NetLeaseX
CAPITAL

Using Preferred Equity to Increase Real Estate Investors' Leverage and Enhance Returns

Table of Contents

Table of Contents

Table of Contents

Executive Summary

NetLeaseX connects sponsors with family offices through joint ventures, providing customized preferred equity and structured financing solutions for your commercial real estate projects.

Access Family Office Capital: Superior Funding Terms with Flexible Structures

When traditional lenders fall short of your funding needs, NetLeaseX Capital connects you with sophisticated family office investors who provide flexible structured financing solutions to help you close more deals across three investment strategies:

1

Development & Value-Add Financing

- Bridge 50-65% loan to cost (LTC) gaps from banks
- Preserve your equity upside with preferred structures
- Close more deals with patient family office capital

2

The $4.5 Trillion Refinancing Wave[1]

- **$998B** in refinancing needs in 2025
- Rescue your deals facing 200+ bps higher rates
- Access rescue capital when traditional lenders retreat
- Partner with family offices eager to provide solutions

3

Creative Financing Solutions

- Access up to 93% LTC through stretch loans and preferred equity
- Structure tax-efficient deals for IRA investors
- Bring in co-GP partners while maintaining control
- Restructure existing debt with flexible solutions

The NetLeaseX Advantage for Sponsors

- Access to "below the radar" family office capital
- Customize terms for your specific project needs
- NetLeaseX co-invests - we profit when you profit
- Access to "below the radar" family office capital

[1]Source: S&P Global Market Intelligence, 2024

Executive Summary (continued)

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Direct deals. Custom terms. Aligned interests.

Structure That Protects Your Deal

- Your equity subordinated protects the family office investor
- Maintain operating control of your project
- Flexible draw procedures through escrow
- Clear waterfall distributions

What Family Offices Want

- Direct deal participation
- Customized terms
- Pre-vetted opportunities
- No blind pool investments

What You Get

- Maintain operating control
- Flexible payment terms
- Speed and certainty of execution
- Access to patient capital
- Strategic partner relationships

Why NetLeaseX

- 39 years structuring complex real estate transactions
- We co-invest in every deal alongside family office investors
- Published expertise in structured financing strategies
- Professional structuring with NetLeaseX as your co-investment partner

Why Act Now

Tightening bank credit and $4.5 trillion in maturing debt create unprecedented opportunities for sponsors who can access flexible capital. NetLeaseX provides the missing piece to close more deals and generate more fees.

Next Steps

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Introduction

Using preferred equity helps real estate investors and developers (collectively, “Sponsors”) increase project leverage and close more deals.

Ron Zimmerman, president of NetLeaseX Capital LLC (“**NetLeaseX**”) knows the “ins and outs” of raising preferred equity and has written about it in a featured article for the *Scotsman Guide*.

In this white paper, we discuss how NetLeaseX helps Sponsors—including non-institutional and first-time sponsors—raise preferred equity from high net worth investors and family offices (collectively, “**Family Office Partners**”) to help Sponsors—including non-institutional sponsors and even new sponsors—who lack financial resources, to raise preferred equity so that they can close more deals and earn more fees.

For a quick overview, listen to our 39-minute podcast discussion of these strategies at NetLeaseX.com/sponsor-podcast. This AI-generated conversation brings these concepts to life through engaging dialogue.

Many of our Family Office Partners are seasoned real estate investors interested in passively “riding on the coattails” of profitable projects while Sponsors handle day-to-day management and operations.

By Ron Zimmerman
President
NetLeaseX Capital LLC

STRATEGIZE WITH PREFERRED EQUITY

THIS SLICE OF THE CAPITAL STACK COMBINES HIGHER RISKS WITH HIGHER REWARDS

Compared to senior-debt and mezzanine financing, preferred equity is probably the least understood layer of commercial real estate financing and the most difficult to raise in a property's capital stack. One reason for this is that many potential preferred equity investors often fly under the radar of commercial mortgage brokers and project sponsors. ■ Potential preferred equity investors often include high net worth individuals, specialized wealth-management firms known as family offices, and other types of developers or investors who seek equity-like returns with less risk than common equity. Not only can commercial mortgage brokers tap into these financing sources to help structure preferred equity investments for their clients, there are techniques they can use to increase their fees and, in some cases, carve out and acquire interests in their clients' projects for a nominal investment. ➤

Photo illustration by Karen Steichen

51

[“Strategize with Preferred Equity”](#)

Scotsman Guide Commercial Edition
December 2018
Reprint can be downloaded at NetLeaseX.com/articles

The *Scotsman Guide* is a leading industry publication for commercial real estate lenders and loan brokers.

NetLeaseX's Approach is the *Opposite* of Crowdfunding

NetLeaseX's hands-on and structured investment approach facilitates higher returns with a lower level of risk than typical alternative commercial real estate investments.

The table below contrasts NetLeaseX's direct investment approach with retail crowdfunding platforms like Realty Mogul, CrowdStreet, and EquityMultiple.

Description	Crowdfunding Platforms	NetLeaseX Platform
Number of Investors per Transaction	**Many.** Crowdfunding websites aggregate capital from many investors, many of whom are inexperienced and are making small dollar investments.	**One.** Using NetLeaseX's direct investment approach, NetLeaseX finds one investor per Sponsor transaction. Family Office Partners' profiles include, among others: 1. "Below the radar" investors who built their wealth investing in real estate, 2. Investors with substantial real estate experience and familiarity with structured investments, and 3. Older investors who are no longer interested in managing and operating real estate investments. In general, our Family Office Partners prefer to "ride on the coattails" of profitable real estate investments managed by operating partners
Due Diligence and Project Underwriting	**Centralized.** Crowdfunding platforms underwrite proposed projects in house and only list projects on their websites that have been approved by their investment committees.	**Decentralized.** Our Family Office Partners: 1. Perform their own due diligence, 2. Have considerable capital to deploy, 3. Have a wide range of risk and return criteria, and 4. Have flexibility in how they invest their capital.

NetLeaseX's Approach is the *Opposite* of Crowdfunding (Continued)

NetLeaseX CAPITAL

The table below contrasts NetLeaseX's direct investment approach with retail crowdfunding platforms like Realty Mogul, CrowdStreet, and EquityMultiple.

Description	Crowdfunding Platforms	NetLeaseX Platform
Project approval rates to list projects on crowdfunding aggregators' and NetLeaseX's platforms	Top crowdfunding websites only list approximately 1 to 2% of submitted projects on their websites.	NetLeaseX expects to list approximately 15 to 20% of submitted projects on its platform. NetLeaseX believes that, since Sponsors expend substantial resources to plan and execute their projects, they deserve to be reviewed by the substantial number and range of Family Office Partners. In other words, NetLeaseX believes the market should decide whether or not a project should be funded, rather than allowing an investment decision to be made by a crowdfunding aggregator's internal investment committee. NetLeaseX works with and relies on our Family Office Partners' experience and creativity to figure out how to fund listed projects, provided that the Sponsor's projections indicate that our Family Office Partners can generate a minimally acceptable IRR. Many of our Family Office Partners have a particular property type expertise and/or are familiar with a particular location, which may enable them to to offer a Sponsor a customized funding solution. This approach is the opposite of that of crowdfunders, which turn down 98-99% of the investments offered to them.
Sponsor's relationship with project investors	The crowdfunding aggregator (as opposed to the Sponsor) has the direct relationship with its investors.	With only one investor investing in a Sponsor's project, Sponsors develop close working relationships with our Family Office Partners. In doing so, Sponsors have the opportunity to develop "programmatic" relationships with our Family Office Partners that lead to repeat investments in future projects on the same or more attractive terms and conditions.

