



AVATAR COMMERCIAL MORTGAGE REIT LLC

| A Mortgage Fund with a REIT Structure to
| Potentially Benefit Investors



ADDING AVATAR COMMERCIAL MORTGAGE REIT LLC TO YOUR INVESTMENT STRATEGY

AN INDUSTRY LEADER IN LOAN ORIGINATION

Avatar Financial Group LLC (AFG) is among the leading lenders in commercial hard money bridge loans, offering solutions for nonconforming, income-producing real estate transactions nationwide (excluding NV). AFG is positioned to meet the market's needs and expand its portfolio of loans in the \$1 million to \$100+ million range without the regulatory constraints that large banks and institutional lenders are now facing. Avatar Commercial Mortgage REIT LLC (Avatar REIT) seeks to raise capital to provide funding for certain loans originated by AFG. AFG affiliates manage the Fund and provide loan servicing.

AVATAR CAPITAL MANAGEMENT LLC IS A REGISTERED INVESTMENT ADVISOR

As of July 30, 2024, we are proud to announce that Avatar Capital Management LLC (Avatar Capital), Avatar REIT's manager, is a Registered Investment Advisor (RIA) pursuant to Section 203 of the Investment Adviser Act of 1940.

Please read through this deck for the opportunity presented by Avatar REIT for investment, or contact either of the fund managers, [TR Hazelrigg IV](#) or [Jerry Zevenbergen](#), for more information on how to invest with Avatar. Please feel free to pass along Avatar REIT's deck and investment information to friends and family who may be interested in investing with Avatar.

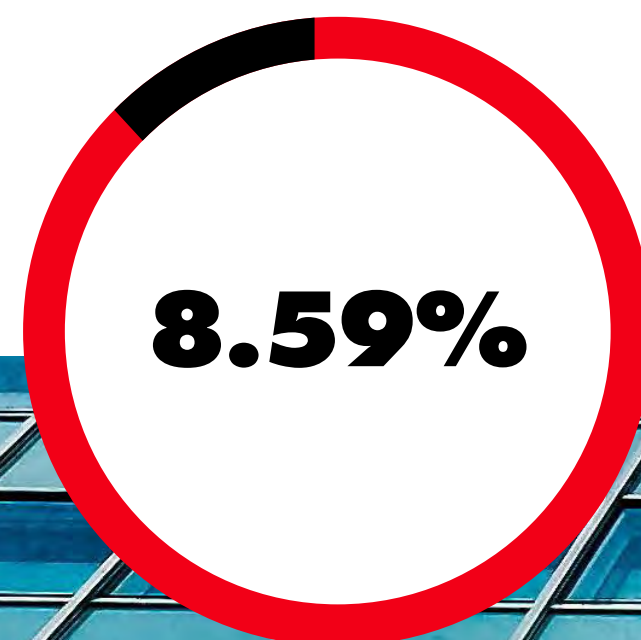
*The U.S. Securities and Exchange Commission (the Commission) has not passed on the accuracy or adequacy of the information, documentation, or investment opportunities provided by Avatar Capital nor does the Commission's granting of the registration of Avatar Capital as an RIA imply its approval or disapproval of any acts taken, statements made, or investments offered by Avatar Capital.

ADDING AVATAR REIT TO YOUR INVESTMENT STRATEGY

INVESTMENT MANAGERS

Since 1995, AFG's co-founders have managed commercial mortgage investments, eventually leading to the formation of AFG in 2003. The Avatar REIT may be a fit for investors vetting alternatives to traditional stocks and bonds for investment income; the potentially consistent returns and tax advantages of our Mortgage Fund distinguish this opportunity.

*Net investor distributions after all fees. The 10-year net investor return includes returns prior to formation of the REIT. Performance is not a guarantee of future results. Please read our full disclosures on the final page of this presentation.



10-YEAR NET INVESTOR RETURN*



AVERAGE NOTE RATE
FOR LOANS ORIGINATED
IN Q3 2024

A MORTGAGE INVESTING PARTNERSHIP SINCE 1995



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

In addition to being active in loan underwriting, Jerry oversees AFG'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 AFG. His responsibilities include loan origination and credit analysis as well as structuring AFG's 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 AFG with consistent loan request volume. In addition to these responsibilities, T.R. is instrumental in raising both institutional and family office capital.

KEY BENEFITS

The Avatar REIT invests your capital in loans originated by AFG. This portfolio of loans includes a variety of commercial real estate asset types in geographically diverse markets intended to limit exposure to any one borrower. Performance in one asset class or geographical location is potentially 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, with a majority converting to adjustable rates thereafter. The Avatar REIT managers plan to 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.

