Hillpointe Workforce Housing Partnership IV, LP

Quarterly Update

Third Quarter 2024

101 S. New York Ave | Suite 211
Winter Park, FL 32789

Dear Partner,

Thank you for your support of Hillpointe Workforce Housing Partnership IV, LP (the “Fund” or the “Partnership”). We are pleased to share with you the Quarterly Report for the period ending September 30, 2024. In addition to the materials contained in this package, your Quarterly Partner Package with information specific to your investment has been posted separately on the Hillpointe Investor Portal.

Portfolio

As of September 30, 2024, the Fund has an investment position totaling $364,936,705 across 21 assets: Pointe Grand Tolleson (Phoenix MSA), Pointe Grand at Watson Blvd (Warner Robins MSA), Pointe Grand Lakeland (Lakeland-Winter Haven MSA), Pointe Grand Spring Hill (Tampa-St. Petersburg-Clearwater MSA), Pointe Grand at Island View (Brunswick MSA), Pointe Grand Davenport (Orlando-Kissimmee-Sanford MSA), Pointe Grand Fort Pierce (Port St. Lucie MSA), Pointe Grand DeLand (Deltona-Daytona Beach-Ormond Beach MSA), Pointe Grand at Heath Brook (Ocala MSA), Pointe Grand Port Wentworth (Savannah MSA), Pointe Grand Beaufort (Hilton Head Island-Bluffton-Beaufort MSA), Pointe Grand Timber Ridge (Ocala MSA), Pointe Grand Okatie (Hilton Head Island-Bluffton-Beaufort MSA), Pointe Grand at Thomaston Crossing (Macon MSA), Pointe Grand Chatham (Savannah MSA), Pointe Grand Athens at Talley Crossing (Athens MSA), Pointe Grand Yulee (Jacksonville MSA), Pointe Grand at Champions Gate (Orlando-Kissimmee-Sanford MSA), Pointe Grand Minneola (Orlando-Kissimmee-Sanford MSA), Pointe Grand Winder (Atlanta-Sandy Springs-Roswell) and Pointe Villas at Bergen Woods (Brunswick MSA). The following table outlines the Fund’s anticipated investment allocations for current investments.

Project	**Location**	**Units**	**Estimated Total Project Size**	**Estimated Total Equity**	**Estimated Open Date**
Pointe Grand Tolleson	Tolleson, AZ (Phoenix MSA)	288	$57,563,256	$20,147,140	Q3 2025
Pointe Grand Byron	Warner Robins, GA (Warner Robins MSA)	324	$52,077,232	$23,434,754	Under Management
Pointe Grand Lakeland	Lakeland, FL (Lakeland-Winter Haven MSA)	288	$55,174,666	$19,311,133	Q3 2025
Pointe Grand Spring Hill	Spring Hill, FL	348	$61,720,845	$21,602,296	Under Management

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	(Tampa-St. Petersburg-Clearwater MSA)				
Pointe Grand at Island View	Brunswick, GA (Brunswick MSA)	228	$40,668,811	$14,241,084	Q1 2025
Pointe Grand Davenport	Davenport, FL (Orlando-Kissimmee-Sanford MSA)	288	$54,882,455	$19,208,859	Under Management
Pointe Grand Fort Pierce	Fort Pierce, FL (Port St. Lucie MSA)	264	$49,165,003	$17,207,751	Q3 2025
Pointe Grand DeLand	Deland, FL (Deltona-Daytona Beach-Ormond Beach MSA)	204	$38,580,028	$13,503,010	Q2 2025
Pointe Grand at Heath Brook	Ocala, FL (Ocala MSA)	240	$43,274,473	$15,146,066	Under Management
Pointe Grand Port Wentworth	Port Wentworth, GA (Savannah MSA)	360	$66,997,114	$23,448,900	Q3 2025
Pointe Grand Beaufort	Beaufort, SC (Hilton Head Island-Bluffton-Beaufort MSA)	328	$62,264,365	$21,792,528	Q3 2025
Pointe Grand at Timber Ridge	Ocala, FL (Ocala MSA)	324	$58,089,483	$20,331,319	Q4 2024
Pointe Grand Okatie	Okatie, SC (Hilton Head Island-Bluffton-Beaufort MSA)	288	$54,739,746	$19,158,911	Q1 2026
Pointe Grand at Thomaston Crossing	Macon, GA (Macon MSA)	288	$48,335,586	$16,917,455	Q1 2025
Pointe Grand Chatham	Savannah, GA (Savannah MSA)	411	$79,704,195	$27,896,468	Q1 2026

Pointe Grand Athens at Talley Crossing	Athens, GA (Athens-Clarke MSA)	337	$67,813,279	$26,272,299	Q2 2025
Pointe Grand Yulee	Yulee, FL (Jacksonville MSA)	240	$46,502,900	$16,276,015	Q2 2025
Pointe Grand at Champions Gate	Davenport, FL (Orlando-Kissimmee-Sanford MSA)	445	$95,649,930	$33,477,475	Q3 2025
Pointe Grand Minneola	Minneola, FL (Orlando-Kissimmee-Sanford MSA)	300	$62,582,736	$25,033,094	Q1 2026
Pointe Grand Winder	Winder, GA (Atlanta-Sandy Springs-Roswell MSA)	284	$53,194,921	$21,277,969	Q 2026
Pointe Villas at Bergen Woods	Brunswick, GA	186	$39,478,198	$13,817,364	Q2 2025

<u>Pointe Grand Tolleson</u>

Pointe Grand Tolleson is a 288-unit project located in the Tolleson/Avondale submarket of the Phoenix MSA, approximately 15 miles west of downtown Phoenix. The ~11.5-acre project site is located in the Avondale submarket, roughly two miles from Interstate 10 and approximately 12 miles west of downtown Phoenix.

Over the past decade the population of Phoenix has grown by 18%, significantly faster than the 7% population growth realized in the broader United States. Based on 2023 estimates, Phoenix is a top 10 MSA with a diverse employment base. The State of Arizona, Banner Health, Walmart, Amazon, Kroger, Wells Fargo, Raytheon, Albertsons, Dignity Health, Honor Health, Home Depot, CVS, Intel, and McDonalds each account for over 10,000 employees in the Phoenix market. Arizona State University (~75,000 students) and Grand Canyon University (~20,000 in-person students and ~70,000 online students) anchor Phoenix's education sector.

Additionally, Phoenix is rapidly developing into a hub for semiconductor chip production. Intel is developing two new chip factories in the Phoenix market as part of a $20 billion expansion that is expected to create approximately 3,000 permanent jobs and approximately 3,000 construction jobs. Additionally, Taiwan Semiconductor Manufacturing Company (TSMC) is underway on a $12 billion plant that is expected to create 2,000 permanent jobs by the end of 2025. Since the development announcements by Intel and TSMC, over 20 Intel and TSMC suppliers have announced investments into the Phoenix market. According to the Greater Phoenix Economic

Council there are an estimated 27 semiconductor chip related projects in the pipeline representing approximately 10,000 phase one jobs and over $100 billion of new investment potential.

The Fund acquired the project site in November 2022 for a total purchase price of $6,500,000 ($22,569 per unit).

Site work is substantially complete and we anticipate that vertical construction will commence in December 2024.

The initial rent underwriting for Pointe Grand Tolleson is $1,650 per month, in-line with the current rents achieved by the 10–20-year-old product (average vintage 2006) in the competitive set and a 25% discount to the other newly built product in the competitive set (vintage 2018).

Our final pro-forma underwriting projected an 8.19% yield on cost and a project level IRR of 25.3% as measured on a 7-year hold.

Pointe Grand Byron

Pointe Grand Byron (formerly named Pointe Grand at Watson Blvd) is a 324-unit project located in Warner Robins, GA. The ~20.2-acre project site is located approximately one mile from the Houston County Galleria, the premier retail center in Warner Robins, approximately four miles from Houston Medical Center, a 237-bed acute care facility and regional medical hub, and approximately five miles from Middle Georgia State University's Warner Robins campus (~7,400 students). Robins Air Force Base is the single largest industrial complex in Georgia and the largest employment driver in Warner Robins, with ~23,000 airmen stationed at the base. A large percentage of the operations at Robins Air Force Base are maintenance, engineering and support, resulting in a higher median income and less likelihood of deployment. Other employment drivers include, Perdue Farms (2,520 employees), Houston Healthcare (2,475 employees), Frito-Lay (1,512 employees), Northrop Grumman (552 employees), and Central Georgia Technical College (6,314 students, 540 employees).

The Fund acquired the project site in October 2022 for $1,045,000 ($3,225 per unit).

As of this writing, Pointe Grand Byron is 65% leased at an average rate of $1,440 per month. This compares to our initially underwritten rent of $1,350 per month.

Our final pro-forma underwriting projected an 8.26% yield on cost and a project level IRR of 25.4% as measured on a 7-year hold.

Pointe Grand Lakeland

Pointe Grand Lakeland is a 288-unit project located in Lakeland, FL. With ~750,000 people, the Lakeland-Winter Haven MSA is one of the fastest growing MSAs in the nation. Located on the I-4 corridor between Orlando and Tampa, Lakeland has approximately 18 million people within a four hour drive and has emerged to become a key industrial hub, with 5.9 million square feet of industrial real estate expected to complete in 2023 alone.

The ~26.8-acre project site is located less than one mile from Lakeland Village, a 75-store outdoor lifestyle shopping center, wedged between the Lakeland Linder International Airport, Publix headquarters (~3,000 employees), and Geico's new corporate office (~3,800 employees). The project site is four miles from the Lakeland Regional Health Medical Center (~6,000 employees), the second largest employer in Lakeland, and five miles from Lakeland Central Park, a 740-acre industrial campus with 5 million square feet of planned industrial space.

The Fund acquired the project site in December 2022 for $4,600,000 ($15,972 per unit).

Site work is substantially complete and we anticipate vertical construction will commence in January 2025.

The initial rent underwriting for Pointe Grand Lakeland is $1,650 per month, an 18% discount to the in-place rent at the lone 10–20-year-old comp (2009 vintage), located approximately 1 mile from the project site.

Our final pro-forma underwriting projected an 8.0% yield on cost and a project level IRR of 24.2% as measured on a 7-year hold.

Pointe Grand Spring Hill

Pointe Grand Spring Hill is a 348-unit project located in Spring Hill, FL, part of the Tampa-St. Petersburg-Clearwater MSA. The ~25.2-acre project site is within three miles of the Brooksville-Tampa Bay airport and technology center, a 2,400-acre aeronautical and corporate campus with over 150 corporate tenants, within four miles of the 350-bed HCA Florida Oak Hospital (~1,700 employees), and within five miles of the 124-bed Hernando Health Hospital (~1,000 employees). The site is also proximate to major retailers, with Publix, Walmart Supercenter, Super Target, and Sam's Club all located within three miles of the site.

The project site is a ~15-minute drive from the Moffitt Cancer Center, a 775 acre, 16 million square foot, multi-phase project expected to create approximately 14,500 new jobs. Construction on the Moffitt Cancer Center commenced in mid-2023 and anticipates the campus will open in late-2025 or early 2026.

Initial move-ins began in October 2024. As of this writing, Pointe Grand Spring Hill is 18% leased at an average rate of $1,631 per month. This compares to our initially underwritten rent of $1,500 per month.

Our final pro-forma underwriting projected an 8.04% yield on cost and a project level IRR of 24.4% as measured on a 7-year hold.

