SOCOTRACAPITAL
Fixed Income Secured by Real Estate

| INVESTOR NEWSLETTER | APRIL 2022

EXECUTIVE SUMMARY

Thank you for your investment in the Socotra Fund and the Socotra Opportunity Fund. This newsletter intends to inform you of recent fund performance and update you regarding our investment outlook. This newsletter is not to be used for risk management or to serve as an investor prospectus.

The Socotra Fund and The Socotra Opportunity Fund returned between 7 percent and 10 percent respectively over the trailing twelve month (TTM) period. Both funds' investment portfolios are exceptionally healthy, having invested in high-quality loans, with high collection rates, and the lowest loan-to-values in our industry. Our strategy entails using zero leverage and adhering to strict underwriting standards.

If you are seeking considering an investment in real estate debt, please contact us.

SOCOTRA FUND

The Socotra Fund's trailing twelve month (TTM) yield is 7.7 percent and 2021 rate of return was 7.9 percent for reinvestment partners. The target rate of return for 2022 is ~7.25-8.25 percent. These expectations are subject to change given market conditions.

The Socotra Fund targets low loan-to-value opportunities with significant cash (or equity) at risk. Please contact us if you are considering an investment in the Socotra Fund.

OPPORTUNITY FUND

The Socotra Opportunity Fund's traililng twelve month (TTM) yield is 9.3 percent and rate of return was 9.7 percent for reinvestment partners. The target rate of return for 2022 is ~8.5-10.0 percent. The Opportunity Fund redemption window is closed, but will re-open in Q4 2022.

The Socotra Opportunity Fund continues to explore the acquisition of high interest loans, discounted notes, and acquiring undervalued real estate. Please get in touch with us if you are considering an investment in the Socotra Opportunity Fund.

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| SOCOTRA FUND

97.5% PORTFOLIO CURRENT

50.3% LOAN-TO-VALUE

7.7% TTM YIELD

7.9% TTM RATE OF RETURN

*As of Mar. 31, 2022, weighted by loan amount

CASH FLOWS

COLLECTIONS:

In Q1 2022, the Socotra Fund collected $30.5M in interest payments and loan payoffs. At the end of Q1, five loans were delinquent more than 30 days, including one real estate-owned property (REO). The nonperforming loans have an average loan-to-value of ~50 percent.

of Loans: 207 First Lien
Average Loan Size: $900,000
30-90-Day Delinquent Loans: 1
90+ Day Delinquent Loans/REO: 4
Expected Credit Loss Reserve: $2.9M

DISTRIBUTIONS & DISBURSEMENTS:

The fund made $3.7M in distributions, ~$1.5M was reinvested, and the other ~$2.2M was disbursed to income investors.

FUNDINGS, ADDITIONS, & WITHDRAWALS:

The fund closed on ~$30.0M in new loans during Q1 2022. The fund added $12.3M in new investor capital and processed $2.0M in investor withdrawals. Redemptions are processed on a quarterly basis, and the Socotra Fund is not presently "Gated".

The Socotra Fund ended Q1 2021 holding a cash and loan portfolio of ~$218.0M. The portfolio remains healthy with ~97.5 percent of the portfolio current and an aggregate loan-to-value (LTV) of 50.3 percent. The portfolio is presently allocated ~67 percent to commercial properties and 17 percent to residential properties, while 16 percent is presently held in cash. The fund's largest loan is ~3.5 percent of total capital, indicating no loan concentrations exist. The average term remaining on the portfolio is ~19 months. Near term, there are ~$25M in loans maturing within the next 90 days and ~$54M maturing within six months. The Socotra Fund's long-term goal is to deliver consistent monthly income by investing in high-quality real estate loans with low loan-to-value ratios.

