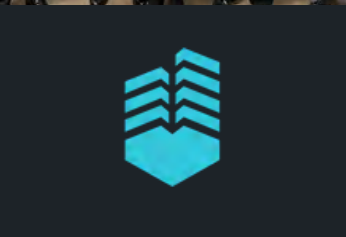




MLGCAPITAL

2022

YEAR-IN-REVIEW



# CELEBRATING 35 YEARS





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# A MESSAGE FROM THE TEAM AT MLG



As we move into another year, we wanted to take a moment to express our sincere gratitude for your trust and partnership in our private real estate offerings.

Whether we just met or we've been investing together since our inception over 35+ years ago, your partnership is appreciated and valued.

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2022 was another record year for our investors, deal partners and the Team at MLG. Our continued dedication to smart real estate investment with believable and achievable assumptions, with a lens on tax-efficiency continues to pay dividends.

We continue to make significant progress in expanding our presence in the market via our series of diversified MLG Private Real Estate Funds, the MLG Legacy Fund and separately managed accounts (for unique situations). Innovation and improvement to our product offerings has allowed us to onboard many talented and experienced individuals who continually contribute to the success of our company.



As we look ahead to the new year, we are optimistic about the opportunities that lie ahead. The future is bright. We have a strong foundation and are well positioned to continue producing great results for our investors, partners and community.

# ANOTHER HISTORIC YEAR

At MLG, our core focus continues to be preserving our investors' wealth, and producing exceptional income and appreciation over time through diversified investments in private real estate. We are pleased to report that the past year has been a strong one for us, and you. Across all our acquisition strategies we were able to acquire:

\$1.2B

Total Acquisitions  
(Purchase Price)

7,106

New Multifamily  
Units

1.8M<sup>1</sup>

Total  
Commercial Sq.Ft.

32

Transactions

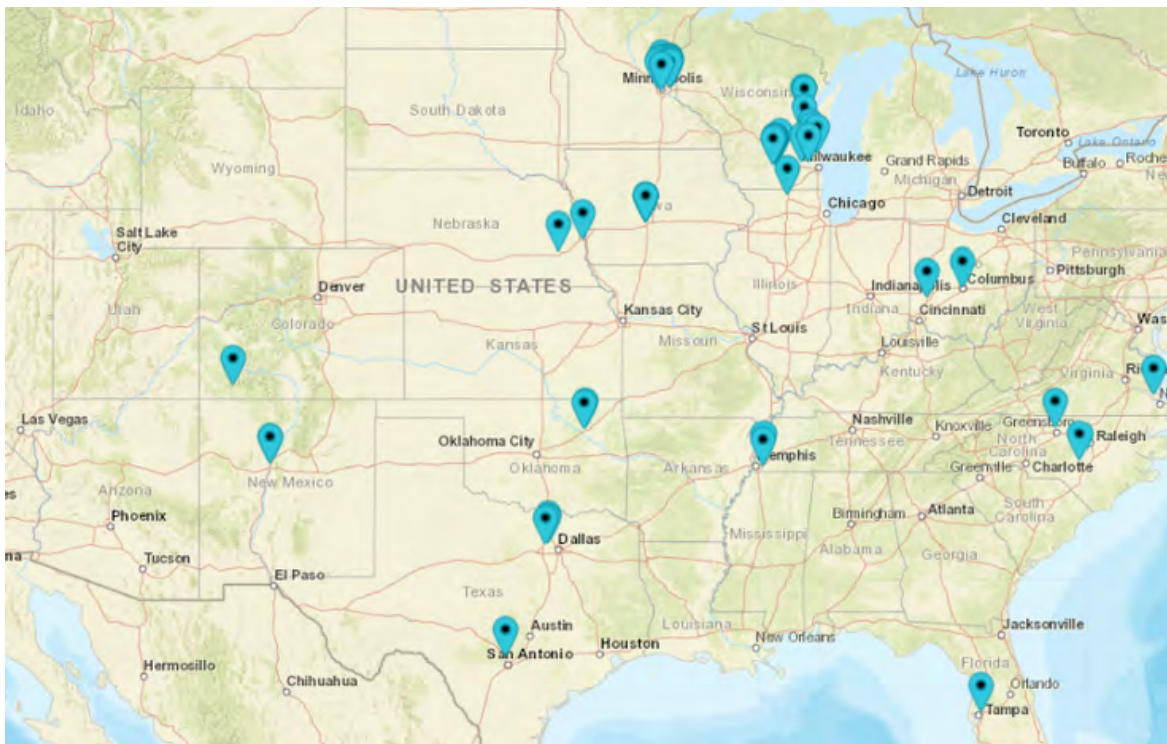
57

Assets

14

States

These figures are comprised of our series of Private Funds, the Legacy Fund and Managed Accounts as of 12/31/2022.



