

Ironton Capital Opportunity Fund 3 (ICO3)

A fund with a proven sponsor

Projected 35%+ annual net IRR

This confidential investment briefing is an overview of our current funds and does not constitute an offer.



HIGHLY CONFIDENTIAL

December 2024

A love letter from our attorney...



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Ironton Capital – The Investment Team



Brent Guyor, CEO

- 25+ years RE Acquisition, Development, Land Use across multiple states
- 15+ years Owning & Managing Rental Properties
- 20%+ IRR lifetime investment record
- \$1B+ in transactions successfully completed
- VP of Acquisitions, Centex Homes, West Division
- Former Director of Finance, Intrawest, CO Region
- Former Accountant, KPMG, specializing in Mortgage Banking



Richard Landry

- Responsible for leading investment procurement & research at Ironton
- Former CFO of BOD Capital, a \$160mm AUM multifamily value-add PE firm
- Former CIO of a \$2B Family Office
- Led capital markets & corporate advisory services for a boutique investment bank, & quantitative research for hedge funds
- 10+ years experience in private equity, corporate finance, hedge fund, investment banking industries



Lon Welsh, Founder

- 8+ years in strategy consulting: Deloitte, Accenture
- 20+ years of commercial RE acquisition, development
- 20%+ IRR over lifetime
- Founder / CEO largest independent Colorado brokerage, Your Castle RE, 750+ agents, 5,200+ annual deals, \$2+ billion annual sales; Exit to P.E.
- Founder of First Alliance Title, large title and escrow company, Exit to Compass
- On Board of Directors for Denver Zoo, Boys and Girls Clubs Denver and the Denver Ronald McDonald House



Our Standard Practices



- We are focused on servicing accredited investors who are typically underserved by other wealth management and private investment institutions.
- We have industry expertise in real estate. When current income is compelling, we also invest in other industries, typically on an opportunistic basis.
- Multiple General Partners in our investment committee invest in every fund.
- GP returns start after all Limited Partners (investors) receive their preferred returns.
- You'll need to be an accredited investor to participate.
- A portion of General Partner profits are shared with local charities.

ICO3 Five Unique Value Levers



FUNDING CAPITAL CALLS SHORTFALLS WITH POTENTIAL 35%+ IRR

A Sponsor, well known to Ironton through prior investments, is seeking additional capital to complete a refinance of several projects. Some existing LPs chose to not participate in these calls. These LPs will be diluted by 30%+. Investors funding the shortfall will accrete the equivalent amount (approximately 2x), resulting in potential annual 35%+ LP IRRs.

CO-GP ECONOMICS

Ironton negotiated a preferred fee structure for our LP's investment.

NO SYSTEMIC RISK

The developer is running nearly 70 projects only a few require capital calls. The issue is not systemic. Ironton avoids funding capital calls related to operational issues. On a case-by-case basis, Ironton has decided to fund capital calls related to financing issues, if driven by factors outside developer control.

DE-RISKED 4 WAYS

The projects were initiated in 2021-2022. De-risked in four ways: (a) rents increasing, occupancy improving, (b) renovations complete or well underway, (c) 2-4-year vs 5-6-year exit, and (d) financing risk mitigated by the refinance enabled by capital call. The Sponsor's refinance plans replace the current, more expensive bank debt with lower cost agency debt which will reduce their interest expense by approximately 30%. *Please note that all real estate investing involves a high degree of risk; consult your financial advisors.*

DIVERSIFIED FUND AND POTENTIAL UPSIDE

Invest in three projects, each estimated at 35%+ annual LP IRR at sale, based on four-year life cycle. Potentially faster project lives greatly augment the IRR.

