



# BLACK SWAN REAL ESTATE

Black Swan Funds



**Q3 2025**



## Dear Black Swan Investors,

As we close out Q3 2025, this quarter was defined by disciplined execution, operational excellence, and profound value creation across the entire portfolio.

We exceeded expectations on almost every front — **over \$5M** of projected equity created this quarter alone, continued record-breaking year-over-year rent growth at **6.97%** from renewals alone, and strong occupancy across the portfolio even while executing dozens of simultaneous renovation and construction projects. Our disciplined underwriting and vertical integration continue to shine, delivering durable results independent of market turbulence.

The **Secure Freedom Fund** officially became our largest fund ever, surpassing \$30M raised, with multiple major acquisitions under contract, including the Villages at Essex Park — a 288-unit community with powerful personal meaning in our story. The fund is now on track to approach \$100M AUM by year-end.

Meanwhile, Fund I and II continue monthly distributions, and we are thrilled to confirm that Funds III & IV are ahead of schedule, with first distributions projected to begin in early 2026 — a full 12–18 months faster than originally projected.

At the property level, we executed massive renovations — over 100 units renovated in Q3 alone with flagship turnarounds including Meadow Park, Northern Place, and Rainbow Plaza showing rapid stabilization and surging performance.

Macro headwinds remain but our strategic financing, minimal 2025 loan maturities, and disciplined operations continue to protect your capital. We're grateful to continue our 100% track record of no capital loss and no capital calls in an industry facing significant stress. With interest rate reductions on the horizon, we are incredibly optimistic about the continued performance of the funds.

You are warmly invited to witness the impact of this work in person at **Real Estate Real Life 2026** — September 17–20, 2026, with optional VIP Day September 21. Registration is now open at [rerl2026.com](https://rerl2026.com). **When you register for 2026, you'll receive complimentary replays of RERL2025!**

Thank you, truly, for being part of this mission. Whether you have been with us since Fund I or are newly invested in the Secure Freedom Fund, it is an honor to steward your capital and create lasting impact together.

All our best,

*Nick and Dr. Elaine Stageberg*





# WHAT TO EXPECT WHEN YOU INVEST

## What to Expect When You Invest with Black Swan Real Estate

As part of our commitment to radical transparency and putting the needs of our investors first, here's how we keep you informed:

### Investor Portal Access ([blackswan.investnext.com](https://blackswan.investnext.com))

All important updates and tax documents are available in your InvestNext portal:

- Investment paperwork and accreditation documents
- Quarterly performance reports
- K-1 tax documents
- Updates on open offerings and new opportunities

### Quarterly Performance Webinars

Each quarter, we host a live investor webinar to share:

- Key project milestones and operational performance
- Updated metrics
- Renovation and construction progress
- Economic conditions and what they mean for your investment

Plus, you get a chance to ask your questions in real time. Can't join live? No worries. Replays are uploaded in the portal, on our YouTube channel (just search Black Swan Real Estate directly in YouTube and we'll pop up!), and shared via email. Find all past performance updates at [blackswanteam.com/performance](https://blackswanteam.com/performance).

### Comprehensive Reporting

Each quarter, we provide a detailed report including:

- Rent growth and occupancy metrics
- Key strategies
- Renovation and operation updates

### Access To Us

Part of our commitment to our investors is making ourselves available to serve you. When you have questions, concerns or just want to check in, we're here to support you. We encourage our investors to email or [schedule a call](#) with us whenever they have questions.

### Want more frequent updates?

Be sure to check the weekly newsletter ([blackswan.mykajabi.com/connect](https://blackswan.mykajabi.com/connect)) and follow us on social media for deeper dives, photos, and real-time updates from our team in the field.

These are just a few of the ways we keep you in the loop and put your peace of mind first. It is an honor to steward your capital, and we take that responsibility seriously.





## IN SUMMARY...

Q3 2025 was a landmark quarter of disciplined execution, accelerated value creation, and continued delivery on every promise to investors. In a cooling national market, Black Swan continued to outperform — proving yet again that proactive operations and vertical integration win regardless of macro conditions.

