



FIRST LIEN — CAPITAL —

Secured Investments in real estate via
diversified allocations in 1st lien mortgages and
distressed real estate purchased at a discount

firstliencapital.com

Executive Summary

First Lien Capital LP (the “Venture”) launched in March 2021 with a focus on opportunities in distressed real estate. The strategy is focused primarily on United States residential real estate assets via diversified allocations in first lien non-performing and sub-performing mortgage notes purchased at a discount (NPLs).

The General Partner is First Lien Investment GP LLC, and its Principals have a multi-decade track record focused on investments in seasoned residential mortgage whole loans as well as the redevelopment or repositioning of commercial, retail, and residential multi-family assets. The Venture is supported by a team of veteran mortgage and real estate professionals, all of whom have extensive experience in pricing, due diligence, servicing, and restructuring of distressed residential properties.

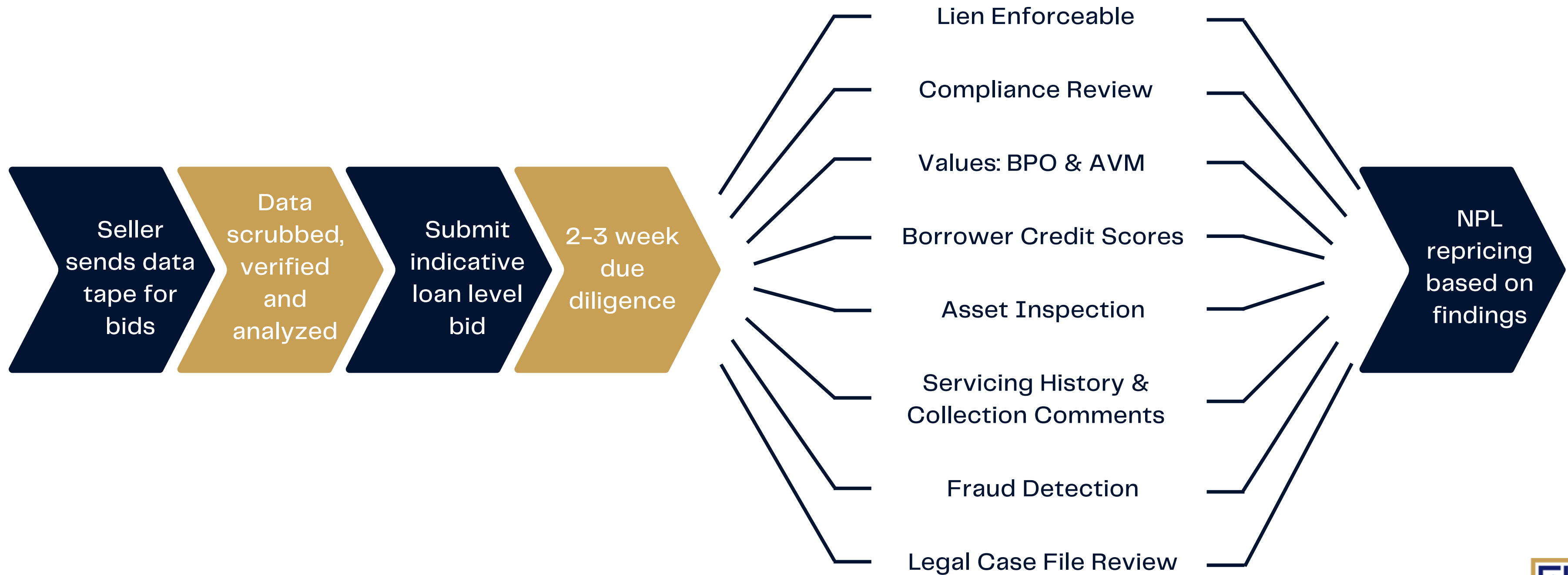
Our NPL purchase strategy was created to address a current and forthcoming dislocation in the residential whole loan and structured products market. With looming market corrections on the horizon, the Venture will be well-positioned to capitalize on opportunities in both the secondary mortgage market and distressed real estate centers throughout the country.