Acquisitions, as of 12/31/22

# 2022 AWARDS & RECOGNITIONS

Our team has won several awards in recognition of our culture, hard work, and service - both collectively and individually. Congratulations to the greater team and to the following individuals, who have received awards for outstanding contributions.



**JADE HENDRICKS**  
GlobeSt. Women of Influence  
(Humanitarian)



2022  
**BEST PLACES  
TO WORK**



**AUSTIN CARLSON**  
Waukesha Country Business Alliance  
Emerging Leader of Waukesha County



**J. MICHAEL MOONEY**  
CARW Hall of Fame &  
Wisconsin 275



**JORJIO HOPKINS**  
Milwaukee Business Journal  
Veterans in Business



**JAMES MUELLER**  
Milwaukee Business Journal  
Top Corporate Counsel



**BILLY FOX**  
Multi-Housing News  
Rising Star

# ACQUISITIONS

A highly regarded aspect of MLG’s broader strategy is immense deal flow. Historically, MLG has been able to source 100+ acquisition opportunities per month from our expansive network of relationships. The Acquisitions team was busy this year, ending 2022 on an extremely strong note.

MLG’s full deal sourcing team, analyst team and principals vet and scrutinize deals, narrowing them down to the best available opportunities. We do not limit the deals reviewed to a certain asset class, but rather focus on deals that appear to be the most likely to perform best based on the available property information and market research data.

▶ 2022 DUAL ACQUISITION STRATEGY (as of 12/31/2022)

Direct Acquisition (including the MLG Legacy Fund)

1,685+

Deals  
Sourced

749+

Deals  
Underwritten

\$625M

in Purchase Price &  
Stipulated Property  
Value

Private Equity / Joint Venture

616+

Deals  
Sourced

380+

Deals  
Underwritten

\$604M

in Purchase Price  
Acquired



# DEAL HIGHLIGHTS

Through our investment strategies, we seek real diversification, spreading investments across geographic markets, property types, property classes and even managers. We're focused on smart, critical selection of real estate. We make the right deals at the right time, **putting our investors first**.

Here are a few acquisition highlights from 2022:

## ▶ SILVER SPRINGS APARTMENTS | TULSA, OK | MULTIFAMILY



Silver Springs Apartments is a 320-unit, Class B, garden-style multifamily property built in 1980. The subject property is located in the East Tulsa submarket, which is experiencing strong, organic rent growth and steady occupancy rates. Silver Springs offers value-add potential, and we plan to capture rent growth from interior and exterior improvements and amenity enhancements. We anticipate continued growth in the Tulsa market over the next 3-5 years.

## ▶ BEYOND APARTMENTS | WOODBURY, MN | MULTIFAMILY



Beyond Apartments is a Class A, 255-unit apartment complex was built in 2021 and is located in a fast-growing, affluent suburb of Minneapolis/St. Paul. The Minneapolis/St. Paul market offers a strong and diverse employment base, while Woodbury in particular continues to see out-sized population growth. Beyond Apartments is the 17th investment by MLG Capital in the Twin Cities area and its 19th in Minnesota, bringing MLG's historically owned number of units in the state to over 1,446 as of 12/31/2022.

## ▶ PRESERVE PORTFOLIO | MEMPHIS, TN | MULTIFAMILY



The Preserve Portfolio consists of two multifamily properties in the Memphis area – Preserve at Southwind (top) and Preserve at Bartlett (bottom). The properties total 306 and 300 units, respectively. Each property is well-located in desirable submarkets of Memphis with strong school districts. The Memphis area is also showing signs of accelerating employment, and these properties offer convenient access to some of the area's largest employers.

