



ASPEN FUNDS®



ACCELERATED  
CAPITAL

# MADISON OVERLAND PARK

*Multifamily Investment Opportunity*

**OFFERING MEMORANDUM**

Q4 2023

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# Agenda

- TEAM & TRACK RECORD
- INVESTMENT OVERVIEW
- MACRO TRENDS
- MARKET OVERVIEW
- PROPERTY OVERVIEW
- THE NUMBERS
- QUESTIONS
- NEXT STEPS

# About Us

## WE HAVE 3 MAIN FOCUSES AT ACCELERATED CAPITAL

1. We are obsessed with finding the very best operators and investments.
2. We are obsessed with safety and security. Preservation of capital is our top priority.
3. We are obsessed with providing a world class experience for our clients.



# ACCELERATED CAPITAL MANAGEMENT TEAM



## TOBY HANSON

*FOUNDER & MANAGING DIRECTOR*

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Mr. Hanson has almost 20 years of experience in real estate. He is the creator of Hybrid Real Estate Investing, the Freedom Investing Formula, and is currently writing a book on Investing Lies and Myths. His passion is helping others create cash flow and build generational wealth using private equity real estate.



## JUSTIN MOY

*CHIEF INVESTMENT OFFICER*

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Mr. Moy got started in real estate as an agent when he was 18 years old and has loved the industry ever since. His career has taken him from brokering properties to owning and operating large deals from 40 - 144 units. Justin now specializes in helping create large funds to give retail investors access to institutional sized offerings.

# ASPEN FUNDS MANAGEMENT TEAM



## BOB FRASER

*CO-FOUNDER & CHIEF FINANCIAL OFFICER*

Mr. Fraser has 20+ years experience in finance, investing and technology and has held several CFO and CTO positions. Fraser is a former E&Y entrepreneur of the year winner when he founded a technology company that became one of the fastest growing companies in the Midwest reaching 250+ employees. He was magna cum laude graduate of U.C. Berkeley's computer science program.



## JAMES MAFFUCCIO

*CO-FOUNDER & MANAGING DIRECTOR*

Mr. Maffuccio has 30+ years full-time experience in real estate investing and is an award-winning real estate developer. Maffuccio is an expert in development, mortgage notes and is deeply networked in the secondary mortgage industry, holding key relationships with primary sources, note buyers and sellers, and service providers.

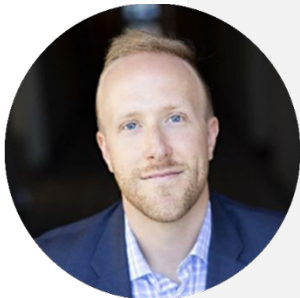
# ASPEN FUNDS MANAGEMENT TEAM



## DAN SCHULTE

*MANAGING DIRECTOR & CHIEF OPERATING OFFICER*

Mr. Schulte has 20+ years' experience in asset management, private equity and real estate and has held senior management positions with several entities, both public and private. Schulte is formerly the SVP and General Counsel for Waddell & Reed, a publicly traded mutual fund company. He began his career as a corporate securities attorney in the private practice of law for a boutique securities law firm and as a tax accountant for Ernst & Young.

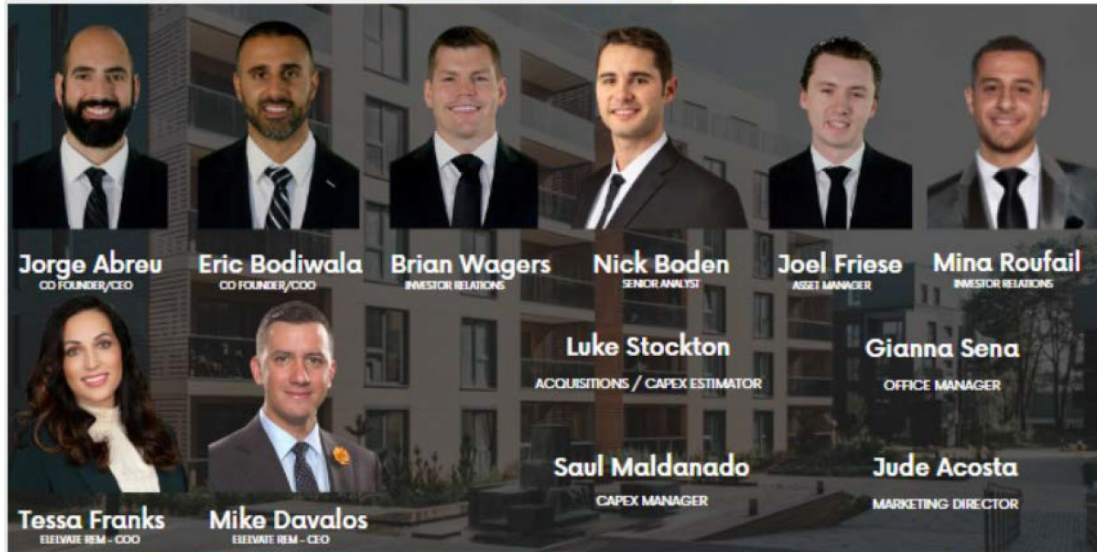


## BEN FRASER

*MANAGING DIRECTOR & CHIEF INVESTMENT OFFICER*

Mr. Fraser is responsible for capital markets. Mr. Fraser has experience as a commercial banker and underwriter, as well as working in boutique asset management. Ben is a contributor on the Forbes Finance Council. He is also a co-host of the Invest Like a Billionaire™ podcast. He completed his MBA from Azusa Pacific University, and his B.S. in Finance from the University of Kansas, graduating magna cum laude.

# CO-SPONSOR TEAM



Elevate Commercial Investment Group, based in Dallas, Tx, is a multifamily investment firm **with over \$550M in assets under management.**

A vertically integrated firm, Elevate specializes in value-add multifamily real estate and focuses on maximizing value on every asset. Rather than attempting to predict the market cycles, their focus is acquiring cash flowing apartment communities within large, well-located U.S. metros.

Years of Experience	Units Acquired	Don't Wait Elevate	Units Exited	AUM
45	6,819		1,612	\$550,000,000

# OUR PROCESS FOR IDENTIFYING DEALS

We source deals from dozens of institutional size sponsors.

