



AVATAR COMMERCIAL MORTGAGE REIT

| A Mortgage Fund with a REIT Structure
that Benefits Investors



ADDING AVATAR COMMERCIAL MORTGAGE REIT TO YOUR INVESTMENT STRATEGY

AN INDUSTRY LEADER IN LOAN ORIGINATION

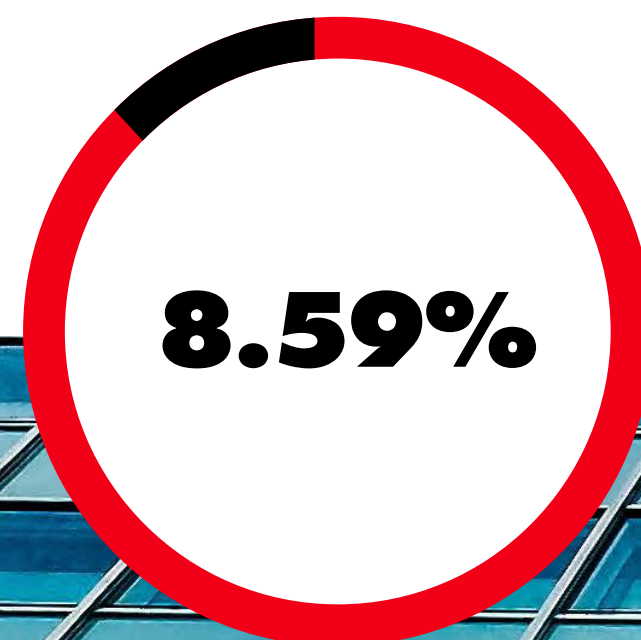
Avatar Financial Group (AFG) is a leader in commercial hard money bridge loans, offering solutions for nonconforming, income-producing real estate transactions nationwide. AFG is positioned to meet the market's needs and expand its portfolio of loans in the \$1 million to \$35+ million range without the regulatory constraints that large banks and institutional lenders are now facing. Avatar Commercial Mortgage REIT was formed to raise capital to provide funding for certain loans originated by AFG. Avatar affiliates manage the fund and provide loan servicing.

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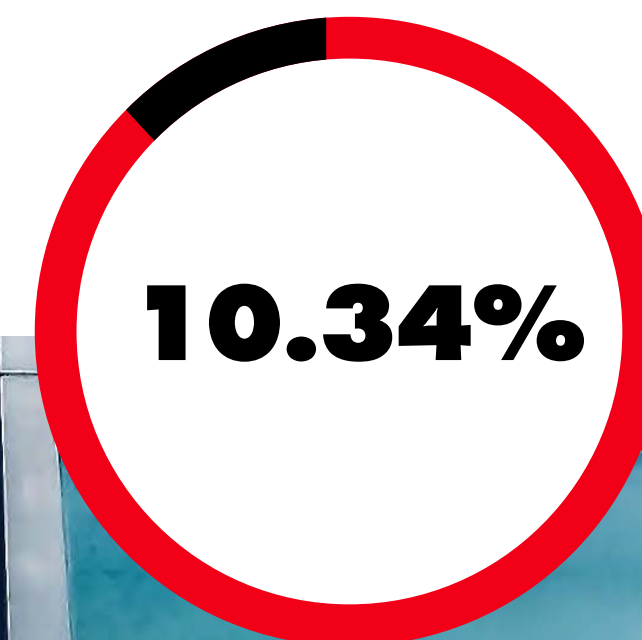
INVESTMENT MANAGERS

Since 1995, Avatar's co-founders have expertly managed commercial mortgage investments, eventually leading to the formation of Avatar Financial Group in 2003. The REIT is an excellent fit for investors vetting alternatives to traditional stocks and bonds for income replacement; the lower volatility, consistent returns, flexibility, and tax advantages of our mortgage fund distinguish this opportunity.

**Net investor distributions after all fees. Overall portfolio performance includes returns prior to formation of the REIT. Read our full disclosures on the final page of this presentation.*



**10-YEAR NET
INVESTOR RETURN***



**CURRENT GROSS
PORTFOLIO YIELD**

A MORTGAGE INVESTING PARTNERSHIP SINCE 1995



**JERRY ZEVENBERGEN,
CEO & CO-FOUNDER**

In addition to being active in loan underwriting, Jerry oversees Avatar's loan servicing, banking relationships, accounting, and budgeting. In 1995, Jerry left his position as an audit partner with Moss Adams to become the CEO of a private lending company where he facilitated the expansion of lending activities from the local market to a national platform.



**T.R. HAZELRIGG IV,
PRESIDENT & CO-FOUNDER**

T.R. is the co-founder and President of Avatar. His responsibilities include loan origination and credit analysis as well as structuring Avatar's national debt strategies. With over 25 years in the structured finance industry, T.R. has built a nationwide network of real estate brokers, appraisers, mortgage brokers, investors and even competitors that provide Avatar with consistent, high quality loan volume. In addition to these responsibilities, T.R. is instrumental in raising both institutional and family office capital for the company. His vast experience is an essential asset to all aspects of Avatar's portfolio management.

