AVATAR
FINANCIAL GROUP

# 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 real estate 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 Avatar REIT and provide loan servicing.

# AVATAR CAPITAL MANAGEMENT LLC IS A REGISTERED INVESTMENT ADVISOR

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 Avatar REIT's 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 REIT distinguish this opportunity. Since its inception in 2021, the Avatar REIT has consistently made monthly distributions at an 8% annualized rate.

*Net investor distributions after all fees. Performance is not a guarantee of future results. Please read our full disclosures on the final page of this presentation.

**9.29%**

**2025 NET INVESTOR RETURN***
(includes 8.00% annual preferred return and net profit-sharing distribution)

**10.54%**

**AVERAGE NOTE RATE FOR LOANS ORIGINATED IN Q2 2026**

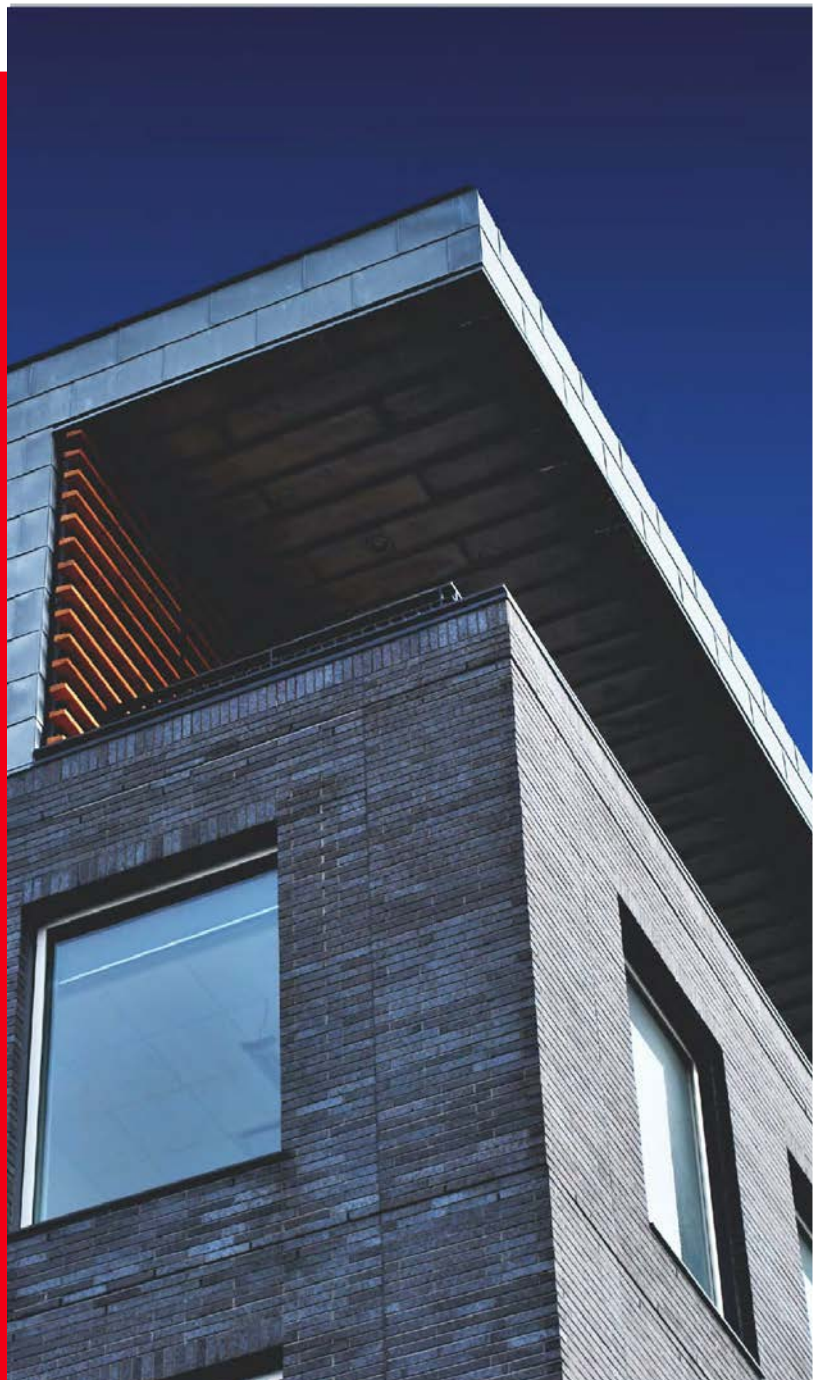
# A MORTGAGE INVESTING PARTNERSHIP SINCE 1995

