

# Making a Difference While Making a Living

## Invest With An Impact.

The Making a Difference (MAD) Initiative was created to provide entities and individuals the opportunity to invest in private real estate, while contributing a portion of the investment returns to a charitable organization. By combining sustainable investor returns with charitable initiatives, the MAD Initiative enables philanthropic endeavors in the local community and abroad.

### ALLOCATE

Make a commitment to invest in an MLG Private Fund with the MAD Initiative (3 Program Options)

### GROW

Accrue a portion of the preferred return (see MAD programs) on your investment, plus 100% return of capital

### CONTRIBUTE

Allocate specified returns to the charitable organization (“Charity”) of choice; MLG will donate 100% of its profit share

The MAD Initiative is the result of our decision to focus on a cohesive relationship between our business strategy and our philanthropic goals. It is anchored in, and named after, one of our firm’s core objectives: making a difference, while making a living.

Tim Wallen  
Principal & CEO



## INVESTMENT EXAMPLE

Original Principal \$1,000,000 | Targeted Fund IRR 12% | 'Regular MAD' Contribution

### Cash Flow Summary

	Projected Cash Available	Investor Cash Returns	Investor Return of Capital	Charity
Year 1	4.0%	\$40,000	\$0	\$0
Year 2	5.0%	\$50,000	\$0	\$0
Year 3	6.0%	\$60,000	\$0	\$0
Year 4	14.3%	\$90,000	\$52,500	\$0
Year 5	54.0%	\$56,850	\$483,150	\$0
Year 6	48.5%	\$27,861	\$457,539	\$0
Year 7	34.7%	\$409	\$6,811	\$339,830
Year 8	16.9%	\$0	\$0	\$169,400
Year 9	3.7%	\$0	\$0	\$37,223
<b>Total</b>		<b>\$325,120</b>	<b>\$1,000,000</b>	<b>\$546,453</b>
Investor Donation - 2% of 8% Preferred Return*				\$88,373
Investor Donation - 70% share of Profits*				\$320,656
				<b>\$409,029</b>
MLG Donation - 30% Share of Profits*				\$137,424
				<b>\$546,453</b>

1. Equity Structure: Investor Donor receives 100% of cash flow until paid a 6% preferred return and 100% return of capital.
2. Donation Structure: All cash flow over 6% and return of capital goes to the Charity (Assumes a 12% IRR over an 8-year hold).
- 3.\*Typical Fund VI Deal Structure: 8% preferred return, 100% return of capital and then 70/30 profit split of remaining cash flow.

#### Cash Flow Summary Footnote:

1. Distributions from the MLG Private Funds are subject to cash flow availability and are not guaranteed. There can be no assurance that the MLG Private Funds will achieve an 8% preferred return, 12% IRR or meet their investment objectives. Past Performance is not indicative of future Results. The cumulative preferred return paid at any time may exceed the cumulative operating income from a MLG Private Fund's investments and is therefore not necessary indicative of the investment returns received by the MLG Private Fund from the MLG Private Fund's investments. Preferred return payments may be funded by sources other than operating income, including, but not limited to: capital contributions, loans, return of deposits or reserves, or net refinancing or sale proceeds from the MLG Private Fund's investments.
2. MLG Asset Management LLC or its affiliate will receive an annual asset management fee as outlined in the applicable Confidential Private Placement Memorandum of each offering.

## ORGANIZATION PARTNERSHIPS

MLG has selected the following beneficiary organizations (each a "Charity") to participate in the MAD Initiative for Private Fund VI. These organization support youth and education in various capacities, majority in the inner city of Milwaukee. MLG Capital is committed to enhancing our local community, particularly through education and mentorship. Check out our website to learn more about each organization.



