

### Key Updates

Land development work has fallen behind schedule as the heavier than expected rainfall in the Savannah region has caused some setbacks. In Q1, Savannah received about 50% more rainfall than usual. Land development work is currently about 58% completed and all efforts are being made to make-up the lost time whenever the weather permits.

In the previous quarter, the sponsor had proposed a phasing plan that divides the project into two phases which would allow for the vertical construction to start on Phase I prior to all horizontal construction being completed. It was formally submitted to the City of Savannah Site Plan Review. Upon review, the City approved this plan which will allow us to significantly make-up some of the lost time and catch-up on the original timelines.

### Distributions and Looking Ahead

With phasing approval from the city and weather permitting, all land development work in Phase I is expected to be completed by Q2 2023 while Phase II is expected to be completed by Q3 2023. The sponsor has commenced with the homebuilder selection process with four of the top homebuilders in the area each providing the specs and pricing. The homebuilder selection is expected to be completed by Q2 2023.

### Market Insights

Savannah has been a very strong rental and for-sale housing market. Savannah MSA SFR rental rates increased 10.6% over the trailing 12 months as of March 2023 versus 8.4% as of December 2022 according to John Burns Research. John Burns Research is projecting SFR rent growth to average between 3% - 4% per year through 2025.

The existing median home price in Savannah at the end of March 2023 was \$292k vs \$256k in December 2021. Even with a broader slowdown in home buying activity since Q3 2022 across the nation, months of resale supply in Savannah trended lower between December and March at 0.9 months. Historically, prior to COVID this number was between 3-4 months.

Source: John Burns, 2023 Monthly Markets

### At a Glance

#### Real Estate Equity

Returns Source:

- Capital appreciation

#### Investment Overview

\$10.7M equity stake in a dedicated rental community of 142 to-be-built single family homes in Savannah, Georgia. The investment is junior to a \$21.7M senior construction loan from a regional bank that will be provided after the full deployment of equity.

#### Business Plan

The Sponsor's business plan is to develop a dedicated rental community of 142 to-be-built single-family detached homes and eventually following stabilization, sell at a favourable future price based on the strong economic and demographic prospects of the local market.

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

20% - 22%

Net annualized return when calculated at final realization

#### Payment Schedule

Event-based

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

May 2028