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

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

Jerry is the co-founder and CEO of AFG and a co-Manager of the Avatar REIT. In 1995, he left his role as an audit partner with Moss Adams (now Baker Tilly) 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 before co-founding AFG in 2003. After decades of directly managing operations, loan analysis, and banking for AFG, Jerry is currently responsible for final approval of new loans as well as consultation regarding portfolio management, financial reporting, and investor communications.

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 30 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. Avatar REIT continues to limit fixed rates on most loans for the first six months or less, with a majority converting to adjustable rates thereafter to account for market rate increases, with the starting rate remaining the floor rate on all loans. 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
- Average Loan Size: 2.05% of REIT Capital*†
- Short Terms: Typically 2 Years or Less
- Low Loan-to-Value: 50% Average*
- Potential Protection from Market Volatility

*As of 6.30.26
†No single loan can exceed 10% of the total portfolio

## 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 Big Beautiful Bill Act passed in July 2025, which made some of the tax savings from the 2017 Tax Cuts and Jobs Act permanent. 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

### Management Fee

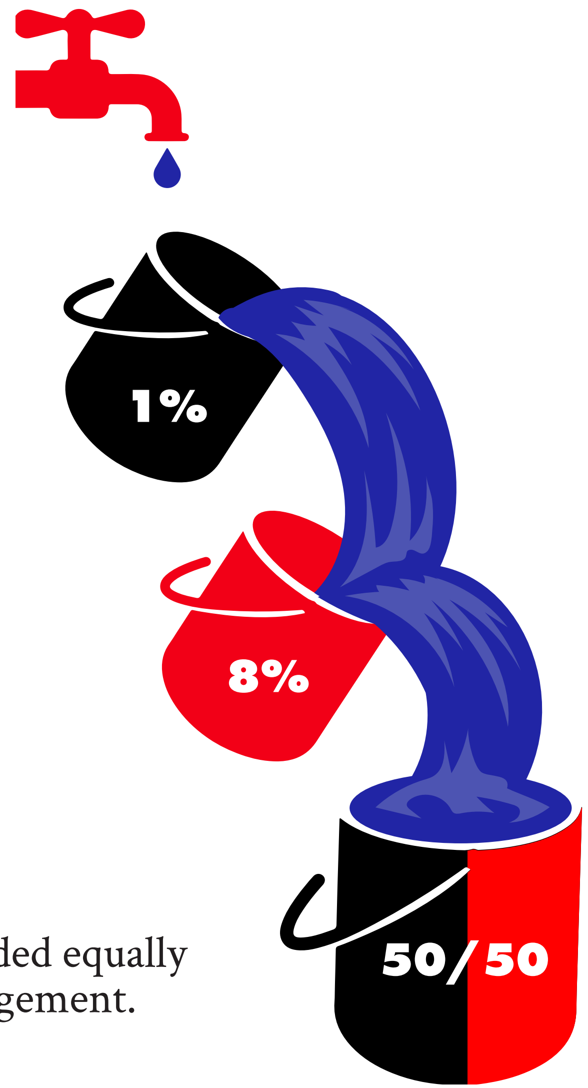
Management fee taken before preferred returns are distributed to investors

### 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, a **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 Avatar REIT 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 vehicle containing loans secured by a variety of commercial assets (office, retail, multifamily, industrial, mixed-use, hospitality) 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 portfolio's secured assets.

### POTENTIAL TAX SAVINGS*

Up to 20% of qualified net income may be excluded from investors' taxable income. 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.

