

CONFIDENTIAL



ALFIE
Invest In Your Community

INVESTOR PROSPECTUS

2023

MISSION

Our primary mission is **PRESERVATION OF INVESTOR CAPITAL** while offering predictable, consistent, and attractive returns to our investors.

We do this by providing common-sense, short-term construction and bridge loans to our borrowers for their local Real Estate projects.

We focus on building community and working diligently with borrowers to help make their projects successful and profitable. When our borrowers succeed, our investors, neighborhoods and towns succeed. We **SUCCEED** together.

WHAT IS ALFIE?

ALFIE is a North Carolina based private debt fund established in 2015. Our fund works by pooling investor capital to provide short term construction and bridge loans to builders, developers, and real estate entrepreneurs in North and South Carolina.

The increasingly burdensome requirements of traditional bank financing make it difficult for borrowers to quickly access capital. ALFIE offers builders and developers a time and cost effective solution by providing streamlined access to capital for projects that benefit investors, borrowers, and local communities.

ALFIE IS A...

- Group of hands-on real estate and financing professionals actively managing your investment capital
- Community based lending solution
- Pooled fund which spreads out risk over all the loans in our portfolio
- First position lienholder designed to protect investor capital
- Specialist in short term construction and bridge loans
- Flexible financing solution for local real estate entrepreneurs in North and South Carolina
- Simple, straightforward investment offering that generates income reported on IRS Form K1

ALFIE ISN'T A...

- Long term mortgage lender
- Primary residence lender
- Publicly traded investment offering
- Predatory lender
- Hard money lender
- Second position lienholder

INVESTMENT IN ALFIE

ALFIE has over 300 accredited investors from across the United States. We have originated over 800 loans since inception in 2015.

Our open-ended fund structure enables us to raise and deploy capital quickly to serve our borrowers and their real estate project needs. We strive to maximize the earning potential of investor capital while diversifying exposure to investments in the stock and bond markets.

ALFIE investors must qualify as Accredited Investors*

- Minimum investment of \$50,000
- Minimum investment period: three months
- Liquidity available under most market conditions
- Interest distributed to investors quarterly in the form of direct deposit or re-investment into the fund
- Advantageous investment structure: First 4% of earned interest goes to investors, the second 2% to ALFIE Management, and the remaining distributed in an 80/20 investor/management split. **No hidden fees.**
- Average annual returns:
 - Classic Fund: 2018 - 2022: 7.38% (Net of fees)
 - Income Fund: 2021/2022 7.825% (Net of fees)
- Investor references available upon request
- Current investor position profile ranges from \$50,000 to \$4,000,000

** An accredited investor meets the requirement of having either 1) \$1 million or more in assets (excluding primary residence) or 2) Annual income of at least \$200,000 individually or \$300,000 jointly. Contact your financial advisor for more information on SEC accreditation standards.*

LOAN PARAMETERS

Loan Limits	\$100,000 to \$5,000,000
Loan Terms	3 months to 24 months
Loan To Value Limits	50% to 70% depending on collateral type and borrower profile
Types Of Loans	<ul style="list-style-type: none">• New Construction• Renovation• Acquisition/Bridge• Adaptive Re-use/Construction
All Alfie Loans	<ul style="list-style-type: none">• Are 1st lien position mortgages• Require minimum of 20-30% Cash-In from borrowers
Capital Funding Size	\$76 Million in Investment capital as of 2022
Number Of Loans Made*	800+
Average Size Of Loan	\$281,000 Classic fund / \$442,000 Income fund (2022)
Number of Foreclosures	8 total since inception in 2015
Historic Default Rate	Less than 1%
Loan Origination Total	\$231,000,000+

*Both ALFIE Classic and Income Funds

HOW DOES ALFIE FIT MY INVESTMENT PORTFOLIO?

An allocation to ALFIE can complement a traditional stock and bond investment portfolio. Our historically consistent returns have a low correlation with other investment options.