### Here are some of the highlights:

- **Over \$5M** of projected equity created this quarter alone through construction, renovations, and operational efficiencies
- **Secure Freedom Fund surpassed \$30M raised** — on track to reach nearly \$100M AUM by year-end
- **Villages at Essex Park (288 units) under contract** — the most meaningful acquisition in Black Swan history
- **100+ units** renovated in Q3 alone across Meadow Park, Rainbow Plaza, and other assets
- **6.97%** year-over-year rent growth from renewals alone, compared to <1%, or even negative rent growth, nationally
- **34%** total rent growth year-over-year across the portfolio
- **Major internet and security upgrades** increasing NOI and property valuation across multiple assets

**Most importantly:** We are proud to report another quarter of consistent distributions across all active funds — with zero capital calls, zero losses, and continued forward momentum.

### DISTRIBUTIONS

**Fund I** - monthly distributions throughout 2024 & 2025. Over 19% returned so far!

**Fund II** - monthly distributions throughout 2025; 5.3% returned to date

**Fund III & IV** - distributions will start in early 2026! Well ahead of schedule!

**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.

Legacy Fund	Date Closed	Date of Final Asset Purchase
Black Swan Real Estate Fund I	December 2021	April 2023/final
Black Swan Real Estate Fund II	December 2022	August 2025/still acquiring*
Black Swan Real Estate Fund III	March 2024	March 2025/final
Black Swan Real Estate Fund IV	December 2024	March 2025/final

*\*Black Swan Real Estate Fund II is acquiring 2 final units at the Riverview Apartments*

Disclaimer: The following report is for informational purposes only, is not for further distribution, and does not constitute an offer to sell, or a solicitation of an offer to buy any interests in any of the Black Swan Real Estate Funds. Any offering of securities or solicitation in connection with the sale of securities will be made pursuant to a private placement memorandum (“PPM”). In the event of any conflict between this presentation and the PPM, the PPM will control. There are risks associated with investing in private real estate funds and notes secured by real estate, which could result in the loss of some or all of your principal investment. Past performance stated herein is not an indicator of future results and is not a guarantee of future yield or similar results and should not be implied therefrom. Certain statements contained herein are forward-looking statements, which by their nature, are speculative and may or may not occur. Any and all target projections that may be contained in this presentation have been estimated based on unknown variables, which may or may not occur in the future. Your decision to invest should be based on your personal financial circumstances and investment objectives. Black Swan Real Estate and its affiliates are not a registered investment advisor and do not provide financial or tax advice to investors. Consult your tax advisor or financial advisor before investing. Full details and disclosure can be found in each fund’s PPM offering documents. Thank you for your interest in making the world a better place to live, in the most tangible sense of the word, with Black Swan Funds.



## BLACK SWAN LIVING

We believe that extraordinary financial performance begins with operational excellence. In Q3 2025, our vertically integrated property management team once again demonstrated the power of world-class execution — creating measurable value across every major operational category and accelerating performance ahead of projections.

Here are some of the highlights from this quarter:

- Massive amount of construction and value being created, \$5M+ of projected equity created in the last quarter alone
- Hosted RERL 2025!!
- Closed on Rainbow Plaza Apartments
- Northern Hills Apartments under contract in Secure Freedom Fund
- Working through Due Diligence and HUD loan assumption at Villages at Essex Park
- Stone Haven Apartments 100% occupied and performing extremely well
- Greatest transformation EVER at Meadow Park
- Rent growth WAY above market norms continues
- Best of the Best - WINNERS! *Voted Rochester's Best Property Management Company 3 years in a row!*



Our operational focus this quarter centered on long-term value creation. We executed bulk internet deployments, upgraded infrastructure across multiple properties, and continued comprehensive renovation programs — all while maintaining strong occupancy. Strategic reinvestment and proactive improvements continue to drive NOI growth and resident satisfaction across the portfolio.





# RENT GROWTH

Q3 2025 was another standout quarter of performance driven by disciplined, vertically integrated operations. We achieved 6.97% year-over-year rent growth from renewals alone — at a time when national rent growth remains under 1%, or even negative rent growth. Total rents across the portfolio are now up 34% year-over-year, the result of strategic weekly pricing reviews, compensation realignment, and an uncompromising commitment to resident experience.

