



# BLACK SWAN REAL ESTATE

Black Swan Funds



**Q2 2026**



Dear Black Swan Investors,

As we move through the first half of 2026, this quarter has been defined by disciplined execution, strong operational performance, and continued momentum across the portfolio.

We entered this year with a clear focus: strengthen operations, improve efficiency, and position the portfolio for long-term durability. That work is now showing up in tangible ways across every Black Swan Fund.

One of the most meaningful updates this quarter is the continued performance of Funds III and IV, which has allowed us to **increase distributions** from 4% to **7% annualized, effective May 1**. This reflects both strong asset performance and the intentional decisions made over the past several quarters to operate conservatively while building toward long-term strength.

In the Secure Freedom Fund, we have re-entered acquisition mode after a focused period of stabilization. We are currently under contract on two new assets and have multiple additional offers outstanding. This marks an important shift back into growth, supported by the operational foundation built over the past several months.

At the same time, we remain grounded in our core philosophy. While markets continue to experience uncertainty, our approach has not changed. We focus on what is within our control: occupancy, rent growth, expense management, liquidity, and strong relationships with our partners and lenders.

Performance across the portfolio continues to stand out. Renewal rates are reaching record highs, rent growth remains well above national averages, and our teams continue to execute at a high level across every property.

As always, our priority remains the same: protect capital, operate conservatively, and build long-term value through disciplined execution.

Thank you for your continued trust and partnership. It is an honor to steward your capital.

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](https://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](https://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](https://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!





# THE REAL ESTATE REAL LIFE PODCAST

*Now Streaming on [Apple Podcasts](#), [Spotify](#), and [YouTube](#)*

**Real Estate Real Life** is where we bring smart investing into the context of real, everyday living.

We talk about real estate strategy alongside mindset, habits, communication, and lifestyle design so your money supports your energy, relationships, and long-term freedom.

*Each episode is designed to help you cut through overwhelm, make clearer decisions, and build wealth in a way that actually improves how you live, work, and lead.*

## Recent Episodes

- Your Investment in Action: Q2 2026 Fund Update
- You Are in the Beginning of the Beginning: Shifting Your Time Orientation Into the Future
- Measured in Time: The Wealth Span Formula That Changed Everything
- How to Think About Your Real Estate Plan in 2026
- Our 4 Big Insights from White Coat Investor Conference 2026
- Our 15-Year Real Estate Secret
- Anti-Fragile Mindset: How We Pivot Tactics (Not Strategy) to Dominate Multifamily Now
- When Growth Isn't the Goal: the Power of the Pause

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## IN SUMMARY...

Q2 2026 reflects a quarter of strong performance, disciplined execution, and renewed momentum across the portfolio. After a period of focused operational improvement, we are now seeing those efforts translate into measurable results across occupancy, rent growth, and overall asset performance. At the same time, we have re-entered a phase of strategic growth, with new acquisitions underway and continued expansion in the Secure Freedom Fund.

### Here are some of the highlights:

- **K1s delivered for all Funds**
- **Two new assets under contract** for Secure Freedom Fund
- Offers outstanding on **FIVE additional acquisitions** for Secure Freedom Fund
- Added Andrew, George, and Midtown Apartments to Secure Freedom Fund
- **Increasing distributions for Fund III/IV!**
- Bayswater cash out refi (Fund III)
- Colby full cash out refi (Fund II)
- **Rent growth continues**
- **Dispatch Defense** for cost savings and improved resident experience
- **Massive increase in automation** for cost savings and efficiency

Despite continued macro uncertainty, Black Swan remains positioned from a place of strength, with disciplined operations, strong liquidity, and a long-term focus.

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

### DISTRIBUTIONS

**Fund I** - 1% annualized (monthly distributions). Over 20% returned to date.

**Fund II** - 1% annualized (monthly distributions). Focus on liquidity and long-term stability.

**Fund III & IV** - **Increased to 7% annualized starting May 1!**

**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*

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# IMPORTANT ANNOUNCEMENTS

## INCREASED DISTRIBUTIONS

We are pleased to announce that beginning **May 1, 2026**, distributions for **Fund III and Fund IV** will increase from **4% annualized to 7% annualized**, paid monthly.

