

Dear Investor

Our job is not calling the top or bottom of the market, but we do look for signs of major market changes which could have an impact on our portfolio. The two big tone changes we have seen recently are the Fed's lean towards cutting rates and larger groups tapping unallocated capital to acquire some sizeable deals. At the Fed's August 1, 2024 meeting, Jerome Powell stated, "a reduction in our policy rate could be on the table as soon as the next meeting in September". The 10 year Treasury, which hit a 10 year+ high of 4.99% on 10/18/23, finally broke under 4% and at the time of this writing sits at 3.94%. CME's FedWatch tool is pricing a 77% chance the Fed Funds rate will be under 4.50% by December, down about 75 bps from its current rate. With lower interest rates, but more importantly, an indication inflation is under control and less volatile, we believe this will help narrow the bid/ask spread between buyers and sellers in the multifamily market. The public markets are showing this sentiment with Real Estate Vanguard ETF (VNQ) up 11.20% compared to SPDR S&P 500 ETF Trust (SPY) up 2.53% last 3 months.

Although total United States multifamily transaction volume for the first half of 2024 was \$39.5 billion, which is consistent with 2023's annual volume of \$85 billion, it appears the big players are starting to transact again. As a point of reference, 2023's volume was the lowest in ten years and well off the 2021 peak of \$263 billion. Equity Residential is under contract to purchase 11 apartment complexes, totaling 3,500 units, for \$964 million. Blackstone closed on Apartment Income REIT for \$10 billion, KKR bought 5,200 units in June for \$2.1 billion from Quarterra, and Brookfield bought 7,000 apartments for \$1.55 billion. TPG's CEO Jon Winkelried expects a growing number of opportunities as his firm has \$14 billion of dry powder to deploy. Newmark reported increased property sales and lending revenue at its last quarterly report. Although these data points indicate the market to be moving in an upward direction, there are still a multitude of factors which could slow down this momentum. These could include a downturn in the economy, a reversal of inflation turning down, or a spike in interest rates.

Property Spotlight

Real Estate Opportunities Fund IV LLC invested in Parkside Apartments at North Colonie (f.k.a Valley View Apartments) in November 2023. This Albany, NY property fit our current value add investment thesis focusing on undersupplied tertiary markets with strong employment (2.9% unemployment and 2.1% job growth in the MSA compared to 3.6% and 1.5% in the country) and household income fundamentals (1 mile median income of \$86k/year with \$916 proforma rents after unit renovation) coupled with a good seller story and attractive purchase price per unit (\$61k/unit). Attainable housing in these areas is in strong demand as reflected in the early extraordinary success of this investment with an annualized cash yield of 7% and realized rents averaging approximately 70% higher than unrenovated rents.

Unit Type	Rents at Purchase (11/7/23)	Current Leasing (8/1/24)
1 bedroom	\$680	\$1,190
2 bedroom	\$871	\$1,440

Potential New Acquisition: Kentucky

Throughout 2024 our team has screened 385 investment opportunities and recently sourced a similar fantastic off-market prospect in a large Kentucky MSA. This new investment is under contract and set to close later in the third quarter. Following the Parkside Apartments theme, this market has a strong balanced economy and lack of new supply with no new developments in progress or planned in the immediate area. Additionally, the seller is a long-time owner, self managing the property from out-of-state, and retiring as a landlord. This motivated seller is exiting at a unit price 16% under the 1 year lowest comparative sale price and 51% under the average unit sale price within 20 miles of the subject property.

An important factor in our analysis is our partner on the ground managing the daily operations. Our operating partner in this investment has been in the real estate business for over 50 years, and also owns a very similar property undergoing an identical value add business plan approximately 20 miles from the subject property. Their current property is leasing \$150 over their proforma renovated rents, and the subject property will use the same property management and construction companies for our acquisition.

Our team continues to underwrite deals across the country to identify underperforming properties with outstanding seller stories, located in strong submarkets, and partner with experienced operators who can execute the business plan. Real Estate Opportunities Fund IV, our current active fund, has only one Sunbelt investment with other holdings located in Oklahoma, Colorado, and New York.