Why Preferred Equity?

Preferred equity is raised through a newly-formed entity (like an LLC), which is owned by the Sponsor, which takes title to real estate.

The Sponsor's interest in the entity can be structured in several alternative ways that have in common the benefit of equity-like returns with a risk profile that is usually only available to debt investors.

How do we do it?

- All Sponsors and/or their co-GP investors must have an investment in the LLC that is subordinate and in a first loss position. If the project underperforms, the Sponsor's and/or their co-GP's capital investments bear all of the losses before our Family Office Partners' capital and preferred return are at risk. In return for agreeing to be subordinate to our Family Office Partners' capital, the Sponsors will receive a promote of approximately 30% of project profits. All investments are professionally documented with appropriate legal structure as determined by the sponsor and their counsel.

- Family Office Partners like making preferred equity investments because:
  - They invest in an asset class they know and understand
  - Receive higher preferred returns than the returns that are available to owners of common interests
  - Invest higher in the capital stack, thus reducing risk if the project fails to perform as expected

Preferred Equity Structure & Benefits

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Structured for Flexibility and Sponsor Success

Preferred equity and co-GP capital are equity, not debt

No debt service requirements or funding interest reserves are necessary. Distributions will only be made to Family Office Partners when there is available cash flow after (a) payment of the senior loan, (b) operating expenses of the project, and (c) any amounts set aside by agreement of the managers as reserves.

Fully Customized Terms and Documentation

NetLeaseX will work with Sponsor's counsel to negotiate custom-tailored documents that meet the needs and requirements of each specific transaction.

Professional Investment Structure

- Institutional-grade documentation and structure
- Direct LLC ownership with negotiated rights
- No broker fees - NetLeaseX earns only through co-investment and promoted interests with our Family Office Partner
- Flexible structuring to meet sponsor and our Family Office Partner requirements
- Full regulatory compliance as determined by sponsor's counsel

Overview of Gap Financing

Mezzanine loans, preferred equity and co-GP capital all "fill the gap" between the senior debt and sponsor's equity.

Our Family Office Partners' funds act as subordinate or gap financing to "fill the gap" between the Sponsor's senior debt and equity and, therefore, increase project leverage.

- Each level of capital invested in a Sponsor's project (the "capital stack") carries different risks and returns. The senior debt has the highest priority of repayment with the lowest expected return, followed by the mezzanine loan and then the project equity.
- All distributable cash flow will be paid first to our Family Office Partner and then the Sponsor. If a Sponsor seeks to raise co-GP capital as a way to further reduce his/her investment, the co-GP investor would be paid after our Family Office Partner and typically before the Sponsor.

Different Types of Gap Financing

Gap financing includes several time-tested financing techniques that increase financial leverage and enhance returns.

1

2

3

Mezzanine Loan

In lieu of loaning money to the Sponsor, which is secured by a mortgage or deed of trust, a Sponsor can pledge his/her membership interest in the borrowing entity to secure repayment of a mezzanine loan.

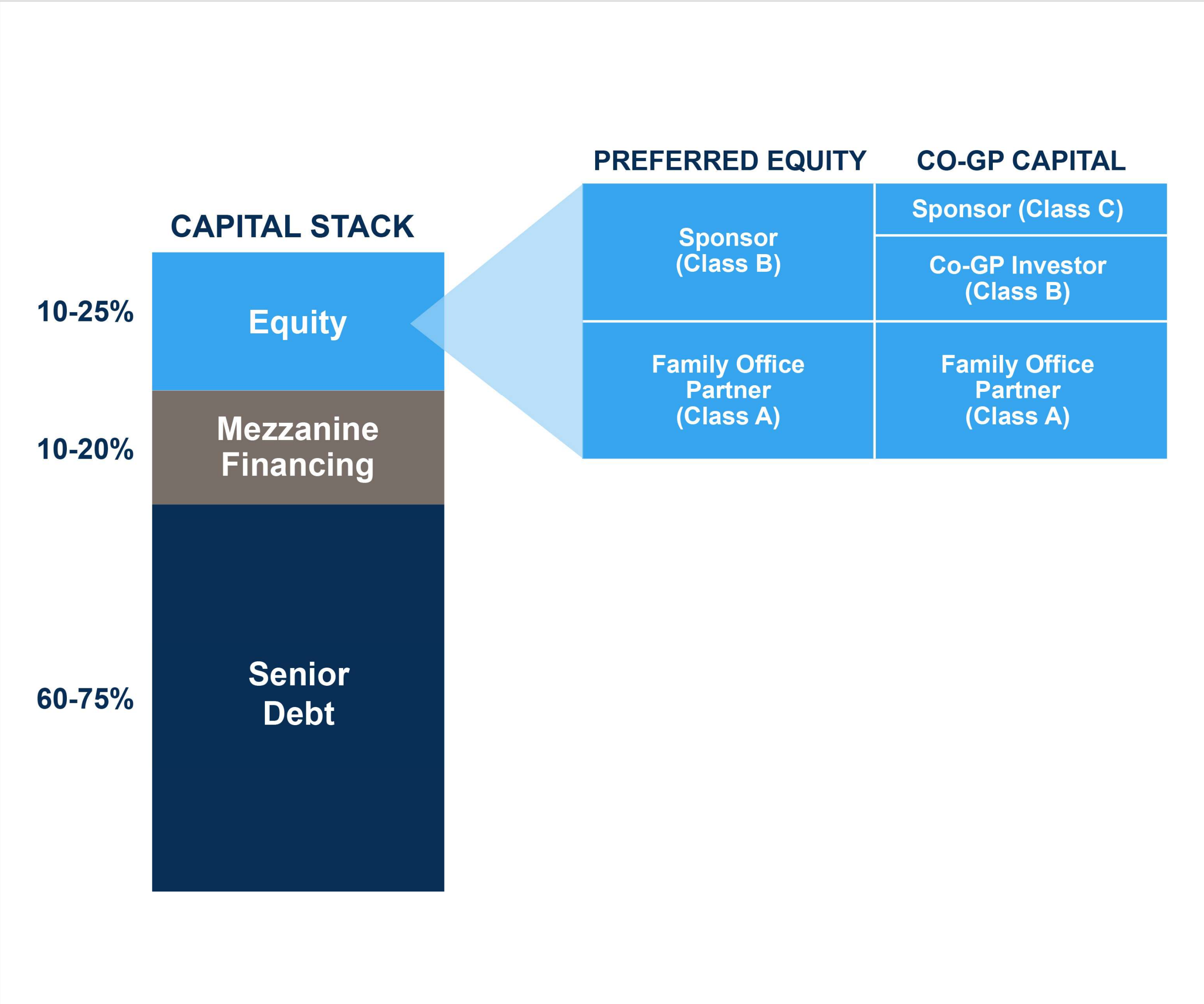
Preferred Equity

Often, senior lenders prohibit the use of subordinate debt—such as mezzanine financing. In such a case, the Sponsor will need to raise preferred equity through the Sponsor's entity. By implementing an A/B waterfall structure, the Sponsor's entity can issue senior Class A preferred to our Family Office Partner and subordinate Class B preferred to the Sponsor.

