

Investor Participation and Risks



There's renting, there's owning,
now there's **trio**.

How investors can participate

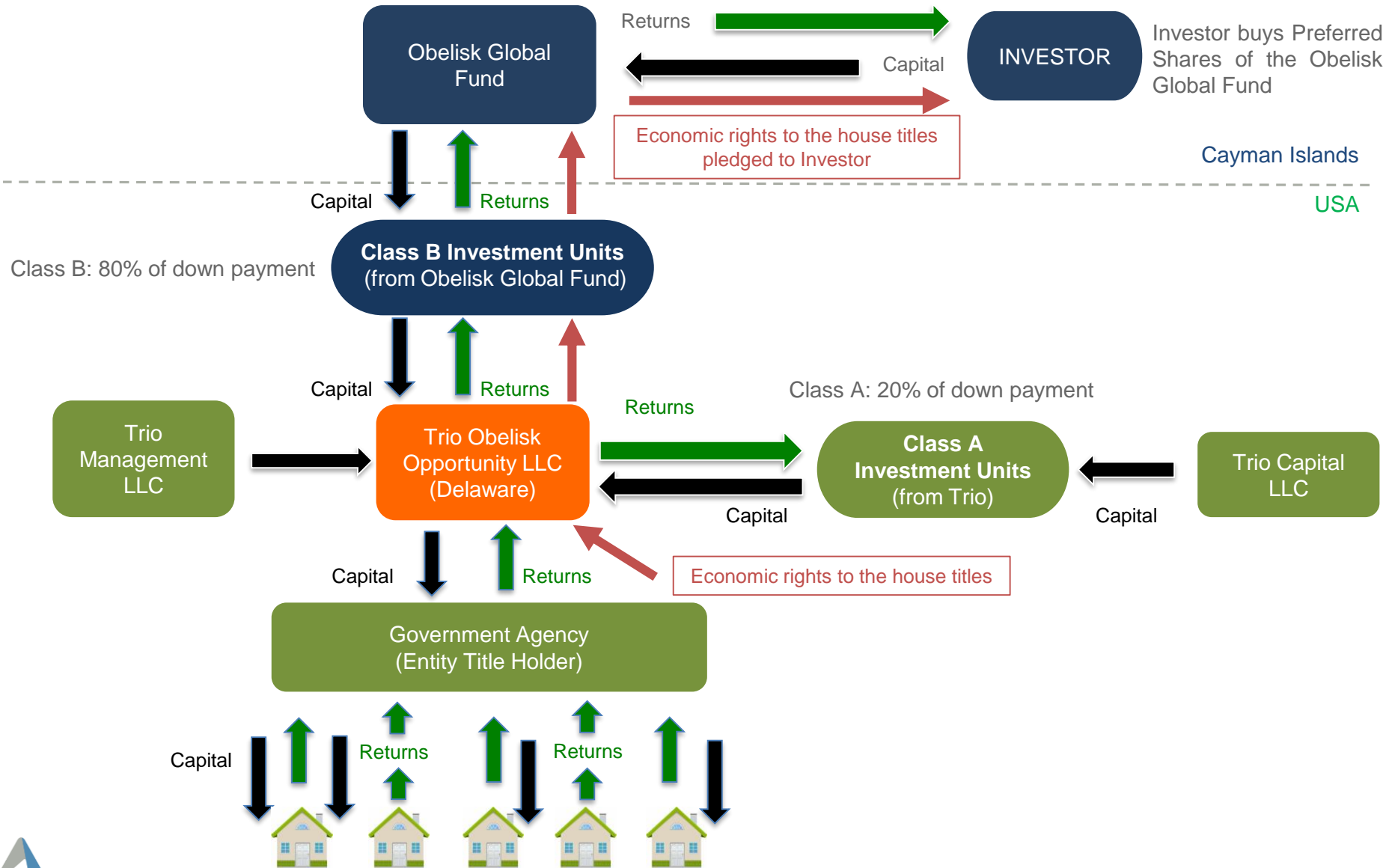


The **trio** Obelisk Program

- **trio** is the platform that finances the purchase of a property when a lease-to-own agreement has been signed and specific underwriting standards have been met
- Obelisk provides a **gateway** for investors to access the platform
- Structured to provide returns from cash flow from leases and profits from the sales of acquired homes



The trio Obelisk Program – Organisational Chart



The trio Obelisk process flow

- Investors buy Preferred Shares of the Obelisk Global Fund
- Obelisk Global Fund contributes 80% of the down payment for the purchase of homes. These are **Class B Investment Units**
- **trio** contributes 20% of the down payment for the purchase of homes. These are **Class A Investment Units**
- Class A and B units are held in a Delaware (US) company called Trio Obelisk Opportunity LLC
- Class B units invest in properties newly built or renovated within the last 10 years
- Trio Obelisk Opportunity LLC holds the **economic interests** of all the homes purchased by Class A and B funds
- **Economic interests of the homes** held at Trio Obelisk Opportunity LLC are pledged back to the Preferred Share holder of the Obelisk Global Fund
- The Investors hold **economic interests** of the properties as a security to their investment



The trio Obelisk Program

- Class B Units are further sheltered by 4 layers of protection, including:
 - Pooled Cash Flow
 - Acquisition discount of 3% - 5%
 - Cash Reserves of 2%
 - Trio Co-Investment (Class A Units)



Risk Mitigation



What are the possible risks of the Trio Obelisk program



How risks are mitigated

- Business Risk
 - 70% of revenue is generated through income produced from leases unlike traditional REITs, which generate revenue through the appreciation of the property
 - Excess cash over the financing term is held in pooled trust accounts
 - Class B Investment units are covered by 4 layers of protection:
 - Excess monthly cash flow
 - Acquisition discount of 3% - 5%
 - Cash reserves of 2%
 - Reserves funded by **trio** at 2% of the home price at origination
 - Trio Co-investment (Class A Investment units – 20%)