Our goal is to provide solutions to both financial institutions and borrowers currently under stress. We make a positive contribution to the resolution of troubled loans and the eventual re-emergence of a stronger, healthier mortgage market. For financial institutions, the Venture will provide liquidity with a transparent investment approach that includes best-in-class pricing and models as well as highly proficient experience in servicing oversight that will produce exceptional asset performance. For borrowers, we bring industry-leading expertise to help those facing financial challenges with opportunities to restructure their mortgages in a way that makes economic sense, a true win-win.

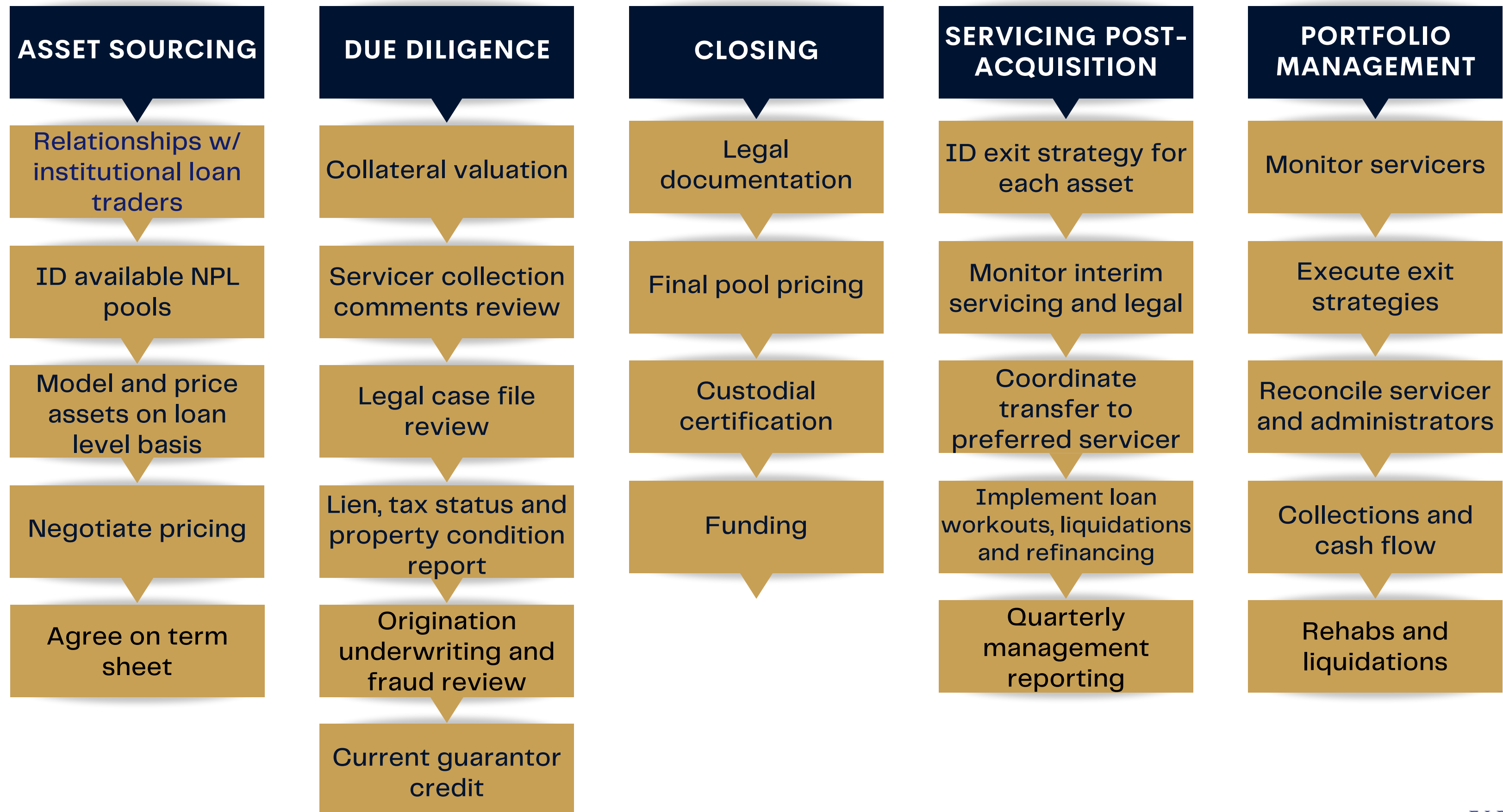
Our Strategy: Buy Low, Fix It & Sell Quickly