SOCOTRA FUND - INVESTOR YIELD THROUGH MARCH 2022

PERFORMANCE	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Average Annual Yield	7.7%	7.6%	7.7%	8.5%
Average Annual Rate of Return	7.9%	7.8%	8.0%	8.9%

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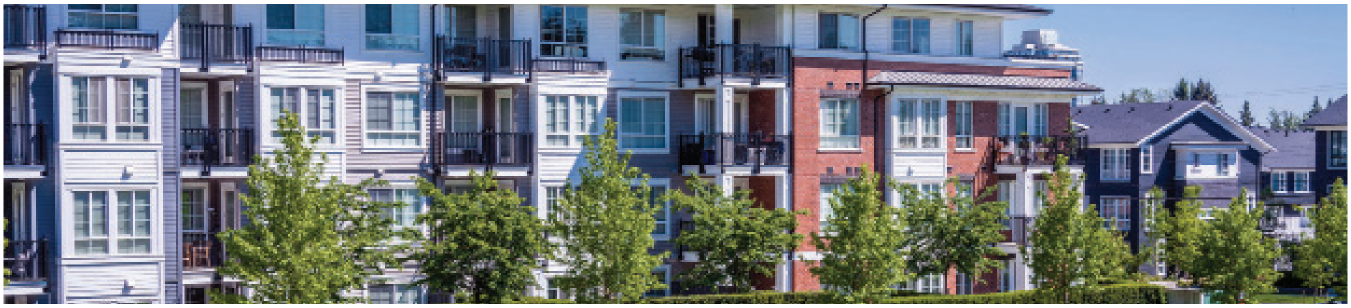
| SOCOTRA OPPORTUNITY FUND



91.7%
PORTFOLIO CURRENT

49.9%
LOAN-TO-VALUE

9.3%
TTM YIELD

9.7%
TTM RATE OF RETURN

*As of Mar. 31, 2021, weighted by loan amount

CASH FLOWS

COLLECTIONS:

The Socotra Opportunity Fund (SOF) collected ~$2.7M in interest payments and loan payoffs during Q1 2022. The SOF presently has two non performing loans and one real estate owned (REO) property.

DISTRIBUTIONS & DISBURSEMENTS:

The SOF made ~$650K in distributions in Q1 2022, with ~$300K disbursed as income and ~$350K reinvested.

Loans: 45 Senior Lien, 2 Junior Lien
Average Loan Size: $650,000
30-90-Day Delinquent Loans: 2
90+ Day Delinquent Loans/REO:3
Loan Loss Reserve Balance: $572K

FUNDINGS, ADDITIONS, & WITHDRAWALS:

The SOF closed on $7.7M in new loans during Q1 2022 and added $4.5M in new investor capital. The SOF did not process any redemptions in Q1 2022 and the liquidity window is closed until Q4 2022.

The SOF closed Q1 2022 with a cash and loan portfolio of ~$31.5M. The SOF seeks scenarios with long-term upside, foregoing a consistent monthly return for longer-term gains. The portfolio contains ~73 percent commercial loans, ~21 percent residential loans, and 6 percent cash. The average term remaining in the portfolio is approximately eight months. Near term, there are ~$11.5M in loans maturing within the next 90 days and ~$21.7M maturing within the next six months. The SOF seeks unique opportunities to acquire distressed notes at favorable discounts, or to purchase real estate on courthouse steps below fair market value. The SOF expects to close for new capital once it acquires a material allocation of these difficult to value assets at attractive entry points. As discussed in previous investor forums, these unique scenarios have not yet materialized. However, we expect the broader capital markets and real estate valuations to endure some uncertainty on account of the longer-term impacts from the pandemic and the current rising interest rate environment.

SOCOTRA OPPORTUNITY FUND - INVESTOR YIELD THROUGH MARCH 2022

PERFORMANCE	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Average Annual Yield	9.3%	8.5%	8.6%	8.9%
Average Annual Rate of Return	9.7%	8.8%	8.9%	9.2%

| LOAN OF THE QUARTER

SEAN McDONALD
LOANS AND INVESTMENTS

Sean McDonald joined Socotra Capital in 2013, focusing on business development in Nevada, Arizona, & Southern California. Prior to joining our team, he was an appraiser and also spent time in the hospitality and gaming industries. When he is not working, Sean is a full-time husband to his wife Ewa, and father to his 4-year-old son named Jakob

LOAN STATS
Loan Amount: $1,670,000
Interest Rate: 10.5%
60% Loan-to-Value
6-Month Term
Single Family Residence

