



BLACK SWAN REAL ESTATE

Black Swan Funds



Q1 2026



Please note: this update is titled Q1 2026 rather than Q4 2025. Going forward, we are naming each fund update based on the quarter in which it is delivered, rather than the quarter being reflected on. This allows us to include the most current information, recent closings, and real time developments without holding updates for a later date. This is a simple update in naming convention; there is no missing quarter.

Dear Black Swan Investors,

As we close out 2025, we want to thank you for your continued trust. This quarter marked an important transition point for the portfolio, defined by decisive execution, continued performance, and thoughtful preparation for the year ahead.

The most significant milestone of the quarter was our December 30th **closing on Villages at Essex Park**. We worked relentlessly to ensure this transaction closed before year-end so investors in the Secure Freedom Fund could benefit from 2025 depreciation. This acquisition represents a meaningful expansion of the Secure Freedom Fund and a strong foundation for future value creation.

Distributions remained a priority and continued as planned. Fund I and Fund II completed 2025 with uninterrupted monthly distributions. The Secure Freedom Fund continued monthly distributions for investors who elected the cash flow option. Most notably, Funds III and IV officially began monthly distributions in February 2026. As always, this was accomplished with **no capital calls and no capital loss**.

This last quarter also required navigating real-world operational complexity. Interest rate uncertainty, rising expenses, and heightened ICE activity in Minnesota created challenges across the industry. Our vertically integrated team responded quickly and effectively, prioritizing resident safety, operational continuity, and stability across the portfolio.

Performance continues to stand out throughout the portfolio. Rent growth significantly outpaced national averages, with **renewal rent growth exceeding 7% year over year**, while national rent growth remained under 1%. Our total annual rents revenue increased from \$23M to **\$36M** in just one year, reflecting disciplined pricing, hands-on asset management, and sustained demand.

As we enter 2026, Black Swan is positioned with strength and resilience. **Funds I through IV have zero loan maturities in 2026**, healthy liquidity, and limited refinancing risk compared to the broader market. **Our focus remains unchanged: protect capital, operate conservatively, and build long term durability over short term optics.**

Thank you for allowing us to steward your capital. We do not take that responsibility lightly, and we remain fully committed to transparency, discipline, and execution. We look forward to another great year!

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, we keep our investors informed in multiple channels.

Want more frequent updates?

Be sure to sign up for the weekly newsletter (blackswan.mykajabi.com/connect) and whitelist us in your inbox. We share weekly newsletters centered on investor education and updates on the Black Swan portfolio.

Then, follow us on Facebook, Instagram, LinkedIn, and YouTube for deeper dives, photos, and real-time updates from our team in the field.

[Like and Follow us on Facebook](#)

[Follow us on Instagram](#)

[Follow us on LinkedIn](#)

[Subscribe to our YouTube Channel](#)

Investor Portal Access (blackswan.investnext.com)

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

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

Quarterly Update Webinars

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

- Key project milestones and operational updates
- 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 quarterly updates at blackswanteam.com/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 that aren't answered through these other means.

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.

Stay updated all year long!

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





IN SUMMARY...

Q4 2025 marked a quarter of execution, resilience, and disciplined leadership. In an environment defined by interest rate uncertainty, rising expenses, and increased operational complexity across the industry, Black Swan continued to deliver on its core commitments to investors.

Here are some of the highlights:

- **Closed on Villages at Essex Park** on December 30, securing 2025 depreciation for investors and adding a 288 unit asset to the Secure Freedom Fund
- **Continued uninterrupted monthly distributions** in Funds I, II, and Secure Freedom Fund
- **Funds III and IV officially began monthly distributions in February 2026**
- **No capital calls and no capital loss** across the portfolio
- **Closed on Northern Hills Apartments** and advanced multiple additional acquisitions
- Successfully navigated heightened ICE activity in Minnesota while maintaining resident safety and operational stability
- Achieved continued rent growth far above national averages, with **renewal rent growth exceeding 7% year over year**
- Increased total annual revenue from \$23M to **\$36M in one year, a 56% increase**

Despite ongoing macro headwinds, Black Swan enters 2026 from a position of strength. Our vertically integrated platform, disciplined underwriting, and relentless operational focus continue to differentiate performance and protect investor capital.