Potential New Acquisition: Kentucky Property Metrics

Unit Type	Unit Count (%)	In-Place Rent	Forecasted Renovated Rents
1 bedroom	29% (60 units)	\$781	\$950
2 bedroom	66% (137 units)	\$911	\$1,050
3 bedroom	5% (11 units)	\$1,060	\$1,200
Total	100% (208 units)	\$881	\$1,029

Exit Cap Rate		Rent Growth	
Modeled	7.5%	Modeled	3%
Market Expectation	6.6-7.1%	3 rd Party Market Analysis	3.2% Avg

Construction	
Number of Units	0

Firm Investment Opportunities Statistics

DEAL FLOW & OPERATOR DATABASE			
	2022	2023	2024
Q1	39	89	144
Q2	29	119	161
Q3	61	140	88*
Q4	89	120	
Total Deals Reviewed	218	468	305
Operating Partners YE	187	337	447*

*Through 8/14/2024

Featured Podcasts

- Over the past several months, our team has been featured on several industry podcasts highlighting our investment strategy and process. Please see below links and let us know if you have any questions.

Podcast Host

- Rod Khleif**
- Mac Assets**
- Bonavista**
- Think Realty**
- Syndication Attorneys**
- Multifamily Insights**

Link

- <https://podcasts.apple.com/us/podcast/ep-933-real-estate-strategies-for-increasing-value/id1097449598?i=1000647945678>
- <https://podcasts.apple.com/us/podcast/scaling-success-ctc-capitals-innovations-in-co-gp-real/id1680781274?i=1000646403818>
- <https://podcasts.apple.com/us/podcast/sa878-a-simplified-financing-for-value-add/id1532853594?i=1000643514915>
- <https://thinkrealty.com/podcast/think-realty-podcast-297-exploring-multifamily-opportunities/>
- <https://podcasts.apple.com/au/podcast/capital-raising-co-investing-with-mark-purtell-joseph/id1553530036?i=1000608309166>
- <https://podcasts.apple.com/us/podcast/working-with-private-equity-partners-with-mark-purtell/id1269346577?i=1000614982112>

Thank you,

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*As measured by T3 Rental Income divided by unit cost

Portfolio Updates

- We're pleased to share portfolio updates on current holdings or potential investments and their progress within the funds, keeping you informed of key developments that impact firm investments. All regular quarterly underlying property statistics, i.e. occupancy, can be found under each respective asset in Juniper Square

Real Estate Opportunities Fund IV, LLC

Final Close: November 1, 2022, Investment Period End Date: October 31, 2025

Called Capital 27.75%, Total Fund AUM \$40.3M

- Due to an inability to agree to terms with the self-storage operator mentioned last quarter, we have pulled out of this joint venture prior to closing.
- Homestead Development in Florida. Having closed on the land last month, we are in the process of sourcing LP equity for the vertical phase and working through the permitting process.
- As mentioned above, we are working through due diligence on a Kentucky multifamily acquisition
- The Fund is under contract to acquire a Denver MSA value-add deal. Due diligence has just begun and will be detailed in the next quarterly letter
- A small distribution from Parkside Apartments at North Colonie rental income (7% annualized) and a return of Upham Apartments loan proceeds will occur this month.

Real Estate Opportunities Fund III, LLC

Final Close: November 1, 2021, Investment Period End Date: April 30, 2024

Total Fund AUM \$21.2M (- 5.85% IRR, 0.87 MOIC)

- The Levy, FKA the hotel conversion, has received Temporary Certificate of Occupancy and the lender has extended the current loan as we enter the lease up phase.

Real Estate Opportunities Fund 2018, LLC

Final Close: September 30, 2018, Investment Period End Date: June 30, 2020,

Total Fund AUM \$19.2M (27.35% IRR, 2.00 MOIC)

Real Estate Opportunities Fund 2017, LLC

Final Close: : June 30, 2017, Investment Period End Date: June 30, 2019

Total Fund AUM \$23.5M (13.61% IRR, 1.82 MOIC*)

- The buyer for Windsor on the River has completed their due diligence and their earnest money is now non-refundable. Expected closing is September 11 and returns should be approximately a 10% IRR and a 1.77 Equity Multiple.

*Valuations based on current BOVs for RE 2017 as of 6/30/24