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# Broadmark Private REIT, LLC

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June 2021

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# IMPORTANT INFORMATION

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Broadmark Private REIT Management, LLC (the "Manager") provides this presentation to prospective investors on a confidential basis for informational and discussion purposes only. This presentation is not an offer to sell or a solicitation to buy preferred units of Broadmark Private REIT, LLC (the "Private REIT"). The Private REIT will only make any such offering to qualified purchasers through the Private REIT's current Confidential Private Placement Memorandum (the "Memorandum"). The Private REIT's preferred units may not be eligible for sale in some U.S. states or countries, nor are they suitable for all investors.

The Private REIT is a private real estate finance company that primarily participates in short-term, first deed of trust loans secured by real estate that are originated, underwritten and serviced by Broadmark Realty Capital Inc., a publicly-traded REIT ("Broadmark Realty," Ticker: BRMK). The Private REIT's allocations of income, fees, and other amounts from participating in Broadmark Realty's loans will vary based on applicable participation percentages.

The Manager calculates the Private REIT's Monthly Return based on total loan origination fees and other fee income received from loan participations, less all expenses, divided by total paid in capital, and Assets Under Management based on total paid in capital, less any permanent capital losses from loan participations.

**Certain Risks.** Real estate lending is speculative and entails substantial risks. As a real estate finance company, the Private REIT's revenue and net income is limited to interest and fees received from participations in Broadmark Realty's loans. The Private REIT's ability to invest in additional loan participations is limited by the cash available to lend from new capital contributed by investors on a monthly basis. An investment in the Private REIT is speculative, involves substantial risk, and is suitable only for investors who can bear the economic risk of the loss of part or all of their investment. There can be no assurance that the Private REIT will achieve its investment objective or avoid substantial losses. The Manager does not guarantee the return of an investment or the performance of the Private REIT. Please carefully review the Memorandum, including "Certain Risk Factors," for a general description of certain risks potentially applicable to an investment in the Private REIT. In making a decision to invest in the Private REIT, potential subscribers must rely on their own legal, tax and financial advisors in reviewing the proposed offering.

Historical performance data of Broadmark Realty is provided for illustrative purposes only. References to Broadmark Realty include its consolidated subsidiaries after a business combination which occurred on November 2019, and refers to the Pyatt Broadmark Real Estate Lending Companies I-IV for all periods prior to that date. The Private REIT was recently organized and has a limited operating history of its own upon which prospective investors may base an evaluation of its performance. Any loan data or performance information presented for Broadmark Realty is not the past performance of the Private REIT, and is not indicative of possible future results of the Private REIT. There is no assurance nor should it be assumed that the future performance of the Private REIT will achieve results comparable to the past performance of Broadmark Realty. **PAST PERFORMANCE IS NO INDICATION OF FUTURE RESULTS.**

**Certain Conflicts of Interest.** Potential investors should be mindful of the important differences between Broadmark Realty and the Private REIT as outlined in the Memorandum. The Private REIT will largely be dependent on Broadmark Realty to source, negotiate, and originate mortgage loans, and to foreclose on defaulting borrowers. The success of the Private REIT is largely dependent on Broadmark Realty offering sufficient attractive loan participations, and Broadmark Realty could elect to offer a higher (or lower) participation interest in any loan for any reason, which could result in conflicts of interest. It is possible that the interests of Broadmark Realty will at times conflict with those of the Private REIT, which could negatively affect its performance. There is no guarantee that the Private REIT will achieve results that will allow it to pay a specified level of cash dividends or to increase the level of such dividends in the future similar to Broadmark Realty. The Manager may be delayed in reporting performance or other information relating to Broadmark Realty's loan portfolio until after certain financial information has been publicly filed by Broadmark Realty. The Private REIT's preferred units are subject to substantial restrictions on redemptions,

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## IMPORTANT INFORMATION - CONTINUED

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including a one-year initial lock-up period and quarterly limit on the total amount redeemed, and are not eligible to be transferred or resold to the general public.

The impact of the COVID-19 pandemic and the measures implemented to contain the spread of the virus have had, and are expected to continue to have, an adverse impact on the real estate lending business and results of operations of Broadmark Realty and the Private REIT, including the ability of borrowers to complete real estate projects and make timely payments of principal and interest on loans.

Vigilant Distributors, LLC, SEC-registered broker-dealer and FINRA member, serves as placement agent with respect to the offer and sale of the Private REIT's preferred units. The Manager has elected to pay Vigilant Distributors fees for the initial year of the Private REIT's operations. Certain of the Manager's personnel are Vigilant Distributors-registered representatives who market the Private REIT's preferred units. The Manager's personnel are also employees of Broadmark Realty. Broadmark Realty has adopted a bonus policy for eligible employees based on various performance factors, including contributions to the growth of the Manager. The Private REIT and the Manager have engaged independent selling broker-dealers and web-based platforms to market the Private REIT's preferred units. The Manager (not the Private REIT) pays platform fees and expenses, and also pays to any independent broker an upfront fee equal to 1.00% of a subscriber's invested capital and, after the first anniversary thereof, an annual fee equal to 0.50% of the subscriber's invested capital. Due to the compensation paid, these persons have a conflict of interest in recommending the Private REIT to potential investors.

