TROPHY POINT
INVESTMENT GROUP
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31 March 2024

Subject: Q1, 2024 Quarterly Investor Letter for Trophy Point Lending Fund

Executive Summary: If you need the short version, the fund is doing well with $55.3 million in AUM -- no net loan loss/defaults, and loans are paying off at an accelerated pace. This quarter, we received $13.8 million in payoffs, originating about $18 million.

About us. If you are new to Trophy Point, we are a short-term or "bridge" real estate lender that primarily lends/funds single-family fix/flip and rental property deals. We offer our investors 8-12% annualized, fixed returns, and we take your money and lend it out at higher rates. The partners have personally invested $6 million, and we take the first on all bad loans up to our equity.

I draft these quarterly update letters to answer the questions I would have if I were a passive investor, such as how my money is being deployed, how it is kept safe, and what kind of systems they are running.

The Numbers:

Trophy Point Investment Group LLC

Balance Sheet
As of March 31, 2024

	TOTAL
▾ ASSETS	
▸ Current Assets	$55,254,621.77
▸ Other Assets	$0.00
TOTAL ASSETS	$55,254,621.77
▾ LIABILITIES AND EQUITY	
▸ Liabilities	$48,477,617.23
▸ Equity	$6,777,004.54
TOTAL LIABILITIES AND EQUITY	$55,254,621.77

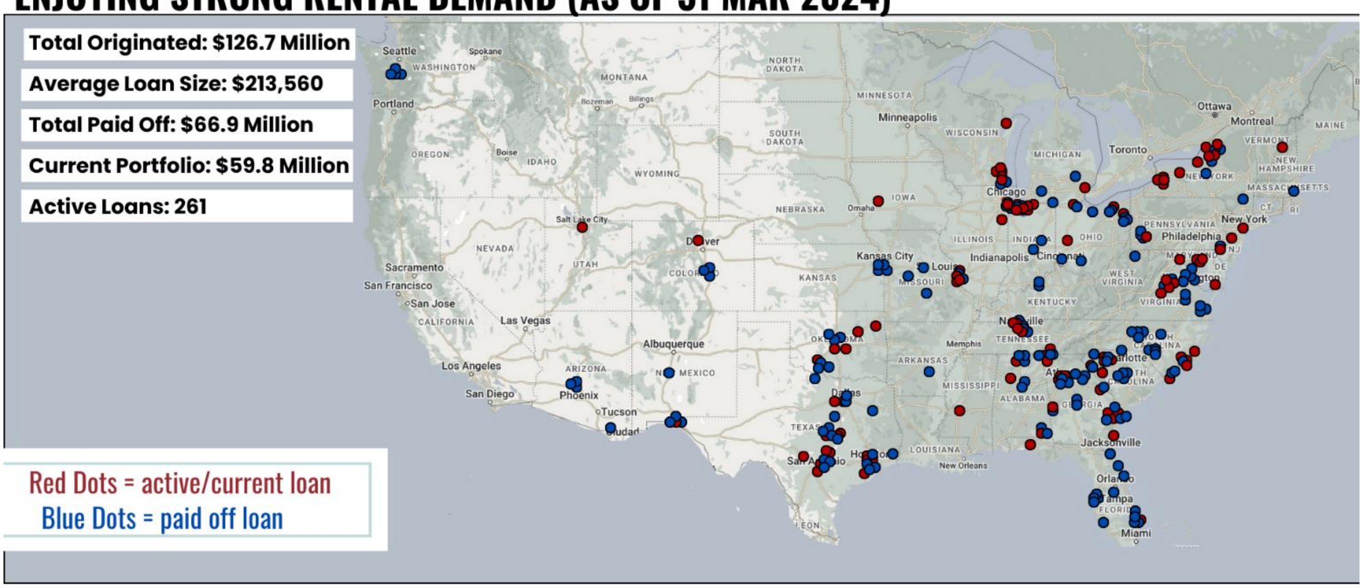
Assets = loans we have made or cash in the bank
Liabilities = investor money
Equity = Samir's, Nick's, and Dave's money
(this Equity money takes the first loss on every and any bad loan)