Co-GP Capital

If a Sponsor wants to maximize project leverage, the Sponsor can raise co-GP capital by having the Sponsor's entity issue one or more additional classes of preferred. In this case, our Family Office Partner would receive Class A preferred, the co-GP investor would receive Class B preferred, and the Sponsor would receive first-loss Class C preferred.

Capital Stack Illustration of Different Types of Gap Financing



If a Sponsor has less than 20% of the required equity contribution, in certain situations, NetLeaseX may work with the Sponsor to raise co-GP capital. If a Sponsor raises co-GP capital, a co-GP investor will receive:

- Proportional percentage of the Sponsor's promote.
- Portion of any fees and payments authorized to be paid to the Sponsor.

General Terms and Conditions for Mezzanine Financing

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The terms sought by mezzanine lenders in today's market vary depending on the financial strength and experience of the borrower and the type of property financed.

1	**Structure:**	Pledge of 100% of the partnership, membership interest or common stock in the borrower, or the entities which own the borrower
2	**Product Types:**	All major commercial uses including multifamily, office, retail and industrial and possibly other product types like self-storage, senior housing and hospitality based on a particular lender's loan criteria
3	**Loan Size:**	$1 million minimum; no maximum loan amount
4	**Loan Term:**	Up to 3 years, with options for additional 1-year extensions
5	**Maximum LTV:**	Up to 85% of the "as-is" appraised value or purchase price, whichever is less
6	**Interest Rate:**	Approximately 7% – 12% per annum, depending on project leverage, debt service coverage, evaluation of the underlying real estate and strength and experience of the sponsorship
7	**Debt Service Coverage:**	1.0x to 1.3x depending on property type and circumstances
8	**Amortization:**	Interest only
9	**Prepayment:**	Negotiable lockout period, typically no less than 6 months

General Terms and Conditions for Mezzanine Financing (Continued)

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The terms sought by mezzanine lenders in today's market vary depending on the financial strength and experience of the borrower and the type of property financed.

10	**Organization Fees:**	Typically, 1 to 2% of the loan amount
11	**Exit Fees:**	Negotiable
12	**Reserves:**	Real estate taxes, hazard insurance, replacement reserves, redevelopments costs (if any) and mortgage interest
13	**Ownership:**	Single asset, bankruptcy-remote entity
14	**Recourse:**	Depends on the lender. If the loan is non-recourse, the lender will typically require the borrower to provide limited recourse for "bad boy" or standard carve-outs, including fraud, misapplication of funds, waste, property taxes, and environmental issues.
15	**Deposit:**	Depends on the lender. The amount deposited with the lender upon acceptance of their term sheet covers site inspection, third party posts, legal and closings costs. The deposit will vary depending on the lender and/or the property or project to be financed.
16	**Closing:**	1 to 4 weeks from the date after loan approval and lender's receipt of deposit
17	**Third Party Reports:**	MAI appraisal, Phase 1 environmental, feasibility and any other reports as required by the lender

General Terms and Conditions for Preferred Equity Financing

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The information below provides a general outline of NetLeaseX's preferred equity financing.

1	**Investment Amount**	$1,000,000 minimum, no maximum
2	**Investment Structure:**	Preferred membership interest in the ownership entity
3	**Preferred Return:**	10% per annum, cumulative from investment date
4	**Common Interests:**	Our Family Office Partner receives a 40-50% common membership interest in the development entity for a nominal amount, in consideration for our Family Office Partner investing in your project.
5	**Sponsor Contribution:**	Approximately 15% to 20% of the total equity investment for which the Sponsor receives the same 10% preferred return as our Family Office Partner but subordinate to the Family Office Partner's interest. If the Sponsor is unable to invest 15% to 20% of the required equity, NetLeaseX will work with the Sponsor to raise additional equity via a co-GP investment.
6	**Leverage:**	Low cost first mortgage debt from a third-party lender is needed. Ideal leverage is 65 to 75%. NetLeaseX can arrange the senior debt at a very competitive rate and terms if you need help in doing so. Low cost first mortgage debt from a third-party lender is needed. Ideal leverage is 65 to 75%. NetLeaseX can arrange the senior debt at a very competitive rate and terms if you need help in doing so.
7	**Development Entity Distributions:**	Net cash flow from the operation and resale of the project will be applied in the following manner: • Pay debt service on any project-related loans; • Pay 10% per annum cumulative preferred return on our Family Office Partner's Class A preferred membership interest; • Redeem our Family Office Partner's Class A preferred membership interest; • Pay 10% per annum cumulative preferred return on the Sponsor's Class B preferred membership interest; • Redeem the Sponsor's Class B preferred membership interest, and • After all of the preferred membership interests have been redeemed (and all cumulative preferred return have been paid), all remaining cash flow from the operation and resale of the project will be distributed to our Family Office Partner and the Sponsor as the holders of the common membership interests.

General Terms and Conditions for Preferred Equity Financing (Continued)

NetLeaseX CAPITAL

The information below provides a general outline of NetLeaseX's preferred equity financing.

8 **Term of Investment**	Maximum 5 years
9 **Product Types:**	All real estate types, including land
10 **Major Decisions:**	Major decisions (e.g., termination of manager, sale, or refinancing) will require our Family Office Partner's approval
11 **Senior Loan Recourse:**	The Sponsor will be solely responsible for submitting financial statements and any necessary loan recourse and personal guaranties to the senior lender.
12 **Preferred Investment Recourse:**	Non-recourse, except for standard carve-outs. A completion guaranty may be required on development or rehab projects.
13 **Closing:**	Typically, 4 weeks. However, as fast as 10 days from the date of receipt of all requested due diligence items.

General Terms and Conditions for Co-GP Investment Financing

NetLeaseX CAPITAL

The information below provides a general outline of NetLeaseX's Co-GP investment financing.

1	**Investment Amount**	$1,000,000 minimum, no maximum
2	**Investment Structure:**	Preferred membership interest in the ownership entity
3	**Preferred Return:**	10% per annum, cumulative from investment date
4	**GP Contribution:**	Approximately 15% to 20% of the total equity investment for which the Sponsor receives the same 10% preferred return as the other members in the LLC and Sponsor will be subordinate to and in a first loss position relative to the preferred equity and co-GP's interests.
5	**Common Interests:**	The co-GP investor will receive a proportional percentage of the Sponsor's common membership interest in the development entity for a nominal amount, as consideration for their co-GP investment in the Sponsor's project. For example, if the Sponsor would own a 50% of the common membership interest and the co-GP investor invests 50% of the Sponsor's required investment, the co-GP investor will own 25% of the common membership interest in the project. In addition, the co-GP investor will receive a proportional amount of any fees and costs authorized to be paid to the Sponsor in the project.
6	**Leverage:**	Low cost first mortgage debt from a third-party lender is needed. Ideal leverage is 65 to 75%. NetLeaseX can arrange the senior debt at a very competitive rate and terms if you need help in doing so.
7	**Development Entity Distributions:**	Net cash flow from the operation and resale of the project will be applied in the following manner: • Pay debt service on any project-related loans; • Pay 10% per annum cumulative preferred return on our Family Office Partner's Class A preferred membership interest; • Redeem the Family Office Partner's Class A preferred membership interest; • Pay 10% per annum cumulative preferred return on the Sponsor's Class B preferred membership interest; • Redeem the Sponsor's Class B preferred membership interest, and • After all of the preferred membership interests have been redeemed (and all cumulative preferred return have been paid), all remaining cash flow from the operation and resale of the project will be distributed to our Family Office Partner and the Sponsor as the holders of the common membership interests.