We remain committed to radical transparency, conservative execution, and unwavering stewardship as we move forward.

DISTRIBUTIONS

Fund I - monthly distributions throughout 2024, 2025, and 2026. Over 20% returned so far!

Fund II - monthly distributions throughout 2025 and 2026; 6.3% returned to date

Fund III & IV - monthly distributions started Feb 1, 2026!

Secure Freedom Fund - monthly distributions sent for cashflow option

LEGACY FUND HISTORICAL STATISTICS

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.



TAX PREPARATION

UPDATE YOUR INFORMATION

In preparation for tax season, log in to your InvestNext portal at blackswan.investnext.com to verify your information. This is necessary for us to efficiently and accurately process distributions and send K-1s.

Double check that the following information is current:

- Address
- SSN/EIN
- Linked Bank Account
- Contact Information

K-1 TIMELINE

We are targeting April 1 for delivery of all Black Swan Real Estate Fund K-1s.

You will receive your K-1 in 2 ways:

- Via secure email from “Safe Send Returns”
- Uploaded to InvestNext portal (a few days after you receive your K-1 via Safe Send Returns)

It is the same document delivered to you in both locations. Safe Send Returns is meant to prioritize speed, and uploading to InvestNext is so that you have long-term recordkeeping access.

K-1 INFORMATION

You only need to file at the federal level, your own state, and Minnesota—no other states.

Some of the Black Swan portfolio is located in Washington state (Funds II and III) but Washington does not have personal income tax, so there is no requirement to file in Washington, unless that is your own state of residence.

You will notice that you receive state information for other states in your K-1 packet. This is because some states require that we file *at the Fund level* if an investor lives there. We are required to disclose those forms to you. That does NOT mean that you need to file in those states. You can essentially ignore those forms if you are not from those states.

K-1 EDUCATION

In 2023, we hosted a K-1 Q&A Webinar with Kaylyn Deaver of Hall CPA. This is a great educational resource if you have questions about your K-1. [Click here to watch the video.](#)

Please direct your K-1 questions to rachel@blackswanteam.com.





BLACK SWAN LIVING

We believe that extraordinary financial performance begins with operational excellence. The Black Swan Living Property Management team is what drives that excellence, year over year. Our team continues to grow and we remain extremely proud of their outcomes.

In 2025, our vertically integrated property management team continued to demonstrate the power of disciplined, hands-on execution, navigating a complex operating environment while maintaining strong performance across the portfolio.

We hosted our annual Year End Team Retreat in December with the whole property management company. This is one of the most meaningful days of the year for us as we prioritize working *on* the business, not just in the business. In addition to recognizing our team members and celebrating the successes of the year, we focus on where we're going next and how the work of each employee from leasing to landscaping to cleaning ultimately drives long term outcomes for the portfolio.