This increase reflects the strong progress made across both portfolios as assets continue to stabilize, generate cash flow, and perform ahead of expectations.

Fund III has benefited from the successful Bayswater cash-out refinance and continued operational progress across the portfolio. Fund IV continues to perform well through strong results at Georgetown, Boulder Ridge, and the Stone Haven Apartments.

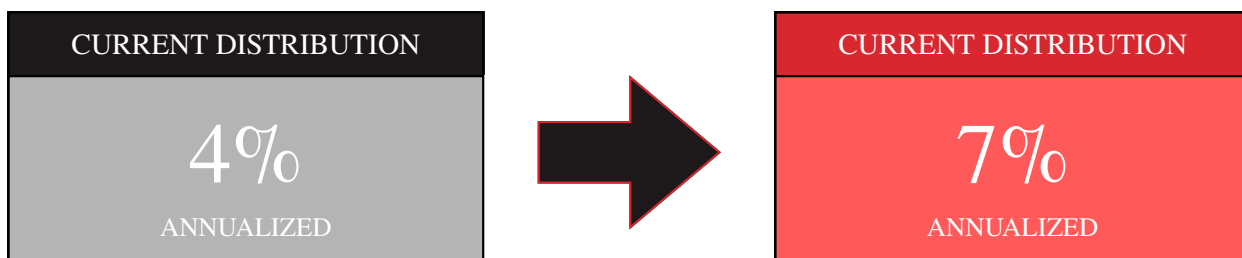
This adjustment reflects our commitment to sharing performance with investors while maintaining a disciplined and conservative long-term approach.

### Example Monthly Impact

\$100,000 investment at 4% = **\$333/month**

\$100,000 investment at 7% = **\$583/month**

That is a meaningful increase in current cash flow for investors.



## K-1 DELIVERY

**We have completed delivery of K-1s for all Real Estate Funds (I-IV, SFF)**

Uploaded to InvestNext portal - [blackswan.investnext.com](https://blackswan.investnext.com)

\*\*A small number of investors will receive amended K-1s due to updates such as name changes.

### Important reminders:

- **File at the federal level, your state of residence, and Minnesota only**
- **Additional state forms included in your packet are for fund-level filings and do not require action**
- **K-1s are stored in InvestNext for long-term access**

### 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](mailto:rachel@blackswanteam.com).**



# BLACK SWAN LIVING

We believe strong financial performance is built on disciplined execution at the property level. The Black Swan Living team drives that performance through hands-on management, operational precision, and a consistent focus on the resident experience.

This quarter, our teams focused on optimizing operations across the portfolio. From improving maintenance coordination to refining internal systems, these efforts are designed to enhance resident experience while driving efficiency and cost savings.

A key area of focus has been dispatch optimization, improving how maintenance is scheduled and completed. At the same time, we continue to invest in automation and technology to streamline workflows and support better decision-making across our communities.

At every level, our focus remains the same: **operate with excellence, continuously improve, and build systems that support long-term performance.**

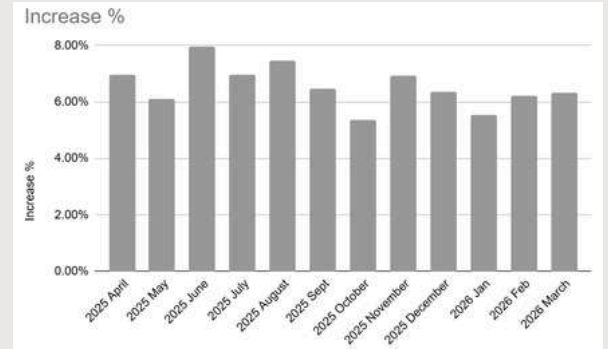
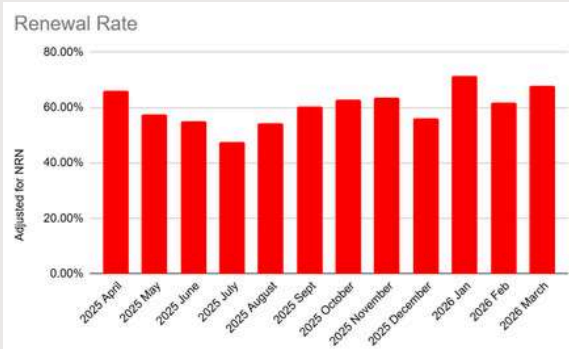




