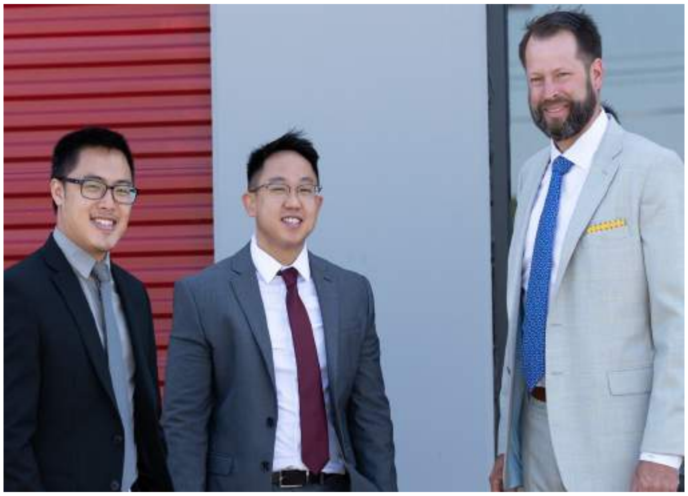
SOCOTRACAPITAL
Fixed Income Secured by Real Estate

| INVESTOR NEWSLETTER | APRIL 2021

EXECUTIVE SUMMARY

Thank you for your investment in the Socotra Fund and the Socotra Opportunity Fund. This newsletter is intended to keep you informed of recent fund performance and keep you updated on changes regarding investment outlook. This is not intended to be used for risk management or serve as an investor prospectus.

The trailing twelve month (TTM) return for both funds is between ~7%-8%. Recent yields are lower than previous years due to material increases in reserves and a more defensive, cash-biased posture in light of the ongoing pandemic. Both investment portfolios are exceptionally healthy, with high collections and the lowest loan-to-values in our industry. We expect investor yields to stabilize as our capital efficiency approaches historical norms.



SOCOTRA FUND

The Socotra Fund's trailing twelve month (TTM) yield for income investors was 7.3% and the TTM rate of return was 7.5% for reinvestment partners. Target returns for 2021 range between 8.0%-8.5%. These expectations are subject to change given changes in market conditions.

Bank credit standards remain tight, and we continue to see significant demand for bridge capital. The Socotra Fund targets low loan-to-value opportunities with significant cash (or equity) at risk of $1M-$5M. **If you are considering investing in private real estate debt, please contact us.**

OPPORTUNITY FUND

The Socotra Opportunity Fund's trailing twelve month (TTM) yield for income investors was 8.2% and the TTM rate of return was 8.5% for reinvestment partners. Target returns for 2021 range between 8.5%-9.0%. The Opportunity Fund liquidity window is closed until Q4 2021.

The Socotra Opportunity Fund continues to explore the acquisition of discounted notes and acquiring undervalued real estate. In the event we have a material portion of the portfolio invested in these more difficult to value assets, we will close the fund to new capital. **Please contact us if you are considering an investment in the Socotra Opportunity Fund.**

SOCOTRA CAPITAL
Fixed Income Secured by Real Estate

| SOCOTRA FUND

94.5%
PORTFOLIO CURRENT

48.5%
LOAN-TO-VALUE

7.3%
TTM YIELD

7.5%
TTM RATE OF RETURN

*As ofMar 31, 2021, weighted by loan

CASH FLOWS

of Loans: 196 First Lien
Average Loan Size: $806,000
30-90 Day Delinquent Loans: 5
90+ Day Delinquent Loans/REO: 4
Loan Loss Reserve Balance: $2.6M

COLLECTIONS:

In Q1 2021, the Socotra Fund collected $19.4M in interest payments and loan payoffs, which is sequentially flat to Q4 2020. The Socotra Fund has nine non-performing loans, of which, six are concentrated with two borrowers. While the number of loans in default has increased, as a percentage of loan volume it is tolerable and the underlying collateral are strong. The Socotra Fund still holds one REO that is presently leased and being positioned for sale.

DISTRIBUTIONS & DISBURSEMENTS:

The fund made $3.3M in distributions, ~$1.3M was reinvested and the other ~$2.0M was disbursed to income investors.