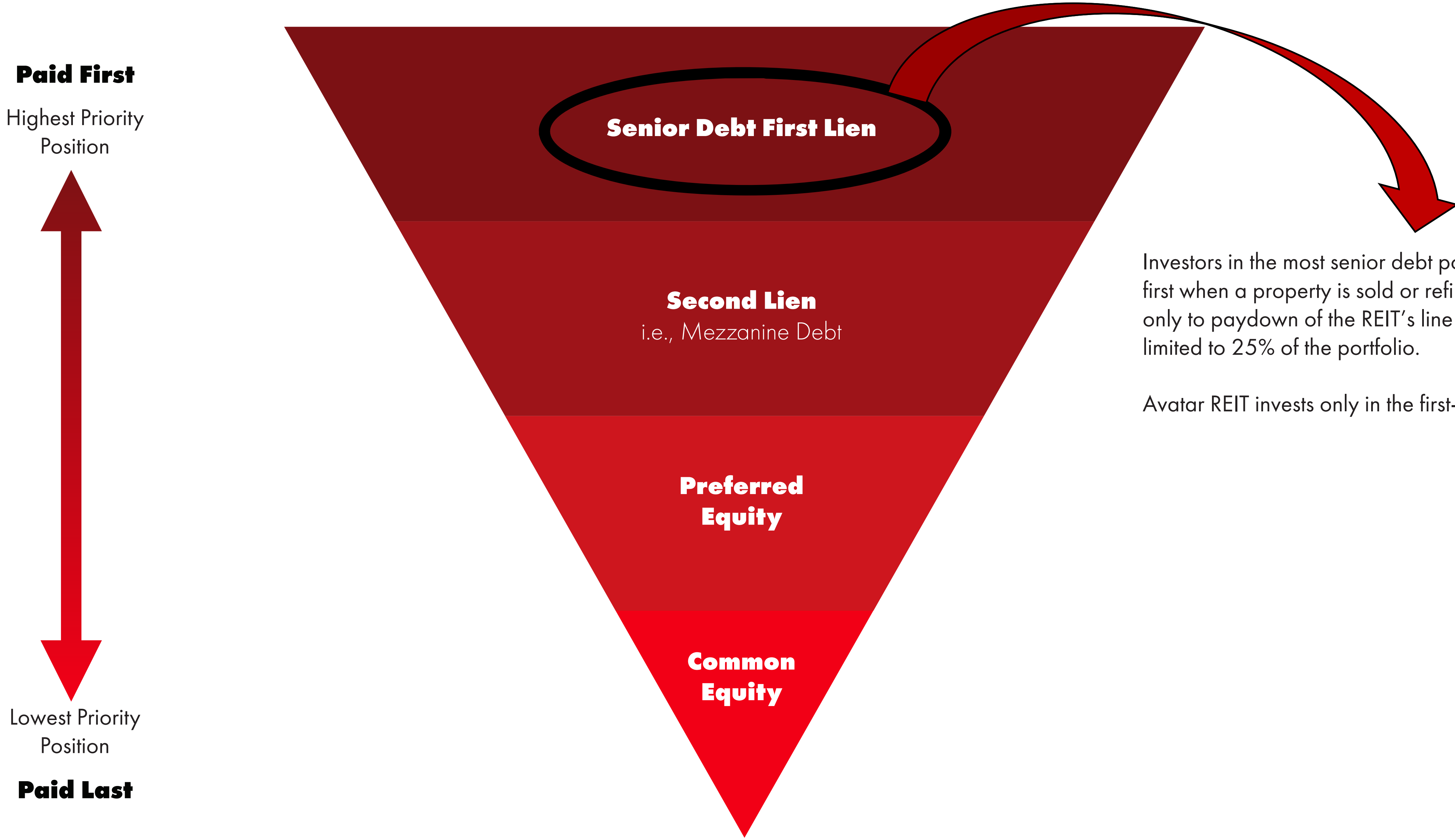
### MAXIMUM LOAN SIZE & SHORT TERMS

The maximum loan size in the Avatar REIT portfolio is 10% of its total Capital. In addition, a typical bridge 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.