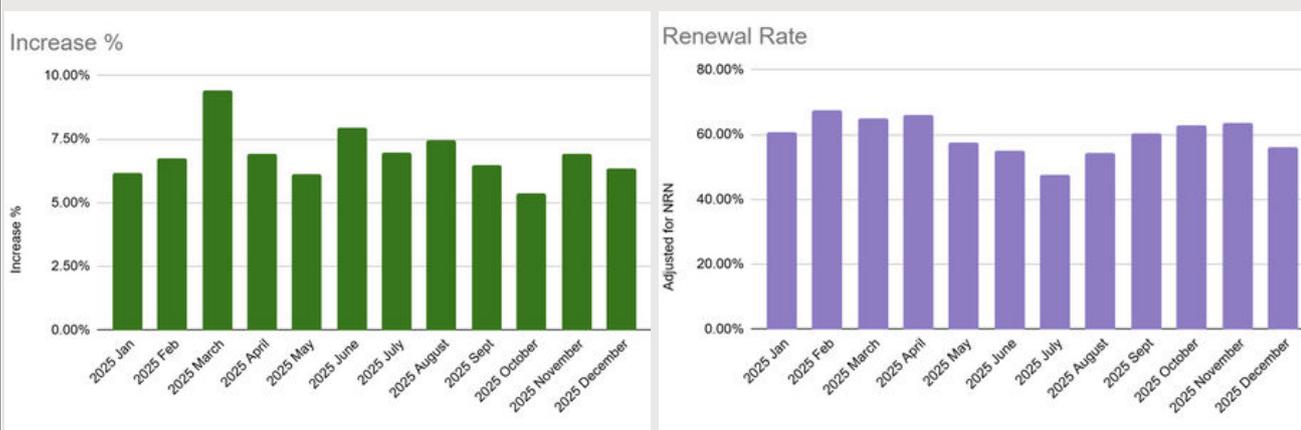




RENT GROWTH

In Q4 2025, Black Swan continued to significantly outperform national rent growth trends through disciplined pricing, hands-on asset oversight, and a relentless focus on creating an exceptional resident experience.

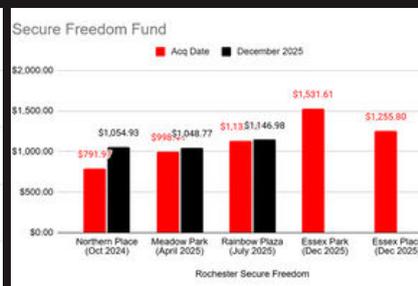
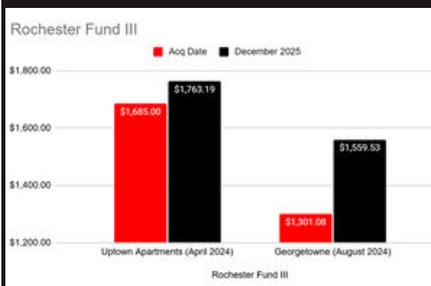
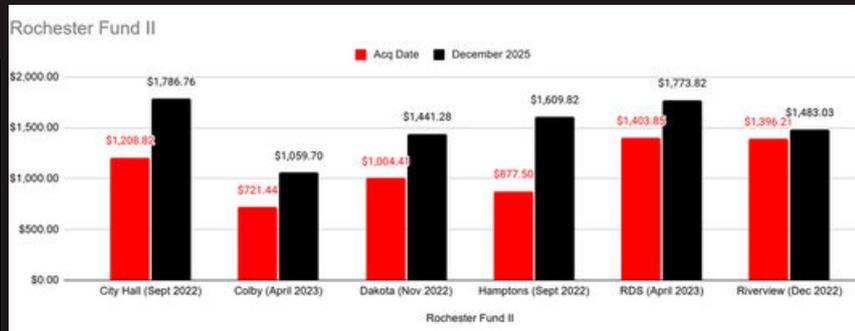
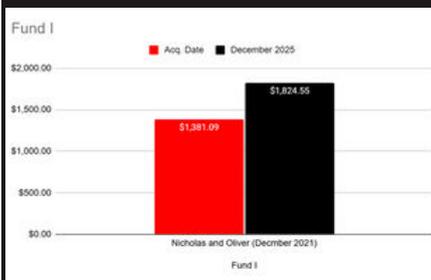
While national year over year rent growth slowed to below 1%, Black Swan achieved more than 7% year-over-year rent growth from renewals alone. This level of performance reflects intentional strategy rather than market tailwinds.



Our Asset Oversight 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 a powerful engine for strong, compounding growth.

Track Record: Rent Growth





PORTFOLIO OPTIMIZATION

Operational improvements continue to be a key driver of long term value creation across the portfolio. In 2025, we advanced multiple initiatives focused on security, connectivity, efficiency, and resident experience.

This quarter included one of the most complex operational transitions in company history with the acquisition and onboarding of Villages at Essex Park. Our teams executed a full scale transition while maintaining day to day operations for nearly 1,000 residents.

