TRANSITIONAL FUNDING PARTNERS LP

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April 30, 2018

Dear Investor:

Transitional Funding Partners L.P. (the "Fund"), managed by its general partner TF Managers LLC, recorded a net of fees gain, including accrued interest, of 1.05% for the first quarter of 2018. The Net Asset Value of the Fund was approximately $22.0 million as of April 1, 2018.

Enclosed please find your Limited Partner Statement for the first quarter of 2018 issued by Alternative Strategy Advisers LLC ("ASA") in its capacity as administrator of the Fund. Limited Partners who have so requested should have received an electronic version of the enclosed statement via email. Any investor who did not receive either his/her statement electronically should contact ASA immediately to correct this problem.

The Lending Environment

Interestingly, the peak of the most recent wave of investor euphoria occurred around the time of our last letter to investors near the end of January. Since then, the S&P 500 and NDX have experienced roughly ten percent pullbacks and volatility (realized even more than implied) has increased 2-2.5x. While much of this has been ascribed to geopolitics, we would suggest it is more likely the beginning of a tightening cycle starting to bite with more pain likely to follow when assets get repriced to more reasonable expected rates of return as short rates approach 3%. The wildcards, of course, are how adept are monetary and fiscal policy makers at steering the ship between Scylla and Charybdis and how truly offsides are global markets in terms of imbalances and liquidity shortfalls. These liquidity concerns have developed over the past decade with incredibly easy money and now trillions of dollars in passive vehicles where investors have been lulled into believing they have instant liquidity when things start heading south. Given the current cast of characters and the lack of available policy tools, our expectations for deft policy management are low and the prospects for liquidity provision in distressed markets at the scale which may be required are untested. Honestly, we are hoping for some significant dislocations sooner rather than later, but, as always, one must be careful what one wishes for!

Q1 was extremely quiet as is often the case. The number of opportunities to review, both via origination channels and in the form of loans for sale, were down sharply. This indicates a lack of distress and/or abundance of cheap capital, which is exactly what we observe is the case. However, understanding the situation does not make it any less problematic as we seek to deploy the Fund's capital profitably. During the quarter, we bid on four loans, reviewed three potential loan originations and closed on one smaller loan at the end of the quarter. Jamie Dimon, CEO of JP Morgan Chase, just released his annual letter to shareholders in which he was quoted as stating, "I see growth opportunities all over, 'Even in Fixed Income.'" We are scratching our heads a bit as to what exactly he is seeing, though we also note that most of the ‘opportunities’ he identified were taking share from others rather than from a growing opportunity set. That sounds more like perhaps offering cheaper, easier capital in markets to try and buy share, which may represent nothing but an “opportunity” to lose money!

<u>Portfolio Composition</u>

As mentioned, we originated one new loan in the first quarter. Interestingly, two of our now five loans are in default. We have taken possession of one and have entered an on-demand forbearance agreement with the other. We have no concerns about recovering our capital plus a return but find the increase in default rates to be perhaps indicative of a peak in the credit cycle. The following were the loans in portfolio at the end of Q1 2018:

I) First lien on a residential property on Lake Minnetonka, MN. The loan was originated by TFP in June 2017.

Loan Balance: $2,560,000
Annual mortgage rate: 14% plus one point
Maturity: 06/22/2018
Payment: None. A twelve-month interest reserve is in escrow
Prepayment penalty: One-year interest required
Funds in escrow: $170,000
Status: Performing
Default rate: 24%
Additional credit support: PG of third party

II) First lien on 101 +/- acres and water rights in Peoa, UT. The loan was originated by TFP in May 2017.

Loan Balance: $400,000 remaining
Annual mortgage rate: 14% plus one point
Maturity: 05/31/2018
Payment: Monthly
Prepayment penalty: One-year interest required
Funds in escrow: $6,100
Status: Default. Forbearance until June.
Default rate: 24% (after forbearance period)

III) First lien on a 13-acre commercial property zoned for multi-family development in Houston, TX. The loan was originated by TFP in November 2017. We expect repayment to begin in Q2.

Loan Balance: $1,600,000
Mortgage rate: 15% flat ($240,000) + one point
Maturity: 08/17/2018 with 3% monthly interest on any remaining balances until 11/17/2018
Payment: Upon closing of townhome sales
Prepayment penalty: NA
Funds in escrow: $25,500
Status: Performing – All units presold
Default rate: 36%

IV) First lien on a 2.33-acre commercial property currently containing a bar and liquor store in Williston, ND. The parcel can be entitled for broader commercial development and lies directly across Highway 2 from the airport. The loan was originated by TFP in March 2018.