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## BROADMARK PRIVATE REIT, LLC BACKGROUND

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### **Broadmark Private REIT, LLC will seek to replicate the structure of the previous Broadmark Real Estate Lending Companies.\***

- In 2010, Broadmark Capital in cooperation with Jeffrey B. Pyatt co-created Pyatt Broadmark Real Estate Lending Fund I to provide investors with access to high yield loans that filled a gap in the credit market which had been created by the 2008 financial crisis and the resulting changes in lending practices by regional banks.
- Through disciplined lending practices and the ability to raise private capital consistently month over month, the management team added three, nearly identical lending companies <sup>(1)</sup> and raised \$1B of private capital to originate real estate loans, each in a specific geographic region (Pacific Northwest, Mountain West, Mid-Atlantic and Southeast).
- In 2019, the four legacy private Broadmark REITs were merged (with their management companies) in a series of transactions resulting in the creation of a new publicly traded entity, Broadmark Realty Capital Inc. (NYSE: BRMK).
- Some investors may prefer to invest in a private fund, therefore Broadmark has formed the Broadmark Private REIT, LLC.

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# BROADMARK PRIVATE REIT, LLC INVESTMENT HIGHLIGHTS

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## **Broadmark Private REIT, LLC will seek to replicate the structure of the previous Broadmark Real Estate Lending Companies.\***

**Broadmark Private REIT** participates in loans originated, underwritten and serviced by Broadmark Realty Capital, Inc. (“BRMK”), a publicly-traded company led by a strong **management team with multi-year track record** and **minimal (< 0.2%) incidence of losses incurred since inception<sup>(1)</sup>**

**Capital is accepted monthly for investment.** The Private REIT participates equally in each loan originated by BRMK according to the amount of capital it has available for investment for the month.

**The Broadmark Private REIT offers Preferred Units valued at their current net asset value.** The net asset value (NAV) of the Private REIT’s preferred units likely will differ from the publicly traded share price of BRMK:NYSE.

The Broadmark Private REIT has a required minimum investment of \$100,000.

**Preferred Units receive a monthly distribution** to include 20% of loan origination fees, 100% of monthly interest until preferred return of 0.5% is met, then 80% of any remaining distributable cash.

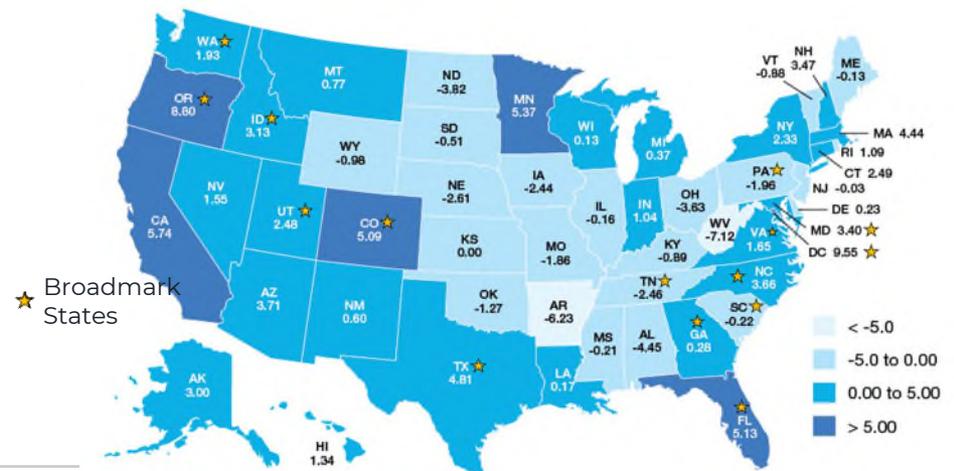
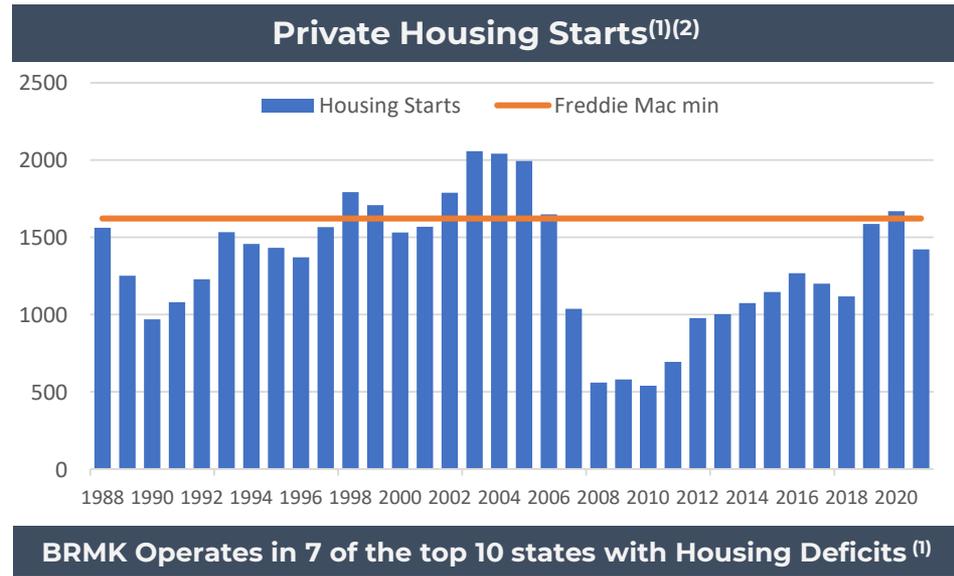
**Broadmark Private REIT reports monthly to investors,** although monthly reporting will be limited as required to align disclosures with those of the public company.

## **Investment in Broadmark Private is offered to qualified purchasers only.**

An investment in the Broadmark Private REIT is speculative. There can be no assurance that it will achieve its investment objective. Please see “Certain Risk Factors” in the Memorandum for a general description of the risks.

