



BLACK SWAN REAL ESTATE

Black Swan Funds



Q1 2025
Performance Report



Dear Black Swan Investors,

As we reflect on Q1 2025, we're filled with a deep sense of gratitude and optimism. This quarter marks another significant step forward in our journey—one defined by disciplined execution, continued growth, and the steady unfolding of the value we set out to create, together.

The early stages of acquisitions, renovations, and stabilization are often the most demanding. These projects require patience, precision, and relentless effort, especially in an environment as complex and volatile as today's real estate market. And yet, despite industry-wide headwinds, we are proud to report that we remain both on time and on projection across all of our assets.

This progress is no accident. It is a direct reflection of the principles that guide our every move—conservative underwriting, alignment with our investors, and a commitment to excellence.

The story of Q1 is one of continued strong operations. We achieved record-breaking leasing performance and kept portfolio-wide vacancy under 2%, driving over \$500,000 in additional NOI and adding an estimated \$10 million in value to the portfolio! Rent growth reached 6.7% year-over-year—far outpacing national averages—thanks to laser focus on pricing, operational improvements, and the maturation of our assets. Renovations resumed at full speed after a period of quiet, transitions of our new acquisitions has gone smoothly, and our short-term rental experiment is winding down as a strategic success that helped unlock refinance targets and produce meaningful short-term value. Distributions remain consistent across Funds I, II, and the Secure Freedom Fund—with no capital calls and no investor losses—while Fund III and IV remain on track to begin distributions in early 2026.

Looking ahead, we feel more confident than ever. With a strong Q2 already underway, we believe 2025 will be a remarkable year for Black Swan Investors.

Thank you for your continued trust, support, and partnership. We're building something extraordinary, and we're so honored to build it with you. As always, if there is anything we can do to serve you, please do not hesitate to let us know.

Wings Up!

All our best,

Nick and Dr. Elaine Stageberg



IN SUMMARY...

We believe that in every season, there is an opportunity for extraordinary growth. While much of the real estate industry faced turbulence in 2024 and early 2025, we continued to thrive by staying true to our fundamentals: operational excellence, disciplined acquisition, and relentless optimization.

Q1 2025 was a quarter of continued growth and optimization.

Here's what we accomplished:

- Launched the Secure Freedom Fund—a new fixed-return model built to meet investor demand for stability, certainty, and truly passive income. This \$100M Fund will be our flagship offering for the foreseeable future
- Closed on major Acquisitions
 - Boulder Ridge Townhomes
 - Meadow Park Apartments
- Achieved staggering rent growth portfolio wide...
- ...at a time when portfolio wide vacancy is <2%!
- Focused on optimization across all departments

Most importantly: We continued to deliver **on-time distributions and maintained zero capital calls.**

DISTRIBUTIONS

Fund I - monthly distributions throughout 2024 & 2025. Over 17% returned so far!

Fund II - 3% returned so far; monthly distributions throughout 2025.

Fund III & IV - distributions will likely start in early 2026

Secure Freedom Fund - monthly distributions sent for cashflow option

K-1s were distributed to *all* funds on time.

All K-1s have been sent via email and uploaded to your InvestNext portal.

Stay updated all year long!

Scan the QR Code to follow us on your favorite platform!





BLACK SWAN LIVING

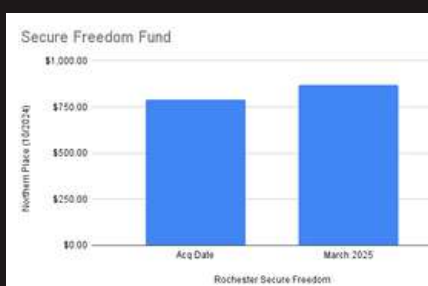
As you know, we believe that extraordinary financial performance is built on a foundation of operational excellence. In Q1 2025, our vertically integrated property management team, **Black Swan Living**, once again proved the power of exceptional operations, creating meaningful value for both our residents and our investors. Here are some of the highlights from this quarter:

- Record-breaking leasing performance!
 - Less than 2% vacancy *portfolio wide*
- Strong quarter for Acquisitions
 - Dedicated team in place to ensure smooth transitions after closing
- Continued Rent Growth - 6.7% *year over year!*
- Focus on optimization across all departments