RISK MITIGATION

- First Lien Secured Investment
- Maximum Loan Size: 10% of Total Fund Capital
- Short Terms: Typically 2 Years or Less
- Low Loan-to-Value: 50.5% Average as of 9.30.24
- Potential Protection from Market Volatility

INTEREST RATE HEDGE

DIVERSIFICATION

POTENTIAL TAX ADVANTAGE

EXPERT FUND MANAGEMENT

REITS OFFER COMPELLING TAX ADVANTAGES



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

Distribution of Returns

Avatar REIT’s pre-tax income available for distribution

Avatar Capital Management Fee

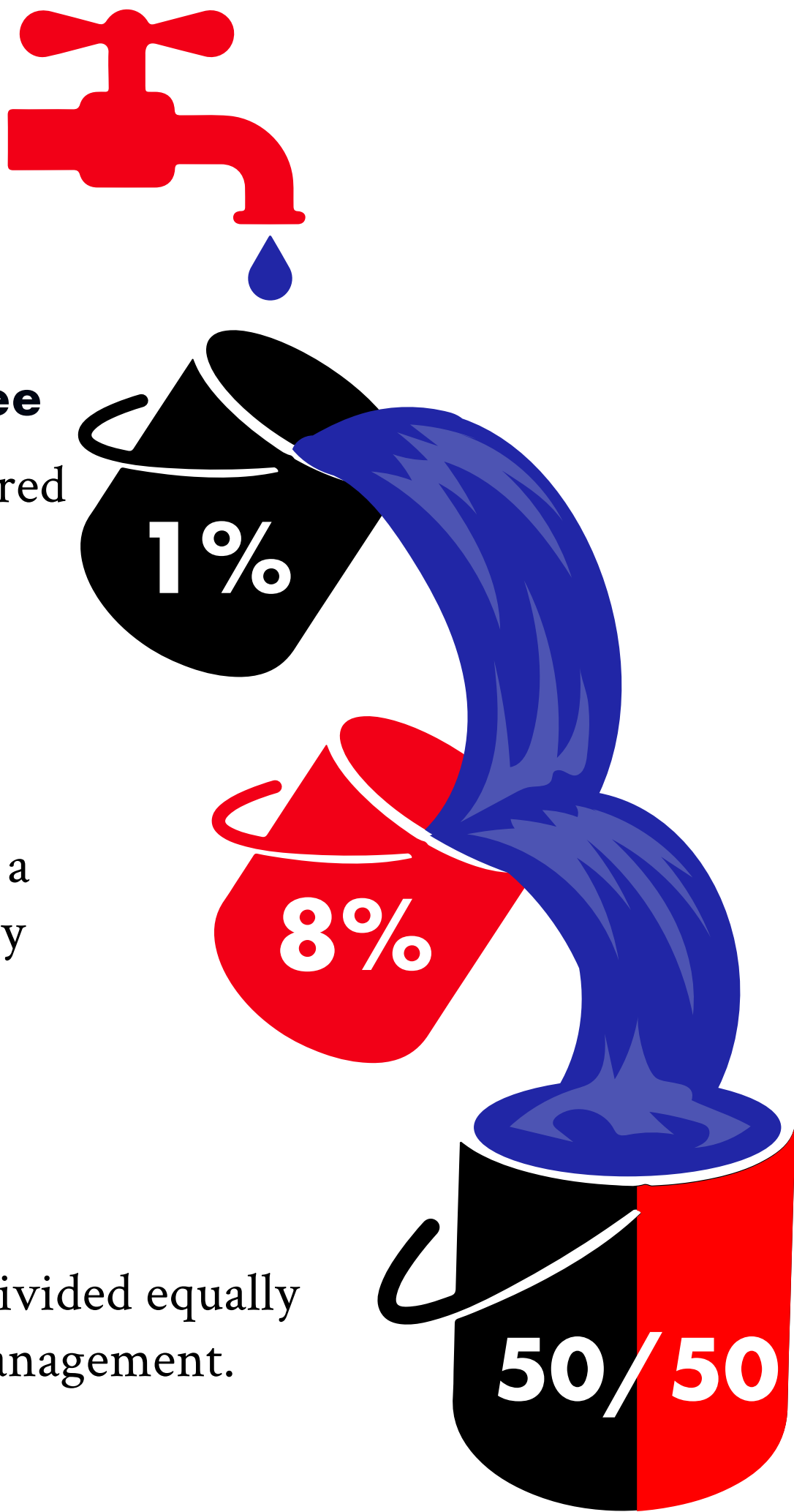
Management fee taken before preferred returns are distributed to investors

Preferred Return

Avatar 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	9.00%*	10.00%
Initial Investment	\$100,000	\$100,000
Net Income	\$9,000	\$10,057
20% Tax Deduction on QBI	(\$1,800)	N/A
Net Taxable Income	\$7,200	\$10,057
Taxes on Income (37%)	\$2,664	\$3,721
Income After Tax	\$6,336	\$6,336

As shown above, an **9% return from a REIT** is **equivalent** to a **10% return from a non-REIT** investment, assuming the highest tax rate of 37%.

* Distributions from the Fund are not guaranteed; returns shown above are for illustration purposes only.

AVATAR REIT'S APPROACH TO RISK MITIGATION



Every investor should carefully weigh the risks associated with each of their investments. Mortgage investments, when correctly managed, can potentially mitigate risk in the fixed income portion of your portfolio in the following ways:

DIVERSIFICATION

Investing in the equity of a debt Fund containing loans secured by a variety of commercial assets (office, retail, mixed-use, multifamily, hospitality, and industrial) across numerous geographic markets may lower the risk of poor performance due to the diversity of product types and locations.