- Leverage our network to provide immediate liquidity to holders of Non-Performing Loans (NPL) such as banks or large institutional investors.
- Provide time advantage to borrowers facing a Judicial Foreclosure
 - Florida's average foreclosure resolution timeline: 1166 days
 - Management's historical resolution average: 294 days
- Acquire at 40-70% of current collateral value, resell at 75-100%.
- Purchase, Resolve, Rehab, and Resell re-performing first lien residential mortgage notes or institutionally owned real estate (REO). All purchases at discount to face value of debt.
- Guaranteed by fee simple title or first lien position.
- Geographic focus on major metros and Judicial Foreclosure states (best discounts on NPLs and where we have boots on ground).

Our Acquisition Process



Ownership Process



Model Based on Resolution Strategies

A loan level approach is utilized to determine initial value based on the probability of the ultimate disposition of the asset

A probability percentage is assigned for each potential exit. An expected net proceeds is then calculated for each scenario taking into account factors such as:

- Legal costs especially in defended foreclosure
- Carrying costs including property maintenance
- Specialty servicing fees and asset management costs
- Marketing, rehab, and brokerage expenses
- Upfront acquisition or due diligence costs
- Housing trends between purchase and exit
 - e.g. Proceeds will be lower in geographic area housing prices are expected to drop
- Potential legislative or political forces that can affect the exit strategy
 - e.g. Changes in local laws that can affect foreclosure proceedings

Time to reach the disposition of the asset is forecasted using historical and empirical evidence and present value of each exit is discounted back to the expected purchase date using:

- Expected net proceeds
- Time to realize net proceeds
- Desired yield

Present values are then multiplied against probabilities to determine each loan's current value.



Servicer Surveillance & Asset Management

A successful asset resolution made timely is essential to achieve targeted returns. Our hands-on approach maintains total control of all servicing decisions and we have established relationships with exclusive asset management teams at a range of loan servicers. Our track record of Enhanced Loss Mitigation creates resolutions where others cannot.



Servicing partners include Loan Loss Mit, Planet Home Lending, Fay Servicing, Carrington Mortgage, FCI Lender Services, AHP Servicing, Spurs Capital LLC, RSI Asset Management LLC, Statebridge, Infinity Group and SN Loan Servicing LLC.



We have access to staff and vendors with a proven record in this space and a “boots-on-the-ground” network in all fifty US states. Previous portfolio liquidation timeline average greater than 3x faster than industry average.



Enhanced Loss Mitigation

- ▶ Door Knocking
- ▶ Loan Modification
- ▶ Short Sale Management
- ▶ Residence Verification
- ▶ Document Retrieval
- ▶ Skip Tracing
- ▶ Deed-in-Lieu Management

Real Estate Owned (REO)

- ▶ Eviction / Relocation Assistance
- ▶ Property Preservation
- ▶ Repair Analysis and Management
- ▶ Contractor Oversight
- ▶ Marketing and Closing Management

Past Performance

Benjamin Portfolio 2013-2017

\$2.5M portfolio, mix of b/c/d paper and severely distressed properties

- # of loans acquired: 123
- Avg holding period: 294 days
- Avg Property value: \$50,000

Return On Investment: 28.87%
Avg Annualized ROI: 35.73%

Full portfolio details available by request.

