



Real Estate Credit Fund I

Discussion Materials

Q2 2023



Kriss Capital Overview

Kriss Capital Overview

Kriss Capital is a NYC-based real estate credit platform focused on lending to residential developers



Strategy

- Private credit strategy originating first mortgages
- \$360 million of loans originated since inception in 2020
- Programmatic JVs with multi-billion-dollar AUM credit-focused fund management firms

Experienced Team

- Senior investment team highly-experienced in real estate development and credit investing
- Ability to take over and complete a project if necessary to preserve capital
- In-house experience managing and resolving loan workouts during several economic cycles

Core Focus

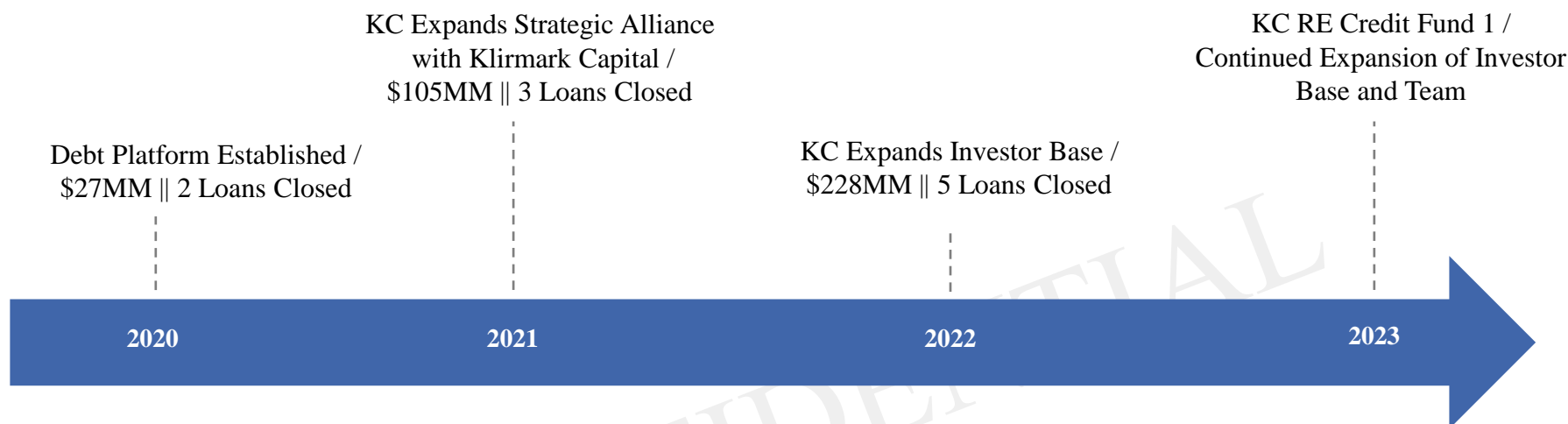
- First mortgages only, secured by residential properties (multifamily, condo)
- Ground-up construction, renovation / repositioning, adaptive reuse, condo inventory
- NYC, NJ, CT, PA and FL exclusively. Team has experience and network in these markets.

Credit Considerations

- Originating first mortgages to real estate sponsors and developers
- Uncorrelated with the stock and bond markets
- Investor base of Tier 1 institutional asset managers based in the U.S. and Israel
- Proactive risk management through the loan life cycle: Conservative basis, downside protection, ongoing monitoring

Timeline & Evolution

Kriss Capital Grows Its Platform Organically and Strategically



Organic Growth

- Since inception in 2020, KC's debt platform has grown both the number and average size of loans originated annually
- In step with increased production, KC builds on existing investor relationships while establishing new ones
- Transacting with institutional financing providers of note-on-note loans, senior participations and 'A' notes affords KC the ability to improve its return profile while simultaneously freeing up capital to invest in additional transactions.

Strategic Outlook

- Disciplined focus on KC's strengths in residential lending in target geography. No scope creep.
- Proactively take advantage of market dislocations to pursue special situation opportunities e.g., rescue capital
- Potentially widen KC's product offerings to include A-notes and note-on-note financing to other lenders.