POTENTIAL PROTECTION AGAINST MARKET VOLATILITY

The Avatar REIT typically lends at a maximum loan to value (LTV) ratio of 65%, with most loans falling in the 50% to 60% range. This range allows for market fluctuations and volatility while seeking to minimize potential risks to the overall Fund portfolio's secured assets.

POTENTIAL TAX SAVINGS*

Up to 20% of qualified net income may be excluded from investors' taxable income (2017 Jobs Act). 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.

MAXIMUM LOAN SIZE & SHORT TERMS

The maximum loan size in the Avatar REIT portfolio is 10% of the total Fund Capital. In addition, a typical loan term is two years, providing a potential hedge against changing real estate values and interest rates.

**AFG and its affiliates do not provide tax or accounting advice. You should consult your own tax, legal and accounting advisors before investing in Avatar REIT.*

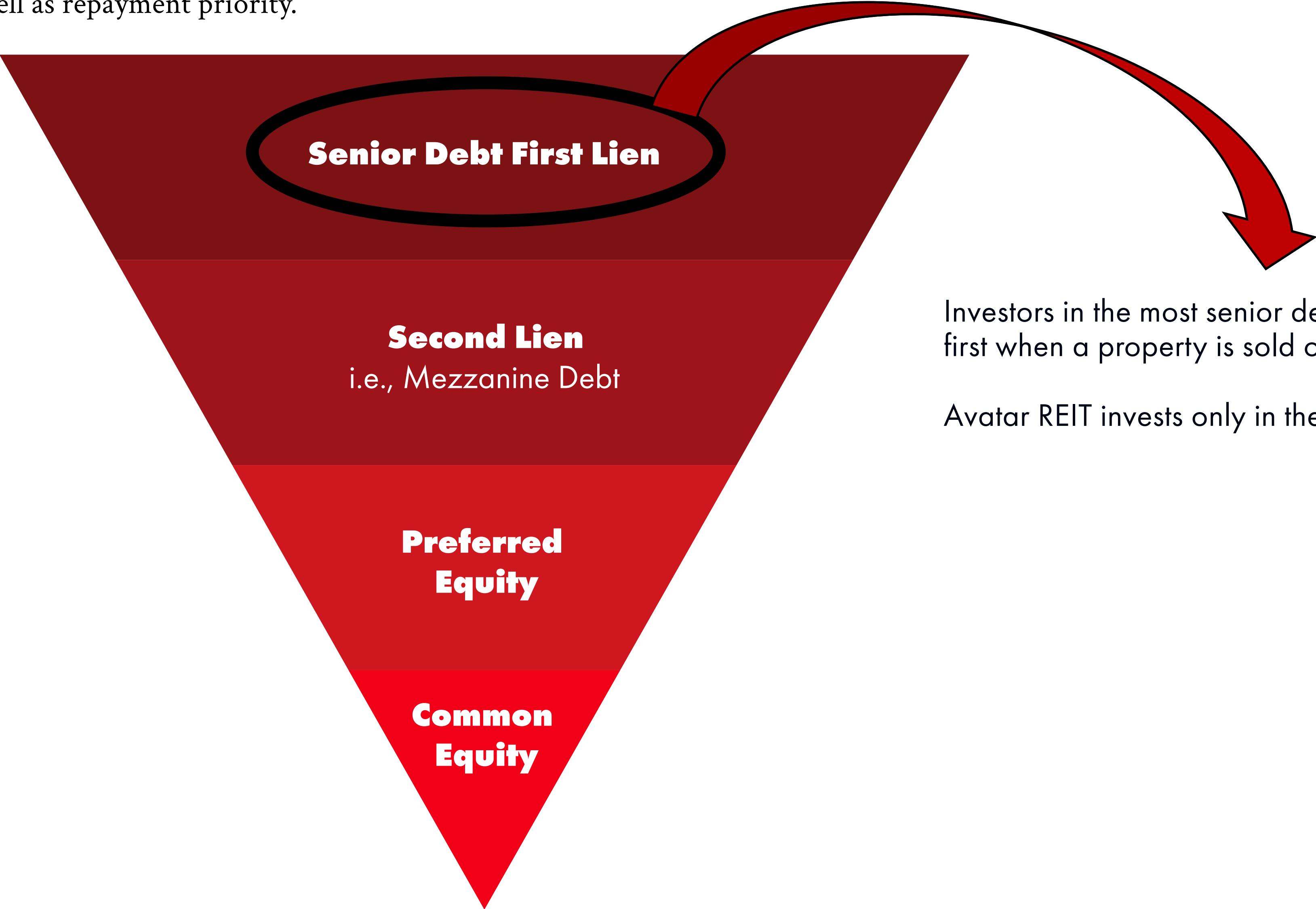


UNDERSTANDING THE CAPITAL STACK IN CRE DEBT INVESTMENT



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.