## ▶ SHOPS AT WEST END | MINNEAPOLIS, MN | RETAIL



The Shops at West End is a desirable retail center, developed in 2009, with strong cash flow and provides an opportunity to lease up existing vacancy with several prospective tenants already in line. The asset is well-located, just 7 miles from downtown Minneapolis, the 12th biggest retail market in the United States. MLG partnered with an existing partner to acquire this property.



# LEGACY FUND

The Legacy Fund is specifically designed for investors to contribute property and boasts a number of benefits including tax advantages, wealth and estate tax planning, diversification, and passive ownership. The figures below summarize Legacy Fund's acquisitions, as of 12/31/2022:

\$712M<sup>6</sup>

Total  
Property Value

\$272M

Total Contributed  
Equity

12

Transactions

71

Properties

16

States

## ▶ WHY CONTRIBUTE TO THE MLG LEGACY FUND?

### PASSIVE OWNERSHIP

Avoid the day-to-day management concerns of being a landlord and rely on the proven and experienced investment and property management of MLG Capital and our affiliates.

### TAX-DEFERRED & EFFICIENT

Contribute assets to the Legacy Fund, likely without recognizing capital gains. Contributors may also benefit from the depreciation of new assets acquired by the Legacy Fund, potentially reducing income taxes.

### MEMBERSHIP AND ESTATE FLEXIBILITY

Provide maximum flexibility for family members or partnerships with different objectives. Heirs and partners are able to hold or redeem units based on their individual needs.

### DIVERSIFICATION AND RISK REDUCTION

Avoid the challenges of selling appreciated assets through a 1031 exchange and trading into inferior assets due to timing constraints. Target diversification in a fund that seeks acquisitions across multiple property types and markets.

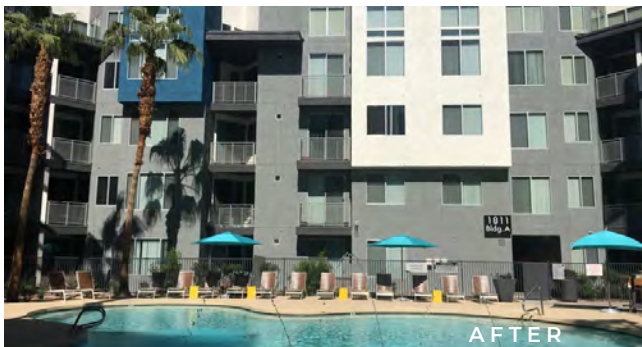
# 2022 DISPOSITIONS

Across all our disposition strategies we were able to sell:

- Over \$275 million in total deals via 9 total sales
- 1,219 multi-family units
- 321,000 commercial square feet<sup>1</sup>
- Sales across 5 states
  - 35% Avg property level IRR on MLG Private Fund sales in 2022<sup>5</sup>
  - 2.68 Avg property level Multiple on MLG Private Fund sales in 2022<sup>5</sup>

Two notable sales in 2022 are summarized below:

## TEMPE METRO | TEMPE, AZ



Tempe Metro was acquired in 2018 with a repeat sponsor. This acquisition presented a few value-add opportunities, including renovations to unit interiors and common areas. Tempe was sold in July 2022, producing a **47.63% property-level IRR** and an equity multiple of **4.02**.<sup>5</sup>

## SOUTHTECH II | BLOOMINGTON, MN



Southtech II is an Industrial/Flex building acquired with another repeat sponsor in June 2020. The overall strategy was to purchase the property at an attractive basis, lease-up the building, and sell shortly after achieving a stabilized occupancy. The property sold December 2022 at 91% occupied, achieving a **41.36% property-level IRR** and an equity multiple of **2.29**.<sup>5</sup>

Despite market volatility, inflation and interest rate movement, MLG raised ±\$271M in new subscriptions between Private Fund V, Private Fund VI and co-investments in 2022.<sup>2</sup>

Private Fund V launched in January 2021, with an initial target equity raise of \$300M. The Fund was fully committed within 15 months in March 2022, for a total equity raise of \$350M.