To date we've accepted just 1% of deals we've seen.

We look for a combination of risk mitigation, upside potential, and sponsor experience

1

Identify key macro trends in play and likely to continue.

2

Identify best asset classes & investment strategies that will benefit from those trends

3

Assemble best-in-class teams & investor friendly structures

# OUR PROCESS FOR IDENTIFYING DEALS

Once we identify a strong sponsor with a strong deal we:

1. Underwrite the deal to our standards and stress test
2. Conduct due diligence on the market, the asset, the asset class, and business plan
3. Co-invest





## TRACK RECORD

Aspen Funds has an excellent 10-year track record as an operator in multiple asset classes.



**\$150M**

Investor Capital  
Managed



**\$300M**

Assets Under  
Management



**10+**

Years Track  
Record



**\$50M**

Investor Distributions  
Since Inception



SECTION 1

# MADISON OVERLAND PARK

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Investment Overview





# EXECUTIVE SUMMARY



Aspen Funds, Elevate CIG and Accelerated Capital are pleased to present, Madison Overland Park, a Class B+, 200-unit, value-add multifamily property.

This 1999-built multifamily property is in the Overland Park, one of the **most affluent & desirable submarkets of Kansas City.**

This asset is an under-renovated and underpriced property in a prime location next to larger shopping area & access to the **best school district in Kansas.**

This acquisition allows us to assume a Fannie Mae loan with a **3.90% fixed interest rate.**



# KEY REASONS TO INVEST

- LOCATION & UNIT TYPE.

Class B+ asset in an A+ location near prime shopping & access to top school district in Kansas. Large townhome units with garages highly desirable for renters.

- ATTRACTIVE FINANCING.

We are assuming a Fannie Mae loan with a fixed 3.90% interest rate and ~3 years remaining. Attractive in place financing reduces risk on renovation plan.

- PROVEN VALUE ADD PLAN.

We only need to renovate 44% of the units, as prior owner renovated 112 units with strong demand (current occupancy mid-90%). Further, very limited new supply coming into the market over the next several years.

- PRIVATE EQUITY DUE DILIGENCE.

\$12M of equity has already been committed by a large local private equity firm.

# KEY REASONS TO INVEST *cont.*

- SHORTER-TERM BUSINESS PLAN.

We are targeting a 3-5 year hold period on this asset. We will seek to sell in year 3, but have contingency plan to hold for longer if market is softer. We've run multiple stress tests on a backup refinance scenario.

- ALIGNMENT & CO-INVESTMENT.

Aspen Funds management team are co-investing personal funds in this opportunity. Additionally, Fannie Mae debt assumed for property require owners of Aspen to personally guarantee the debt.

- TAX FRIENDLY.

As cost segregation study will be performed for this 2023 acquisition. Take advantage of 80% bonus depreciation before it drops down to 60% next year.

# INVESTMENT OVERVIEW

Category	Projections & Structure
Preferred Return	8%
LP/GP Promote	95/5
Target Average Annual Return	16 - 21%
Target IRR	14 - 19.4%
Target Average Cash-on-Cash	4 - 8%
Target Equity Multiple	1.71 - 2.1
Projected Hold Period	3 - 5 Years

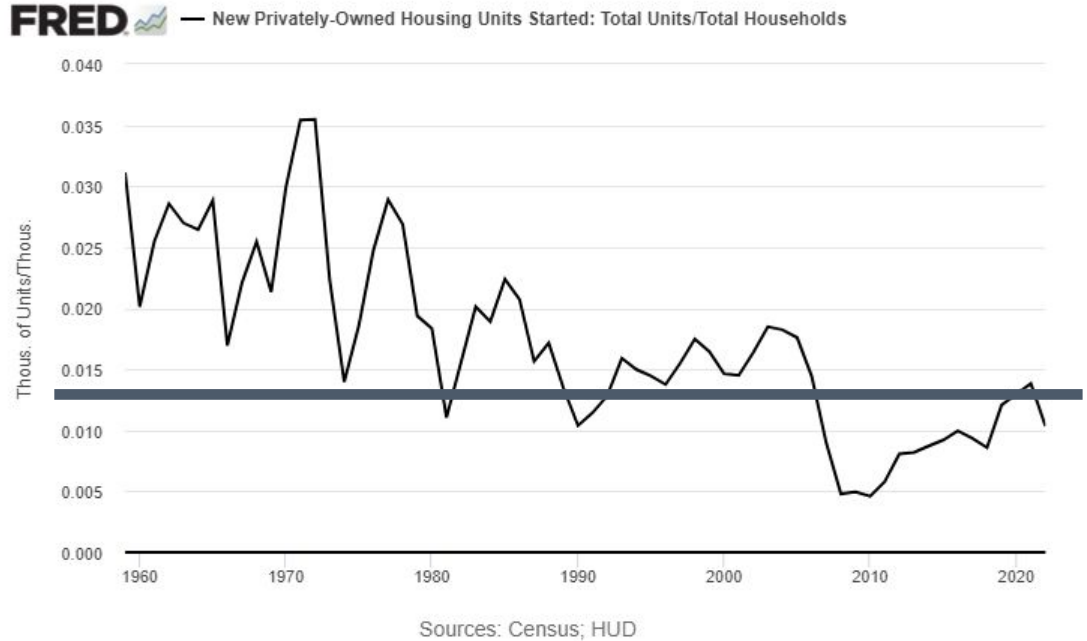
**MINIMUM INVESTMENT: \$50,000**

SECTION 2

# MACRO TRENDS

# CHRONIC UNDERINVESTMENT IN HOUSING SINCE 2007

- There remains a structural shortage of housing units relative to population
- Lack of multifamily opportunities coming in the next 2 years