Investment and Operations Team

Seasoned Team with Extensive Experience in Development, Credit Investing and Workouts



Jody Kriss, Founder and Managing Principal

- As sponsor, developed, completed and sold out a dozen residential, ground-up and historic rehab projects in NYC
- Early career experience at the real estate family office of Alfred Taubman (The Athena Group) and investment banking analyst for the current president of Newmark's Capital Markets Strategies group (APC Realty Advisors)
- BS Econ from Wharton School of University of Pennsylvania



Eyal Lev Ari, Principal / Senior Advisor

- Founder of multiple international credit and real estate businesses, experienced shopping center owner / operator in the US and Serbia, residential developer and mortgage lender in Hungary, operator of auto financing firm in the US.
- Member of Klirmark Capital investment committee since 2009



Harvey M. Lederman, Managing Director

- Joined Kriss Capital in 2021 as Managing Director and Head of Credit
- Professional experience includes Rialto Capital, Arbor Realty Trust, GE Capital, Fitch, Moody's
- MBA from Columbia Business School, BA from NYU



Mark Luehring-Jones, Vice President

- Joined Kriss Capital in 2020 and East River Partners in 2018 (Kriss Capital's predecessor)
- Early career experience as project manager, building residential projects for a developer and high-end GC
- MS in Real Estate Finance from NYU, BA from Skidmore College

Major Investors

Kriss Capital partners with large investment funds, pension managers, insurance companies and family offices in the U.S. and Israel

KLIRMARK
CAPITAL

Israel-based asset manager with over \$1 billion AUM



Israel-based insurance company and family office

MEITAV DASH.

Israeli public company with over \$60 billion AUM

LIBREMAXCAPITAL

NYC-based asset manager with over \$8 billion AUM



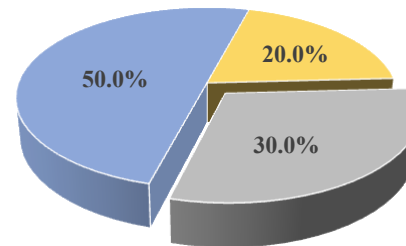
Massachusetts teacher and municipal employee pension manager with over \$100 billion AUM (invested with Kriss Capital through a JV with LibreMax)

Opportunity

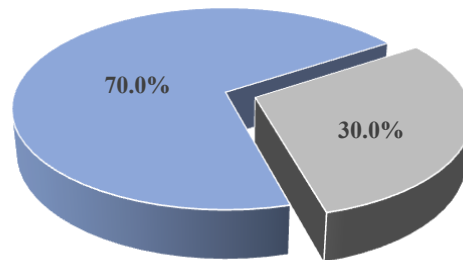
Kriss Capital Value Creation

- KC creates alpha by originating single-lender first mortgages that otherwise would be provided in two tranches i.e., senior and mezzanine
- Borrowers routinely pay more for speed, certainty of execution and flexibility of dealing with only one lender that understands their business
- Brokers value KC's single-source solution and integrity and recommend us vs. competitors

Senior / Mezz Loans



KC Whole Loan

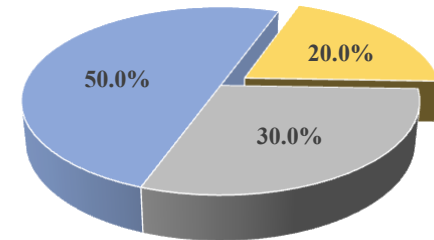


■ Senior Loan ■ Borrower Equity

Senior Loan ■ Mezz Loan ■ Borrower Equity

- Mezzanine loans occupying the 50-70% LTC tranche available from other investors often yield 12-13% plus fees – pricing similar to KC's whole loans

KC Look-Through



■ Senior Participation ("A" Note) ■ Junior Participation ("B" Note) ■ Borrower Equity

- KC's target lending rate is SOFR + 7% - 8% plus fees
- Unlevered IRR of 13%+

- Senior lenders will advance up to 65% of KC's whole loan amount at all-in rates of 7.5% - 9.0%
- The resulting IRR on KC's retained B-note is typically 15% - 20% -- and frequently yields more than the equity

Screening Criteria

Falls Within Our Sphere of Competence

- Primarily residential property
- In our geographic footprint
- Has a development or condo inventory component
- KC personally knows, or knows of, the borrower; if not, one degree of separation

Bank Execution Unlikely

- Requested LTC <75% but >60%
- Borrower seeks non-recourse
- Two tranches of capital inefficient to execute or the B-tranche is too small
- Borrower requires a quick closing

KC Can Win

- Less competitive marketing process i.e., off-market or smaller brokerages
- Borrower values a boutique, balance sheet lender which retains loan servicing
- Borrower appreciates KC's development experience and local market knowledge

Value Creation

Create "Spread"

- Soft-quote our terms at 11% - 13% IRR
- Shop for A-note terms
- Finalize LOI negotiation with borrower
- Close A-note simultaneously or post-closing to improve returns