Pointe Grand at Island View

Pointe Grand at Island View is a 228-unit project located in Brunswick, GA. The ~14-acre project site overlooks the marsh that separates Brunswick from Saint Simons and Sea Island and is located just north of the F J Torras Causeway which connects Brunswick to Saint Simons and Sea Island. In addition to its proximity to Sea Island (~1,500 employees), the Project is within one mile of the Southeast Georgia Health System's Brunswick Campus (1,700 employees) and the College of Coastal Georgia (3,500+ students), within five miles of the Federal Law Enforcement Training Center (1,000+ employees) and Gulfstream Brunswick (250 employees), and just across the Saint Simons Sound from the Port of Brunswick (11,000 employees). We anticipate that the project will realize tailwinds from the recently announced Hyundai auto plant and EV battery factory, a $5.5 billion manufacturing facility outside of Savannah expected to open in 2025. The Port of Brunswick is expected to serve as the primary port for the Hyundai plant and Hyundai's service providers are already planning expansions near the port. In addition to a host of diverse job drivers, the project site is located within two miles of Brunswick's major retail corridor, containing Walmart Supercenter, Target, Publix, Sam's Club, and Lowe's.

The Fund acquired the project site in December 2022 at a purchase price of $3,656,890 ($16,930 per unit). In April 2023, an additional ~2-acre parcel was purchased by the Fund for $373,113 from the neighboring condo association.

Interior construction is now underway. We currently anticipate that initial COs will be obtained in Q1 2025.

The initial rent underwriting for Pointe Grand at Island View is $1,450, a 2.4% premium to the current rents achieved by the 10–20-year-old product (average vintage 2009) in the competitive set and an 8.6% discount to the other newly built product in the competitive set (average vintage 2020).

Our final pro-forma underwriting projected an 8.03% yield on cost and a project level IRR of 24.5% as measured on a 7-year hold.

Pointe Grand Davenport

Pointe Grand Davenport is a 288-unit project located in Davenport, FL, part of the Orlando-Kissimmee-Sanford MSA. The ~20.9-acre project site is located approximately three miles from the Reunion Resort & Golf Club, a 2,200-acre destination resort, five miles from the Champions Gate mixed use development, a 1,500-acre premiere tourist and commercial destination, and ~10 miles from The Walt Disney World Resort. Additionally, the project site is adjacent to a Publix anchored grocery center and immediately across from the Providence Golf Community, a large-scale gated golf course community with homes ranging from $500,000 to $1,200,000.

The Fund acquired the project site in January 2023 for $4,980,000 and an adjacent parcel is currently under contract at a purchase price of $265,298. The total land budget for the project is $5,236,295 ($18,182 per unit).

The initial Certificate of Occupancy was obtained in October 2024 and initial move-ins are scheduled to occur in November 2024.

The initial rent underwriting for Pointe Grand Davenport is $1,750 per month, a ~19% discount to the current rents achieved by the 10–20-year-old product (average vintage 2010) in the competitive set and a 15% discount to the other newly built product in the competitive set (average vintage 2019).

Our final pro-forma underwriting projected an 8.77% yield on cost and a project level IRR of 27.9% as measured on a 7-year hold.

Pointe Grand Fort Pierce

Pointe Grand Fort Pierce is a 264-unit project located in Fort Pierce, FL, within the Port St. Lucie MSA. The ~17.3-acre project site is located less than one mile from the I-95 and Florida Turnpike interchanges and within three miles of Lawnwood Regional Medical Center (1,650 employees), a 1.2 million square foot Walmart Distribution Center (500 employees), and Pepsi Bottling Group plant (~350 employees). The site is also less than one mile from the planned Fort Pierce Wavegarden, a $595 million surfing center and village with a planned 800 homes, 600 hotel rooms, and 525,000 square feet of commercial space expected to account for approximately 3,400 construction jobs and 1,900 permanent jobs.

The Fund acquired the project site in January 2023 at a purchase price of $4,250,000 ($16,865 per unit).

Site work is substantially complete. We anticipate that vertical construction will commence January 2025.

The initial rent underwriting for Pointe Grand Fort Pierce is $1,700, a 2.1% premium to the current rents achieved by the 10–20-year-old product (average vintage 2006) in the competitive set. There is no other newly built product in the competitive set, with the newest competitive product developed in 2009.

Our final pro-forma underwriting projected an 8.05% yield on cost and a project level IRR of 24.4% as measured on a 7-year hold.

Pointe Grand DeLand

Pointe Grand DeLand is a 204-unit project located in DeLand, FL, within the Deltona-Daytona Beach-Ormond Beach, FL MSA. The +/-14-acre project site is located less than a quarter mile from the 164-bed AdventHealth DeLand hospital (1,000+ employees) and within two miles of Stetson University (4,000+ students, 1,500+ employees). Increasingly, in addition to its own economic drivers, DeLand has become a bedroom community serving the north side of Orlando, as expansion to the northeast along the I-4 corridor has increased the cost of housing in traditional northern Orlando MSA suburbs such as Lake Mary and Sanford.

The Fund acquired the project site at a total price of $3,204,700 ($15,709 per unit).

Framing is now complete and interior construction is underway.

The initial rent underwriting for Pointe Grand DeLand is $1,650 per month, a 4.9% discount to the current rents achieved by the 10–20-year-old product (average vintage 2006) in the competitive set and a 9.1% discount to the other newly built (average vintage 2020) product in the competitive set.

Our final pro-forma underwriting projected an 8.05% yield on cost and a project level IRR of 24.6% as measured on a 7-year hold.

Pointe Grand at Heath Brook

Pointe Grand at Heath Brook is a 240-unit project located in Ocala, FL within the Ocala MSA. The ~15.6-acre project site is located half a mile from Ocala's most trafficked I-75 interchange and directly adjacent to Market Street at Heath Brook along Ocala's central retail corridor. The site is within five miles of AdventHealth Ocala (425 beds, ~2,400 employees), Ocala Regional Medical Center (~1,500 employees), the College of Central Florida (~6,700 students and ~1,000 employees), the FedEx, Amazon, and Chewy Ocala distribution centers (~3,800 employees), and the World Equestrian Center, a ~400 acre mixed use equestrian destination.

In addition to its position directly behind Market Street at Heath Brook, the Project has frontage along SW 40th Ave, which is expected to become a major transit corridor once the planned four lane expansion of SW 40th Ave is completed. The SW 40th Ave Road expansion project is currently expected to be completed in 2024 and will link Ocala's main I-75 interchange with south Ocala.

The Fund acquired the project site at a total price of $3,580,768 ($14,920 per unit).

As of this writing Pointe Grand Heath Brook is 45% leased at an average rate of $1,547 per month. This compares to our initially underwritten rent of $1,575 per month.

Our final pro-forma underwriting projected an 8.04% yield on cost and a project level IRR of 25.1% as measured on a 7-year hold.

Pointe Grand Beaufort

Pointe Grand Beaufort is a 328-unit project located in Beaufort, SC, within the Hilton Head Island-Bluffton-Beaufort, SC MSA. The Hilton Head Island-Bluffton-Beaufort MSA has realized 26% population growth over the past decade. The ~24-acre project site is located along Robert Smalls Parkway, the major artery into downtown Beaufort and the center of Beaufort's retail corridor. The project is proximate to Marine Corps Air Station Beaufort (~6,000 personnel and ~1,200 civilian employees), Parris Island (~4,000 personnel and ~1,500 civilian employees), Beaufort Memorial Hospital (~1,400 employees) and the University of South Carolina's Beaufort Campus (~2,000 students and ~160 employees).

Site work is substantially complete. We anticipate that vertical construction will commence in January 2025.

The initial rent underwriting for Pointe Grand Beaufort is $1,650 per month, a ~5% discount to the current rents achieved by the 10–20-year-old product (average vintage 2007) in the competitive set and a ~14% discount to the other newly built product in the competitive set (average vintage 2019).

Our final pro-forma underwriting projected an 8.38% yield on cost and a project level IRR of 24.1% as measured on a 7-year hold.

Pointe Grand Port Wentworth

Pointe Grand at Port Wentworth is a 360-unit project located in Port Wentworth, GA, a sub-market of the Savannah MSA. The ~78-acre project site is located near the Benton Blvd SR 30 interchange that connects Pooler with Port Wentworth. The Savannah MSA has significantly expanded over the past decade, largely as a result of the growth of the Port of Savannah, now the third largest port in the United States, and its associated distribution facilities. The Port of Savannah currently accounts for an estimated 33,849 direct and indirect jobs in the Savannah MSA and is in the midst of an additional $2.5 billion expansion which will create an estimated additional 9,000 direct and indirect jobs in the Savannah MSA.

In addition to the job creation stemming from the expansion of the Port of Savannah, Hyundai is currently under construction on a $6.4 billion electric vehicle and battery manufacturing facility in Bryan County that is scheduled to open in 2025. The development, which will create approximately 8,100 new direct jobs, is projected to catalyze 20,000+ follow-on indirect jobs from associated industry. Recent other job announcements in the Savannah MSA include Hyundai Mobis (1,500 employees), Sewon America (740 employees), PHA Global (402 employees), HMG Supplier (456 employees), KISS USA (395 employees), Komar Brands (294 employees) and Plastic Express (166 employees).

Pointe Grand at Port Wentworth is also proximate to Gulfstream Headquarters (~11,500 employees with an announced expansion of 1,600 additional employees to be hired in 2023 and 2024), major distribution facilities for Home Depot, Target, Staples, Floor & Décor, and Dollar Tree, Georgia Tech's Savannah Campus, and the Savannah Tanger Outlets retail center.

The Fund acquired the project site in February 2023 for $2,538,400 ($7,051 per unit).

Site work is substantially complete. We anticipate that vertical construction will commence in December 2025.

The initial rent underwriting for Pointe Grand Port Wentworth is $1,550 per month, a ~1% discount to the current rents achieved by the 10–20-year-old product (average vintage 2008) in the competitive set and a 17% discount to the other newly built product in the competitive set (average vintage 2020).

Our final pro-forma underwriting projected an 8.08% yield on cost and a project level IRR of 25.2% as measured on a 7-year hold.

Pointe Grand Timber Ridge

Pointe Grand Timber Ridge is a 324-unit project located in Ocala, FL. The ~27-acre project site is located on State Road 200, roughly five miles from the 1.7 million square foot Dollar Tree Distribution Center and along the retail corridor in south Ocala containing Walmart, Publix, Aldi and Lowe's. The project is also proximate to AdventHealth Ocala (425 beds, ~2,400 employees), Ocala Regional Medical Center (~1,500 employees), the College of Central Florida (~6,700 students and ~1,000 employees), the FedEx, Amazon, and Chewy Ocala distribution centers (~3,800 employees) and the World Equestrian Center, a ~400 acre mixed use equestrian destination.

Construction is progressing significantly ahead of schedule. Unit interior construction, amenities construction, landscaping and final paving are currently underway. We anticipate that initial move-ins will occur in December 2024.

The initial rent underwriting for Pointe Grand Timber Ridge is $1,550 per month, a ~7% discount to the current rents achieved by the 10–20-year-old product (average vintage 2006) in the competitive set and a 7% discount to the other newly built product in the competitive set (average vintage 2021).

Our final pro-forma underwriting projected an 8.26% yield on cost and a project level IRR of 24.3% as measured on a 7-year hold.

Pointe Grand Okatie

Pointe Grand Okatie is a 288-unit project located in Okatie, SC, within the Hilton Head Island-Bluffton-Beaufort MSA. The Hilton Head Island-Bluffton-Beaufort MSA has realized 26% population growth over the past decade. The ~23.8-acre Pointe Grand Okatie project site is located in the Bluffton submarket, within five miles of the University of South Carolina Beaufort (~2,100 students), EviCore Healthcare HQ (~550 employees), Technical College of the Lowcountry (~2,000 students), Beaufort Memorial Micro Hospital (~125 employees), and Okatie Medical Center (~100 employees).

In addition to employers within the immediate radius, Bluffton area housing supports Hilton Head Island, a top vacation destination with an estimated $2.8 billion annual economic impact. Currently a ~20-minute drive, the upgrade of US-278, the thoroughfare connecting Bluffton and Hilton Head Island, is expected to be completed in 2023 and will shorten the commute time.

The Fund acquired the project site in June 2023 for a total price of $3,410,000 ($11,840 per unit). Initial site work is expected to commence in December 2024.