CURRENT FUND STATS AS OF Q1 2024

THIS QUARTER		SINCE INCEPTION (AUG 2020)
$55.3 million (175 Investors & 251 active loans)	**$ Assets Under Management**	N/A
87	**# Loans Originated**	683
$18 million	**$ Loans Originated**	$126.7 million
$13.8 million	**$ Loans Paid Back**	$66.9 million
39 loans/$10.1 million (18% of portfolio)	**Loans in Extension Status**	N/A
0% (no defaults)	**% Loans in Monetary Default**	0% (no defaults)
$1.5 million	**$ Interest Earned by Investors**	$8.4 million (including this qtr)
63.8%	**Avg Weighted LTV**	68%
7.6 months	**Avg Term**	8 months
709	**Avg Credit Score**	N/A

DIVERSE GEOGRAPHY

FOCUS IN STRONG MARKETS (SE USA) & NEAR US MILITARY INSTALLATIONS ENJOYING STRONG RENTAL DEMAND (AS OF 31 MAR 2024)



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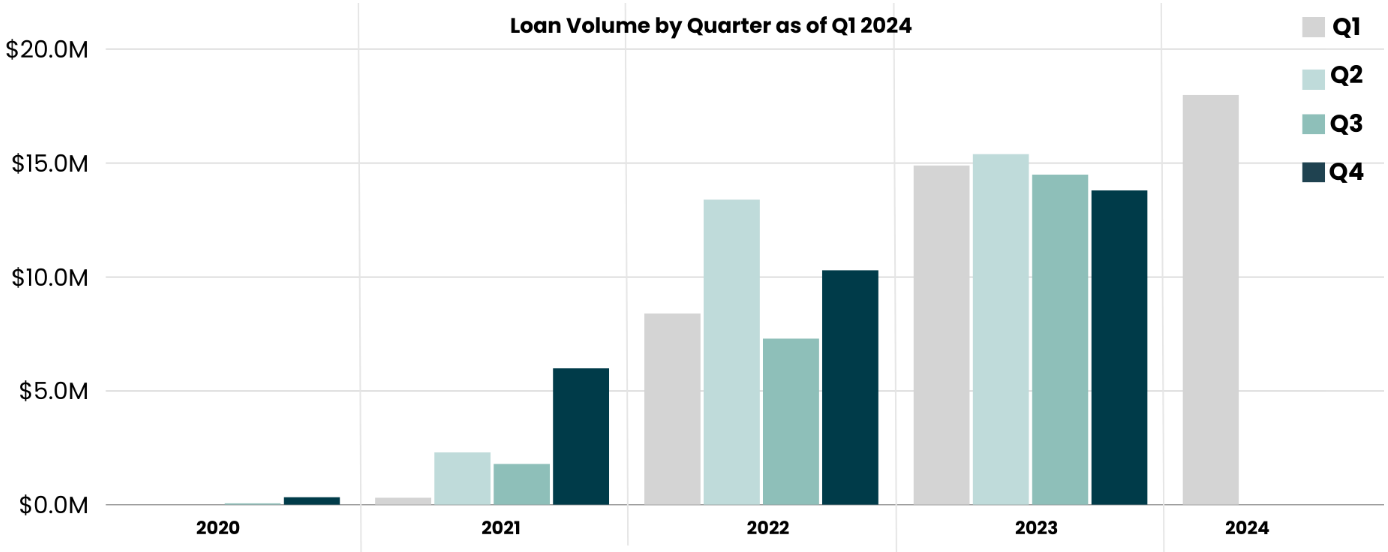
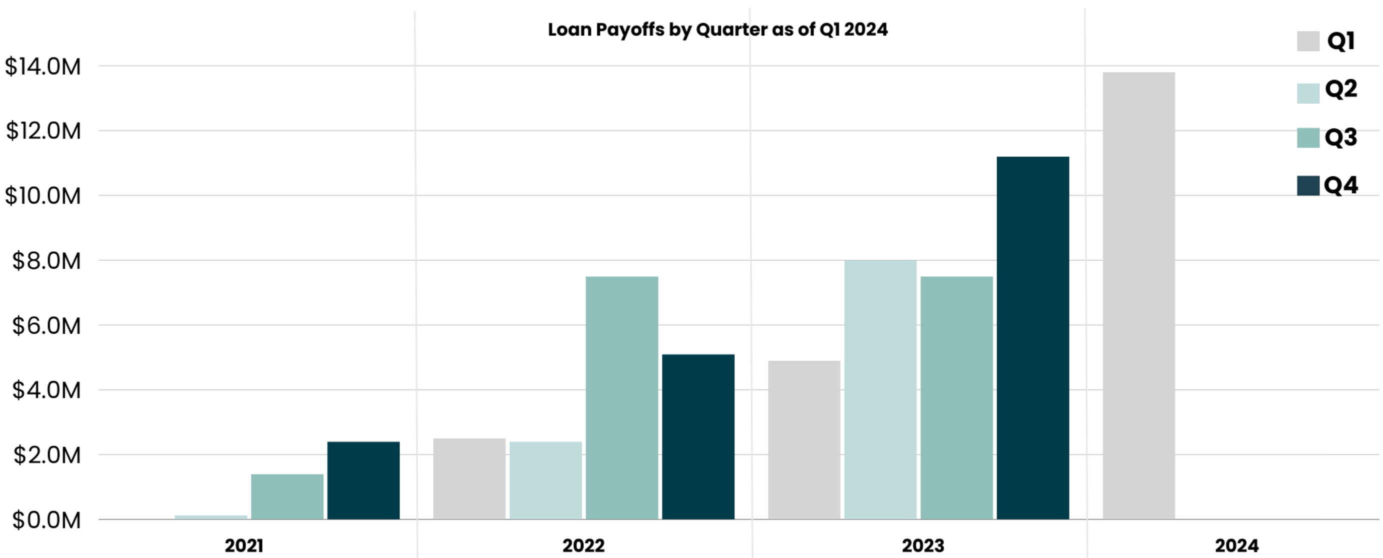
Contact Samir Patel, Managing Partner, samir@trophypointinvestment.com // 404-723-8420

