

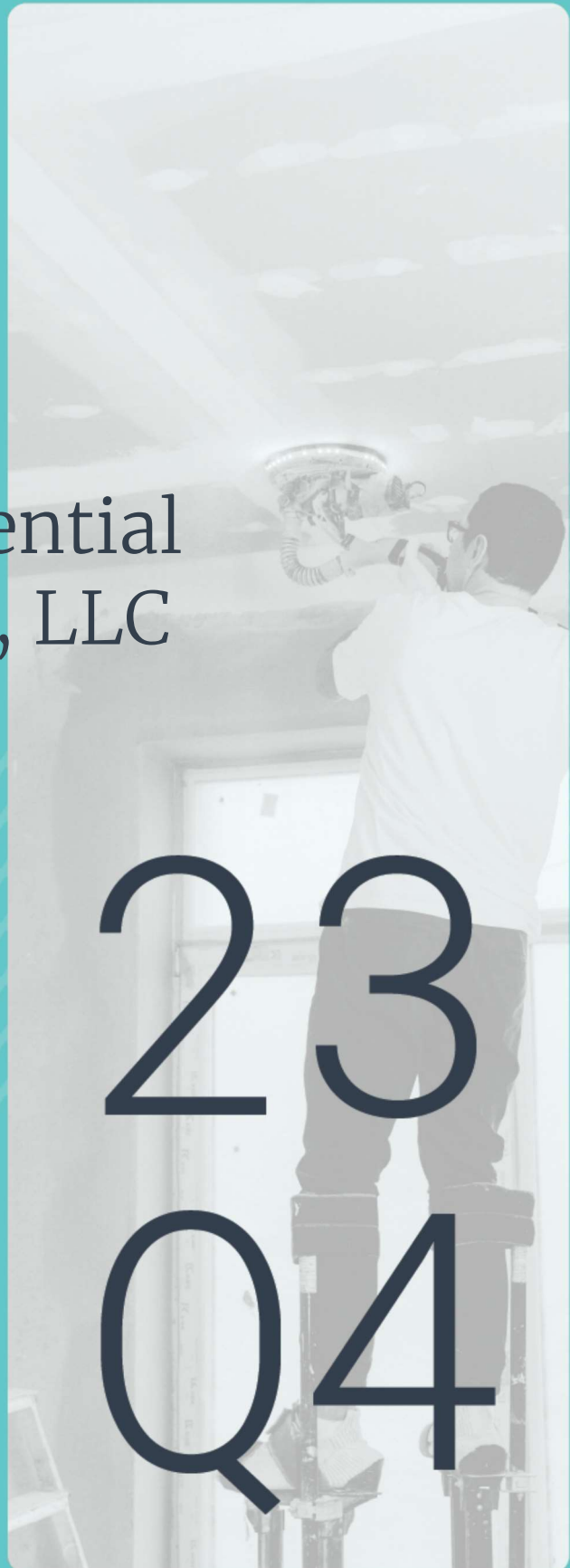


QUARTERLY INVESTOR REPORT

Horizon Residential Income Fund I, LLC

October 1, 2023 –
December 31, 2023

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QUARTERLY INVESTOR REPORT

Introduction

In April 2023, Upright unveiled its latest investment offering: the Horizon Residential Income Fund I, LLC, referred to henceforth as HRIF or simply the “Fund.” HRIF was conceived to offer passive investors an additional income source while addressing the extreme shortage of residential real estate within the U.S., providing a unique opportunity for accredited investors to enter the Residential Transition Loans (RTL) asset class. Through the Fund, we are now able to offer accredited investors the enhanced benefits of maximum diversification, leverage, and distinctive tax advantages. The primary objectives of HRIF are to diversify portfolios and generate steady income streams for its members. Throughout 2023, HRIF’s Fund Managers and Investment Committee evaluated more than 275 properties across the eastern U.S. to identify optimal opportunities for portfolio growth.

Today, the HRIF team is delighted to present the Quarterly Investor Report for 23Q4. This report provides members with a comprehensive overview of HRIF’s investment strategy, the composition of its portfolio, financial performance, and an outlook for the end of the year.

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COMPANY OVERVIEW

About Upright

Established in 2014, Upright embarked on a mission to establish itself as the preeminent technological real estate investment platform, empowering both active and passive investors to create wealth and improve communities through real estate. The Upright team has since successfully originated more than \$2.9B in short-term residential mortgages throughout 36 states. Distinguished by a rigorous underwriting process that is continuously refined to adapt to changing economic and market conditions, Upright's portfolio has historically provided investors with a 9%–10% annual return.

Since its inception, Upright has successfully connected active real estate developers to capital from passive investors. Prior to the advent of Upright, developers often encountered formidable obstacles in accessing funding for short-term rehab & construction projects beyond the confines of conventional bank financing and private funding channels. Through Upright's Borrower Dependent Notes (BDNs), passive real estate investors have been able to purchase fractional ownership of the mortgages originated by Upright. While BDNs afford passive investors the latitude to scrutinize and evaluate individual underlying assets across diverse markets, the onus of conducting this meticulous analysis one project at a time and redeploying repaid capital is not always optimal for these stakeholders. Seeking to address these drawbacks, Upright introduced the Horizon Residential Income Fund, thereby granting investors access to a diversified portfolio with markedly less effort. With a wealth of industry acumen, the HRIF team ensures investors can rest assured in the knowledge that their capital is being deployed into assets facilitated, underwritten, and serviced by the Upright team.

