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Q2 REPORT

Inaugural Investor
Update

AUGUST 2023

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Making money
is art, working
is art, and good
business is the
best art.

Andy Warhol



FROM OUR CEO

Dear Esteemed Investors,

I hope this message finds you well.

As the Manager of our dynamic Fund, I am pleased and excited to bring to you our inaugural investor report. This marks an important milestone in our journey together, a testament to the trust you have bestowed upon us, and our commitment to maintain transparency and open lines of communication.

The purpose of this report is not just to present numbers and figures; rather, we aim to make this a comprehensive tool that provides you with a clear understanding of where we stand, our accomplishments, our strategies, and our outlook for the future. It is our way of bringing you closer to the heart of our operations and decisions, to help you feel more connected and informed.

Over the past months, our team has been diligently working to create and manage a diverse portfolio that mitigates risks and drives robust returns. Your investment has been at the core of all our endeavors, guiding each strategic decision we make. And now, we are proud to share with you the fruits of our collective efforts.

In this report, you will find detailed insights into our Real Estate Development projects and Investment Property Loans. We believe that our strategy of diversified investments significantly reduces the risks for each investor, which in turn contributes to the overall success of our fund.

I would like to take a moment to express my deepest gratitude for your trust and support. Together, we are creating a financial ecosystem that is not only profitable but also resilient, innovative, and inclusive.

Going forward, we remain committed to exceeding your expectations. We will continue to refine our strategies, stay agile to market fluctuations, and remain vigilant in identifying opportunities that align with our investment philosophy.

Thank you once again for being part of our journey. We look forward to forging a path to prosperity together.

Please feel free to reach out to me or any member of our team if you have questions or would like to discuss any aspects of our operations. Your feedback is invaluable and always welcome.

Sincerely

Nelson Epega

CEO
The Million Marathon Fund





WATERSTONE

Growth

Waterstone has been witnessing consistent growth in its Net Operating Income (NOI), reflecting a 13.8% rise in income for June, year over year. Notably, June's NOI was 19.9% higher than the same period last year. This strong performance in NOI, a critical metric for multifamily investors, showcases the robust nature of the property.

Operations & Occupancy

- June occupancy: 93.2% (preleased occupancy: 96.0%)
- Market rents: Increased by an average of 7.4% (max: \$443/month)
- New leases: 13 new leases in June
- Renewal leases: Average increase of 2.4% (max: \$50/month), 15 renewals
- End-of-month collections: Strong at 98.7%

Distributions

Aligned with our prior communication, we are transitioning to quarterly distributions. This month, you received a distribution for June, and in October, we will offer a quarterly distribution covering July through September.

Renovations & Financials

- 130 units renovated to date with one apartment in the renovation process

Q2 Financials

https://drive.google.com/drive/folders/1ne1zD_39INV78EjvnRzMSFbFYXGN2iCq

FUND 2023

Current Portfolio Composition



RESIDENTIAL LENDING POOL

20% of our capital



EXISTING DEVELOPMENT PROJECTS

65% of our capital



SITTING CAPITAL

15% waiting to be utilized this month

We're excited to announce that Fund 2023 is now fully operational. As it stands, 20% of our capital is invested in our residential lending pool, 65% is committed to our development projects, and the remaining 15% is held liquid in our checking account. This allocation strategy is designed to balance growth, risk, and liquidity effectively.



Management Changes & Strategy Refinement

We are delighted to share the news of the appointment of our new Finance Manager, Don Yocham. Don is a seasoned professional, bringing a wealth of wisdom and proficiency to our team. His strategic presence will undoubtedly bolster our financial management capacity and refine our investment strategies.

In line with our unwavering commitment to safeguarding your investments and prioritize sustainable, long-term growth, we have elected to discontinue our Forex Trading investment strategy with BH Capital, considering the associated risks. This decision underscores our dedication to mitigate short-term, high-risk prospects in favor of stable and reliable returns.

Our attention now primarily pivots to our residential real estate development projects and investment property lending. We take pride in our diverse portfolio of loans, spanning properties in New York, Philadelphia, Jacksonville, Baltimore, and Washington DC. With returns ranging between 11.25% and 11.5%, these loans enhance the robustness and performance of our portfolio.

