

### Key Updates

Since taking ownership in June 2022, the Sponsor has successfully increased effective rents at the property by 16%, which is in line with the projected rent increases at closing. In Q4, new tenants signed leases that were on average 25% or ~\$285 per unit higher than the previous lease for the same unit.

The property ended Q4 with occupancy of 78% and as a result, net operating income was 29% lower than budget. The decrease in occupancy since taking ownership in June 2022 was intentional as the prior owner had rented units to non-qualified tenants who had ceased to pay rent. The Sponsor has worked with these tenants to pay their outstanding balance or, in most cases, gone through the eviction process. Due to the widespread eviction process in Q4, the property has seen a significant deterioration in occupancy. While the lower than projected occupancy is decreasing property performance in the short term, the overall effect of evictions and re-leasing the property to qualified tenants will benefit the investment in the long term.

In addition to evictions negatively affecting occupancy, the Sponsor felt the current property manager was not performing well and has since relieved them of their duties. A new manager has been hired with a focus on stabilizing the property. As of the end of January 2023, the property was 82% leased.

The Sponsor has begun the interior unit and exterior renovations as per the business plan. At the end of Q4, the Sponsor had completed 44 unit renovations as well as pressure washed the property, had HVAC repairs and replacements, and landscaping upgrades. The Sponsor has achieved an average rent increase of 34% per renovated unit, demonstrating high demand for the renovations. The Sponsor intends to increase the pace of renovations to efficiently increase operating income.

### Distributions and Looking Ahead

The JV partnership did not make a distribution in Q4 2022 which is consistent with the business plan. Given the ongoing renovation plan at the property and interest rate hikes, distributions are not expected throughout the duration of the investment. Yieldstreet investors will make the bulk of their return on the sale of the investment expected in 2H2025, as described in the Offering Materials.

Due to the early success of the renovation program, the Sponsor is focused on expediting renovations of the remaining units as per the business plan. The renovations are expected to continue to drive net operating income increases over the investment period.

### Market Insights

Rent growth averaged 3.9% over the last 12 months which is 2.6% higher than the submarkets historical average. This rent growth is however a decrease from the previous two-year average of 8.7%, which occurred during the strong post-pandemic leasing climate.

The submarket vacancy rate stood at 13% which is above the submarket's historical average. The submarket is flush with new construction and over 2.7k units have been delivered in the last two years, which has put upward pressures on vacancy. Construction is expected to continue as 4.3k units are projected to deliver over the next two years. These deliveries are expected to be absorbed into the market as renter demand keeps up with deliveries, but are not expected to compete with our property as they will attract a different demographic.

The submarket's strong rent and unit growth can be attributed to the access to public transportation on the LYNX Blue Line train and the abundance of demand drivers in the area. The submarket is home to University of North Carolina at Charlotte (UNCC) which has 30k students, as well as major office operations of Bank of America, TIAA, Wells Fargo, and Duke Energy to name a few.

A comparable property was sold for \$273k per unit in November 2022 which compares favorably to our basis of \$223k per unit.

Source: Per Costar as of 3/10/2023

### At a Glance

#### Real Estate Equity

Returns Source(s):

- Capital appreciation
- Some current income

#### Investment Overview

\$14.175M equity in a joint-venture with the Sponsor to acquire Commons at University Square, a garden-style multi-family property in Charlotte, North Carolina. The Sponsor contributed an additional \$9.125M of equity pari passu with Yieldstreet's investment. The equity investment is junior to a \$46M senior loan that was provided by a New York City credit focused asset manager.

#### Business Plan

The Sponsor intends to increase revenue at the property through organic market rent growth seen in the Charlotte area and by implementing a renovation plan to upgrade unit interiors and common areas. The Sponsor expects to renovate 70% of units and achieve a ~\$300 rent premium on each renovated unit.

#### Target Net Return<sup>2</sup>

15% - 17%

Net annualized return when calculated at final realization.

#### Payment Schedule

Quarterly & Event-Based

#### Target Term<sup>1</sup>

July 2025