Lending in more than 35 states



HIGH-LEVEL DETAILS

About HRIF

What is the Horizon Residential Income Fund I, LLC?

The Horizon Residential Income Fund I, LLC (HRIF) is an investment vehicle specializing in short-term, first-lien mortgage loans against residential properties throughout the eastern U.S., underwritten and originated exclusively by Upright. HRIF is meticulously crafted to furnish its members with a trifecta of advantages: an ongoing stream of current income at a fair risk-adjusted return amplified through leverage, a diversified portfolio, and the substantial tax advantages made available through its sub-REIT structure. By embracing an investment opportunity in HRIF, individuals are poised to gain passive exposure to residential real estate assets dispersed across diverse geographical landscapes and markets. In doing so, HRIF contributes to alleviating the housing scarcity prevalent in the United States while also uplifting local communities.

Horizon Residential Income Fund I Investment Strategy

Through the purchase of short-term residential bridge mortgages, HRIF is pursuing an 8% preferred return per annum, with a target return between 10%–13%. The Fund is subject to a 1% management fee of HRIF's monthly net asset value. Any earnings surpassing the 8% preferred return threshold will result in a 20% interest carry for the manager, with the remaining 80% directed back to the HRIF membership. While these management fees ensure incentives remain aligned, it is important to note that a waiver or reduction of accrued management fees and carry can be considered quarterly.

While committed to maximizing returns, the HRIF team will prioritize adherence to stringent investment directives designed to manage and alleviate portfolio risk. The composition of HRIF's portfolio will consist of a blended balance of first-lien rehab, new construction, and land mortgages that can vary between residential single-family and multi-family assets. The mortgages purchased will be predominantly located in the eastern United States, with a pronounced emphasis on key metropolitan areas within the Midwest, the Carolinas, the Southeast (Florida, Georgia, Alabama), and Texas. HRIF's leadership has identified a need for an increased and improved housing supply to keep up with demand within these markets, mainly due to total household

growth outpacing new housing starts, an aging housing stock, economic expansion, and population growth.

HRIF will also target mortgages structured with a Dutch interest component, as opposed to Non-Dutch. Dutch interest loans enable HRIF to accrue interest on the gross loan amount from the outset, regardless of whether the total principal balance has been fully disbursed to the developer.

In pursuit of heightened returns and diversified portfolio holdings, HRIF will employ conventional leveraged financing. This approach grants HRIF the capacity to secure purchasing power of up to four times the cumulative equity amassed. The mortgages purchased through equity investments will subsequently serve as collateral, against which HRIF can secure supplementary debt from its financing partner(s). This is vital to HRIF's overall performance as it will allow for more loans to be purchased, increasing the overall principal balance that is actively earning interest, thereby elevating HRIF's overall returns and increasing portfolio diversification.

ROI OVERVIEW

Financial Performance

Since its inception, HRIF's objective has been twofold: to introduce a novel product that not only amplifies portfolio diversification for its members but also generates a new avenue for wealth via quarterly income from an alternative asset class. For HRIF's members, the Fund aspired to attain an annualized preferred return of 8%, while targeting annualized returns ranging between 10%–13%.

An inherent challenge encountered by all nascent funds involves striking a balance between the prudent deployment of capital to generate income and the immediate onset of monthly expenditures. While this was an initial challenge during the Fund's ramp-up period in its first quarter, the Fund experienced steady economies of scale throughout Q3 and Q4 to better offset monthly expenses.

Comparing 23Q3 to 23Q4, HRIF was able to grow its total quarterly income from \$470K to \$798K, an increase of ~70%. While part of the increase can be attributed to interest earned on new loans purchased throughout 23Q4, the interest-accruing principal balance on Non-Dutch loans originally purchased in 23Q2 and 23Q3 significantly increased as well, further contributing to interest income. As these loans progressed through construction in 23Q4, HRIF disbursed additional capital to developers, accounting for a \$6.77MM increase in the total principal accruing balance for the Fund. The increase in the accruing balance for Non-Dutch loans will also continue to increase in future quarters as these projects progress through construction and additional capital from the Fund is committed to developers.