# RENT GROWTH

Black Swan continues to significantly outperform national rent trends through disciplined pricing, strong operational execution, and a consistent focus on the resident experience.

While national rent growth has remained under pressure due to increased supply in many markets, our portfolio has achieved **over 7% year-over-year rent growth on renewals**, alongside record-high renewal rates. This level of performance reflects intentional strategy and execution rather than reliance on market conditions.

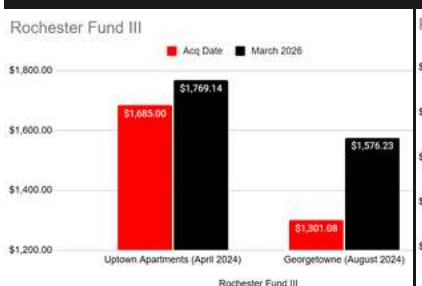
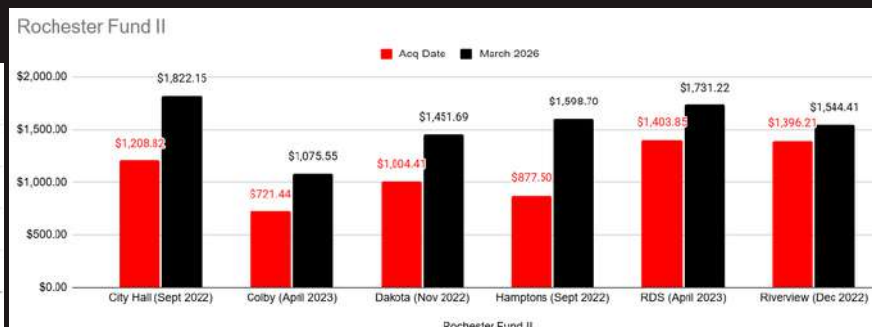
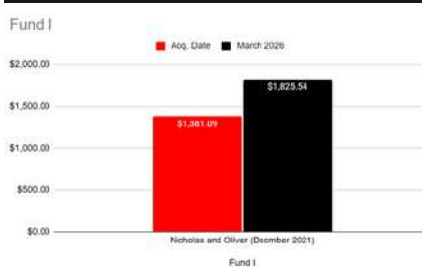


Our focus on retention remains a key driver. With renewal rates reaching some of the highest levels in our history, we continue to see strong demand from existing residents who choose to stay and renew at increasing rates.

Behind these results is a sustained investment in operational excellence. From property-level oversight to improvements in systems, maintenance coordination, and resident experience, our teams are executing at a high level across the portfolio.

We continue to view rent growth not as a short-term outcome, but as the result of consistent execution that compounds over time.

## Track Record: Rent Growth





## PORTFOLIO OPTIMIZATION

Operational improvements continue to be a key driver of long-term value creation across the portfolio. This quarter, our teams focused on strengthening systems, improving efficiency, and enhancing the resident experience across the portfolio.

This period included one of the most significant operational efforts in company history with the continued stabilization of Villages at Essex Park. Our teams executed a large-scale transition while maintaining day-to-day operations for hundreds of residents, bringing the property in line with Black Swan's operational standards.

