided for illustrative purposes only and do not represent all lenders, sellers and intermediaries with which Ashcroft has engaged. There can be no assurance that Ashcroft will continue to associate with any partner and the inclusion of these partner names does not constitute an endorsement.





ASHCROFT CAPITAL

# ASSET MANAGEMENT

Ashcroft Capital deploys a targeted, **hands-on approach to asset management** by carefully executing the business plans of each asset under management. Some common initiatives include a comprehensive renovation package tailored to our resident demographic, the reserved parking and carports, fenced-in patio yards, the addition of washer dryer units, new cash flow producing telecom contracts, and many more. Ashcroft Capital leverages our extensive network of vendors to achieve scale pricing on goods and services that create value at the asset level. These measures include property tax protesting, portfolio-shared contracts of landscaping and security, green initiatives, and the addition of valet trash to enhance the resident experience. At the corporate level, Ashcroft Capital monitors each asset with the execution of the business plan as the ultimate goal. Some of these tasks include daily monitoring of occupancy and trends, reoccurring deep dives into financials to find patterns and explore course-correcting initiatives, complete oversight of our CapEx projects, a robust monthly reporting package to our investors and annual cost-segregation analysis. By utilizing this granular asset management strategy, Ashcroft Capital provides a thoughtful and transparent investor experience that stimulates value creation and rapid de-risking of investments at the asset level and within the capital structure.

**Occupancy and  
Trend Monitoring**

**Revenue  
Management**

**CapEx  
Tracking**

**Robust LP Financial  
Reporting Capabilities**

**Aggressive Property  
Tax Protesting**

**Debt Management  
and Reporting**

**Expense Management  
and Reduction**

**Cost Segregation  
Analysis**



## OUR KEY INGREDIENTS

# LEVERAGING OUR AGILITY

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We built Birchstone Residential with growth in mind. Therefore, **scalability and agility** are in our DNA. The strategic formation of our key departments and selection of our software partners positions the company to evaluate business decisions quickly and decisively.

The combined industry experience of 175 years within our executive team allows Birchstone to challenge the status quo in an antiquated industry. We foster a dynamic culture that **embraces innovation and technology** to ensure we stay agile as market trends shift. We're equipped to leverage the well-informed decisions we make quickly and efficiently.



BIRCHSTONE RESIDENTIAL

# MANAGEMENT PHILOSOPHY

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One of our core beliefs is to keep the number of properties our regional managers are assigned low. This maximizes the number of days our regional managers can spend on-site at each community. The result: Greater focus on our business drivers and greater support of our teams.

In addition, our **regional maintenance director** assists with coaching and developing our onsite maintenance teams as well as overseeing the implementation of our flagship maintenance programs. In our industry, maintenance has the highest staff turnover. Therefore, we created this position to improve the employee experience and decrease that turnover. This lowers expenses and improves resident satisfaction and NOI at properties. The regional maintenance director role is also the key driver between Birchstone Construction and the on-going renovation programs at each property.

**5-7**

Average Number of  
Properties per  
Regional Manager

**175+**

Years of Property  
Management  
Experience



CUSTOMIZED, HIGH-QUALITY  
RENOVATIONS BY

# BIRCHSTONE CONSTRUCTION

Our residents deserve communities they are proud to call home — communities enhanced with allocated capital expenditures designed to provide an upgraded lifestyle. The benefit of having an in-house construction management team allows the primary focus to only be on value-add projects within our portfolio.