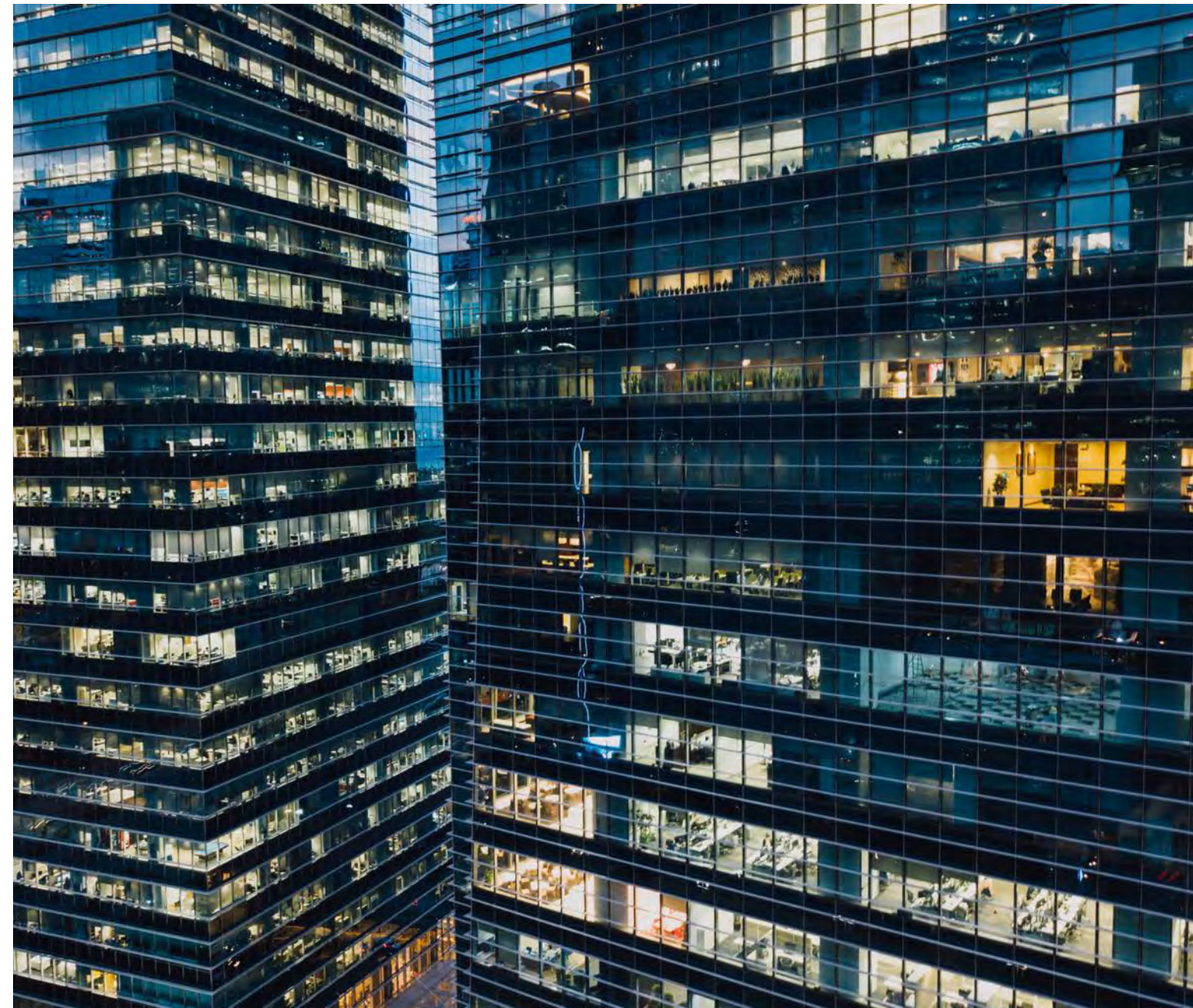
Paid First
Highest Priority
Position



Lowest Priority
Position
Paid Last

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

Avatar REIT invests only in the first-lien position.