Private Fund VI launched shortly thereafter, in May 2022, and is off to a strong start after just 7 months of operations:

- Approximately **\$115M of total equity raised** (as of 12/30/22)<sup>2</sup>
- 9 total acquisitions across 6 states
  - 6 multifamily assets, 2 flex properties, 1 retail property
  - 1,778 total units
  - ±870K commercial sq.ft.<sup>1</sup>
- Investor distributions have commenced for all current Fund VI admitted investors
- A strong Q1 2023 is underway with +/- \$60 million in Fund VI equity targeted into 3 new multifamily acquisitions under letter of intent or purchase sale agreement\*

Private Fund VI has a targeted equity raise of \$400M and is still open for new subscriptions through December 2024, or upon reaching our \$450M maximum, whichever comes first.<sup>4</sup>

*\*Pending transactions may not close or terms may change from estimation provided.*





# PHILANTHROPY AT MLG

Through the core focuses of MLG Cares (Employee Engagement, Community Relations, Corporate Sponsorships and the MAD Initiative), the impact we've been able to have both collectively and individually is remarkable.



Our motto – Making a Difference, While Making a Living – encompasses our commitment to our investors, our employees and our community.

In 2022:

- The MLG Cares Committee organized 13 employee engagement and/or volunteer opportunities, comprised of over **240** service hours.
- The MLG Cares Committee donated **25%** of its annual budget toward supporting employees' organization involvement.
- Corporately, MLG supported nearly **30** organizations through community service, donations and sponsorships.



# PHILANTHROPY AT MLG, CONT'D.

The Making a Difference (MAD) Initiative

The MAD Initiative is our approach to **social impact investing**. This philanthropic program is positioned to allow investors to redirect distributions and future upside from our Private Funds, and combine that with MLG corporate profits from the investment, towards an aligned nonprofit interest.

\$10.1M<sup>8</sup>

## Total Fundraise toward this Initiative

Through the MAD Initiative, we project that for every \$1 million invested, we can create roughly \$550,000 in donations (over the investment lifecycle).<sup>7</sup> Between Private Fund V, Private Fund VI and future funds, we believe these investments will result in millions of dollars in donations to our partners.

10%

## Targeted Fund Allocation

MLG has allocated up to 10% of our current offering, Private Fund VI, for investor subscriptions via the MAD Initiative, for a potential raise of \$40M.

7

## Organization Partners (Beneficiaries)<sup>7</sup>

We've partnered with 7 organizations to directly support through the MAD Initiative and its contribution programs. These organizations focus on youth, education and/or financial literacy in the local community and abroad.



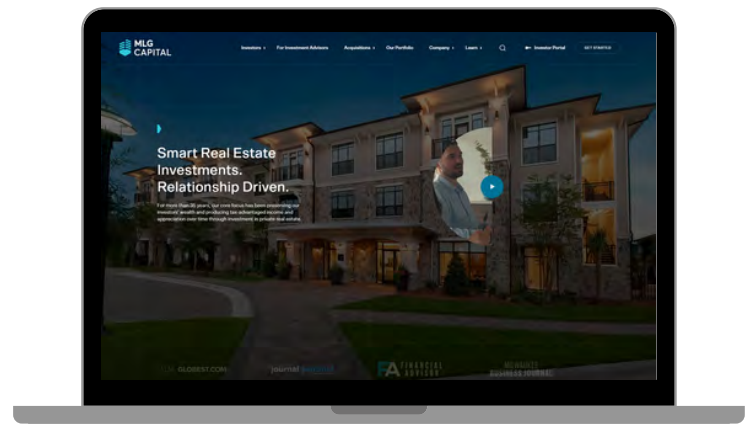
# FROM RED, TO BLUE

This year, as we've celebrated 35 years of real estate, we've had an opportunity to look inward. We've been very purposeful to ensure the decisions we make follow the two pillars of MLG: "Make a Difference, While Making a Living" and "Absolute Integrity".

Our new website and logo are a modern representation of our values, with new features and visuals for a more robust experience.

The colors and logo may change, but our goal of being the best in private real estate investment will not.

As always, we appreciate your continued trust and partnership.



## Great! But when?

As we start the new year, we're working diligently to complete and launch our new website and completing updates to all of the materials you see from us. We anticipate a mid-January completion and cannot wait to share it with you.

You may see both logos on documents or the web as we transition. There is no additional action required on your end.



# THOUGHT LEADERSHIP

## Most Read Blogs of the Year

*Click the title to view the content.*

01.

Which Fund is Right for Me?

02.

The Tax-Efficient Power of Reinvestment

03.