# MARKET OPPORTUNITY IN THE CURRENT ENVIRONMENT

- **Significant residential housing demand** outpacing current limited supply
  - Total housing starts for February 2021 are 1.42 million, below the 1.6 million annual housing starts needed to meet current demand<sup>(1)</sup>
- **Bank consolidation has narrowed** the universe of lenders making construction loans post-financial crisis
  - COVID-19 disruption has impaired leveraged banks and non-bank competitors, further reducing construction lender universe
- **Construction activity has resumed** and is accelerating to meet the housing demand as currently 29 states are experiencing housing shortages
  - *Broadmark operates in seven of the ten states with the largest housing deficits.*



# BROADMARK PRIVATE REIT, LLC MONTHLY PERFORMANCE

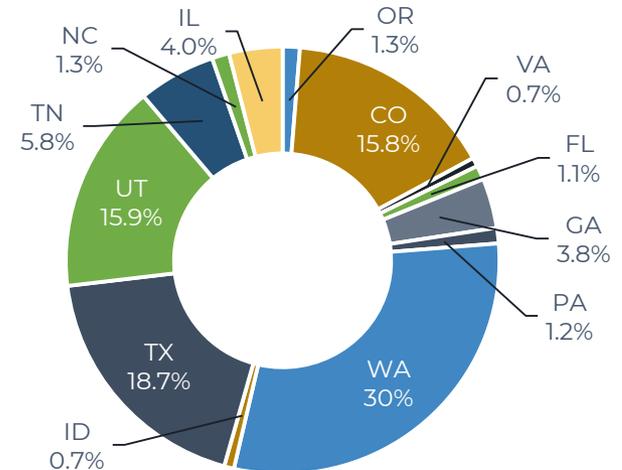
## June 2021 Fund Metrics



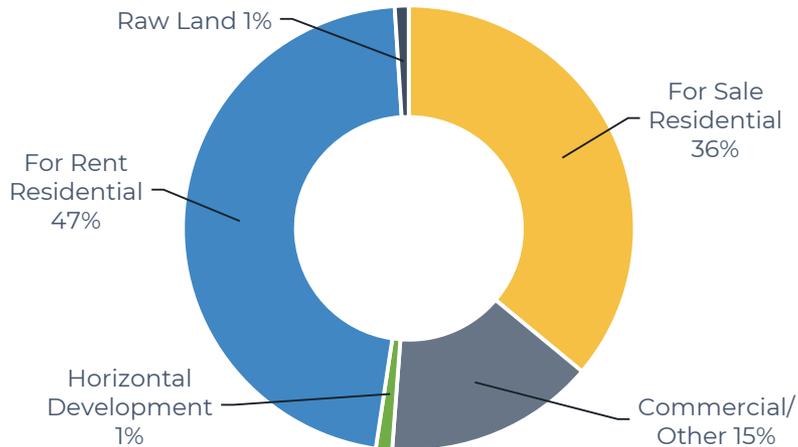
## Monthly Returns<sup>(1)</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD <sup>(2)</sup>	ITD <sup>(2)</sup>
<b>2020</b>	N/A	N/A	0.46%	0.62%	0.71%	0.74%	0.88%	0.89%	0.87%	0.85%	0.85%	0.81%	7.95%	
<b>2021</b>	0.60%	0.56%	0.54%	0.47%	0.51%	0.55%								11.49%

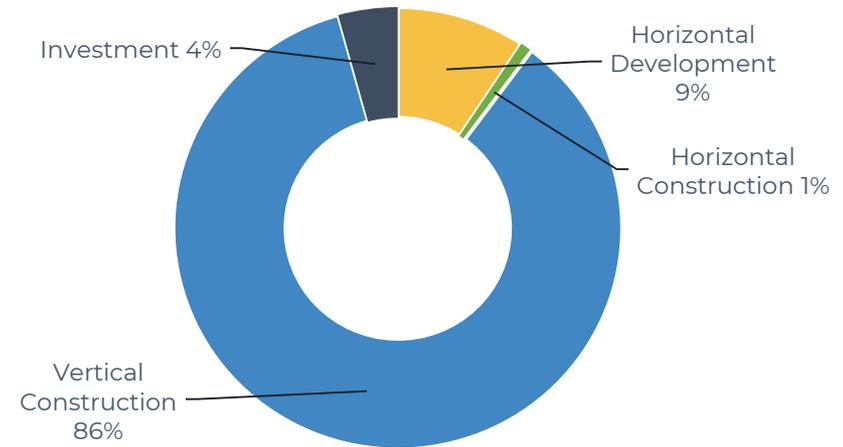
## Portfolio % by State<sup>(3)</sup>



## Portfolio % by Property Type<sup>(3)</sup>



## Portfolio % by Loan Purpose<sup>(3)</sup>



1. Net of fees.

2. Year to Date & Inception to Date

3. Represents total loan commitment including principal outstanding, interest reserve and construction holdback as of June 30, 2021

# BROADMARK PRIVATE REIT, LLC ACTIVE LOAN SUMMARY

	Principal Outstanding <sup>(1)</sup>	Total Loan Commitment <sup>(2)</sup>	LTV % <sup>(3)</sup>	Original Term (mo.)	Fee	Interest Rate
Total	\$41,427,300.64	\$78,806,803.54	N/A	N/A	N/A	N/A
Mean <sup>4</sup>	\$436,076.85	\$829,545.30	61%	10.13	3%	12%
Median <sup>4</sup>	\$57,704.46	\$95,748.00	64%	9.00	3%	12%



