| INVESTOR NEWSLETTER | JANUARY 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 eight percent and ten percent respectively over the course of 2021. 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. We thank you for your support and continued investment.

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

SOCOTRA FUND

The Socotra Fund's 2021 investor yield was 8.1 percent and 2021 rate of return was 8.4 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.

As we continue to navigate a pandemic economy, 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. Please contact us if you are considering an investment in the Socotra Fund.

OPPORTUNITY FUND

The Socotra Opportunity Fund's 2021 investor yield is 9.4 percent and 2021 rate of return was 9.9 percent for reinvestment partners. The target rate of return for 2021 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 discounted notes and acquiring undervalued real estate. We will close the fund to new capital if we have a material portion of the portfolio in these more difficult-to-value assets. Please get in touch with us if you are considering an investment in the Socotra Opportunity Fund.

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| SOCOTRA FUND

96.5%
PORTFOLIO CURRENT

49.9%
LOAN-TO-VALUE

8.1%
2021 YIELD

8.4%
2021 RATE OF RETURN

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

CASH FLOWS

COLLECTIONS:

In Q4 2021, the Socotra Fund collected $39M in interest payments, loan payoffs, and REO sales. At the end of Q4, 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 ~49 percent.

of Loans: 205 First Lien
Average Loan Size: $890,000
30-90-Day Delinquent Loans: 1
90+ Day Delinquent Loans/REO: 4
Loan Loss Reserve Balance: $2.8M

DISTRIBUTIONS & DISBURSEMENTS:

The fund made $4.0M in distributions, ~$1.7M was reinvested, and the other ~$2.3M was disbursed to income investors.

FUNDINGS, ADDITIONS, & WITHDRAWALS:

The fund closed on ~$42.0M in new loans during Q4 2021. The fund added $14.4M in new investor capital and processed $2.2M in investor withdrawals. Redemptions are processed on a quarterly basis, and the Socotra Fund is not presently "Gated".

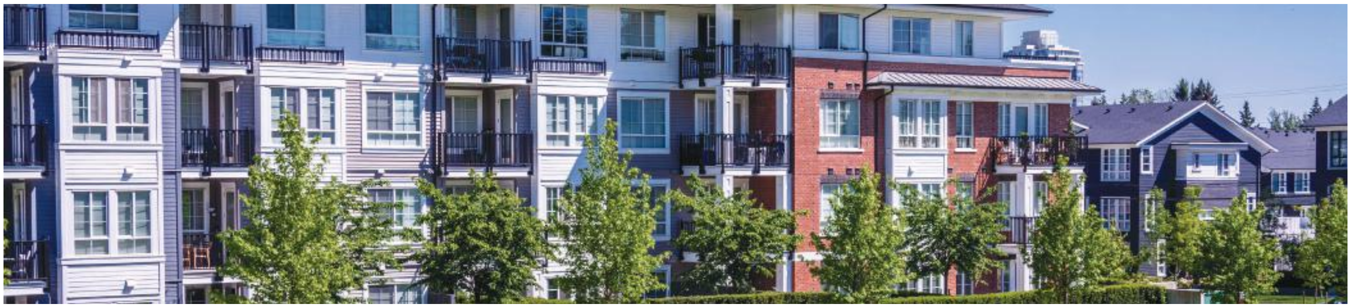
The Socotra Fund ended Q4 2021 holding a cash and loan portfolio of ~$205.9M. The portfolio remains healthy with ~97 percent of the portfolio current and an aggregate loan-to-value (LTV) of 49.9 percent. The portfolio is presently allocated ~75 percent to commercial properties and 15 percent to residential properties, while 10 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 ~16 months. Near term, there are ~$18M in loans maturing within the next 90 days and ~$37M 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 DECEMBER 2021

PERFORMANCE	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Average Annual Yield	8.1%	7.6%	7.8%	8.6%
Average Annual Rate of Return	8.4%	7.9%	8.1%	8.8%

SOCOTRACAPITAL
Fixed Income Secured by Real Estate

SOCOTRA OPPORTUNITY FUND



93.8%
PORTFOLIO CURRENT

51.4%
LOAN-TO-VALUE

9.4%
2021 YIELD

9.9%
2021 RATE OF RETURN

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

CASH FLOWS

COLLECTIONS:

The Socotra Opportunity Fund (SOF) collected ~$4.5M in interest payments and loan payoffs during Q4 2021. The SOF presently has two non performing loans, one of which is a now real estate owned (REO) at the writing of this newsletter.

