

TPEG FREEDOM RE INVESTORS LLC INVESTMENT EXIT SUMMARY



TPEG Freedom RE Investors (“TPEG FRE”) is an investment entity that enabled Trinity Private Equity Group to support the expansion of its portfolio company, Freedom Powersports LLC, by buying a portfolio consisting of three real estate assets that were leased to Freedom. Below are highlights from the investment.



2018-2020: THREE CAPITAL RAISES FOR FREEDOM EXPANSION

Between 2018 and 2020, TPEG FRE raised and deployed \$3.910 million of equity capital to acquire the real estate of three dealership locations in McDonough, GA, Burleson, TX, and McKinney, TX. Trinity then managed the real estate operations at the McDonough dealership, oversaw the Burleson dealership’s expansion project, and monitored the construction of the McKinney dealership.

The lease agreements for each real estate asset were structured to not only generate strong current yield to TPEG FRE investors, but also to provide Freedom Powersports with the option to purchase each asset from TPEG FRE at predetermined purchase prices.



2020-2021: FREEDOM’S PROFITS SOAR; PURCHASE OPTIONS EXERCISED

As a result of the pandemic, Freedom’s business experienced record levels of growth and profitability during 2020 and 2021. Given this surplus of cash, Freedom’s management elected to exercise the purchase options in its lease agreements, and Freedom subsequently acquired all three assets from TPEG FRE between December 2020 and September 2021.

ROUND 1 IRR: 18.00% / CoC: 1.61x	TOTAL CASH FLOW Cash flow per \$100,000 Annual Cash Yield	3/1/2018 (\$1,620,000) (\$100,000)	YEAR 1 \$116,607 \$7,198 7.2%	YEAR 2 \$129,600 \$8,000 8.0%	YEAR 3 \$479,599 \$29,605 29.6%	YEAR 4 \$1,878,920 \$115,983 116.0%
	ROUND 2 IRR: 24.93% / CoC: 1.40x	TOTAL CASH FLOW Cash flow per \$100,000 Annual Cash Yield	9/27/2019 (\$590,000) (\$100,000)	YEAR 1 \$47,200 \$8,000 8.0%	YEAR 2 \$778,800 \$132,000 132.0%	
ROUND 3 IRR: 37.09% / CoC: 1.40x	TOTAL CASH FLOW Cash flow per \$100,000 Annual Cash Yield	4/2/2020 (\$1,700,000) (\$100,000)	YEAR 1 \$1,558,936 \$91,702 91.7%	YEAR 2 \$821,064 \$48,298 48.3%		

AGGREGATE RETURNS SUMMARY

22.32%
IRR

1.48x
Equity Multiple

43 MONTH
Investment Period

INVESTMENT SUMMARY

TPEG Freedom RE Investors (“TPEG FRE”) is an investment entity that enabled Trinity Private Equity Group (“TPEG”) to support the expansion of its portfolio company, Freedom Powersports LLC (“Freedom” or the “Company”), by buying a portfolio consisting of three real estate assets that were leased to Freedom.

Between 2018 and 2020, TPEG FRE raised and deployed \$3.910 million of equity capital to (1) acquire the real estate of a dealership in McDonough, GA, (2) acquire the real estate and expand the retail footprint of a dealership in Burleson, TX, and (3) acquire the land and fund the construction of a new dealership in McKinney, TX.

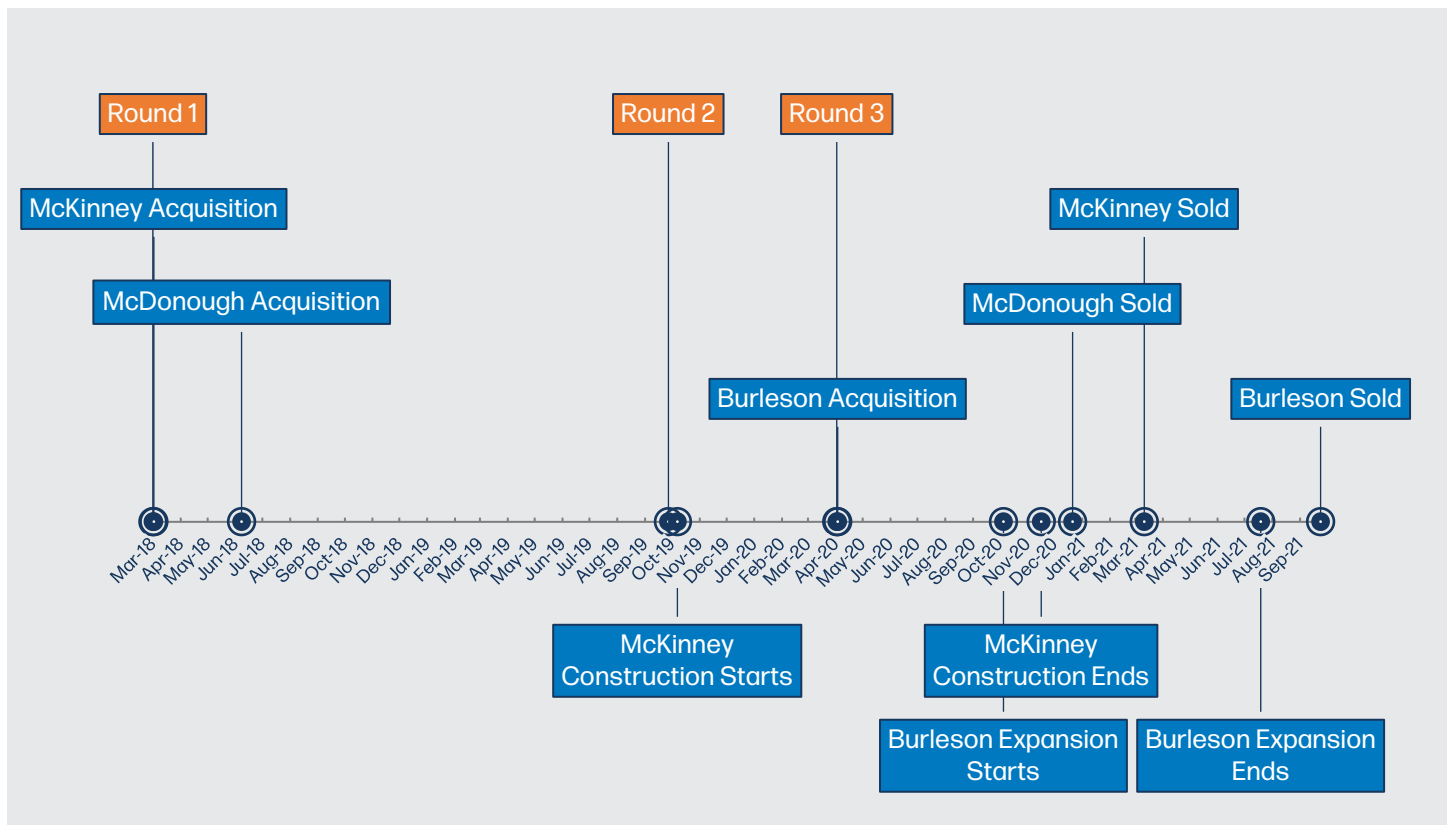
These three dealerships were leased to Freedom, and the lease agreements were structured to not only generate strong current yield to TPEG FRE investors, but also to provide Freedom with the option to purchase each real estate location from TPEG FRE at predetermined purchase prices.