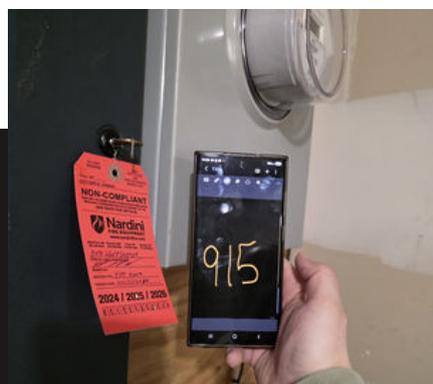
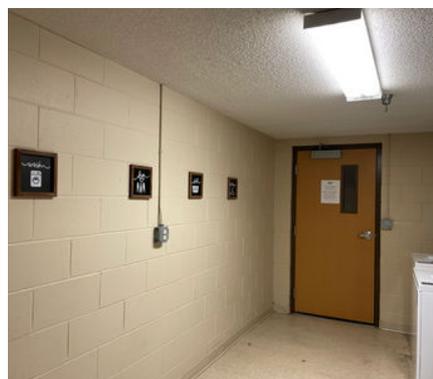
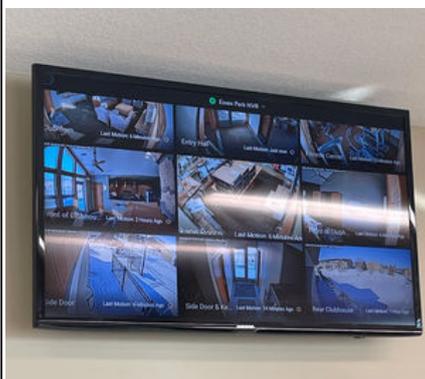
Key highlights from this quarter include:

- Security camera systems installed and expanded across multiple properties
- Keypad and access control systems installed in utility, mechanical, and staff areas
- Smart thermostats deployed throughout several assets
- Lighting, switch, and plumbing upgrades completed to improve efficiency and reliability
- At time of closing, nearly half of the fire alarm systems were non-compliant. We have brought all of these in to full compliance, which is a critical life safety measure for the community
- Laundry rooms, clubhouses, and common areas refreshed and upgraded
- Internet surveys completed and contracts executed at newly acquired properties

These upgrades are intentional investments designed to improve safety, reduce operating friction, enhance resident satisfaction, support rent growth, and improve NOI over time.

Our strategy prioritizes scalable improvements that create measurable value without relying on excessive capital deployment. By standardizing systems across assets and implementing upgrades in house, we continue to improve efficiency while strengthening the overall quality of the portfolio.

As we enter 2026, infrastructure remains a critical pillar of our operational strategy, supporting both performance today and durability for the years ahead.





SECURE FREEDOM FUND

The **Black Swan Real Estate Secure Freedom Fund** was created to deliver stability, simplicity, and predictable cash flow in uncertain markets. With a fixed return structure and flexible distribution options, the fund is designed to provide passive income backed by high quality real estate and disciplined operations.

As of Q4 2025, the Secure Freedom Fund is closed to new investors. Interested investors may join the waitlist at securefreedomfund.com to be notified first when the fund reopens.

Quarter Highlights

- Secure Freedom Fund officially became our **largest fund to date**
- **Fund surpassed \$35M in capital raised and exceeded \$85M AUM**
- **Closed on Northern Hills Apartments**, a 32 unit community, with immediate operational onboarding
- **Closed on Villages at Essex Park** on December 30, adding a 288 unit flagship asset to the fund
- Essex Park acquisition completed before year end to secure 2025 depreciation for investors
- **Continued monthly distributions for investors** who elected the cash flow option

The Secure Freedom Fund remains focused on capital preservation, predictable returns, and disciplined growth. As we enter 2026, we're continuing to evaluate new deals that may be a win-win opportunity, with the same conservative underwriting and execution standards that have defined the Fund to date.





VILLAGES AT ESSEX PARK

Villages at Essex Park is the largest and one of the most complex acquisitions in Black Swan history. This 288 unit, 26 building community closed on December 30 and immediately entered the value creation phase.

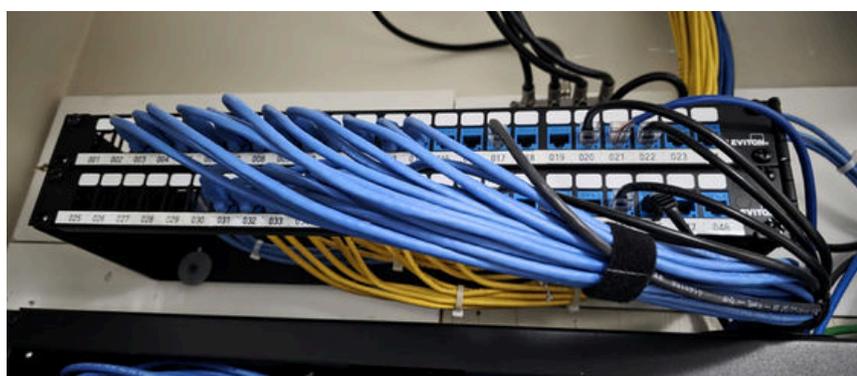
Within days of closing, we deployed more than 20 team members on site to stabilize operations, onboard residents, and integrate systems for improvement. It is astonishing how quickly a team who cares can transform a community.