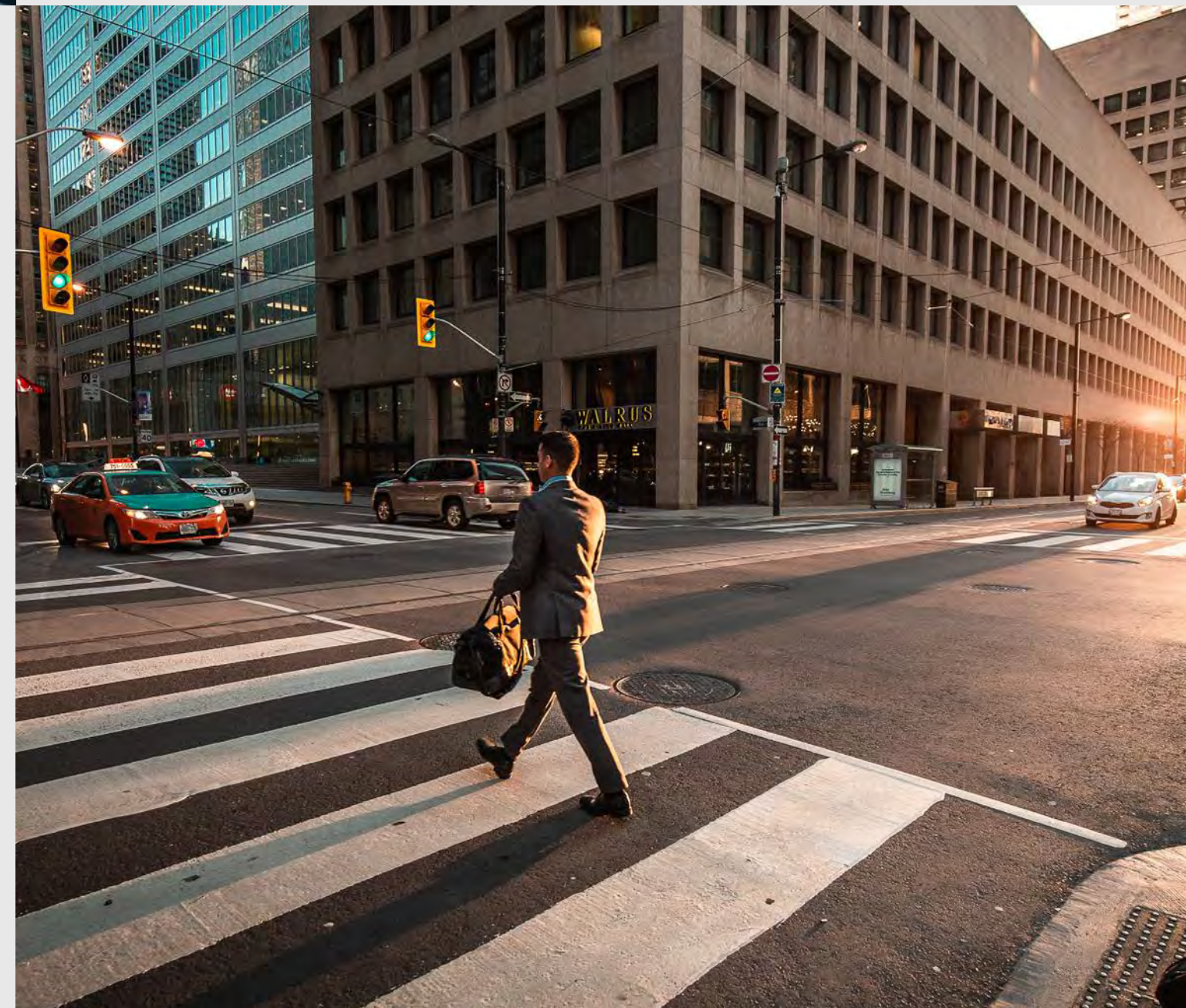
100+ YEARS

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



\$1 BILLION

AFG'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%).