Goshen Portfolio 2011-2021

\$900M equity placed over 10 years, A-paper and higher value assets, multiple states

- # of loans acquired: 2,000+
- Avg holding period: 419 days
- Avg Property value: \$200,000+

Return On Investment: 17.67%
Avg Annualized ROI: 15.24%

Full portfolio details available by request.



Current Fund Metrics Summary

Summary at December 31, 2023

Performance ^[1]	# of Assets	Amount
Purchases	916	72,726,261
Sales (Basis)	393	34,497,020
Sale Gains		7,594,598
Current Holdings (at estimated value) ^[2]	523	44,128,193

Notes:

- 1) Includes assets and loans managed by First Lien Capital and owned jointly by First Lien and other investment funds.
- 2) See Cumulative Performance Overview as of December 31, 2023

Current Fund Metrics Overview

Cumulative Performance Overview as of September 30, 2023

	AFL Mortgage, LLC															
	Non-Performing		S&D Performing		CFAI Special Assets, LLC		First Lien Capital, LP		FLCS, LLC		AFL Mortgage 2, LLC		First Lien HECM, LLC		Total	
	# of Assets	Amount	# of Assets	Amount	# of Assets	Amount	# of Assets	Amount	# of Assets	Amount	# of Assets	Amount	# of Assets	Amount	# of Assets	Amount
Date Purchased	Dec 2021 - May 2022		August 2022		August 2022		Jun 2021 - Dec 2021		March 2021		January 2023		July 2023			
Basis	[1] 95	22,532,024	773	36,671,059	18	3,131,905	11	3,767,066	19	7,194,334	5	4,814,876	62	14,723,842	983	92,835,106
Sold	37	8,616,701	88	2,169,630	10	1,366,765	9	2,486,098	11	4,894,860					155	19,534,054
Current Holdings Basis	58	17,835,443	685	30,481,309	8	1,765,140	2	1,280,969	8	2,299,474	5	4,814,876	62	14,723,842	828	73,201,053
Current Holdings at Estimated Value	[2] [3] [4] 58	18,980,009	685	37,493,137	8	5,338,655	2	1,932,507	8	4,748,268	5	4,814,876	62	14,723,842	828	88,031,294
Purchase Price ("PP")		24,589,480		35,629,650		2,906,914		3,507,195		6,753,345		4,897,386		14,716,512		73,386,584
Collateral Value ("CV")	[5] 46,282,700		38,443,619		5,244,100		5,961,000		12,975,000		8,600,000		18,915,700		108,906,419	
PP / CV %		53%		93%		55%		59%		52%		57%		78%		67%
Sale / Liquidation Proceeds		10,088,039		2,940,740		2,117,847		3,225,974		6,157,741						24,530,341
Gains on Sale		1,471,338		771,110		751,082		739,876		1,262,881						4,996,287

Notes:

- 1) Basis includes purchase price plus any post-acquisition capitalized expenditures incurred.
- 2) Estimated values are based on net asset values provided by SitusAMC for loans and broker price opinions for REO assets.
- 3) CFAI includes both non-performing loans and REO assets.
- 4) AFL Mortgage 2, LLC and First Lien HECM reflected at cost.
- 5) Collateral Value is based on Broker Price Opinions (retail value) on assets securing loans which were obtained within a reasonable time prior to asset acquisition dates.
- 6) The amounts reflected above are unaudited and potentially subject to change.



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CASE STUDIES

Recent New York Portfolio Snapshot

6 Month Trade Analysis: 5 of 19 Assets Liquidated



FLC Fund 1 launched in March 2021 with the acquisition of 19 sub-performing loans mostly located in and around NYC. Many are late-stage foreclosures stalled by NY COVID moratoriums. FLC paid less than 53% of the underlying real estate value, equivalent pricing to what a new NPL might trade for.