**COST REDUCTION ACHIEVED BY USING DEDICATED IN-HOUSE CONTRACTORS**



**DIRECT IN-HOUSE RELATIONSHIPS CONTROLS COST AND BOOSTS ROI ON CAPITAL SPENT**



**COST SAVED THROUGH BULK PURCHASING DIRECTLY FROM MANUFACTURERS AND LOCAL WAREHOUSES**







**\$30MM \$100MM+ 65**

**Budgeted - 2022**

**Projects Completed  
To Date**

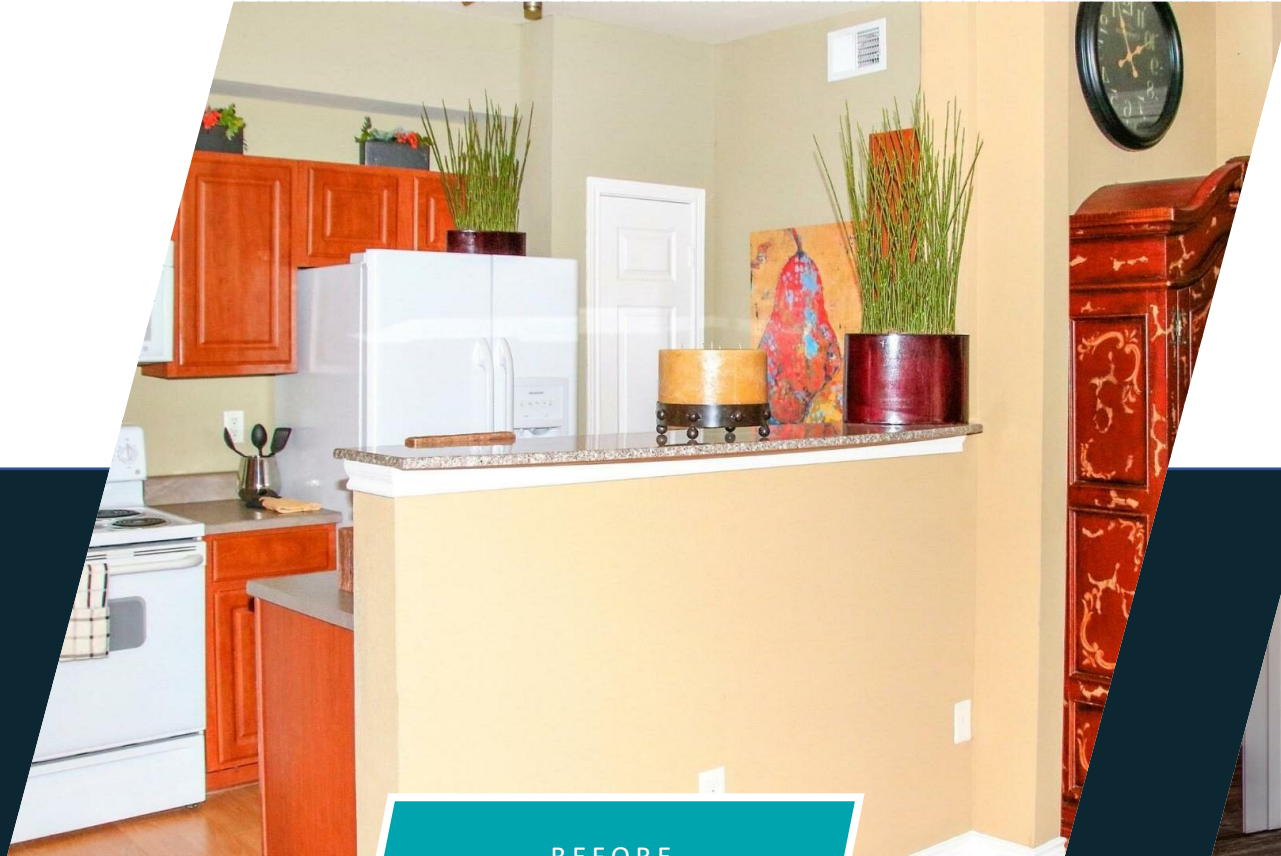
**Years of Real  
Estate Experience**

# Birchstone's Experienced Leadership Team

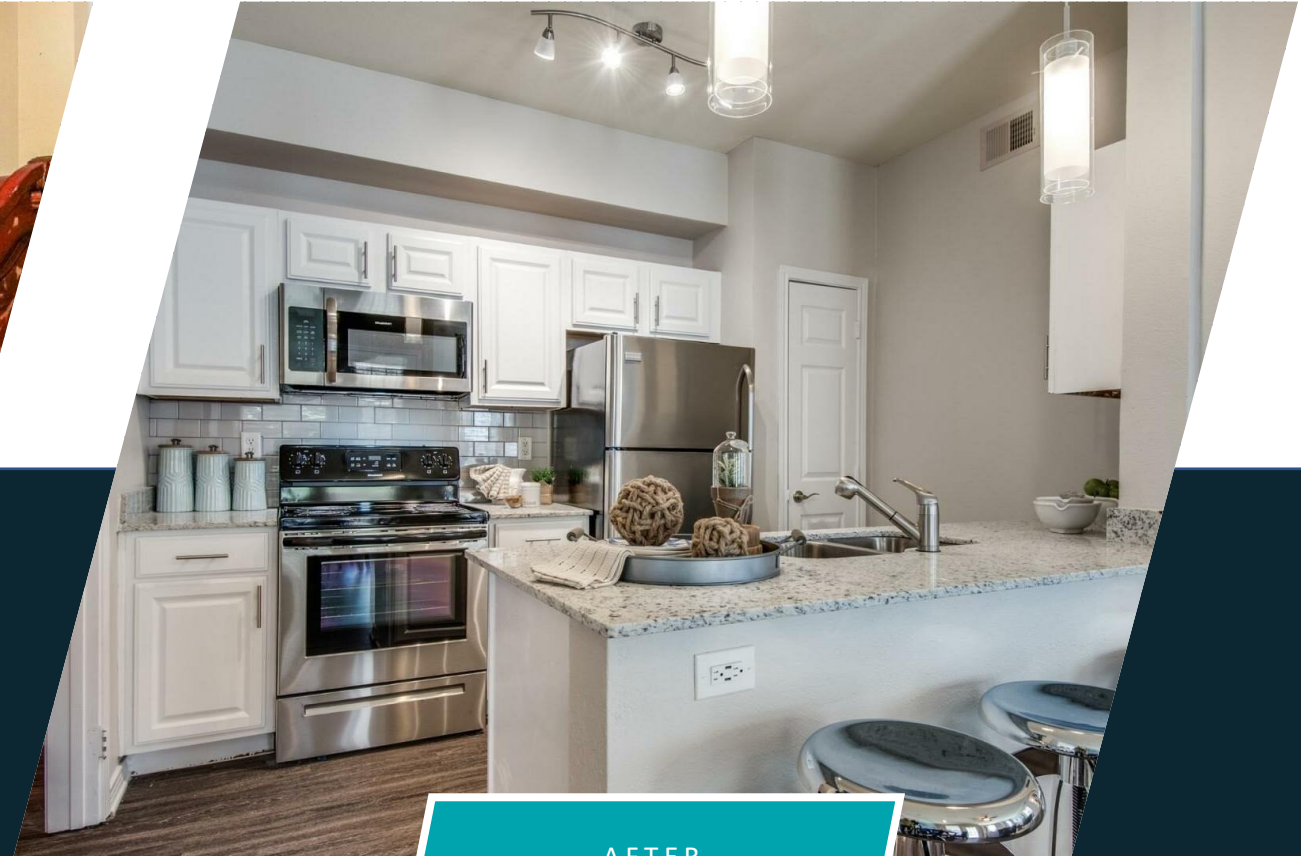
Management Team	Biography
 <p><b>David Deitz</b> <i>President</i></p>	<ul style="list-style-type: none"><li>• Mr. Deitz has more than 30 years of diverse experience in property management operations comprising 50,000 apartment units, 2,500 condominium units, and 500,000 square feet of commercial and mixed-use space.</li><li>• Since founding Birchstone Residential in 2020, Mr. Deitz has built a growing corporate team of 26 and total staff of 207 to support his vision for an industry-leading management company grounded in a strong philosophy and culture: 'People serving People', where team members are valued, developed, and inspired.</li><li>• As President of Birchstone Residential, Mr. Deitz navigates the company's strategic course direction and oversees the processes and personnel to support its growth.</li></ul>
 <p><b>Sergio Chidichimo</b> <i>Senior Vice President of Operations</i></p>	<ul style="list-style-type: none"><li>• Mr. Chidichimo has over 15 years experience in operations managing over 28,000 Class A and Class B multifamily communities across 4 states.</li><li>• Mr. Chidichimo has served as Director of Property Management at Lantower Residential, where he vertically integrated his department to triple the Class A platform to 8,300 apartments across 12 markets.</li></ul>
 <p><b>Keith Hughes</b> <i>Vice President of Construction</i></p>	<ul style="list-style-type: none"><li>• Mr. Hughes has over 25 years of industry experience, where he has managed the day-to-day field operations on multiple multimillion dollar construction projects.</li><li>• Prior to joining Birchstone, Keith served as Regional Construction Manager for BH Management, where he spearheaded over \$60 million in capital projects, including acquisitions, value add, insurance and non-recurring capital expenditures spanning a 12-state region.</li><li>• As Vice President of Construction, Mr. Hughes and his team of 15 are responsible for all components of the construction process, from assisting on acquisitions and blueprint designs to budgeting and scheduling construction plans.</li></ul>