Their Shortfalls

Key advantages to funding capital call shortfalls



- **We only invest in fundamentally sound projects!**
 - ✓ Shorter timeline to project completion
 - ✓ Key operational and renovation targets achieved
 - ✓ Capital call addresses financing shortfall at refinance
- **Sponsor incentivizes shortfall funding with co-GP economics**
 - ✓ No fees or carry for shortfall investments
- **Most importantly, funding the shortfall is highly accretive!**

Example Project	Starting Equity (\$M)	Ownership Before Call	Call (\$M)	Equity After Call (\$M)	Ownership Before Discount	Shortfall Discount	Ownership After Discount
Investors funding call	\$20	80.0%	\$4	\$24	80.0%		80.0%
Investors not funding call	\$5	20.0%		\$5	16.7%	30%	14.0%
New equity funding shortfall	\$0	0.0%	\$1	\$1	3.3%		6.0%
Total	\$25	100.0%	\$5	\$30	100.0%		100.0%

Accretion of new equity 1.8x

Our Criteria

Each project is tracking or outperforming original targets



- **Each investment would have originally met Ironton's investment criteria**
 - ✓ Experienced Sponsor with differentiating advantages
 - ✓ 3-5-year timeline within target
 - ✓ 35%+ LP IRR at four-year hold
- **Operationally, the project is currently meeting or exceeding underwriting criteria**
 - ✓ Large operational improvements in occupancy
 - ✓ Rent increases meet or beat original projections
 - ✓ Renovation budget complete or on track
- **Capital call is driven exclusively by higher interest rate environment than original underwriting – no operational issues**

Ironton Opportunity Fund 3 (ICO3)



Investment profile

Class: Multifamily, 3x communities.

Geography: Northwest Arkansas (2x) and Tampa, FL (1x).

Strategy: Moderate renovation of existing apartment complexes.

Investment metrics

- Expected 2-to-4-year hold.
- 35%+ LP IRR projected.
- ***Prior historical performance by Sponsor suggests potential for sizeable upside.***
- Significant GP co-investment.
- Same strategy as ICO1 and ICO2.

Description

- Capital call to join project mid-stream.
- Renovation or complete underway; on budget.
- Rent increases tracking to meet or exceed pro-forma.
- Our capital dilutes existing LP that did not fund their capital call.
- Negotiated special economics with Sponsor on fees.

Sponsor

- Proven track record with multifamily development.
- Vertically integrated with design, development, construction, property management all in house.
- 68 complexes renovated
- 15,950 units
- \$3.4 billion in assets
- 28% IRR on 20 completed projects

Executive Summary



Our returns are enhanced since (a) Sponsor cut their fees on the capital call, (b) we join a five-year project at year 2.5 or 3, (c) capital call provider takes (“dilutes”) most of the profit from original capital provider that didn’t fund the capital call.

This is not an offer to invest. The full fund offer documents are available on request. There can be no assurance the projected returns will be realized. See fund documents for all risk factors and review with your financial team.

	<u>Typical project</u>		<u>No Sponsor cut</u>		<u>Join mid-way thru Rapid project</u>		<u>Dilute existing LP - +70% profit</u>		
36 month exit	Net Ironton LP	(100,000)	1/15/2022	(100,000)	1/15/2022	(100,000)	1/15/2025	(100,000)	1/15/2025
		239,968	1/14/2027	280,900	1/14/2027	267,400	1/18/2028	361,630	1/18/2028
	ICNet LP XIRR	19.1%		22.9%		38.7%		53.3%	
	ICMultiple (MOIC)	2.40		2.81		2.67		3.62	
	Months invested		60		60		36		36
		5-year				3-year			

48 month exit	Net Ironton LP	(100,000)	1/15/2022	(100,000)	1/15/2022	(100,000)	1/15/2025	(100,000)	1/15/2025
		239,968	1/14/2027	280,900	1/14/2027	267,400	1/18/2029	361,630	1/18/2029
	ICNet LP XIRR	19.1%		22.9%		27.8%		37.8%	
	ICMultiple (MOIC)	2.40		2.81		2.67		3.62	
	Months invested		60		60		48		48
		4-year							

ICO3 – Palisades Overview

Overview

- Value-add; acquired late 2021 (36+ months into a five-year project).
- 396 Class-A- units.
 - Built in 2017 and 2020.
 - Purchased below replacement cost.
 - Two other Market rate complex near by owned by Sponsor.
 - 19.3-acre campus with lots of greenspace and a resort feel.
 - Average rents \$270 below comparable properties at purchase.
- Near the HQ of three Fortune 500 companies (Walmart, JB Hunt transportation, Tyson Foods) in greater Bentonville, Arkansas.