Close With Certainty

- Evaluate borrower business plans in-house pre-LOI
- No "intentional" re-trades
- Generate final push from brokers for borrower to sign with KC on market terms

Loan Servicing In-House

- Maintain close relationships with borrower
- Encourage borrower candor
- Closely monitor progress and help borrower when possible with flexibility
- Process all construction draws in-house

Positive Stakeholder Outcomes

✓ Brokers recommend KC to clients

✓ Borrower appreciates KC's value-add offering

✓ Create spread for investors

✓ Generate repeat customer relationship for senior lenders

✓ Communities and tenants

✓ KC team enjoys work

Lending Criteria

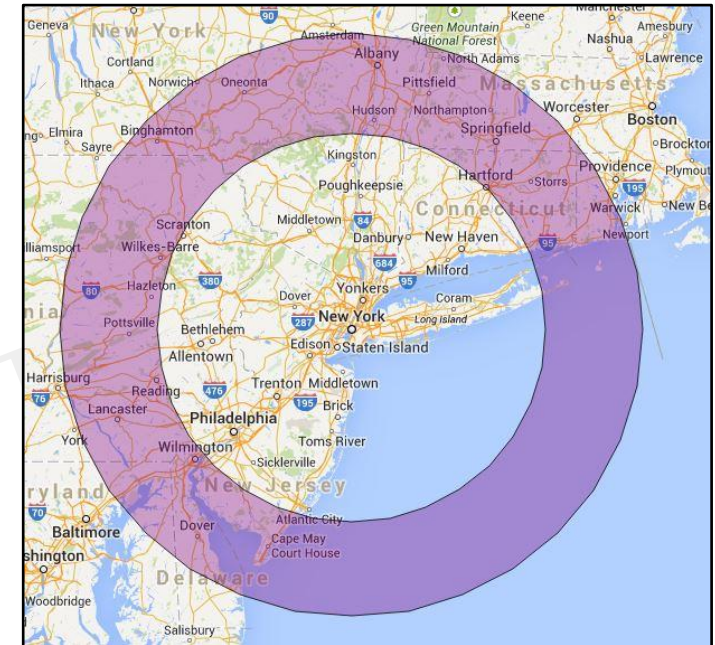
Kriss Capital Lending Criteria

Target Loans

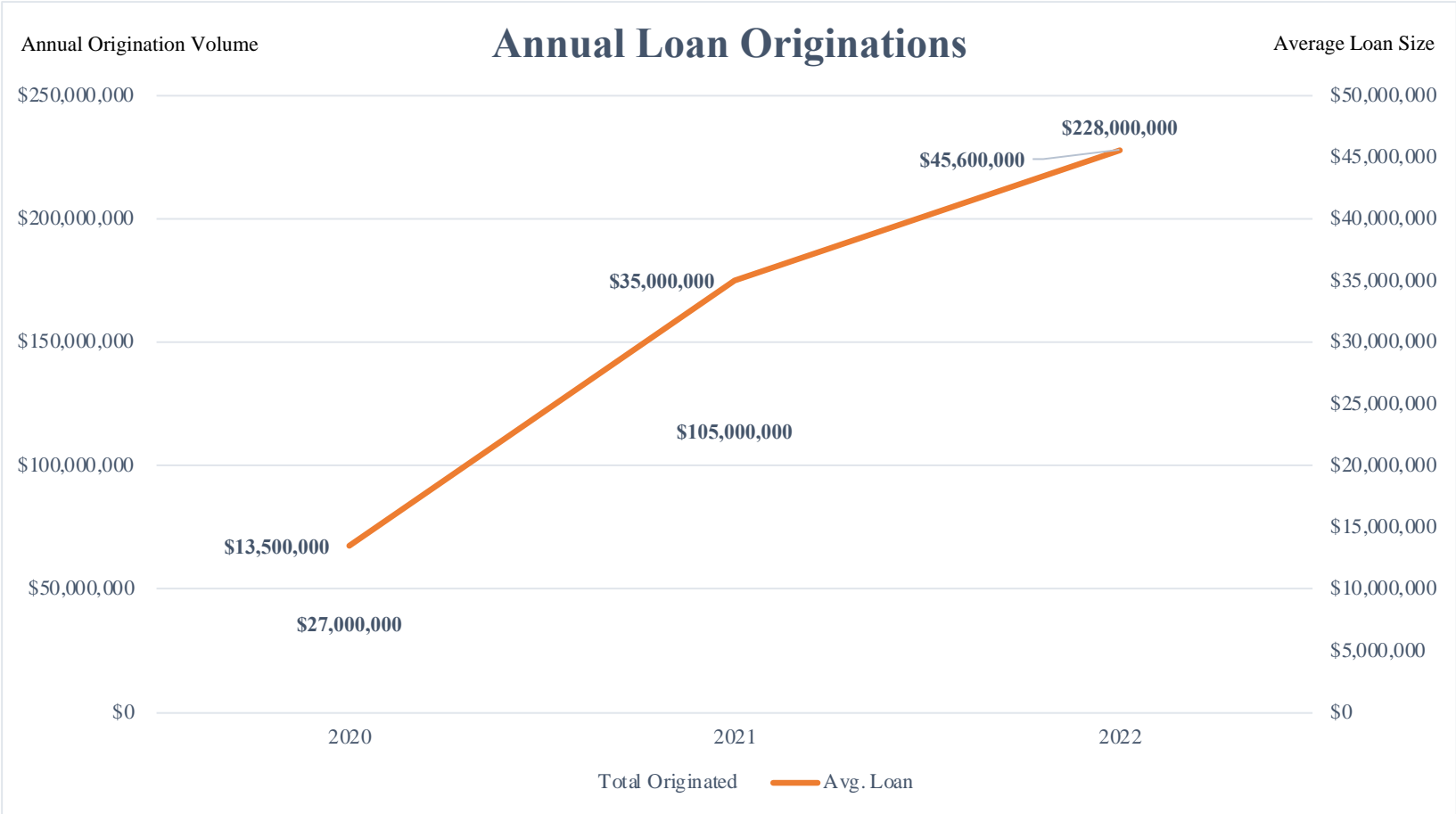
- First-lien loans at $< 65\%$ LTV / $< 75\%$ LTC
- Property within 100-mile radius of NYC or in South Florida
- Borrower is experienced, competent and has a good reputation
- Significant sponsor equity invested in the deal
- KC would be comfortable owning and managing the property
- Collateral: First mortgage and pledge of 100% of membership interests in the borrower
- Primarily residential property
- Successful outcome for borrower is our goal i.e., KC is averse to seeing our borrowers in distress

