
From: jeffrey E. <jeevacation@gmail.com>
Sent: Saturday, February 17, 2018 1:53 AM
To: Paul Barrett
Subject: Re: Amazon business

lets talk

On Fri, Feb 16, 2018 at 8:11 PM, Paul Barrett <[REDACTED]> <mailto:[REDACTED]> > wrote:

Jeffrey

The Amazon lending business I invested in is looking to raise one year money at 12%. They are looking for \$3-4mm as part of this first debt raise

There is a 15% equity first loss tranche beneath the 12% Notes. Assuming you get 2 quarterly coupons you need a 1yr cumulative loss of 21% before you lose any principal which is highly unlikely given the underlying loan book. They are forecasting 5-6% cumulative annual losses. Given the amount of data we have from Amazon, their credit underwriting makes me comfortable with this estimate. Recall they are making 3-9 month loans in the 20%-25% range. Average size of around \$5K. Repayment of principal and interest (via ACH debit) begins after 1-3 months. So effective duration is very short.

We can discuss more if you like but at 12% I want you to have first loss.

For full disclosure I own 3% of the company and have money in the first loss equity tranche (along with Anthony and John).

Down the road as they develop a longer default history the equity tranche could be very interesting.

Let me know.

Paul

Paul Barrett

Alpha Group Capital LLC

12 W 57th Street, 11th Floor, New York, NY 10019

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