The initial rent underwriting for Pointe Grand Okatie is $1,700 per month, a ~13.9% discount to the current rents achieved by the 10–20-year-old product (average vintage 2008) in the competitive set and a 24.6% discount to the other newly built product (average vintage 2020) in the competitive set.

Our final pro-forma underwriting projected an 8.33% yield on cost and a project level IRR of 26.2% as measured on a 7-year hold.

Pointe Grand at Thomaston Crossing

Pointe Grand at Thomaston Crossing is a 288-unit project located in Macon, GA, within the Macon MSA. The Pointe Grand at Thomaston Crossing project is proximate to Middle Georgia State University (680 employees and 7,688 students), Central Georgia Technical College (1,174 employees and 6,314 students), Piedmont Macon Medical Center (1,400 employees) and Atrium Health Navicent (4,500 employees).

The Fund acquired the parcels for the project site at a total price of $742,625 ($2,579 per unit).

Construction is progressing significantly ahead of schedule. Unit interior construction, amenities construction, landscaping and final paving are currently underway. We anticipate that initial move-ins will occur in Q1 2025.

The initial rent underwriting for Pointe Grand at Thomaston Crossing is $1,400 per month, a ~6.3% discount to the current rents achieved by the 10–20-year-old product (average vintage 2009) in the competitive set and a 15.4% discount to the other newly built product (average vintage 2020) in the competitive set.

Our final pro-forma underwriting projected an 8.20% yield on cost and a project level IRR of 25.6% as measured on a 7-year hold.

Pointe Grand Chatham

Pointe Grand Chatham is a 411-unit project located in Savannah, GA consisting of 348 2-bedroom/2-bathroom three story garden style multifamily units, 47 3-bedroom/2-bathroom two-story townhome units and 16 3-bedroom/2-bathroom single story duplex units.

As noted above, Savannah is in the midst of a major economic expansion, largely as a result of the growth of the Port of Savannah, now the third largest port in the United States, and its associated distribution facilities. The Port of Savannah currently accounts for an estimated 33,849 direct and indirect jobs in the Savannah MSA and is in the midst of an additional $2.5 billion expansion which will create an estimated additional 9,000 direct and indirect jobs in the Savannah MSA.

In addition to the job creation stemming from the expansion of the Port of Savannah, Hyundai is currently under construction on a $6.4 billion electric vehicle and battery manufacturing facility in Bryan County that is scheduled to open in 2025. The development, which will create approximately 8,100 new direct jobs, is projected to catalyze 20,000+ follow-on indirect jobs from associated industry. Recent other job announcements in the Savannah MSA include Hyundai Mobis (1,500 employees), Sewon America (740 employees), PHA Global (402 employees), HMG Supplier (456 employees), KISS USA (395 employees), Komar Brands (294 employees) and Plastic Express (166 employees).

In addition to the Port of Savannah and Hyundai manufacturing facility, the project site is proximate to Gulfstream (~11,500 employees with an announced expansion of 1,600 additional employees to be hired in 2023 and 2024), Hunter Army Airfield (~4,300 civilian employees), Savannah College of Art and Design (3,095 employees and 16,000 students), Savannah Medical District (5,800 employees), The Abercorn St Retail Corridor (16,000 employees), and Savannah State University (730 employees and 3,500 students).

In October 2023, the Fund purchased the project site for $4,431,118 ($10,781 per unit). Construction is scheduled to commence in December 2024.

In addition to 348 units of Hillpointe's traditional 2-bedroom/2-bathroom three story garden style multifamily product, the Pointe Grand Chatham site plan includes 47 3-bedroom/2-bathroom townhome units (approximately 2,204 gross square feet each, including a two garage) and 16 3-

bedroom/2-bathroom duplex units (approximately 2,337 gross square feet each, including a two car garage).

The initial rent underwriting for Pointe Grand Chatham is $1,600 per month for 2-bedroom/2-bathroom units, a ~2.4% discount to the current rents achieved by the 10–20-year-old product (average vintage 2009) in the competitive set and a 6.5% discount to the other newly built product (average vintage 2020) in the competitive set. Townhome and duplex rents were underwritten at $1,975 and $2,050, respectively, a discount to the comp sets average 3-bedroom/2-bathroom three story apartment rents of ~$2,000 per month and average townhome rents of ~$2,200.

Our final pro-forma underwriting projected a 7.99% yield on cost and a project level IRR of 24.1% as measured on a 7-year hold.

Pointe Grand Athens at Talley Crossing

Pointe Grand Athens at Talley Crossing is a 337-unit project located in Athens, GA consisting of 294 2-bedroom/2-bathroom three story garden style multifamily units and 43 3-bedrooms/2.5-bathroom townhomes.

The +/- 50 acre project site is located within five miles of a host of key economic drivers including the University of Georgia (~40,000+ students & 11,500 employees), Athens Technical College (10,000+ students & 620 employees), Piedmont Athens Regional Hospital (~3,300 employees), the Carrier Transicold manufacturing plant (~500 employees) and the Powers Partners manufacturing plant (~500 employees). future $250 million Meissner manufacturing campus (estimated 1,700 employees). In 2023, life sciences manufacturer Meissner Corporation announced plans to develop a new $250 million manufacturing campus in Athens, GA. The manufacturing campus, located approximately 2 miles from the Pointe Grand at Athens Talley Crossing project site, is expected to create in excess of 1,700 jobs over the next eight years.

In addition to these economic drivers, the site is also proximate to major retail drivers, including Walmart Supercenter, Kroger, Publix Super Market, Aldi, and Lowe’s Home Improvement.

The Fund purchased a 43-acre apartment site in December 2023 at a total price of $3,690,000 ($12,551 per unit). Subsequently, the Fund purchased an adjacent 6-acre site and obtained site plan approval for the development of 43 townhomes, allowing for the project to be upsized to 337 units in total.

Site work is substantially complete. Framing construction on the apartment portion of the site is now complete and interior unit construction is now underway. We anticipate that vertical construction on the townhome portion of the site will commence in December 2024.

The initial rent underwriting for Pointe Grand Athens at Talley Crossing apartments is $1,625 per month for 2-bedroom/2-bathroom units, a ~3.9% premium to the current rents achieved by the 10-20-year-old product (average vintage 2005) in the competitive set and a 7.8% discount to the other newly built product (average vintage 2021) in the competitive set.

Our final pro-forma underwriting projected a 7.87% yield on cost and a project level IRR of 22.7% as measured on a 7-year hold.

Pointe Grand Yulee

Pointe Grand Yulee is a 240-unit project located in Yulee, FL, within the Jacksonville MSA. The Pointe Grand Yulee project is part of the Liberty Cove master planned community, which in addition to our apartment development, includes approximately 850,000 square feet of planned commercial development and approximately 1,500 additional residential units. Additionally, the site is approximately one mile from the highly successful Wildlight Master Planned Community, a 2,900-acre master planned community which includes ~600,000 sf of retail, office, hospital, dining and medical space and 3,500 residences. At completion, Wildlight is expected to include over 7 million square feet of development. At Pointe Grand Yulee's entrance off of SR 200, the main throughfare which intersect I-95, Baptist Health is currently under construction on the $38 million Baptist Nassau Crossing Medical Campus and has an expected delivery date in 2024.

More broadly, Pointe Grand Yulee is proximately 7 miles from Fernandina Beach/Amelia Island, a major high end North Florida tourist destination that attracts approximately 750,000 visitors per year and includes Amelia Island Plantation, a 1,350-acre Omni Resort and the 446 key Ritz-Carlton Amelia Island. Over 30,000 cars per day travel along SR 200 past the Pointe Grand Yulee project site to enter Amelia Island.

Hillpointe initially contracted to purchase the project site in July 2021 and, during the contract period, successfully obtained full site plan approval for a 240-unit multifamily community. The Fund acquired the 10.6-acre project site in December 2023 for a total purchase price of $3,240,000 ($13,500/unit).

Site work is substantially complete and we anticipate vertical construction will begin in December 2024.

The initial rent underwriting for Pointe Grand Yulee is $1,650 per month for 2-bedroom/2-bathroom units, a ~14.5% discount to the current rents achieved by the 10–20-year-old product (vintage 2008) in the competitive set and a 12.1% discount to the other newly built product (average vintage 2022) in the competitive set.

Our final pro-forma underwriting projected a 7.82% yield on cost and a project level IRR of 21.9% as measured on a 7-year hold.

Pointe Grand at Champions Gate

Pointe Grand at Champions Gate is a 445-unit project located in Davenport, FL, within the Orlando-Kissimmee-Sanford MSA. Pointe Grand at Champions Gate is adjacent to Champions Gate, a ~1,500-acre master planned Orlando community with ~1,500 hotel rooms and ~2,800 single-family homes, townhomes and vacation rentals. In addition to the Champions Gate tourism related drivers, the site is immediately proximate to the Amazon MCO5 distribution facility (1,000 employees), FedEx Dunson Park (600 employees), AdventHealth Heart (568 employees), UPS Center (400 employees) and Ford Motor Co Distribution Center (250 employees). More broadly, with a ~20-minute drive time to Walt Disney World (77,000+ employees) we expect the project will serve as much needed workforce housing for Walt Disney area employees.

The Pointe Grand at Champions Gate project site was sourced on an off-market basis from a developer. The developer had obtained entitlements for the 445-unit project, but due to elevated construction costs and the tight financing environment was unable to obtain capital to finance the project. Hillpointe moved forward on a quick close basis to obtain the site at favorable pricing. The Fund purchased the project in April 2024 at a total purchase price of $12,250,000 ($27,528 per unit). The 32.5-acre site will consist of 288 2-bedroom/2-bathroom apartment units, 40 1-bedroom/1-bathroom cottages, and 117 3-bedroom/2-bathroom cottages.

Site work is substantially complete. Building slabs are currently being poured and we anticipate that framing will commence in December 2024.

The initial rent underwriting for Pointe Grand at Champions Gate is $1,700 per month for 2-bedroom/2-bathroom units, $1,500 for 1-bedroom/1-bathroom cottages, and $2,200 per month for 3-bedroom/2-bathroom cottages. On average, these rents are approximately in-line with the rents achieved by the 10–20-year-old units in the competitive set and a ~10% discount to other newly built products in the competitive set.

Our final pro-forma underwriting projected a 7.85% yield on cost and a project level IRR of 23.3% as measured on a 7-year hold.

<u>Pointe Grand Minneola</u>

Pointe Grand Minneola is a 300-unit project located in Minneola, FL, within the Orlando-Kissimmee-Sanford MSA. The project site is proximate to UF Health Leesburg Hospital (1,705 employees), Orlando Health South Lake Hospital (1,600 employees), AdventHealth Winter Garden (1,000 employees), Lake Sumter State College (6,000 students, 379 employees), and the Kroger Customer Fulfillment Center (~400 employees). The site is approximately 3 miles from the Hancock Road master plan, a ~1,500-acre mixed use development with commercial, industrial/research park, office, and residential uses that will include a Crooked Can Brewery food hall, AdventHealth hospital (estimated 500 employees upon completion), medical office campus, hotel, grocery and retail. Adjacent to the Hancock Road master plan is a planned ~1.4 million square foot light industrial campus and the 900-home Del Webb senior living community.

Hillpointe initially contracted to purchase the project site in May 2023 and, during the contract period, successfully utilized Florida's Live Local Act to obtain site plan approval for a 300-unit multifamily community. The Live Local Act has a provision allowing workforce housing developers to permit multifamily projects on industrial and commercially zoned parcels. It is likely that Pointe Grand Minneola will be Minneola's last large scale workforce housing project approved under the Live Local Act, as the city changed its statutes shortly after Hillpointe obtained approval for Pointe Grand Minneola in an effort to prevent future workforce housing development. The Fund acquired the ~20-acre project site in April 2024 for a total purchase price of $6,750,000 ($22,500/unit).

We anticipate that site work will commence in December 2024.