KEY BENEFITS

Avatar invests your capital in loans originated by Avatar Financial Group. This portfolio of loans includes a variety of commercial real estate asset types in geographically diverse markets with limited exposure to any one borrower. Performance in one asset class or geographical location is mitigated by performance of others in the portfolio. Loans are only made in a first-lien position – typically at 65% of the property's value. The Fund continues to limit fixed rates on most loans for the first six months, converting to adjustable rates. We will maintain this strategy to mitigate risk as the Fed continues on the path of inflation reduction. The due diligence process for borrowers is stringent and tested across decades of investment management in the commercial mortgage space.

KEY BENEFITS:

RISK MITIGATION

- First Lien Secured Investment
- Diversification
- Maximum Loan Size and Short Terms
- Average Loan-to-Value Ratio
- Protection from Market Volatility

INTEREST RATE HEDGE

LIQUIDITY

TAX-ADVANTAGED INVESTMENT

EXPERT FUND MANAGEMENT

REITS OFFER COMPELLING TAX ADVANTAGES



Avatar investors may benefit from significant tax savings afforded by the 2017 Tax Cuts and Jobs Act. Specifically, investors benefit from a 20% tax reduction on earned income.

Distribution of Returns

REIT's pre-tax income available for distribution

Avatar Capital Management Fee

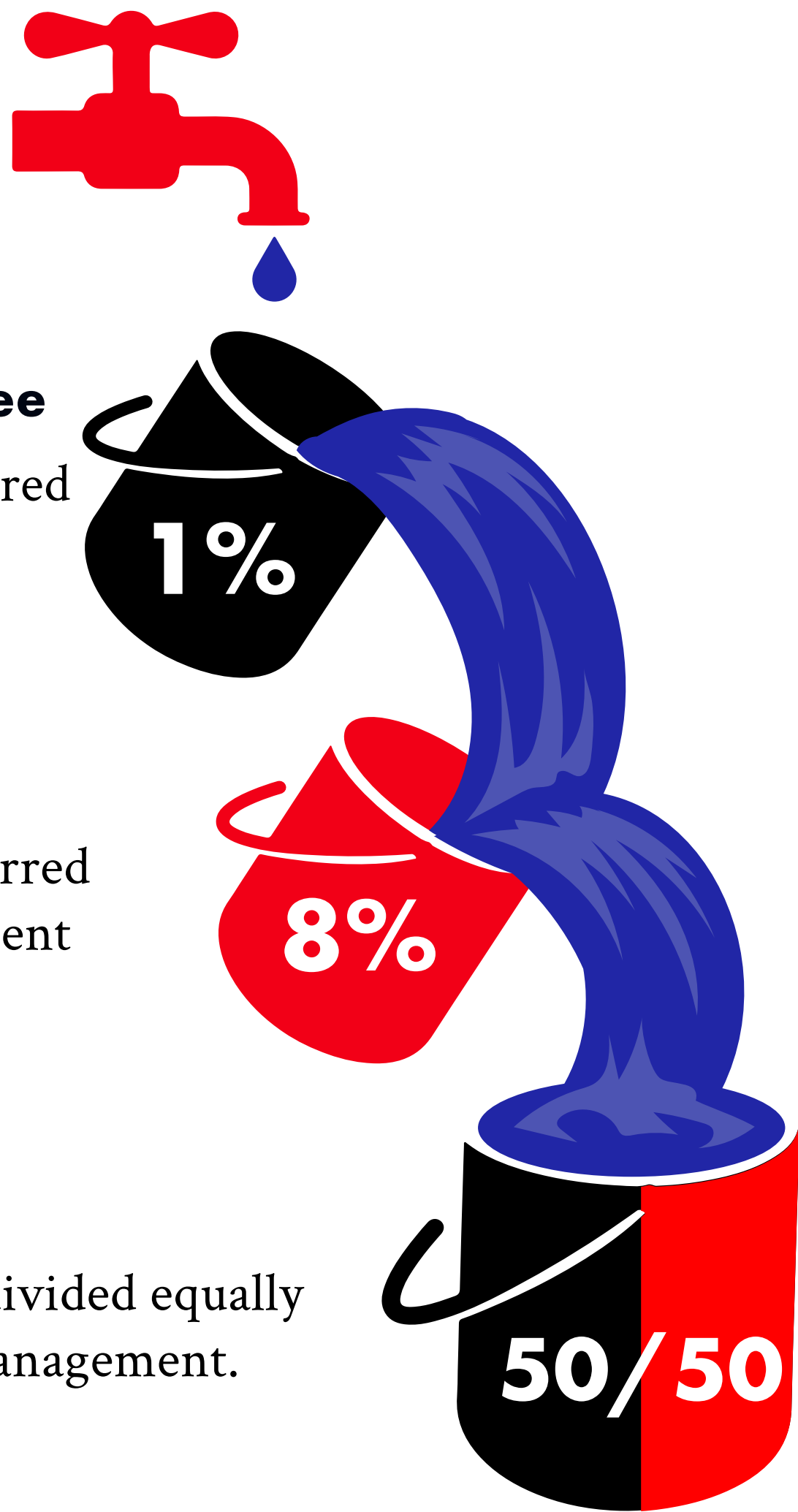
Management fee taken before preferred returns are distributed to investors

Preferred Return

REIT investors receive a preferred return on their equity investment

Net Profit

Additional proceeds are divided equally between investors and management.