Rent Growth

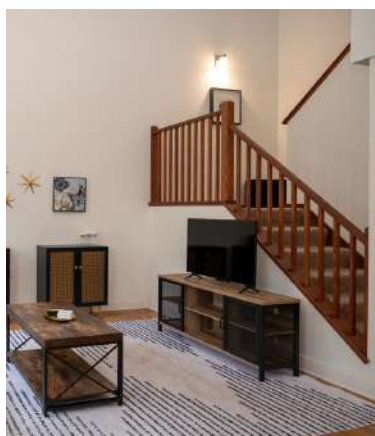
While many markets across the country are experiencing rent stagnation or decline, we continue to outperform. In Q1 2025, we achieved exceptional rent growth, reinforcing the strength of our operational strategy and the resilience of our portfolio. The numbers speak for themselves.





SHORT TERM RENTALS

In September 2023, we launched the short-term rental (STR) arm of the business as an experiment to generate “free” revenue from vacant units at Residence @ Discovery Square and other opportune locations. We quickly scaled from zero to over 50 units! We consider this experiment to be a major success, particularly at RDS, where these units generated fast, meaningful revenue and played a critical role in achieving our refinancing goals.



In Q4 2024, we opportunistically unwound less profitable STR units and transitioned select units into furnished long-term rentals for more stable cashflow. We were able to repurpose furnishings to elevate common areas, amenity spaces, and model units throughout the portfolio.

In Q1 2025, we began strategically winding down our STR experiment. Our incredible leasing velocity means that we’re able to lease what were once STR units with long term leases, or mid-term furnished leases with a premium. While there were modest overhead costs, the overall impact of the STR experiment was a major win for our portfolio that created immediate revenue, unlocked refinance at RDS, and deepened our operational expertise.

In short: the STR strategy delivered exactly what we needed, when we needed it, and we’re exiting with key lessons, stronger positioning, and no lingering exposure. We hope to wind up all STR units by July.





SECURE FREEDOM FUND

At the end of Q1, we officially launched the Secure Freedom Fund! 🎉

This is a fixed return offering for security & cashflow. The Secure Freedom Fund is designed to serve all investors—whether you want to benefit from cashflow through fixed monthly payments or steadily grow your wealth by compounding monthly. This is a \$100M fund which we open and close opportunistically throughout the year as we get deals under contract. [Learn more at securefreedomfund.com](https://securefreedomfund.com).

Acquisitions

- Northern Place Apartments: 72 units in Austin, MN
- Meadow Park Apartments: 90 units in Rochester, MN
- Rainbow Plaza Apartments: 105 units in Anoka, MN - *under contract*
- Commerce Drive - *under contract*



How It Works

- **10% fixed rate of return to all investors, regardless of investment amount!**
- You can elect to receive monthly distributions to provide monthly passive income
- OR you can elect for them to accrue and compound MONTHLY!

MONTHLY CASHFLOW OPTION based on \$100k investment

You receive a 10% fixed annual return of \$10,000 paid monthly, in payments of \$834 per month

COMPOUNDING OPTION based on \$100k investment

Month	Effective Annual Return	Annual Gain	Capital Balance
12	10.47%	\$10,471.31	\$110,471.31
24	11.57%	\$11,567.79	\$122,039.10
36	12.78%	\$12,779.08	\$134,818.18
48	14.12%	\$14,117.23	\$148,935.41
60	15.60%	\$15,595.48	\$164,530.89
72	17.23%	\$17,228.54	\$181,759.43
84	19.03%	\$19,032.59	\$200,792.02
96	21.03%	\$21,025.54	\$221,817.56
108	23.23%	\$23,227.20	\$245,044.76
120	25.66%	\$25,659.39	\$270,704.15



FUND IV PERFORMANCE

We have been so pleased with Fund IV's performance so far! This fund closed at the end of 2024, and we have been hard at work on renovations, construction, management improvements, and ensuring a smooth transition after acquisition in 2025. Fund IV owns:

- Stone Haven Apartments
- Georgetown Townhomes (50% owned by Fund III)
- Boulder Ridge Townhomes (50% owned by Fund III)

Stone Haven Apartments

56 Class A Apartment Units | Byron, MN

Construction at this brand-new, 56-unit apartment building is wrapping up beautifully, positioning us for a strong lease-up phase in June. 12 units are already pre-leased!