Strategy

- Renovate units to solid class-A-.
- Plan: \$3.6 MM interior (\$9K / door); \$1.6 MM exterior = \$5.2 MM.
- Sponsor has several projects in submarket; leading to scale economics.
- Small possibility for early exit in 2025 would drive very high IRR.
- Keep asset for rest of five-year plan (about 2.5 years) has 35%+ IRR.

Status

- The original UW plan, built by merchant built. \$1.20 / SF rent at purchase.
- UW \$1.41 / SF. Today: \$1.55. Didn't spend much capex except the smart package + blinds.
- Actual renovation: \$500K. No further renovation needed.
- Strong market demand for a unique product.
- Refinance solution lined up and ready to close after capital call.



ICO3 – Maddox Overview

Overview

- Value-add project; acquired early 2022 (32+/- months into a five-year project).
- 199 Class-A- units built in 2019. Merchant builder cut corners.
- Market rate complex near several other properties also owned by Sponsor.
- Near the HQ of three Fortune 500 companies (Walmart, JB Hunt, Tyson Foods) in greater Bentonville, Arkansas.

Strategy

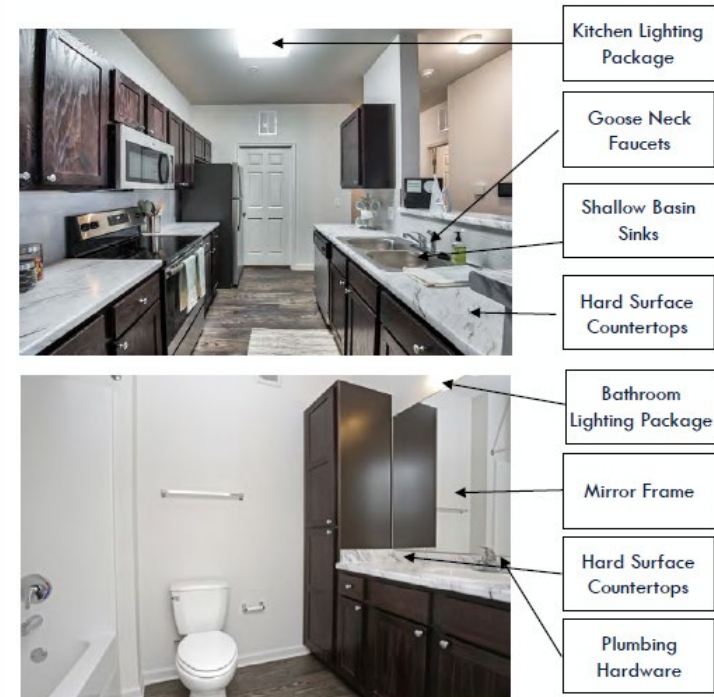
- Renovate – units
 - For interiors, the property is lacking hard surface counter tops, luxury kitchen plumbing and lighting fixtures, and a premier room finish.
 - For exteriors, including the pool, clubhouse, and dog park all need upgrades.
 - Prior owner self-managed and lacked marketing expertise.
 - By upgrading these deficiencies, Sponsor will position the asset with other Class-A properties.
- \$2.1 MM interior rehab (\$10K / door); \$1.3 MM exterior + amenities = \$3.3 MM.
- Sponsor has several projects in this submarket; leading to scale economics.
- Small possibility for early exit in 2025 would drive very high IRR.
- Keep asset for rest of five-year business plan (about 2.5 years) has 35%+ IRR.

Status

- \$1.09 / SF rent at purchase. Now \$1.40 / SF rents (at pro forma).
- Didn't UW a lot of capex ... was not much to do. \$3MM capex budget. Only spent \$500K of it. No further renovation needed.
- Refinance solution lined up and ready to close after capital call.



FUTURE PROPERTY UPGRADES



ICO3 – Elements on Third

Overview

- Value-add project; acquired Nov 2021 (36 months into project)
- Purchased off-market from motivated seller. St Petersburg, FL.
- Built in 1962 (renovated 2005, now dated), 2019 and 2021
- 430 units, 844 SF / unit average
- 9 garden buildings; 1 “industrial loft” and 1 high-rise
- Premier location close to downtown and beaches
- Many bars, restaurants within walking distance; 75 walk score
- Easy and plentiful parking (rare in this area)

Strategy

- Most units renovated at purchase
- \$6 MM to finish units that remain needing work at purchase
- Add amenities: new pool, dog park, outdoor rec area
- Building had non-stop construction disruptions 2017-2021
- Leases at purchase at depressed relative to market. \$400+/- mo below market
- Sponsor has several projects in submarket; scale economics

Current Status

- Operationally performing. At/above pro-forma rents. 90%+ occupied.
- Most vacant units are hurricane restoration.
- Refinance is lined up; need to bring some equity to close (ICO3 is providing).