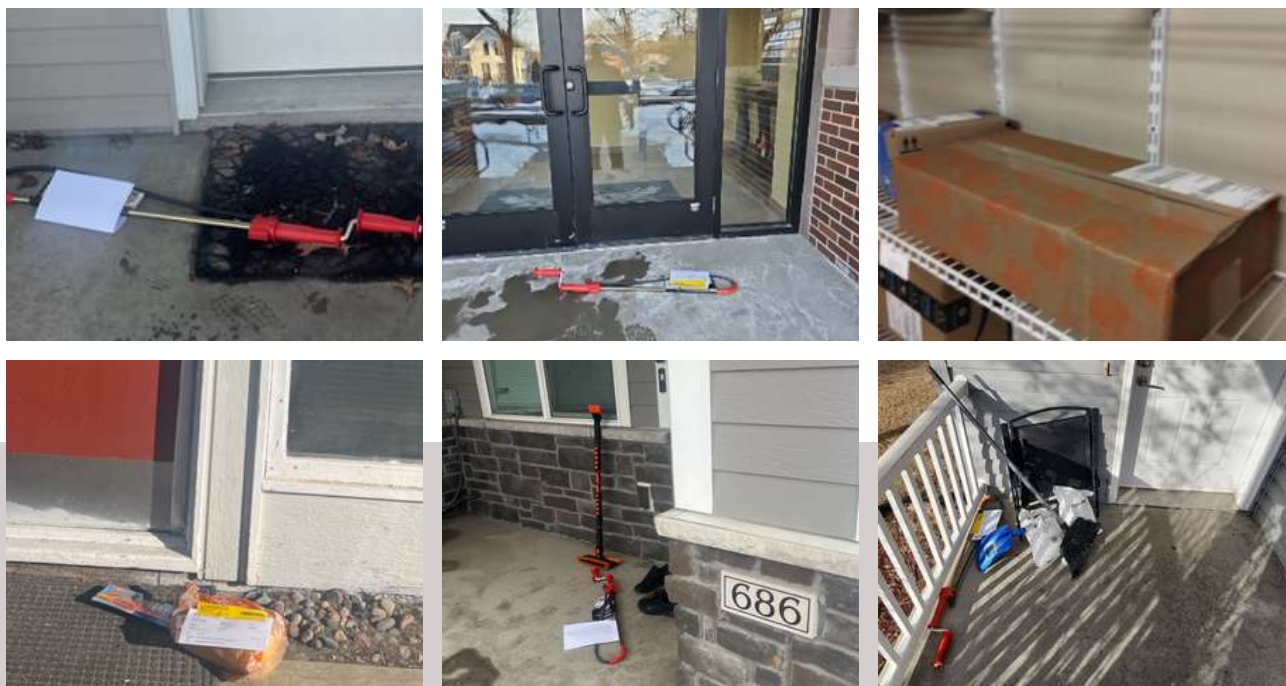
### Key highlights from this quarter include:

- Security camera systems installed and expanded across multiple properties
- Keypad and access control systems implemented to reduce reliance on physical keys
- Smart thermostats deployed to improve efficiency and reduce utility costs
- Lighting, plumbing, and infrastructure upgrades completed to enhance reliability
- Over 500 toilets replaced to support water efficiency initiatives
- 200+ keypad locks installed across units and common areas
- Common areas, laundry rooms, and shared spaces refreshed and upgraded
- Internet and connectivity improvements implemented across multiple assets

These improvements are intentional investments designed to improve safety, reduce operating friction, enhance resident satisfaction, and support long-term rent growth and NOI for each property. Our strategy prioritizes scalable, high-impact improvements rather than excessive capital deployment. By standardizing systems and executing efficiently across assets, we continue to strengthen performance and consistency across the portfolio.

Our “dispatch defense” initiative, pictured below, is an area where we've identified it saves us both time and money to send *something* instead of someone to address a simple maintenance request, including toilet augers, lightbulbs, batteries, and drain snakes. Our efficiency and cost savings have drastically improved while we serve our residents in an on-demand way.

As we move through 2026, infrastructure and operational excellence remain critical pillars of our strategy, supporting both current performance and long-term durability.





