

Private Credit Backed by High-Value Texas Residential Real Estate

AVONDALE
PRIVATE LENDING

INVESTMENT OVERVIEW

Avondale Private Lending (“APL” or the “Fund”) is a Texas-based, private real estate investment trust (REIT) providing investors access to a diversified portfolio of short-duration, first-lien residential real estate loans.

Since inception in 2015, APL has originated over **\$500 million across 800+ loans**, delivering **consistent income-oriented returns of 9-12% annually**.

The Fund is designed for investors seeking:

- **Predictable monthly income**
- Capital preservation through **first-lien residential collateral**
- Low correlation to traditional equity and fixed income markets

MARKET OPPORTUNITY

Regulatory constraints and operational inefficiencies have led traditional banks to retreat from **small-balance, time-sensitive residential construction and renovation lending**, creating a persistent supply-demand imbalance.

Professional real estate operators increasingly require **certainty of execution, speed, and flexible structuring**, which banks are structurally unable to provide.

FUND OVERVIEW

Track Record Since 2015:

- **\$500+ million originated**
- **800+ loans funded**
- **150+ investors**
- **9–12% historical annualized net returns**

The Fund generates income through borrower interest payments and distributes cash flow to investors on a **monthly** basis.

FUND STRUCTURE & OBJECTIVE

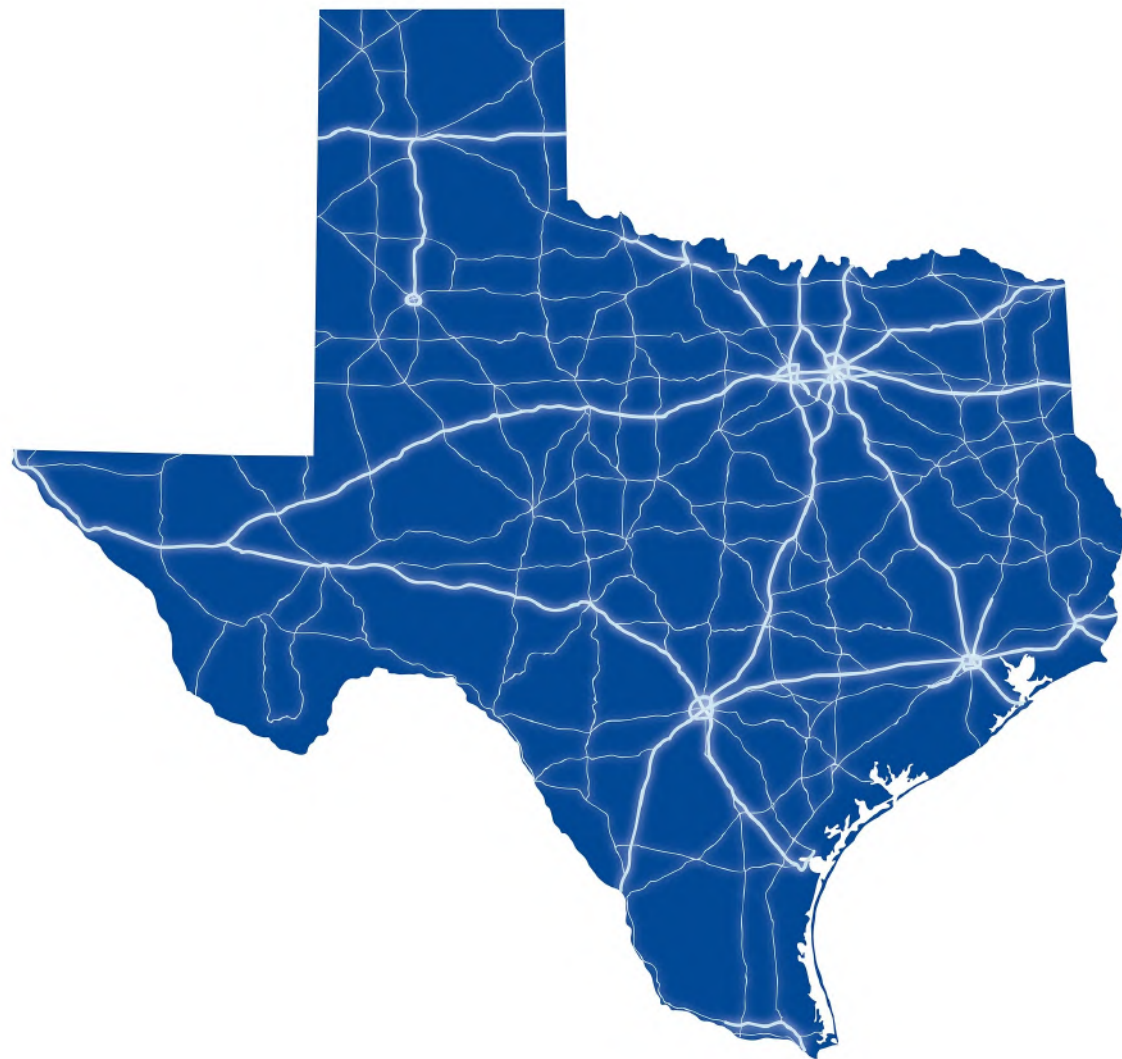
- **Structure:** Texas LLC with subsidiary REIT
- **Fund Type:** Open-ended evergreen vehicle
- **Target Fund Size:** Up to \$100 million of Membership Interests

