PROSPECT CAPITAL

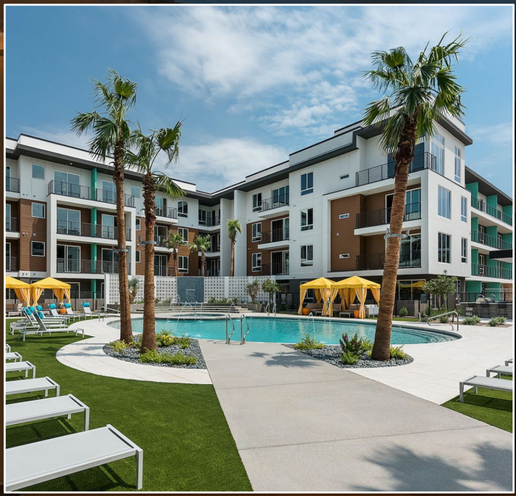
# Prospect Credit REIT (PCRED) Borrower Tear Sheet

PCRED provides preferred equity, and mezzanine loans collateralized by multifamily assets to borrowers. Approved by Freddie Mac as a preferred equity investor, PCRED efficiently capitalizes funding gaps behind agency loans and provides flexible financing solutions across stabilized, value-add and transitional assets.

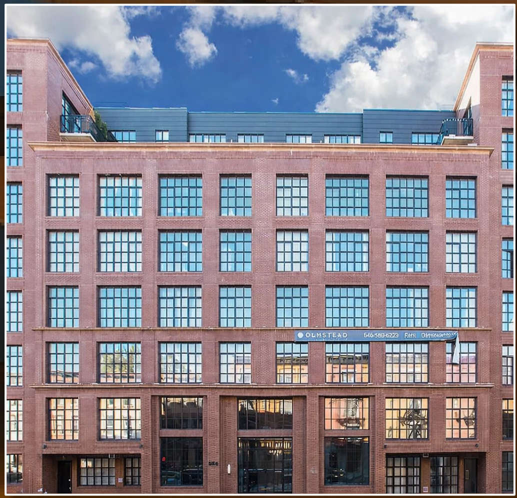
Prospect Capital Management, the manager of PCRED, has invested in $3.9B of real estate assets, including 87 multifamily properties, representing 33,000 units nationwide.

| Borrower Terms[1] | Preferred Equity / Mezzanine Loan |
|---|---|
| **Proceeds:** | $3.0 - $20.0 Million |
| **Rate:** | 10% - 15% (Fixed) |
| **Loan-to-Value:** | 80% - 85% Max |
| **Location:** | Nationwide (Primary and Secondary U.S. MSAs) |
| **Asset Type:** | Multifamily, Build-to-Rent, Student & Senior Housing |
| **Lifecycle:** | Stabilized, Value-Add, Transitional |
| **Prepayment:** | Flexible (Subject to a Minimum Multiple) |
| **Term:** | 5 Years Max |
| **Fees:** | 1% - 2% |
| **Time to Close:** | 30 – 60 Days |
| **Recourse:** | Non-Recourse (Standard Carve-Outs) |
| **Notes**: | Approved as a Preferred Equity Investor by Freddie Mac |

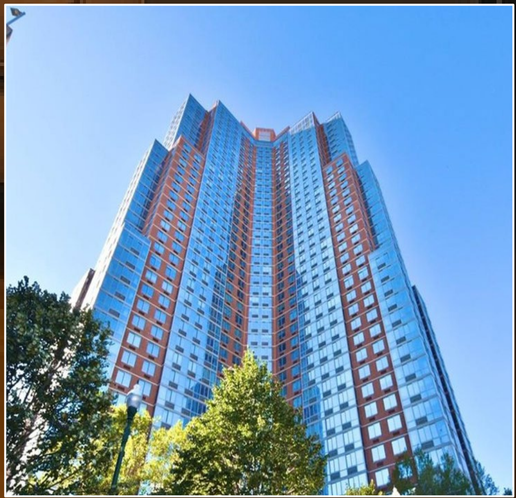
[1]Reflects contemplated terms the Fund would expect to offer to borrowers of Fund capital. These are not the terms of an investment in PCRED.



**$12 Million Preferred Equity**
**Scottsdale, AZ | Multifamily**



**$11 Million Preferred Equity**
**Brooklyn, NY | Multifamily**



**$18 Million Preferred Equity**
**New Rochelle, NY | Multifamily**

**Joseph Ryu, CFA**
Managing Director / Portfolio Manager
jryu@prospectcap.com

**Max Kirschenbaum**
Assistant Vice President
max@prospectcap.com

**Patrick Hutson**
Assistant Vice President
phutson@npreitcorp.com

**Hank Klein**
Assistant Vice President
hklein@npreitcorp.com

**Ryan Baer**
Associate
rbaer@npreitcorp.com

## Disclosures

Investing in the Fund during a private placement is speculative and involves a high degree of risk, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. A private placement has a relative lack of liquidity and is suitable only for persons of substantial financial means who have no need for liquidity. There can be no assurance that PCRED's investment objective will be met. An investor should carefully consider the fees and expenses, and other information found in the PPM, including the "Risk Factors" section, before making an investment decision. There are numerous risk factors associated with the Class F interests. These risks include, but are not limited to, the following:

- No public market currently exists for our Class F interests, and we have no current plans to list our Class F interests on a national securities exchange
- We have limited operating history
- We established the initial offering price of our Class F interests arbitrarily; this price is unrelated to the book or net value of our assets or to our expected operating income
- We may return a portion of your capital if our Advisor is unable to quickly identify suitable investments or if such investments do not generate sufficient cash to make anticipated distributions
- If we raise substantially less than the maximum offering, we may not be able to invest in a diversified portfolio of investments and your investment will be more susceptible to fluctuations in the values of specific individual investments
- We have no employees and are dependent upon our Advisor and its affiliates
- Our officers, directors, and the officers and employees of our Advisor and its affiliates may have substantial conflicts of interest because they also serve similar programs sponsored by our Sponsor
- We will pay certain fees and expenses to our Advisor and its affiliates, which may increase the risk that you will not earn a profit on your investment
- The income from any of our investments will be dependent on the ability of our Advisor to successfully manage such investments
- If we do not qualify as a REIT, we will be treated as a corporation for federal income tax purposes
- Our Advisor may face conflicts of interest relating to the purchase of investments, and such conflicts may not be resolved in our favor, which could adversely affect our investment opportunities
- There are limits on the ownership, transferability and repurchase of Class F interests

These and other risks may impact PCRED's financial condition, operating results, returns to investors. This investment is for Accredited Investors only and a PPM can be provided to those Accredited Investors upon request. Many competitors are not subject to the operating constraints associated with REIT compliance. A number of factors may prevent PCRED's investments from generating sufficient net cash flow or may adversely affect their value, or both. These factors include, but are not limited to, national economic conditions, regional and local economic conditions (which may be adversely impacted by plant closings, business layoffs, industry slow-downs, weather conditions, natural disasters, and other factors), local real estate conditions (such as over-supply of or insufficient demand), changing demographics, perceptions by prospective tenants of the convenience, services, safety, and attractiveness of a property, the ability of property managers to provide capable management and adequate maintenance, the quality of a property's construction and design, increases in costs of maintenance, insurance, and operations (including energy costs and real estate taxes), changes in applicable laws or regulations (including tax laws, zoning laws, or building codes), potential environmental and other legal liabilities, potential instability, default or bankruptcy of tenants in the properties collateralizing PCRED's credit investments, and the relative illiquidity of real estate investments in general