General Terms and Conditions for Co-GP Investment Financing (Continued)

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The information below provides a general outline of NetLeaseX's Co-GP investment financing.

8	**Term of Investment**	Maximum 5 years
9	**Product Types:**	All real estate types, including land
10	**Major Decisions:**	Major decisions (e.g., termination of manager, sale, or refinance) require our Family Office Partner's approval.
11	**Senior Loan Recourse:**	The Sponsor will be solely responsible for submitting financial statements and any necessary loan recourse and personal guaranties to the senior lender.
12	**Preferred Investment Recourse:**	Non-recourse, except for standard carve-outs. A completion guaranty may be required on development or rehab projects.
13	**Closing:**	Typically, 4 weeks. However, as fast as 10 days from the date of receipt of all requested due diligence items.

NetLeaseX's Focus to Raise Capital for Non-Institutional Investors and Developers

Although NetLeaseX works with institutional investors and developers, our Family Office Partners also invest in non-institutional and even first-time sponsor projects.

While our Family Office Partners seek all profitable real estate investments, they particularly favor non-institutional sponsors who can generate above-market returns.

The deal terms that NetLeaseX negotiates with the Sponsors may vary, in part, based on the following:

- Projected profitability of the underlying project
- Percentage of Sponsor contribution relative to total equity to be raised
- Sponsor's experience and track record
- Sponsor's financial net worth
- Sponsor's cash liquidity

Class A Preferred with Equity Kicker

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At or before closing, the Sponsor and our Family Office Partner will receive common membership interests by nominally capitalizing the LLC to which the property has been transferred. In addition, the Sponsor and our Family Office Partner will receive preferred membership interests for their respective investments in the LLC.

The Investment Process – Forming a Joint Venture:

1. Our Family Office Partner and Sponsor each purchase 50% of the common interests in a newly-formed joint venture LLC.
2. Our Family Office Partner contributes 80% of the required project equity and receives Class A preferred interest.
3. The Sponsor contributes the remaining 20% of the project equity and receives the first-loss Class B preferred interest.
4. The Sponsor receives credit for prior investments and additional cash totaling 20% of the project's equity.
5. The Sponsor is responsible for providing a personal financial statement and obtaining the senior debt financing and will need to sign any required recourse, indemnities, “bad-boy” carveouts, and/or completion guaranties.
6. Based on a 50/50 split of future profits, the Sponsor effectively receives a 30% promoted interest in the project. Alternatively, the Sponsor and NetLeaseX may agree to a multi-tiered waterfall in which the Sponsor earns a higher, stair-stepped percentage of profits when hitting certain project-level internal rates of return.

Our Family Office Partners can invest in one or more different classes of preferred, including the senior/ subordinated co-GP preferred class.

Waterfall Distribution at Sale of Project

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Distribution of net proceeds from the operation and sale of the project will be as follows:

1

First,

Pay a **10.0%** cumulative annual return to our Family Office Partner.

2

Second,

Return our Family Office Partner's Class A preferred investment.

3

Third,

Pay a **10.0%** cumulative annual return to the Sponsor.

4

Fourth,

Return Sponsor's Class B preferred investment.

5

Fifth,

The balance, **50%** to our Family Office Partner and **50%** to the Sponsor, based upon the members' respective ownership of the common interests in the LLC.

Opportunities to Flip Project or Co-Sponsor with Family Office Partners

If a Sponsor cannot secure senior debt financing or lacks the required equity contribution, Sponsors may be able to "flip" their projects to our Family Office Partner. If a Sponsor decides to take advantage of an opportunity to sell the Sponsor's project, the Sponsor would:

- Receive a fee from our Family Office Partner in consideration for the Sponsor's assignment of its rights to all pre-development work, including:
  - The Sponsor's financial projections, analysis and other work,
  - The work product performed by others, including, but not limited to architects, engineers, general contractors and land-use counsel,
  - All entitlements and/or approvals received from governmental authorities, and
  - All third party reports.

- Alternatively, our Family Office Partner and Sponsor may enter into an agreement that provides for the Sponsor to stay involved in the project in a more limited role and to receive from our Family Office Partner (a) a promoted interest, and/or (b) fees for services as a developer or as a co-sponsor.

Mutual Benefits to the Sponsor and our Family Office Partner Upon the Sponsor's Assignment of the Project

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Sponsor

- Sponsor receives a payment for work already performed and/or ongoing fees in a supporting role to our Family Office Partner.
- If Sponsor stays involved in the project, the Sponsor would be able to develop a track-record for a successful and profitable exit.
- Develops a business relationship with our Family Office Partner for future opportunities.

Family Office Partner

- Source profitable opportunities in projects where a Sponsor has performed most or all of the initial work.
- Further mitigate risks by taking over a project rather than passively investing with an untested Sponsor who is unable to procure senior debt financing and/or is unable to make a minimally required financial investment in the project.

What Can Preferred Equity Be Used For?

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Sponsors can use preferred equity in a myriad of ways, including coupling it with senior debt financing.

For example, preferred equity may be used to:

- Fund the ground-up development of real estate projects
- Acquire profitable real estate investments
- Acquire land, pay for entitlements and other pre-development expenses
- Fund an interest reserve with the Sponsor's senior lender
- Fund any required capital improvements and/or needed renovations
- Fund a reserve to pay for any future tenant buildouts and/or leasing commissions
- Acquire nonperforming and sub-performing senior and mezzanine debt at a discount
- Cover unfunded capital calls from limited partners

Higher Yielding Returns in Opportunistic Investments

- Monetize a Sponsor's equity without giving up control of the property
- Buy out existing limited partners
- Raise capital without paying pre-payment penalties or defeasance costs

Lower Yielding Returns in Stabilized Properties

Obtaining Rescue Financing to Facilitate Loan Workouts

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As detailed in my articles on rescue financing, preferred equity can be used to facilitate loan workouts.

Rescue financing works like bridge equity, a temporary infusion of cash up to three years. This is typically enough time for properties that haven't become permanently impaired to return (or close to) their historically higher values.

Generally, rescue financing can be used to fill an "equity gap" in a property's capital structure due to the current market conditions where:

- Refinancing is not possible
- A loan is approaching maturity
- Current market value of the property makes a sale unattractive
- Rescue capital that creates value: Funding renovations, deferred maintenance, and capital improvements that enhance property value and justify premium returns
- NetLeaseX may negotiate with senior lenders to release or reduce sponsors' personal guarantees and recourse obligations

"Throw Out a Lifeline"
Scotsman Guide Commercial Edition
July 2020

"Ride to the Rescue"
Scotsman Guide Commercial Edition
August 2020

Obtaining Rescue Financing to Facilitate Loan Workouts (continued)

Proceeds from rescue financing can be used to:

- Cover additional interest expense to the senior and/or mezzanine lender due to increase in interest rates
- Cover any operating deficits
- Gain leverage to facilitate favorable loan workouts with CMBS and other types of lenders to reduce interest rates, extend maturity dates, and/or release or otherwise reduce personal loan guaranties
- Fund an interest reserve for the senior loan
- Pay down a portion of the senior loan
- Fund major capital expenditures and/or renovations
- Fund tenant buildouts, and/or pay leasing commissions

"NetLeaseX Capital Offers Family Offices Direct Access to Rescue Financing Investments in Real Estate"
Famcap.com
October 2023

Famcap.com is a leading industry website for high net worth and family office investors.