Investors in the most senior debt position are paid first when a property is sold or refinanced subject only to paydown of the REIT's line of credit that is limited to 25% of the portfolio.

Avatar REIT invests only in the first-lien position.

# EXPERT FUND MANAGEMENT

## 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%

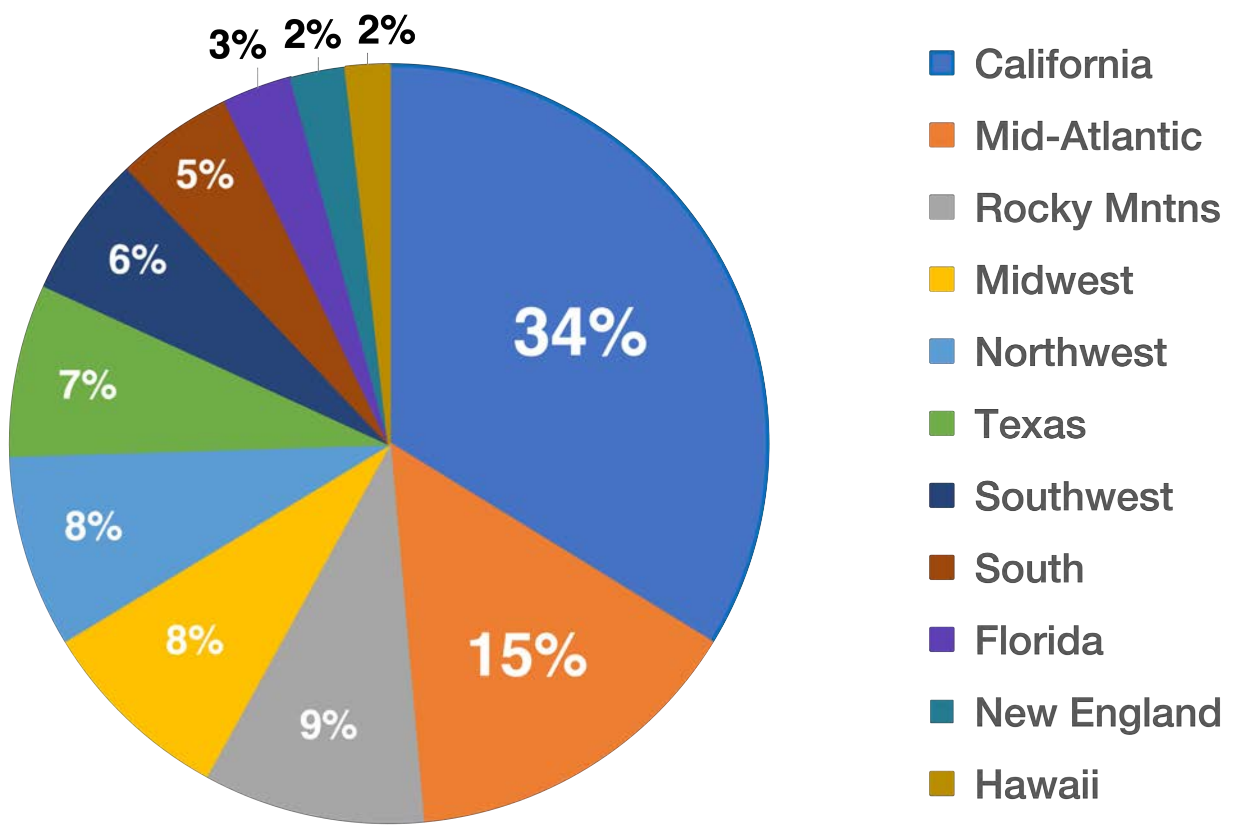
Management Fee is only 1% (additional incentives split 50/50 with investors if the investor return exceeds 8%).