The purchase prices were set to give TPEG FRE investors an internal rate of return (“IRR”) of 16% if the purchases were completed within three years of the date of the initial TPEG FRE investment, 18% through the end of the fourth year, 20% through the end of the fifth year, and 22% thereafter. In addition to these IRR targets, TPEG FRE also negotiated that the purchase prices of the assets in the portfolio would produce a minimum multiple on invested capital of 1.40x for TPEG FRE investors.

As a result of the pandemic, Freedom’s business experienced record levels of growth and profitability during 2020 and 2021. Given the Company’s surplus of cash, Freedom’s management elected to exercise the purchase options in its lease agreements, and the Company subsequently acquired all three assets from TPEG FRE between December 2020 and September 2021.

When Freedom acquired the first and second real estate assets from TPEG FRE (McDonough and McKinney), excess cash was distributed to each round of TPEG FRE investors such that all TPEG FRE investors had received identical IRR’s. When Freedom acquired the portfolio’s final real estate asset (Burleson), the final distribution to TPEG FRE investors resulted in all TPEG FRE investors receiving the greater of (1) an 18.00% IRR, or (2) a 1.40x multiple on invested capital.

The figure below summarizes TPEG FRE’s important milestones during the investment hold period.



RETURNS SUMMARY

The figures below detail the actual returns over the investment period for each round of the investment.

TPEG Freedom RE Investors: Round 1	3/1/2018	Year 1	Year 2	Year 3	Year 4
Total Cash Flow	(1,620,000)	116,607	129,600	479,599	1,878,920
Cash Flows Per \$100,000	(100,000)	7,198	8,000	29,605	115,983
<i>Annual Cash Yield</i>		7.2%	8.0%	29.6%	116.0%
Round 1 Investor IRR	18.00%				
Round 1 Investor Cash-on-Cash	1.61x				

TPEG Freedom RE Investors: Round 2	9/27/2019	Year 1	Year 2
Total Cash Flow	(590,000)	47,200	778,800
Cash Flows Per \$100,000	(100,000)	8,000	132,000
<i>Annual Cash Yield</i>		8.0%	132.0%
Round 2 Investor IRR	24.93%		
Round 2 Investor Cash-on-Cash	1.40x		

TPEG Freedom RE Investors: Round 3	4/2/2020	Year 1	Year 2
Total Cash Flow	(1,700,000)	1,558,936	821,064
Cash Flows Per \$100,000	(100,000)	91,702	48,298
<i>Annual Cash Yield</i>		91.7%	48.3%
Round 3 Investor IRR	37.09%		
Round 3 Investor Cash-on-Cash	1.40x		

The equity returns shown in the figures above illustrate the realized, pre-tax returns that equity investors received throughout the entire investment. **In aggregate, TPEG FRE investors realized an IRR of 22.32% and a cash-on-cash return of ~1.48x over a 43-month investment horizon.**

In summary, TPEG FRE investors were provided with a fair risk-adjusted return and an investment outcome that met underwriting projections based on the structure of the lease agreements. Additionally, TPEG FRE was able to provide Freedom with flexible capital designed to advance Company objectives, including:

- Acquiring new dealership businesses without needing a large upfront investment to also acquire the real estate
- Supporting Freedom's growth into the state of Georgia
- Enabling Freedom to relocate its dealership in Johnson County (from Cleburne to Bursleson)
- Enabling Freedom to relocate from a dealership in McKinney to a brand-new and substantially larger location

TPEG appreciates the continued confidence of investors and is pleased to deliver such strong investment returns to those that have supported us.

PORTFOLIO OVERVIEW



McKinney, Texas



Burleson, Texas



McDonough, Georgia