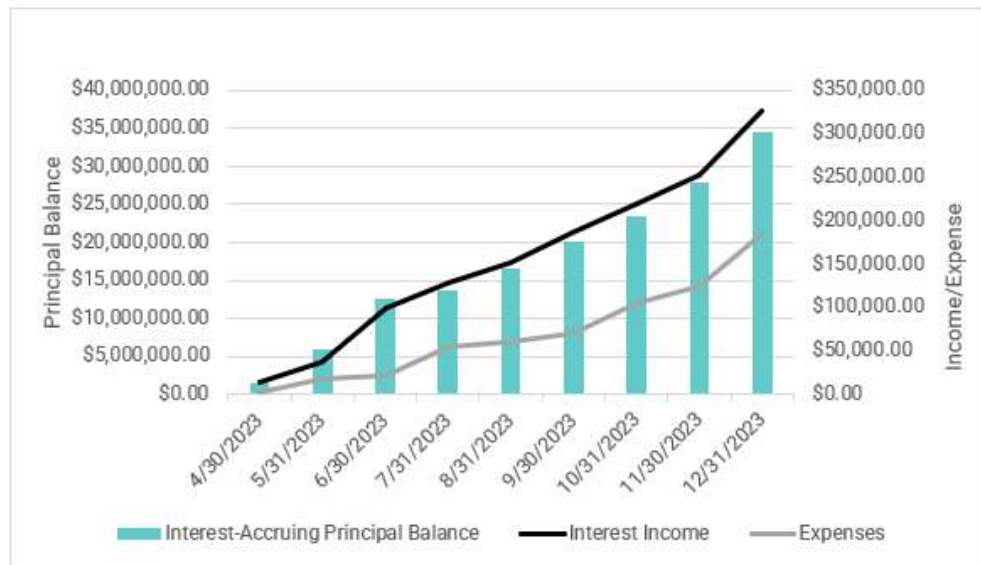
Additionally, HRIF was able to achieve an increase in total revenue due to a slight increase in ancillary fees collected throughout 23Q4. In 23Q4, the Fund earned \$2,700 in Marginal Penalty Interest, \$805 in Late Fees, and \$480 in Term Extension Fees. We expect to see a marked increase in these revenue sources as the Fund's portfolio continues to mature.

The Fund's total expenses grew from \$162K at the end of 23Q3 to \$376K by 23Q4's end. The largest monthly expense continues to be interest owed on leveraged capital drawn from the Fund's partnering credit facility. In 23Q4, the Fund paid \$288K in Interest expense, which accounted for 77% of total expenses. While this will continue to be the Fund's largest expense moving forward, having the ability to draw additional leveraged funds is a vital tool to ensure an overall increase in returns and diversification. With our recent commitment to increasing the Fund's leveraged capital,

the Fund Managers were also able to successfully negotiate a reduction in financing costs with our senior financing partner. Beginning in March 2024, our financing costs will be reduced by 50 bps. This reduction is expected to increase the spread between the Fund’s assets and the cost of this levered capital from ~2.1% to ~2.6%.

The table below presents a comparison of the Fund’s interest-accruing principal balance, interest income, and total expenses. It is evident from the data that there is a notable upward trend in interest income corresponding to the growth of the Fund’s interest-accruing principal. Conversely, the Fund’s total expenses have increased due to rising total interest expense on leveraged capital and the inclusion of federal and state tax preparation costs. Despite these increased expenses, the Fund managed to achieve an annualized return exceeding 10% for the fourth quarter of 2023.

HRIF Interest Accruing Balance vs. Interest Income & Expense



The Fund Manager also retained its 1% management fee for the quarter. The management fee is calculated at a fixed annualized 1% of the Fund’s net asset value, and the total management fee retained for 23Q4 was \$37K.

After all expenses and management fees, net income for 23Q4 totaled \$385K. Needing to earn \$291K in quarterly income to reach an 8% preferred return, the Fund was able to exceed this by approximately \$94K. As stated earlier, if a quarterly preferred return of 8% is met, the Fund Manager then has the discretion to retain an interest carry fee equal to 20% of any additional income above the preferred return. The Fund Manager decided to retain the full 20% interest carry fee, which totaled \$19K for the quarter.

With that said, HRIF management did decide to pay 20% of the total tax preparation cost, offsetting its impact on the quarterly returns of individual investors.

The final income available for distribution to investors in 23Q4 totaled \$366K. Please find full details surrounding HRIF's final net income and quarterly returns below.

1. HRIF 23Q4 Financial Performance

Horizon Residential Income Fund I REIT				
Profit & Loss				
For Period Ended December 31st, 2023				
	10/31/2023	11/30/2023	12/31/2023	23Q4
Ordinary Income/Expense				
Income				
Interest Income - Mortgages	216,793	247,097	325,182	789,072
Penalty Interest	-	2,701	-	2,701
Late Fees	199	314	293	805
Extension Fees	480	-	-	480
Other				
Insured Cash Sweep	2,264	1,672	692	4,629
Total Interest Income	219,736	251,783	326,167	797,686
Interest Expense	66,598.66	83,910.24	137,788.96	288,298
Net Interest Income	153,138	167,873	188,378	509,388
Operating Expense				
Professional Fees				
Tax Prep	11,467	11,467	11,467	34,400
Legal Fees	-	-	-	-
Fund Admin Fees	8,667	8,667	8,667	26,000
Other Professional Fees	2,761	2,638	3,417	8,816
Total Professional Fees	22,894	22,771	23,551	69,216
Loan Servicing	1,205	1,135	3,850	6,190
Loan Fees	2,807	3,953	5,746	12,505
Total Operating Expenses	26,906.21	27,858.62	33,146.06	87,911
Management Fee	11,468.33	12,361.47	12,827.85	36,658
Net Income	114,763	127,653	142,404	384,820
Total Income Available for Distribution				
Preferred Return to Investors (8%)	91,747	98,127	101,007	290,880
Income Available Above Preferred Return	23,016	29,526	41,397	93,940
Carried Interest Fee to Fund Manager	4,603	5,905	8,279	18,788
Additional Income for Distribution to Investors	18,413	23,621	33,118	75,152
Total Income Distributed to Investors	110,160	121,748	134,124	366,032