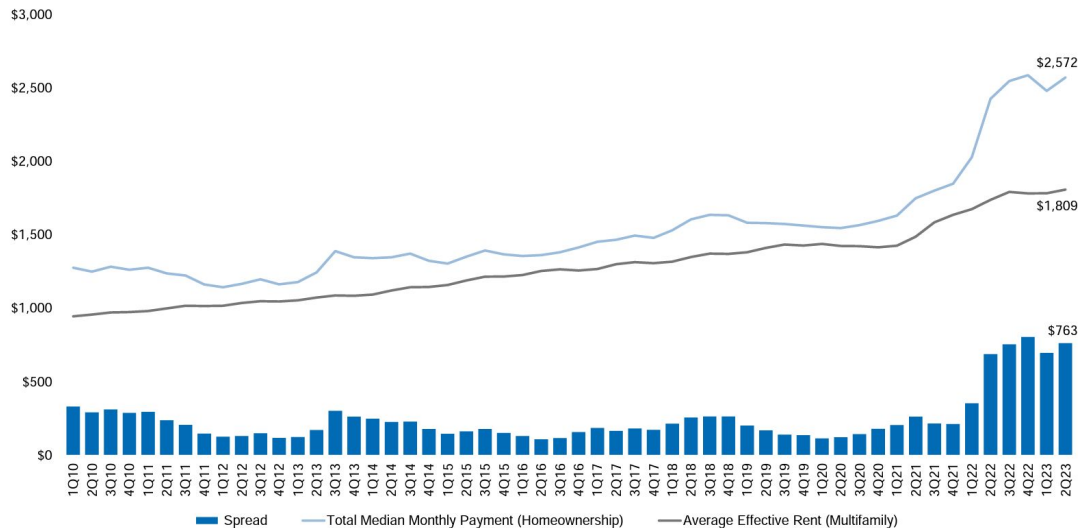


# RENTS & HOME PRICES MARCHING HIGHER

Rents and home prices will march higher together

Cost of renting now 3x more cost efficient than home ownership

Cost of Homeownership Compared to Renting



# DEMAND FOR RENTALS REMAINS STRONG

ECONOMY | HOUSING

## Three Million U.S. Households Making Over \$150,000 Are Still Renters

High cost of homeownership and a tight housing market drive demand for rental properties

By *Will Parker* [Follow](#)

Updated March 13, 2023 11:25 am ET



Gift unlocked article



Listen (6 min)





# RENTAL TRENDS | LIFESTYLE & AMENITIES

Not only costs, but also lifestyle preferences are driving rental demand

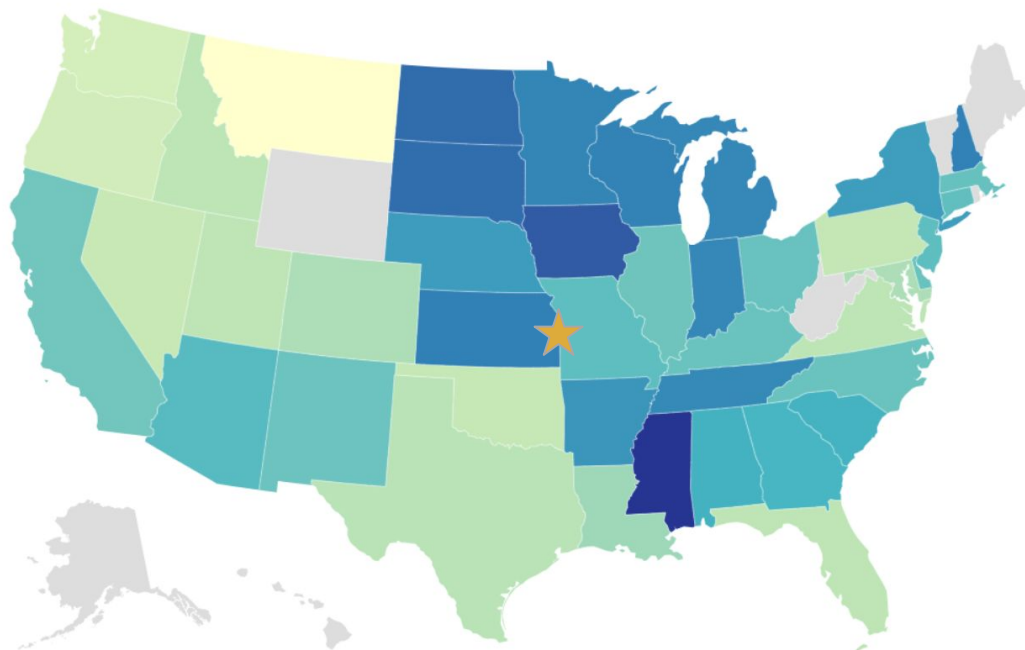
- 70% of renters are bullish on state of renting today
- 66% happy with current housing situation, and prefer lifestyle freedom of renting
- 73% of renters live in neighborhoods they otherwise couldn't afford to buy in
  - **The average home value around Madison is \$400k - \$1M**



# MIDWEST POISED TO SHINE

## Change in Median State Rents

Year-over-year percent change in statewide asking rents, August 2023.