Investment Structure	REIT	Non-REIT
Yield	8.50%	9.50%
Initial Investment	\$100,000	\$100,000
Net Income	\$8,500	\$9,500
20% Tax Deduction on QBI	(\$1,700)	N/A
Net Taxable Income	\$6,800	\$9,500
Taxes on Income (37%)	\$2,516	\$3,515
Income After Tax	\$5,984	\$5,985

As shown above, an **8.5% return from a REIT** is **equivalent** to a **9.5% return from a non-REIT** investment, assuming the highest tax rate of 37%.

* Returns shown above are for illustration purposes only

AVATAR'S APPROACH TO RISK MITIGATION



Every investor carefully weighs the risk associated with each of their investments. Mortgage investments, when managed by a trusted sponsor with expertise, can mitigate risk in the fixed income portion of your portfolio in the following ways:

DIVERSIFICATION

Investing in the equity of a debt Fund which holds loans secured by a variety of commercial assets (office, retail, mixed-use, multifamily, hospitality, and industrial) across numerous geographical markets lowers risk of poor performance because product types and locations are diverse.

PROTECTION AGAINST MARKET VOLATILITY

Over time, commercial real estate has proven to be more stable when indexed against other investment classes. The long-term appreciation cycle of a real estate investment holds up against inflation as property values tend to increase at these times, while stocks and bonds may not. Therefore, REIT funds can continue to provide an income stream to investors even in volatile times.

MAXIMUM LOAN SIZE & SHORT TERMS

The maximum loan size in Avatar's Mortgage REIT is 10% of the assets under management. In addition, a typical loan term in the REIT is two years, providing a hedge against changing real estate values and interest rates.

POTENTIAL TAX SAVINGS

Up to 20% of qualified net income may be excluded from the taxable income of investors (Jobs Act of 2017). While we believe most investors will be able to take full advantage of this, the federal taxable income calculation is made at the individual taxpayer level, so the results may vary.