2. HRIF 23Q4 Monthly & Quarterly Returns

Horizon Residential Income Fund I REIT	10/31/2023	11/30/2023	12/31/2023	23Q4
Period Return	0.83%	0.86%	0.93%	2.51%
April 1st - October 1st Admittance: Quarterly Annualized Return				10.06%
November 1st Admittance: Quarterly Annualized Return				10.21%
December 1st Admittance: Quarterly Annualized Return				10.48%

*Please note that the above results are HRIF's ACTUAL figures used to calculate each member's monthly and quarterly returns.

METRICS AND DEEP DIVE INTO OUR PROCESS

Portfolio Composition & Risk Management

When looking at portfolio composition and risk management for HRIF, the main portfolio metrics the HRIF team considers are:

1. Geographic Location

- State and MSA (by gross loan and outstanding principal)

2. Weighted Average Leverage Metrics

- Loan to As-Is Value (LTAIV)
- Loan to Cost (LTC)
- Loan to After Repair Value (LTARV)

3. Project Type

- Rehab
- New Construction
- No Rehab/No Construction

4. Individual Deal Exposure Relative to Total Book Size

5. Individual Developer Exposure Relative to Total Book Size

6. Developer Creditworthiness

- Credit score & history
- Current liquidity
- Previous project experience
- Project viability, profitability, and exit strategy

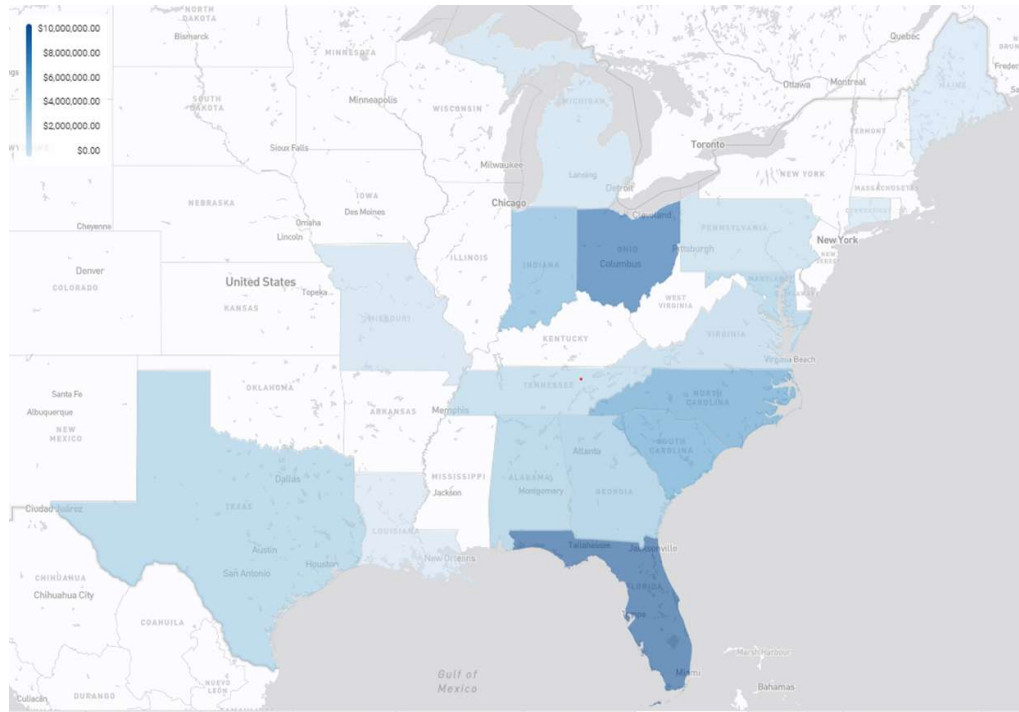
We underwrite and monitor these different metrics to ensure we are maintaining a balanced portfolio that aligns with our overall investment strategies. To help mitigate risk to the Fund as new loans are purchased and previously held assets are repaid, the team is constantly evaluating changes to our weighted portfolio metrics to ensure that our portfolio composition remains aligned with set benchmarks.

First looking at the portfolio's geographic concentration, HRIF has a set max exposure to any one state at 20%. Additionally, HRIF looks to keep any given MSA to a concentration below 8%.

At the end of October, HRIF's top three geographic regions were Florida (19.14%), Ohio (17.08%), and South Carolina (12.68%). With Florida's concentration being near the Fund's 20% limit, emphasis was placed on purchasing loans outside of this market throughout November. At the end of November, HRIF's top geographic location remained in Florida (17.15%), with Ohio holding the second largest allocation (15.49%), and North Carolina shifting to the third (11.31%). Below you will find visuals to display HRIF's final state concentration by gross loan amount at the end of 23Q4.