Loans: 38 Senior Lien, 2 Junior Lien
Average Loan Size: $575,000
30-90-Day Delinquent Loans: 0
90+ Day Delinquent Loans/REO:2
Loan Loss Reserve Balance: $554K

DISTRIBUTIONS & DISBURSEMENTS:

The SOF made ~$620K in distributions in Q4 2021, with ~$275K disbursed as income and ~$345K reinvested.

FUNDINGS, ADDITIONS, & WITHDRAWALS:

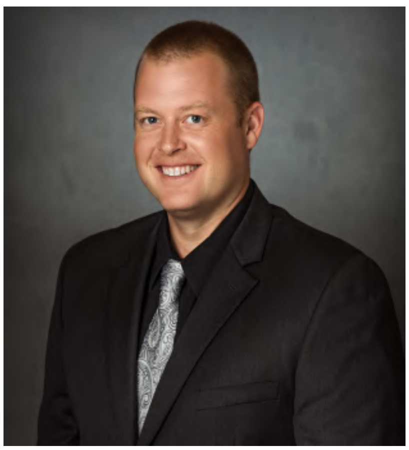
The SOF closed on $1.5M in new loans during Q4 2021 and added $1.5M in new investor capital. The SOF processed ~$875K in redemptions in Q4 2021 and the liquidity window is now closed until Q4 2022.

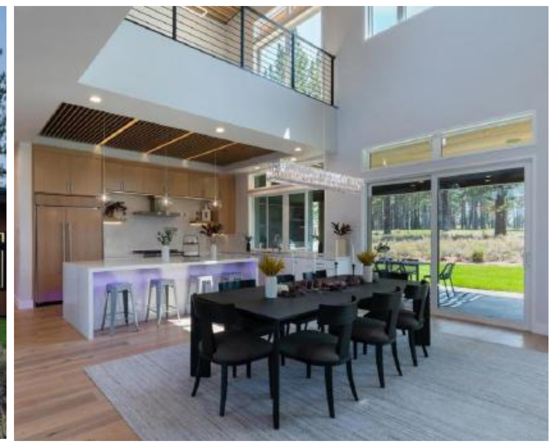
The SOF finished Q4 2021 with a cash and loan portfolio of ~$26M. The SOF seeks scenarios with long-term upside, foregoing a consistent monthly return for longer-term gains. The portfolio contains ~68 percent commercial loans, ~21 percent residential loans, and 10 percent cash. The average term remaining in the portfolio is approximately six months. Near term, there are ~$10.5M in loans maturing within the next 90 days and ~$12.7M maturing within the next six months. We seek unique opportunities to acquire distressed notes at favorable discounts or purchase real estate on courthouse steps below fair market value. The SOF will 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 market uncertainty within specific geographic markets and asset classes to develop these unique opportunities. Additionally, we expect to see longer-term impacts from the pandemic spill over into 2022 as we enter a rising interest rate environment.

SOCOTRA OPPORTUNITY FUND - INVESTOR YIELD THROUGH DECEMBER 2021

PERFORMANCE	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Average Annual Yield	9.4%	8.4%	8.6%	8.8%
Average Annual Rate of Return	9.9%	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: $1,500,000
Interest Rate: 9.99%
50% Loan-to-Value
6-Month Term
Single Family Residence

$1,500,000 CASH OUT REFINANCE OF A 4 BED, 4.5 BATH 3,457 SQFT SINGLE FAMILY RESIDENCE IN LAKE TAHOE, CA

TRANSACTION SUMMARY

The borrower is an experienced real estate investor and repeat borrower. The borrower had recently completed renovating subject property, but needed additional capital to finance three other ongoing projects. The borrower purchased the subject property in October 2019 for just over $1.9M and spent another $1.75M to bring the property to its current condition. The borrower owned the property free and clear.