## Track Record: Rent Growth



Our Asset Overwatch initiative is a comprehensive walkthrough of every common area across every property in Rochester — generated hundreds of actionable improvements across safety, aesthetics, efficiency, and resident amenities. This proactive asset stewardship is already contributing to faster leasing velocity, record-high retention rates, and rent performance far beyond market norms.

We continue to prove that operational excellence is not just defensive, but a powerful engine for durable, compounding growth.



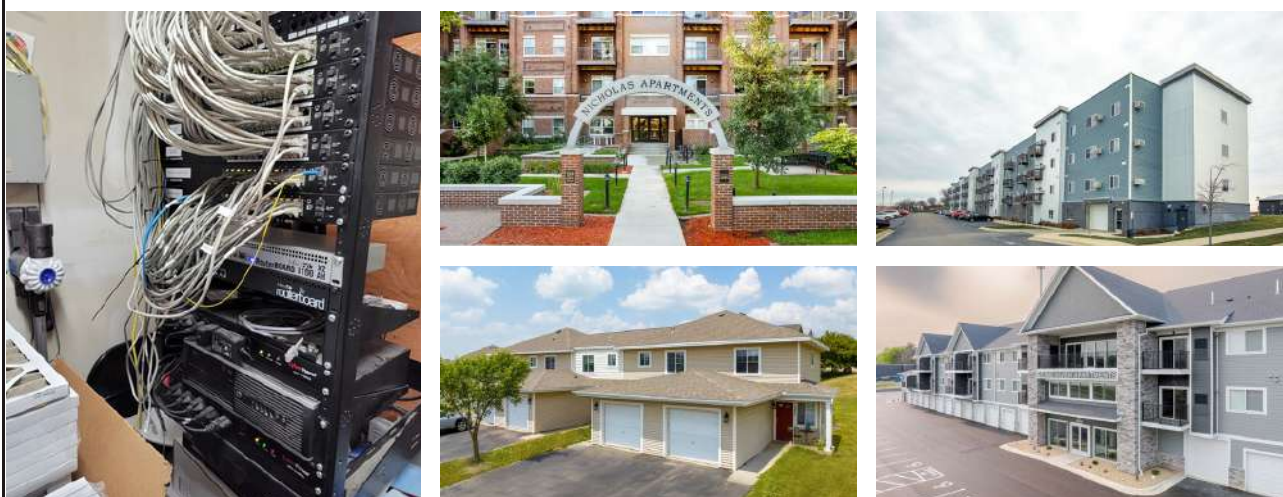




# INTERNET & CONSTRUCTION

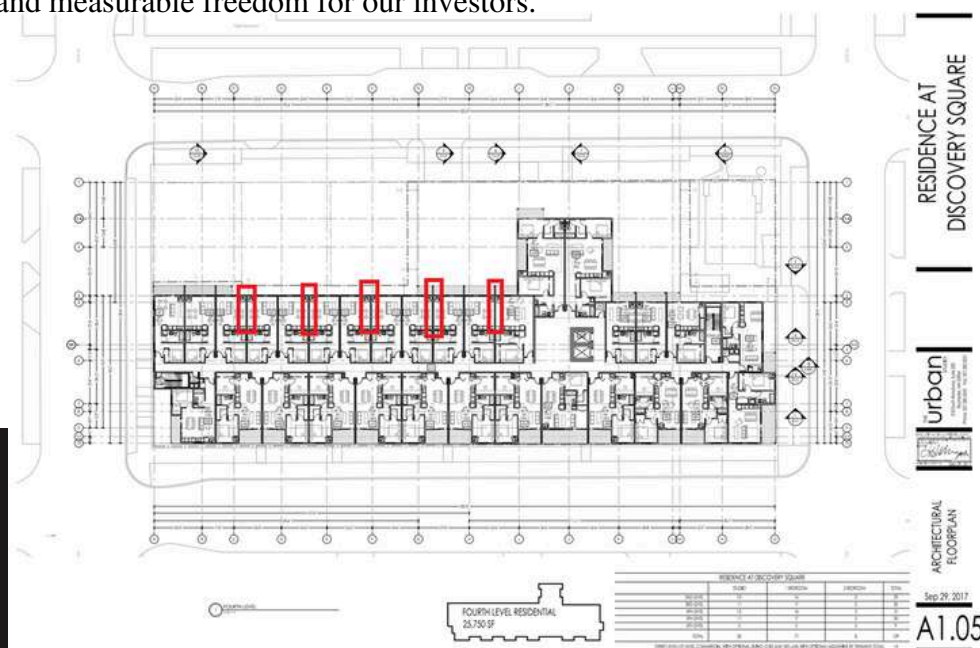
Q3 marked one of the most operationally productive quarters in company history. We advanced major long-term value drivers across the portfolio from internet infrastructure upgrades to accelerated construction and repositioning efforts.