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## BROADMARK PRIVATE REIT MANAGEMENT TEAM

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**Jeffrey B. Pyatt**

Chief Executive Officer, BRMK

**David Schneider**

Chief Financial Officer, BRMK

**Linda Koa**

Chief Operating Officer, BRMK

**Daniel Hirsty**

Chief Credit Officer, BRMK

**Geir Watland, CFA, CAIA**

Managing Director  
Private Capital Markets

**Jessica Disman**

Director, Sales & Marketing  
Private Capital Markets

**Christine Kilroy**

Director, Operations & Client Services  
Private Capital Markets

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## FOR MORE INFORMATION

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(425) 417-1240

### **Jessica Disman**

Director  
Private Capital Markets  
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**THE FOLLOWING SLIDES REFER TO BROADMARK REALTY CAPITAL, INC. AND ARE PROVIDED FOR INFORMATION ONLY. SLIDES 12-16, 20 & 21 ARE EXCERPTED FROM THE BROADMARK REALTY CAPITAL INC. FIRST QUARTER INVESTOR DECK PUBLISHED MAY 10, 2021 AND ARE PROVIDED FOR INFORMATION ONLY. THE FULL FIRST QUARTER BROADMARK REALTY CAPITAL INC. INVESTOR DECK IS AVAILABLE AT [WWW.BROADMARK.COM](http://WWW.BROADMARK.COM).**



## BRMK AT A GLANCE

**Internally** managed REIT focused on originating diversified commercial mortgage loans



**\$2.9 Billion**

Total Capital Deployed  
Since Inception



**\$1.3 Billion**

Active Diversified Loan  
Portfolio



**59.9%**

Weighted Average  
LTV



**100%**

Senior Secured Loans



**0.2%**

De minimis Historical  
Principal Loss <sup>(1)</sup>



**\$0**

Debt Outstanding



**\$339.3 Million**

Total Liquidity



**7.9%**

Dividend Yield <sup>(2)</sup>

# FINANCIAL HIGHLIGHTS

Well positioned to preserve credit quality while going on offense in 2021

## Conservative Capital Structure

- **\$0** current debt outstanding
- **\$1.3** billion high-quality and unencumbered assets<sup>(1)</sup>

## Significant Liquidity for New Investments

- **\$204** million cash, **\$135** million undrawn line of credit. Total liquidity of **\$339** million.
- Significant liquidity for new investment with expected run rate of \$100 to \$120 million in cash balances
- **60.6%** cash to construction holdback ratio ensures sufficient capital to fund construction draws

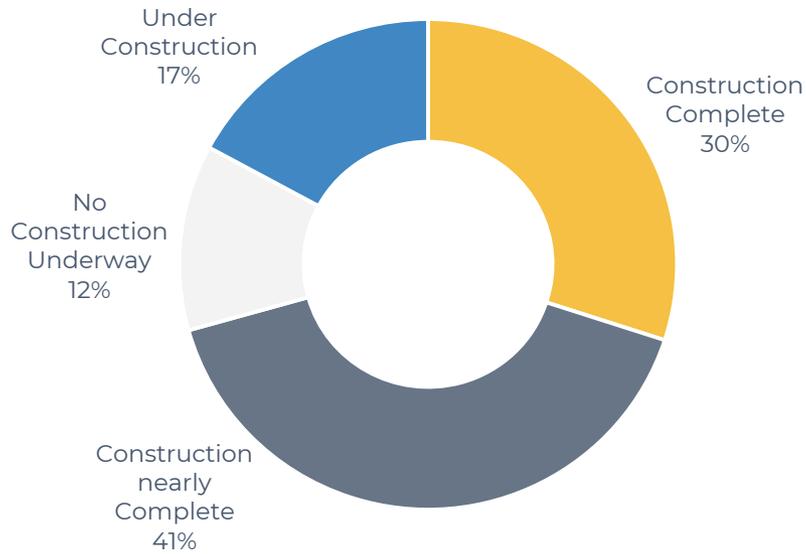
## Strong Asset Performance

- High yield assets with **16.6%** weighted average all-in rate, with 11.9% average interest rate and 4.7% average fee rate
- Diversified portfolio across **14** states and D.C. with weighted average **59.9%** LTV ratio

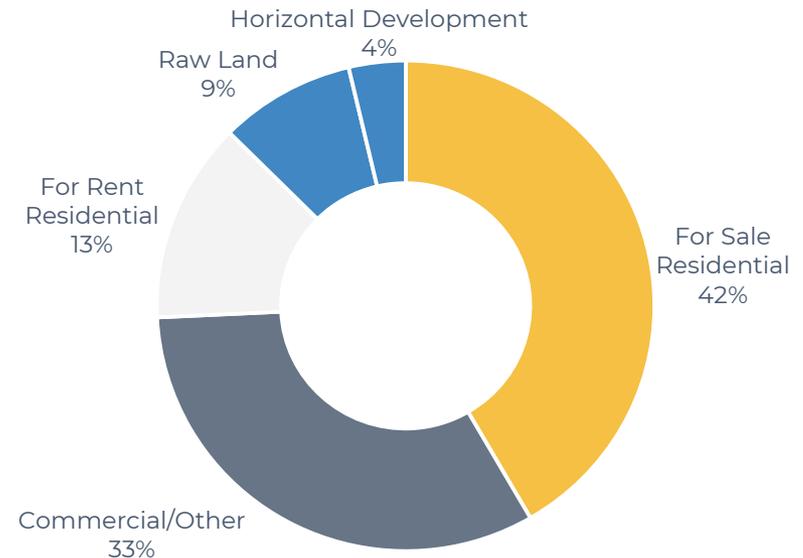
# History of maximizing value through strategic management