 <p><b>Nicole Zdeb</b> <i>Director of People Services</i></p>	<ul style="list-style-type: none"><li>• Ms. Zdeb has more than 25 years of experience in the human resources field within various sectors of hospitality, retail, in-home healthcare, and property/casualty insurance.</li><li>• As Director of People Services at Birchstone Residential, Ms. Zdeb deploys her demonstrated strengths in employee relations management, strategic planning, and recruiting to align policies, practices and procedures with company values.</li><li>• Ms. Zdeb is responsible for executing on Birchstone's vision to be an employer of choice, with attractive benefit programs and career paths that attract and retain exceptional people.</li></ul>
 <p><b>Melanie Stiles</b> <i>Vice President of Marketing</i></p>	<ul style="list-style-type: none"><li>• Ms. Stiles has more than 25 years of experience in multifamily, having provided marketing expertise and thought leadership for both publicly traded and private companies across her very successful tenure.</li><li>• Prior to joining Birchstone, Ms. Stiles served as Vice President of Marketing at Highmark Residential, where she developed and carried out the company's communication and integrated marketing strategies for more than 90,000 apartment homes across the United States.</li><li>• As Vice President of Marketing, Ms. Stiles oversees Birchstone's integrated marketing communication, customer acquisition platform, and brand image.</li></ul>
 <p><b>Jenny Schoellhorn</b> <i>Director of Learning and Development</i></p>	<ul style="list-style-type: none"><li>• Ms. Schoellhorn has more than 10 years of experience in property management, recruiting, marketing, training and development.</li><li>• As Director of Learning and Development, Ms. Schoellhorn leads a team that provides Birchstone executives and associates at all levels with peer coaching, mentorships and training materials and programs to empower them to achieve their potential.</li></ul>