# MIDWEST POISED TO SHINE

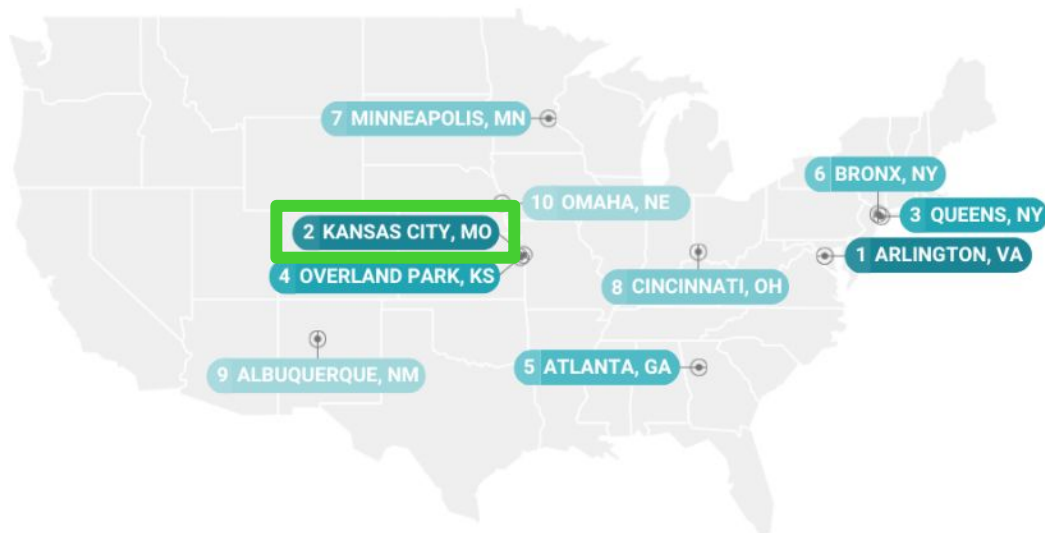
## Asking Rents by Metro Area

Median prices and changes for the 50 largest metros by population in August 2023

CBSA	Population	Median Rent	YoY % Change	MoM % Change
<a href="#">Oklahoma City, OK</a>	1,441,647	\$1,426	14.79%	8.86%
<a href="#">Kansas City, MO</a>	2,199,490	\$1,696	14.21%	0.03%
<a href="#">Memphis, TN</a>	1,336,103	\$1,699	9.81%	-0.03%
<a href="#">Columbus, OH</a>	2,151,017	\$1,807	9.33%	0.35%
<a href="#">Minneapolis, MN</a>	3,690,512	\$1,892	9.24%	-0.29%
<a href="#">Milwaukee, WI</a>	1,566,487	\$1,725	8.28%	-0.58%
<a href="#">Providence, RI</a>	1,675,774	\$2,743	8.15%	1.96%
<a href="#">Buffalo, NY</a>	1,162,336	\$1,617	8.11%	0.00%
<a href="#">Jacksonville, FL</a>	1,637,666	\$1,766	8.09%	3.94%
<a href="#">Birmingham, AL</a>	1,114,262	\$1,643	7.65%	-1.85%

# KANSAS CITY WELL POSITIONED

## Top 10 Cities for Rental Activity in September



Source: RentCafe.com proprietary data

RentCafe<sup>®</sup>

SECTION 3

# MARKET OVERVIEW

# WHY KANSAS CITY



## POPULATION GROWTH

The population in Kansas City has grown consistently, increasing by 3.7% from 2010 to 2020. Known as an active family-friendly region, the city maintains a steady influx of residents.



## CRIME REDUCTION

Since 2004, the city has undertaken concentrated initiatives to improve public safety conditions. These efforts have contributed to a significant decrease in crime levels since 2004.



## EMPLOYMENT DIVERSITY

The property is located amidst an array of employment opportunities across sectors. This friendly business ecosystem and diverse economy has recently driven tremendous growth.



## TECHNOLOGY HUB

As one of the premier technology markets in the Midwest, Kansas City has experienced an influx of tech companies and startups, raising over \$900 million in venture capital funding.



## FLOURISHING ECONOMY

With more than \$2 billion worth of development executed since 2016, Kansas City's economy continues to thrive, attracting numerous corporate relocations and large scale expansions.



## EXCELLENT DEMOGRAPHICS

The average household income is an impressive \$65,656, which is 7.1% higher than the national average. Top rents are supported by a large rent cushion of 19% and a rent-to-income ratio of 11%.





# OVERLAND PARK / JOHNSON COUNTY (KANSAS CITY SUBMARKET)

## Outstanding Local Economy

WalletHub ranked Overland Park the #1 Best City for Median Annual Income (adjusted for cost of living) and #29 Best Cities For Jobs in the US (2023). Overland Park is known for its low unemployment, diverse economy base, and affordability.

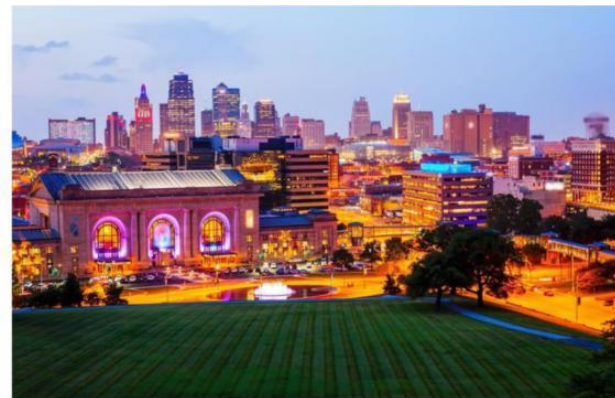
## Home Prices on the Rise in Overland Park

According to Rocket Homes, Median List Price in Overland Park has risen 18.1% to \$467,000 since June 2022.

## Strong Population Growth

As of 2022, Overland Park has an estimated population of 197,726, up 14% since 2010. In the immediate 5-mile radius, population and households have grown by 1.2% annually since 2010. (U.S. Census Bureau) (Costar Analytics)

Unemployment rates for the nation and selected areas



Kansas City Key Industries

Industry	# of Employees
Bioscience	129,197
Technology	102,743
Financial Services	79,400
Distribution	63,983
Food & Beverage	25,500+

# MAJOR DEVELOPMENTS

## Major Kansas City Events / Development Projects Timeline

February 2023:  
New KCI Airport Terminal Opened.

June 2023:  
West Bottoms Redevelopment plan to begin, \$500m investment through 2035.

Late 2023:  
Pennway Point will be complete, offering a new entertainment district downtown.

Spring 2024:  
KC Current Women's Soccer Stadium will be complete in the Riverfront.

March 2024:  
Rock Island Bridge is set to be the nation's first cross-state aerial park offering a new entertainment district between Kansas and Missouri.

December 2024:  
Buck O'Neill Bridge will complete their redevelopment plan offering a more pedestrian friendly bridge between 1-35 and Hwy 169.

## Cont'd

TBD:  
Meta expected to complete their \$800m data center, with possibly a full \$40B campus in the future.

March 2026:  
Panasonic is investing \$4B in a new electronic vehicle plant in Desoto, KS, creating at least 4,000 jobs while making Kansas City a large part of EV technology.

Early 2025:  
South Loop Project is proposed to cover I-670 for 4 blocks through downtown Kansas City, offering a new park that connects the North and South sides of downtown to pedestrians with the interstate running underneath. This is similar to the current project that was completed at Hyde Park in Dallas, TX.

June-July 2026:  
Kansas City will be the only host city for the 2026 World Cup outside of the top 12 MSA's in the US.