# AVATAR REIT'S PORTFOLIO: COMPOSITION

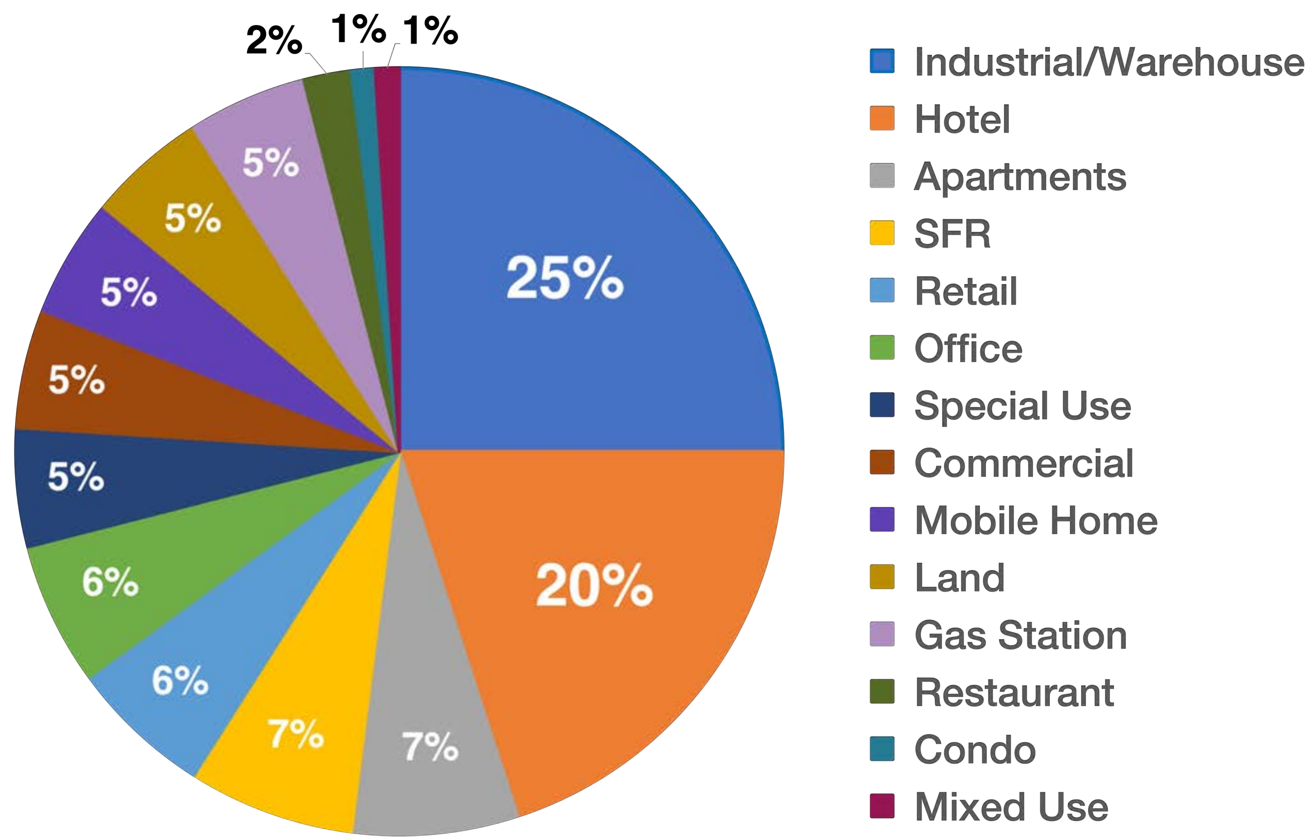
This portfolio of loans includes a variety of commercial real estate asset types in geographically diverse markets with potentially limited exposure to any one borrower. Performance in one asset class or geographical location may mitigate performance of other assets in the portfolio.