Blue dots = paid-off loans
Red dots = current/active loans





<u>Commentary:</u>

Dear Investors and Friends of Trophy Point,

Since inception, we have closed our 15th quarter of lending operations with $120 million volume/650+ loans. Loans continue to pay back, and we have not yet experienced any significant defaults or principal losses on any loan.

Portfolio Commentary:

Our portfolio experienced notable developments during the quarter, indicative of our commitment to prudent risk management and operational excellence:

We enjoyed our largest quarter, originating approximately $18 million in loans and receiving $14 million in loans being paid back. Out of our $54 million portfolio, our average loan size was $200,000, thus providing adequate diversification across 260+ active loans. During my last quarterly letter, I indicated that competition would heat up and that it was possible we may do less volume in 2024 than in 2023. As of this writing, and given our record quarter, it doesn't appear that increased competition is affecting our loan origination operations.

However, it's too early to tell – Q2 and Q3 performance will be the true barometer. Frankly, that's okay if competition increases and we do less volume. Our primary focus is to earn a steady and compelling yield on the projects before us. If loan volume significantly decreases over at least two quarters, we recommend returning funds to investors. We have begun mild marketing efforts to attract new, qualified borrowers to prevent that.

Additional Notes:

1. Accelerated Payoffs: This quarter witnessed the largest-ever amount of accelerated payoffs, totaling $14 million. This underscores the efficacy of our lending strategies and the strength of our borrower relationships.
2. Enhanced Loan Monitoring Procedures: We have implemented rigorous procedures to enhance loan monitoring, reducing loans in extension status from the historical 24% to 18%.
3. Consistent Lending Criteria: While our lending criteria remain unchanged, we have intensified our scrutiny of borrower liquidity, ensuring robust risk assessment protocols are in place. Our overall underwriting criteria have not changed:

    1) Minimum 10% down on all loans
    2) Lending no more than 70% of the ARV (after repair value)
    3) Loan size must be below $350,000 (except multi-family)
    4) Borrowers have sources of income not tied to real estate or adequate reserves
    5) We also have additional exclusionary rules around remote ownership and the experience level of each borrower

Fund Performance/Defaults:
The fund continues to perform satisfactorily overall. We have not yet experienced a single dollar of principal loss on any of our loans (past or present). We have also taken active measures to ensure a higher on-time payment rate.

Market Commentary:
As we navigate the current economic landscape, we must remain attuned to key market trends and developments that may impact our investment strategies. Here are some notable observations and insights:

1. Impact of Higher Interest Rates: The prevailing trend of higher interest rates is expected to persist, exerting its influence across various sectors. One significant repercussion is the potential for an increase in loan extensions. With a constricted pool of available buyers resulting from higher interest rates, borrowers may face challenges securing timely transactions to pay off or refinance our loan to them. However, we remain vigilant in our risk management strategies to navigate these evolving market dynamics. One mitigating factor is that we have lower average balance loans, which would enable quicker sales because more people can afford the underlying collateral being transacted.