Avery

# Interior Renovation



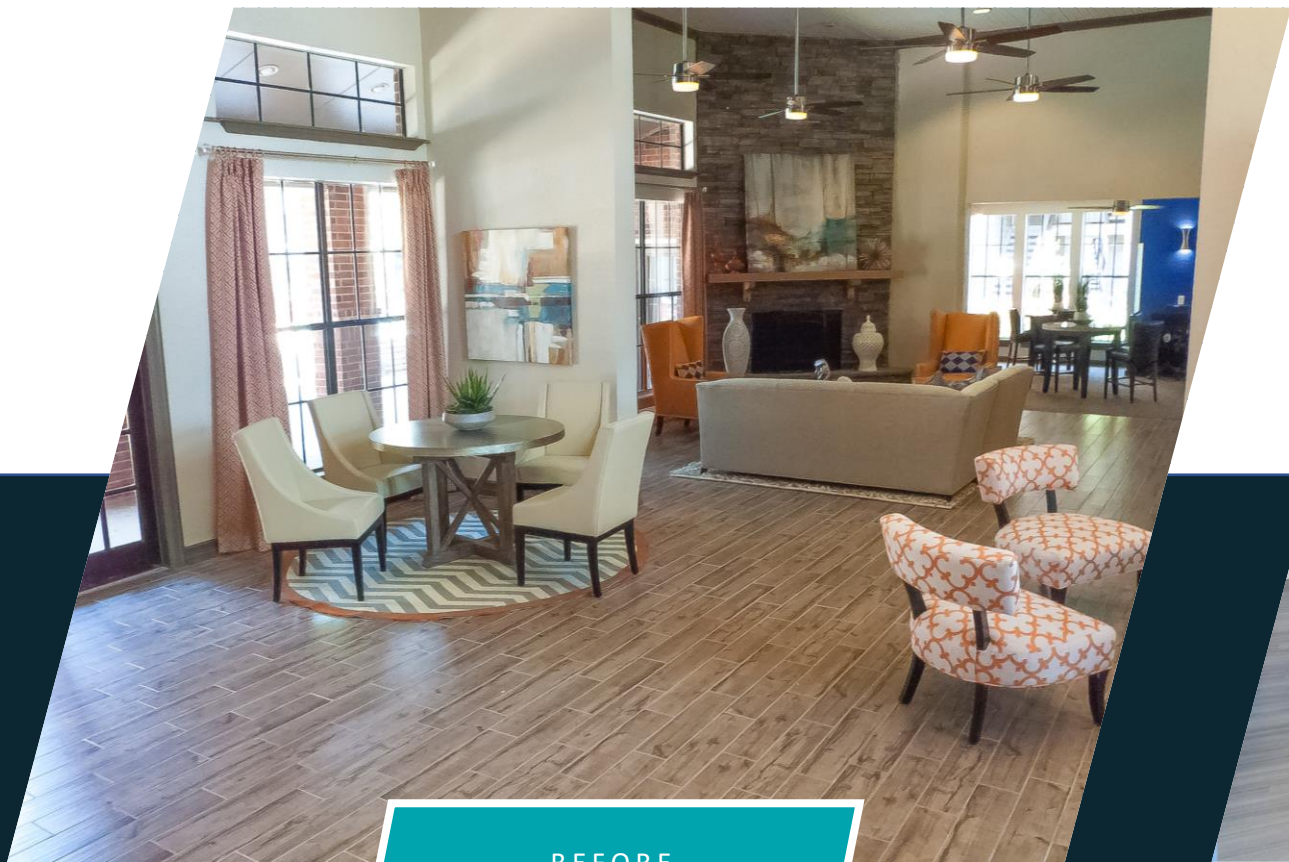
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