- Minimal losses in ten-year history, **approximately 0.2%** on the \$2.8 billion loans originated <sup>(1)</sup>
- In current default population, 71% of loans have construction complete or nearly complete, and 55% are collateralized by residential properties giving confidence in our ability to resolve with positive economic outcomes

### Default by Construction Phase<sup>(2)</sup>



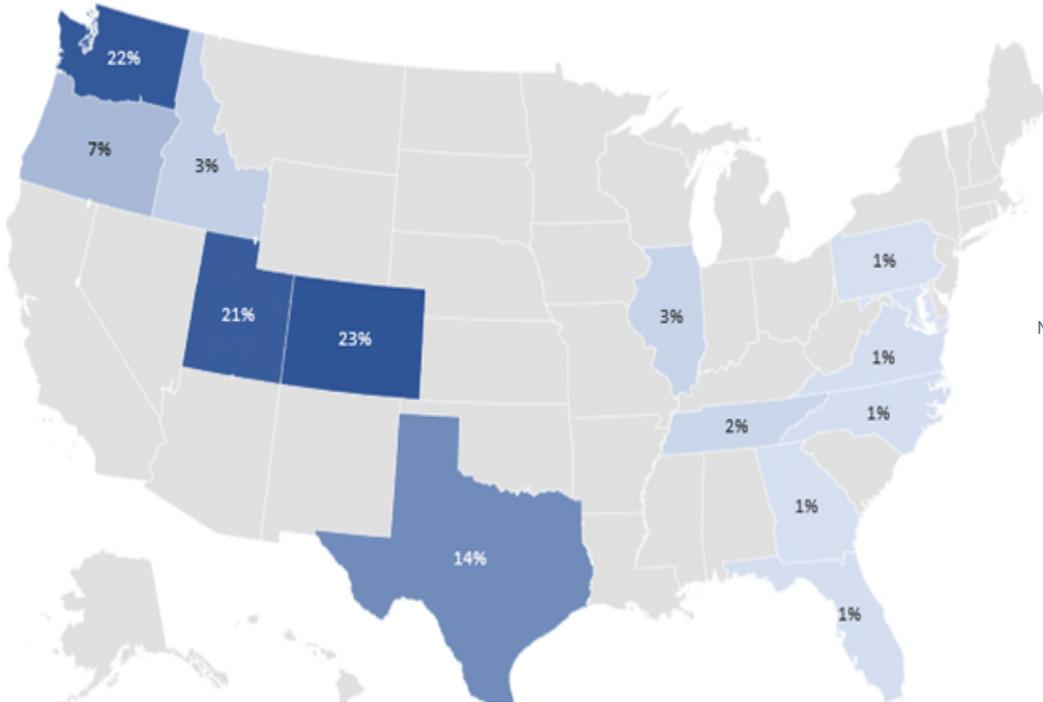
### Default by Property Type <sup>(2)</sup>



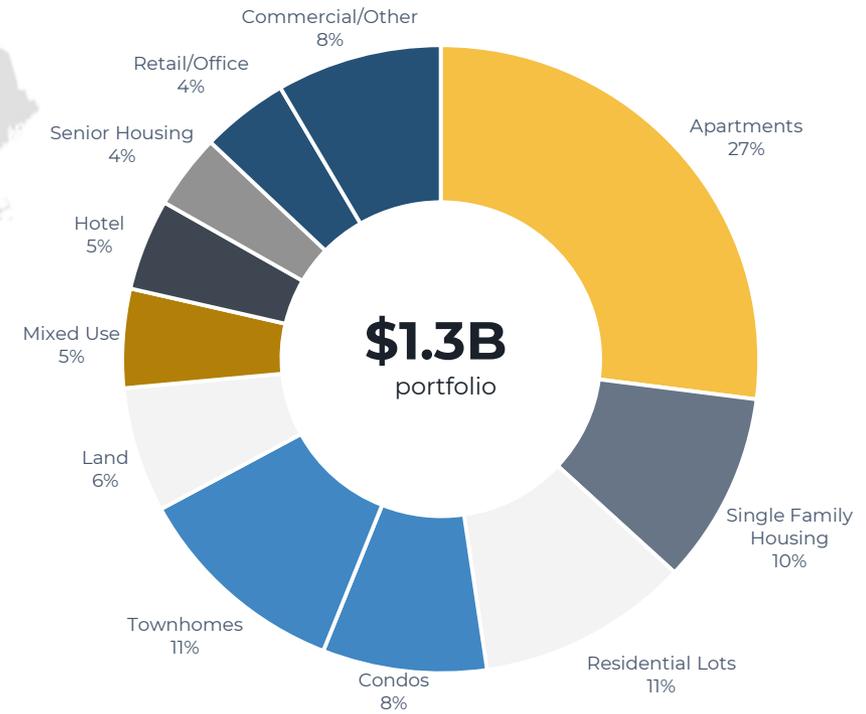
# PORTFOLIO DIVERSIFIED ACROSS GEOGRAPHY AND PROPERTY TYPES

- Active loan portfolio includes 200 loans across 14 states plus the District of Columbia
- Target states with favorable demographic trends and lending laws
- Diverse collateral weighted towards residential housing