# SECURE FREEDOM FUND

The **Black Swan Real Estate Secure Freedom Fund** was created to provide stability, simplicity, and predictable cash flow through high-quality real estate backed by disciplined operations. With monthly distribution options and a focus on conservative underwriting, the fund is designed to serve investors seeking both income and long-term strength.

We are pleased to announce that the Secure Freedom Fund will reopen on **Monday, April 20 at 6:00 PM Central** for a limited offering available to existing investors and those currently on the waitlist. This will be a **small raise of approximately \$2.5 million**, and we anticipate the opening will fill quickly based on current demand.

**Opening Monday, April 20 at 6:00 PM Central**

[securefreedomfund.com](http://securefreedomfund.com)

The timing of this opening reflects strong momentum across the fund, meaningful operational progress, and a growing pipeline of acquisition opportunities.

## Quarter Highlights

- **Under contract on The Quarters**, a 63-unit Rochester community with significant value-add upside
- **Under contract on West Willow**, a 28-unit Class B Rochester asset less than one mile from Black Swan headquarters
- **Offers outstanding on five additional acquisitions**, representing approximately 300 units of potential growth
- **Added the Midtown, George, and Andrew Apartments** to the Fund
- **Approximately \$3 million of additional equity added** through those asset contributions
- **Villages at Essex Park stabilizing faster than expected**, allowing focus to return toward acquisitions
- **Continued monthly distributions** for investors utilizing the cash flow option

The Secure Freedom Fund remains focused on capital preservation, predictable returns, and disciplined growth. With embedded equity, active acquisition opportunities, and continued operational strength, we believe the fund is well positioned for the next phase ahead.

*The Quarters, which is under contract to purchase in the Secure Freedom Fund*





## VILLAGES AT ESSEX PARK

The acquisition of **Villages at Essex Park** marked one of the most significant milestones in Secure Freedom Fund history. This 288-unit community closed at the end of 2025 following an extensive HUD loan assumption process and quickly became a major operational focus for our team.

Since closing, progress has exceeded expectations. Our team has moved quickly to stabilize operations, improve systems, enhance security, and elevate the resident experience while maintaining continuity for the existing community.

### Quarter Highlights

- **Stabilizing far faster than expected**
- 500 toilets installed
- 244 keypad locks installed on all units
- Common areas secured with keypad locks
- 100+ security cameras installed so far
- 30+ units leased
- Unit turnovers going well

The rapid progress at Essex Park has allowed leadership attention to begin shifting back toward acquisitions while maintaining strong momentum on-site. We believe this asset is positioned to become a long-term cornerstone of the Secure Freedom Fund portfolio.





## FUND IV UPDATES

*Closed December 2024*

Black Swan Real Estate Fund IV continues to perform strongly and has entered its cash flow phase ahead of initial expectations. The portfolio has made meaningful progress over the last quarter, supported by strong operational execution, improving asset performance, and continued stabilization across key communities.

**Date of Final Asset Purchase:** March 2025 (final)

**Capital Returned to date:** 1%

**Distribution Schedule:** 7% annualized via monthly distributions

**Highlight of the quarter:** Increased distributions!

Steady, stabilizing Fund moving into its maturity phase

Fund IV started 4% annualized distributions in February 2026. **Starting May 1, distributions will be increased to 7% annualized.** This adjustment is a reflection of the strong progress we've made across the Fund IV portfolio as it stabilizes.

The Stone Haven Apartments continues to be a standout performer for the Fund, with successful lease-up and encouraging early operations following completion. Georgetown Townhomes has also delivered strong cash flow, while Boulder Ridge Townhomes continues to make steady progress through stabilization efforts.