A-Note Partners

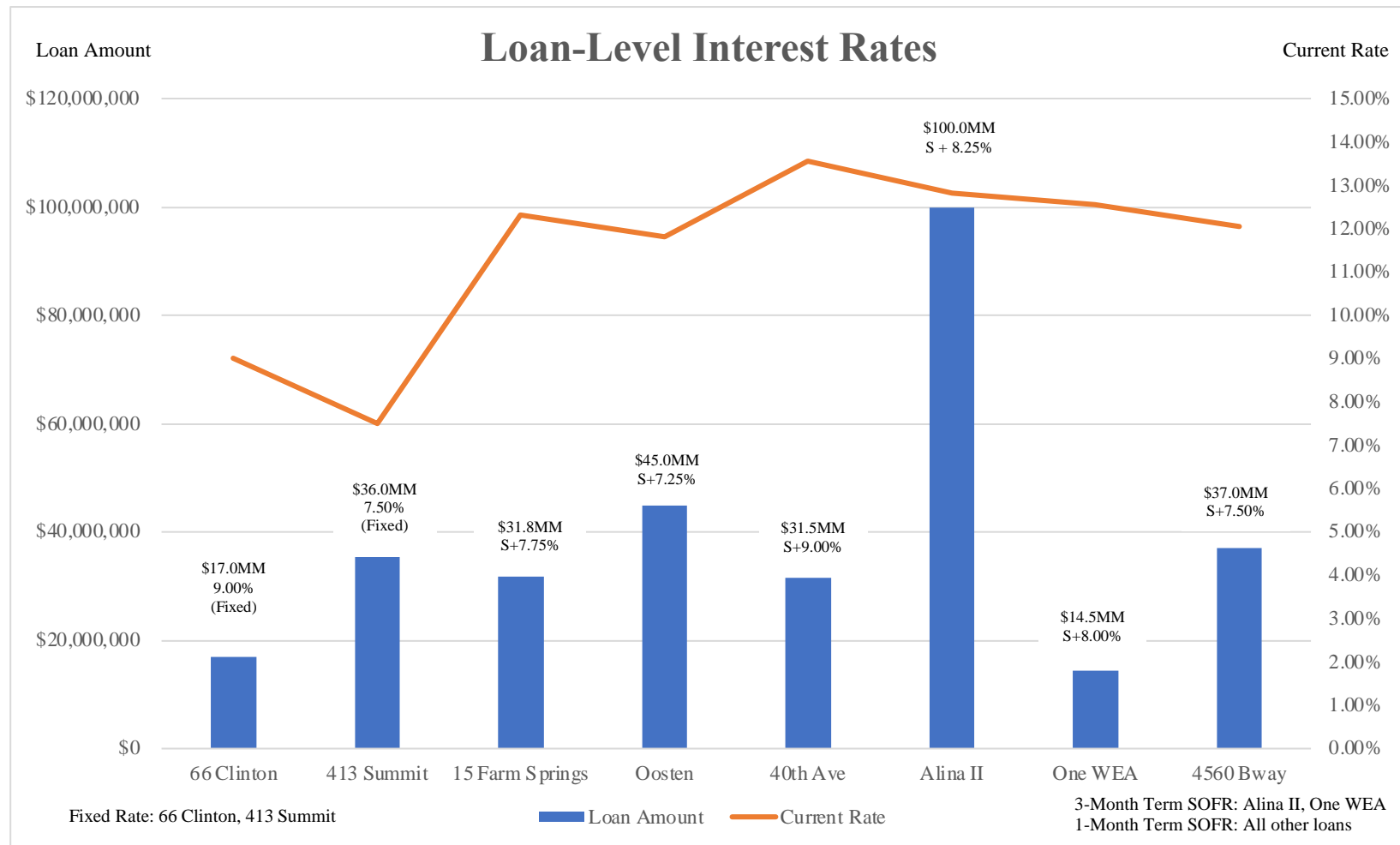
- KC has closed senior financings (i.e., A-notes / participations / note-on-note) with Axos Bank, Valley Bank, Israel Discount Bank, Cross River Bank and Lancewood Capital
- Working relationships with many additional senior lenders, with whom we discuss deals we are pursuing
- As a borrower, KC has transacted with OZK Bank, Key Bank, Arbor, First Republic Bank, Alpine Capital Bank, Bankwell Bank, PCCP and others.
- KC has never made a late payment or been in default