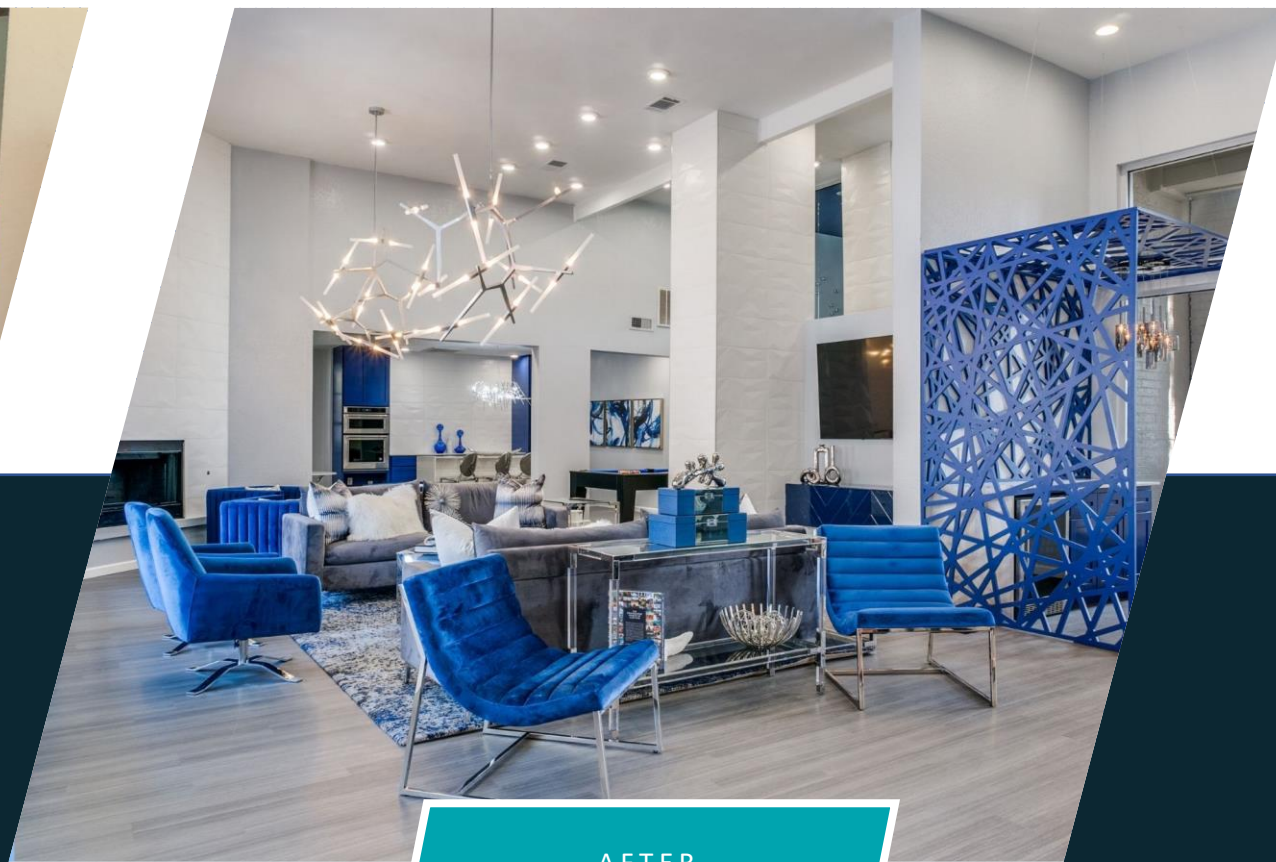
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Devon on Northgate