The initial rent underwriting for Pointe Grand Minneola is $1,750 per month for 2-bedroom/2-bathroom units, a ~3.7% discount to the current rents achieved by the 10–20-year-old product (average vintage 2007) in the competitive set and a 17.9% discount to the other newly built product (average vintage 2021) in the competitive set.

Our final pro-forma underwriting projected a 7.89% yield on cost and a project level IRR of 22.2% as measured on a 7-year hold.

Pointe Grand Winder

Pointe Grand Winder is a 284-unit project located in Winder, GA, within the Atlanta MSA. Existing job drivers for the project include an Amazon Fulfillment and Distribution Center (1,600 employees), Kubota Industrial Equipment (1,000 employees), Caterpillar (1,600 employees), Pilgrim's Pride (1,500 employees), Piedmont Athens Regional Medical Center (3,300 employees), St. Mary's Health Care System (2,100 employees), and SK Battery America (2,600 employees). Additionally, the Pointe Grand Winder project site is approximately five miles from Rowen, a 2,000-acre advanced research community project that broke ground in 2023 with plans to develop 22 million square feet of research facilities, public spaces, residences, and a combination of offices with 18,500 employees projected by 2035.

Hillpointe initially contracted to purchase the project site in June 2023. The project site is part of a 64-acre master plan that, in addition to Hillpointe's apartment site, includes 50,000 square feet of commercial use and a 99-unit single family residential neighborhood. The Fund acquired the 19.8-acre project site in April 2024 for a total purchase price of $2,662,000 ($9,373/unit). In April 2024, the Fund successfully closed the construction loan for Pointe Grand Winder at a ~60% Loan-to-Cost and an interest rate of SOFR plus 250 bps.

We anticipate that site work will commence in January 2025.

The initial rent underwriting for Pointe Grand Winder is $1,600 per month for 2-bedroom/2-bathroom units, a ~18% discount to the other newly built product in the competitive set (average vintage 2022).

Our final pro-forma underwriting projected a 7.99% yield on cost and a project level IRR of 23.0% as measured on a 7-year hold.

Pointe Villas at Bergen Woods

Pointe Villas at Bergen Woods is a 186-unit project located in Brunswick, GA. The project site, which is located one mile from the busiest interchange in Brunswick, is proximate to the Federal Law Enforcement Training Center (1,000+ employees), Southeast Georgia Health System's Brunswick Campus (~1,700 employees), the College of Coastal Georgia (3,500+ students), the Port of Brunswick (~11,000 employees) and Gulfstream Brunswick (~250 employees). The site is located approximately 10 miles from Sea Island, a five-star tourist destination with approximately 1,500 employees. The site is approximately 3 miles from the Tradewinds Technology Park, a ~750-acre industrial park that is currently under development and the currently under construction Buc-ees Brunswick location (~200 employees anticipated). In addition to these economic drivers, the project is proximate to major retail including Walmart Supercenter, Target, Publix, Sam's Club and Lowe's.

Hillpointe initially sourced the project on an off-market basis through a lender relationship in 2023. The seller had obtained zoning for 186 townhome units and completed some components of initial site work but was ultimately unable to capitalize the vertical component of the development. After months of negotiation, Hillpointe was able to agree upon contract terms with the seller and formally contracted to purchase the site in July 2024. The Fund acquired the 22.4-acre project site in August 2024 for a total purchase price of $8,370,000 ($45,500/unit).

Construction is proceeding ahead of schedule. Building slabs are currently being poured and framing construction has commenced.

The initial rent underwriting for Pointe Villas at Bergen Woods is $1,850 per month for a 2,136 square 3-bedroom/2.5-bathroom unit with an attached one car garage. This represents a ~20% discount to the current rents achieved by the other newly built 3-bedroom rental townhome product in the competitive set.

Our final pro-forma underwriting projected an 8.13% yield on cost and a project level IRR of 29.4% as measured on a 7-year hold.

Investment Pipeline

The Fund currently owns 21 workforce housing development projects. In addition to these 21 investments, the Fund has identified a follow-on investment for Pointe Grand Island View. The Fund may make an additional investment prior to the end of the investment period. Given the fluid nature of the capital markets environment, we intend to pause on making a potential final investment until such time as construction debt commitment amounts have been finalized for all current investments.

Hillpointe's investment pipeline now includes 39 prospective investment opportunities in various stages of the pre-development process. The Fund's investment pipeline includes prospective multifamily housing opportunities in the following markets: Cape Coral-Fort Myers (Florida), Gainesville (Florida), North Port-Bradenton-Sarasota (Florida), Punta Gorda (Florida), Tampa-St. Petersburg-Clearwater (Florida), Tallahassee (Florida), Sebastian-Vero Beach-West Vero (Florida), Palm Bay-Melbourne-Titusville (Florida), Deltona-Daytona Beach-Ormond Beach (Florida), Augusta (Georgia), Atlanta-Sandy Springs-Roswell (Georgia), Columbus-Auburn-Opelika (Georgia), Savannah (Georgia), Fayetteville (North Carolina), Greensboro-High Point (North Carolina), Wilmington (North Carolina), Greenville (North Carolina), Raleigh-Durham-Cary (North Carolina), Columbia (South Carolina), Hilton Head Island-Bluffton-Port Royal (South Carolina), Johnson City (Tennessee), Nashville (Tennessee), Knoxville (Tennessee) and Phoenix (Arizona).

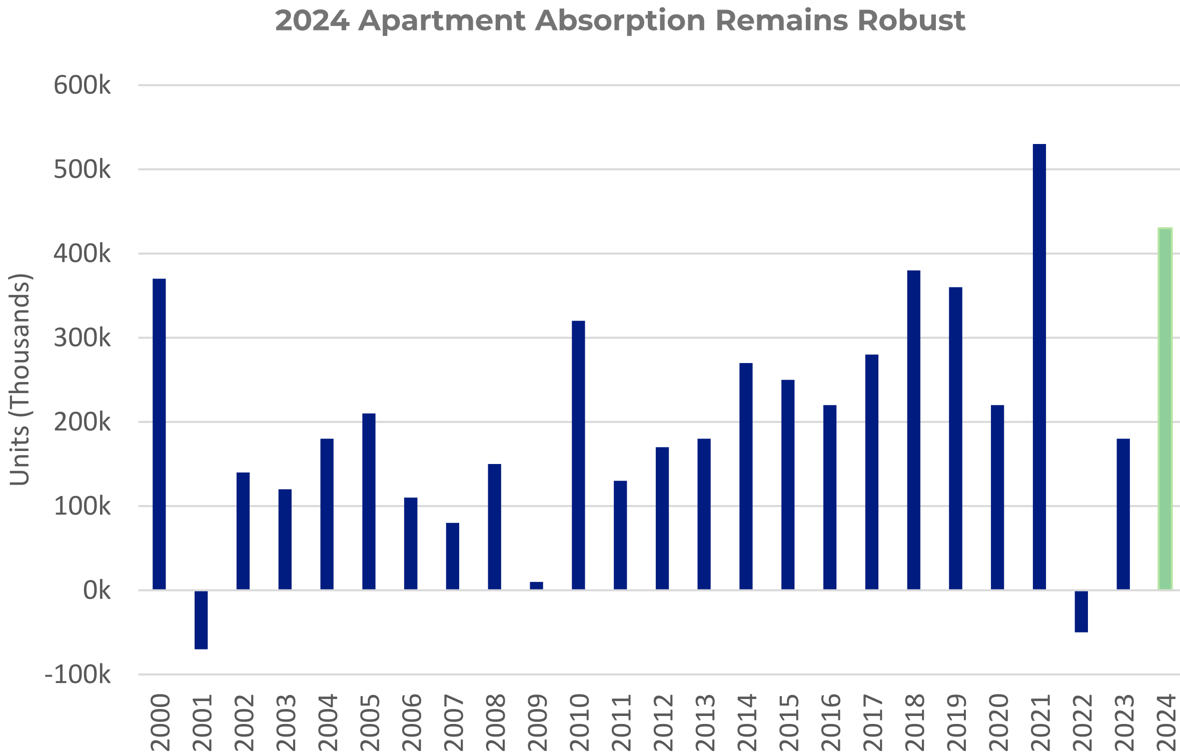
In total, the Hillpointe land sourcing team underwrote 333 new sites in Q3 2024, a record quarter for prospective new site originations. With many developers on the sidelines, the competition for sites is lessening, and over the past several quarters we have seen a gradual resetting in landowners' pricing expectations. While many landowners continue to anchor around early 2022 pricing expectations, we are seeing an increasing number of landowners adjusting to 2024 market realities. We believe that many of the sites that are currently under contract will not close and increasingly, brokers are sending sites that are already under contract with the guidance that the current contract is expected to be terminated. Barring a material shift in the capital markets environment, construction costs, or interest rates, we expect that site availability will continue to improve in 2025.

Sector Overview

Rent Growth, Occupancy, and Concessions –

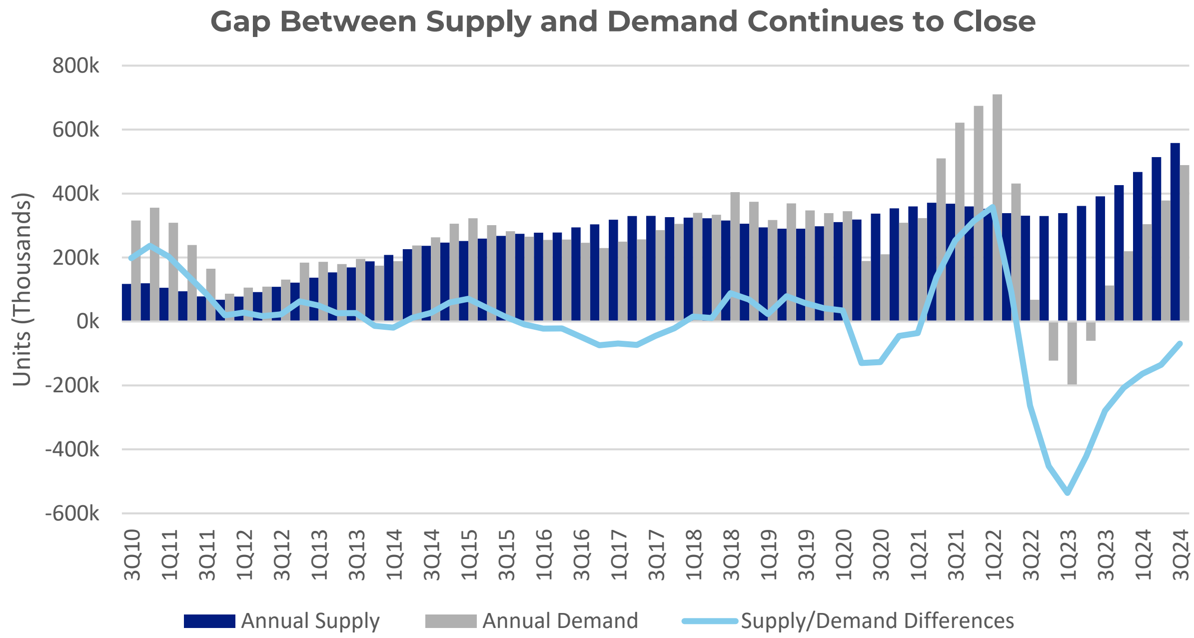
Multifamily fundamentals remained strong in the third quarter, with robust demand resulting in absorption keeping pace with new supply. As you will recall, in previous letters we noted our expectation that multifamily fundamentals would temporarily weaken in 2024 and 2025 as a result of the well-publicized supply wave, before consolidating and strengthening in 2026. While certain high supply markets have exhibited negative rent growth, contrary to expectations, apartment absorption has largely kept pace with record new unit deliveries.

Following the extraordinary demand recorded in the first half of 2024, third quarter apartment absorption remained strong. Absorption in Q3 2024 was 192,649 units, bringing the year-to-date total to 488,773 units. The first three quarters of 2024 recorded the second strongest January through September period net apartment absorption on record, second only to the 2021 Covid year.