Our portfolio-wide fiber internet initiative is now rolling out at scale, delivering symmetric gigabit internet with dedicated in-unit routers, enabling smart automation, and generating \$25 per unit per month in recurring NOI uplift. At Residence at Discovery Square alone, this upgrade created over \$91,000 in annual NOI and more than \$1.8 million in projected property value with zero upfront cost.



On the construction front, we renovated over 100 units in a single quarter, while executing full exterior remodels at Meadow Park, Baycrest, and Bayswater. Every construction dollar deployed is targeted to generate a minimum 2x return in equity, resulting in more than \$5 million of equity created this quarter alone. Stone Haven Apartments reached 100% occupancy ahead of schedule and \$400,000 under budget, while Meadow Park continues the most dramatic turnaround in Black Swan history — rapidly moving toward stabilization.

What began as renovation is now translating into measurable momentum, measurable equity, and measurable freedom for our investors.





# SECURE FREEDOM FUND

Black Swan Real Estate Secure Freedom Fund is our latest private equity offering, designed to meet investor demand for stability, simplicity, and monthly cash flow. With a 10% preferred return and an option to compound monthly, this fund delivers stable, passive income backed by high-quality real estate.

## How It Works

- **10% fixed rate of return to all investors, regardless of investment amount**
- You can elect to receive monthly distributions to provide steady passive income
- OR you can elect for your investment to accrue and compound monthly, significantly increasing your total rate of return over time
- Payments are preferred returns, not guaranteed payments
  - This drastically reduces your tax liability on the returns
  - We have never failed to make an anticipated preferred return payment

**Invest before year-end to lock in bonus depreciation and final 2025 allocation at [securefreedomfund.com](https://securefreedomfund.com)**

## Highlights

- Just surpassed \$30M in capital raised — officially our biggest fund ever
- Northern Hills Apartments now under contract
- Villages at Essex Park (288 units) on track to close by year-end, pending government clearance
- Approaching \$100M AUM in Secure Freedom Fund alone by the end of 2025
- Continued monthly distributions for cashflow investors — never missed a payment





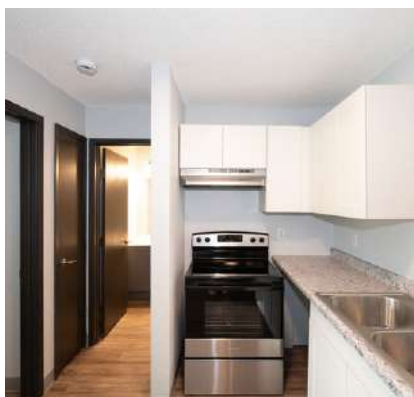
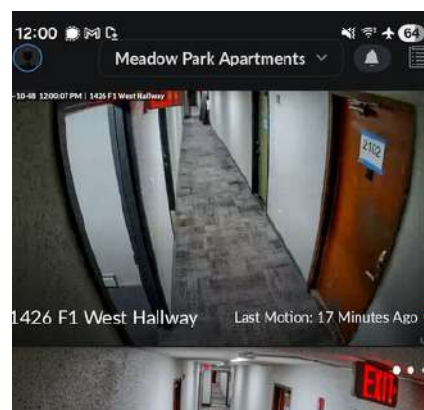
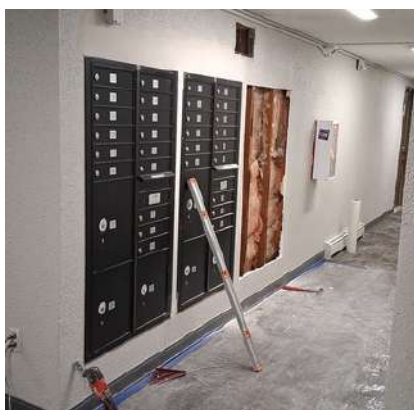