How risks are mitigated

- Compliance Risk
 - All mortgages are arranged through large banking institutions. All mortgages are guaranteed by US Federal Housing Administration and Fannie Mae insured
- Management Risk
 - **trio** team has over 300 years of combined experience in housing and residential finance
 - **trio** executives are key members in discussions related to the recovery of the housing market – invited to speak at government agencies to provide guidance and solutions and how to promote lease-to-own strategies
 - Since 2001, **trio** has worked with America's housing leadership – Federal Housing Administration (FHA) and Federal Housing and Finance Agency (FHFA) that runs local agencies Fannie Mae and Freddie Mac, to help the housing market recover and grow
 - Track record: **2500** homes completed for investors and partners



How risks are mitigated

- Foreign Exchange Risk
 - Investment into the Obelisk Global Fund preferred shares are in USD. All properties are purchased in the US with USD, there is no foreign exchange risk in the Trio Obelisk Opportunity
- Market Risk
 - **trio** is currently located in 3 populated and robust states which have a consistent supply of jobs and low unemployment. These states have diverse business sectors with a wide range of consumers
 - When **trio** expands to other markets, they conduct extensive due diligence on the current business environment and local real estate market. **trio** follows a strict investment strategy and only buys homes that fall within their investment mandate
 - No speculation – homes financed by **trio** are homes that clients are wanting to purchase. **trio** does not finance unoccupied properties



How risks are mitigated

- Market Risk cont'd
 - Property type:
 - Single family homes, condominiums and townhouses that are newly built (10 years old or newer or renovated in the last 10 years)
 - Verified through inspection by third party contractor
 - Homes financed are within 1 hour radius of major city centres
 - Geographic concentrations:
 - Limitations set at no more than 20% of assets in any defined Metropolitan Statistical Area (MSA)
 - Project concentrations:
 - No project investment may exceed 20% of units in given project or development site



The **trio** financial metrics





Example Closings

trio investments around Sacramento, CA. Transactions closed in partnership with Cornerstone Lending with FHA Own Option Mortgages.



Appraised Value	\$325,000	\$383,000	\$325,000
ownoption Mortgage	\$319,113	\$376,062	\$319,113
LTV* Net of MI** Premium	96.5%	96.5%	96.5%
Purchase Discount	3.0%	2.5%	2.5%
Monthly Lease Payment	\$2,500	\$2,967	\$2,800
Bed / Bath / Square Ft	3 BD, 3 BA, 1244	5 BD, 3 BA, 2537	3 BD, 2.5 BA, 2037
Location / Year Built	Roseville, 2013	W Sacramento, 2006	Lincoln, 2006
Estimated Class B Return on Investment	16.7%	14.0%	15.6%

*LTV – Loan to Value

**MI – Mortgage Insurance

Example Financial Metrics: Home Purchase



trio invests in **trio** leased homes using ownoption FHA Insured Mortgages for acquisition financing. The following is one such home in Roseville, CA.



Market Sale Price	\$325,000
Loan to value	96.5%
Home Selling Price	\$315,250
Total All-in Cost of Home	\$322,498
ownoption Mortgage	\$319,113
Class B Funded (70%)	\$10,625
Trio Class A Funded (30%)	\$4,554
Included Reserves	\$6,305
Projected Return on investment	16.7%

At 3% discount.

Includes closing costs, government agency fees, escrow fees, etc.

Home financed with an ownoption FHA Insured 30-year Mortgage at 4.0% interest rate; assumable.

Amount of funds needed to close by Class B investors.

Amount of funds needed to close by **trio** Class A with first loss position.

2% reserve of home selling price.

Projected return on investment for Class B investors

Example Financial Metrics: Monthly Cash Flow



trio invests in **trio** leased homes using ownoption FHA Insured Mortgages for acquisition financing. The following is one such home in Roseville, CA.

Acquired Cost of Home	\$322,498	3-year lease term.
Monthly Lease Payment	\$2,500	Includes principal, interest, taxes, insurance (PITI) and fees.
Monthly PITI	\$2,119	Principal, interest, taxes, and insurance.
HOA Dues	\$70	Home Owners Association Fees.
Trio Program Related	\$135	Includes homecare contribution and management fee.
Net Cash Flow	\$176	
7% Preferred Payment	\$71	Amount paid as the 7% preferred return on the Class B funded amount investment.
Net Excess Cash Flow	\$105	Excess cash flow to be accumulated and applied towards the 10% bonus for Class B investors.
Projected Return on investment	16.7%	Projected return on investment for Class B Investors.

Example Financial Metrics: At Sale of Property



trio invests in **trio** leased homes using ownoption FHA Insured Mortgages for acquisition financing. The following is one such home in Roseville, CA.

Acquired Cost of Home	\$322,498	
Trio Option Price	\$325,720	Trio Option Price at 1% over Acquired Cost.
Projected Market Value of Home at Lease Term End	\$366,390	Projected Market value at 4% annual price appreciation of trio option price
Wealth Created through Trio	\$40,670	Equity potential for client if home is purchased at Trio Option Price at end of 3-year lease term.
Class B Funded Amount	\$10,625	Amount of funds needed to close by Class B investors.
Program Net Cash Received	\$5,658	Includes 7% preferred payments to Class B investors and 10% bonus in excess cash flow & sale proceeds.
Projected Return on investment	16.7%	Projected return on investment for Class B Investors.

Note: In the event the client does not purchase the home and the home is sold at the projected market value at lease term end, then the return is estimated at 26.2%.

Thank you for considering Trio



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now there's **trio**.