As seasons change and markets adjust, we will continue to closely monitor our shifts in geographic concentrations to ensure the portfolio remains appropriately positioned.

HRIF State Exposure – % of Total Portfolio as of 12/31/2023



<i>Florida</i>	<i>18.20%</i>	<i>Alabama</i>	<i>5.38%</i>
<i>Ohio</i>	<i>16.17%</i>	<i>Maryland</i>	<i>5.12%</i>
<i>North Carolina</i>	<i>10.65%</i>	<i>Texas</i>	<i>5.07%</i>
<i>South Carolina</i>	<i>10.23%</i>	<i>Tennessee</i>	<i>3.70%</i>
<i>Indiana</i>	<i>8.27%</i>	<i>Other</i>	<i>11.27%</i>
<i>Georgia</i>	<i>5.94%</i>		

HRIF's loan leverage metrics are also a vital piece to the portfolio's overall health. These leverage ratios are what protect each loan against any potential downside risk. Below is a quick breakdown of the importance of each:

1. Loan to As-Is Value (LTAIV): LTAIV looks at HRIF's day-one exposure to any given loan and ensures each developer has substantial equity in each property from day one. We have set a maximum LTAIV constraint per loan of 70%, and are targeting a portfolio below 65% LTAIV.

2. Loan to Cost (LTC): LTC looks at the total costs of the project (Purchase price + construction costs) relative to the total loan amount. HRIF wants to see that the total costs of the project exceed the total loan amount by at least 10% to ensure the developer has equity in the project and aligned interests. We have set a maximum LTC constraint for any loan within the portfolio at 90%, while targeting a weighted portfolio makeup below 85%.

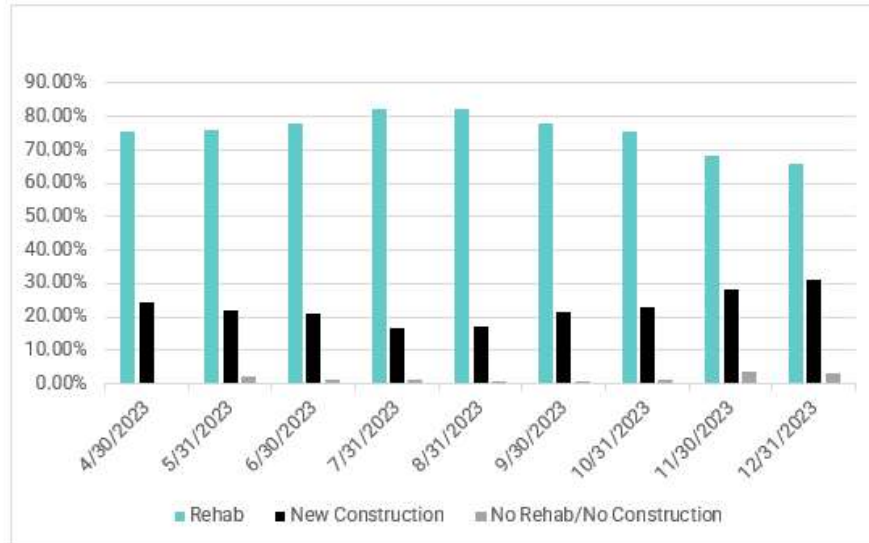
3. Loan to After Repair Value (LTARV): LTARV compares the total loan amount to the final expected value of the property after all renovations have been completed. If a developer sells a completed property below market value, or if there is any home price depreciation during the time to complete the project, HRIF wants to ensure there is enough margin at a lower price to still return full principal from sale or refinance proceeds. The HRIF team has set a 70% maximum LTARV constraint for each loan and for the entire portfolio.

In the below table, HRIF's month-over-month changes in WAVG loan leverage metrics are presented. Throughout 23Q4, all three portfolio metrics remained at or below their target mark.

Weighted Average Loan Leverage Metrics	9/30/2023	10/31/2023	11/30/2023	12/31/2023
Loan to As-Is Value	66.61%	64.33%	62.93%	63.31%
Loan to Cost	82.22%	82.13%	82.44%	82.40%
Loan to After Repair Value	63.62%	63.48%	63.60%	63.87%

Additional HRIF Portfolio Composition

Project Type – % of Total Book (12/31/2023)



Largest 10 Loans – % of Total Book (12/31/2023)

State	Total Loan Amount	% of Total Book
TN	\$1,647,000.00	3.70%
SC	\$923,000.00	2.07%
TX	\$910,000.00	2.04%
VA	\$875,000.00	1.96%
SC	\$799,000.00	1.79%
FL	\$682,000.00	1.53%
FL	\$656,000.00	1.47%
AL	\$633,000.00	1.42%
FL	\$621,000.00	1.39%
OH	\$575,000.00	1.29%

Top 10 Developers – % of Total Book (12/31/2023)

Developer	Sum of Total Loan Amount	% of Total Book
1	\$1,963,000.00	4.41%
2	\$1,647,000.00	3.70%
3	\$1,443,000.00	3.24%
4	\$1,375,000.00	3.09%
5	\$1,200,000.00	2.69%
6	\$1,105,000.00	2.48%
7	\$923,000.00	2.07%
8	\$875,000.00	1.96%
9	\$846,000.00	1.90%
10	\$799,000.00	1.79%