Source: RealPage Analytics

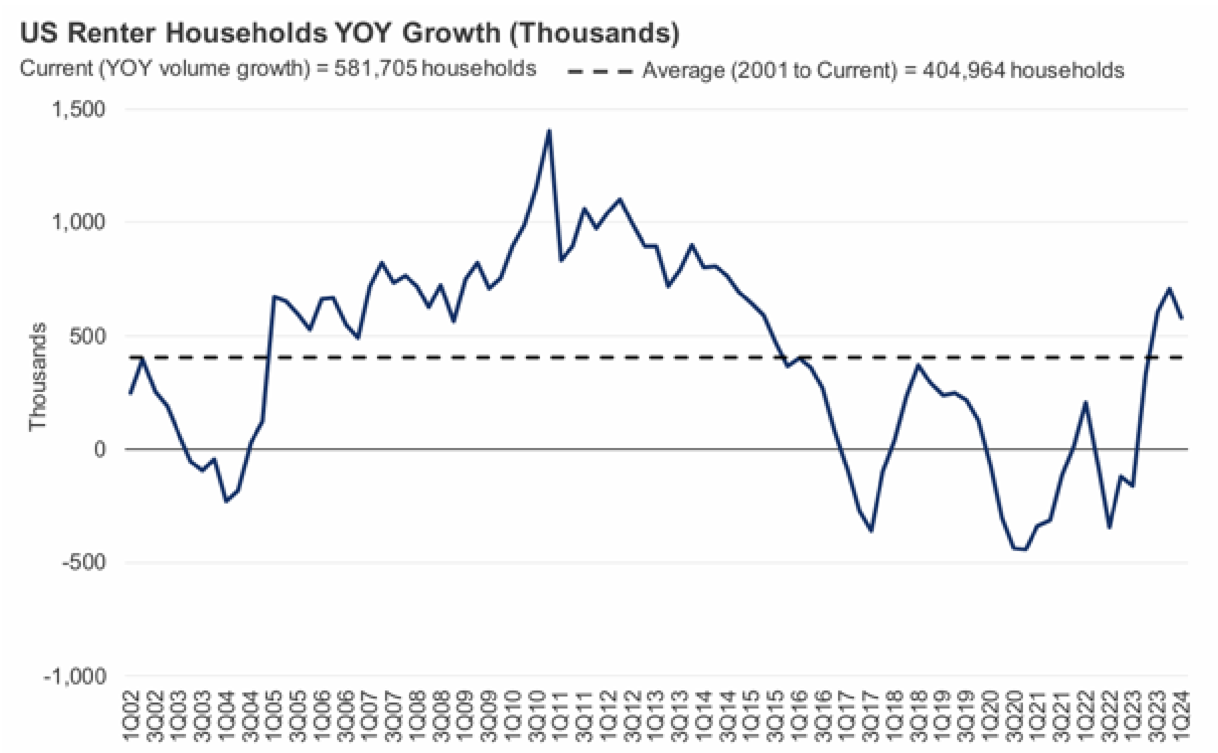
Despite record deliveries of new units, occupancy ticked up in the third quarter, increasing by 0.2% to 94.4%. Rent growth increased by 0.9% year-over-year and remained essentially flat quarter-over-quarter with average effective rent increasing to $1,841 versus $1,829 in the prior quarter. The gap between supply and demand dropped to the lowest level in two years at just over 69,000 units.



Source: RealPage Analytics

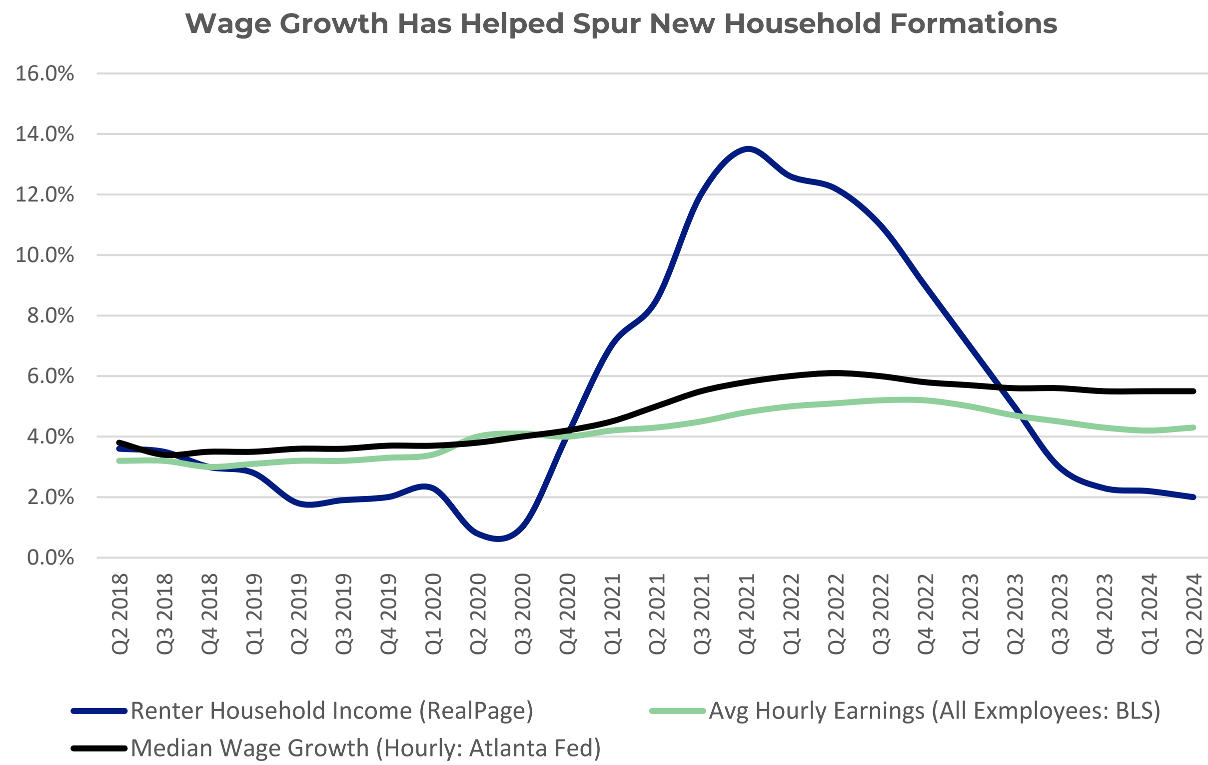
Several factors are buoying apartment absorption, including positive trends in household formation, wage growth, decoupling and resident retention.

Since mid-2023, there has been a significant acceleration in renter household formation. For much of the past decade, growth in rental households remained well below the post-2001 average of 404,464 households per year. However, beginning in 2023, this trend sharply reversed, resulting in an estimated increase of 581,705 renter households as of March 2024. While data is not yet available, based on multifamily absorption rates above trend growth in renter households likely continued through the third quarter of 2024.



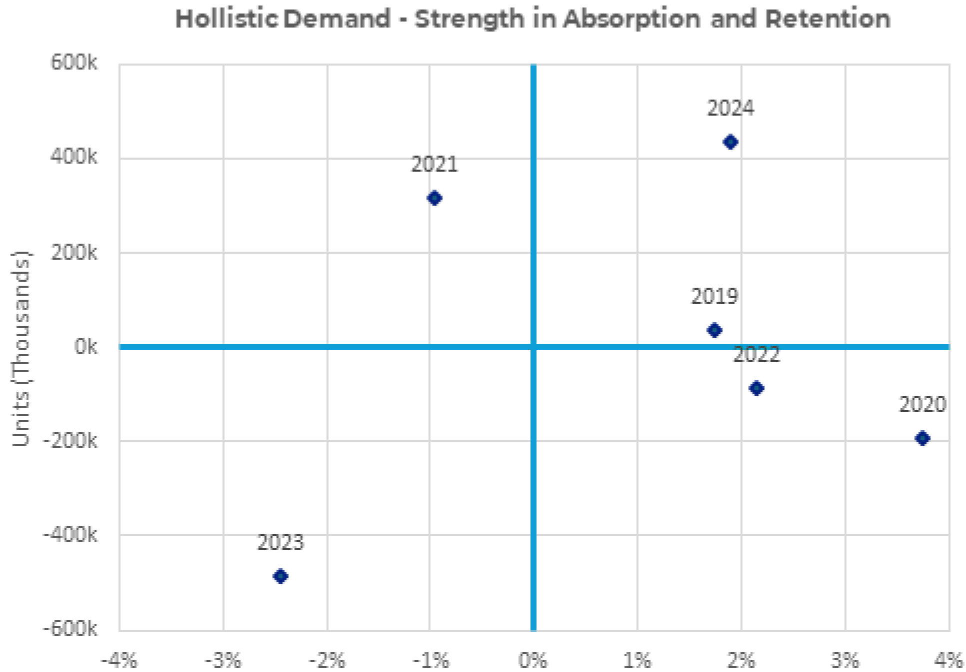
Source: John Burns Research and Consulting, LLC (Data as of March 2024)

Wage growth also remains broadly positive for overall multifamily fundamentals. While moderating, renter household wage growth is outpacing rent growth. Rental affordability is improving at the margins and households continue to decouple, creating demand for additional rental units.



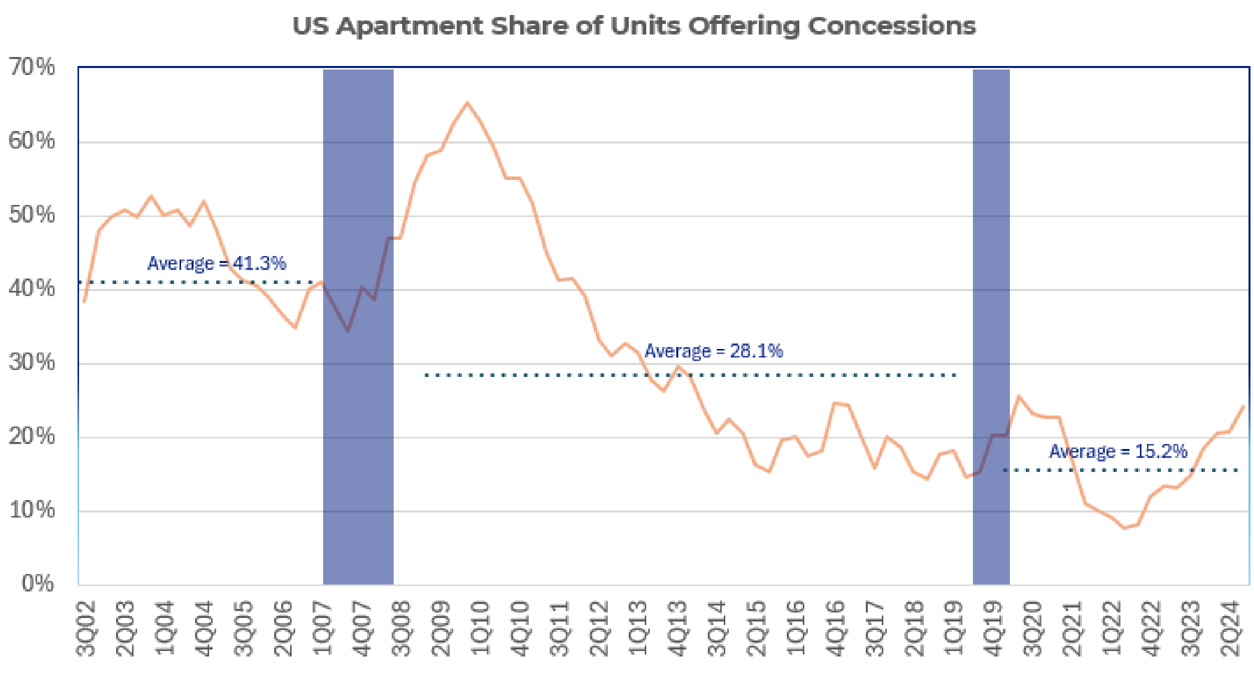
Source: RealPage Analytics, Bureau of Labor Statistics, and Atlanta Federal Reserve

Lastly, while absorption trends have received most of the focus in recent multifamily news headlines, retention has also meaningfully improved. Following weak retention trends in 2023, retention trends are back in line with 2019 levels. As a result, the current demand wave is holistic, implying new units are increasingly being absorbed by new renter households, not by the same renter households moving between apartments.