Thanks to disciplined project management and strategic execution, we are slightly ahead of schedule, currently \$400K under budget, and already seeing strong leasing momentum before the doors officially open. We are now furnishing common areas and staging units, and we can't wait to show off the finished product!





FUND III & FUND IV ACQUISITIONS



Georgetown Townhomes



Boulder Ridge Townhomes

Fund III and Fund IV each own 50% of these two assets

Georgetown Townhomes

132 LIHTC Townhome Units | Rochester, MN

This massive, complex deal is off to an extremely strong start. One-third of the total units have already been renovated, and our energy savings program was fully implemented within one month of closing (shower heads, light bulbs, aerators, etc.).

We've drastically reduced lawn and snow costs, are actively pursuing a property tax reduction, and completed a new gas meter installation—allowing us to shift gas billing to tenants at renewal where possible. Lease renewal rates are very high with strong escalations, and we currently have 11 rehabs either in flight or coming soon. As of today, we have zero vacant units available to lease.

Boulder Ridge Townhomes - CLOSED! 🎉

112 Townhome-Style Units | Apple Valley, MN

We officially closed on Boulder Ridge in Q1 2025, and thanks to months of proactive planning and on-site presence, we hit the ground running immediately after acquisition. Our team has already generated strong operational momentum, setting the stage for meaningful value creation in the year ahead.

A Black Swan site manager was on-site daily for months before closing. We've already selected vendors for renovations and other services, purchased necessary equipment for lawn and snow care, and launched leasing with strong early results. As of today, we have zero vacant units and 10 renovations in flight, with 10 more on deck.



FUND III PERFORMANCE

We are officially done with acquisitions for Fund III and are now deep in the optimization phase, with ongoing renovations and management improvements. This collection of assets is extremely promising, and we anticipate distributions to begin in early 2026.

Uptown Apartments

Rochester, MN - Acquired April 2024

This asset is performing exceptionally well. We are receiving a return of deposit from the bank, contingent upon achieving pro forma performance.

- \$1760 per month avg rent
- Steady rent growth despite no renovations
- Quiet, stable asset
- Zero vacant units we can lease today



Baycrest Apartments

Tacoma, WA - Acquired May 2024

- 25 of 30 units are leased!
- 5 units down for renovation or transfer
- First round of renovations underway, improving unit quality and increasing rental rates
- Plumbing stack updates needed, then we can add in-unit laundry
- Currently cashflow positive



Bayswater Apartments

Tacoma, WA - Acquired May 2024

- Planning minor exterior updates and landscaping
- One heavily damaged unit will be the first major rehab focus
 - Test case for more renovations
- LURA expires in 2026!





FUND II PERFORMANCE

Fund II continues to deliver strong performance through strategic refinancing, disciplined construction progress, and exceptional leasing momentum. With stabilized assets, new value-add phases underway, and near-zero vacancy across the portfolio of properties, Fund II is positioned for continued growth and steady distributions.

Throughout 2025, Fund II investors will enjoy monthly distributions totaling 4% annually.

Renovation Highlights:

- Dakota Townhomes
 - Property is stable and performing well following a successful \$2.4M cash-out refinance in late 2024
- Tanara Villa
 - Construction refinance completed in Q1!
 - Construction ramped up ahead of loan closing
 - Community Room is complete, adding value and resident amenities
- Garfield
 - Residential units continue to turn over
 - Tenant quality continues to improve
 - Office not renovated yet but is a future value-add opportunity
 - Property is stable!
- Kensington & Lauriston
 - Final round of construction is underway and on track to finish by end of May 2025
- The Colby
 - *Renovations complete!*





FUND II PERFORMANCE: RENT GROWTH

Dakota Townhomes

We successfully completed a major cash-out refinance in December 2024, generating \$2.4 million in total proceeds. The property remains very stable, with only 3% vacancy today.