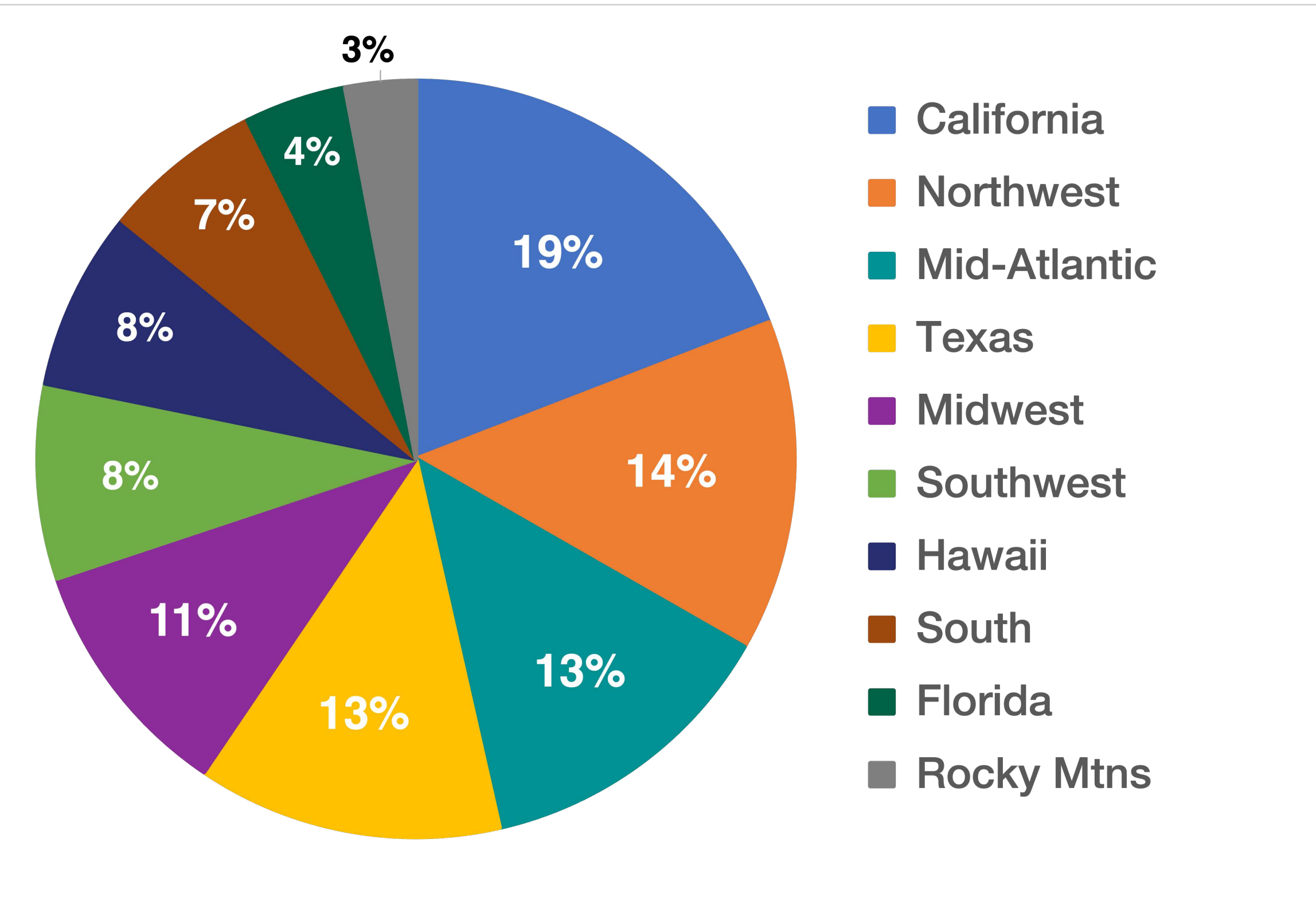
AVATAR REIT'S PORTFOLIO: COMPOSITION



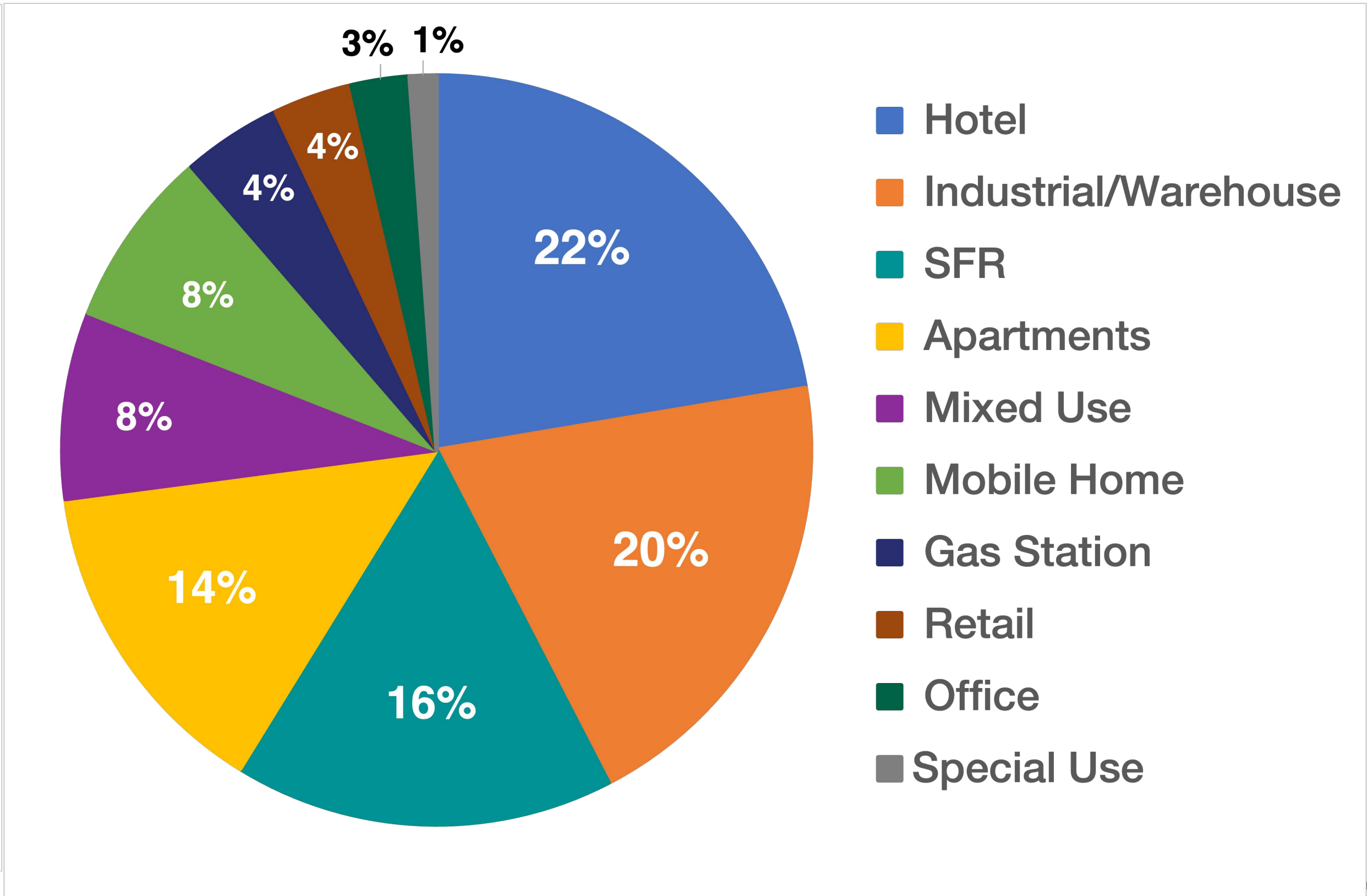
This portfolio of loans includes a variety of commercial real estate asset types in geographically diverse markets with potentially limited exposure to any one borrower. Performance in one asset class or geographical location may mitigate performance of other assets in the portfolio.