ICO3 – Elements on Third – refinance details



Due to the hurricanes in Florida, we received a Capital Call from the Sponsor for Elements. One capital call covered the hurricane, the second (which is what ICO3 is investing in) is for the refinance.

The refinance cuts the interest rate by approximately 30% - as example, from 9.5% to 6.5% (each project is a little different). This significantly reduces the interest expense that has impacted these projects to date. We are in support of the refinance - even though they require additional capital - because the interest burden is significantly lightened. Its identical to if you went to refinance you house and the bank told you they could get you a much better interest rate on the new if you could produce \$10-15K to pay down the balance and cover the loan closing costs.



The property was impacted by Hurricane Helene and Milton. Unfortunately, the hurricanes not only impacted the asset physically, but they also impacted the plans for the asset as it relates to its debt structure. The Sponsor actively sought a refinancing solution or a potential sale of the asset prior to the storms. The Sponsor received an executable refinancing term sheet and had started marketing the asset for sale in September.

Unfortunately, the asset was hit by both hurricanes, and the property requires extensive restorations following the storms, leading the new lender to pull the term sheet. The Sponsor also determined that selling the asset while physically impaired post hurricane would not result in a favorable outcome for investors or the existing lender. As such, the Sponsor have worked out an agreement with the existing lender to provide additional time to find a refinancing solution post the restoration of the asset. To facilitate the modification with the lender, The Sponsor and its GP were required to provide several personal financial guarantees to bridge the asset, as well as completion guarantees regarding the restoration of the property from the hurricanes. The GP is highly incentivized for a successful project.



Fund allocation plan



- We have a range of potential total investment amounts, from \$2.8 - \$4.2 MM.
- The amount available from the Sponsor will be locked in when we make a formal written commitment, and our potential allocation could change (decrease) if another group commits before we do.
- Many LP we have talked to for investing in ICO3 had a range they could fund on short notice.
- Palisades and Maddox have a small chance for an early exit in Spring '25.
- Elements has a small chance for an early exit in Fall '25.
- We feel the dominant scenario for LP planning is an exit in 2-4 years.
- A four-year hold results in an estimated 35% IRR. NOTE this is not an offer to an invest and there can be no guarantees of returns. Please consult with your CPA and financial advisory team.

	Low case		High case	
	IC		IC	
	allocation	%	allocation	%
PPC Palisades				
Maddox	1,500,000	54%	1,500,000	36%
Elements	250,000	9%	800,000	19%
<u>Atrium</u>	850,000	30%	1,700,000	40%
	<u>-</u>	<u>0%</u>	<u>-</u>	<u>0%</u>
One-time acquisition fee	2,600,000		4,000,000	
First year asset mgmt fee	33,000	1%	33,000	1%
<u>Cash reserves in STI/MTI</u>	66,000	2%	66,000	2%
Total Fund	<u>101,000</u>	<u>4%</u>	<u>101,000</u>	<u>2%</u>
	2,800,000		4,200,000	

Summary of returns and expenses



Ironton Capital Opportunity Fund 3 (ICO3)	
Target <u>net</u> return (IRR)	35%+ annualized
Term	2-4 years, with two one-year extensions if needed. Small chance for even faster exit.
Preferred returns paid to LP/equity investors	8% annual, non-compounding. If cash generated during project is not sufficient (e.g., during construction phase), preferred return is paid in future periods or at the sale / refinance. No incentive to GP until all preferred is up to date.
Depreciation / tax losses	Expected to be minimal for this fund.
Carried Interest for each of the three projects	NO catch up to GP. Then, 72% of additional return to LP/equity providers and 28% to GP. After 20% total gross IRR, 70% to LP/equity, 30% to GP. After 30% total gross IRR, 60% to LP/equity, 40% to GP.
GP invest their own funds?	5%+
One-time acquisition fee	A flat fee of \$33,000, divided pro-rata among LP and GP contributions.
Annual management fee	A flat fee of \$66,000, divided pro-rata among LP and GP contributions.
Other expenses	None anticipated for this fund.
Liquidity	None. We'll have language in the fund documents that we'll try to buy out investors that need to exit early, but it's not assured that there will be liquidity. There is a small possibility for some liquidity in early 2026.
Minimum LP investment	\$50K.