Investment	Fees	Duration/ Maturity	Liquidity	Average Annual Return Range	Comparative Analysis
Direct real estate ownership	5% to 25% of income (property management fees) Plus taxes, insurance, maintenance/repairs	Variable (5 to 50 years)	Low	Variable (typically 3%)	<ul style="list-style-type: none"> • Sourcing good properties is challenging • Diversification impossible without large pool of money • Direct property management is difficult and time-consuming • Illiquid
REIT fund	1.5% annually* *Approximate	Variable	Daily	-15% to 15%* *Approximate	<ul style="list-style-type: none"> • Investors are in the first-loss (equity) position • Lower yield than ALFIE • Has greater correlation with the macro cycle of stock and bonds
High Yield Bond fund	2% annually* *Approximate	Variable	Daily	-20% to 20%* *Approximate	<ul style="list-style-type: none"> • Defaults are higher than ALFIE (~2% LT average) • Higher price than ALFIE • Unsecured, corporate risk • Less tax efficient
Other real estate lending funds**	1% to 3%* *Approximate	1-3 Years	Quarterly	4% to 8% *Approximate	<ul style="list-style-type: none"> • Funds are typically highly leveraged • Hospitality/retail/other industry concentrations result in greater correlation with the economic cycle • Typical investor lock-up period of 2 years
Real Estate equity partnership	30% to 50%* *Approximate	NA	Variable	Variable	<ul style="list-style-type: none"> • Investors are in the first-loss (equity) position • Management gets fees up front and a good deal of the upside on property sale
ALFIE	2% + incentive* *Classic offering	Less than 1 Year	Quarterly	6% to 8%* *Approximate	<ul style="list-style-type: none"> • No management fee below 4% return hurdle (Classic offering) • Maturity/duration of loans is very low • Yield is attractive relative to underlying risk

Source: Morningstar (for MBS/High Yield data; MBS = VMBSX Vanguard MBS fund, High Yield = VWEHX Vanguard HY fund), REIT = VGSLX (Vanguard REIT fund)

*Source: Whitney Commercial Real Estate Report for Asheville, NC; 4Q19 market cap rate on multifamily

ALFIE FAMILY OF FUNDS: *CLASSIC and INCOME*

ALFIE CLASSIC

- Established 2015
- Larger pool of smaller loans
- Average loan size of ~\$264,000
- Average loan duration: 3 to 12 months
- 4% hurdle rate
- Three month lock-up period for investor capital
- Over \$200,000,000 in loans originated

See page 9 for detailed offering terms.

ANNUAL RETURNS 2016 through 2022 (Net Of Fees)

Return	ALFIE Classic
2016	5.8%
2017	6.0%
2018	6.9%
2019	7.6%
2020	6.9%
2021	7.5%
2022	7.5%
Annualized since 1/1/16	Average 7.28% since 2018

CLASSIC DETAIL

	2021	2022
Q1	7.78%	7.15%
Q2	8.69%	7.73%
Q3	7.29%	7.23%
Q4	6.37%	8.13%

ALFIE INCOME*

- Established 2020
- Smaller pool of larger loans of \$1,000,000+
- Average loan duration: 12 to 24 months
- 6% hurdle rate
- Twelve month lock-up period for investor capital
- Over ~\$36,500,000 in loans originated

ALFIE INCOME ANNUAL RETURNS (Net Of Fees)

Return	ALFIE Income
2020	5.6% *Start up
2021	8.3%
2022	7.345%
Annualized since 1/1/16	Average 7.82% since 2021

INCOME DETAIL

	2021	2022
Q1	8.60%	8.46%
Q2	8.48%	7.07%
Q3	7.17%	7.39%
	9.17%	6.46%

*Available *only* to existing ALFIE CLASSIC investors

INVESTOR FAQ

What are the biggest risks to investors in ALFIE?