How to Pass 2026's Three Underwriting Tests

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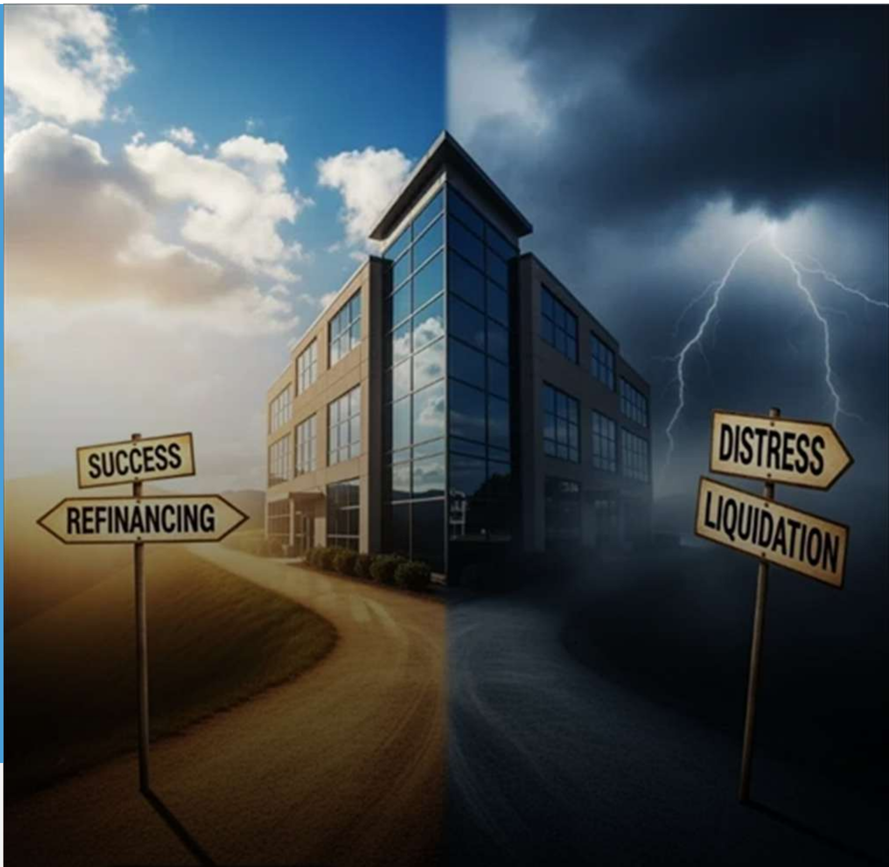
As detailed in my article, "How Sponsors Can Pass 2026's Three Underwriting Tests," commercial real estate is entering what Trepp's research team has called a "sorting year"—a period when capital is available, but lenders are increasingly selective about who gets refinanced.

For a quick overview, listen to our 14-minute podcast discussion of these strategies at NetLeaseX.com/underwriting-triple-threat-podcast. This AI-generated conversation brings these concepts to life through engaging dialogue.

BASED ON TREPP RESEARCH | JANUARY 2026

A Roadmap for Sponsors Seeking Refinancing or Rescue Capital

Three underwriting tests lenders apply during the $4.5 trillion CRE maturity wave—and how to position your project on the right side.



"How Sponsors Can Pass 2026's Three Underwriting Tests"
Lenders Are Drawing Sharper Lines: Here's How to Land on the Right Side
NetLeaseX.com
January 2026

Why This Market Requires Capital Solutions

Trepp Research characterizes 2026 as a “sorting year”: a period when capital is available, but lenders are increasingly selective about who gets refinanced. What separates winners from losers isn't just asset class or geography anymore.

Family Office Capital Advantage:

- Flexible terms to fit specific situations
- Move quickly—weeks, not months
- Motivated to find workable solutions
- Alignment creates better outcomes

The Key Question:
Can you demonstrate to Family Office Partners that you have solutions for all three tests, or will you arrive at modification discussions empty-handed?

CRE MORTGAGES MATURING 2025-2028

$4.5T

at rates ~200 bps higher than origination

Three Underwriting Tests:

Deals with **dependable income**, **strong sponsorship**, and **sensible leverage** will find their way to refinancing. Everyone else faces lender-dictated extensions, sales at a loss or walking away entirely.

1 TEST ONE

Debt Service Under Today's Rates

The Threshold Question:

Does your property cash-flow at **today's interest rates**, or only at the rates when the loan was written?

HOW NETLEASEX HELPS YOU PASS

Junior Stretch Loan

Subordinate capital (second mortgage or mezzanine) can pay down senior loan balance, fund interest reserves, or cover operating deficits to improve DSCR.

Common Problem:

Loans underwritten at peak 2021 optimism with low base rates and aggressive rent growth assumptions don't match 2026 conditions.

What Lenders Are Doing:

- Demanding higher coverage cushions across capital stack
- Stress-testing DSCR against flat or declining rents
- No longer giving credit for optimistic lease-up projections

Structure Benefits for Sponsors:

- Improve DSCR without selling equity
- Bridge to refinancing at better terms
- Maintain ownership and control
- Intercreditor agreement with senior lender

Key Point:
Family office capital moves faster than institutional sources—critical when Sponsors need to demonstrate improved coverage before loan maturity.

Fresh Equity and Sponsor Alignment

> **Lenders will work very eagerly with the haves in 2026: sponsors who have real equity at risk, a history of performance, and a willingness to put fresh capital into a deal.**
>
> Trepp Research

HOW NETLEASEX HELPS YOU PASS

Preferred Equity from Family Offices

Preferred equity provides the "fresh capital" lenders want to see while allowing you to retain more ownership than selling common equity.

Common Problem:

Sponsors seeking 100% rescue capital without contributing fresh equity signal they may be looking to preserve optionality while shifting risk to capital providers.

What Lenders Want to See:

- Fresh capital contribution (not recycled equity)
- Meaningful equity at risk if deal underperforms
- Capacity to provide additional support if needed

Structure Benefits for Sponsors:

- Demonstrate "skin in the game" to lenders
- Retain management control and upside
- Lower cost than common equity dilution
- Flexible terms negotiated directly

Key Point:
When you partner with NetLeaseX family office investors, you're working with capital partners who are motivated to find workable solutions—they profit when your property succeeds.

3 TEST THREE

CapEx Runway and Business Plan

The Threshold Question:

Does your property cash-flow at **today's interest rates**, or only at the rates when the loan was written?

HOW NETLEASEX HELPS YOU PASS

Junior Stretch Loan

Subordinate capital (second mortgage or mezzanine) can pay down senior loan balance, fund interest reserves, or cover operating deficits to improve DSCR.

Common Problem:

Loans underwritten at peak 2021 optimism with low base rates and aggressive rent growth assumptions don't match 2026 conditions.