Our Investors



“Before Ironton, the performance of my retirement assets had been inconsistent at best even under professional management. I believe I have moved my money from an unpredictable market subject to many economic factors and significant risk, to a fundamentally sound business model that is a hedge against inflation. I have confidence in the leadership/management team at Ironton and would recommend their funds to family and friends with confidence.” ~ John S.

“We all know that determining where to invest is incredibly challenging. I have always been ready to invest in Ironton Capital funds. Lon has a freakish ability to understand and analyze real estate deals. Lon has surrounded himself with a great team of like-minded experienced investors that know where and when to direct funds for maximum gain.” ~ Tom M.

“I had set a goal years ago of how much I wanted to generate in passive income from equity produced by my hard work as the owner of a small business for 13 years. Based on the projected returns on the National Diversified Funds as well as periodic cash flows generated by the Short and Mid Term Funds, I’ve been able to establish a profile of investments that is anticipated to outperform my original goals. This relationship has allowed me to move from active to passive income.” ~ Justin H.

Ironton Capital – Current Funds Overview

For Accredited Investors for Informational Purposes Only – Not an Offer to Invest



	National Diversified Funds (NDFs)	Short Term Income Funds (STIs)	Medium Term Income Funds (MTIs)	Single Asset Funds
Sector	<ul style="list-style-type: none"> Real Estate 	<ul style="list-style-type: none"> Real estate (~80%) Medical Receivables (~20%) 	<ul style="list-style-type: none"> Medical Receivables 	<ul style="list-style-type: none"> Mainly Real Estate
Target Returns	<ul style="list-style-type: none"> 16%+ 5-6 year timeline 	<ul style="list-style-type: none"> 8-9% 	<ul style="list-style-type: none"> 11-13% fixed (based on assets under management AUM) 	<ul style="list-style-type: none"> 15-20% 1-5 year timeline
Liquidity	<ul style="list-style-type: none"> Cash distributed as individual projects cash flow 	<ul style="list-style-type: none"> Quarterly dividends Principal back with 30-day notice 	<ul style="list-style-type: none"> Quarterly dividends Access to principal after one year lockup 	<ul style="list-style-type: none"> Varies
Fund Size	<ul style="list-style-type: none"> \$10-20M 	<ul style="list-style-type: none"> \$200M+ 	<ul style="list-style-type: none"> \$100M+ 	<ul style="list-style-type: none"> \$1-10M
Individual Investments	<ul style="list-style-type: none"> 10-15 	<ul style="list-style-type: none"> 200-400 	<ul style="list-style-type: none"> 25,000+ 	<ul style="list-style-type: none"> Varies
Tax Advantages	<ul style="list-style-type: none"> Targeting depreciation tax shelter 	<ul style="list-style-type: none"> REIT income treatment 	<ul style="list-style-type: none"> No tax advantage 	<ul style="list-style-type: none"> Varies
Min Investment	<ul style="list-style-type: none"> \$50K 	<ul style="list-style-type: none"> \$50K 	<ul style="list-style-type: none"> \$50K 	<ul style="list-style-type: none"> \$50K

Next Steps!



You must be an accredited investor by meeting one of these criteria:

- Single household income over \$200,000 in two or more recent years
- Dual HH income over \$300,000 in two or more recent years
- Investable assets over \$1,000,000 (excluding primary residence)

We would love to hop on the phone with you and answer all your questions!

Please use this direct link to book a 15-minute call with our Investors Relations Team. If you are already working with our team members, you will be able to choose their name from the dropdown menu and find a time that fits your schedule.

<https://irontoncapital.com/booknow>

What is your family's favorite charity?

The GP's have donated over \$250,000 to these charities in the past five years. We are excited to give more as we succeed together. We plan to donate at least 10% of our profits either to local charities, or non-profits chosen by the limited partners so let our IR team know your family's favorite charity!