★★★★★ 4 weeks ago **NEW**

Maintenance with this property management is five stars. They recently bought my apartment building, and the level of professionalism is astonishing compared to my previous property management!! And it's only been a week.

Common Area Improvements

- Keypad locks installed on all utility, mechanical, and staff areas, 50+ areas secured
- Smart thermostats installed throughout campus
- 20 Laundry rooms spruced up with decor and other improvements
- Campus-wide key fob system upgrading to a keypad code system in two days
- 11 out of 14 common area air handlers repaired
- Fiber internet online campus-wide





FUND IV UPDATES

Closed December 2024

Black Swan Real Estate Fund IV has officially entered its cash flow phase ahead of schedule. Stone Haven Apartments has been the highlight of this Fund, with construction completing in June ahead of schedule and under budget. It has been fully leased with strong operational performance all year.

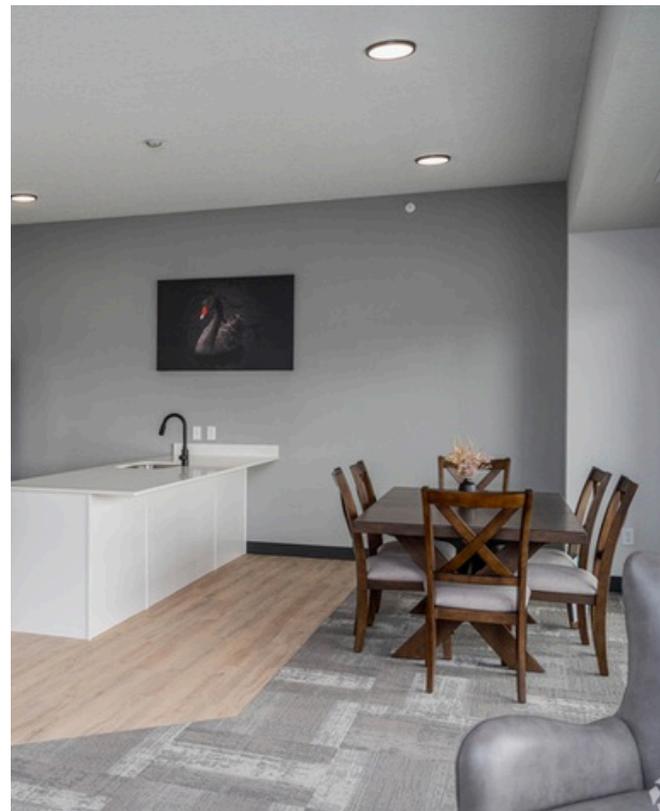
Distributions Update

Fund IV began monthly distributions in February 2026. Distributions are currently structured at an annualized rate of 4%, paid monthly.

Distributions reflect conservative underwriting and strong operational performance across the portfolio.