The borrower needed additional capital to keep his other projects operating and also wanted adequate breathing room to sell the subject property at optimal value. The borrower's urgent cash crunch required our team to move quickly, closing the loan in less than 10 days from the loan request. The subject property is in contract and is expected to close within the next 30 days.

| MARKET UPDATE

The US economy is continuously digesting several developments, including inflation, interest rate changes, labor market disruptions, and a resurgent COVID pandemic. Trying to make sense of the longer-term impacts from any of these factors would typically be a challenge, let alone attempting to decipher them all at once.

Inflation continues to be a hot-button issue as both resurgent consumer demand coupled with supply chain constraints pushed prices in several asset classes, namely energy, cars and trucks, and other non-food commodities. The heightened pace of inflation has given rise to what many anticipate will be an acceleration of both interest rate hikes and coupled with the expected contraction of the Fed's nearly $8.8 Trillion balance sheet, as the Fed has signaled an acceleration to "tapering" of mortgage-backed securities. Some market observers will question whether the speed of this adjustment is an overcorrection, while others may suspect that these moves might be too little too late.

Simultaneously, labor markets are exceptionally tight as unemployment reaches pre-pandemic lows while labor participation rates remain deflated. Market observers point out that one of the key factors has been the growing "retiree" segment. Retirees have outpaced their "expected" population, partly buoyed by appreciation in their real estate and equity portfolios. They are also discouraged from re-entering the labor markets due to pandemic risks being more acute for their age bracket. The other key casualty in the labor markets has been a significant decline in female labor participation, as disruptions to childcare, schools, or family health appears to have unfavorably impacted female labor participation. The question remains whether these non-participants will remain permanent or temporary. Only time will tell.

Pandemic disruptions reached new levels as COVID cases continued to spike across the globe due to the emergence of the Omicron variant late in Q4. US and international vaccination efforts have succeeded in avoiding excessive deaths, but the toll on the unvaccinated has been significant, with global deaths now greater than 5.5 million. Early data suggests the Omicron variant may be less lethal than its predecessors. However, given its increased infectiousness, any potential gains from reduced mortality appear to be offset by the added overload on constrained healthcare providers, all of which inevitably causes a reduction in healthcare quality to all who need it. As of the writing of this newsletter, case counts are cresting in some parts of the western world, but the death toll will not be known for several months.

The next several years show increasing commercial real estate (CRE) debt maturing and private lenders play an ever growing role...

Residential real estate values continued to increase through Q4 2021, driven by reduced inventory and increased credit availability. Market observers are interested in seeing how the market progresses as interest rates rise and more sellers potentially consider cashing out their equity. Early data suggests that prices are unlikely to cool given the limited inventory, but markets evolve. Commercial property values have all recovered from the pandemic turbulence, but there have been clear "winners & losers" over the last 24 months. While multifamily and industrial have excelled, lodging and mall assets have struggled. Many expect the office market also to experience headwinds as businesses reevaluate their footprint needs in a growing hybrid work environment. Collection rates continued to improve throughout the year, but many expect recent disruptions due to Omicron to play a factor. The next several years show increasing commercial real estate debt maturing, and private lenders play an ever-growing role in the industry.

US bank deposits continue to grow above historical norms, and operating incomes are higher than they were pre-pandemic. Additionally, bank loan balances increased for the second consecutive quarter, illustrating an increasing appetite from banks as they grapple with the recent surge in deposits. More importantly, bank consolidation continues to intensify, and as mentioned above, private lenders fill this growing void. Borrowers seek capital that is responsive to their needs and helps create value. Real estate investors and business owners are frequently willing to pay a convenience "premium" to ensure both speed and certainty. At Socotra Capital, we originate loans with low loan-to-value ratios, significant borrower cash at risk, and invest our capital without any form of leverage.