



RETREAT

A photograph of a large, light-colored stone sign for "RETREAT AT RIVERSIDE Apartment Homes". The sign is mounted on a wall and features a decorative arched top. Below the main name, it says "AT RIVERSIDE" and "Apartment Homes" in a smaller font. The background shows green trees and a clear sky.

AT RIVERSIDE
Apartment Homes



Frequently Asked Questions

A large, white, serif font text overlay on a dark blue background. The text is centered and spans across the width of the image.



VALUE-ADD FUND

Thank you for your interest in the Ashcroft Value-Add Fund. We have prepared this document to help address commonly asked questions we have been receiving regarding the launch of the Ashcroft Value-Add Fund. We are always available for further questions, should you have any.

For questions, please contact:

For Fund or Property Specific Questions:

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[Click here to access the Ashcroft Value-Add Fund website](#) 

[Click here to listen to the Ashcroft Value-Add Fund Call](#) 



GETTING STARTED

For your convenience, we linked [some questions in this FAQ Guide](#) to the conference call Ashcroft co-founders Joe Fairless and Frank Roessler conducted in regards to the Fund. That way, if you see a question you're interested in hearing us talk about more, you can simply click the link and it will take you directly to the spot where we discuss that topic.

How do I get started?

Your first step is to [set up your portal account here](#). Once your portal account is setup, sign-in to view the offerings and submit your commitment.

Upon submitting your commitment, you will then receive a confirmation email outlining the steps required to formalize your commitment.

These are:

1. Submit verification letter of accredited status;
2. Execute legal documents electronically; and
3. Fund commitment to title company.

Funding must be completed within 3 business days from commitment placed.

What is the minimum investment?

\$25,000

Will there be capital calls?

We do not anticipate making capital calls. When you are ready to commit to the fund, we will ask

that your entire commitment be funded at that time.

However, should additional capital be needed, we retain the rights to do so in the subscription agreement. Please refer to these legal documents for more details.

Can I invest with my retirement account? Self-directed IRA, Solo 401k, etc.?

Yes. As long as your retirement funds are in an account that allows for your investment discretion, i.e. Self-directed IRA, we can accept these investments.

[Can I increase my commitment throughout the fund?](#) [↗](#)

Yes, with a minimum increase of \$25,000. You will simply sign another subscription agreement, provide an update verification letter if needed, and fund the increased amount. Your increase will become effective on the 1st of the following month upon completion of all requirements.



Am I able to commit a larger amount now, but fund as needed?

No. However, you are able to increase your commitment at any time throughout the capital raise period of the Fund. While there is currently no specified closing date for the capital raise period, we reserve the right to close the capital raise period at any time. Therefore, we recommend that you commit to and fund an investment amount that you're comfortable with now instead of anticipating the fund being open later.

Do I have to invest more each time you send out a new deal?

No. You can make your single investment and continue to receive the benefits of exposure to every asset in the fund. However, you are always welcome to increase your investment at any time throughout the capital raise period.

DISTRIBUTIONS/RETURNS

What is the difference between the Class A and B shares? [↗](#)

Class A will continue to offer a 10% coupon with limited upside.

Class B will continue to offer 7% coupon with more upside potential. Please refer to the Subscription Agreement for details on the promote structure.

When will distributions begin and how frequently will they be paid out? [↗](#)

Upon receipt of executed subscription documents, verification letter and funds, your investment will start the first of the following month. Distributions are anticipated to be paid the following month and continue monthly thereafter. For example, for all investors completing the required steps in June, they will have a July 1 start date, and the first distribution is anticipated to be paid in August for July's operations.

What happens if I invest “today” but your next property doesn't close for a few months?

Your investment is not tied directly to any specific property, but rather the entire portfolio of properties the Fund has and will acquire. Upon receipt of all three required items (see Getting Started), your investment will begin the first of the following month.

How will distributions occur as assets are sold off? [↗](#)

We will distribute the proceeds of sale of each asset in accordance with the waterfall outlined in the private placement memorandum. For practical purposes, investors are anticipated to receive their share of the proceeds from the sale of each asset, as they occur.

Is the carried interest calculated at the fund or asset level? [↗](#)

All carried interest/waterfall distributions will be calculated based on the overall returns of the fund. General Partners will not take a promote until the Class B equity hit certain thresholds of the waterfall. Please see the private placement memorandum for a more detailed explanation.