Investment Objective: To generate attractive current income and preserve capital through a diversified portfolio of short-term, first-lien residential real estate loans.

INVESTOR TERMS

- **Preferred Return:** 8% annual, paid monthly
- **Target Net Return:** 9–10% annually, net to investors
- **Minimum Investment:** \$100,000
- **Lock-Up Period:** 12 months
- **Leverage:** \$40MM senior credit facility (max 1.0x); non-recourse to investors
- **Liquidity:** Withdrawals typically funded within 1-2 days, subject to available liquidity and manager discretion
- **Fees:** 1.5% management fee, 0.5% origination fee (borrower paid), 50% of profits above the 8% preferred return
- **Audit:** Annual audit by PCAOB-registered firm

GEOGRAPHIC FOCUS - TEXAS



APL operates **exclusively in Texas**, characterized by:

- Strong population growth
- Diverse and resilient economic base
- Business-friendly regulatory environment

The Fund focuses on the **Texas Triangle**: Dallas–Fort Worth, Austin, and Houston—one of the fastest-growing megaregions in the U.S.

SUBMARKET STRATEGY

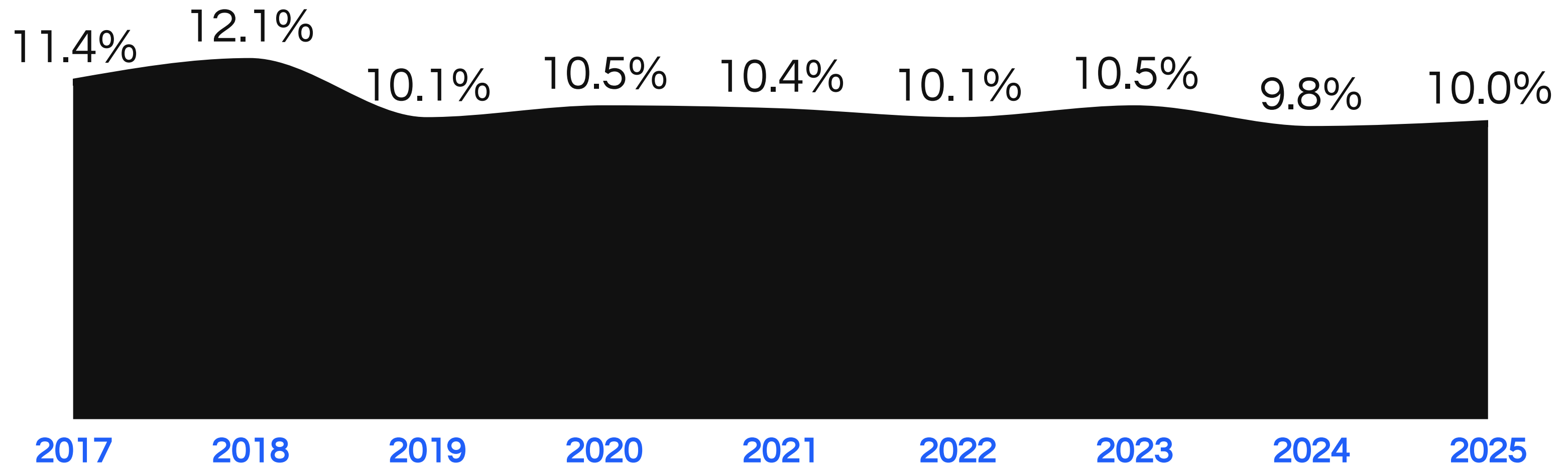
The Fund targets **urban-core residential submarkets** with long-term price resilience and deep buyer demand.