Full portfolio details available by request.



New York Portfolio Snapshot

6 Month Trade Analysis: 5 of 19 Assets Liquidated

	4 Rye Ridge Place Harrison	6 Kingsbridge Ave Staten Island	185 Smith Street Patchogue	909 Twinbrook Ave Pensacola	742 State Rt 30 Hope	Total
UPB	\$1,230,549	\$396,946	\$303,229	\$23,046	\$84,048	\$2,037,819
Price %	55%	75%	61%	110%	54%	60%
Purchase Price	\$672,296	\$299,059	\$185,425	\$25,351	\$45,722	\$1,227,853
Orig. Projections						
Liquidation Proceeds	\$916,500	\$532,000	\$302,000	\$47,000	\$56,000	\$1,853,500
Total Expenses	\$36,473	\$97,289	\$42,606	\$9,000	\$6,147	\$191,515
Net Cash Flow	\$207,731	\$135,651	\$73,970	\$12,649	\$4,130	\$434,131
Mos to Liq.	2	24	15	6	6	8
Discount Rate	20%	20%	20%	20%	20%	20%
NPV of Cash Flow	\$201,514	\$94,202	\$58,895	\$11,547	\$3,771	\$381,941
Actual Liquidations						
Liquidation Proceeds	\$922,912	\$400,000	\$373,000	\$45,000	\$70,000	\$1,810,912
Total Expenses	\$32,095	\$21,119	\$13,273	\$1,612	\$3,382	\$71,481
Net Cash Flow	\$218,521	\$79,822	\$174,302	\$18,037	\$20,896	\$511,578
Mos to Liq.	3	7	6	3	3	4
Discount Rate	20%	20%	20%	20%	20%	20%
NPV of Cash Flow	\$208,784	\$71,768	\$159,116	\$17,234	\$19,965	\$479,766
Actual vs Projected						
Act. Proceeds % of Proj.	101%	75%	124%	96%	125%	98%
Act. Expenses % of Proj.	88%	22%	31%	18%	55%	37%
Act. Net CF % of Proj.	105%	59%	236%	143%	506%	118%
Act. NPV Net CF % of Proj.	104%	76%	270%	149%	529%	126%





Lehigh Acres, Florida Construction NPL January–February 2022

- Purchased final judgement encumbering 10 partially built homes in FL
- 5 homes 50% completed with balance 90% complete
- Budgeted \$650,000 with 9 months to finish and sell homes at 45% return
- Sold 2 homes at Public Auction for 18% profit
- Auction bidder contacted by FLC and offered remaining 8 properties
- Judgement Purchase Price: \$1.1M
- Sale of 2 homes at Auction: \$185,200
- Sale of remaining 8 homes to same bidder: \$1.32M
- Net profit \$400K with full liquidation in less than 60 days
- Overall return: 33% Net of all costs

Our Unique Opportunity

Access to Profits in the Secondary Mortgage Market

An established structure, agnostic buyer and liquidity provider in the sub \$50 million trade space, where less competition exists and significant opportunity sits unaddressed by larger private equity players. Currently bidding \$100m per month of direct deals.

Market Only Gets Better as Volatility Increases

While the NPL industry exists regardless of economic condition, recent volatility and rising interest rates are creating distress. First Lien is well positioned to capitalize on recent liquidity freezes and any future downturn in real estate values.

Direct Investment into Real Estate & 1st Lien Notes

All assets of Fund invested directly into real estate and mortgage notes. Safe asset protection play with transparent reporting and quarterly preferred returns while Manager incentivized to create upside through opportunistic acquisitions and performance.





**Currently Accepting
Investments of
\$500,000 to \$1 Billion**

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Disclosure 1 of 2

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