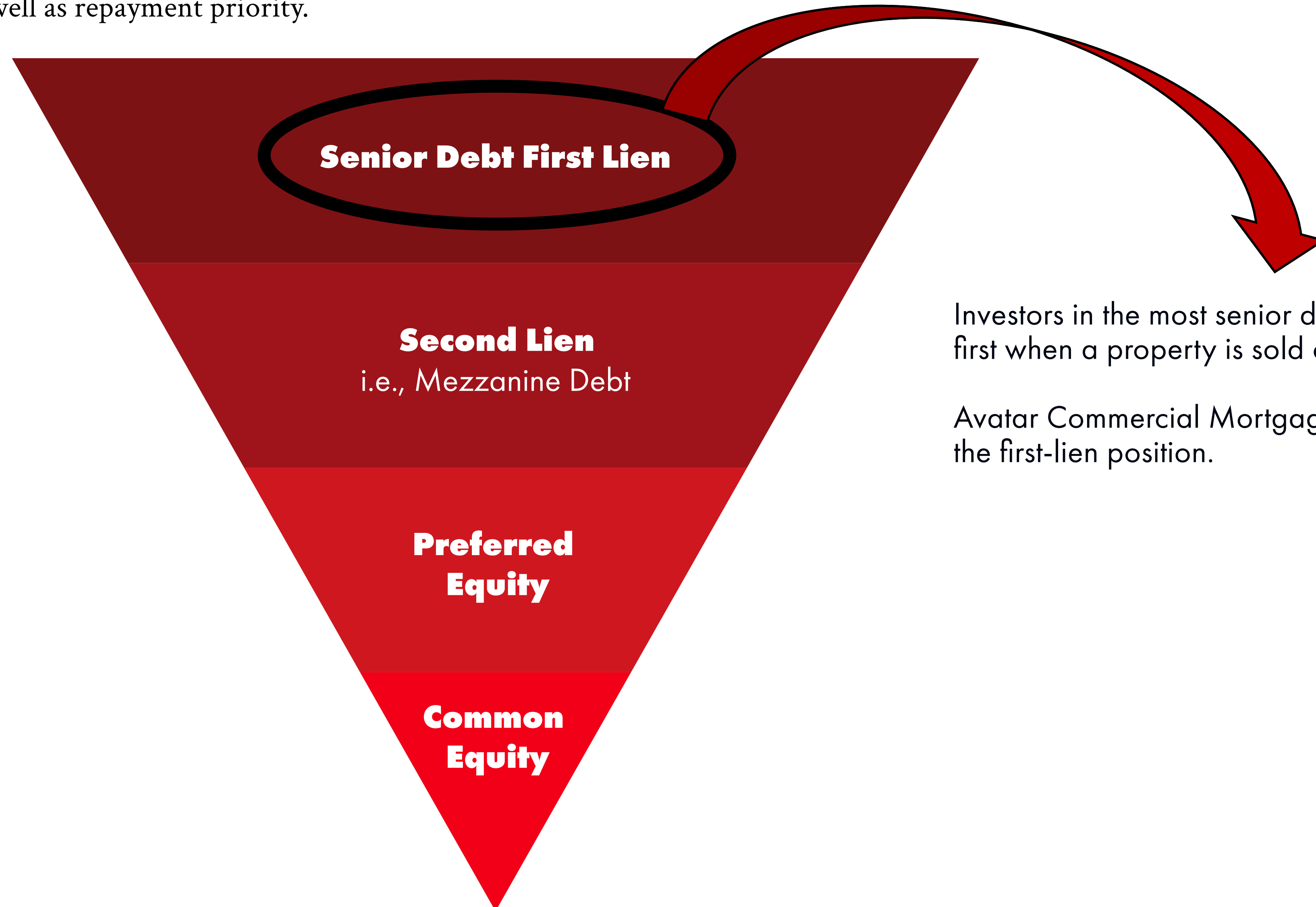


UNDERSTANDING THE CAPITAL STACK IN CRE DEBT INVESTMENT



Commercial real estate investments often involve a combination of debt and equity capital. Each layer of the capital stack comes with its own set of risks and rewards, as well as repayment priority.

Paid First
Highest Priority
Position

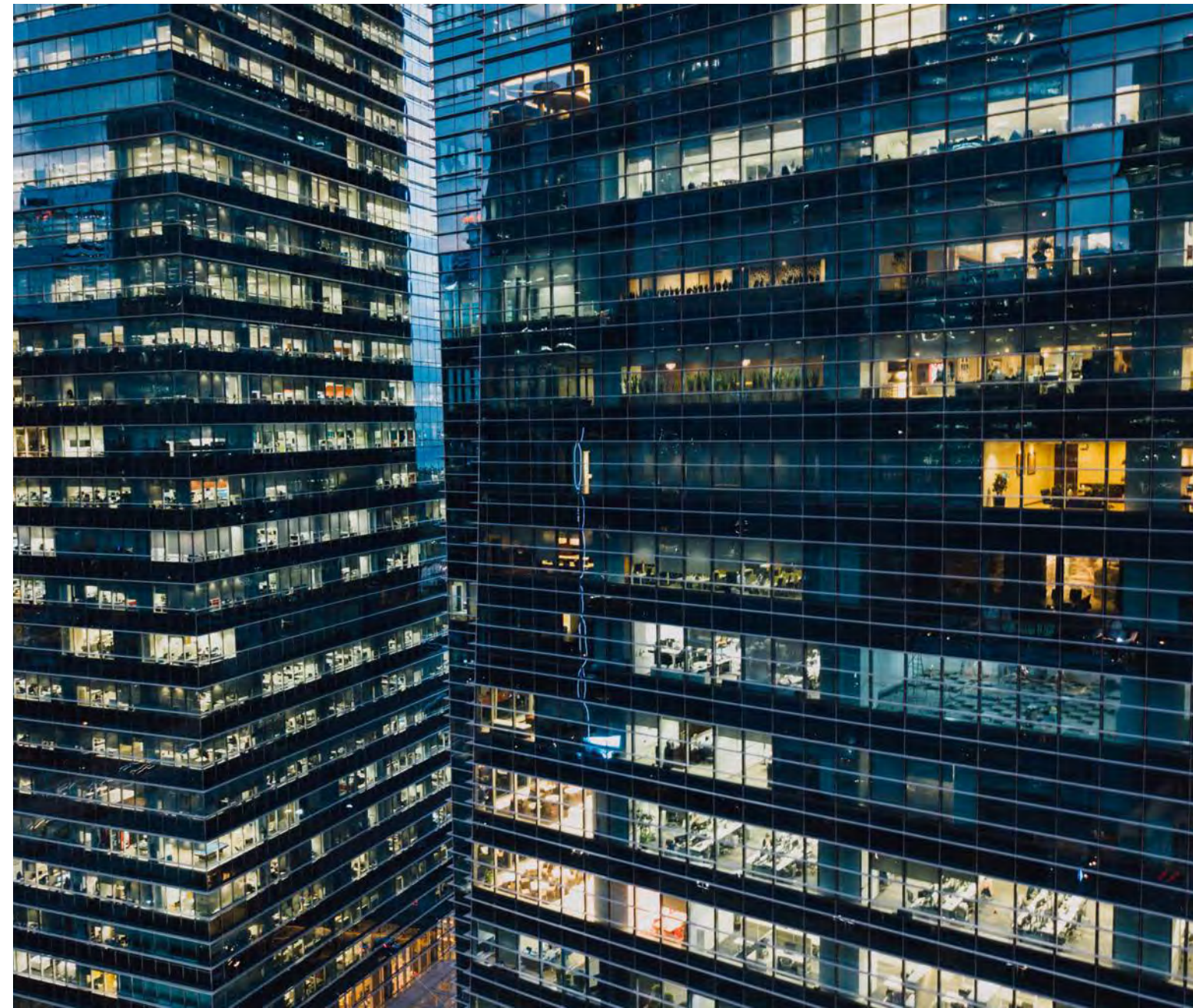


Investors in the most senior debt position are paid first when a property is sold or refinanced.