Source: RealPage Analytics

Additionally, despite cycle high multifamily deliveries, concessions in the market remain low as compared to prior cycles. As of Q2 2024, 21% of all multifamily units were offering concessions and, on average, these concessions totaled ~5% of lease value (e.g. less than one month).



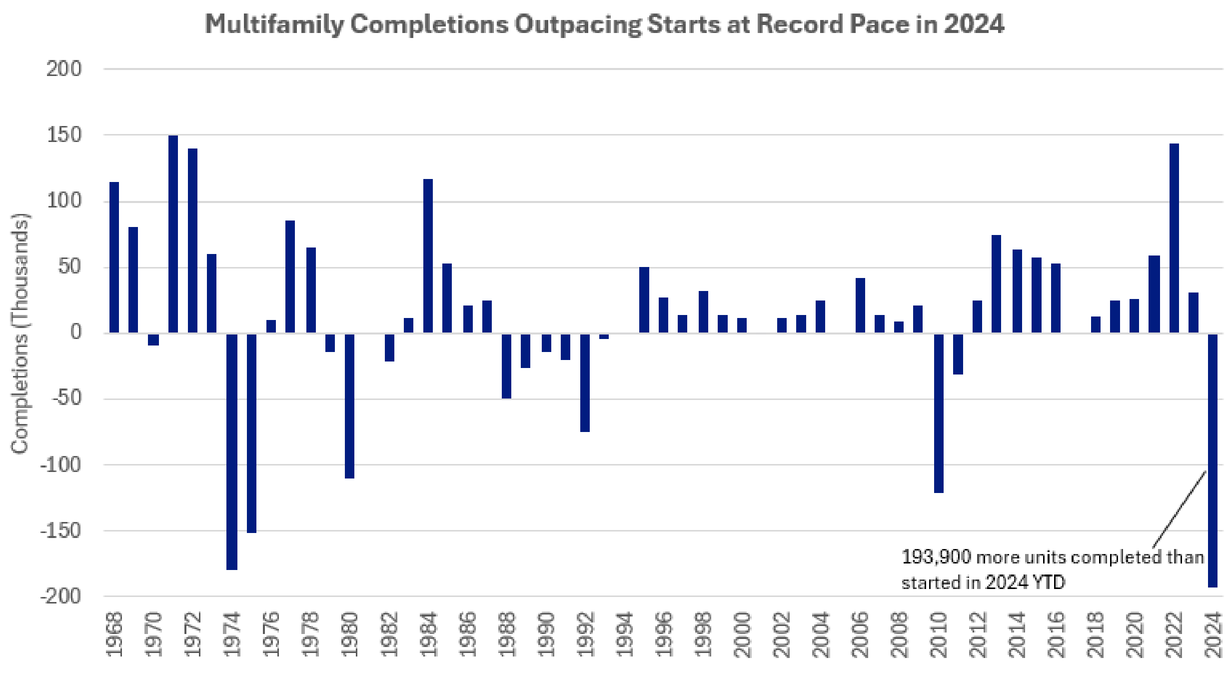
Source: RealPage Analytics

Supply, Starts and Dwindling Construction Pipeline –

In previous letters, we detailed the 2024-2025 multifamily supply wave. On a national basis, we believe that peak supply occurred in Q3 2024. According to RealPage data, a total of 557,842 units were completed from January 2024 through September 2024, topping the 2023 full year level of 439,394 units, with 163,000 units completed in Q3 2024 alone.

Per US Census Bureau data, multifamily starts are now down ~50% from the cycle high level of 614,000 units recorded in April 2022, and to date, we see no signs of a rebound in starts. Virtually every leading indicator (permits, developer surveys, architectural billings, credit conditions) suggests multifamily starts will remain depressed. Multifamily building permits are down in nearly every MSA. Developers are delaying starts of units that are already permitted, with 92% of apartment developers reporting delayed starts in the most recent NMHC survey. The Architectural Billings Index, which tracks architectural billings on a month-over-month basis, recorded a 20th consecutive month of decline. Credit conditions remain broadly tight per the Federal Reserve's Senior Loan Officer survey, with banks continuing to report tightening standards for commercial real estate development loans.

After growing for much of the last decade, multifamily completions are now outpacing starts at a record level.



Source: RealPage Analytics

As a result of the sustained reduction in multifamily starts, we expect that supply will steadily decline from current peak levels, before plunging in 2026. Given an average construction timeframe of approximately 24 months, the cake is now largely baked in terms of 2026 multifamily deliveries. Barring a material change in capital markets, construction costs or rents, new deliveries of multifamily supply should remain depressed for several years.

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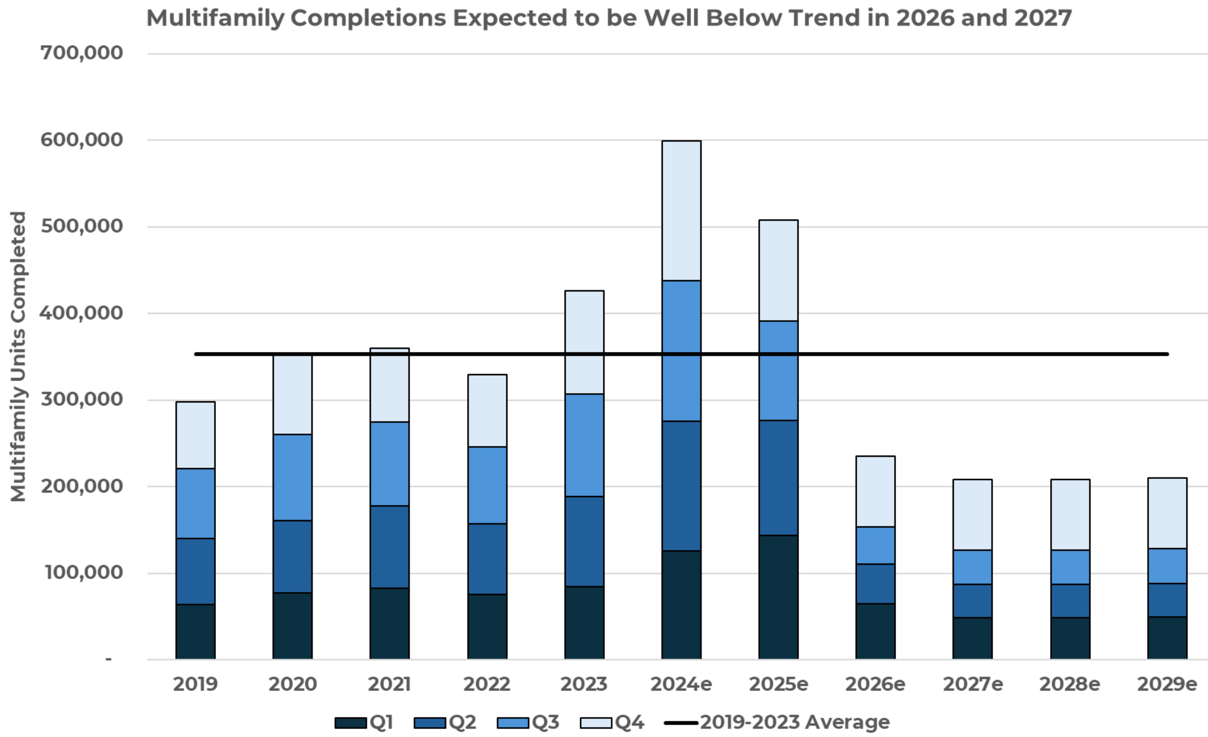
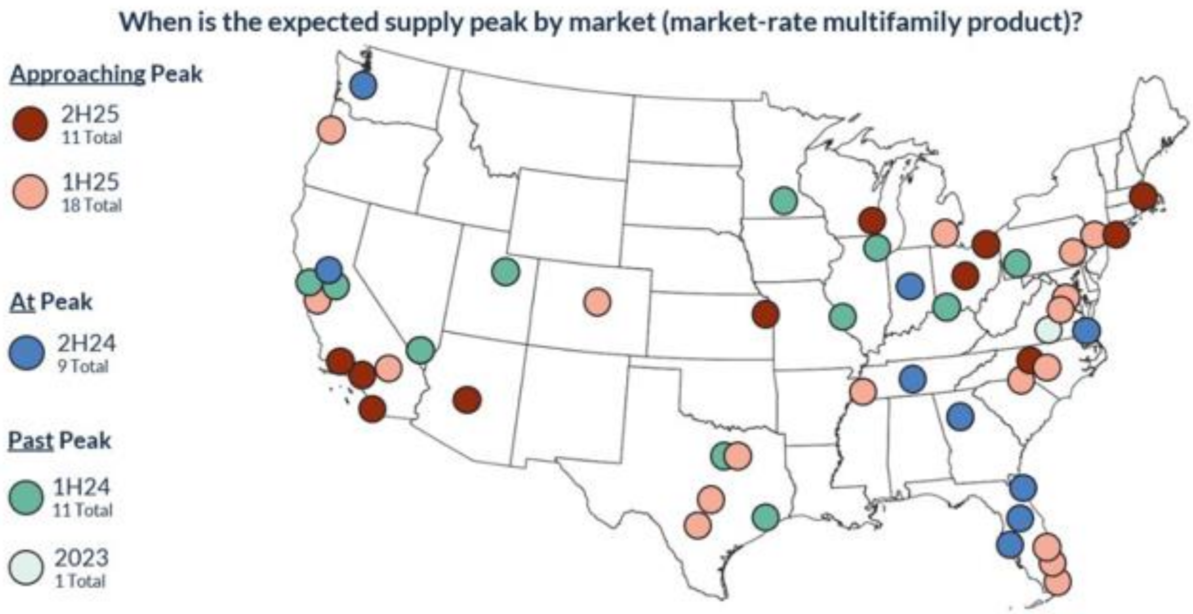
Winter Park, FL 32789



Source: RealPage Analytics; 2024 represents actuals for Q1, Q2 and Q3 and RealPage estimates for Q4; 2025-2029 represents RealPage estimates

While we believe that supply peaked at the national level in Q3 2023, the peak supply date differs for individual markets. The supply peak at the individual market level generally ranges from early 2024 to late 2025. The graphic below, produced by RealPage Analytics, illustrates the projected supply peak for multifamily units by market. For the most part, Hillpointe's markets are currently experiencing their expected supply peak.