The Riverview

There are only three units left to acquire, and these final purchases are being made using liquid cash from Fund II. As of today, there are zero vacant units available to lease.

The Colby

Renovations are complete, and the property may be eligible for an additional cash-out refinance in the future. We are looking at 2028 for potential redevelopment. There are currently no vacant units to lease!

Tanara Villa

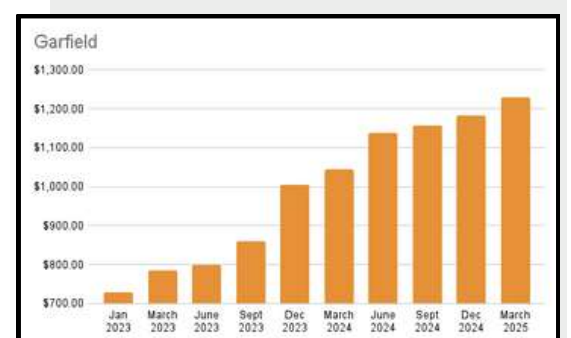
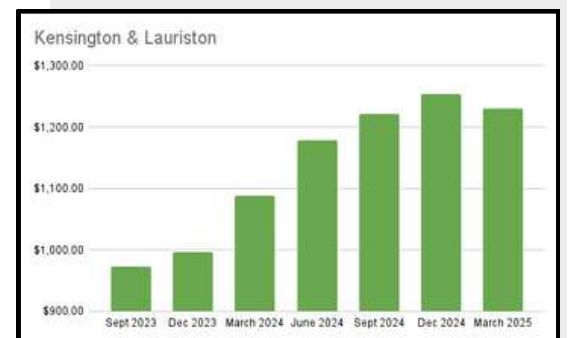
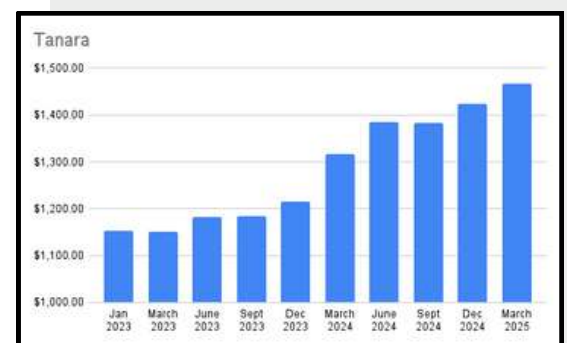
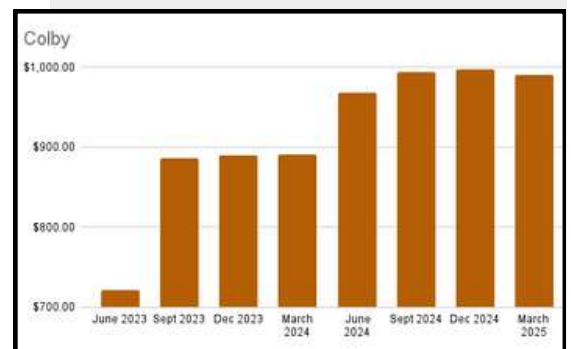
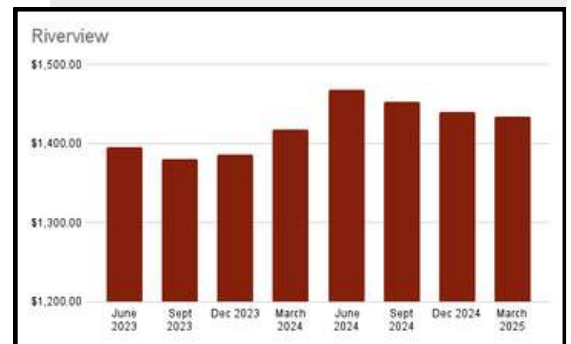
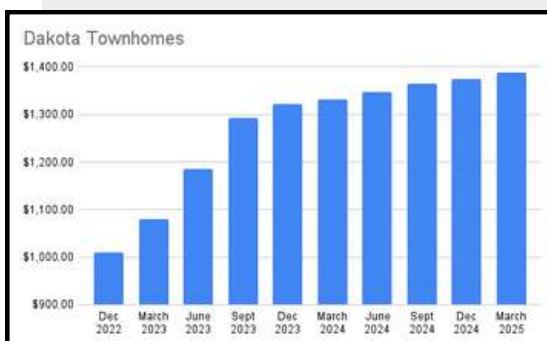
Permits have been issued for an additional 43 units, and the property is well positioned for significant value creation through construction and lease-up progress.