Avatar Commercial Mortgage REIT invests only in the first-lien position.

Lowest Priority
Position

Paid Last



100+ YEARS

Combined years of experience
in the commercial mortgage
investing and lending space.



\$1 BILLION

Avatar's principals have
completed hundreds of
transactions and placed \$1B+ in
loans since entering the industry.



1%

Fund Management Fee is only
1% (additional incentives split
50/50 with investors if the
investor return exceeds 8%).

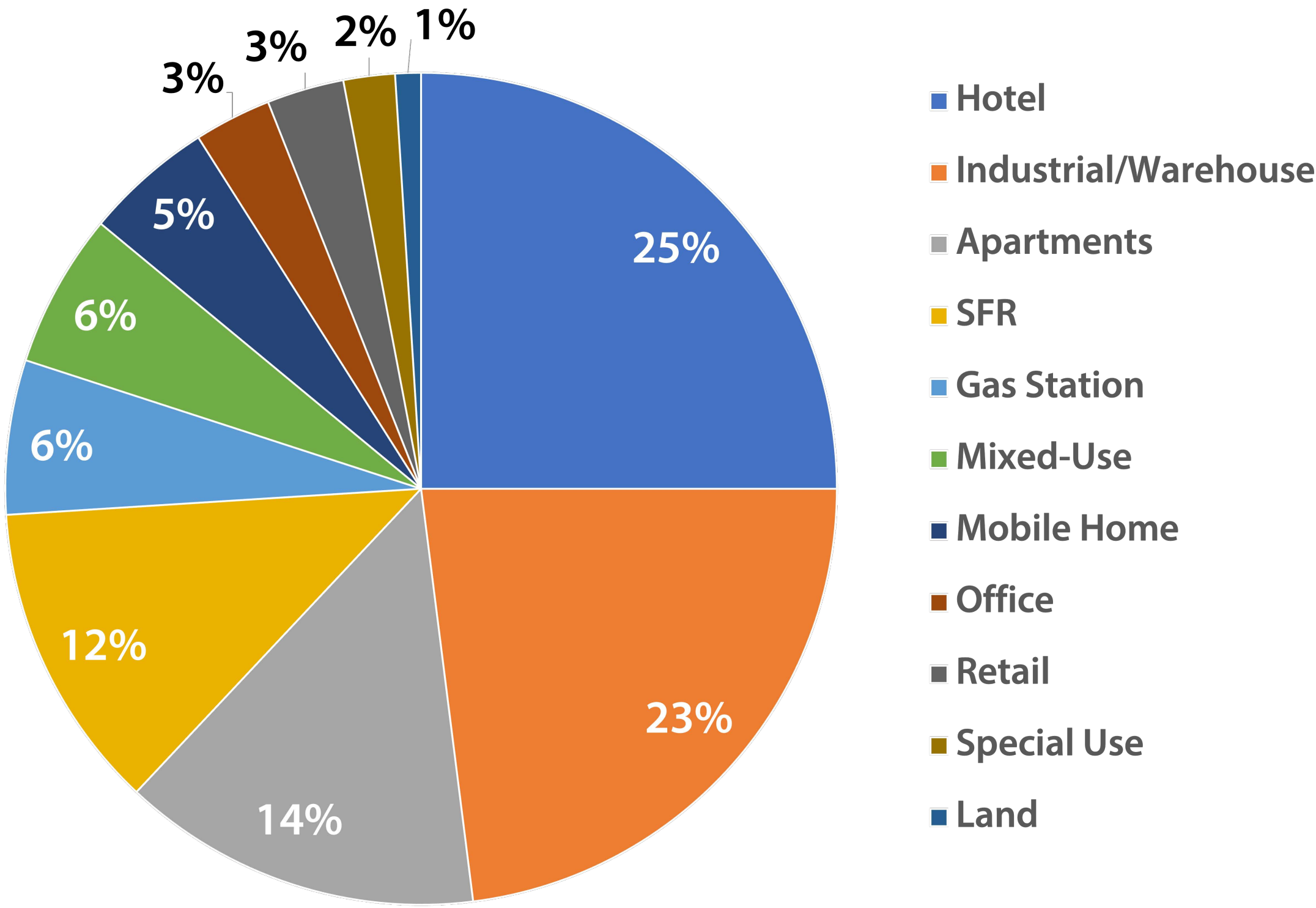
REIT PORTFOLIO: COMPOSITION



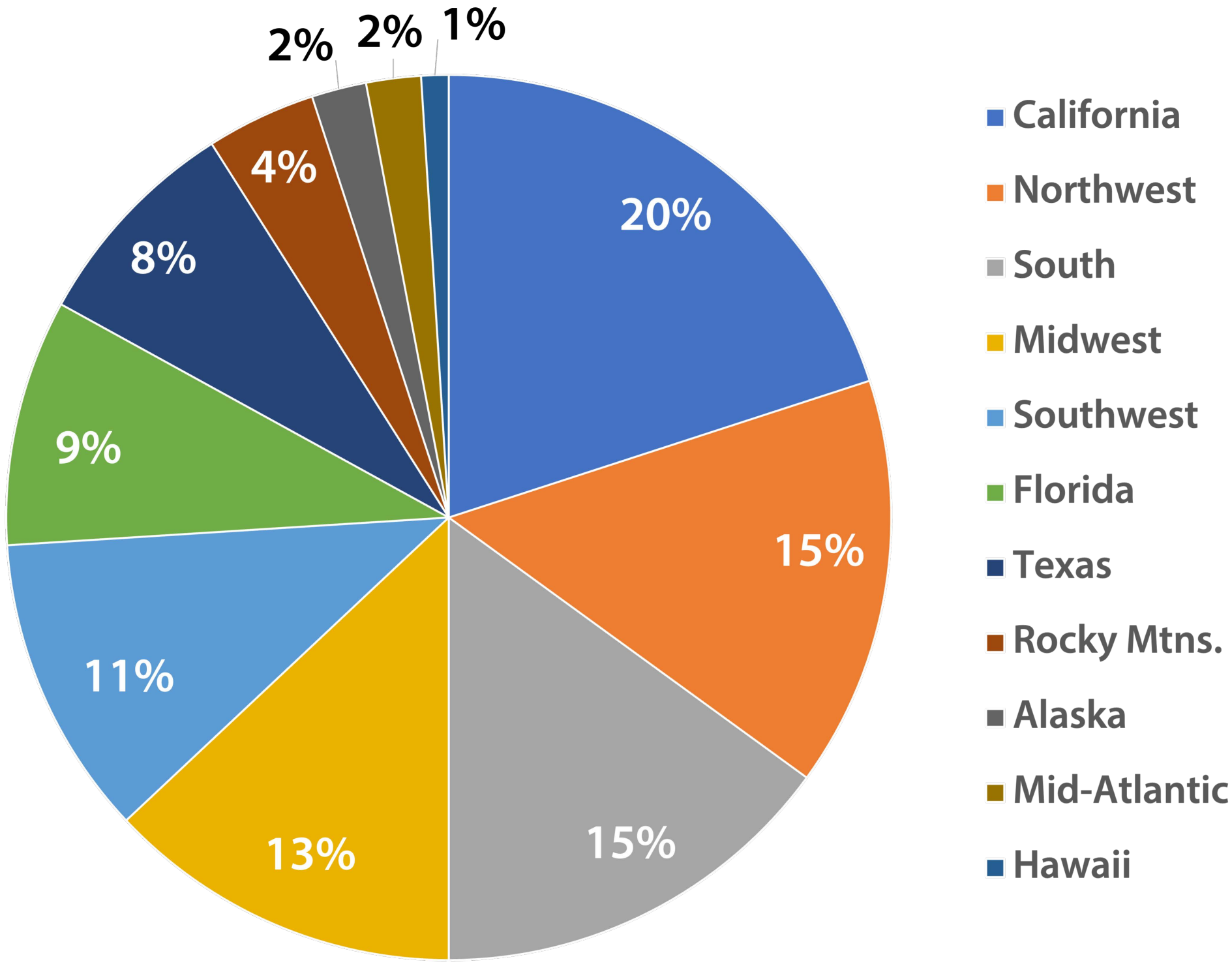
This portfolio of loans includes a variety of commercial real estate asset types in geographically diverse markets with limited exposure to any one borrower. Performance in one asset class or geographical location is mitigated by performance of others in the portfolio.

Only 3% of the loans in Avatar REIT’s portfolio are collateralized by office assets.

Loans by Property Type



Loans by Region



REIT PORTFOLIO: HIGHLIGHTED TRANSACTIONS



Below is a selection of Avatar Commercial Mortgage REIT’s representative financing transactions.

\$3.4 MM Two Apartment Communities New Orleans, LA



Loan Amount: \$3,415,000
LTV: 51%
Interest Rate: 10.24% for 12 months, then adjustable based on the SOFR
Term: 3 Years

\$9.5 MM Four Industrial Buildings Phoenix, AZ




Loan Amount: \$9,500,000
LTV: 39% (Combined)
Interest Rate: 13.05% for 6 months, then adjustable based on the SOFR
Term: 2 Years

\$4.7 MM Hotel Property San Diego, CA



Loan Amount: \$4,680,000
LTV: 65%
Interest Rate: 11.76% for 6 months, then adjustable based upon the SOFR
Term: 2 Years

\$1.6 MM Single-Family Residence Bethesda, MD



Loan Amount: \$1,560,000
LTV: 65%
Interest Rate: 11.99% for 6 months, then adjustable based on the SOFR
Term: 6 months

