

Waterlake Investment Incentive

Ashcroft Capital is offering an incentive to investors based on the equity amount they invest in the Waterlake 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*.

As an example, if the Waterlake Fund hypothetically returns a gross IRR of 20.0%, investors who invest more than \$100,000 would receive additional upside. In this hypothetical scenario, an investor who invested in the \$250,000 – 499,999 range would receive a 16.4% IRR and 18.5% annualized cash-on-cash return whereas an investor who invested in the \$500,000 – \$999,999 range would receive a 17.2% IRR and a 19.8% cash-on-cash return.

Please note the table below is meant to only be used to illustrate the upside benefits for investing more.

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 \$100,000 investor is not making less money when a \$1,000,000 investor receives additional upside.

<i>Investment Tier</i>	<i>Coupon Rate</i>	<i>LP/GP Split</i>	<i>LP IRR</i>	<i>LP Equity Multiple</i>	<i>LP Avg CoC (inc Sale)</i>
\$100,000 to \$249,999	7.0%	<u>75%</u> / 25%	15.5%	1.86x	17.3%
\$250,000 to \$499,999	7.0%	<u>80%</u> / 20%	16.4%	1.93x	18.5%
\$500,000 to \$999,999	7.0%	<u>85%</u> / 15%	17.2%	1.99x	19.8%
\$1,000,000 - \$1,499,999	7.0%	<u>90%</u> / 10%	18.0%	2.05x	21.1%
\$1,500,000+	7.0%	<u>100%</u> / 0%	19.5%	2.18x	23.7%

**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*

**** Once Limited Partners (LPs) have received a 7% return, the General Partner (GP) will receive any catch-up distributions necessary to achieve a retroactive 70/30 split. This distribution structure applies until the 7% return has been distributed to all LPs.*