$2,784,000 PURCHASE OF A 4,780 SQFT SINGLE FAMILY RESIDENCE IN HENDERSON, NV

TRANSACTION SUMMARY

The borrower is an experienced real estate investor and came to Socotra Capital by way of their attorney. The borrower was in contract to purchase this brand new home for $2.8M and intended to keep the property as a luxury rental. The borrower had over $1.1M in capital at risk, having deposited the necessary capital to complete the construction of the property and allowed it to pass through to the builder. The borrower's bank lender unexpectedly was unable to perform and left the borrower with only three business days to close the loan without losing his $1.1M deposit.

The borrower's urgent cash crunch required our team to move quickly, closing the loan in only two business days from the loan request. The borrower has since received several unsolicited offers for the property at well in excess of the purchase price and expects to exit our loan within the next six months.

SOCOTRA CAPITAL Fixed Income Secured by Real Estate | MARKET UPDATE

The first quarter of 2022 has seen several developments that market observers struggle to digest. COVID cases have receded from their winter highs, unemployment figures have rebounded almost to pre-pandemic levels, and significant personal income growth due to wage gains has contributed to what many consider an already "heated" economy. Consequently, the Federal Reserve has indicated that it will raise interest rates and contract its balance sheet to cool inflation pressures. Additionally, the international conflict in Ukraine disrupted the supply chain for oil and gas, two of the most traded global commodities. Further, the fallout from international sanctions has contributed to dislocations in other commodity prices like grains and precious metals. These headwinds have not yet caught up to the labor markets, where jobless claims fell to a fifty-four-year low and unemployment declined.

Market observers began the year expecting the Fed to raise rates, but critical questions surrounded the pace of rate hikes and the magnitude of reducing its balance sheet. Recent Fed minutes indicate that the committee have every intention of raising rates faster and higher than the market anticipated earlier in the year. More importantly, the pace and scale of "Quantitative Tightening," the rate at which the Fed allows Treasuries and Mortgage-Backed-Securities (MBS) to mature and roll off its balance sheet, is projected to be almost double the rate many anticipated at nearly ~$100B per month. The market reaction to the Fed's posture reverberated in the bond market, where bonds are now trading at a discount for the first time since 2008. Capital outflows from fixed income and equities have been significant during the first quarter, a noticeable reversing trend following Q4 2021, which recorded one of the most significant inflows in recent memory.

Many are now questioning the impact on real estate markets as rising interest rates take hold. The combination of housing price appreciation and interest rates increases has pushed affordability well outside the bounds for many prospective buyers as mortgage applications declined. As applications fall, many expect housing inventory to start building again, which should "cool" home price appreciation. However, housing inventory has been operating at record lows when seasonally adjusted, so any expectations of a repeat of the "global financial crisis" on home values is unlikely to occur. The recent run up in home prices coupled with rising interest rates is also likely to squeeze investors out as well, as the longer term return on investment is expected to diminish. Commercial real estate values have already begun to cool off, but certain asset classes have seen significant appreciation in recent years. Commercial real estate delinquency rates continue to improve, but these too will come back into question should there be any slowdown in economic activity. Recent trends show that with COVID cases receding, consumer spending has rebounded well above pre-pandemic levels on account of the wage gains.

With the Fed's expected hikes in lending rates, the cost premium between private loans and conventional loans should compress over time.

US bank deposits continue to accumulate and bank loan balances increased substantially relative to prior quarters, expanding bank incomes to all time highs. Bank consolidation continues to intensify. There are now almost four thousand banks nationally, down from eight thousand banks in the early 2000s and a far cry from the twenty five thousand banks that were present in the early 1980s. Bank consolidation and the evolution of bank regulatory changes create unique opportunities for the private lending industry. With the Fed's expected hikes in lending rates, the cost premium between private loans and conventional loans should compress over time. Borrowers willingness to use private lenders is expected to increase, as the speed and convenience of non-bank loans outweigh the more modest cost savings of conventional loans.

At Socotra Capital, we originate loans with low loan-to-value ratios, significant borrower cash at risk, and invest our capital without any forms of leverage.