FUNDINGS, ADDITIONS, & WITHDRAWALS:

The fund closed on ~$50.8M in new loans during Q1 2021. The fund added $13.8M in new investor capital and processed $1.1M in investor withdrawals. The fund processes redemptions on a quarterly basis and is accepting new withdrawal requests.

The Socotra Fund ended Q1 2021 holding a cash and loan portfolio of ~$159.6M. The portfolio is exceptionally healthy with ~95% of the portfolio current and an aggregate loan-to-value (LTV) of 48.5%. The portfolio is presently allocated ~76% to commercial properties and 20%to residential loans, while 4% is presently held in cash. The fund's largest loan is ~3.4% of total capital, indicating no key concentrations exist. The average term remaining on the portfolio is ~17 months. Near term, there are ~$25M in loans maturing within the next 90 days and ~$33M over the next six months. The Socotra Fund's near-term strategy will be to capitalize on the existing credit environment, deploying our capital into high-quality loans with low loan-to-values. The Socotra Fund's capital efficiency exiting Q1 2021 approached historical norms. Investor yields are expected to stabilize provided capital efficiency remains high and loan collections continue to perform.

SOCOTRA FUND - INVESTOR YIELD THROUGH MARCH 2021

PERFORMANCE	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Average Annual Yield	7.3%	7.7%	7.9%	8.6%
Average Annual Rate of Return	7.5%	7.9%	8.2%	8.9%

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SOCOTRACAPITAL
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| SOCOTRA OPPORTUNITY FUND

98.1%
PORTFOLIO CURRENT

49.2%
LOAN-TO-VALUE

8.2%
TTM YIELD

8.5%
TTM RATE OF RETURN

*As ofMar 31, 2021, weighted by loan amount

CASH FLOWS

of Loans: 44 First Lien
Average Loan Size: $483,000
30-90 Day Delinquent Loans: 0
90+ Day Delinquent Loans/REO:1
Loan Loss Reserve Balance: $507K

COLLECTIONS:

The Socotra Opportunity Fund collected ~$3M in interest payments, loan payoffs, and fees during Q1 2021. The Socotra Opportunity Fund exited its REO in March, which was distributed to investors.
There remains one loan where a notice of default has been filed. The non-performing loan has a loan to value of ~50% and is well-secured.

DISTRIBUTIONS & DISBURSEMENTS:

The Socotra Opportunity Fund made ~$525K in distributions in Q1 2021, with ~$234K disbursed as income and ~$291K reinvested.

FUNDINGS, ADDITIONS, & WITHDRAWALS:

The Socotra Opportunity Fund closed on $5.25M in new loans during Q1 2021, added $175K in new investor capital, and processed $175K in withdrawals. The Socotra Opportunity Fund is closed for redemption requests until Q4 2021.

The Socotra Opportunity Fund finished Q1 2021 with a cash and loan portfolio of ~$22.4M. The Socotra Opportunity Fund seeks scenarios with long-term upside, foregoing a consistent monthly return provided there are material longer term gains. The portfolio is now comprised of ~65% commercial loans, ~30% residential loans, and 5% cash. The average term remaining on the portfolio is ~10 months. Near term, there are ~$2M in loans maturing within the next 90 days and ~$4.5M maturing over the next six months. Given the current market environment, we continue to seek distressed notes at favorable discounts in addition to purchasing real estate on courthouse steps at below fair market value, should those opportunities develop. In the event we can acquire assets at attractive discounts, we will close the fund to new capital.

SOCOTRA OPPORTUNITY FUND - INVESTOR YIELD THROUGH MARCH 2021

PERFORMANCE	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Average Annual Yield	8.2%	8.4%	8.7%	8.8%
Average Annual Rate of Return	8.5%	8.7%	9.0%	9.1%

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| LOAN OF THE QUARTER

SEAN MCDONALD
LOANS AND INVESTMENTS

Sean has been originating loans with Socotra Capital since 2013, primarily focusing on California, Nevada, Arizona, & Texas markets. Prior to joining Socotra Capital, Sean was real estate appraiser in addition to also working in the gaming industry. Sean attended UC Davis and Chico State. Outside the office, Sean is a full-time husband to his wife Ewa and father to his son Jakob, and an avid Peloton user.