## Geographic Diversification<sup>(1) (2)</sup>



## Collateral Diversification<sup>(1) (2)</sup>



# ILLUSTRATIVE \$5.0M LOAN COMMITMENT

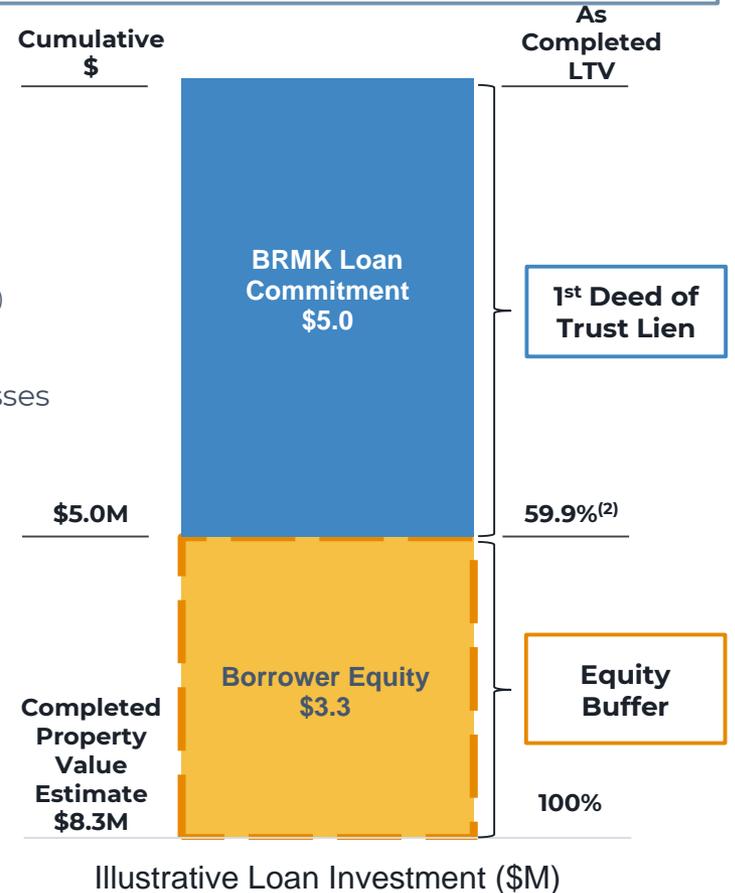
Significant upfront borrower equity requirement protects Broadmark against principal losses upon default

## Senior Lending Position

- Senior secured lender position on 100% of its loans
- Borrower maintains “skin in the game” by contributing initial equity at loan origination<sup>(1)</sup>
- Strict adherence to 65% LTV threshold has resulted in approximately 0.2% of principal losses since inception

## Significant Principal Protection

- **Requires \$3.3mm or ~40% property value decline to incur a principal loss on investment**
- Minimize risk by offering short initial loan term (<12 months) and by lending in strong markets



# TARGET STRIKE ZONE

## Illustrative Term Sheet<sup>(1)</sup>

<b>Loan Size</b>	\$0.5 million to \$40 million
<b>Collateral</b>	Residential or commercial properties
<b>Geographies</b>	Focused on states with favorable demographic trends and favorable lending laws
<b>Property Types</b>	Single family housing, apartments, condos, townhomes residential lots, hotels, storage units
<b>Loan to value</b>	Maximum of 65% LTV at underwriting
<b>Loan Terms</b>	5 to 21 months with typical 1 to 3 months of extension
<b>Representative Interest Rate</b>	Fixed rate ranging from 10% to 13%
<b>Fees</b>	2% to 5%

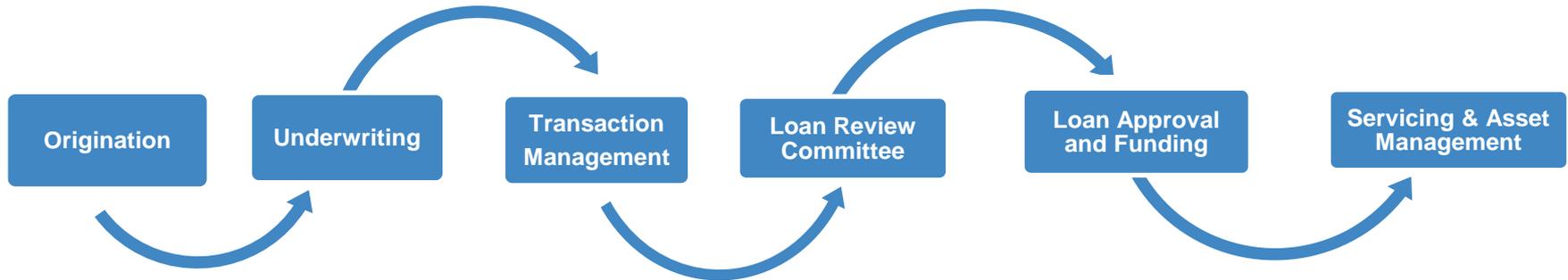
## Key Investment Attributes



- ✓ Primarily mid to small sized, short term, fixed rate, and first lien loans
- ✓ Typical borrower is local market expert who pays premium for reliable and expedient funding
- ✓ Growth markets
- ✓ High-quality real estate with significant downside protection

# INVESTMENT PROCESS

**BRMK** is highly focused on underwriting standards and structural protections that provide competitive advantage



- ✓ 4 regional teams focusing on deep relationships with borrowers
- ✓ Significant repeat business

- ✓ **Strict underwriting standards with 100% first position deeds of trust, 100% personal guarantees and maximum LTV of 65%**
- ✓ Independent appraisal report
- ✓ Site visit of underlying property
- ✓ Comprehensive review on permits, plans, budgets, records and property information