HORIZON RESIDENTIAL INCOME FUND I, LLC

Schedule of Investments

After a successful capital raise through the second and third quarters of 2023, HRIF began 23Q4 by raising an additional \$1.48MM of new equity in October. As in 23Q2 & 23Q3, the team worked to analyze and purchase new loans quickly at the start of 23Q4 to minimize cash drag caused by unused equity. Within the first week of October, HRIF purchased an additional 14 loans for \$4.47MM. The HRIF team was immediately able to pledge these new assets to its credit facility, which increased the Fund's overall buying power after October's equity was fully deployed. To end October, HRIF purchased an additional nine loans, bringing October's total to 23 loans purchased for \$6.37MM.

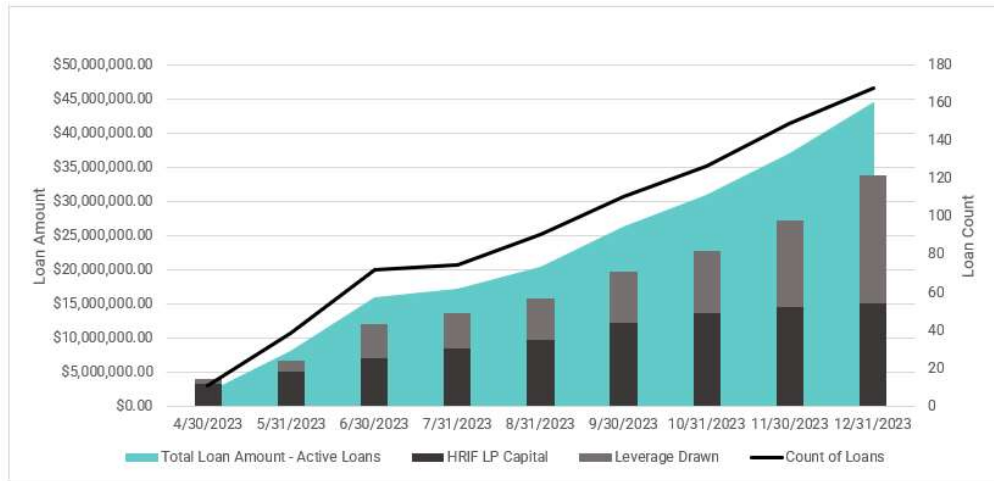
In November 2023, HRIF received new equity investments totaling \$957K and took on additional leverage from its credit facility, bringing its total leveraged capital to \$12.54MM. With the influx of cash from November's equity investments along with additional leveraged capital, HRIF purchased 34 new loans for \$8.29MM. The Fund held 149 loans for \$37.04MM at the end of November. Similar to previous months, these mortgages were predominantly located in Ohio, Florida, North Carolina, Indiana, and South Carolina, with ~80% of the portfolio being single-family assets, ~8% being two-family assets, and the remainder being three or more units.

For the final month of the quarter, HRIF received an additional \$432K in equity investments, bringing the Fund's total equity to \$15.15MM, with its leveraged capital increasing to \$18.66MM to close 23Q4. In December, HRIF purchased 32 additional mortgages totaling \$9.39MM. This brought the active portfolio at the end of 23Q4 to 168 active mortgages for a total loan amount of \$44.53M. In December, HRIF also purchased two of its largest three loans to date. The first was a single-family fix-and-flip project in Dallas, TX for \$910,000, with the second loan being a new construction build of a two-unit Townhome complex in Nashville, TN for \$1,647,000. Both HRIF's Fund Managers and Investment Committee felt that these loans presented the Fund with great opportunities to diversify further in the Texas and Tennessee markets while working with high-end operators in their respective communities.

A further breakdown of HRIF's 23Q4 investment schedule can be found below.

HRIF Monthly Equity Admittance & Capital Deployment

	9/30/2023	10/31/2023	11/30/2023	12/31/2023
Fund Equity	\$12,278,000.00	\$13,762,000.00	\$14,719,000.00	\$15,151,000.00
Active Loans	111	127	149	168
Total Loan Amount	\$26,317,000.00	\$30,888,000.00	\$37,042,000.00	\$44,534,000.00
Funds Disbursed	\$19,154,266.95	\$22,474,965.39	\$26,751,934.45	\$33,401,011.10
Construction Holdback Remaining	\$7,162,733.05	\$8,413,034.61	\$10,290,065.55	\$11,132,988.90
Loans Repaid In Period	6	8	11	13
Total Loan Amount Repaid in Period	\$1,462,000.00	\$2,114,000.00	\$1,822,000.00	\$1,893,000.00





HORIZON RESIDENTIAL INCOME FUND I, LLC

Loan Performance & Delinquencies

Delinquency management is a primary focus at Upright, beginning with our thorough underwriting practices and bolstered by our Servicing and Asset Management teams employing industry-leading strategies for effective recovery. These encompass relationship-based borrower management, timely issuance of Notice-of-Default, and evaluation by our loss mitigation team after 61 days of delinquency. Understanding delinquency rates is vital due to the short-term nature of our asset class; while performing loans are typically repaid within 10 months on average, delinquent loans may necessitate a longer resolution period.