In a bid to make our fund more rewarding for our investors, we have also refined the hurdles of the classes among other updates. We firmly believe that these changes will generate a lot of excitement among all our investors.

To keep you well-informed about these exciting developments, we're scheduling a webinar on **Friday, August 11th at 7pm EST**, to present all the latest updates regarding Fund 2023. Directly in this email, you'll find a link to register for the webinar and an option to add it directly to your calendar. We strongly encourage all our investors to join us for this informative session.

Distributions

In terms of distributions, we're happy to announce that we will start monthly distributions at the end of August for Fund 2023. These distributions will continue at the end of every subsequent month, offering you a steady stream of returns on your investment.



Details of the properties in our loan pool:**1) 2440 Saw Mill River Road 0, Yorktown Heights, NY 10598 - Fix & Flip**

- Total Loan Amount: \$598,000 at 11.5% APR
- LTV: 65%
- ARV: \$920,000
- Underlying Asset: Single Family
- Guarantee: Personal Guarantee x4
- Underlying Security: 1st Position
- Term Remaining: 3 Months

2) 2832 W Albert Street, Philadelphia, PA 19132 - Fix & Flip

- Total Loan Amount: \$147,998 at 11.5% APR
- LTV: 64.9%
- ARV: \$228,000
- Underlying Asset: Single Family
- Guarantee: Personal Guarantee
- Underlying Security: First Position
- Term Remaining: 9 Months

3) 4051 Alcazar Ave, Jacksonville, FL 32207 - Fix & Flip

- Total Loan Amount: \$1,235,000 at 11.5% APR
- LTV: 69.8%
- ARV: \$1,770,000
- Underlying Asset: Single Family
- Guarantee: Personal Guarantee
- Underlying Security: 1st Position
- Term Remaining: 3 Months

4) 3 Lot Portfolio Reisterstown Road, Baltimore, MD 21215 - Fix & Flip

- Total Loan Amount: \$481,000 at 11.5% APR
- LTV: 66.8%
- ARV: \$720,000
- Underlying Asset: Single Family
- Guarantee: Personal Guarantee
- Underlying Security: 1st Position
- Term Remaining: 1 Month

Details of the properties in our loan pool:**5) 4442 N Uber Street, Philadelphia, PA 19140 - Fix & Flip**

- Total Loan Amount: \$78,000 at 11.25% APR
- LTV: 42.2%
- ARV: \$185,000
- Underlying Asset: Single Family
- Guarantee: Personal Guarantee x3
- Underlying Security: 1st Position
- Term Remaining: 10 Months

6) 5410 30th Street NW, Washington, DC 20015 - Fix & Flip

- Total Loan Amount: \$1,782,000 at 11.25% APR
- LTV: 59.4%
- ARV: \$3,000,000
- Underlying Asset: Single Family
- Guarantee: Personal Guarantee
- Underlying Security: 1st Position
- Term Remaining: 8 Months

7) 1547 S Woodstock Street, Philadelphia, PA 19146 - Fix & Flip

- Total Loan Amount: \$194,000 at 11.5%
- LTV: 68.1%
- ARV: \$285,000
- Underlying Asset: Single Family
- Guarantee: Personal Guarantee x2
- Underlying Security: 1st Position
- Term Remaining: 7 Months

As we continue to raise capital, the list of loans we're invested in will continue to increase in order to limit our exposure significantly through diversification across multiple loans maintaining great returns at 11.25 - 11.5% on our investment.

REAL ESTATE DEVELOPMENT PORTFOLIO UPDATES



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Real estate investing, even on a very small scale, remains a tried and true means of building an individual's cash flow and wealth.

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LE CIEL AT PIKESVILLE

As we tirelessly progress towards the completion of this project in the last month, we have Baltimore Gas & Electric installing the underground power and gas lines for the community, aiming for completion by the end of the month. What was initially a 2-week task extended to 8 weeks due to the complicated nature of the site and the job, which required temporary closure and rerouting of traffic on Greenspring Avenue.

Post BGE's completion, the site work is set to wrap up final grading, which involves road paving, landscaping, and the installation of streetlights and the gated entrance to the community. We are planning to complete this phase no later than mid-October based on Baltimore Gas & Electric's timeline.