# A+ INFILL LOCATION



## "A+" grade from [Niche.com](#)

Madison OP's 66223 zip code is ranked the #1 Best ZIP Codes to Live in Kansas and #1 Best ZIP Codes for Families in Kansas.

## Blue Valley School District Rankings

Best School Districts in America	#69 of 10,751
Best School Districts in Kansas	#1 of 281
Districts with the Best Teachers in KS	#1 of 284
Best Places to Teach in Kansas	#2 of 284
Best School Districts in Kansas City	#1 of 42

## Median Household Income

1-mile **\$104,601** 3-mile **\$127,386**

## Population Growth '23 – '28

1-mile **+3.96%** 3-mile **+2.09%**

## Household Growth '23 – '28

1-mile **+4.61%** 3-mile **+2.38%**



# A+ INFILL LOCATION



**\$5,570**

Total estimated monthly  
cost of home ownership  
in Overland Park

**\$1,962**

Pro forma leased  
amount at Madison  
Overland Park

**\$3,608**

Total estimated monthly savings







SECTION 4

# PROPERTY OVERVIEW

# DRONE FOOTAGE



[WATCH VIDEO HERE](#)



# INTERIOR OVERVIEW

## Classic Units:

- Fully equipped kitchen with dishwasher and microwave (black appliances)
- Plain dark brown cabinets and faux granite countertops
- In-unit washer/dryer
- Ceramic tile flooring in wet areas, carpet in common areas
- Chrome fixtures
- Fiberglass shower/tub (master bath), fiberglass shower (2nd bath)
- Master bedroom ceiling fans



## Intended Upgrades:

- Stainless steel appliances, add USB outlets
- Painted cabinets with new fixtures and quartz countertops in both kitchens and bathrooms
- New LVP throughout wet areas and common areas; carpet where needed in bedrooms and stairs
- Modernized brushed nickel fixtures throughout
- Add ceiling fans in non-master bedrooms
- New paint throughout



# EXTERIOR OVERVIEW



## Current:

- Roofing: Pitched, Architectural Shingle. 18 replaced in 2018, 14 replaced in 2011
- Exterior: Brick & Stucco. Stucco was painted white in 2021
- Frame: Wood
- Foundation: Concrete Slab
- Subflooring: Plywood
- Subflooring Decking: Plywood
- Balcony/Patio: Balcony – Wood, Patio – Concrete
- Windows: Double Pane Thermal w/ Vinyl Frame
- Doors: Metal Paneled

## Intended Upgrades:

- Power wash the brick on all buildings.
- Replace the irrigation system to enhance the long-term maintenance of the grounds
- Landscaping overhaul to improve the sodding/gravel/gardening/general curb appeal
- Install a new sign with brand new community name





# AMENITIES OVERVIEW

## Amenity List:

- Swimming pool with sundeck
- Clubhouse with business center and management offices
- Fitness center
- Dog park
- Playground
- 2 show units (not included in the 200-unit count) attached to the clubhouse



## Intended Upgrades:

- Re-work the clubhouse floorplan to make the business center more usable. Re-design the clubhouse interior
- Add outdoor resort-like amenity near the clubhouse on empty parking spots
- Add pickle ball court on the old basketball court
- New pool furniture throughout
- Rubber mulch at playground





# UNIT MIX



Unit Mix						
Type	Units	Rent	Pro Forma	SQ FT	Rent/SF	Pro Forma/SF
2x2 Flat Gen 2	3	\$1,112	\$1,725	1,036	\$1.07	\$1.67
2x2 Flat Gen 1	1	\$1,353	\$1,650	1,036	\$1.31	\$1.59
2x2 TH Gen 2	34	\$1,344	\$1,975	1,208	\$1.11	\$1.63
2x2 TH Gen 1	52	\$1,535	\$1,850	1,208	\$1.27	\$1.53
3x2 Flat Gen 2	3	\$1,480	\$1,995	1,296	\$1.14	\$1.54
3x2 Flat Gen 1	1	\$1,840	\$1,950	1,296	\$1.42	\$1.50
3x2.5 TH Gen 2	47	\$1,584	\$2,300	1,612	\$0.98	\$1.43
3x2.5 TH Gen 1	59	\$1,820	\$2,250	1,612	\$1.13	\$1.40
<b>TOTAL/AVG</b>	<b>200</b>	<b>\$1,592</b>	<b>\$2,095</b>	<b>1,420</b>	<b>\$1.13</b>	<b>\$1.49</b>
Consolidated Unit Mix						
Type	Units	Rent	Pro Forma	SQ FT	Rent/SF	Pro Forma/SF
2x	90	\$1,447	\$1,891	1,200	\$1.20	\$1.58
3x	110	\$1,710	\$2,262	1,601	\$1.07	\$1.41

Gen 2 = Aspen's planned renovations. Gen 1 = current ownership's renovated units.

SECTION 5

# INVESTMENT OVERVIEW

# SALES COMPARABLES



## Sales Comparables

Property Name	Year Built	Units	Distance	Total SQ FT	Avg SQ FT	Sale Date	Sale Price	Price/Unit	Price/SQ FT
Summit Square	2018	308	15.72 mi	308,616	1,002	May-23	\$80,080,000	\$260,000	\$259
Pine Meadows Townhomes	2004	102	10.47 mi	171,258	1,679	May-23	\$24,550,000	\$240,686	\$143
Centennial Park	1997	170	2.62 mi	204,850	1,205	Oct-22	\$40,200,000	\$236,471	\$196
Pinnacle Pointe	1999	160	5.83 mi	149,760	936	Sep-22	\$31,525,000	\$197,031	\$211
Park Edge	1999	260	9.26 mi	294,060	1,131	Aug-22	\$62,400,000	\$240,000	\$212
Villa Medici	1968	166	5.73 mi	228,914	1,379	Jul-22	\$43,600,000	\$262,651	\$190
Highlands Lodge	2014	230	4.50 mi	230,920	1,004	May-22	\$71,100,000	\$309,130	\$308
Lexington Farms	1997	404	1.24 mi	392,688	972	May-22	\$100,000,000	\$247,525	\$255
<b>Average of Comps</b>	<b>2000</b>	<b>225</b>	<b>6.92 mi</b>	<b>247,633</b>	<b>1,164</b>	<b>Sep-22</b>	<b>\$56,681,875</b>	<b>\$249,187</b>	<b>\$222</b>
Madison Overland Park	1999	200	0.00 mi	284,088	1,420	Aug-23	\$44,340,000	\$221,700	\$156