Investors in ALFIE are most exposed to the risk of rate of return and suspension of liquidity. A wave of Real Estate defaults and foreclosures would slow payoffs thus reducing our return and could potentially get to a point where it overwhelmed the liquidity of our facility. This scenario is most likely to occur in a severe recession or as the result of an external shock to markets. We protect against this risk by underwriting conservatively and insisting on first lien positions and borrower cash-in projects. The final protection rests on the flexibility of our team to shift into acquisition and property management to ensure preservation of investor capital.

How does ALFIE differ from other investment funds?

Unlike many private debt funds, ALFIE is not a leveraged fund. We do not borrow from institutional lenders allowing flexibility and improved investor security in the event of an economic downturn. Unlike other funds, we structure management payout after investor payout (see management fees section of the Classic offering page 9). We have no hidden fees.

What is ALFIE's default experience?

To date, ALFIE has made over 800 loans. As of the beginning of 2023, we have foreclosed on eight properties. We make every effort to help our borrowers work themselves out of bad situations, yet have the experience to manage and offload foreclosures as needed.

How did the pandemic impact ALFIE's return, portfolio, and underwriting standards?

In March 2020, we tightened our lending guidelines and lowered maximum Loan to Value (LTV) ratios for all classes of loans. Additionally, we doubled our requirement for borrower cash on every loan. As the Federal Reserve, U.S. Treasury and Congress provided liquidity lifelines to the borrowers we serve, our portfolio saw accelerated loan paydowns with the proceeds of property sales. Ultimately, we made more loans because the big banks were pulling back from commercial real estate lending. Overall, the pandemic created opportunity for us and we remain busier than ever, even with our stricter underwriting policy guidelines.

Are there any tax advantages to investing in ALFIE?

Distributions from ALFIE are reported in Box 1 of IRS form K1 as business income. This entitles investors to take advantage of the qualified business income (QBI) deduction of 20% on ALFIE generated income. *Please consult your tax advisor for specific implications.*

How is ALFIE addressing rising interest rates?

ALFIE is not impacted directly by rising interest rates because we are not tied to Federal or other mortgage rates. Historically ALFIE has charged borrowers 10-11%. In January of 2023, we increased our rates and now our borrower rates range from 10-12%. We determine our rates by market competition and demand. ALFIE loans are short term so we have the ability to quickly adjust our interest rates up or down in response to market conditions.

ALFIE CLASSIC OFFERING TERMS

**ALFIE Income offering terms available upon request*

Offering Type	Section 506(c) of Regulation D. Securities Act of 1933
Offering Size	Evergreen (open-ended structure, no termination date)
Minimum	\$50,000
General Suitability Standards	Annual gross income of at least \$200,000 individually (\$300,000 jointly) or net worth of at least \$1,000,000*
Distribution	Estimated annual dividend yield of 6-8% paid quarterly
Distribution Reinvestment Plan (DRIP)	Investors may elect to reinvest cash distributions in additional units at Book Value
Management Fees	ALFIE Management will be entitled to receive an annual management fee in the amount of 2.0% of the gross assets under management of the Company ("Management Fee"). However, the management fee is subject to a 4% hurdle rate before being paid.
Incentive Fees	ALFIE Management will be entitled to receive an incentive fee equal to 20% of the net investment income over and above the hurdle and management fee percentages. 80% of that amount is distributed to the investors
Liquidity	Upon request, liquidity provided no later than the following quarter (subject to market conditions)
Fund Category	Real Estate Collateralized Construction and Bridge Loans
Asset Class	Real Estate Debt
Asset Characteristics	Private debt finance. Liquid, diversified exposure to all categories of real estate. Focused on residential lending to underserved market niches. Typical loan size: \$100k - \$5MM
Fund Objectives	Low correlation to stock & bond markets, protection of investor capital, Social & environmental responsibility, Local economy growth and job creation, Focus on helping real estate entrepreneurs, Production of dependable & attractive income.
Targeted Financial Return	6% - 8% net to investor
Historic Financial Return	Since 2018: 7.28% 2022 by quarter: Q1 7.15%, Q2 7.73%, Q3 7.23%, Q4 8.13%
Fund Structure	Open-ended, Exempt under 506(c), Multiple share series
Fee Structure	Base management and performance fees above 4% benchmark.
Liquidity	Quarterly (depending on market conditions) - dividend reinvestment available
Legal	Law Office of John K. White, Jr. PLLC
Financial Statement Audit & Review	FORVIS formerly Dixon, Hughes, Goodman LLP