What Lenders Are Doing:

- Demanding higher coverage cushions across capital stack
- Stress-testing DSCR against flat or declining rents
- No longer giving credit for optimistic lease-up projections

Structure Benefits for Sponsors:

- Improve DSCR without selling equity
- Bridge to refinancing at better terms
- Maintain ownership and control
- Intercreditor agreement with senior lender

Key Point:
Family office capital moves faster than institutional sources—critical when you need to demonstrate improved coverage before loan maturity.

Becoming "The Haves" in Lenders' Eyes

NetLeaseX CAPITAL

Debt Service
1

STRUCTURE

Junior Stretch Loan

KEY BENEFIT

Improve DSCR without selling equity or losing control

LENDER SEES

Adequate coverage at today's rates

Fresh Equity
2

STRUCTURE

Preferred Equity

KEY BENEFIT

Demonstrate capital commitment while retaining upside

LENDER SEES

Sponsor with "skin in the game"

CapEx Runway
3

STRUCTURE

Escrowed Reserves

KEY BENEFIT

Prove business plan is fully funded, not aspirational

LENDER SEES

Committed capital, realistic plan

The common thread: Sponsors who can demonstrate all three tests have fundamentally different conversations with lenders. NetLeaseX family office capital helps you become one of "the haves."

Before Your Next Refinancing Conversation, Ask:

1. Can my property demonstrate adequate DSCR under **realistic** (not proforma) assumptions, and if not, how much subordinate capital do I need to get there?

2. Am I prepared to contribute **fresh equity capital** alongside any rescue financing, demonstrating my alignment with capital providers?

3. Is my CapEx runway funded with **committed dollars,** or am I relying on projections that underwriters will immediately discount?

> **The sponsors who struggle will be those who wait until the last minute, arrive at modification discussions without fresh capital, or expect lenders to credit aggressive turnaround assumptions.**
>
> Trepp Research

NETLEASEX WORKS WITH SPONSORS

We help Sponsors access family office capital to pass all three tests.

- Flexible structures for your situation
- Move quickly—weeks, not months
- Capital partners aligned with your success
- No blind pools—deal-by-deal decisions

Contact NetLeaseX to discuss your situation

NetLeaseX.com | ronz@NetLeaseX.com

Sources & Further Reading

The "Three Tests" framework presented in this section is based on Trepp Research's analysis of 2026 CRE market conditions.

For additional context, we recommend the following resources:

Trepp Research Article

"Trepp's 2026 Predictions: A Sorting Year for Commercial Real Estate“

https://www.trepp.com/trepptalk/trepps-2026-predictions-a-sorting-year-for-commercial-real-estate

GlobeSt.com Summary

"2026 Underwriting Will Be Ruthless About Who Gets Refinanced"

https://www.globest.com/2026/01/05/2026-underwriting-will-be-ruthless-about-who-gets-refinanced/

The TreppWire Podcast

Episode discussing 2026 CRE outlook and underwriting trends

https://open.spotify.com/episode/3Djsv98pLmakuey58txnnb

NetLeaseX Article

“How Sponsors Can Pass 2026’s Three Underwriting Tests”

By Ron Zimmerman, President, NetLeaseX Capital LLC | January 2026

Download at

NetLeaseX.com/articles

For a quick overview, listen to our 14-minute podcast discussion of these strategies at NetLeaseX.com/underwriting-triple-threat-podcast. This AI-generated conversation brings these concepts to life through engaging dialogue.

Obtaining a Stretch Loan Instead of Raising Preferred Equity

As highlighted in my article on FamCap.com, stretch loans offer our Family Office Partners a powerful tool to deploy more capital per transaction providing sponsors with access to higher leverage financing than traditional lenders offer.

Stretch loans are high-leverage loans that combine senior debt and preferred equity components, providing flexibility for sponsors at loan-to-cost ratios of up to 93%

- Senior stretch loans are secured by first on real estate projects owned by sponsors

- Junior stretch loans are secured by second mortgages on real estate projects owned by sponsors or UCC-1 financing statements on sponsors' membership interests in LLCs in the same way as mezzanine loans are secured

"The Power of Stretch Loans for Family Office Investors"
Famcap.com
May 2024

When to Use a Stretch Loan

NetLeaseX CAPITAL

Sponsors should consider a stretch loan instead of incurring a high cost of capital by raising senior debt financing from a hard money lender.

- When a Sponsor needs to close on the acquisition of land associated with a development project, especially when the Sponsor is facing a “drop dead” closing date.
- Where a Sponsor is unable or unwilling to sign with recourse on a conventional bank loan.
- When a Sponsor needs to raise financing to fund the completion of a project midway through construction.
- When a Sponsor needs to reduce the carrying costs by paying a pay rate of 4 to 6% instead of prefunding an interest reserve at a much higher interest rate on a hard money loan.

Sponsor Benefits in Obtaining a Stretch Loan

NetLeaseX CAPITAL

By using a stretch loan, Sponsors receive higher loan-to-cost loans compared to the loan amounts that a hard money lender would advance.

Lower pay rate relative to hard money or land loans

To help Sponsors reduce carrying costs during predevelopment, the “pay rate” on stretch loans can be as low as 4% to 6% per annum, with unpaid interest accruing and payable to our Family Office Partners when the Sponsors pay back the stretch loans.

Interest paid on a stretch loan is **tax-deductible**

Comparing the Capital Stack Structures:

Conventional Preferred Equity and Senior Debt vs. Stretch Loan

The illustrations below show that the Sponsor is projected to achieve a consistent 45% IRR across both capital stack structures.

Our Family Office Partners' 15.3% return on the stretch loan is equivalent to the weighted average return on:

11.3%

The interest rate on the senior loan portion, and

25%

The 25% IRR on the embedded Class A preferred.

Senior Loan and Conventional	% of Capital Stack	% IRR/ Interest Rate
Sponsor (Class B Preferred)	7%	45%
Family Office (Class A Preferred)	28%	25%
Senior Loan	65%	11.3%

Stretch Loan	% of Capital Stack	% IRR/ Interest Rate
Sponsor's Equity	7%	45%
Stretch Loan	93%	15.3%

General Terms and Conditions for Stretch Loan Financing

NetLeaseX CAPITAL

The terms sought by our Family Office Partners in today's market vary depending on the financial strength and experience of the borrower, the situation of the borrower and the type of property financed.

1 **Structure:**	First or second mortgage, and pledge of 100% of the partnership or membership interest or common stock in the borrower (or the entities that own the borrower)
2 **Product Types:**	All major commercial uses, and special situations including land acquisition and/or development and construction completion financing
3 **Loan Size:**	$1 million minimum; no maximum loan amount
4 **Loan Term:**	Up to 3 years, with options for additional 1-year extensions
5 **Maximum LTV:**	Up to 93% of the borrower's development or project cost
6 **Interest Rate:**	Approximately 11% to 13% per annum, depending on project leverage, evaluation of the underlying real estate and strength and experience of the sponsorship and borrower's situation
7 **Pay Rate:**	As low as 4 to 6% per annum, depending on project leverage, evaluation of the underlying real estate and strength and experience of the sponsorship and borrower's situation
8 **Amortization:**	Interest only with any accrued and unpaid interest due and payable upon pay off of the loan amount
9 **Exit Fee:**	Negotiable, based on evaluation of the underlying real estate and strength and experience of the sponsorship and borrower's situation
10 **Prepayment:**	Negotiable lockout period, typically no less than 6 months

Convertible Loans: Stretch Loans with Embedded Acquisition Rights

High-Leverage Financing with a Single Capital Partner

NetLeaseX CAPITAL

What is a Convertible Loan?