Source: CoStar

# RENT COMPARABLES ANALYSIS



Two Bedroom x Two Bathroom								
Property Name	Year Built	Units	Occupancy	Distance	SQ FT	Asking Rent	Rent/SQ FT	Floor Plan
Bradford Pointe	1997	306	95.8%	2.34 mi	1,080	\$1,872	\$1.77	apartment
Sandstone Creek	2001	364	93.7%	0.19 mi	1,105	\$1,873	\$1.70	apartment
Pointe Royal	1987	437	95.9%	2.13 mi	1,153	\$1,916	\$1.66	townhome
Savoy Apartments 2x2.5	2002	254	96.5%	0.33 mi	1,164	\$1,905	\$1.64	apartment
Jefferson Pointe	2001	390	95.1%	2.95 mi	1,105	\$1,773	\$1.60	apartment
Sandstone Creek	2001	364	93.7%	0.19 mi	1,210	\$1,906	\$1.58	apartment
Corbin Crossing	2007	298	91.9%	0.62 mi	1,238	\$1,927	\$1.56	apartment
Hunter's Pointe 2x1.5	1986	333	94.0%	2.94 mi	1,110	\$1,718	\$1.55	townhome
Bradford Pointe	1997	306	95.8%	2.34 mi	1,205	\$1,833	\$1.52	apartment
Jefferson Pointe	2001	390	95.1%	2.95 mi	1,209	\$1,837	\$1.52	apartment
Village at Lionsgate	2000	360	95.0%	0.84 mi	1,251	\$1,876	\$1.50	apartment
Savoy Apartments	2002	254	96.5%	0.33 mi	1,312	\$1,935	\$1.47	apartment
<b>Madison OP TH last 5</b>	<b>1999</b>	<b>200</b>	<b>94.5%</b>	<b>0.00 mi</b>	<b>1,208</b>	<b>\$1,740</b>	<b>\$1.44</b>	<b>townhome</b>
Centennial Park	1996	170	94.1%	2.62 mi	1,206	\$1,725	\$1.43	apartment
<b>Average of Comps</b>	<b>1998</b>	<b>316</b>	<b>94.8%</b>	<b>1.48 mi</b>	<b>1,181</b>	<b>\$1,846</b>	<b>\$1.57</b>	
Madison OP Flats Gen 2 (3 units)	1999	200	95.0%	0.00 mi	1,036	\$1,725	\$1.67	apartment
Madison OP Flats Gen 1 (1 unit)	1999	200	95.0%	0.00 mi	1,036	\$1,650	\$1.59	apartment
Madison OP THs Gen 2 (34 units)	1999	200	95.0%	0.00 mi	1,208	\$1,975	\$1.63	townhome
Madison OP THs Gen 1 (52 units)	1999	200	95.0%	0.00 mi	1,208	\$1,850	\$1.53	townhome
Three Bedroom x Two Bathroom								
Property Name	Year Built	Units	Occupancy	Distance	SQ FT	Asking Rent	Rent/SQ FT	Floor Plan
Jefferson Pointe	2001	390	95.1%	2.95 mi	1,652	\$3,200	\$1.94	townhome
Bradford Pointe	1997	306	95.8%	2.34 mi	1,609	\$2,777	\$1.73	townhome
Village at Lionsgate	2000	360	95.0%	0.84 mi	1,558	\$2,517	\$1.62	apartment
Hunter's Pointe 3x2.5	1986	333	94.0%	2.94 mi	1,475	\$2,369	\$1.61	townhome
Hunter's Pointe 3x2.5	1986	333	94.0%	2.94 mi	1,425	\$2,286	\$1.60	townhome
Bradford Pointe	1997	306	95.8%	2.34 mi	1,743	\$2,790	\$1.60	townhome
Village at Lionsgate	2000	360	95.0%	0.84 mi	1,480	\$2,387	\$1.60	apartment
Corbin Crossing	2007	298	91.9%	0.62 mi	1,450	\$2,232	\$1.54	apartment
Centennial Park	1996	170	94.1%	2.62 mi	1,517	\$2,300	\$1.52	townhome
Centennial Park	1996	170	94.1%	2.62 mi	1,416	\$2,075	\$1.47	apartment
Sandstone Creek	2001	364	93.7%	0.19 mi	1,415	\$1,963	\$1.39	apartment
Savoy Apartments 3x3	2002	254	96.5%	0.33 mi	1,631	\$2,210	\$1.35	apartment
<b>Madison OP TH last 5</b>	<b>1999</b>	<b>200</b>	<b>94.5%</b>	<b>0.00 mi</b>	<b>1,612</b>	<b>\$2,084</b>	<b>\$1.29</b>	<b>townhome</b>
<b>Average of Comps</b>	<b>1998</b>	<b>296</b>	<b>94.6%</b>	<b>1.66 mi</b>	<b>1,537</b>	<b>\$2,398</b>	<b>\$1.56</b>	
Madison OP Flats Gen 2 (3 units)	1999	200	95.0%	0.00 mi	1,296	\$1,995	\$1.54	apartment
Madison OP Flats Gen 1 (1 unit)	1999	200	95.0%	0.00 mi	1,296	\$1,950	\$1.50	apartment
Madison OP THs Gen 2 (47 units)	1999	200	95.0%	0.00 mi	1,612	\$2,300	\$1.43	townhome
Madison OP THs Gen 1 (59 units)	1999	200	95.0%	0.00 mi	1,612	\$2,250	\$1.40	townhome

Source: CoStar, Apartments.com, direct calls to leasing offices, in-person site tours