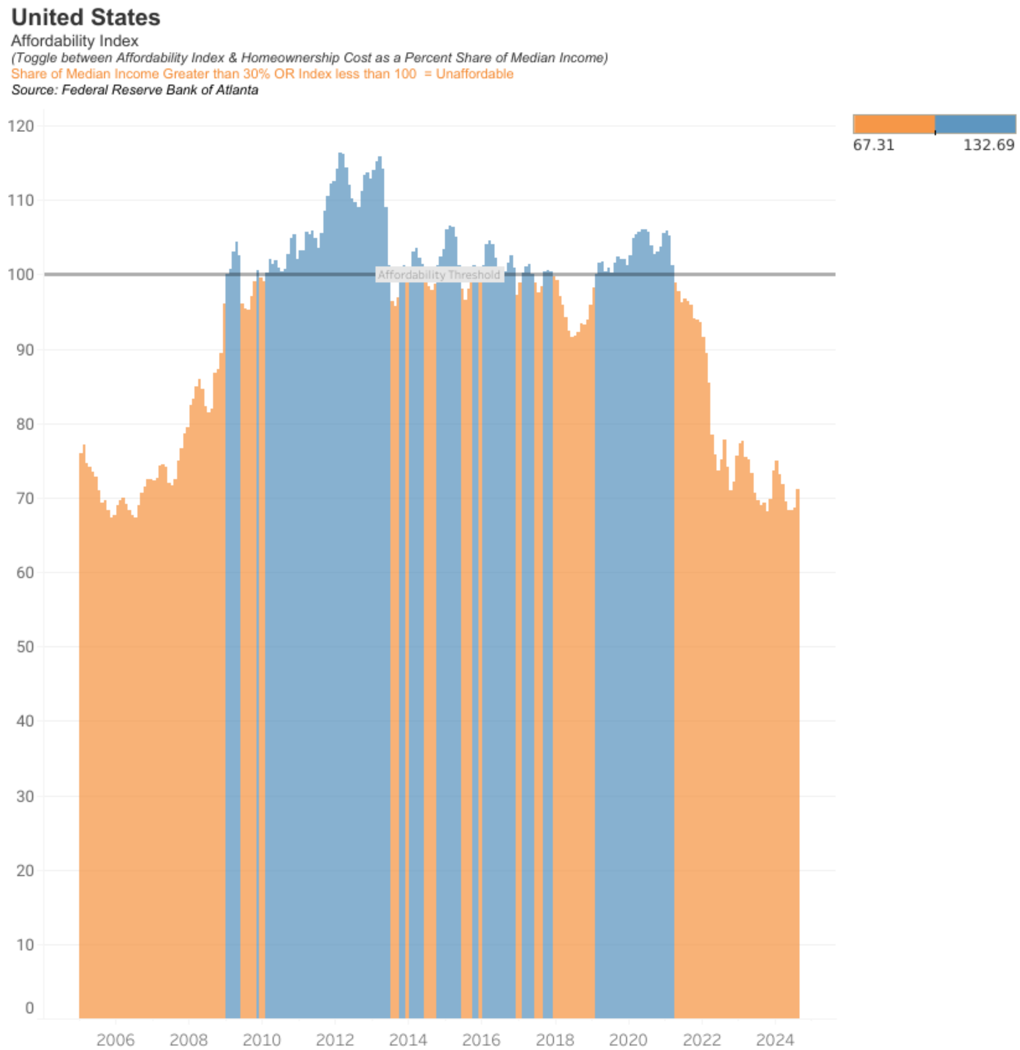


Source: RealPage Analytics

Even with the current supply wave, the long run housing shortage is expected to persist, particularly for median and lower income households. According to the Joint Center for Housing Studies of Harvard University, the outsized 2024- and 2025-unit deliveries will provide little reprieve for lower income renter households over the long run. New rental units are overwhelmingly targeted toward higher median income households, as retail construction costs necessitate high rents in order to make projects pencil. As a result, the stock of housing units with rents affordable to median income earners has remained largely stagnant and continues to age. As of 2021, the US rental stock had a median age of 44 years, up from 34 years two decades ago, with a material portion of that stock considered physically deficient. Consequently, despite peak deliveries, nearly 4 million Americans are living in physically deficient units.

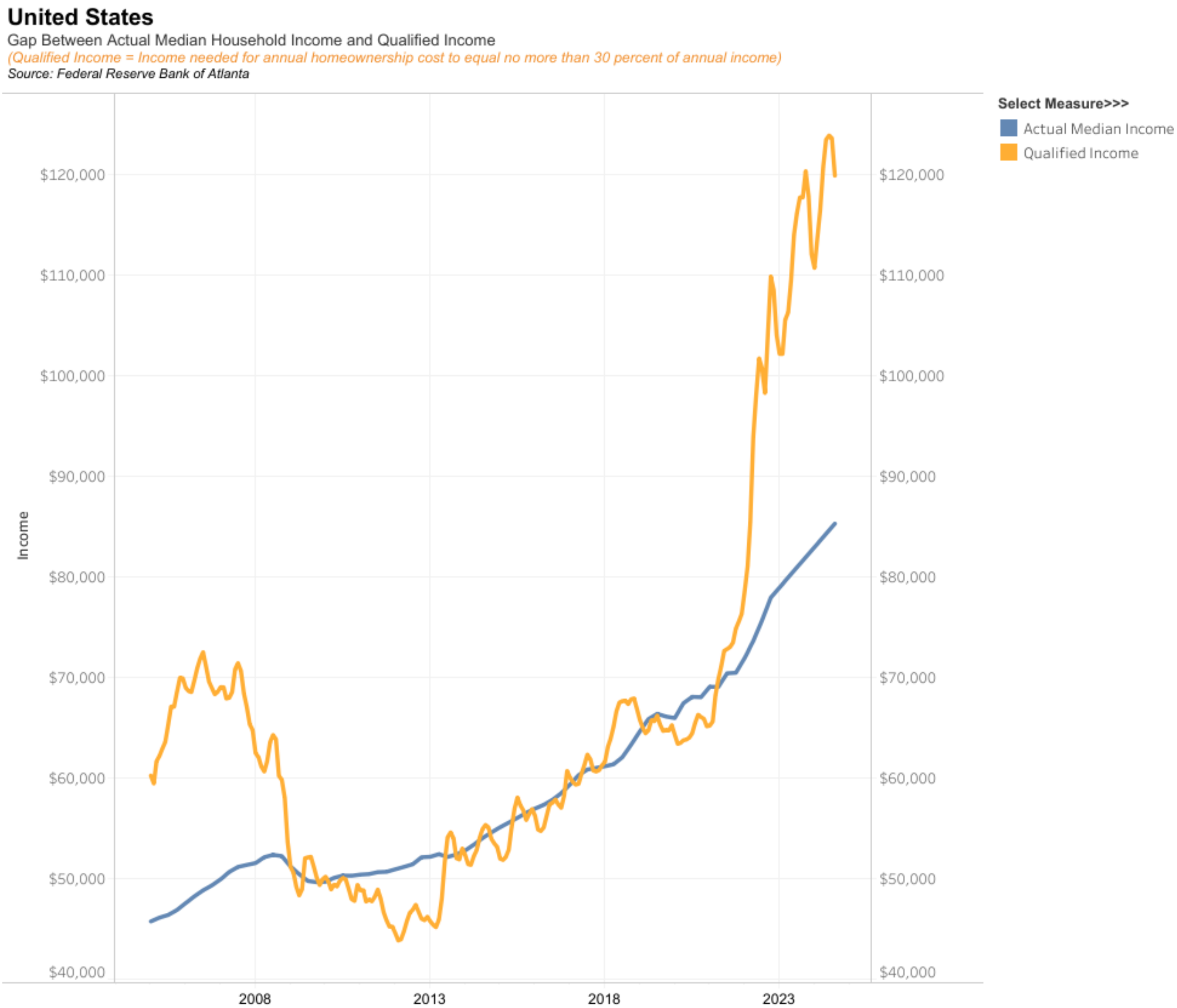
Housing Affordability –

As we have discussed in prior letters, housing affordability remains critically stretched. While this issue affects a broad spectrum of the population, it is particularly acute for median-income households. As of August 2024, the Federal Reserve Bank of Atlanta's Home Ownership Affordability Monitor (HOAM) stands at 71, meaning that the typical household's income is only 71% of the level required to afford a median priced home at prevailing mortgage rates and lending standards.



Source: Federal Reserve Bank of Atlanta

The affordability gap remains wide and continues to expand. As of August 2024, the annual household income required for homeownership (calculated assuming that 30% of annual income is expended toward a mortgage on a median priced home) was $119,870, 41% higher than the median household income of $85,255.



Source: Federal Reserve Bank of Atlanta

While rent is also historically unaffordable, with a record 22.4 million renter households spending more than 30% of their income on rent and utilities per Harvard's Joint Center for Housing Studies, rental housing remains significantly more affordable than homeownership on a relative basis. The monthly cost of homeownership, assuming a 30-year fixed rate mortgage on a median priced home, was $2,997 per month as of August 2024. In contrast, the national average effective rent according to RealPage data is $1,838 per month, ~40% lower. Notably, this ~$1,100 per month differential between the cost of homeownership and the cost of rental housing was calculated without adjusting for the numerous "hidden" costs of homeownership, such as taxes, insurance and maintenance. These "hidden costs" typically add ~$1,000 per month to the cost of homeownership.

Hurricane Impact and Insurance Market Overview –

The Hillpointe portfolio sustained minimal damage from Hurricane Helene and Hurricane Milton, which we believe in part speaks to the quality of new construction assets built to modern hurricane codes. Damage was largely limited to landscaping, debris, and a few fallen trees on ancillary building structures.

In the wake of the 2024 storm season, insurance premium impacts have been a significant topic of discussion. Insurance premium increases were substantial in both 2022 and 2023, particularly for coastal assets. Prior to Hurricane Helene and Hurricane Milton, the general market expectation was that insurance premiums would fall between 1% and 10% in 2025.

Moody's RMS Event Response has estimated that total U.S. private market insured losses from Helene and Milton will likely range between $35 billion and $55 billion. While these losses are substantial, they are better than initially feared. Our conversations with insurance brokers and carriers suggest that premiums will remain stable in 2025, as major reinsurance companies are in strong financial shape and increasingly re-entering coastal markets, particularly for new construction assets. As a result, at this time, we do not expect that 2024 losses will result in large premium increases on 2025 renewals.

Tariffs –

Following Donald Trump's reelection, an additional round of tariffs appears increasingly likely, with the most significant tariffs likely applied to China. As you will recall, direct sourcing of materials from Southeast Asia, Europe and South America has been, and will continue to be, a key component of our strategy.

While the point of origin of our materials is distributed across many countries, China remains of the primary producer of many building materials commonly used in multifamily developments. Materials in our supply chain with a Chinese point of origin include LVP flooring, interior doors and trim, plumbing fixtures, lighting fixtures, and hardware. At present, we estimate the total dollar value of the materials that we source directly from China is approximately $10,000 per unit.

Currently, a 10% tariff on Chinese goods, assuming that 100% of such tariff amount was passed through to the purchaser, would add just under $1,000 per unit of cost (~0.7% of a typical current hard cost budget). In terms of yield impact, $1,000 per unit of added cost on a project that underwrites to an 8.0% yield on cost on a pre-tariff basis would result in a ~4 bps reduction in unlevered yield on cost.

Importantly, based on our past experiences with tariffs on Chinese goods, we expect that the full burden of any new tariff would not be passed through to US buyers. As you will recall, a 25% tariff on Chinese goods was enacted during the first Trump administration. We generally saw a realized price impact of 8% on the goods that we were sourcing from China on a direct basis, with the other 17% (or ~70% of the total tariff amount) absorbed by the Chinese factories. While there can be no guarantee that the Chinese factories would offset additional tariffs, we believe that an offset of some amount of the tariff impact on the Chinese side is likely.

It is important to note that, for many of the items that we source directly from China, there is no alternative with material production capacity. For instance, a significant percentage of the world's LVP flooring is produced in China. For any significant China-targeted tariff or trade embargo encompassing LVP flooring, we believe that virtually every developer that utilizes LVP flooring will be affected by the tariffs.

In terms of risk mitigation, we plan to continue to mitigate prospective supply chain risk (including tariff risk) with the same strategy we have employed for the past several years. We will continue to buy materials at the outset of each project. By ordering and seeking to take delivery of building materials early in each project, we can better mitigate supply chain risk as compared to other developers. All new projects will continue to be underwritten through the lens of development spread at the then current cost basis, with a minimum 200 bps spread between projected unlevered yield on cost and projected exit cap rate required to proceed with any new investment.