How are the monthly distributions calculated throughout the fund?

We anticipate year 1 distributions to be paid at 5.6% annual to the Class B investors, in monthly installments. Please refer to the Fund investment summary package for projected annualized returns thereafter.

How are you benchmarking distributions/returns?

We will have a set of return parameters outlined for the fund and the Fund investment summary package that align with the asset type we have historically purchased and are continuing to seek for the Ashcroft Value-Add Fund.

FUND OPERATIONS

How many properties do you anticipate will be in the fund?

We are anticipating acquiring 5 to 7 value-add multifamily assets.

What is the life of the fund?

We anticipate divesting of all Fund assets within the first 7 years. However, we also anticipate several capital events happening much earlier, such as individual property refinances and dispositions in year 3 and beyond. We did not underwrite this in our projections because we always want to remain conservative. However, a capital event could return significant capital back to investors early in the life of the Fund.

What happens if you cannot sell all of the assets before the fund ends?

Just like our single-property investments, we want to make sure that we sell our properties during the best possible time of a real estate cycle. Therefore, we have a defined life of the Fund of seven years plus two, one-year extensions. This allows adequate time, nearly twice our anticipate hold, to sell all the assets while also giving surety of a defined end date.

How much is Ashcroft investing in the fund?

The sponsor is investing \$1 million initially, and adding a minimum of \$200,000 per property, for each property purchased in the fund.

What are the fees?

The Fees paid to General Partner are as follows:

- Acquisition Fee: 2.85% of purchase price of asset
- Disposition Fee: 1% of sale price of asset
- Asset Management Fee: 1% of equity raised
- Administration Fee: 0.25% of equity raised

What type of reporting will I receive?

You will receive monthly email updates by the final Thursday of each month with quarterly financial reports uploaded to your investor portal. You will receive a K-1 anticipated to be provided by March 31st of each year, also securely uploaded to your investor portal.

How long will you be raising capital?

We will keep the fund open until we achieve our equity goal or 12 months plus one, six-month extension, whichever comes first. We anticipate achieving our goal well within the initial 12-month period and we have the right to close the capital raise period at any point. We recommend investing as soon as you are comfortable to make sure you have a spot.

How long will you be placing the capital?

We anticipate allocating all of the capital within

12 months of opening the fund.

Will the loans be cross-collateralized within the fund?

No.

What is my liability as an investor?

Investors are coming in as limited partners. Limited Partners liability generally will not exceed (1) the amount of its Capital Contributions, (2) its share of any assets and undistributed profits of the Partnership, (3) its obligation to make other payments expressly provided for in the Limited Partnership Agreement, and (4) the amount of any distributions wrongfully distributed to it.

Is this an evergreen fund or open-ended fund?

No, this is a closed-ended fund.



TAX MATTERS

How are taxes treated? [↗](#)

Ashcroft is not a tax advisor and we recommend you reach out to your tax advisor to understand the effects for you. You will receive a single federal K-1 and a single state K-1 for each income tax state we own assets in. We will be preparing composite tax returns for those states that require tax filings on behalf of all out-of-state investors, relative to the respective states. Investors are able to opt-out of the composite filing.

We will continue to operate the assets in the most tax advantageous way possible, including the use of Cost Segregation Studies.



LIQUIDITY/DISPOSITIONS

Will I be able to get my money out before you sell all the assets?

Your investment will be considered an illiquid investment, so anticipate that your capital will be committed throughout the life of the Fund. However, we will be distributing proceeds from sales and refinances according to the waterfall, and we anticipate achieving both throughout the Fund, likely creating early capital events.

Can I 1031 exchange my investment?

We cannot accept 1031 proceeds into the Fund. Our goal is to offer investors the opportunity to 1031 their portion of proceeds **out of the Fund** into another Ashcroft investment, which may defer realization of gains. If Ashcroft offers the Limited Partner's the opportunity to participate in a 1031 or similar exchange, this election will take place at the time of disposition of any single asset within the Fund.

UPDATES/CHANGES

Is Ashcroft going to be offering single asset investment options in the future?

We are focused on the Fund model for the foreseeable future and believe it offers very strong advantages, notably diversification, for your investment relative to the single asset investments.



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