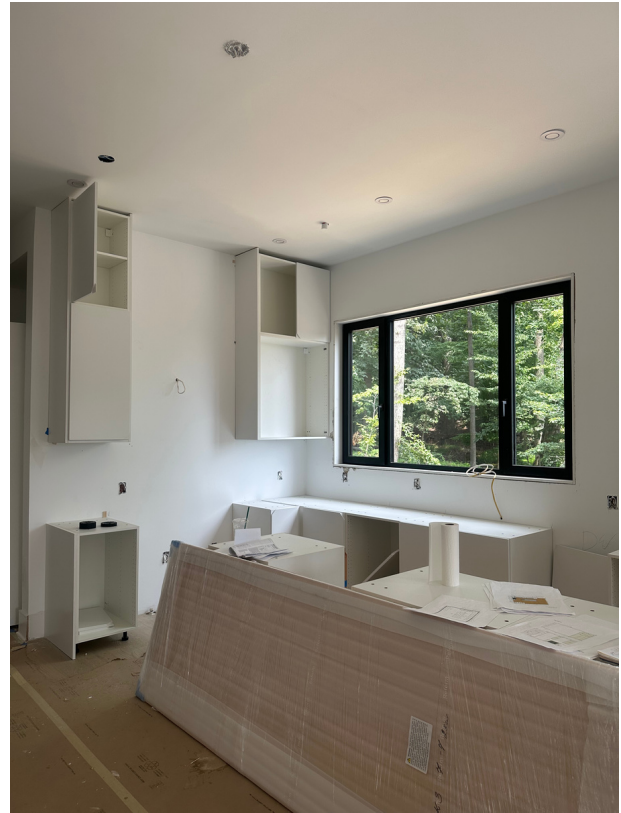
All investors in Fund 2023 & Le Ciel At Pikesville can expect distributions from the project with each Lot sale, following the order of investments received.



MORE DETAILS

LOT 7 - \$2,600,000

Slated for completion by the end of this month, Lot 7 is seeing progress in flooring installation (complete), bathroom trim-outs (ongoing), and cabinet fitting (ongoing). Final touch-ups are planned for the upcoming weeks.



MORE DETAILS

LOT 8 - \$3,200,000

Drywall installation for Lot 8 is expected to be completed by the start of next week. Subsequent work will involve the fitting of interior doors, tile, flooring, and trim work over a period of 4 weeks. We anticipate the delivery of Lot 8 by mid-October.



MORE DETAILS

LOT 6 - \$3,600,000

For Lot 6, all rough-in components for Electrical, Plumbing, Mechanical, Fire Protection, Smart Home Automation & AV's are projected to be finished by the end of this month, with Siding to start by the middle of the next week. Drywall stage is set for mid-September, with the estimated project completion date between late November to early December.



SOLEIL AT BOWIE

Despite several delays by the local county and inspectors since the commencement of the project, construction at Soleil is ongoing. Currently, we're in the site work phase awaiting Utility permits to commence construction on our water, sewer, and storm drain utilities, a necessary step towards site development completion.

We recently received technical approval from Prince Georges County DPIE on our fine grading permits and expect issuance within the next 30-60 days. In preparation, we're submitting building permits for all lots under contract, collaborating with our engineers, architects, and construction team despite the delays.

Out of 21 lots, 13 are under contract at an average of \$1.36m (\$360,000 above our pro forma expectations). Most buyers are still in the final design stage, where they select their home options, with an average addition of \$200,000 - \$300,000 per buyer expected. The project is anticipated to close out at an average of \$1,600,000 per unit (\$600,000 above our initial pro forma expectations).



UNDER CONTRACT HOMES

01 LOT 4 - ELISE MODEL

- \$1,217,418
- \$64,158 Deposit Received
- Currently in Final Design Stage

02 LOT 5 - ELISE MODEL

- \$1,100,694
- \$28,888.80 Deposit Received
- Beginning Final Design Stage

03 LOT 6 - ROMAIN MODEL

- \$1,570,569.30
- \$47,113 Deposit Received
- Currently in Final Design Stage

04 LOT 7 - HENRI MODEL

- \$1,302,880.36
- \$59,576.07 Deposit Received
- Currently in Final Design Stage