## MEADOW PARK APARTMENTS

Meadow Park continues to be the most dramatic turnaround project in Black Swan history, and Q3 marked a major inflection point in its stabilization. This 90-unit apartment community with 110 storage units, acquired earlier this year for \$4M cash, has now entered the value-creation phase at full speed.

In just nine months, we have already invested nearly \$3M million into renovations, averaging \$300,000 per month, with visible transformation across every major system:

- Full exterior remodel underway — new roofing, siding, trim, mailboxes, and secured entrances
- Interior corridor renovations progressing rapidly across all buildings
- Electrical, safety, and postal infrastructure upgrades completed
- Security camera system now online across the asset
- New high-speed internet currently being installed
- Vacancy reduced from peak 46% to 27% — and falling quickly







## FUND IV PERFORMANCE

*Closed December 2024*

Black Swan Real Estate Fund IV has completed its acquisitions and is now deep in the stabilization and optimization phase positioning investors for strong cash flow ahead of schedule.

### Fund IV Assets

- Stone Haven Apartments - 56 brand-new Class A units in Byron, MN
- Georgetown Townhomes (50% owned by Fund III) -132 units in Rochester, MN
- Boulder Ridge Townhomes (50% owned by Fund III) -112 units in Apple Valley, MN

The highlight this quarter is that Stone Haven Apartments officially completed construction two weeks ahead of schedule and \$400,000 under budget. The property is now **100% leased**, with all common areas fully furnished, and achieved this performance without offering any rent concessions, even in a construction-heavy leasing environment. The pro forma targeted a rent roll of \$97,500 per month, and Stone Haven is already at \$91,795 in-place, nearly fully stabilized ahead of expectations. Even more impressively, the asset is already cashflow positive at \$7,500 per month, nearly matching the pro forma target of \$7,600 per month.







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

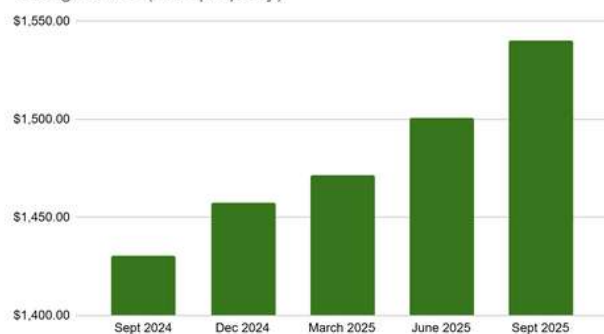
### **Georgetown Townhomes**

*132 Townhome Units | Rochester, MN*

Georgetown Townhomes performance continues to exceed expectations. With a 76% renewal rate, Georgetown holds the highest resident retention in the portfolio and maintains one of the lowest vacancy rates, even while undergoing active renovations. Operational efficiencies are compounding including major reductions in utilities, snow removal, and property tax expenses.



Georgetown (total property)



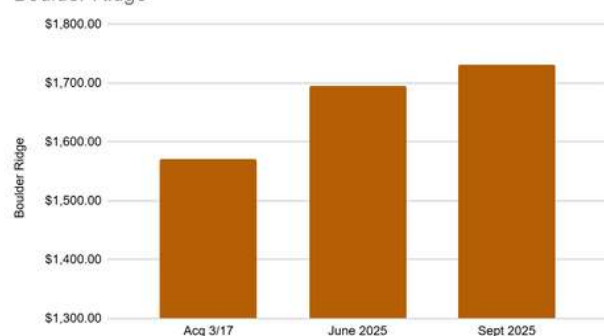
### **Boulder Ridge Townhomes**

*112 Townhome-Style Units | Apple Valley, MN*

Boulder Ridge Townhomes has also hit a major milestone this quarter, with its HUD score being promoted from a 1 to a 3, a critical step forward in unlocking eligibility for distributions. Renovations have now slowed down significantly as stabilization approaches, and the property has already begun achieving pro forma rent levels including consistent lease-ups at \$2,140 for three-bedroom units, exceeding original projections.