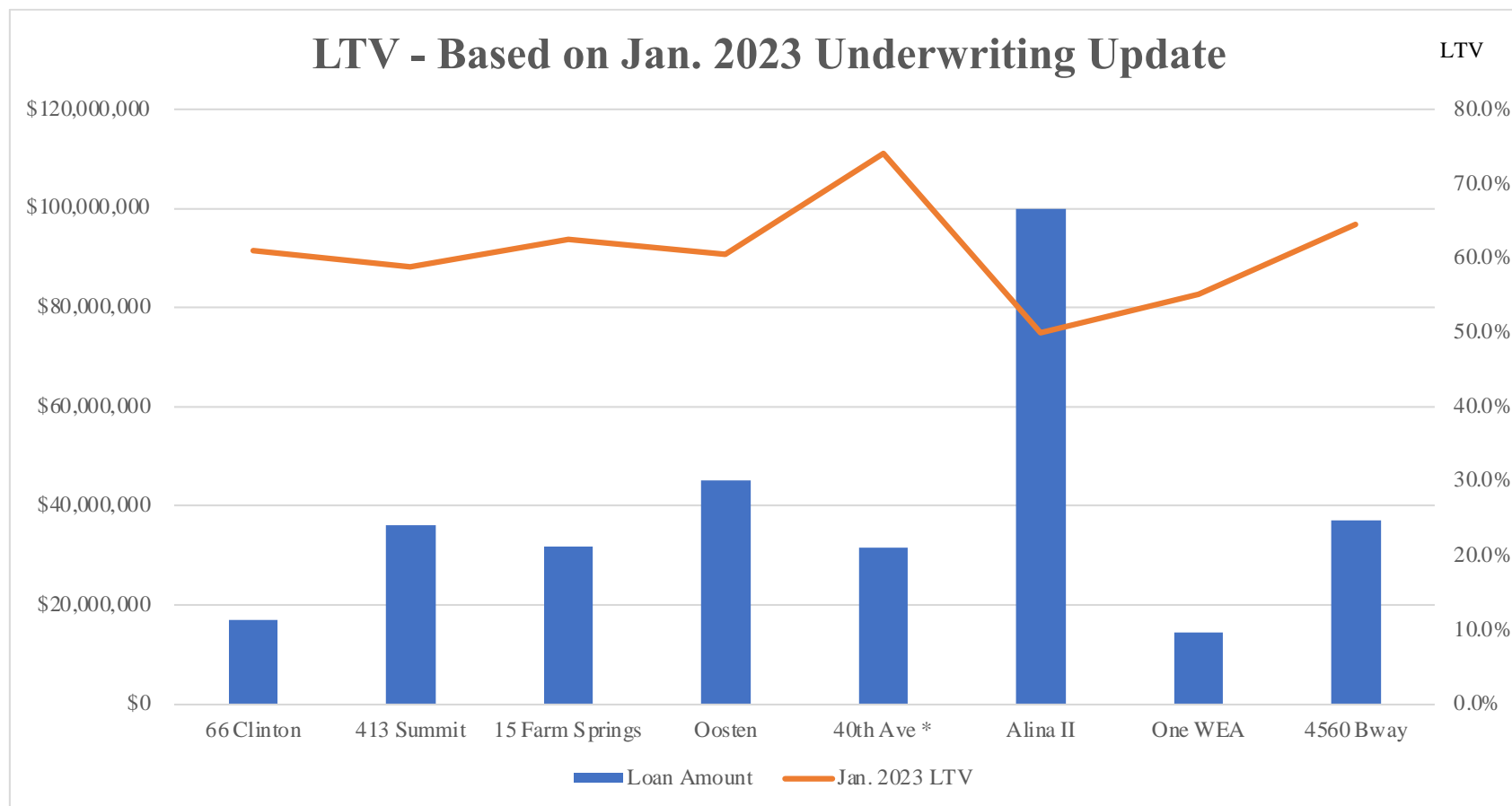


Portfolio Overview



Portfolio Overview: Interest Rate Snapshot





* 40th Ave - Based on rental fallback analysis

Case Studies

Case Study: Alina Condominium, Boca Raton, Florida

Key Deal Information

Property	Ground-up construction of Phase II of successful condo development, featuring 182 units over 572,000 NSF.
Loan Amount	\$100.0 million (\$95 million net of fees and holdbacks)
Closing Date	August 2022
Interest Rate and Fees	S+825; 9.50% floor. Fees: 1% origination; 0.5% exit; 0.25% extension.
LTV	46% of as-is value
Term	24 months + two 6-month extension options, subject to typical conditions

Investment Rationale

Basis	\$175/NSF fully-funded condo basis. Developer will use buyers' deposits.
Location	Adjacent to the Boca Raton Golf Club and Mizner Park in Boca Raton.
Property	Highly-amenitized luxury condo development's second phase; Phase I delivered 121 units in 2021 and sold out within one year.
Pre-Sales	At loan closing, the project already achieved pre-sales of over 50% of its units, totaling \$250MM, with non-refundable deposits usable towards project costs, which greatly reduced the loan's effective basis.

Investment Update

Progress	Loan closed in August of 2022. Garage podium was completed in October 2022 and pre-sale buyers upsized deposits from 10% to 30%.