2. NAR Real Estate Agent Settlement: The recent settlement involving the National Association of Realtors (NAR) is poised to have short- and long-term implications. While the immediate effects may be relatively subdued, we anticipate broader ramifications over time. While we recognize the positive impact this may have on consumers, we remain mindful of the vital role real estate agents play in facilitating property transactions. Consequently, our borrowers may have potential hurdles regarding property sales due to less agent representation on the buy side. Furthermore, we harbor concerns regarding government intervention in the housing market and its potential impact on the profit motive, a fundamental driver of housing sector dynamism.
    a. To my real estate friends, this settlement will have a silver lining. It most likely will drive out the “amateur” agents who transact only one to five homes a year. Good agents will continue to thrive if they remain mindful of their costs and potentially adapt their revenue models to consumers' wants. It may be time for unbundling of real estate services (i.e., sellers pay for photography and any web-based ads or listing costs).

Fund Commentary:
As we continue to fortify our investment offerings and refine our operational capabilities, we are pleased to announce several initiatives aimed at furthering our growth and enhancing investor satisfaction:

1. **Save the date! Our annual meeting in Atlanta on Saturday, 28 September, at 5 pm.**
2. Extension of 12% Rate Option: In response to overwhelming investor demand, we have decided to extend the availability of the $1 million 12% rate option for another quarter. We will decide within the next quarter if we wish to continue to keep this option open.
3. Organizational Expansion: To accommodate our expanding base of investors and borrowers, we have bolstered our team with additional personnel. This strategic expansion underscores our dedication to delivering exceptional service and fostering sustainable growth.

4. Streamlined Investor Communication: We have implemented formal processes for onboarding investors and responding to their inquiries and requests. These measures enhance transparency, efficiency, and the overall investor experience.
5. Introduction of Danielle Banks: We are pleased to introduce Danielle Banks as our new Investor Relations Manager, succeeding Cyndie Delstanches. Danielle brings a wealth of experience and expertise to her role, and we are confident in her ability to uphold our commitment to outstanding investor relations.
6. The audit for 2023 has begun. We aim to have it completed by 30 June 2024.
7. As discussed in our last update, we have officially instituted an 18-month lock-up period for new investments after 30 March. We broadcasted this idea last quarter and have met with no investor resistance. We would like longer-term investors instead of those who think of us as a 12-month CD. I know I had said we would change to monthly payments if we implemented an 18-month lock-up period, but unfortunately, I have to rescind that statement. Given our software and fund management capabilities, we are not yet ready for monthly payments. I have not yet given up on it, and we shall see what the next few quarters bring regarding stability, software enhancements, and liquidity.
8. We have simplified our yield structure by removing the 7% tier and combining it with the $25-$250,000 investment threshold to yield 8% for those amounts.

If you are curious, here are our **previous operational improvements:**

- *Interest Reinvestment Option (Q1, 2021)*
- *Loan Origination Platform (Q3, 2021)*
- *ACH Payments (Q4, 2021)*
- *Automated Statements (Q1, 2022)*
- *Investor Portal Sign Up via Jotform (Q2, 2022)*
- *New accounting firm, Acuity.co (Q3, 2022)*
- *Adding Staff and marketing (Q4, 2022)*
- *Lines of credit (Q1, 2023)*
- *Adding staff (Q2, 2023)*
- *Added a Chief Marketing Officer (Q3, 2023)*
- *New Investor website (Q4, 2023)*
- *Adding a Fractional Chief Financial Officer (Q1, 2024)*
- *Investor Ticketing System (Q1, 2024)*

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Raising Capital:
We are raising capital (aren't we always :-) Our yields and thresholds are below. We accept **self-directed IRA funds**.

$25,000-$249,900:	8%
$250,000-$999,900:	10%
$1 million+:	12%

Paid quarterly
18-month lock up, 90-day notice to withdraw
Automatic reinvestment option available

For Self-Directed IRA Investors:
10% yield up to $249,900
10.5% yield for $250,000+
Must auto-reinvest, which compounds earnings quarterly (adds .3% of yield annually)

Please remember, I'm only a phone call away if you want to discuss anything.

Here's to a successful 2024,

Samir Patel

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