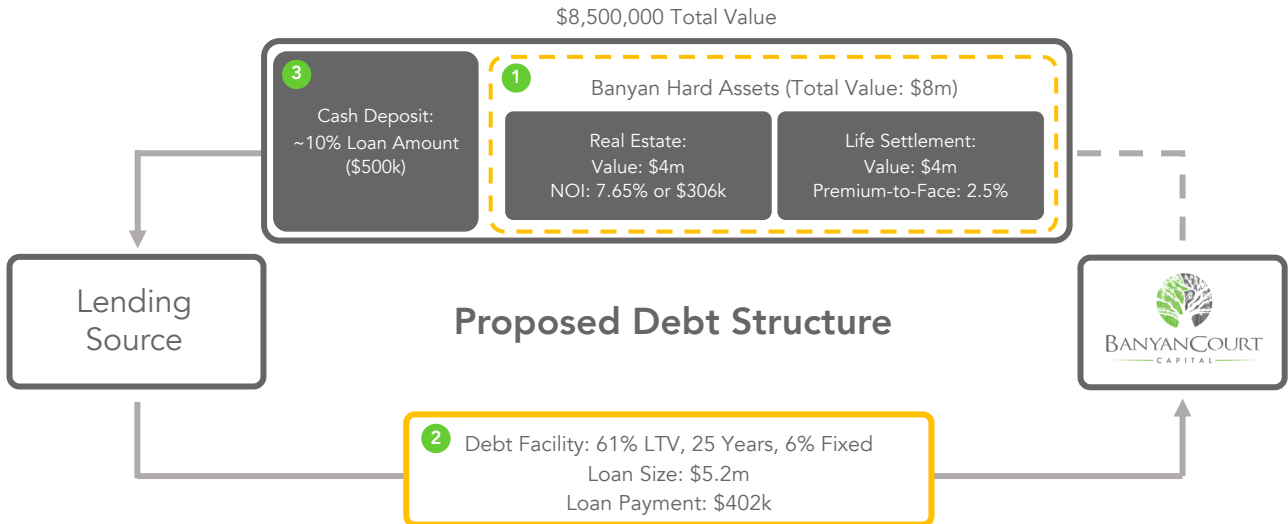


## Background

Banyan Court Capital (“Banyan”) is a pioneering investment management firm headquartered in Southlake, Texas that focuses on alternative instruments, particularly life settlements and real estate. The firm was formed in 2018 by a dynamic group of investment professionals with an average experience of 20 years and over a 100 years of combined industry experience.

Banyan is currently accepting lending opportunities via asset-backed debt to finance select portfolio investments. Building value through unique multi-asset solutions is one of the fundamental principles of our investment philosophy, and we believe properly coupling life settlements with real estate helps to create a robust loan structure secured by high quality collateral.



## Structure Overview

- 1 Banyan owns two hard assets (\$8 million total value) that it intends to post as collateral against a fixed-rate 25-year debt facility:
  - An office building with a \$4 million appraisal, 10-year master lease and 7.65% NOI, or \$306,000 in annual rental income
  - A life settlement policy with a \$4 million death benefit, 2.5% premium-to face and 8-year expected maturity
 Coupling non-correlated life settlements with cashflow generating real-estate creates a steadily performing asset structure with less exposure to market risks. This pairing results in more secure collateral to lend against.
- 2 Assuming 61% LTV, we propose a \$5.2 million loan against the two assets, which would equate to roughly \$402,000 in annual loan payments. With \$306,000 coming from rental income, this leaves us with a \$96,000 payment differential.
- 3 Banyan will contribute cash deposits in escrow covering 5 years’ worth of the payment differential or roughly 10% of the loan amount. Banyan will inject cash to maintain the deposit account at roughly \$500,000 every payment period. Not only does this serve as a cashflow buffer to protect the loan, but it also provides the lender with a sizable deposit contribution. The life settlement premiums will be covered by Banyan and are not intended to be paid from the deposit account.

## What happens when the life settlement policy matures?

We intend to reinvest the death benefit proceeds into a replacement life settlement policy with similar terms and value. The rest of the debt structure remains the same where the deposits are held at a constant \$500,000 balance and the real estate cashflows continue to pay down the loan. The only difference is the actual policy backing the loan. We would continue to reinvest matured policy proceeds in this fashion until the loan matures.

A portion or the entirety of the death benefit proceeds can also be used to pay down the loan, though we believe reinvestment is the optimal decision for both parties as it preserves the original loan terms and avoids any inconsistency. That said, the purpose of the death benefit proceeds will ultimately be determined at the lender’s discretion.