Upcoming Milestones	Topping out and concurrent increase of pre-sale buyer deposits from 30% to 40% expected in April 2023.
Market/Pre-Sales	As of February 2023, the project had pre-sold \$300MM at \$1,050+/SF. YTD 2023 sales total \$35MM+, underscoring the resiliency of the South Florida condo market and strong demand from wealthy buyers.



Case Study: 4560 Broadway, Manhattan

Key Deal Information

Property	Ground-up construction of a 92-unit, 421-a eligible multifamily property located across the street from Fort Tryon Park in northern Manhattan
Loan Amount	\$37.0 million
Closing Date	November 2022
Interest Rate and Fees	S+750; 7.50% floor. Fees: 1% origination; 0.5% exit; 0.25% extension.
LTC	70% LTC; a portion of the equity was land owned by sponsor for 30+ years
Term	24 months + two 6-month extension options, subject to typical conditions

Investment Rationale

Basis	\$400,000/unit and \$400/gross SF on a fully-funded basis
Location	Corner site in Fort George / Inwood across the street from a 67-acre park
Property	Seven-story building comprising 92 units, with a mix of 1 and 2-bedrooms; 46 parking spaces.
Construction	Press Builders provided a GMP based on 100% complete construction drawings; budget includes a 12% hard cost contingency.

Investment Update

Progress	Excavation and support of excavation (“SOE”) work are underway.
Upcoming Milestones	Foundation to commence Q2 2023.