Key characteristics include:

- **Established, premier neighborhoods** with demonstrated value preservation
- Structural supply constraints and **limited new inventory**
- Proximity to top-tier schools and high-income employment centers
- Typical home values of **\$2–7 million**
- Custom and boutique builders; minimal tract development

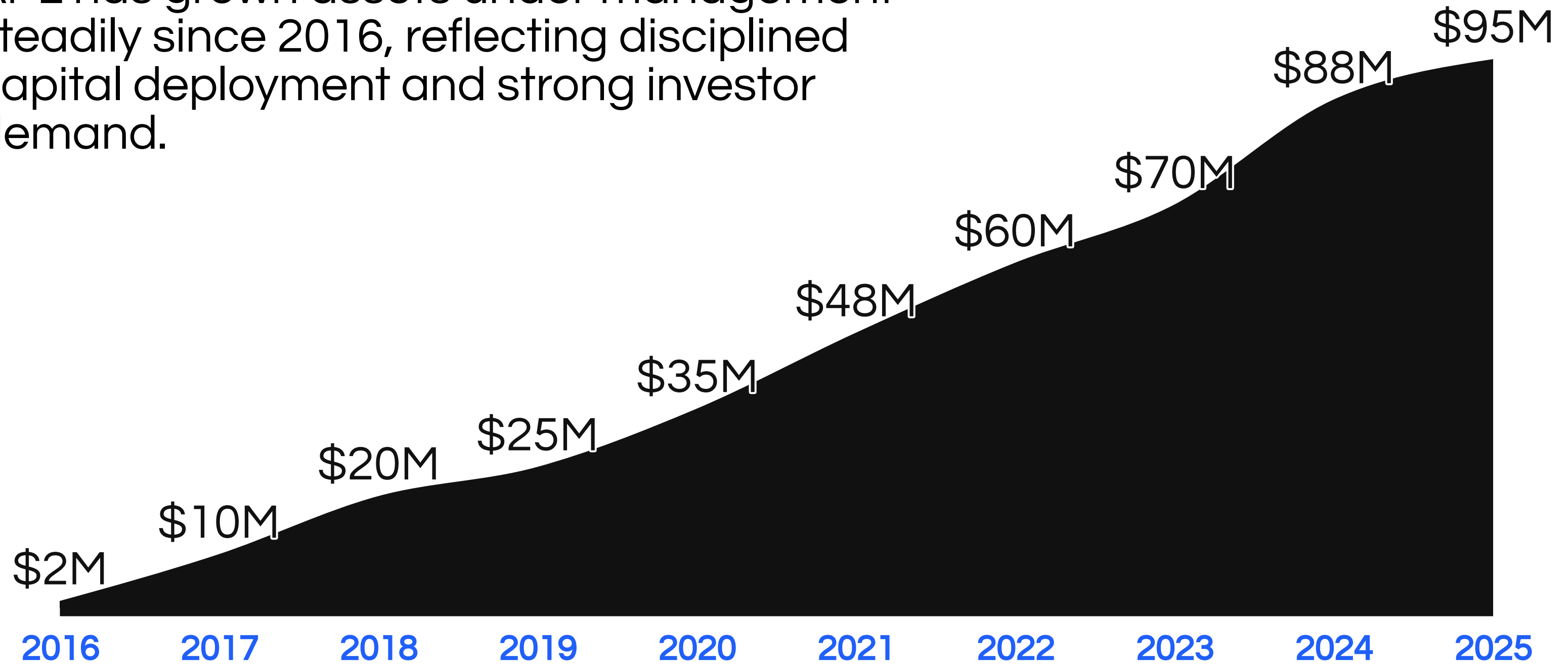
PERFORMANCE TRACK RECORD

