

Red Oak is debt fund sponsor that specializes in providing short-term, structured financing solutions on commercial real estate projects in primary, secondary and select tertiary markets. Our experienced team of capital markets and lending experts applies institutional-caliber underwriting standards to small-balance sheet loans.

50

Years of Licensed
Lending Experience

230

Years of Combined
Commercial Real
Estate Experience

\$5B

Originated, Underwritten &
Closed in Past 10 Years

8

Down-Cycles
Managed

PARTICIPATING BRIDGE LOAN PROGRAM

PROGRAM DESCRIPTION

Higher-leverage, floating-rate bridge lending program for commercial real estate assets that have a substantial value-creation component. The loan includes an equity component in exchange for a percentage of the value creation realized in the project at sale or refinance.

WHY CONSIDER THIS PROGRAM?

- You're seeking short-term funding to build, rehabilitate, reposition or stabilize an asset.
- You need financing with an equity component provided by the lender.
- You need flexible, non-permanent capital to build or implement a conversion, expansion or renovation on a core commercial real estate asset.

WHY CHOOSE RED OAK?

Red Oak will take on a substantial amount of the project risk, while your loan is fully, or almost fully, financed in exchange for a participation in the property's value creation.

GARY BECHTEL, Chief Executive Officer

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PARTICIPATING BRIDGE LOAN PROGRAM

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|------------------------------|---|
| PROPERTY TYPES | Multifamily, Industrial, Retail, Mixed Use, Hospitality, Office, Medical Office, Self-Storage, Manufactured Housing |
| LOAN AMOUNT | \$1 Million to \$10 Million |
| LOAN PURPOSE | Acquisition, Refinance,, Rehabilitation, Situational, Stabilization |
| PROPERTY LOCATION | Primary and secondary markets only |
| MAXIMUM LTV/LTC | Up to 75% LTV (based on stabilized value) Up to 100% LTC (based on transaction underwriting) |
| INTEREST RATE | 1-Month Term SOFR plus 700BPs (interest-only) |
| LOAN TERM | 1 to 3 Years (fully extended) |
| FLOOR / RATE CAP | The rate/floor will be set at the closing of the loan. No Rate Cap will be required |
| EXTENSIONS | Up to four (4) extensions up to 6 months each, at market extension fees |
| ORIGINATION FEES & EXIT FEES | Market competitive fees based on the loan size, leverage, complexity and timing of the transaction |
| EXIT FEES | 15% to 25% participation in value creation (based on specific transaction) subject to returns |
| LIEN POSITION | Senior Position (secondary financing prohibited) |
| FUNDING STRUCTURE | Full funding with holdback |
| RECOURSE | Non-recourse, other than standard "bad boy acts" or recourse structure for higher-risk transactions |
| TIMING TO CLOSE | Typically 30 to 45 days from acceptance of LOI and receipt of deposits |
| DEBT SERVICE RESERVE | Below 1.00x DSCR acceptable if supported by a debt service reserve (cash-flowing assets preferred) |
| PREPAYMENT PENALTY | Minimum interest, generally half of initial loan term |
| TI/LC & FUTURE ADVANCES | Future funding facility toward tenant improvements, leasing commissions and rehabilitation costs |
| DEPOSITS | Expense deposit adequate to cover costs for third-party reports, legal fees and other customary due diligence or underwriting costs |

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