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

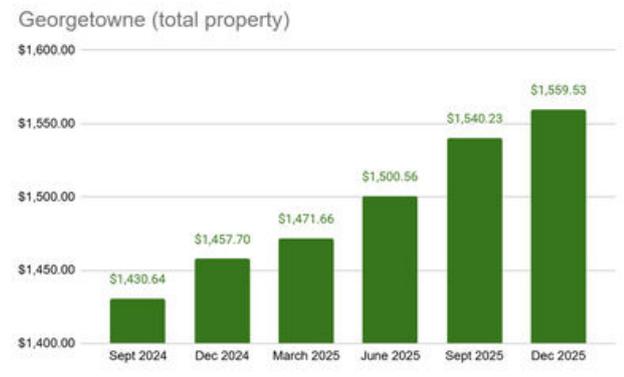




Fund III and Fund IV each own 50% of these two assets

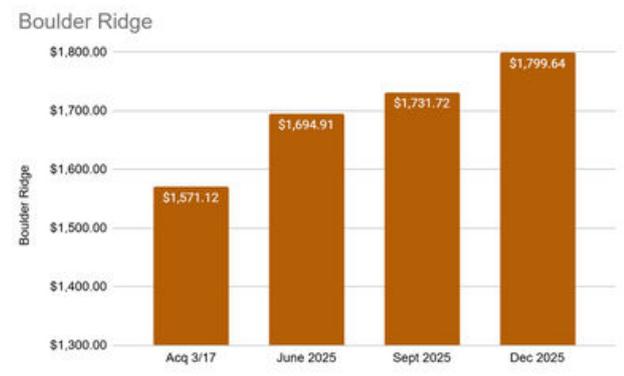
Georgetown Townhomes
132 Townhome Units | Rochester, MN

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.



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 our original projections.





FUND III UPDATES

Closed March 2024

Black Swan Real Estate Fund III has completed all acquisitions and is now rapidly progressing through stabilization. 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.

Distributions Update

Fund III began monthly distributions in February 2026. Distributions are currently structured at an annualized rate of 4%, paid monthly.

This performance reflects conservative underwriting, favorable basis, and strong execution across the assets.

Fund III Assets

Georgetown Townhomes (50% owned by Fund IV)

Rochester, MN - Acquired August 2024

Boulder Ridge Townhomes (50% owned by Fund IV)

Apple Valley, MN - Acquired March 2025

Uptown Apartments

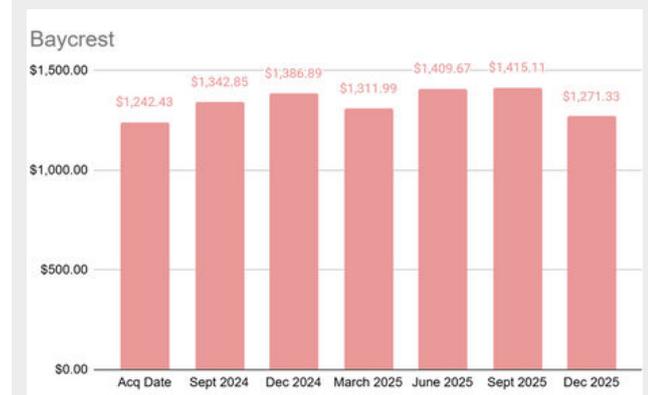
Rochester, MN - Acquired April 2024

Baycrest Apartments

Tacoma, WA - Acquired May 2024

Bayswater Apartments

Tacoma, WA - Acquired May 2024





FUND II UPDATES

Closed December 2022

As we close out Q4 2025 and enter 2026, Fund II remains firmly in its maturity phase, delivering consistent monthly distributions while prioritizing liquidity, long term stability, and capital preservation in an increasingly complex macro environment.

Distributions Update

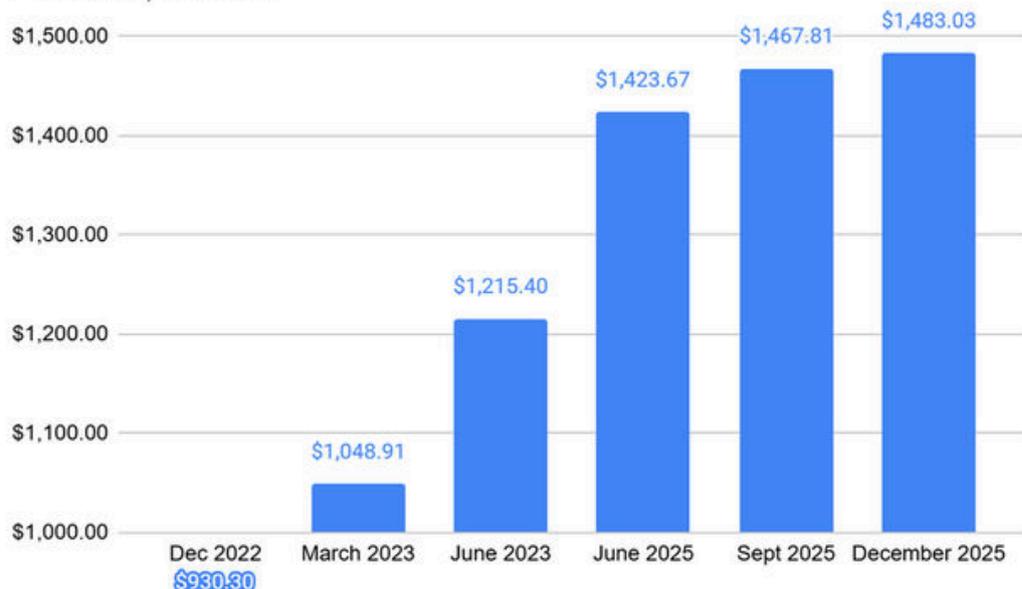
Fund II paid monthly distributions throughout 2024 and 2025, with 6.3% of invested capital returned to date. Beginning in 2026, Fund II continues monthly distributions at an annualized rate of 1%, following a one-time January distribution equivalent to 4% annually. **This adjustment was made intentionally to increase liquidity and further protect investor capital ahead of future loan maturities in 2027 and beyond.**