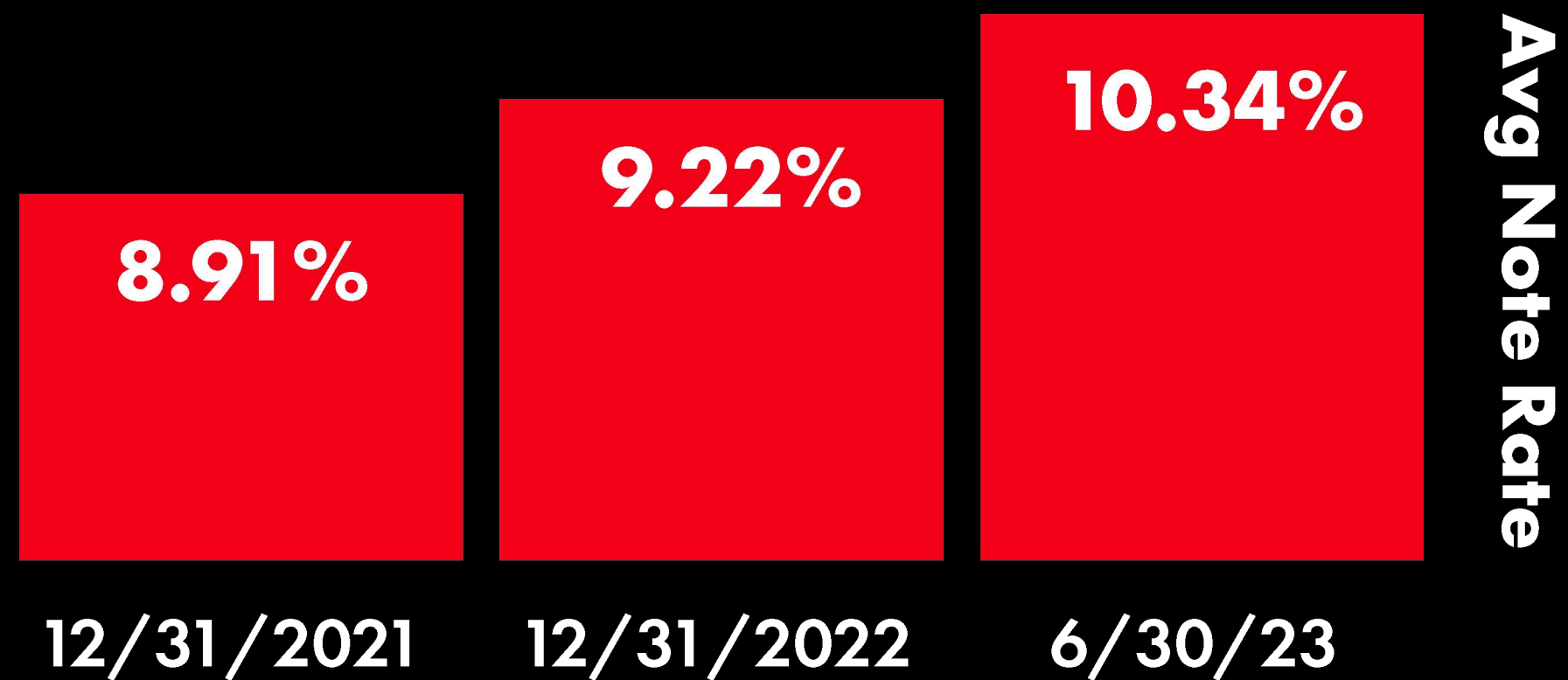
REIT PERFORMANCE

Though our historic returns were impressive in a low-rate environment, Avatar's current portfolio yield is increasing dramatically. Current lending rates are 11% to 13%. The Avatar team can help you tap into this opportunity.