Kensington & Lauriston

Leasing performance has been strong at both assets! Kensington is fully occupied, and Lauriston has just a few units still available.

Garfield

Residential unit turnover continues to support tenant upgrades, and the overall tenant profile is steadily improving. While the office space has not yet been renovated, it represents a meaningful future value-add opportunity.





RESIDENCE @ DISCOVERY SQUARE

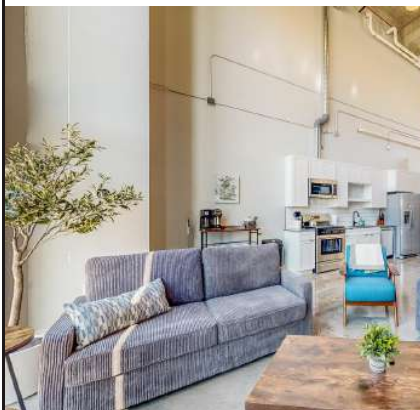
Residence @ Discovery Square (RDS) is owned by both Black Swan Fund I *and* Black Swan Fund II. This has been a favorite project of ours!

Activity Since Acquisition

Since acquiring RDS, we've executed a complex and transformative value-add strategy with precision and excellence. From construction to lease-up, every milestone has been delivered on time, under budget, and to the highest standard.

Highlights:

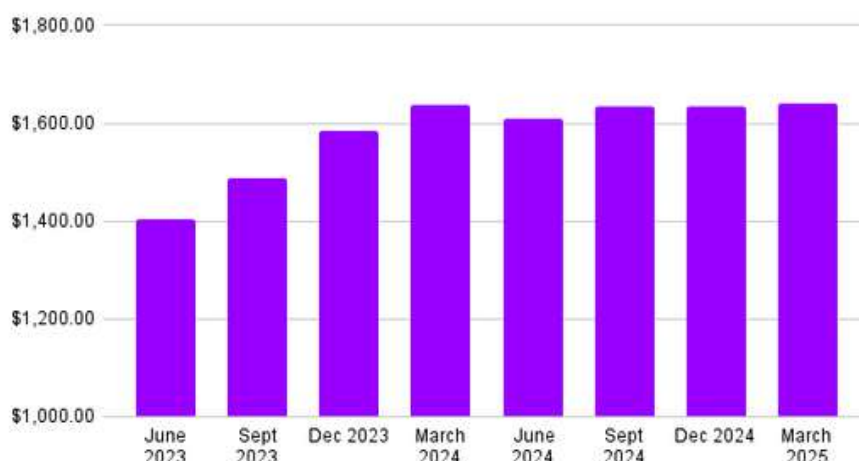
- All industrial flat buildouts completed on schedule
- Gorgeous common areas now complete—including the first floor, theater room, and more
- Beautifully finished parking lot adds significant long-term value
- Achieved all milestones despite extraordinary complexity
- **0% vacancy today!**



New Debt

Securing new financing for RDS was one of the most complex and rewarding financial wins in our portfolio. After acquiring the asset with just \$3M down on a \$27M purchase—and assuming in-place debt at a historically low 2.8% rate—we knew refinancing would be a challenge, but after 18 months of disciplined execution, we closed on a new loan in October 2024 with exceptional terms. This successful refinance unlocked a new chapter for RDS and confirmed the strength of our operations, our asset management team, and our investor-aligned approach.

Residence at Discovery Square





FUND I PERFORMANCE

Fund I is now in its early maturity phase and continues to perform with strength and stability. While Residence @ Discovery Square is the largest asset in this fund—co-owned with Fund II and already detailed in full—the remainder of the portfolio continues to quietly produce meaningful returns and long-term appreciation.