- ✓ Ability to move expeditiously and highly responsive
- ✓ Provides preliminary term sheet within 48 hours of receipt of complete underwriting information

- ✓ Comprehensive investment memo with financial projections for every loan

- ✓ All loans are discussed and approved unanimously by Loan Review Committee
- ✓ Ability to close loan funding within 10 days of preliminary term sheet

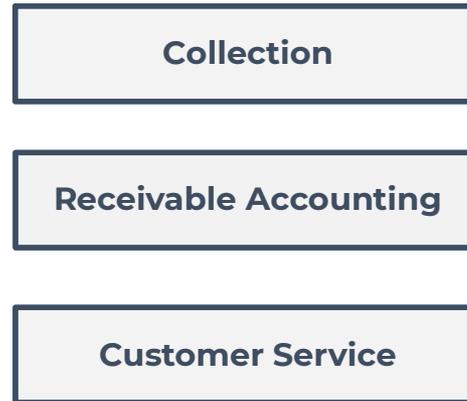
- ✓ Prudent and proactive asset management
- ✓ Internal loan servicing
- ✓ Maintain fluid and frequent communication with borrowers

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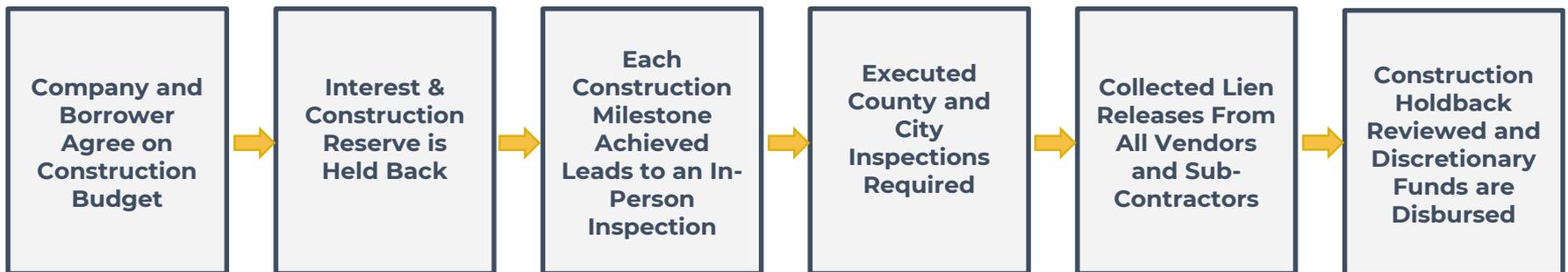
# BRMK LOAN SERVICING OVERVIEW

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Broadmark Realty's Loan Servicing Department comprises three functions:



## Construction Loan Servicing Process



# FIRST QUARTER 2021 KEY METRICS

## Liquidity

- **\$204.3 million** Cash balance
- **\$135 million** fully undrawn line of credit
- **\$339.3 million** total liquidity, **100%** total liquidity to construction holdback ratio

## Originations

- Q1 21 loan originations and risk reducing amendments totaling **\$149.3 million** in commitments
- **78.3%** of originations in Q1 are collateralized by residential properties
- Weighted average origination LTV of **63%**

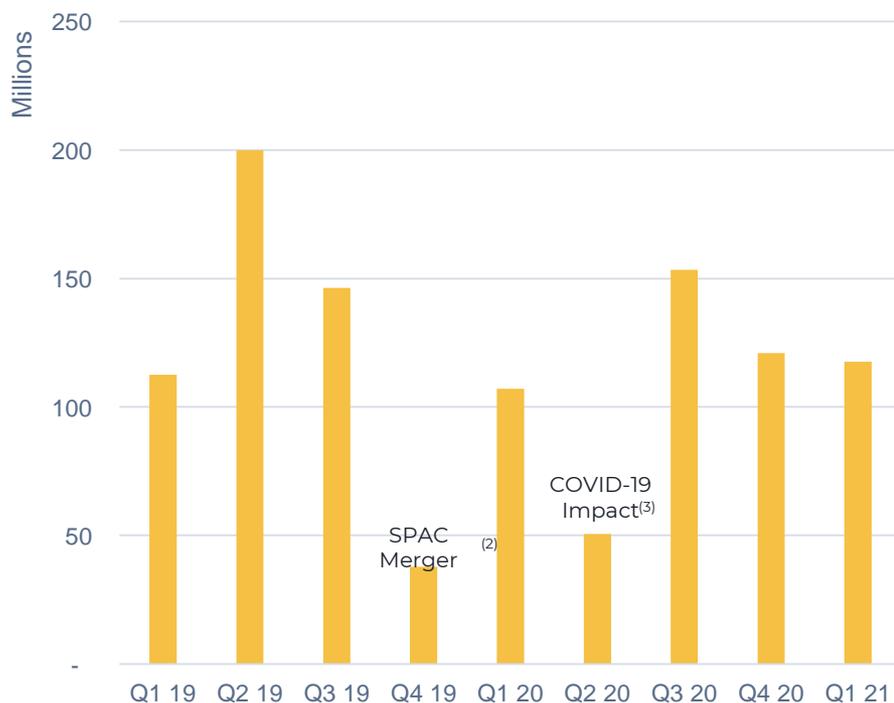
## Portfolio Composition

- Total active loan portfolio at **\$1.3 billion** in total commitment including principal outstanding, interest reserve and construction holdback
- Weighted average LTV of **59.9%** on active loan portfolio<sup>(2)</sup>
- Diversified across **14** states and the District of Columbia
- Diverse collateral weighted towards residential housing