FUNDED PROJECTS

Nash Homes of Greenville

Nash Homes of Greenville produces some of our favorite projects in Upstate, South Carolina. These 1500 square foot, 3-bedroom, 2.5 bath builds are being built simultaneously and are a mere 5 minutes to Downtown Greenville. Each home features modern styling and finishes in a convenient setting. Led by Ashley James and her building partners, the group brings a wealth of development experience to the new construction sector in Greenville as they continue to grow their spec house construction business.



Koerber Homes of WNC

Sam Koerber resides in Asheville, North Carolina and has been a homebuilder for many years. Sam typically builds one high-end spec house at a time and specializes in custom detail and craftsmanship. Sam's homes have a history of selling very quickly as they fill a particular niche in the Asheville housing market. A typical buyer of Sam's homes is a buyer who may otherwise be likely to design and build their own custom home but prefer not to spend 2-3 years finding a lot, designing and then building a home. ALFIE likes working with Sam because he is experienced, has a proven track record and because his loan to value ratios are well below our threshold of 65%. On this particular loan, ALFIE's loan amount is less 25% of the value of the home.



THE ALFIE TEAM

JON SARVER

President and Co-Founder

Jon moved to Asheville in 1989 to attend Warren Wilson College. He began a lifelong journey in entrepreneurship by establishing Asheville Bicycle Courier Service in 1994. In 2002, Jon shifted into real estate and in 2005 formed Sarver Realty Group. He has 20+ years experience in both the commercial and residential real estate markets of Western North Carolina. Together with Todd Fowler, Jon founded ALFIE in 2015.

TODD FOWLER

CEO and Co-Founder

Todd entered real estate in 1983 as a residential broker. Since then, he has expanded his professional scope into fix and flips, mortgage brokering, property management, and real estate development. He holds degrees in Real Estate and Finance from Appalachian State University. Together with Jon Sarver, Todd founded ALFIE in 2015.

KIM AASLAND

Chief Financial Officer

Born in NC, Kim has been in Asheville since 1995. She has a degree from UNC Greensboro in design, an A.A.S. from AB Tech and 20+ years experience in Accounting and Real Estate. Since 2016, she has been integral to the growth of the company and remains ALFIE's primary fund manager for the Classic fund.

MATT CRAWFORD

Chief Operations Officer

A finance graduate of Penn State University, Matt began his professional career in construction management where he developed a deep understanding of real estate financing models and practices. In 2019, he started at ALFIE and quickly made an impact. Matt's role has grown rapidly and now he primarily manages the Income fund.

KARL DEHLOW

Controller

Karl has a Bachelor's in Accounting and a Master's in Taxation. He earned his CPA license in 2018 and has worked in public accounting for over 8 years. He joined the ALFIE team in 2022.

JACK EATHERLY

Director of Loan Servicing

An Asheville native, Jack attended Goucher College in Baltimore, MD with a degree in Business. He worked in tax preparation before returning to Asheville in 2020 at the onset of the COVID 19 pandemic. Jack plays a vital role in loan servicing.

PATRICK O'CAIN

Investor Relations

Also an Asheville native, Patrick holds two degrees from NC State University. He is a local entrepreneur and residential real estate broker. Patrick joined the ALFIE team in 2021.



ALFIE

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Alternative Lending For Inspired Entrepreneurs