Case Study: 413 Summit Avenue, Jersey City, NJ

Key Deal Information	
Property	148-unit, ground-up multifamily property
Loan Amount	\$36.0 million (\$33.0 million net of fees and holdbacks)
Closing Date	May 2021
Interest Rate and Fees	7.5% fixed. Fees: 1% origination; 0.5% exit; 0.25% on second extension.
LTC / LTV	\$18.0 million equity invested by borrower. 66.5% LTC, 60% LTV.
Term	24 months + two 6-month extension options, subject to typical conditions
Investment Rationale	
Basis	\$245,000/unit fully-funded basis, \$220,000/unit net basis
Location	Property is 2-blocks south of the Journal Square PATH train station in Jersey City, offering transportation to Manhattan in <30 minutes. Jersey City continues to attract renters as the “sixth borough” of NYC.
Local Developer	Developer’s career has focused on Journal Square; has several completed and in-development projects, proving skill in navigating Jersey City’s development bureaucracy.
Opportunity Zone	Located in a Qualified Opportunity Zone (“QOZ”), indicating long-term hold strategy.
Investment Update	
Progress	Construction has topped out and windows are installed
Upcoming Milestones	Building is weathertight and scheduled for completion in spring ‘23
Market	Recent comparable rents exceed KC’s projected rents by at least 10%



Case Study: One West End Avenue, Manhattan

	Key Deal Information
Property	Original loan secured by last 8 unsold sponsor units in 246-unit condo property
Loan Amount	\$37.3 million (\$35.0 million net of fees and holdbacks) / Loan paid down to \$8.5MM, then upsized to \$14.5 million (\$1,280/NSF; secured by 3 remaining units)
Closing Date	June 2021 / Modified and extended September 2022
Interest Rate and Fees	Original: L+800; 8.25% floor. Fees: 1% origination; 0.5% exit; 0.5% extension. Modified: 3M SOFR+800; 9.25% floor. Fees: 1% modification; 0.25% extension.
LTV	62.5% LTV
Projected Sales	Underwritten gross sales of \$2,300/SF conventional units; \$2,900/SF penthouse
Term	Original: 12 months + one 6-month extension option
	Investment Rationale
Basis	\$1,430/NSF fully-funded basis, \$1,340/NSF net basis
Location / Property	Located on Manhattan's Upper West Side. High-quality, highly-amenitized luxury building > 95% sold prior to original loan closing.
Valuation / Guarantor	Extensive in-building sales data supported high confidence in underwritten value. Financially strong guarantor provided interest and carry guarantees, mitigating risk associated with potential slow sales of large condo units (>3,000 SF).
Relationship	Longstanding relationship with Borrower brought us off-market deal
	Investment Update
Sales / Basis	Four units sales have closed at an average \$2,440/SF.
Status	Loan paid down to \$8.5M and remaining basis reduced to < \$800/SF.
Market	Sales have exceeded KC's underwriting by ~5%



Case Study: 66 Clinton Street, Manhattan

	Key Deal Information
Property	12-unit, ground-up residential condo
Loan Amount	\$17.0 million (\$15.0 million net of fees and holdbacks)
Closing Date	Oct. 2020
Interest Rate and Fees	9.0% fixed rate. Fees: 1% origination; 1% exit; 0.5% extension.
LTC / LTV	\$9.0 million equity invested by borrower. 65% LTC, 60% LTV.
Term	24 months + two 6-month extension options (first option was exercised), subject to typical conditions
	Investment Rationale
Basis	\$1,100/NSF fully-funded basis, \$1,000/NSF net basis
Location	Property is on Manhattan's Lower East Side, a neighborhood that attracts a younger buyer demographic. Loan closed during the Covid pandemic; KC believed young professionals would be the first to return to NYC.
Sponsor / Guarantor	Sponsor builds beautiful homes in the Hamptons; this is his first condo project in NYC. Mitigated by sponsor's high net worth, signed completion and carry guarantees and pledge of all membership interests in borrower.
	Investment Update
Progress	Construction has topped out and the building is enclosed
Upcoming	Finishes and façade being installed and model unit to open soon.
Market	Recent comparable sales exceed KC's projected sales by at least 10%



Case Study: 15 Farm Springs Road, Farmington, CT

Key Deal Information	
Property	Conversion of 381-key Marriott hotel to 225-unit multifamily property
Loan Amount	\$32.0 million (\$29.0 million net of fees and holdbacks)
Closing Date	October 2021
Interest Rate and Fees	L+775; 7.90% floor. Fees: 1% origination; 0.5% exit; 0.5% extension.
LTC / LTV	\$8.0 million equity invested by borrower. 80% LTC, 62% LTV.
Term	24 months + one 6-month extension option, subject to typical conditions

Investment Rationale	
Basis	\$142,000/unit fully-funded basis, \$128,000/unit net basis
Location	Affluent and desirable submarket with vacancy rate <2% and no other incoming supply
Experienced Sponsor	Sponsorship has successfully repositioned 8 multifamily properties, including 1 hotel-to-multifamily conversion in the subject MSA. In total, owns/manages over 3,500 units in CT.
Conservative Projections	Sponsor's projected rents averaged 80% of nearest and best comps, providing KC great comfort in Sponsor's business plan.
Risk/Reward	Loan closed prior to borrower having a fixed price construction contract. KC was confident budget projections were sufficient.