Since inception, the Fund has delivered consistent annual returns ranging from approximately **9–12%**, with monthly income distributions.



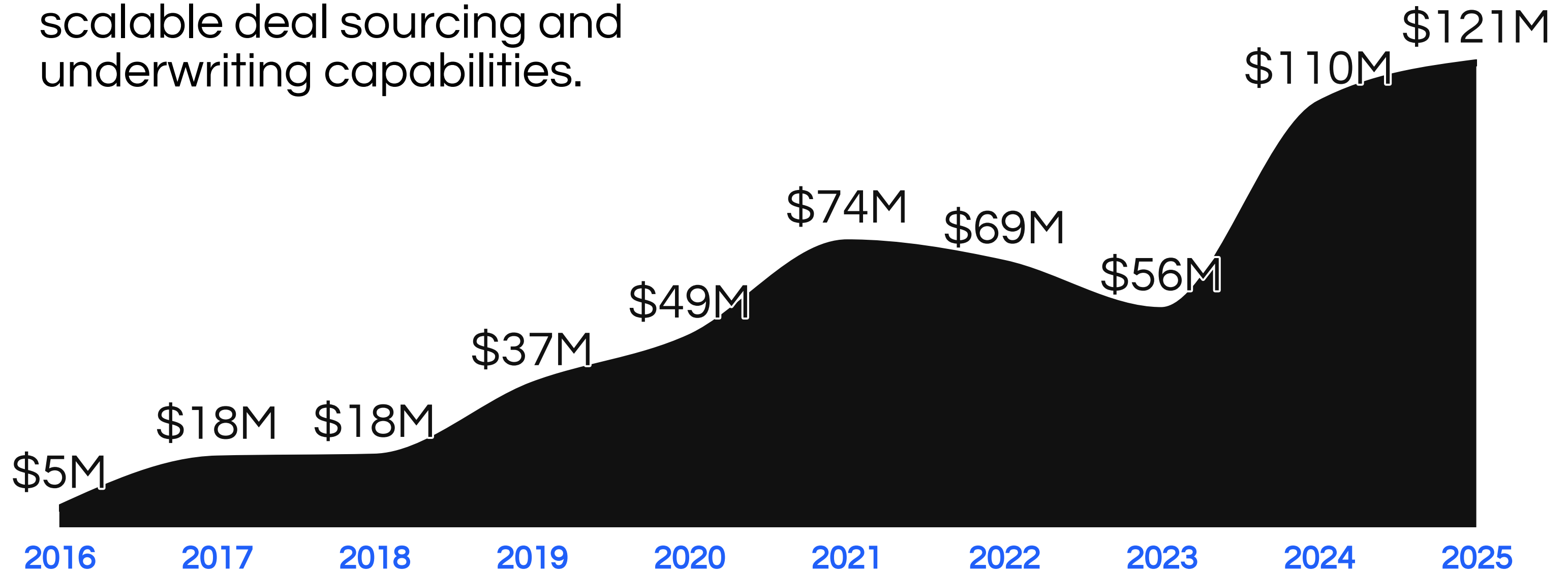
ASSETS UNDER MANAGEMENT

APL has grown assets under management steadily since 2016, reflecting disciplined capital deployment and strong investor demand.



LOAN ORIGINATION VOLUME

Annual loan origination volume has increased materially, demonstrating scalable deal sourcing and underwriting capabilities.