LOAN STATS
Loan Amount: $3.5M
Interest Rate: 9.99%
Single Tenant Retail

57,560 SQUARE FOOT SINGLE TENANT RETAIL BUILDING IN RIVERSIDE, CA

TRANSACTION SUMMARY

The borrower was in contract to purchase this grocery store in Riverside, CA for $7.9M. The transaction needed to close by January 18th which gave us only two weeks time to close the loan. The borrower's bank was delaying the final loan approval and was unable to execute the loan on time. The grocery store has 6 years left on their lease and is still paying rent, however the space is dark and currently used as storage facility for another nearby property. The borrower needed a short bridge loan prior to securing bank financing. He put $4.5M down and we provided a loan of $3.4M allowing him to complete the purchase of the property.

| MARKET DYNAMICS

The overwhelming consensus across market observers is the expectation that 2021 will be a year of considerable economic growth in the US, albeit still below the trendline projected prior to the pandemic. This consensus is largely predicated on the notion that vaccination efforts continue to accelerate and the nation ultimately reaches the goal of vaccinating 75% of the population. In the 90 days since our last newsletter, the pace of vaccinations has increased more than three-fold, increasing the odds that the nation could reach that target within calendar 2021. Furthermore, additional vaccines continue to come to market, vaccine access is expanding to potentially include more children, and vaccine supply continues to expand across the globe. The pandemic is more than just an American challenge, but a fight for all of humanity.

The impacts on the economy and our daily lives due to COVID continue to highlight the divided nature of the COVID crisis. Labor reports continue to highlight that COVID has been unforgiving on both specific industries and specific labor profiles. The travel, service, & trade sectors continue show the largest gaps to pre-pandemic employment levels but have continued to show modest increases in employment. These gains are due in large part to lower COVID case counts and the previously mentioned vaccination efforts restoring confidence to bring employees back. Examining from another angle, these job losses appear to be uneven demographically, with the largest gaps relative to pre-pandemic levels of unemployment are most pronounced in both women and minorities. As the economy regains its footing and given the added COVID stimulus measures, the expectation is that improving employment will continue to add to overall economic activity.

As the economic recovery continues to take shape, the impacts on real estate markets continues to unfold across both the residential and commercial markets. Residential real estate has historically low inventory levels across almost every metro market, creating significant opportunity for both sellers and developers. Interest rates remain near all-time lows and the prospect of remote work has created additional imbalances in popular "Zoomtown" destinations. Labor force relocations and the remote work lifestyle have begun to also meet a friction point. Employers that allowed for remote work at the peak of the pandemic are now projecting timelines for re-establishing a shared office environment. For those employees that expressed a desire to continue working remotely, compensation may ultimately be "localized" to their place of residence. How all of this translates into residential housing stability across the nation continues to unfold.

There continues to be significant opportunity to originate high quality business purpose loans while price discovery unfolds on distressed assets.

Commercial real estate echoes similar reverberations that we have seen in the labor markets, with most acute distress occurring in the high-density hospitality, high-density retail/mall, and high-density office asset classes. When evaluating the larger Commercial Mortgage-Backed Security (CMBS) market and the bank level Commercial Real Estate (CRE) markets, loan performance continues to improve across all categories, even the aforementioned troubled asset classes. There are likely to be transition opportunities in these distressed larger footprint assets as they transform their respective use in a post-COVID world.

Bank credit standards remain elevated, bank deposits increased, and loan balances decreased again for the 2nd quarter in a row. There continues to be significant opportunity to originate high quality business purpose loans while price discovery unfolds on distressed assets. This process is likely to have collateral impact on other proxy assets and regional economies more concentrated in these assets. We seek and originate loans with low loan-to-value ratios, significant borrower cash at risk, and invest our capital without any form of leverage. As we exit the first quarter, portfolio efficiency is approaching historical norms and we expect investor yields to stabilize over the months ahead. We continue to be encouraged by the rate of borrower collections and have seen satisfactory loan turnover within the portfolio.