### 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

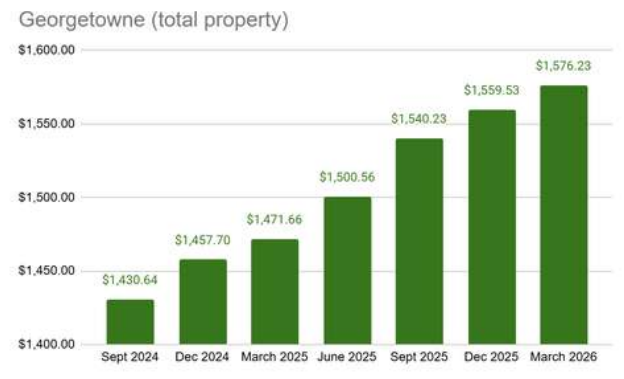




*Fund III and Fund IV each own 50% of these two assets*

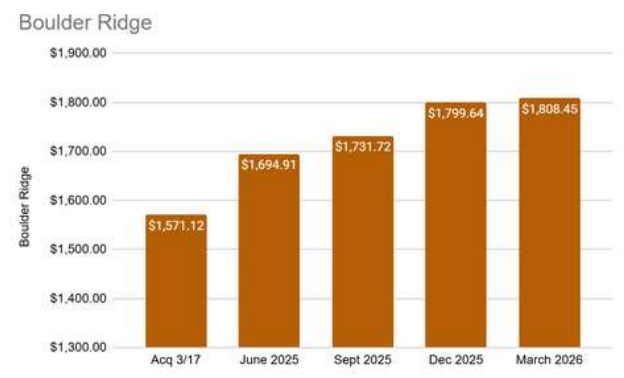
**Georgetown Townhomes**  
*132 Townhome Units | Rochester, MN*

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 we approach the stabilization phase, and the property has already begun achieving pro forma rent levels including consistent lease-ups at \$2,140 per month for three-bedroom units, exceeding our original projections.





## FUND III UPDATES

*Closed March 2024*

Black Swan Real Estate Fund III continues to perform strongly as the portfolio advances through its stabilization phase. Over the last quarter, the Fund made meaningful progress through improving cash flow, continued asset performance, and a major refinance event that created substantial value.

**Date of Final Asset Purchase:** March 2025 (final)

**Capital Returned to date:** 1%

**Distribution Schedule:** 7% annualized via monthly distributions

**Highlight of the quarter:** Bayswater cash-out refinance!

Steady, stabilizing Fund moving into its maturity phase

Fund III began monthly distributions in February 2026 at a 4% annualized rate. Starting May 1, distributions will be increased to 7% annualized. This adjustment reflects the strong progress we've made across the Fund III portfolio as it stabilizes.

### 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*

Black Swan Real Estate Fund II continues to perform steadily as the portfolio moves through its maturity phase. Over the last quarter, the fund delivered stable operations across its assets while achieving a successful refinance that strengthened liquidity and validated portfolio value.

**Date of Final Asset Purchase:** August 2025, with two remaining Riverview units intended for future acquisition

**Capital Returned to date:** 6.6%

**Distribution Schedule:** 1% annualized via monthly distributions

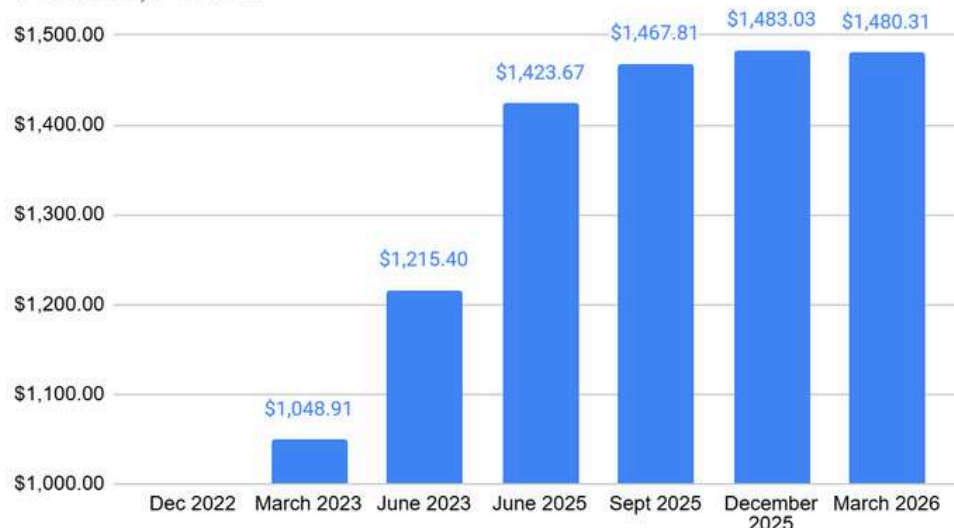
**Highlight of the quarter:** Colby full cash-out refinance