Boulder Ridge







## FUND III PERFORMANCE

*Closed March 2024*

Black Swan Real Estate Fund III has completed all acquisitions and is now rapidly progressing through stabilization moving faster than originally underwritten. This \$15M private equity fund is performing exceptionally well across its Midwest assets, supported by strong rent momentum, operational upgrades, and major turnaround milestones already achieved.

### **Uptown Apartments**

*Rochester, MN - Acquired April 2024*

### **Baycrest Apartments**

*Tacoma, WA - Acquired May 2024*

- Was a slow process acquiring plumbing and other permits from city
- Renovation resources moved here from Kensington and Lauriston as those projects complete
- 5 units finishing now
- Replaced large awnings
- Entire building exteriors reimagined

### **Bayswater Apartments**

*Tacoma, WA - Acquired May 2024*

- All exteriors completed replaced
- Heavy renovations on one unit to prepare for LURA to expire at the end of this year
- Should be ready for new financing within 90 days







## FUND II PERFORMANCE

*Closed December 2022*

Black Swan Real Estate Fund II remains one of our most stable and consistent-performing funds, delivering monthly distributions throughout 2025 with zero interruptions. This \$30M private equity fund has completed its principal acquisitions (with some liquidity reserves held to finalize acquisitions at Riverview Apartments) and is now deep in the stabilization and cashflow optimization phase. With only a small number of value-add projects still underway, Fund II is nearing full operational maturity and continues to outperform long-term projections.

### Property Highlights:

#### Tanara Villa | Tacoma, WA

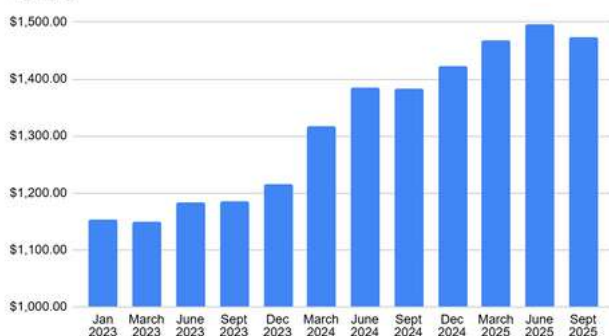
- Construction refinance completed in Q1 2025 to renovate 60 more units
- Permits issued for 43 more units
- Construction ramped up ahead of loan closing
- Some unit leases now cresting \$2,000 all in
- 17 of the remaining 25 units to renovate completed in Q3! Stabilization will begin soon.

#### Kensington & Lauriston | Tacoma, WA

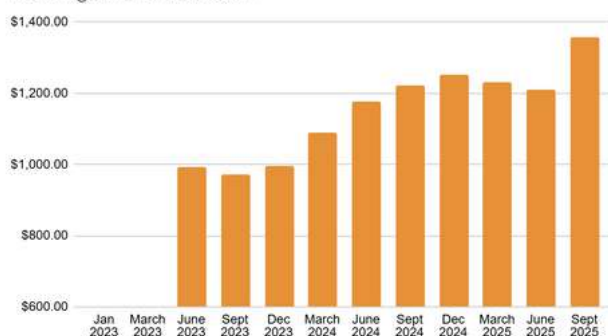
- Construction 100% complete!
- Finished exactly on schedule and slightly ahead of budget
- Completed some additional scope items including electrical and fire upgrades, hallway improvements
- Rapidly leasing last renovated units