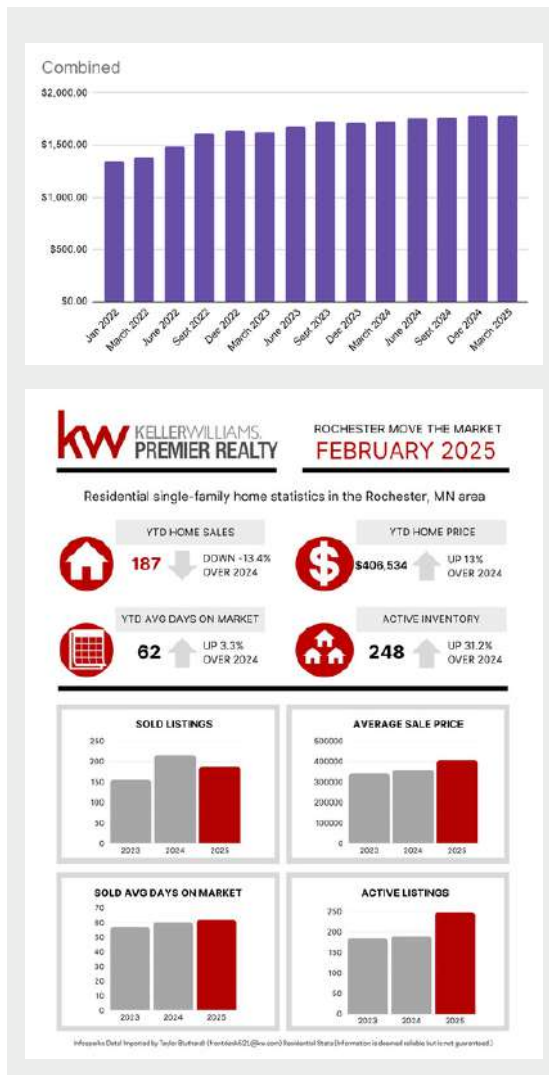
The Nicholas Apartments

The heart of Fund I, the Nicholas & Oliver Apartments are quiet, steady performers. In a quarter defined by strong operations across the portfolio, this asset is no exception. We continue to see high occupancy and consistent rent growth as the property moves through its maturity phase. With stable, long-term tenants and low turnover, these buildings remain a dependable source of cash flow and value retention.

Single Family Home Portfolio

Fund I also includes a diverse portfolio of 30 single-family homes throughout Rochester, MN. These homes have benefited from continued appreciation—home prices are up 13% year-to-date—and near-zero vacancy. With just one vacancy in Q1 (already leased), this portfolio continues to deliver stable returns. Our hands-on management and careful resident screening help ensure that this portfolio remains a resilient foundation for Fund I's performance.

Fund I investors continue to receive steady monthly distributions, with over 17% of invested capital returned to date.





CONCLUSION

Thank you, as always, for your continued trust and support. It's truly a privilege to share these updates with you each quarter, and we are deeply grateful to have you alongside us on this journey of financial freedom and legacy building. In a time when many across the industry are navigating capital calls, high vacancy, and financial distress, it's an honor to help safeguard and grow your wealth.

You can take pride in owning assets that are not only stable, but actively growing in value, producing cash flow, and strengthening communities. Our commitment to investor alignment remains unwavering—with no GP-level fees, no capital calls, and a structure that puts your success first in everything we do.

We're excited to share that the Secure Freedom Fund will reopen for new investments in May 2025. This \$100M fund offers a *10% fixed return*, paid monthly or compounded, and is designed to provide truly passive, predictable income. If you're looking for a simple way to grow your wealth, this is your opportunity. Learn more at securefreedomfund.com.

As always, we'll keep you informed through our quarterly performance reports, weekly email updates, monthly Community Power Hour calls, and regular updates on [Facebook](#) and [YouTube](#). Stay connected with us anytime at blackswanteam.com for the latest announcements, insights, and educational content.

We're incredibly excited for the year ahead and optimistic about the continued growth of our portfolio and our community. Thank you for being a vital part of this journey. We can't wait to continue building with you.

Here's to a strong and abundant 2025!

All our best,

Nick and Dr. Elaine Stageberg