Less than 3% of the loans in Avatar REIT’s portfolio are collateralized by office assets, as of 9/30/24.

Loans by Region
(as of 9/30/2024)



Loans by Property Type
(as of 9/30/2024)



AVATAR REIT'S PORTFOLIO: HIGHLIGHTED TRANSACTIONS



Below is a selection of representative financing transactions in Avatar REIT:

\$3.4 MM **Two Apartment Communities** **New Orleans, LA**

A photograph of a two-story apartment building with a dark roof and white walls, featuring a decorative wrought-iron gate in the foreground.

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**

A photograph of a large, modern industrial building with a white facade and a dark roof, with the address '3030' visible on the side.


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**

A photograph of a two-story hotel building with a white facade and dark roof, featuring palm trees in the foreground.

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**

A photograph of a single-family residence with a brick and stone exterior, featuring a turret and a stone fireplace.

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

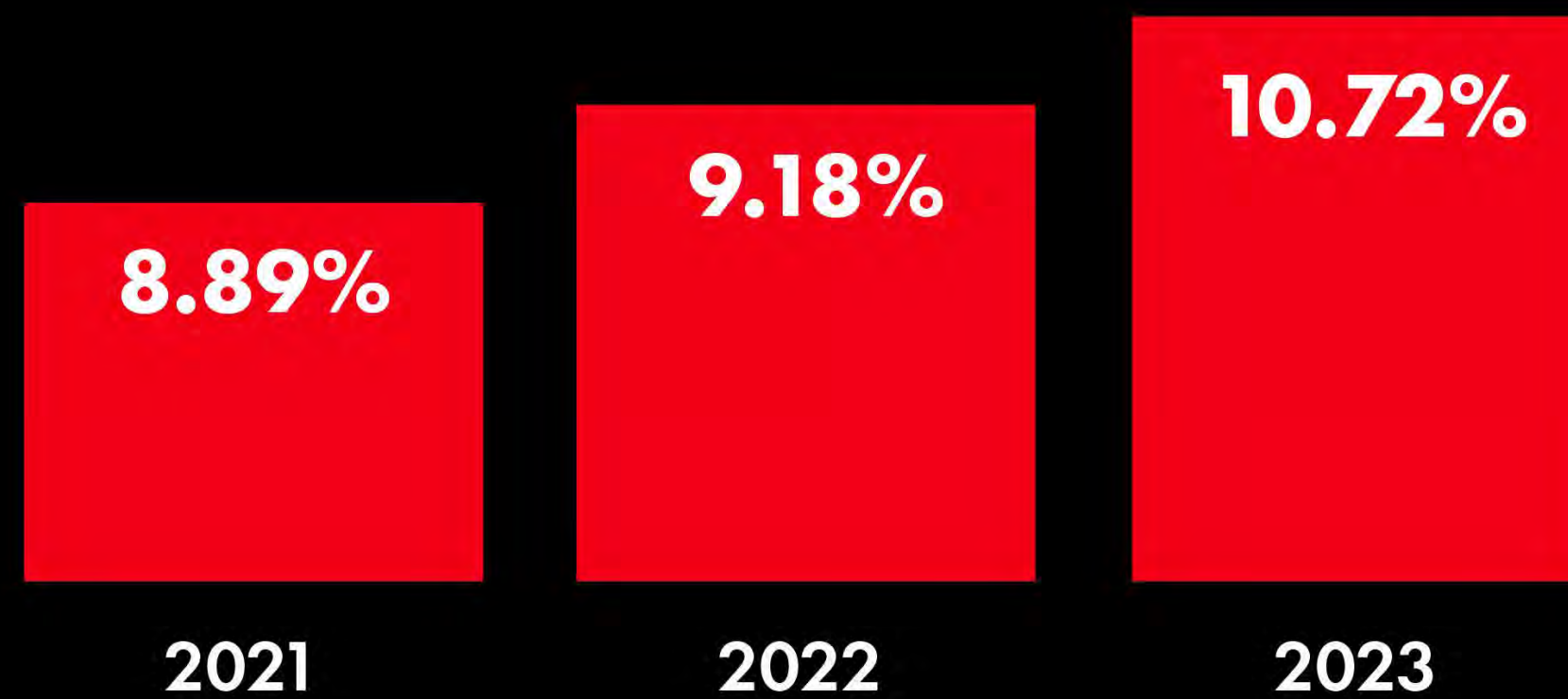
AVATAR REIT'S PERFORMANCE

11.01%

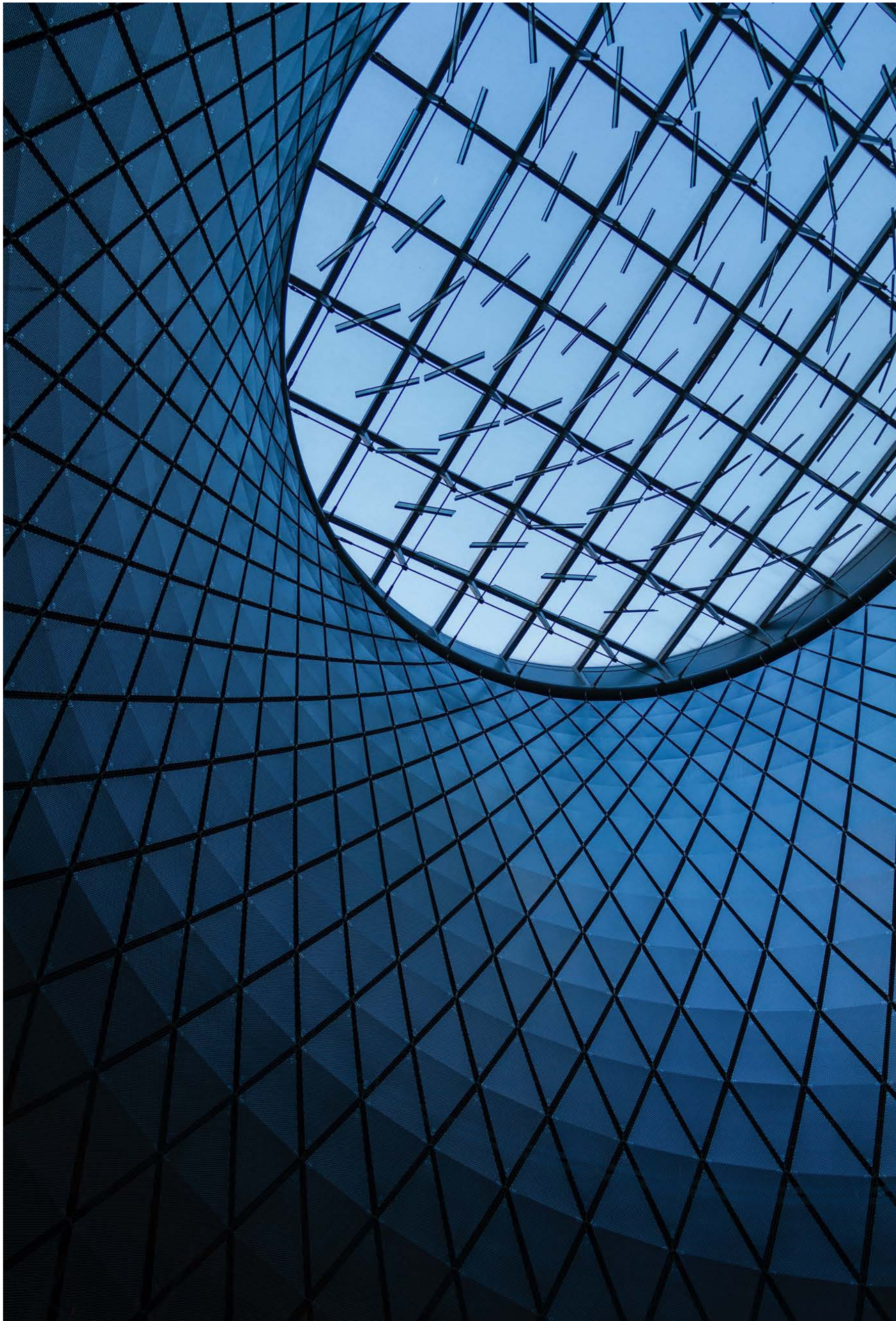
Average Note Rate for Loans Originated in Q3 2024

Our latest performance numbers are strong.
The Avatar team can help you tap into this opportunity.

Avatar REIT's Historic Year-End Average Note Rates for the Portfolio



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



UNDERWRITING & DUE DILIGENCE



ORIGINATION “COMMON SENSE”

AFG 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. AFG endeavors to make sound business judgments while intending to provide real estate bridge loans without the regulatory constraints of banks.

AVATAR'S BORROWER SUITABILITY CHECK

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

HISTORIC UNDERWRITING RESULTS

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

Over the past 10 years, AFG has completed foreclosures on 2.0% of loans originated. Sales of those foreclosed properties (Real Estate Owned “REO”) completed by 9/30/2024 resulted in an average 7.83%* annualized return on investment, including servicing fees.

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

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 team's common sense approach considers these issues 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. AFG evaluates the Borrower against this variable to determine loan suitability.

KEY RELATIONSHIPS

FUND MANAGER



Avatar Capital, a Registered Investment Advisor, manages the Fund while AFG and its affiliates service all loans, and both entities maintain direct contact with borrowers throughout the life cycle of a loan.

BANKING



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

AUDIT COMPANY



Audit services are provided by CohnReznick. With a legacy spanning more than a century, CohnReznick supports clients across 30 industries around the globe.

ADMINISTRATOR



Armanino is a Top 20 CPA & Consulting firm in the nation, one of the "Best of the Best" accounting firms, both nationally and regionally. Armanino consists of three departments; Audit, Tax and Consulting that provide a complete array of traditional and non-traditional services.



INVEST WITH US

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