A stretch loan (senior or junior) that includes provisions allowing Family Office Partners to convert the loan into equity ownership based on terms specified in the loan documents.

Key Characteristics

- Combines senior loan + preferred equity in one instrument
- Loan-to-cost ratios up to 93%
- LTV after renovation typically less than 75%
- Flexible draw schedule aligned with project milestones

Two Structure Options

Senior Convertible	Junior Convertible
1ST MORTGAGE SECURITY	2ND MORTGAGE OR UCC-1
4-6% Pay Rate	**6-8% Pay Rate**

Two Favorable Outcomes for Sponsors:

Repay Loan on Schedule
Sponsor repays principal plus accrued interest. Clean exit with no equity dilution.

Lender Converts to Equity
Sponsor may negotiate continued operating role and participation in future performance.

Either way, the Sponsor benefits: retain full equity OR negotiate continued role

Build on Stretch Loan Fundamentals
For background on stretch loans, see pages 37-41 of this white paper or read "The Power of Stretch Loans for Family Office Investors" at NetLeaseX.com/Famcap.com-Stretch-Loan-Article.pdf

Key Benefits for Sponsors

Streamlined Financing

Single capital partner replaces senior lender + preferred equity investor. Avoid complex intercreditor negotiations.

High Leverage Up to 93% LTC

Obtain high-leverage financing without diluting equity stake. Maintain larger share of potential upside.

Simplified Capital Stack

Senior debt and preferred equity combined into single instrument reduces administrative burden and complexity.

Favorable Pay Rate

Pay rate as low as 4-6% per annum with balance accruing. Preserve cash flow during construction or stabilization.

Speed & Certainty

Work with single capital partner for faster execution. Avoid delays from coordinating multiple parties.

Rescue Financing Access

Access capital to overcome obstacles, fund improvements, or complete projects facing challenges.

Why Convertible Loans Excel: Ideal for Sponsors seeking high-leverage financing with streamlined execution and preserved equity upside—all with a single capital partner.

Case Study: Junior Convertible Loan as Rescue Financing

NetLeaseX CAPITAL

Distressed Multifamily Property Requiring Capital Infusion

The Property

Sponsor purchased a multifamily property for **$50 million** with a **$35 million** senior loan.

The Problem

Increased interest rates, poor property management, increased vacancy, deferred CapEx—NOI is less than debt service.

Capital Stack	
Senior Loan	$35M (70%)
Junior Convertible Loan	$4M (8%)
Sponsor Equity	$11M (22%)
Combined LTV	**78%**

$4 Million Junior Convertible Loan Enables Sponsor To:

- Cover additional interest expense to senior lender
- Cover operating deficits
- Fund interest reserve for senior loan
- Pay down portion of senior loan
- Fund CapEx, unit turns, and renovations
- Gain leverage for favorable loan workouts

Dual Outcome Analysis:

Successful Turnaround:
Rescue capital funds improvements → NOI increases → Property refinances or sells → Sponsor repays loan and retains full equity position.

If Challenges Persist:
Family Office Partner may convert to equity per loan documents → Sponsor may negotiate continued operating role and participation in future performance.

Last Money In, First Money Out: Rescue financing proceeds fund property improvements that increase NOI—creating value that benefits Family Office Partners whether repaid or converted.

Case Study Source
Based on "NetLeaseX Capital Offers Family Offices Direct Access to Rescue Financing Investments in Real Estate" at NetLeaseX.com/Famcap.com-Rescue-Financing-Article.pdf

How Convertible Loans Work for Sponsors

Structured for Sponsor Success with Controlled Disbursement and Clear Terms

1

Loan Closing

Funds disbursed as agreed. Balance deposited into escrow at title company designated by Family Office Partner.

2

Draw Requests

Sponsor submits formal requests detailing fees, expenses, and costs per Sources and Uses of Funds.

3

Fund Release

Upon approval, escrow agent releases funds. Clear paper trail maintains accountability.

Key Structural Features:

Dutch Interest Structure

Family Office Partner earns interest on full loan amount, including funds held in escrow for CapEx, interest reserves, and operating reserves.

Lockbox Cash Management

Rent flows through lender-controlled account. All disbursements controlled through formal draw requests for transparency.

Specified Uses of Funds

Detailed Sources and Uses attached to Term Sheet and Agreement. Sponsor's use of funds limited to approved categories.

Protective Covenants

Loan documents include milestones and covenants. Clear expectations for both Sponsor and Family Office Partner.

What Sponsors Should Know About Lender Protections

Senior Secured Position

Senior secured loan ensures **claims are prioritized** over other creditors. More likely to recover capital if Sponsors or property underperforms.

Lockbox Cash Management

Rent flows directly to lender-controlled account. Family Office Partners **control all disbursements** through formal draw requests.

Joint and Several Recourse

Personal guarantees hold each Sponsor **individually liable for entire loan.** Default rate increases to maximum allowable by law.

Favorable Pay Rate

First mortgage, pledge of escrow, membership interest, development rights. Additional properties may serve as supplementary collateral.

Milestone-Based Releases

Escrowed funds released upon achievement of construction and leasing milestones. Ensures capital is deployed as planned.

Conversion Triggers

Loan documents specify conditions under which lender may convert to equity ownership—typically tied to missed milestones or payment defaults.

For Sponsors: These protections enable Family Office Partners to provide capital at attractive rates. Sponsors who meet milestones and execute their business plan retain full equity and upside—the conversion option protects against downside, not to take over successful projects.

Three Essential Takeaways for Sponsors

1

High-Leverage Stretch Loan Structure

Convertible loans build on stretch loan fundamentals—obtain up to 93% LTC with a single capital partner instead of coordinating senior lender and preferred equity investor.

2

Preserve Equity Upside

Obtain high-leverage financing without diluting equity stake.
If loan is repaid, Sponsor retains 100% of equity position. If converted, Sponsor may negotiate continued operating role.

3

Rescue Financing Solution

Access capital to overcome obstacles, complete projects, or stabilize properties facing challenges. Flexible, timely capital with alignment of interests between Sponsor and Family Office Partner.

Key Metrics:

4-6%
Pay Rate

Single
Capital Partner

< 75%
LTV After Renovation

2-3 Years
Typical Term

Learn More

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Acquire Real Estate in Sponsors' Self-Directed Retirement Plans with Debt-Free Preferred Equity

NetLeaseX CAPITAL

Many real estate investors self-manage their retirement assets.

Self-directed IRAs enable investors to purchase real estate.

The problem, however, is that the retirement account's profits from properties that have debt financing are taxable.

For example, if an investor borrows 80% of a property's purchase price, 80% of the profit would be taxable in the retirement account. This tax is called Unrelated Debt-Financed Income **("UDFI")** tax.

Benefits of "Leveraging" with preferred equity instead of debt.

- Sponsors can maximize their after-tax profit by leveraging with debt-free preferred equity financing

- Since the Sponsor purchased the property without debt financing, 100% of the Sponsor's profit will be tax-free and not subject to UDFI.