Tanara



Kensington and Lauriston







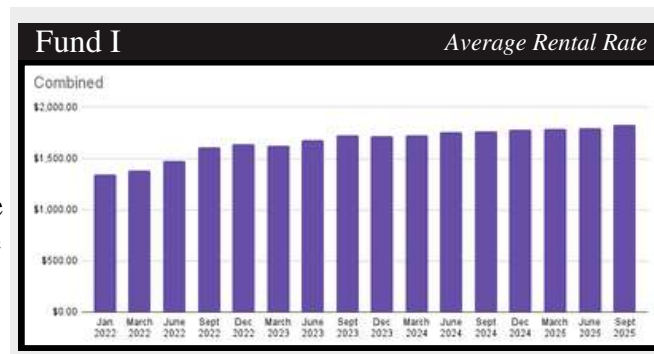
# FUND I PERFORMANCE

*Closed December 2021*

Now in its maturity phase, Black Swan Real Estate Fund I continues to deliver consistent monthly cash flow, exceptionally low vacancy, and strong long-term appreciation. With no capital calls, uninterrupted distributions, and deep tenant stability, this fund remains a proof point of disciplined, hands-on asset management.

## The Nicholas Apartments

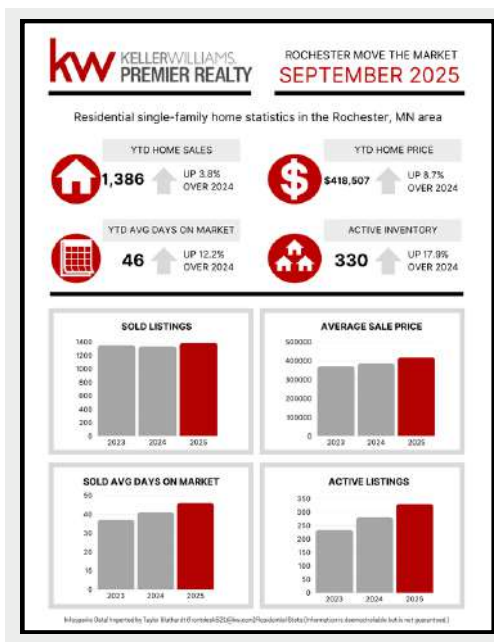
The Nicholas & Oliver Apartments continue to be quiet, high-performing anchor assets in Rochester driven by long-term tenants, minimal turnover, and reliable rent growth. Their strategic location just minutes from the expanding \$5B Mayo Clinic “Hospital of the Future” project further positions these assets for long-term appreciation and sustained occupancy.



## Single Family Home Portfolio

The Fund I single-family home portfolio — 30 homes across Rochester — also remains nearly fully occupied, with only one brief vacancy this quarter, which has already been fully re-leased. Market home values are up 8.7% year-to-date, contributing to meaningful appreciation while maintaining stable cashflow.

Fund I continues to provide steady monthly distributions, with over 19% of invested capital returned to date, reinforcing its role as a foundational success story of Black Swan’s vertically integrated, investor-aligned model.







## CONCLUSION

Thank you, as always, for your continued trust and partnership. In a time when much of the industry is experiencing missed distributions, capital calls, and stalled growth, we are humbled and grateful to continue delivering consistent performance, accelerated value creation, and total alignment with our investors.

**Q3 2025 was a quarter of execution and acceleration.** We achieved over \$5 million of equity creation in a single quarter, reached 100% occupancy ahead of schedule and under budget at Stone Haven, advanced Meadow Park through the most dramatic turnaround in company history, and saw the Secure Freedom Fund become our largest fund ever, now approaching \$100M AUM by year-end. Rent growth remains far above national averages, and multiple funds are now 12–18 months ahead of distribution schedule.

As we head into the final quarter of the year, we remain laser focused on:

- Completing stabilization across Funds II, III & IV with early distributions underway or coming in early 2026
- Completing the acquisition pipeline for the Secure Freedom Fund before year-end
- Continuing to drive NOI expansion through infrastructure, internet, and operational optimization
- Preserving capital above all with full transparency and unwavering stewardship

You can take pride in owning assets that are not only financially exceptional, but also revitalizing communities and creating long-term safety, security, and freedom for thousands of families.

Our commitment to you is unchanged and unwavering:

***No GP-level fees. No capital calls. No surprises. Radical transparency always.***

It is the privilege of a lifetime to steward your capital and build freedom together.

All our best,

*Nick and Dr. Elaine Stageberg*