Investment Update	
Progress	Construction is nearly on schedule and under budget.
Upcoming Milestones	First unit occupancy scheduled for March 2023.
Market	0-1% vacancy in direct comp set as of summer 2022



Case Study: 429 Kent Avenue, Brooklyn

Key Deal Information

Property	26 remaining units in 216-unit residential condo building; 73 parking spaces
Loan Amount	\$45.0 million (\$42.0 million net of fees and holdbacks)
Closing Date	April 2022
Interest Rate and Fees	S+725; 7.50% floor Fees: 1% origination; 0.5% exit; 0.25% extension.
LTV	64% LTV
Projected Sales	\$1,000/SF
Term	12 months + one 6-month extension option, subject to typical conditions

Investment Rationale

Basis	\$632/NSF fully-funded basis, \$600/NSF net basis
Location	Property located near the waterfront in Williamsburg, Brooklyn, one of NYC's hottest residential markets.
Property	Large units (2,000 SF on average) cater to post-Covid buyers and provide competitive pricing on a \$/SF basis.
Relationship / Special Situation	Off-market deal came to KC through relationship with principal; planned bulk sale failed and borrower needed to pay off maturing debt quickly.

Investment Update

Sales / Basis	Unit sales have reduced fully-funded basis to ~\$550/SF.
Progress	KC working with borrower to explore strategies to improve slow-paced sales activity, driven by historically high mortgage rates in Q4 2022
Market	Falling mortgage rates are beginning to stir increased buyer interest



Case Study: 27-09 40th Avenue, Long Island City

Key Deal Information

Property	Ground-up construction of mixed-use building comprising 46 residential condo units, 17,500 RSF of 1 st /2 nd floor commercial, and a 113-space parking garage.
Loan Amount	\$31.5 million (\$28.0 million net of fees and holdbacks)
Closing Date	August 2022
Interest Rate and Fees	S+900; 8.25% floor. Fees: 1% origination; 1.0% exit; 0.25% extension.
LTC / LTV	72% LTC / 60% LTV
Term	24 months + two 6-month extension options, subject to typical conditions

Investment Rationale

Basis	\$750/NSF fully-funded condo basis, \$700/NSF net condo basis
Location	Property is well-located in the Dutch Kills submarket of Long Island City, <5 minute-walk from the E,M,R,N,W, and F subway lines into Manhattan.
Property	Efficiently-sized condo units will have lowest price points in the market; attractive amenities and each unit comes with outdoor space. There is significant demand for commercial and garage space in this market.

Investment Update

Progress	Loan closed in August 2022
Upcoming Milestones	Excavation is complete and foundation is progressing very well
Market	Not at the sales stage until 2024.



Fund Terms

Summary of Terms

THE FUND	Kriss Capital Real Estate Credit Fund I, a Delaware Limited Liability Company, which shall be managed by Kriss Capital, LLC (the “Manager”)
FUND SIZE	Up to \$25.0 Million
INVESTMENT STRATEGY	Senior mortgage debt investments secured by multifamily and condominium properties located within 100 miles of NYC and in South Florida
RETURN OBJECTIVE	The Fund seeks to achieve a net IRR of 12.0% - 13.0% over its life
TERM	4 years from final closing plus two 1-year extension options
INVESTMENT PERIOD	3 years from initial closing
DISTRIBUTIONS	The Fund will make quarterly distributions of available cash
PORTFOLIO MANAGEMENT	No single investment will exceed 20.0% of the total Fund commitment amount
REPORTING	Quarterly reporting and annual audit
MANAGEMENT FEE	1.5% per annum of invested capital
CARRIED INTEREST	20% carried interest after return of capital and an 8.0% preferred return (with a full catch-up)
GENERAL PARTNER CONTRIBUTION	The General Partner, its members and their respective affiliates will commit a minimum amount equal to at least 10.0% of the aggregate capital commitments made to the Fund (up to a maximum of \$2.5 Million)
INVESTMENT OPPORTUNITIES	The General Partner generally expects to offer to the Fund investment opportunities that are consistent with the Fund’s strategy, target return and other objectives. The Manager may also present to Fund investors certain potential investment opportunities that fall outside the specific parameters of the Fund. In such instances, Fund investors will be offered the opportunity to co-invest in a “sidecar” vehicle alongside the Manager; such investments will have a different fee and return structure than that of the Fund.

Contact Information & Legal Disclaimer

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