5 Steps to Take Following a Liquidity Event

04.

Why the Legacy Fund is the Superior Real Estate Exit Strategy

## Top Videos



05.

Past, Present, and Future: Real Estate Investments with MLG Capital



06.

MLG Capital's View on the Multifamily Cycle

# ABOUT MLG

For over 35 years, our core focus has been preserving our investor's wealth and producing tax-efficient income and appreciation over time.

When you work with MLG you become a member of our team. With personalized, relationship-focused account management and individualized account support, we work to build trust, drive returns and achieve financial goals.

\$5.60B

Total property market value<sup>1</sup>

39.5M

Total square feet of property owned<sup>1</sup>

2.61x

Total equity multiple since inception<sup>3</sup>

33,900+

Multifamily units<sup>1</sup>

## 3 WAYS TO WORK WITH US

### MLG Private Funds

A series of private real estate funds targeting diversification by geography, asset class, and even by manager via a dual-sourcing strategy. Invest with pre-or-post tax dollars or even foundation or endowment monies.

### MLG Legacy Fund

Specifically designed for investors to contribute property and are seeking tax advantages, wealth and estate tax planning, diversification, and passive ownership. The asset you own is unique, and we have the expertise to help guide you through the complexities of exiting ownership.

### Separately Managed Accounts

Have a unique circumstance? Lean on over 35 years of experience and a dedicated team to help you with a crafted solution to your real estate investment goals.

# DISCLAIMERS

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1. Figures as of 9/30/22. May include pending acquisitions, whether under contract or signed letter of intent, reasonably anticipated to close. Market Value and is based on MLG's internal estimate of current value of all assets and equity ever invested by MLG and its investment affiliates. Commercial square feet includes multi-family assets. All data was obtained from MLG's internally produced financial statements. These statements were not independently audited.
2. Total is comprised of approved, admitted or pending legal review subscriptions as of 12/30/2022.
3. Calculated as of 9/30/22 based on the total distributions of all sold assets divided by the total equity raised. For sold assets, total distributions include actual distributions from sale plus prior distributions. The returns presented here are an aggregation of the returns of the MLG and its investment affiliates and do not represent an actual investment portfolio. There can be no assurance that investments will achieve comparable results or meet its investment objectives
4. Currently, MLG Private Fund VI LLC (the "Main Fund") and MLG Dividend Fund VI LLC (the "Parallel Fund," and together with the Main Fund, the "Fund"), and the MLG Legacy Fund LLC ("Legacy Fund"), are open for new investments. All information wherein related to the Fund and Legacy Fund are qualified in their entirety by the memorandum and the limited liability company agreements (the "LLCAs") of the Main Fund, the Parallel Fund and the Legacy Fund, each as may be amended and/or modified from time to time, and a subscription agreement related thereto, copies of which will be made available upon request and should be reviewed before purchasing Units in the Fund or Legacy Fund.
5. Property level IRR and Equity Multiple is gross of sponsor promote and fund level activities. It is net of any property operating expense, capital expense, non-operating property expenses.
6. Based on MLG's internal valuation of all Legacy Fund properties owned as of 9/30/2022, plus the stipulated property value of Legacy Fund properties acquired between 9/30/2022 and 12/31/2022.
7. The Charity is the beneficiary of the investor/donor's investment in the applicable MLG Private Fund and subsequent donations under the MAD Initiative. This is not, and will not be, an offering of the Charity receiving the donation. Standard Equity Structure: Investor Donor receives 100% of cash flow until paid a 8% preferred return and 100% return of capital. Standard Donation Structure: All cash flow over 6% and return of capital goes to the Charity (Assumes a 12% IRR over an 8-year hold). MLG donates their profits at 100%.
8. As of 12/31/2022, the amount of private fund subscriptions participating in the MAD Initiative.

All figures, unless otherwise noted, are as of 12/31/2022.

Past Performance is not indicative of future results.



Thank you for your  
continued trust and  
partnership with us.

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## CONTACT

MLG CAPITAL HQ  
19000 W Bluemound Road  
Brookfield, WI 53045

Website: [www.mlgcapital.com](http://www.mlgcapital.com)  
Email: [requestinfo@mlgcapital.com](mailto:requestinfo@mlgcapital.com)  
Phone: 262-797-9400

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