Steady, mature Fund focused on long-term strength and liquidity

Fund II was adjusted from a 4% annualized distribution to a 1% annualized distribution in February 2026. This decision was made intentionally to increase liquidity, remain conservative, and further protect investor capital ahead of future loan maturities in 2027 and beyond. [Watch the Q1 2026 Fund Update for more extensive details.](#)

The major highlight this quarter was the successful full cash-out refinance of Colby, an asset that has significantly outperformed expectations. The refinance created additional flexibility for the fund while reinforcing the long-term value of the portfolio.

Portfolio, Fund II





## FUND I UPDATES

*Closed December 2021*

Black Swan Real Estate Fund I continues to perform steadily as the most mature fund in the Black Swan portfolio. Over the last quarter, the fund delivered stable operations, strong occupancy, and continued rent growth across key assets.

**Date of Final Asset Purchase:** April 2023 (final)

**Capital Returned to date:** 20.5%

**Distribution Schedule:** 1% annualized via monthly distributions

**Highlight of the quarter:** Continued strong rent growth at Nicholas Apartments

Steady, mature Fund in its long-term operating phase

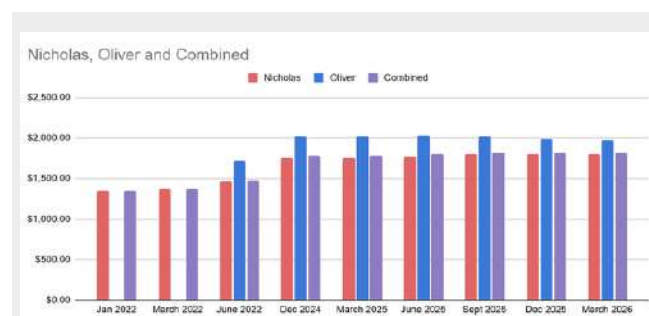
Fund I was adjusted from a 4% annualized distribution to a 1% annualized distribution in February 2026. This decision was made intentionally to increase liquidity and further protect investor capital ahead of future loan maturities in 2027 and beyond. Extensive details were shared in the Q1 2026 update.

The portfolio continues to benefit from stable asset performance and disciplined operations. Nicholas Apartments remains a standout contributor, with continued strong rent growth and healthy demand supporting overall fund performance.

### 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 20% 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 move further into 2026, we remain encouraged by the strength and momentum building across the Black Swan portfolio.

This quarter reflected meaningful progress on multiple fronts. We increased distributions for Funds III and IV, reopened the Secure Freedom Fund to meet growing acquisition opportunities, continued strong rent growth, and made substantial operational gains at Villages at Essex Park and across the broader portfolio. These outcomes are the result of years of disciplined decision-making, conservative underwriting, and consistent execution.

We also remain grounded in the realities of today's market environment. Economic headlines will continue to shift, interest rates may remain uncertain, and broader markets will likely continue to experience volatility. Our approach remains the same as it has always been: ***focus on what we can control, operate at a high level, maintain strong liquidity, and make thoughtful long-term decisions.***

We believe this environment continues to create opportunity for experienced operators who are patient, disciplined, and prepared. Black Swan is well positioned to continue taking advantage of those opportunities while protecting the capital entrusted to us.

Thank you for your continued trust, confidence, and partnership. It is an honor to steward your investment capital, and we remain deeply committed to serving you well for many years to come.

All our best,

*Nick and Dr. Elaine Stageberg*