- On highly profitable transactions, Sponsors can justify "sharing the wealth" with our Family Office Partners since the Sponsor's tax savings would exceed our Family Office Partner's marginal increase in profit. Accordingly, our Family Office Partners may consider making debt-free preferred equity investments rather than first mortgage loans to Sponsors, earning higher returns with the same risk profile.

Why Work with NetLeaseX?

Establishing itself as a gatekeeper, NetLeaseX introduces Sponsors to “below the radar” investors.

Before NetLeaseX presents Sponsors’ financing requests to our Family Office Partners, NetLeaseX will work with Sponsors to:

- Better understand the Sponsor’s financing objectives
- Review Sponsor’s project proforma
- Calculate the capital raise based on a detailed Sources and Uses of Funds that NetLeaseX prepares with input from the Sponsor
- Collect and review due diligence and work with the Sponsor to obtain any additional due diligence not initially provided
- Negotiate with and obtain a “meeting of the minds” of the terms of NetLeaseX’s proposed financing
- Draft a detailed term sheet
- Draft an Agreement with the Sponsor (if the Sponsor signs NetLeaseX’s term sheet)
- After closing, deposit into escrow with a title company designated by our Family Office Partner any unused proceeds from our Family Office Partner’s preferred equity investment
- Submit requests to the escrow agent, as directed by our Family Office Partner, to release funds to pay for authorized fees, costs, and expenses as listed on the Sources and Uses of Funds

Benefits to Sponsors of Raising Investment Capital from Family Office Partners

Non-institutional sponsors benefit by working with our Family Office Partners as follows:

- By raising investment capital and developing a track record with our Family Office Partners, Sponsors enhance their ability to raise additional capital on subsequent transactions with our Family Office Partners and/or other investors, potentially with more attractive terms for them.
- Sponsors can view our Family Office Partners as experienced strategic investors that may provide ongoing advice to Sponsors and make introductions that help Sponsors in future transactions.
- Sponsors have opportunities to develop relationships with “below the radar” high net worth investors and family offices that the Sponsors would not have been able to reach on their own.

NetLeaseX's Project Types of Interest

Highest to Lowest Expected Returns

Purchasing and entitling land for sale to Sponsor or third party	Horizontal development of multifamily and housing projects	Ground-up development of multifamily and self-storage facilities	Help Sponsors monetize equity in their and/or limited partner's interests in a stabilized, cash-flowing asset	Senior debt-free preferred equity financing to Sponsors seeking to avoid UBTI tax in self-directed retirement plan investments

Design Features of NetLeaseX's Proposed Structured Financings

NetLeaseX will negotiate and memorialize all or most of the provisions described below into Agreements with the Sponsors seeking financing from our Family Office Partners.

Selected Summary Operating Agreement Provisions.

Waterfall Priority Order. The preferred interests will be structured on a senior/ subordinated or A/B structure where our Family Office Partner will receive their preferred returns and investment in full before the Sponsor receives theirs.

LLC Management. The LLC will have three managers of which two managers will be appointed by the Sponsor and one manager will be appointed by our Family Office Partner. All major decisions listed in the operating agreement will require unanimous consent all three managers.

No Capital Calls to our Family Office Partner. If there is any capital shortfall, the Sponsor will be responsible to advancing such funds to cover it.

Design Features of NetLeaseX's Proposed Structured Financings (Continued)

NetLeaseX CAPITAL

No Financial Disclosure or Recourse for our Family Office Partner to the Senior Lender. The Sponsor will be solely responsible for obtaining the senior loan without any financial assistance or support from the Family Office Partner. If the senior lender is unwilling to proceed on this basis, the Sponsor will need to:

- Find another senior lender
- Obtain a third-party loan guaranty
- Open discussions our Family Office Partner to explore a mutually beneficial solution

Sponsor's Investment Drawn Down First. 100% of the Sponsor's investment will be drawn down first, before any funds will be used from the proceeds of our Family Office Partner's Class A preferred investment.

Specified Uses of Funds. Working in collaboration with the Sponsor, NetLeaseX will prepare a detailed Sources and Uses of Funds and attach it to the Term Sheet and the Agreement with the Sponsor. The Sponsor's use of our Family Office Partner's Class A preferred investment funds will be limited the uses listed on the Sources and Uses of Funds.

Escrow Net Proceeds from our Family Office Partner's Class A Preferred. At closing, 100% of our Family Office Partner's preferred equity investment that is not used at closing will be deposited into escrow at a nationally-recognized title company designated by our Family Office Partner. After closing, the Sponsor will submit an email to NetLeaseX and our Family Office Partner requesting that the escrow agent release funds to pay for authorized fees, costs and expenses as listed on the Sources and Uses of Funds.

Key Takeaways

Gap Financing is a great way to increase leverage, close more deals and generate more fees.

Gain access to “below the radar” private principal investors who are interested in backing non-institutional and even first-time sponsors.

Benefits to working with NetLeaseX:

No upfront costs to Sponsors. NetLeaseX operates on a success-based model, earning compensation only through successfully closed transactions.

Speed and certainty of execution with our Family Office Partners who have the experience to quickly review and analyze due diligence assembled by Sponsor and NetLeaseX.

Our Family Office Partners have the financial liquidity to close without syndication risk or need to obtain consent from any third parties.

NetLeaseX's Fees and Costs

NetLeaseX will be compensated by one or more of the following ways:

- After obtaining a "meeting of the minds" with the Sponsor, NetLeaseX will draft (or have drafted) a detailed term sheet memorializing the terms and conditions of NetLeaseX's proposed financing.

- At closing, the LLC may charge an origination fee which will be negotiated on a case-by-case basis based on the particular parameters of each property and project. Such fees are a project cost and included in the Sources and Uses of Funds.

- NetLeaseX earns compensation through co-investment alongside our Family Office Partner and through promoted or carried interests, with terms negotiated between NetLeaseX and our Family Office Partner.

About Us

Ron Zimmerman

Ron Zimmerman is president of NetLeaseX Capital LLC, an investment banking firm specializing in raising investment capital for real estate investors and developers. Mr. Zimmerman is also a real estate broker.

- More than 39 years of industry experience in real estate investment, distressed debt, capital raising, and real estate brokerage. Significant expertise in structuring real estate financial transactions, investment analysis, real estate finance, and the restructuring and workout of commercial and consumer loans.

- Extensive experience in tiered financing of acquisitions, financial restructurings, and leveraged recapitalizations. He has worked as a consultant to real estate investors and developers on a national basis and acted as a strategic advisor for clients in complex IRC Section 1031 tax-deferred exchange transactions, net lease financing, and sale/leasebacks.

- Published author of several articles for industry publications and websites:

Scotsman Guide (3 articles) - a leading publication for commercial real estate lenders and loan brokers:

- “Strategizing with Preferred Equity” (December 2018)
- “Throw Out A Lifeline” (July 2020)
- “Ride To The Rescue” (August 2020)

Famcap.com (2 articles) - a leading website for high net worth and family office investors:

- “NetLeaseX Capital Offers Family Offices Direct Access to Rescue Financing Investments in Real Estate” (October 2023)
- “The Power of Stretch Loans for Family Office Investors” (May 2024)

NetLeaseX.com (1 article)

- “How Sponsors Can Pass 2026's Three Underwriting Tests” (January 2026)

Article reprints available at **www.NetLeaseX.com/articles**

Let's Talk

If you have any questions and/or would like to discuss your project and how NetLeaseX can help, please contact Ron Zimmerman:

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