# CAPITAL EXPENDITURES BUDGET



Interior	Quantity	Category	Cost Per	Description of Work to be Completed	Budget
Full Reno on Classic Units (Gen 2)	88	Units	\$14,100	Full Reno - quartz, paint cabinets + hardware, stainless appliance package, LVP, paint, fixtures, add ceiling fans. Renovate the 1 model unit in line with Gen 2 reno scope.	\$1,240,800
<b>TOTAL INTERIOR COSTS</b>					<b>\$1,240,800</b>
Exterior	Quantity	Category	Cost Per	Description of Work to be Completed	Budget
Irrigation System	1		\$150,000	Replace the irrigation system.	\$150,000
Landscaping/Grounds	32	Buildings	\$10,000	Landscaping and grounds overhaul.	\$320,000
Mechanicals Replacement Fund	1		\$60,000	Boost reserves for mechanicals replacements that haven't been done already. Used as needed.	\$60,000
Roof Replacement Fund	1		\$100,000	Boost reserves for roofs. No immediate replacements necessary.	\$100,000
Powerwash Exterior Brick	32	Buildings	\$1,500	Powerwash the exterior brick façade of all buildings.	\$48,000
Exterior Doors	41	Doors	\$800	Replace exterior doors.	\$32,800
Monument Signs/Signage	1	Sign	\$13,000	Install new monument signs.	\$13,000
Leasing Office/Clubhouse Upgrades	1	Clubhouse	\$50,000	Rework current leasing office floorplan to enhance business center utilization. Add security cameras.	\$50,000
Pool Furniture	1	Pool	\$25,000	New pool furniture.	\$25,000
Playground - Rubber Mulch	1	Playground	\$7,500	Add rubber mulch to the playground.	\$7,500
Pickle Ball Court	1		\$25,000	Add pickle ball court on the old basketball court.	\$25,000
Amenity Addition	1		\$150,000	Add resort-like outdoor amenity near pool on parking surface.	\$150,000
<b>TOTAL EXTERIOR COSTS</b>					<b>\$981,300</b>
<b>Sub-Total of Renovation Costs</b>					<b>\$2,222,100</b>
Contingency	5%				\$111,105
Construction Management Fee	10%				\$223,591
<b>TOTAL PROJECT COSTS</b>					<b>\$2,556,796</b>

# BUSINESS PLAN / FINANCING

## Business Plan – 18-month stabilization

- Current ownership acquired the asset in 2019 and executed a moderate value-add. Although consistently addressing deferred maintenance, Madison OP trails competitors from an exterior, amenity, and overall design standpoint.
- **Interior Renovations:** Renovate the remaining 87 interiors to a higher scope including quartz counters, stainless steel, new LVP, modernized fixtures, etc.
- **Curb Appeal:** Power wash the brick façade throughout, replace the inoperable irrigation system, significantly enhancing grounds and curb appeal.
- **Amenities:** Adding a resort-like outdoor amenity on the extra parking space near the pool/clubhouse and adding a pickle ball court.
- **Rent premiums:** Projected \$503/unit overall. New signed leases on currently renovated units are approaching pro forma levels, trailing \$110 and \$160 respective to 2/3 bed pro forma projections.

## Financing / Sale – Loan Assumption & Preferred Equity

- Aspen is under contract subject to the in-place Fannie Mae loan at a fixed 3.90%, maturing August 2026. (more loan details provided in the tables)
- Aspen will fill remaining leverage with \$12,000,000 of Preferred Equity, bringing total LTC to 71.1%.
- An experienced, local capital group will be the provider (7acre). Terms include a 14% overall return with an 8% annual soft pay.
- Preferred Equity does not participate in upside and simply achieves a fixed rate of return on their investment. LP equity is subordinate to preferred equity.

Overview	
Purchase Price	\$44,340,000
Units	200
Cap Rate - Going In (actual)	5.03%
Cap Rate - Going In (expense adjusted)	5.07%
Stabilized Yield on Cost (untrended)	6.62%
Projected Exit/Refi Cap Rate	5.25%

Loan Assumption	
Loan Amount	\$23,240,000
Loan Type	Agency
Lender	Fannie Mae
LTPP	52.4%
Interest Rate	3.90% fixed
Maturity	August 2026
Amortization	30 Years
Interest-Only Period	None

Sources & Uses					
Senior Debt	\$23,240,000	46.7%	Purchase Price	\$44,340,000	89.0%
Preferred Equity	\$12,000,000	24.1%	Closing Costs	\$1,257,500	2.5%
LP Equity	\$14,564,161	29.2%	Acquisition Fee	\$886,800	1.8%
			CapEx & Reserves	\$3,319,861	6.7%
<b>TOTAL</b>	<b>\$49,804,161</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>\$49,804,161</b>	<b>100.0%</b>



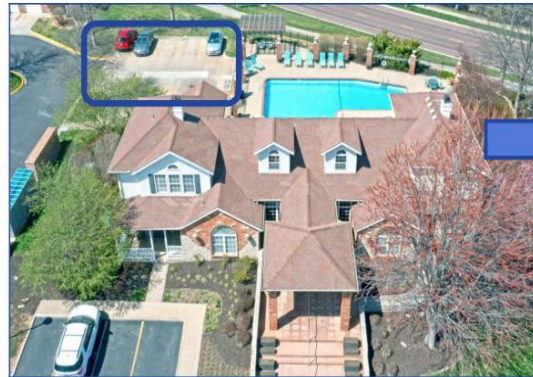


# VALUE-ADD PROGRAM

Aspen plans to implement the value-add program immediately upon closing, with a total stabilization timeline of 18 months (full budget slide 32). Last 5 leases on the currently renovated (113) Gen 1 units are trailing our pro forma projections by \$110 and \$160 respectively to 2/3 bed floorplans. By significantly enhancing the exterior, landscaping, and amenities, Aspen projects to close the gap on new leases for already renovated units (113). The remaining 87 classic units will be renovated to a higher scope achieving higher premiums, and further detailed in the pages following.

- Total CapEx Budget: \$2,556,796 Average Rent Premium: \$503
- Total Capex / Unit: \$12,784 Targeted Return on Investment: 47%

Currently renovated interior Proposed amenity addition



# PRO FORMA



The Pro-Forma shown above is intended for illustrative purposes only to facilitate analysis and are not guaranteed by Sponsors.

