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Example Capital Fund of Funds Program

Fund of Funds (FoF)

A Fund of Funds (FoF) is a Special Purpose Vehicle (SPV) formed solely to invest directly in an individual asset or fund. FoFs allow a Fund Manager to pool together its investors into an SPV and get compensated by the FoF while negotiating enhanced economics for the FoF's investment in the parent vehicle. In multifamily, co-GP partnerships are commonly formed to raise capital. However, Example Capital's FoF program allows partners to raise capital in a more SEC compliant way, have more security and control over their investors, and better control their compensation.

Why Partner with Example Capital Through a Fund of Funds?

- Example Capital is a best-in-class multifamily sponsor who you can trust with your reputation and your investor capital
- Seamless FoF formation and management in partnership with Tribevest
- Long term and scalable partnership mindset
- Hands on support with FoF underwriting, marketing, and sales to help you safely raise more capital with less effort

Fund of Funds Manager Testimonials

- **FM #1:** Tim, Bill and his team have executed their business plans flawlessly on all transactions we have been involved with them on. Attention to detail and transparency with equity partners like Flagship Capital Partners has been invaluable on our deals.
- **FM #2** I've had the pleasure to work with Tim and get to know him over the past couple of years. He is intelligent, organized, committed, and passionate about his work. Not only is he skilled and knowledgeable, but he is strongly principled, and he applies this foundation to how he conducts his business.
- **FM#3:** Working with Example Capital over the past 2 years has been a masterclass in professionalism. Tim, Josh, and the team have clearly set goals as well as processes and the right team in place to achieve them.
- **FM#4:** The Example Capital team has been a pleasure to work with. We have known Tim and Bill for a couple of years, but only started working with them in 2022. They are efficient, trustworthy, and effective communicators, which I appreciate above all else. I can call Tim and the team at a moment's notice, and either speak to them right there, or get a follow up in short order.

Partnership Terms / Economics

- \$1,000,000 minimum FoF investment (exceptions made at Example Capital's discretion)

- FoF Manager will create a Special Purpose Vehicle (SPV) and invest in Example Capital's Class C shares. Class C shares are specifically designed for FoF Managers with the below terms:
 - FoF SPV pays a reduced acquisition fee of 1.5% of purchase price instead of 2%.
 - 9% preferred return / 20% promote (80% to FoF / 20% to Example Capital) instead of typical deal structure of 8% preferred return / 30% promote and a 50% promote over 15% IRR
- **Recommend SPV Structure:**
 - FoF Managers can structure their FoF's economics however they wish. The below recommended terms allow for FoF LPs to earn a similar or better return as compared to investing directly in the parent offering while the FoF Manager can target competitive compensation.
 - 2% due diligence fee paid at closing based on raise amount (\$20k due diligence fee for raising \$1,000,000)
 - FoF Manager charges SPV for set up, legal, and accounting costs (\$5,000 upfront and \$2,000/year)
 - 8% preferred return / 12.5% promote (87.5% to FoF LP / 12.5% to FoF Manager)
 - Target FoF Manager compensation: 10%+ of total equity raised over a five-year projected hold period

Example Deal Economics (using above SPV structure)

- Deal Level LP Return Projections
 - 16.2% IRR (20.0% AAR)
 - 7.2% Cash on Cash
 - 2.00x Equity Multiple
- FoF LP Return Projections
 - 16.3% IRR (20.2% AAR)
 - 6.9% Cash on Cash
 - 2.01x Equity Multiple
- FoF Manager Compensation (based on \$1,000,000 FoF)
 - 2% Due Diligence Fee: \$20,000
 - Promote: \$84,831 (upon sale after 5-year projected hold)
 - Total Compensation: \$104,831 (10.5% of equity raised)

Setup Roles, Responsibilities & Support

Marketing / Sales

- Example Capital will provide FoF return calculations, investment presentation in editable PowerPoint form, and Example Capital's deal webinar
- It is the Fund Manager's responsibility to update the pitch deck with their company information and FoF-level return projections
- Example Contact Resource is the point of contact for FoF partners. They are available to co-host FoF webinars as well as conduct one-on-one investor calls with FoF Manager's significant investors
- We can provide the FoF Manager with a Soft Commitment Form to utilize to collect and track LP commitments. Here is some key info to capture at soft commit that streamline the fund closing

and time estimations.

- Method of investment (individual or with a spouse)
- Entity name if funding through an Entity
- SDIRA name and custodian contact information if funding through a Self-Directed IRA
- Accredited investor status
- Verification documentation for accredited investors, if applicable

Data Room

- Example Capital will provide data room access with financials, underwriting, and more
- It is the Fund Manager's responsibility to provide a data room to their investors with the SPV Fund deal documents
- Example Capital uses Appfolio Investment Management as its investor portal. FoF Manager will utilize Appfolio to track FoF investment position and documents

Fund of Fund Setup

- Example Capital, in partnership with Tribevest, will provide FoF Manager with legal (LLC formation and compliance, PPM, SA, OA, blue sky filings) and FDIC-insured Business Banking setup
- Tribevest will provide capital table creation and management services
- Tribevest handles all FoF LP document signing/wiring funds and other back office services including accreditation verification (if applicable) via dedicated Investor Onboarding Specialist

Distributions / Communications

- Example Capital will send monthly distributions to the SPV Fund bank account
- Tribevest will process FoF monthly distributions on behalf of FoF Manager
- FoF Manager will send out monthly communications to its LPs based on the monthly communication provided by Example Capital via email

Taxes

- Example Capital will send a K-1 to FoF Manager for the SPV Fund entity
- Tribevest will create individual K-1s for each FoF LP and distribute to LPs
- Tribevest will provide Dissolution services upon exit

How to leverage this document:

Creating a landing page that includes a link to:

- 1. A link to a Data Room specifically for FoF Managers** and FoF Manager Prospects
- 2. A link to UW and calculations resource** for FoF further qualify this is probably in the FoF data room)
- 3. Video Deal overview presentation** (that could be an "asset" that they can forward to their investors)
- 4. Link to schedule a call** to learn more specifically about the FoF program and opportunity
- 5. Link to FoF Commit Form (Google Forms) specific to the prospective FoF manager** - where they can reserve or submit the request to participate as a FoF. This is the main CTA and qualifier that Example Capital can use to track the FoF pipeline and qualify when to engage Tribevest in the process