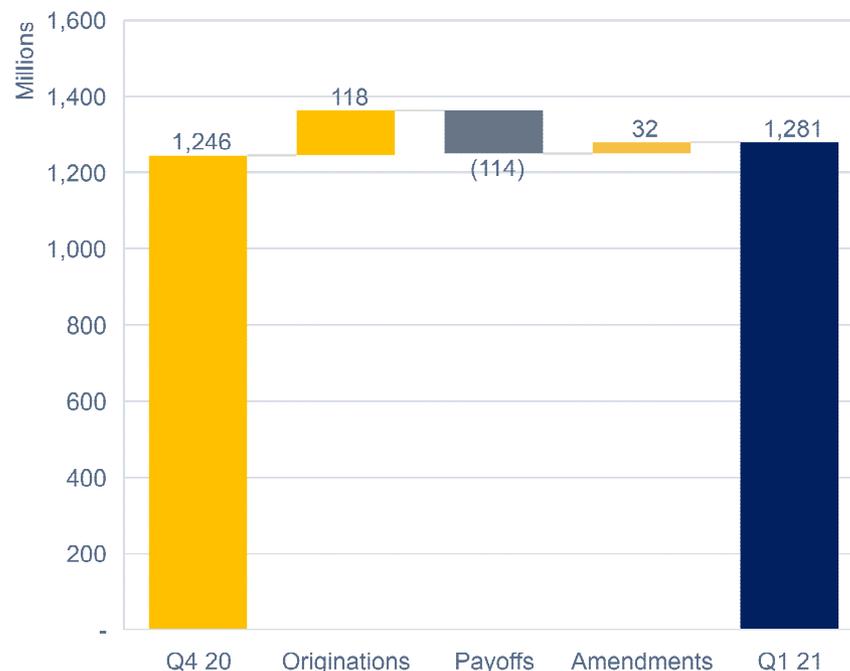
# ORIGINATIONS SUPPORT PORTFOLIO GROWTH

- Loan origination volume continues to normalize after COVID-19 impact
- Deep local market expertise and borrower relationships, coupled with growing opportunity set have driven growth in pipeline, which exceeds \$250 million

## New Loan Origination<sup>(1)</sup>



## Change in Loan Portfolio<sup>(4)</sup>



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# APPENDIX: DEFINITIONS OF PROPERTY CLASSIFICATIONS AND LOAN PURPOSE

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## Property Classification:

- **For Sale Residential** - All for sale residential product including single family homes, townhomes, condominiums and other attached product.
- **For Rent Residential** - All rental residential product including multifamily rental apartments and senior housing.
- **Commercial/Other** - Non-residential real estate including retail, office, industrial and hotels.
- **Horizontal Development** - Vertical construction ready sites with improvements including finished single-family lots, finished townhome lots and multifamily and commercial development sites.
- **Raw Land** - Undeveloped land prior to horizontal development.

## Loan Purpose:

- **Vertical Construction** - Loans which utilize at least 20% of loan commitment to fund vertical construction of residential, commercial and mixed-use properties.
- **Horizontal Development** - Loans which do not fund vertical construction and utilize at least 20% of loan commitment to fund horizontal improvements including: initial site preparation, ground clearing, installing utilities, and road, sidewalk and gutter paving.
- **Investment** - Loans which do not fund vertical or horizontal construction including financings of built real estate properties or raw land.

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# FORWARD LOOKING STATEMENTS

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This presentation contains certain “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Forward-looking statements reflect the Company’s current views with respect to, among other things, capital resources, portfolio performance and projected results of operations. In some cases, you can identify these forward-looking statements by the use of terminology such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words or phrases. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their respective dates.

These forward-looking statements are based largely on the Company’s current beliefs, assumptions and expectations concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be those that it has anticipated. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or within its control, and which could materially affect actual results, performance or achievements. Factors that may cause actual results to vary from the Company’s forward-looking statements include, but are not limited to:

- the magnitude, duration and severity of the novel coronavirus (“COVID-19”) pandemic;
- disruptions in the Company’s business operations, including construction lending activity, relating to COVID-19;
- adverse impact of COVID-19 on the value of the Company’s goodwill established in its business combination consummated on November 14, 2019;
- the impact of actions taken by governments, businesses, and individuals in response to COVID-19;
- the current and future health and stability of the economy and residential housing market, including any extended slowdown in the real estate markets as a result of COVID-19;
- changes in laws or regulations applicable to the Company’s business, employees, lending activities, including current and future laws, regulations and orders that limit the Company’s ability to operate in light of COVID-19;
- defaults by borrowers in paying debt service on outstanding indebtedness;
- the adequacy of collateral securing the Company’s loans and declines in the value of real estate property securing its loans;
- availability of origination and acquisition opportunities acceptable to the Company;
- potential mismatches in the timing of asset repayments and the maturity of the associated financing agreements;
- increased competition from entities engaged in construction lending activities;
- general economic uncertainty and the effect of general economic conditions on the real estate and real estate capital markets in particular;
- general and local commercial and residential real estate property conditions;
- changes in U.S. federal government policies;
- changes in U.S. federal, state and local governmental laws and regulations that impact the Company’s business, assets or classification as a real estate investment trust;
- the Company’s ability to pay, maintain or grow its dividend in the future;
- changes in interest rates;
- the availability of, and costs associated with, sources of liquidity;
- the adequacy of the Company’s policies, procedures and systems for managing risk effectively;
- the ability to manage future growth;
- changes in personnel and availability of qualified personnel; and
- other factors set forth in the Company’s period filings with the Securities and Exchange Commission.

The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.