To date, the Horizon Residential Income Fund has maintained a delinquency rate below 1.30%. At the end of October, the Fund had only two delinquent loans, both held with the same developer. Proactive efforts by our Servicing and Asset Management teams aimed to resolve these delinquencies before they exceeded 60 days. At the time, construction on both properties had reached 100% completion, and upon reevaluation, our team affirmed that each property's value remained consistent with the original After-Repair Value established during underwriting.

As the developer's November payments came due, our team closely monitored their status. When the payments were not received by November 2nd, our Asset Management team promptly filed Notices of Default to intensify pressure on the developer to settle their overdue payments. The developer willingly acknowledged each Notice of Default and successfully repaid each loan in full via sale on November 6th and 16th, effectively reducing the Fund's overall delinquency rate to 0% by mid-November.

In December, three new loans entered the 31-60 delinquency bucket, and we are taking similar proactive measures to expedite their resolution. At the quarter's end, zero loans were more than 60 days overdue on their monthly payments.

Below is the chart displaying the Fund's delinquency rates month over month for the fourth quarter of 2023 (23Q4). The chart presents both the total count and the percentage of the active book based on the Unpaid Principal Balance of delinquent loans. This transparency in reporting aligns with the Mortgage Bankers Association's



(MBA) standard outlined in its National Delinquency Survey (NDS), which focuses on loan count. It's important to note that while the MBA considers delinquency for loans that are 60+ days late on payments, we provide the count of delinquent loans starting from 31+ days to maintain transparency.

Delinquency Bucket	10/31/2023		11/30/2023		12/31/2023	
	Loan Count	% of Total Book	Loan Count	% of Total Book	Loan Count	% of Total Book
Current	125	98.75%	149	100.00%	165	98.88%
31-60	2	1.25%	0	0.00%	3	1.12%
61-90	0	0.00%	0	0.00%	0	0.00%
91+	0	0.00%	0	0.00%	0	0.00%
Foreclosure	0	0.00%	0	0.00%	0	0.00%
REO	0	0.00%	0	0.00%	0	0.00%

SUCCESS STORIES

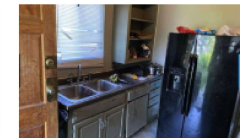
1179 Atcheson St.

Columbus, OH 43203

- New Exterior Siding, Landscaping & Fencing
- Updated LVP flooring
- Interior and exterior doors & paint
- New Kitchen Cabinetry
- Bathroom Renovation

Project origination: 06/09/2023

Project finished: 11/6/2023



Before acquiring any new mortgage into HRIF, our team rigorously conducts due diligence to ensure each project aligns with the Fund's objectives. We meticulously evaluate the developer's track record, emphasizing their experience in completing and exiting similar projects successfully. Additionally, we assess their creditworthiness and financial reserves to mitigate potential default risks. Through independent appraisers' analyses, we scrutinize leverage metrics and confirm the As-is (AIV) and After-Repair Values (ARV) are justified by recent comparable sales in the vicinity of the property. Lastly, we ensure that satisfactory projects are a good fit for our portfolio composition.

In June 2023, HRIF's Fund Managers and Investment Committee reviewed a prospective fix-and-flip opportunity located at 1179 Atcheson St, Columbus, OH 43203, in the historic King-Lincoln neighborhood, just east of downtown Columbus. This loan, originated by Upright and subsequently acquired by HRIF, facilitated the purchase and light rehabilitation of the property. The developer, a seasoned borrower with prior successful projects, purchased the property below market value for \$119,000, with an appraised as-is market valuation of \$130,000. Upright disbursed \$105,910 at closing, reserving \$47,090 for interest and construction expenses. The loan was structured with an 80.53% loan-to-cost ratio and a 69.86% loan-to-after-repair value ratio, ensuring a substantial equity cushion. The original after-repair valuation stood at \$219,000, indicating sufficient equity padding in case of depreciating market values. The developer also documented \$115,000 in liquid assets at the time of underwriting, further bolstering their financial stability and ability to navigate challenges.



The Horizon Fund purchased this loan from Upright the week after its initial closing. As construction progressed, HRIF diligently monitored the project's milestones through third-party inspections, disbursing commensurate construction holdback funds. By early August, the loan remained current on payments. Further, five draws were disbursed, with the final draw reimbursing the developer for the home's remaining finishes. At that point, the developer immediately listed the property at \$249,900 while subsequently ceasing to make payments. Come September, our Servicing team discussed the challenges the developer was facing and remained informed on their efforts to sell the home; they also ensured the developer was aware of the consequences that could result from pursuing the first lien position and personal guarantee that all loans hold. After reducing the list price six times, the property was sold five months post-origination and three months after project completion for \$190,000. Though below our anticipated sale price, the developer's commitment to fulfilling their obligation and the property's equity cushion ensured timely repayment, exemplifying our prudent loan structuring with approximately 30%+ equity.