**Only 5.8% of the loans in Avatar REIT's portfolio are collateralized by office assets, as of 6/30/26.**

## Loans by Geographic Region




## Loans by Property Type



# AVATAR REIT'S PORTFOLIO: HIGHLIGHTED TRANSACTIONS

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

**$3.70 MM** | **Residential & Retail Building** | **Paterson, NJ**

**Loan Amount:** $3,700,000

**LTV:** 64%

**Interest Rate:** 9.99% for the first six months, then SOFR +6.400% thereafter, but never less than 9.99%

**Term:** 2 Years

**$5.10 MM** | **Two NNN-Leased QSRs** | **Northern California**


**Loan Amount:** $5,100,000

**LTV:** 60% (Combined)

**Interest Rate:** 9.99% for the first six months, then SOFR +6.270% thereafter, but never less than 9.99%

**Term:** 2 Years

**$6.45 MM** | **Full-Service Boutique Hotel** | **Providence, RI**

**Loan Amount:** $6,450,000

**LTV:** 63%

**Interest Rate:** 10.50% for the first six months, then SOFR +6.890% thereafter, but never less than 10.50%

**Term:** 2 Years

**$6.30 MM** | **Flex Industrial Campus** | **Webster, NY**

**Loan Amount:** $6,300,000

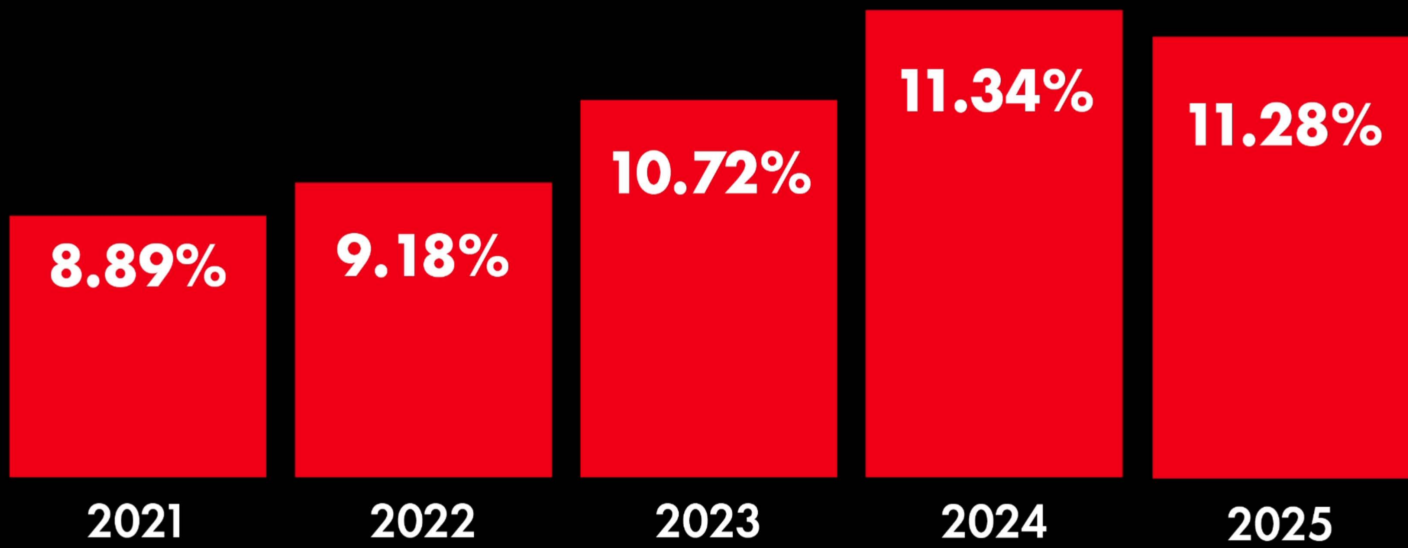