Loan Balance: $600,000
Mortgage rate: 15% flat + 2points prepaid interest
Maturity: 03/26/2019
Payment: Monthly
Prepayment penalty: NA – One-year interest due if prepaid
Funds in escrow: $23,559
Status: Performing
Default rate: 20%

V) US Government contract factoring – Current exposure: $150,000 primarily in default. Collection process ongoing.

VI) Real Estate Owned:
5.61-acre residential property containing a roughly 7,200 sq. ft. newly constructed main residence plus a guest house in Greenwich, CT. This loan was restructured twice before we took possession of the property in February 2018. We are completing the remaining punch list items and expect to be actively marketing the property for the Spring selling season after April 15. There is a friendly second lien behind our first, which complicates matters slightly.
Loan Balance: $2,300,000 (increased to complete project)
Maturity: Default
Status: REO

Individual Credit Review

I) The current owner of the property needed to refinance loans which had come due and which were in default. He was able to negotiate an attractive payoff with the previous lenders but needed cash relatively quickly to get the deal done. In addition to the collateral, we also have an unconditional guarantee from a second party who has considerable net worth. The property did not sell at an acceptable price in the Fall. The Borrower has the property back on the market and is also working on a refinance of our loan. We may be willing to offer an extension, though it will not include any increase in loan balance beyond what is owed at maturity.

II) This is a repeat borrower who paid off a loan on portions of this same property in 2016. The loan paid off one remaining lien on the property and provided the borrower with some needed operating cash. We received a partial payment in Q4 and now expect the Borrower won't do any significant additional development. Instead, he will likely repay the loan by selling parcels before the maturity date. The Borrower defaulted on monthly interest payments in March and is now accruing interest until he either sells the property (privately or at auction) by June or the Fund will take possession.

III) This is a repeat borrower with a healthy slug of equity behind our first mortgage. We know he can and will perform and don't anticipate any issues. We expect repayment via parcel sales to begin this quarter.

IV) We finally closed this loan at the end of the quarter after much longer negotiations than we had intended. The loan is to a repeat borrower who found himself in a short-term cash crunch. It is too early to gauge whether to anticipate any issues with this one. The Borrower has a lot of moving parts in his financial world. His level of financial distress is significantly impacted by other lenders on other projects, so we will have to wait and see how those negotiations play out.

V) This activity has been disappointing. We have begun to explore other ways of building this business internally. We are now in the process of collection on the final balances still outstanding (much of which is interest) with the partner we had been working with.

VI) After repeated restructurings and extensions, this borrower finally gave up the property via a deed-in-lieu type arrangement in February. We actually took over the site in late December and have been working to complete the interior and site work ever since. Poor New England weather and some negligence on the part of the borrower have hampered completion of the project, though we expect to be finished this month in time to sell it in the Spring sales season.

Supply Pipeline and Outlook

As we have often advised, the 'risk' of an investment in TFP is not substantial loss of capital in our view. We believe conservative underwriting and sound diligence mitigate much of this risk. The real 'risk' is in not being able to invest enough of the Fund's capital in loans that meet our expected return bogey. This scenario has certainly been the case over the last six months or so. Thus, it is clear the Fund's capital base is more than ample for the time being. We'll keep prudently trying to keep money at work, even in some liquid, lower risk/return investments, while we wait for better opportunities to emerge. Hopefully, the pipeline will increase in Spring-Summer as activity in real estate generally increases.

Thank you for your support of Transitional Funding Partners L.P. and Alternative Strategy Advisers LLC. Please feel free to call any of us here at ASA if you or others you know have questions about the Fund or would like to discuss current opportunities or our investment management services.

Sincerely,
/s/ Rob Albright
Managing Member
TF Managers LLC

Privacy Policy Notice

Under rules of the Securities and Exchange Commission or other regulatory bodies, financial institutions like Alternative Strategy Advisers LLC (ASA) and its affiliated entities[*] are required to provide privacy policy notices to their clients. We believe that protecting the privacy of your nonpublic personal information is of the utmost importance, and we are committed to maintaining the privacy of your nonpublic personal information in our possession. As required by the rules, we are providing you with the following information.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on managed account agreements or fund subscription documents and related forms (for example, name, address, Social Security number, birth date, assets, income, and investment experience); and

- Information about your transactions with us (for example, account activity and balances).

We do not disclose any nonpublic personal information about our customers or former customers to anyone other than in connection with the administration, processing and servicing of customer accounts or to our accountants, attorneys and auditors or as otherwise permitted or required by law.

We restrict access to nonpublic personal information about you to our personnel who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural controls in keeping with federal standards to safeguard your nonpublic personal information.

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[*]Affiliated entities include ASA Tax Advantaged Relative Value Fund L.P., ASA Tax Advantaged Advisors LLC, Enhanced Municipal Managers LLC, ASA Managed Account Managers LLC, Transitional Funding Partners LP, TF Managers LLC, Occum Partners LLC, and Occom Opportunity Partners LLC.