Despite facing cash flow challenges and market value fluctuations, the developer completed construction swiftly, repaying the loan in full by November. This dynamic situation and ultimately successful endeavor underscores HRIF's commitment to mitigating risk while partnering with reputable operators to enhance communities and generate wealth sustainably. As HRIF continues to expand, we remain steadfast in seeking similar opportunities to create a positive impact and deliver superior returns.

HORIZON RESIDENTIAL INCOME FUND I, LLC

Key Highlights & Achievements

Below are major highlights that took place during the fourth quarter of HRIF's operations:

- The Fund successfully raised an additional \$2.87MM of new equity from investors.
- The Fund increased its amount of leveraged capital by \$11.21MM
- Throughout the quarter, HRIF purchased 89 new mortgages totaling \$24.05MM in gross loan amount.
- HRIF disbursed 235 construction draws to developers for home improvements, increasing the outstanding principal by \$6.77MM.
- In 23Q4, HRIF had 32 additional repaid loans, amounting to \$5.83MM in principal
- To date, the Fund has been able to maintain a delinquency rate below 1.30% of the total active book and entered 2024 with zero loans 60+ days delinquent

OTHER RELEVANT INFORMATION

What's New?

HRIF proudly announces the addition of Doug Dvorak to its esteemed Investment Committee, succeeding Linda Yeh as its third member alongside Matt Rodak (CEO) and Alex Goodwin (CFO). With this appointment, the Committee now consists of three members, requiring majority agreement for all investment decisions.

Doug Dvorak brings a wealth of relevant expertise to the table as Vice President of Upright and FTF Capital Management, where he spearheads Capital Markets & Investor Relations. Boasting a twelve-year tenure throughout the mortgage industry, Doug has demonstrated prowess in loan servicing, including leadership roles in loss mitigation and property preservation, as well as loan origination as both a loan officer and independent mortgage broker. Notably, he independently originated over \$1 billion in residential mortgages over seven years, garnering national recognition for his outstanding origination volume.

Doug holds a BBA in Finance & International Business from Loyola University Chicago and is currently pursuing a Master of Urban Planning and Development at Cleveland State University. Since joining Upright, Doug has been instrumental in establishing our long-term refinance product, cultivating relationships with institutional investors, and prioritizing the experience of our retail investors. His extensive background and commitment to enhancing the retail investor experience will undoubtedly bolster the oversight of HRIF's portfolio and inform our strategic decision-making processes.

HORIZON RESIDENTIAL INCOME FUND I, LLC

HRIF Outlook

Looking forward to 24Q1, the Fund will continue to execute its investment strategy of purchasing short-term residential RTL mortgages underpinned by a steadfast commitment to preserving a portfolio that aligns with designated risk mitigation benchmarks. At the end of 23Q4, HRIF's portfolio concentration was still predominantly centered on the Ohio Valley region, the Carolinas, and the Southeast. As Florida was the only state that was nearing the Fund's 20% state concentration cap, the portfolio remains well-positioned to start 2024 and will have ample opportunities to continue to purchase additional loans in the current states and markets of focus. HRIF's team will also look to remain bullish on new construction opportunities as we feel strongly that these projects are typically pursued by more experienced operators, pose reduced execution risk, and offer a fair risk-adjusted return. Given the 2023 year-end portfolio was only composed of ~30% new construction assets, a reasonable expectation would be to see a concentration shift of 4-8% towards this asset type. However, as the portfolio's new construction exposure grows, the team will judiciously ensure that HRIF remains insulated against an overabundance of nascent new construction projects. This measure is strategically undertaken to curtail HRIF's vulnerability to underdeveloped land, ensuring a measured and prudent approach to portfolio risk management.

Additionally, from 23Q3 to the end of 23Q4, the WAVG pass-through rate on loans purchased jumped 9 basis points (bps) from 11.31% to 11.40%. This jump can be attributed to HRIF securing the majority of its newly purchased loans in 23Q4 between 11.50%-11.75%. Fund management foresees a similar rate range in 24Q1, resulting in an additional 5 to 10 bps added to the current WAVG pass-through rate of the entire portfolio. The HRIF team also expects to continue to meet and exceed the stated Preferred return of 8% each month. As the loans within the portfolio continue to mature, we expect to see an increase in overall revenue through additional income sources, further amplifying returns. These income sources can include late fees, marginal penalty interest, and term extension fees.

Lastly in 23Q4, HRIF's team significantly increased the utilization rate on its credit facility by adding over \$11MM in debt to its overall capital stack. Moving forward to 24Q1, the team anticipates increasing its leveraged capital by another \$5-\$10MM to allow the Fund to amplify its overall buying power and further increase the portfolio's



diversification and returns. With a continued commitment to increasing the Fund's leveraged capital, our senior financing partner has also agreed to a 50 bps reduction to current financing costs. This reduction will allow the Fund to see a reduction in interest expense in 24Q1 and help provide another avenue to heightened returns.

Horizon Residential Income Fund I, LLC

Thank you for your continued trust and support in Horizon Residential Income Fund I, LLC. We welcome all questions & suggestions and look forward to a successful and rewarding journey together.

Sincerely,



Matthew Rodak
Chief Executive Officer

Contact Information:

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