**LTV:** 25%

**Interest Rate:** 9.99% fixed rate

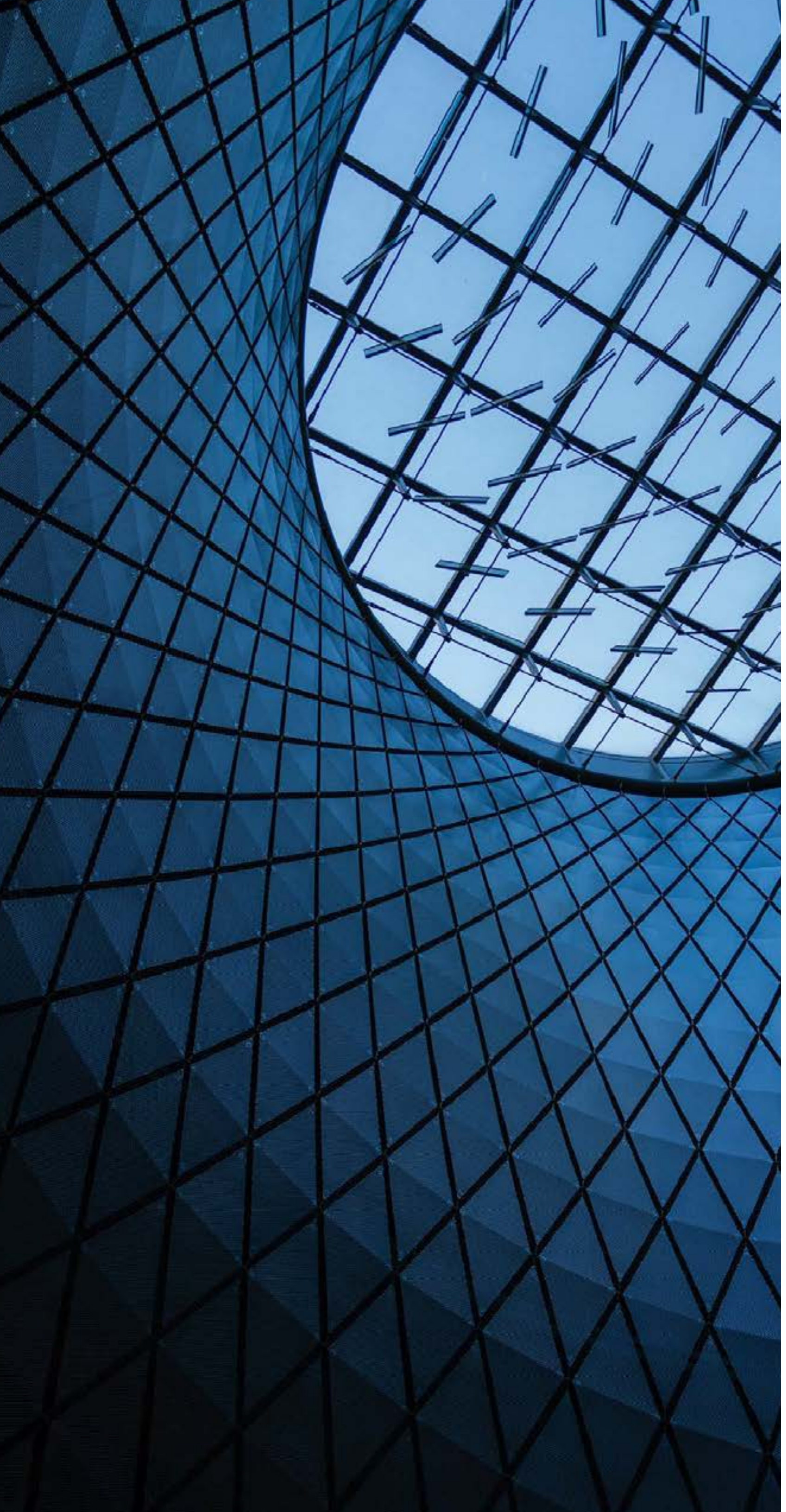
**Term:** 2 Years

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

### FLEXIBLE BUT STRUCTURED UNDERWRITING FRAMEWORK

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

Avatar REIT's historical foreclosure rates provide important context for evaluating the quality of Avatar REIT and the underwriting discipline of its managers.

**Avatar REIT has foreclosed on 4.48% of loans originated since its inception in 2021. Sales of those foreclosed properties completed by 6/30/2026 resulted in an average 9.17% net annualized return on investment for the REIT since inception.**

# 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 FINANCIAL GROUP

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

## BANKING

axos BANK

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

CohnReznick ADVISORY • ASSURANCE • TAX

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

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.

BBB ACCREDITED BUSINESS A+ Rating

# INVEST WITH US

# AVATAR COMMERCIAL MORTGAGE REIT LLC

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