Fund II Liquidity as of January 2026: \$2,441,278 | Target: \$3M

There are no capital calls, no capital loss, and no deviation from our long standing commitment to stewardship. Please consider [watching the full update webinar](#) for full details about distributions, liquidity, and our decision to take proactive, conservative action to prioritize long-term stability over short-term gains.

Rent growth continues to improve across the Rochester Fund II portfolio.

Portfolio, Fund II





FUND I UPDATES

Closed December 2021

Fund I is fully in its maturity phase and continues to serve as a foundational proof point of the Black Swan model. With consistent monthly cash flow, exceptionally low vacancy, and deep tenant stability, Fund I reflects the power of conservative underwriting, long term ownership, and disciplined, hands-on asset management.

Distributions Update

Fund I has paid monthly distributions throughout 2024 and 2025, with over 20% of invested capital returned to date.

Beginning in 2026, Fund I continues monthly distributions at an annualized rate of 1%, following a one-time January distribution equivalent to 4% annually. **This adjustment was made intentionally to increase liquidity and further strengthen the fund's position ahead of future loan maturities in 2027 and 2028.**

Fund I Liquidity as of January 2026: \$657,824 | Target: \$1.5M

There are no capital calls, no loss of capital, and no deviation from Black Swan's long standing commitment to investor protection and transparency. Please consider [watching the full update webinar](#) for full details about distributions, liquidity, and our decision to take proactive, conservative action to prioritize long-term stability over short-term gains.

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.

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

As we enter 2026, we want to take a moment to step back and reflect on what this season represents for Black Swan Real Estate and for you as an investor.

This past year required discipline, restraint, and clear headed decision making. While much of the industry faced missed distributions, forced refinances, capital calls, and distress, our funds continued to perform as designed. Distributions are made. Capital is protected. Operations are moving forward. Long term value continued to compound quietly and steadily beneath the surface.

Across the portfolio, we saw meaningful progress. Funds I and II continued consistent monthly distributions while we are now proactively strengthening fund liquidity in preparation for future loan maturities. Funds III and IV reached a major milestone with distributions beginning in February, reflecting conservative underwriting and strong execution. Our operating teams delivered continued rent growth above national averages, even as expense pressure and interest rate uncertainty persisted.

Most importantly, we entered 2026 with a position of strength. There are no loan maturities across Funds I through IV in 2026. Liquidity levels are being intentionally increased in order to deal with uncertainties in the market and to be best positioned for future loan maturities. Balance sheets are strong. Operations are stable, and the portfolio is positioned to benefit meaningfully when interest rates eventually normalize.

None of this happens by accident. It is the result of conservative assumptions, hands-on asset management, vertical integration, and an unwavering commitment to doing what is right for the long term, even when that choice is not the easiest or the most immediately rewarding.

No matter the market cycle, we remain deeply aligned with our investors.

Thank you for your continued trust and partnership. It is an honor to steward your capital and to build freedom-focused lives, together.

All our best,

Nick and Dr. Elaine Stageberg