**MILWAUKEE COLLEGE PREP**  
College Bound. Character Strong.



**St. Marcus School**

## MAD PROGRAMS

Fund investors can redistribute an indicated portion of their investment returns and profits to a selected organization. MLG Capital will also donate 100% of their portion of profit split to the specified charity. **Up to 10% of Private Fund VI (\$40M) has been reserved for the MAD Initiative.**

### Regular MAD

1. 6% Preferred Return to Investor
2. Return of Capital to Investor
3. Remaining proceeds to Charity

### Super MAD

1. 3% Preferred Return to Investor, 3% Preferred Return to Charity
2. Return of Capital to Investor
3. Remaining proceeds to Charity

### Crazy MAD

1. 6% Preferred Return to Charity
2. Return of Capital to Investor
3. Remaining proceeds to Charity

## TAX ADVANTAGES

### INVESTMENT EXAMPLE:

**Original Principal \$1,000,000 | Targeted Fund IRR 12% | 'Regular MAD' Contribution**

#### The Income Tax Summary assumes:

- a theoretical timing and mix of ordinary income(loss) and capital gain.
- that the investor's income (loss) is subject to the highest federal and state tax rates; further, the analysis assumes the highest combined federal and state ordinary tax rate is 47% and the highest combined federal and state capital gain tax rate is 30% for all tax years
- that the investor is not subject to any federal or state charitable deduction limitations and has other sources of ordinary income that can be offset by the charitable deductions
- that the investor has other sources of ordinary income that can be offset with ordinary losses allocated from the investment

Hypothetical Tax Impact of the MAD Initiative			
	Investor Taxable Income		Investor Charitable Contribution
	Ordinary	Cap Gain	
Year 1	(\$500,000)	\$0	\$0
Year 2	(\$30,000)	\$0	\$0
Year 3	\$0	\$0	\$0
Year 4	\$0	\$60,750	\$0
Year 5	\$30,000	\$388,800	\$0
Year 6	\$35,000	\$364,500	\$0
Year 7	\$40,000	\$191,863	\$264,393
Year 8	\$50,000	\$82,830	\$118,580
Year 9	\$0	\$20,406	\$26,056
<b>Total</b>	<b>(\$375,000)</b>	<b>\$1,109,149</b>	<b>\$409,029</b>
<b>Tax Rates - Estimated</b>	<b>47.0%</b>	<b>30.0%</b>	<b>47.0%</b>
<b>Cumulative Net Tax - Estimated</b>	<b>(\$176,250)</b>	<b>\$332,745</b>	<b>(\$192,244)</b>
	<b>Cumulative Net Tax Effect<sup>2</sup></b>		<b>(\$35,749)</b>

#### Hypothetical Tax Impact of MAD Initiative Footnote:

- Distributions from the MLG Private Funds are subject to cash flow availability and are not guaranteed. There can be no assurance that the MLG Private Funds will achieve an 8% preferred return, 12% IRR or meet their investment objectives. Past Performance is not indicative of future Results. The cumulative preferred return paid at any time may exceed the cumulative operating income from a MLG Private Fund's investments and is therefore not necessary indicative of the investment returns received by the MLG Private Fund from the MLG Private Fund's investments. Preferred return payments may be funded by sources other than operating income, including, but not limited to: capital contributions, loans, return of deposits or reserves, or net refinancing or sale proceeds from the MLG Private Fund's investments.
- The Cumulative Net Tax Effect is only applicable to the hypothetical situation outlined above and does not represent an individual investors actual tax savings under the MAD Initiative.

You can make an impact with funds you're not yet ready to donate.



This flyer ("Flyer") is presented for informational purposes only and is qualified in its entirety by reference to the Confidential Private Placement Memorandum of the applicable MLG Private Fund, the limited liability company agreements of the applicable MLG Private Fund. This information is not intended to be relied upon as the basis for tax advice or an investment decision, and is not, and should not be assumed to be, complete. All recipients shall consult with their own tax or legal professional regarding the information presented. This information does not constitute an offer or solicitation in any state or other jurisdiction to subscribe for or purchase limited partnership interests in an offering. An investment into a private offering is subject to various risks, none of which are described herein.

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. The investor/donor's ability to use charitable contributions as deductions against other income is dependent upon applicable income tax laws as well as the investor/donor's personal tax situation. The investor/donor should consult with his, her or its own tax advisor regarding the income tax consequences of investing in the MLG Private Funds and the MAD Initiative.