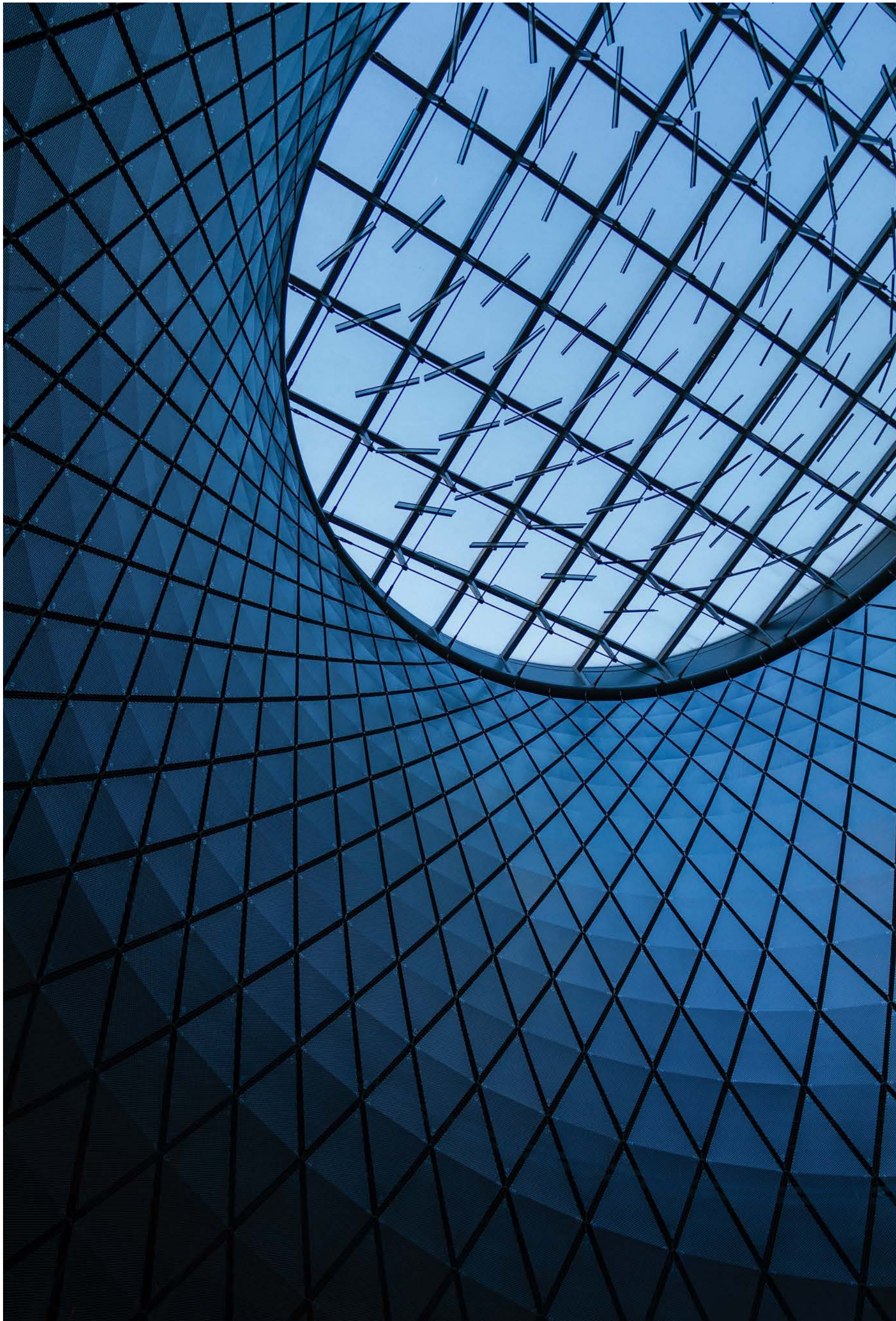
8.00%

**PREFERRED DISTRIBUTIONS MADE MONTHLY
IN 2021, 2022, YEAR-TO-DATE 2023**

REIT | PORTFOLIO



Past performance is no guarantee of future results. Read our full disclosures on the final page of this presentation.



UNDERWRITING & DUE DILIGENCE



ORIGINATION “COMMON SENSE”

Avatar is uniquely positioned and capitalized to provide real estate bridge loans for borrowers with financing needs that are not being met by traditional lenders because borrowers don't meet stringent bank standards or simply don't have time to wait. Avatar is able to apply sound business judgment without the regulatory constraints of banks.

AVATAR'S BORROWER SUITABILITY CHECK

With 100+ years of combined experience in the market, Avatar has a well-honed model for underwriting and due diligence, and has applied that approach to the due diligence strategy of the Avatar Commercial Mortgage REIT. Avatar considers suitability in context rather than focusing on the standard formulas used by major banks.

HISTORIC UNDERWRITING RESULTS

The quality of Avatar's underwriting process is perhaps best understood by our foreclosure rate.

Over the past 10 years, Avatar completed foreclosure sales on 1.6% of our total loan volume, resulting in an ROI of 9.3%.

TYPICAL BORROWER PROFILE

LIMITED TIME TO COMPLETE TRANSACTION

Example, the Borrower has won a competitive bid for an opportunistic purchase which requires a fast and certain close.

CREDIT SCORE

Minor items can affect a Borrower's credit score that may not represent the Borrower's ability to pay. Our underwriting's common sense approach considers that instance in context.

PROPERTY DOESN'T MEET BANK STANDARDS

The property may temporarily not meet bank standards for a loan; for example, the occupancy rate of a property falls below bank standards. Avatar evaluates the Borrower against this variable to determine loan suitability.

KEY RELATIONSHIPS

FUND MANAGERS



Avatar services all loans offered to investors. Loan servicing ensures property accounting for payments and maintains our direct contact with borrowers throughout the life cycle of the loan.

BANKING



Line of credit provided by Axos Bank enables the REIT to efficiently manage cash. Axos Bank offers a comprehensive range of innovative financial products and services with the highest level of security.

ADMINISTRATOR



Verivest is a real estate investment platform designed to bring transparency and trust to middle market investing. State-of-the-art online investor services – account set-up, fund accounting and electronic monthly distributions.

AUDITOR



RSM US LLP is a leading U.S. provider of audit, tax, and consulting services.



INVEST WITH US

AVATAR COMMERCIAL MORTGAGE REIT

T.R. Hazelrigg IV
President & Co-Founder

(206) 719-5034
tr@avatarfinancial.com

Jerry Zevenbergen
CEO & Co-Founder

(206) 719-5085
jerry@avatarfinancial.com

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An investment in Avatar Commercial Mortgage REIT LLC involves risk, and numerous factors could cause the actual results, performance or achievements of Avatar Commercial Mortgage REIT LLC to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this presentation. Actual results may vary materially from those described in this presentation, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect.