LOAN PROGRAM AND RISK METRICS

- **Loan Type:** First-lien residential renovation and new construction
- **Target Loan Size:** \$2–5 million
- **Interest Rates:** 10–12%
- **Loan-to-Cost (LTC):** 80–90% of total project cost
- **Loan-to-Value (LTV):** 50–75% of as-complete value (maximum 75%)
- **Historical Defaults:** <1%
- **Foreclosures:** <0.01%

Risk mitigation is driven by conservative leverage, experienced sponsors, and active asset management.

RISK MANAGEMENT & DOWNSIDE PROTECTION

Key Risk Controls:

- First-lien collateral position
- Conservative leverage and meaningful borrower equity
- Asset-based underwriting focused on exit liquidity
- Short duration loans (typically 18–24 months)
- Active construction oversight and draw controls
- Portfolio diversification across borrowers and submarkets.
- “What we don’t do”: consumer / owner-occupied loans, commercial real estate loans, lending to inexperienced or first-time operators

LOAN CASE STUDY

Transaction Overview

- Property Type: Single-family, new construction
- Location: Dallas, TX (Highland Park submarket)
- Square Footage: 4,952
- Loan Size: \$3.7 million
- Total Project Cost: \$4.4 million
- Loan-to-Cost: 84%
- As-Completed Value: \$5.2 million
- Loan-to-Value: 71%
- Interest Rate: 12%
- Term: 18 months

Investment Rationale

- Prime, supply-constrained submarket
- Experienced, repeat borrower with successful track record
- Conservative valuation relative to market comps

Outcome

- Loan paid as agreed
- \$706,018 income paid to the Fund
- List Price per MLS of \$5.49 million
- Principal repaid in full

ALIGNMENT & LOSS HISTORY

Strong Alignment of Interests

- Single investor share class with equal economic terms
- The Fund manager and affiliates have **material personal capital invested (over \$15 million)**
- Performance compensation earned **only after achieving the 8% preferred return**
- Identical underwriting and risk standards across all capital

Capital Preservation Track Record

- Fund performance has **never fallen below a 9% annual net return**
- Historical default rate of **below 1%** across 800+ loans
- **Foreclosure rate below 0.01%**, with recoveries driven by first-lien collateral and conservative leverage

OUR TEAM



John Spears **FOUNDER & CEO**

20+ years of investment experience. Founder of APL with over a decade of private credit experience. Former registered investment advisor. Member of the American Association of Private Lenders and Certified Fund Manager. BBA in Finance, Texas Christian University.



Allison Spears **PRESIDENT**

15 years of experience in sales and residential real estate. Oversees borrower relationships, loan origination and marketing. Licensed Realtor. Bachelor's degree from the University of Mississippi.



Charlene Norfleet, CPA **SENIOR ACCOUNTANT**

19+ years of experience in accounting and financial reporting. Oversees fund accounting and investor reporting. Master of Accountancy and an MBA from the University of Tennessee at Martin.



Elizabeth Ware **LOAN SERVICER**

5+ years with the Fund. Manages loan servicing, draws, payoffs, and borrower compliance. Completed the Certified Private Lender Associate (CPLA) designation from the American Association of Private Lenders. BBA from Southern Adventist University.

OUR TEAM



Ryan Barnett **CONSTRUCTION MANAGER**

17+ years of construction experience. Oversees construction projects, draws, inspections. Studied aviation maintenance and technology at the Aviation Institute of Maintenance.



Cassie Eggers **LOAN PROCESSOR**

20+ years experience as an Escrow Officer. Manages loan underwriting, closings, and investor onboarding.



Walt Suberg **ADVISOR**

40+ years of experience as a real estate attorney representing developers, lenders, and investors across complex transactions. BBA and JD from Southern Methodist University.



Ben Rathjen **ADVISOR**

30+ years of bank executive experience across commercial and community banks. BBA in Accounting, Xavier University.

HOW TO INVEST

1. Request offering documents at **avondaleprivatelending.com/investors**
 2. Review and execute subscription materials via DocuSign
 3. Verify accredited investor status
 4. Fund investment via wire or ACH
- The Fund is also available through **Charles Schwab's** alternative investment platform and **Self-Directed IRA Custodians**.

For additional information, please contact **john@avondale-im.com**.

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