# Clubhouse Renovation



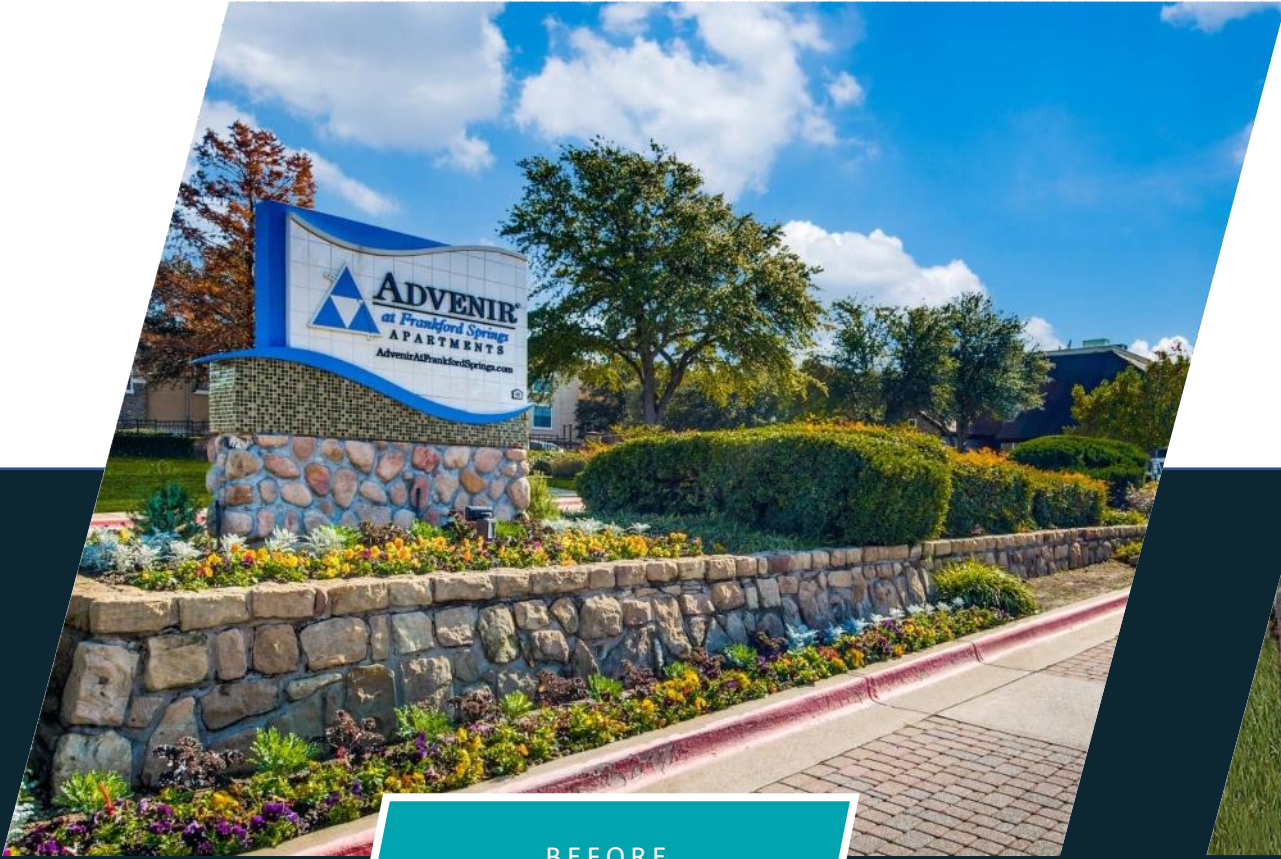
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AFTER