These forecasts are based on real estate trends (including occupancy and rent trends), and Sponsor's calculated estimates, and they involve risks, variables and uncertainties. Sponsors make no representations or warranties that any investor will, or is likely to, attain the returns shown above since hypothetical or simulated performance is not an indicator or assurance of future results. Please review the financials disclaimers on page 2.

All fees are paid to Manager (or an Affiliate).

LP Investors (Class A-2 members) are subordinate to the Preferred Equity (Class A-1). The Preferred Equity (Class A-1) is paid monthly and is compounding. Then, remaining cash flow is paid to LP Investors (Class A-2 members) quarterly.

	Year 1	Per Unit	Year 2	Year 3	Year 4	Year 5
<b>INCOME</b>						
Gross Potential Rent	5,027,520	25,138	5,178,346	5,333,696	5,493,707	5,658,518
RUBS	220,305	1,102	226,914	233,722	240,734	247,956
Other Income	200,237	1,001	206,244	212,432	218,805	225,369
Loss to Lease	(980,651)	(4,903)	(673,381)	(57,798)	(59,532)	(61,318)
Vacancy Loss	(544,806)	(2,724)	(280,575)	(288,992)	(297,662)	(306,592)
Concessions/Non-Rev	(27,240)	(136)	(28,058)	(28,899)	(29,766)	(30,659)
Bad Debt	(2,724)	(14)	(2,806)	(2,890)	(2,977)	(3,066)
<b>EFFECTIVE GROSS INCOME</b>	<b>3,892,641</b>	<b>19,463</b>	<b>4,626,686</b>	<b>5,401,269</b>	<b>5,563,307</b>	<b>5,730,207</b>
<b>OPERATING EXPENSES</b>						
Payroll	299,000	1,495	307,970	317,209	326,725	336,527
Contract Services	61,000	305	62,830	64,715	66,656	68,656
Repairs & Maintenance	67,000	335	69,010	71,080	73,213	75,409
Turnover	50,000	250	51,500	53,045	54,636	56,275
Utilities	280,899	1,404	289,326	298,006	306,946	316,154
Administrative	40,000	200	41,200	42,436	43,709	45,020
Marketing	30,000	150	30,900	31,827	32,782	33,765
Other	1,001	5	1,031	1,062	1,094	1,127
Insurance	211,000	1,055	217,330	223,850	230,565	237,482
Management Fee	116,779	584	138,801	162,038	166,899	171,906
Property Taxes	553,386	2,767	569,988	587,087	604,700	622,841
Replacement Reserves	50,000	250	51,500	53,045	54,636	56,275
<b>TOTAL OPERATING EXPENSES</b>	<b>1,760,065</b>	<b>8,800</b>	<b>1,831,385</b>	<b>1,905,400</b>	<b>1,962,562</b>	<b>2,021,439</b>
% of EGI	45%		40%	35%	35%	35%
<b>NET OPERATING INCOME</b>	<b>2,132,575</b>	<b>10,663</b>	<b>2,795,300</b>	<b>3,495,869</b>	<b>3,600,745</b>	<b>3,708,768</b>



# INVESTMENT OVERVIEW

Category	Projections & Structure
Preferred Return	8%
LP/GP Promote	95/5
Target Average Annual Return	16 - 21%
Target IRR	14 - 19.4%
Target Average Cash-on-Cash	4 - 8%
Target Equity Multiple	1.71 - 2.1
Projected Hold Period	3 - 5 Years

**MINIMUM INVESTMENT: \$50,000**

# SAMPLE \$100,000 INVESTMENT

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Contributions	-\$100,000			Refinance		Sale
Distributions		\$0	\$243	\$6,532	\$6,532	\$6,532
Profit Share		\$0	\$0	\$9,321	\$914	\$168,237
Net Cash flow		\$0	\$243	\$15,852	\$7,446	\$174,769
					<b>Total</b>	<b>\$198,310</b>

Return ON Capital, not  
Return OF Capital

PE changes the dynamic of this deal relative to others. While it does reduce cash flow, it makes equity 2x as valuable because they're taking no upside

# TAX BENEFITS

One of the great  
benefits of real  
estate investment  
is maximizing  
*tax advantages.*

This investment utilize a cost segregation analysis in 2023. Take advantage of 80% bonus depreciation before it is reduced next year.

We also anticipate that a large portion of the profit from this investment will be classified as long-term capital gains.

# STABILIZED OPERATING ASSUMPTIONS



## Stabilized – Operating Income

### Gross Potential Rent

Assumption of 3% rent growth annually.

### RUBS

Maintain current RUBS/utility fee program for water/sewer/trash. In line with T12.

### Other Income

Maintain current fee/other income program. In line with T12.

### Loss to Lease

1.00% of Gross Potential Rent. The difference between market rents and actual rents achieved.

### Vacancy

5.00% of Gross Potential Rent. T12 actuals averaged 4.0%.

### Bad Debt

0.05% of Gross Potential Rent. T12 actuals averaged 0.26%.

### Concessions/Non-Revenue Units

0.50% of Gross Potential Rent. T12 actuals averaged 0.17%.

## Stabilized – Operating Expenses

*Expenses grown by 3% annually. Taxes grown by 3% annually.*

### Payroll - \$1,495 / unit

Aspen plans on staffing with 4 on-site employees, average at \$57,500 salaries +30% payroll load.

### Contract Services - \$305 / unit

In line with T12, includes lawn, snow, and pest control.

### Repairs and Maintenance - \$335 / unit

T12 average \$365/unit, we're assuming slightly lower after capital infusion.

### Turnover - \$250 / unit

General make ready expenses. Slightly lower than T12 due to renovations on classic units.

### Utilities - \$1,404 / unit

In line with T12.

### Administrative - \$200 / unit

Aspen Residential's running average.

### Marketing - \$150 / unit

Above T12. Aspen Residential's running average.

### R.E. Taxes

Year 1 post-sale reassessment at 100% of purchase price.

### Insurance - \$1,055 / unit

Insurance quote slightly below. Aspen will obtain at least 1 more quote to ensure competitiveness.

### Management Fee - 3%

Property management fee is 3% based on Effective Gross Income.

### Replacement Reserves - \$250 / unit

Above the line Cap Ex reserve, conservative input to account for future capital replacements and/or operational shortfall.

SECTION 6

# NEXT STEPS

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