05 LOT 8 - LOUIS MODEL

- \$1,395,179
- \$44,285.80 Deposit Received
- Yet To Begin Final Design Stage

06 LOT 9 - ROMAIN MODEL

- \$1,483,450
- \$57,440 Deposit Received
- Currently in Final Design Stage

07 LOT 10 - HENRI MODEL

- \$976,734
- \$28,646.80 Deposit Received
- Currently in Final Design Stage

08 LOT 11- ELISE MODEL

- \$1,360,454
- \$41,661 Deposit Received
- Currently in Final Design Stage

UNDER CONTRACT HOMES

09 LOT 12 - ROMAIN MODEL

- \$1,587,202
- \$69,190.40 Deposit Received
- Beginning Final Design Stage

10 LOT 13 - LOUIS MODEL

- \$1,503,101 + \$340,551 (in Final Design Upgrades) = TOTAL: \$1,843,652.05
- \$130,977 Deposit Received
- Completed Final Design Stage

11 LOT 14 - HENRI MODEL

- \$1,458,116
- \$68,163 Deposit Received
- Currently in Final Design Stage

12 LOT 17 - LOUIS MODEL

- \$1,387,858
- \$36,821.60 Deposit Received
- Completed Final Design Stage

13 LOT 18 - HENRI MODEL

- \$997,214
- \$30,942.80 Deposit Received
- Currently in Final Design Stage

Total Under Contract: \$17,681,420.71

Total Deposits Received: \$707,864.27

Lots Left: 8

Soleil At Bowie continues to prove itself to be a home run project, beating all expectations despite current market conditions. Once our utility permits are approved, we will complete site development within a relatively short period of time and begin to go vertical with all under contract homes. More updates to follow in the next report.

***More Photos available upon request**

ATHENS ANNAPOLIS

At Athens Annapolis, our site development phase has been ready for vertical construction for a few months now as we sped through construction once we broke ground mid-last year. Our building permits have gone through multiple reviews by the City Of Annapolis who continue to delay our progress. Despite this, we are currently in our final review having addressed all changes we've been asked to make by the reviewers and expect a full approval for our townhomes anytime from now.

From a vertical construction perspective, the crews are prepped, bids signed off on and we are eagerly awaiting our building permits so we can commence. The construction plan is to go vertical on each townhome block (6 blocks total, 31 townhomes), staggered with 1 month intervals between each townhome block and complete construction of the townhomes before commencing construction on the single family homes.

At Annapolis, we currently have 8 townhomes under contract out of 31 and we anticipate being able to sell out on the townhomes as we progress through vertical construction. More information on a timeline will be provided in the next report.

***More photos available upon request**



CONCLUSIONS

I am pleased to report that our collective portfolio is outperforming our initial projections, despite the unavoidable construction delays on our real estate development projects. It's heartening to note that our comprehensive investment strategy is currently surpassing forecasted outcomes across the board, even amidst a slower pace in execution. We are still poised to generate impressive Internal Rate of Returns (IRRs) for all investors, relative to other investment opportunities available in the same timeframe.

The real estate development sector remains a profitable venture within the broader real estate market, often yielding more fruitful outcomes compared to investing in existing assets such as multifamily housing or office spaces. It's common to encounter occasional delays in this sector, especially given the recent pandemic that has affected time-sensitive aspects such as permitting and material sourcing. Despite these challenges, our projects remain resilient, continuing to deliver as we steadfastly carry out our plans to advance both our fund and your investment prospects.

Here at The Million Marathon Fund, we take great pride in managing the complex elements of these investments, enabling you, our investors, to enjoy the fruits of our dedicated and expert execution. Our mission is to produce top-tier returns unrivaled by other investment alternatives. As many of our loyal investors transition into Fund 2023, you'll experience the benefits of diversification throughout our vast portfolio of investments and developments, receiving distributions consistently on a monthly basis.

As the founder of The Million Marathon Fund, I, Nelson Epega, am deeply grateful to those who have invested in my vision and placed their faith in our operation. Your enduring support and trust inspire our team to continue striving for excellence. Our commitment is to honor that trust and make you all proud.

Thank you for being part of our journey,

Sincerely

Nelson Epega

CEO

The Million Marathon Fund





 **THE
MILLION
MARATHON
FUND**