Halston on Frankford

# Signage Renovation



BEFORE

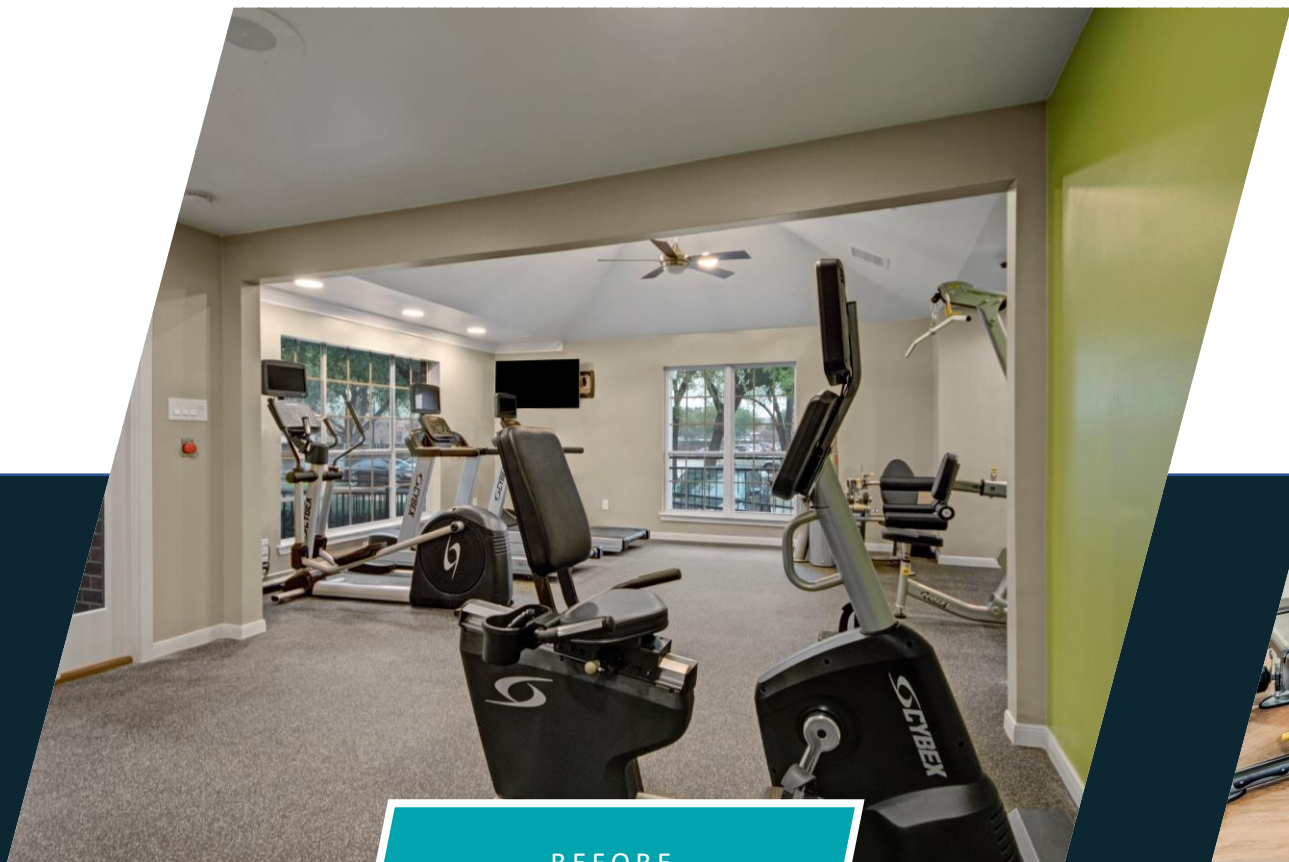


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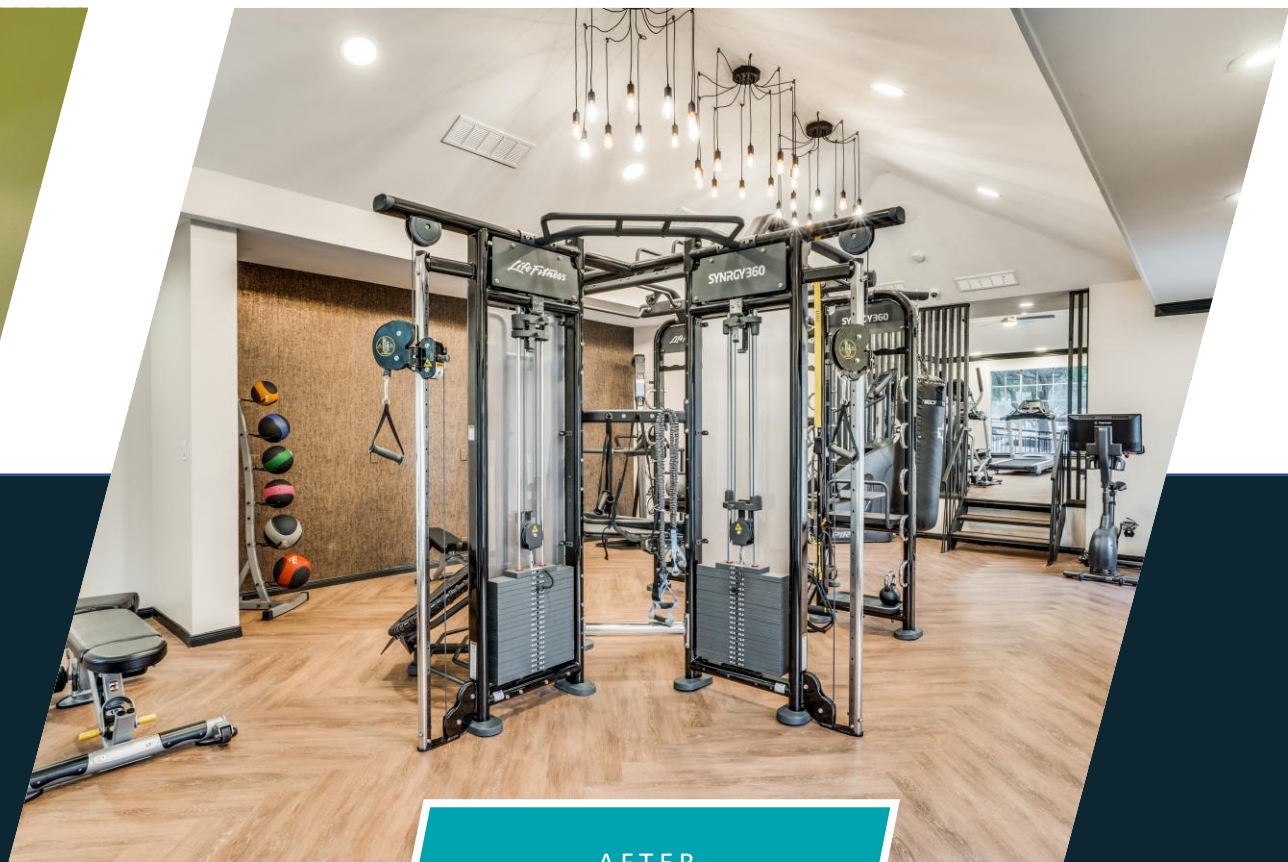


Oaks at Valley Ranch

# Fitness Center Renovation



BEFORE



AFTER

The Anthem

# Outdoor Lounge Renovation



BEFORE



AFTER

# DISCLAIMERS

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*The Class B Limited Partners projected annual returns are based on proforma cash flows, the Class B coupon amount, and projected distributions based upon operations and projected disposition of investment asset. The Class B coupon remains 7% per annum of investors capital contribution which shall accrue until distribution by the general partner of the Company in its sole discretion.*

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