Capital Markets –

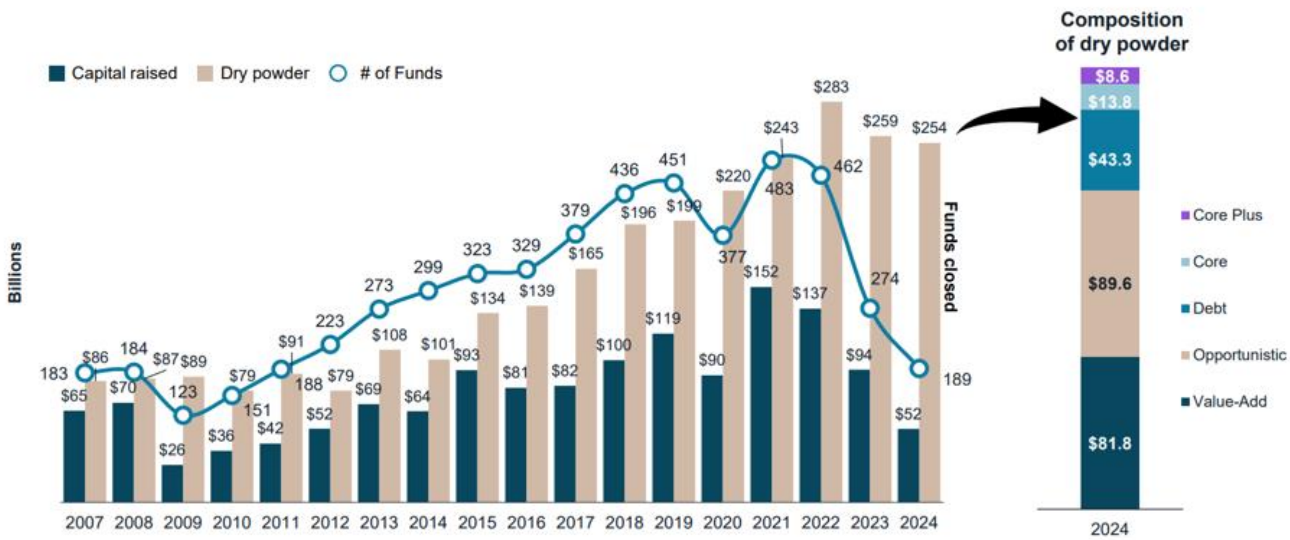
The Federal Reserve implemented a 50 basis point rate cut in September 2024, followed by another 25 basis point cut in November 2024, reducing the federal funds rate target range to 4.50%-4.75%. The September cut was the first reduction in borrowing costs since March 2020. The Fed's November meeting projections, as outlined in the Summary of Economic Projections (SEP), suggested an additional 25 basis point cut in December 2024. Looking ahead to 2025, the Fed anticipates a further 50 basis points of easing, with the federal funds rate expected to reach a target range of 3.75% to 4.0% by year-end 2025.

The past three years have been marked by uncharacteristic swings in volatility due to market events and overall changes in economic conditions, underscored by a lack of clarity in forward guidance from the Fed. While the yield curve is normalizing, elevated rate volatility continues to have a material impact on sales volume, making it difficult for investors to confidently underwrite and increasing the cost of capital.

While total real estate investment volume was flat in Q3 2024, we are starting to see signs of increased activity in the multifamily sector, which continues to be the preferred property type for investors, accounting for 46% of total real estate investment volume year-to-date. Apartment sales volume totaled $35.8 billion in the third quarter, representing a year-over-year increase of 9.0%. Increased volume has led to more price discovery and a narrowing of the bid-ask spread. A consistent theme emerging from both brokers and investors is that "the bottom is in," as evidenced by reported price declines of only -1.0% year-over-year and the slowing pace of cap rate expansion to just +20 bps year-over-year, according to RealPage.

We see cap rates in our markets trading in the high 4s to high 5s for comparable products depending on asset quality, location, and supply in the immediate area. Notably, according to data from JLL cap rate spreads, relative to the 10-year Treasury, cap rates are below the long-term average. Buyers still have a willingness to transact with neutral and, in some cases, negative, leverage, based on expectations that interest rate and rent growth conditions will materially improve in the coming years.

We believe the amount of dry powder awaiting deployment, which continues to be significant, will drive increased capital flows over the coming year. According to major brokerage firms in our markets, the number of registered investors, tours, and bids per offering have all increased substantially over the last quarter. For instance, the number of registered investors on CBRE's marketed multifamily assets in the southeast with a value above $50M has risen to an average of 255 in the last 90 days, compared to 195 in the previous 90-day period. These stats indicate increased competition and motivation to transact.

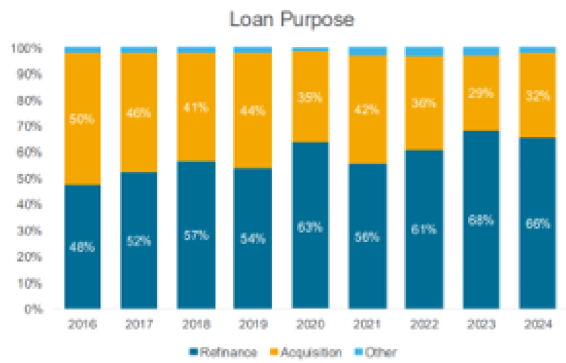


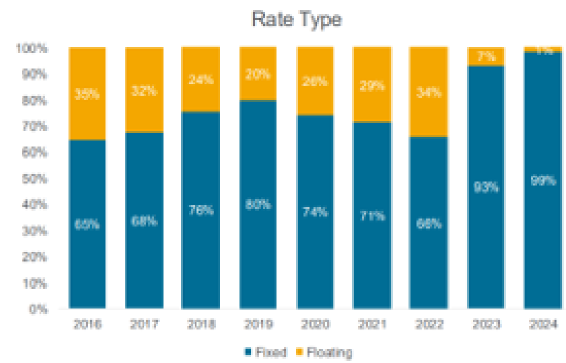
Source: JLL & Penqin

Notably, a significant portion of the dry powder currently on the sidelines is directed toward value-add and opportunistic strategies. Much of this capital was raised in anticipation of distress that has not yet materialized in a meaningful way. We would not be surprised to see a number of these funds chase newer vintage assets based on a 'discount to replacement cost' thesis and financial engineering to reach necessary target returns. Given the wall of capital and anemic sales volume over the last two years, we anticipate transaction volume to increase significantly in the latter part of 2025. An increase in offerings has already been observed following Labor Day. According to CBRE's Multifamily Platform, 110 deals were launched in the 30 days ending 9/30, marking a 66% increase from the previous 30-day period. JLL's Broker Opinion of Value (BOV) pipeline is currently 68% higher than in 2023 and 150% higher than in 2019.

Large institutional private equity is increasingly showing up on bid sheets and evangelizing the concept that it is an opportune moment for capital deployment. Jon Gray, Blackstone President & COO, was recently quoted, "I would think about this period as a time of seed planting. You want to be invested in this dislocation because there's a lot of uncertainty. When that uncertainty passes those investments begin to deliver accelerated returns." Anecdotally, we have heard Blackstone has several deals under contract and has been very aggressive on terms to win deals. Other institutions are following suit, as this perceived window of opportunity narrows. Per JLL, institutional buyer share is up 50% year-over-year, and several Open-End Diversified Core Equity funds are re-entering the market for strategic assets. Buyers are increasingly motivated by the now obvious supply crunch coming in 2026 and 2027, which is generally expected to result in significant rent spikes as projected new supply is muted.

Freddie Mac's recent projections for 2024 indicate increased sales activity compared to the previous year, with an expected 30-35% of total multifamily volume tied to acquisitions, up from 29% in 2023. Fannie Mae and Freddie Mac continue to provide substantial support to the multifamily market, serving as essential backstops during periods of low debt liquidity. Both agencies have experienced a surge in activity as rates have declined over the last quarter and are now on track to reach their annual cap of $70 billion.





Source: Fannie Mae, Freddie Mac

In terms of fixed rate financing for stabilized assets, agency debt continues to be the most attractive source. Most recently, we have seen borrower-friendly terms on 5-year fixed-rate debt, such as 35-year amortization (vs. 30 historically), full-term interest-only (vs. 2-3 years historically), and proceeds close to or exceeding our cost basis. Proceeds at 90%+ loan-to-cost are somewhat unique to Hillpointe, as the agencies have historically been unwilling to give leverage at 90%+ loan-to-cost, irrespective of loan-to-value. We have been successful in educating the agencies on our unique business model, with agencies now willing to underwrite an increased development budget that includes hypothetical fees (e.g. the development fees and general contractor fees that Hillpointe does not charge, but that every other multifamily development generally includes). As we continue to expand our relationship with the agencies, we have begun discussions on larger credit facilities offered to select sponsors, which we expect will allow for more flexibility and lower transaction costs over time.

While construction debt remains readily available for select developments and strong sponsors, securing adequate leverage has continued to present a significant challenge for most of our competitors. Lenders are noting to us that relatively few of the construction debt term sheets they issue are successfully closing as most projects only underwrite to a ~50% Loan-to-Cost leverage point, stretching equity returns to the point that the sponsor is unable to secure equity. Due to our differentiated model, conservative underwriting, and ability to deliver at a material cost-basis discount to competitors, we have cultivated a deep bench of bank relationships that are eager to lend and compete for business. In today’s market our projects have generally continued to underwrite for leverage at a 60-65% loan-to-cost ratio and with spreads ranging from 275 to 325 bps over SOFR, with several lenders looking to grow the Hillpointe relationship.

We believe the current market environment, where capital is tight and construction costs remain elevated, presents a compelling opportunity for operators that are able to continue to underwrite and capitalize multifamily development projects. Our view is simple – a material supply crunch is coming in 2026 and 2027 and that supply crunch will likely be accompanied by a more normalized capital markets environment. While neither outsized rent growth or easier credit conditions are factored into our base case underwriting, we think it is increasingly likely that the multifamily sector will benefit from both in the back half of the 2020s. We believe the combination of Hillpointe's unique access to capital and our ability to deliver new assets at an attractive cost basis positions the firm to capitalize on a highly opportune investment window, delivering assets into an attractive 2026 and 2027 environment.

Thank you, once again, for your support of our workforce housing strategy. If you have any questions regarding the Fund or your investment, please do not hesitate to contact us.

With Best Regards,

Steven Campisi
Managing Partner
Hillpointe, LLC

HILLPOINTE WORKFORCE HOUSING PARTNERSHIP IV, LP

FINANCIAL STATEMENTS

September 30, 2024

Juniper Square

HILLPOINTE WORKFORCE HOUSING PARTNERSHIP IV, LP
STATEMENT OF ASSETS AND LIABILITIES
AS OF SEPTEMBER 30, 2024
(EXPRESSED IN USD & UNAUDITED)

	Current Period Ending September 30, 2024
ASSETS AND LIABILITIES	
Assets	
Investments at Fair Value (cost of $364,936,705)	364,936,705
Investments at Fair Value	364,936,705
Cash and Cash Equivalents	29,385,077
Other Assets	15,550
Liabilities	
Accounts Payable and Accrued Expenses	(36,000)
Total Net Assets	394,301,332
PARTNERS' CAPITAL	
Partners	394,301,332
Total Partners' Capital	394,301,332

Statements independently prepared by Juniper Square, JSQ Administrative Services LLC

HILLPOINTE WORKFORCE HOUSING PARTNERSHIP IV, LP
STATEMENT OF OPERATIONS
FOR THE PERIODS ENDED SEPTEMBER 30, 2024
(EXPRESSED IN USD & UNAUDITED)

	Current Period Ending Jul-01-24 to Sep-30-24	Year to Date Jan-01-24 to Sep-30-24
Income		
Rental and Other Income	358,164	903,333
Total Income	358,164	903,333
Expenses		
Management Fee	(1,788,952)	(5,366,858)
Professional Fees	(53,371)	(159,360)
Other Expenses	(5,642)	(16,719)
Total Expenses	**(1,847,965)**	**(5,542,937)**
Net Operating Income / (Deficit)	**(1,489,801)**	**(4,639,604)**
Realized and Unrealized Gain / (Loss) on Investments		
Realized Gains and Losses	-	-
Unrealized Gains and Losses	-	-
Net Realized and Unrealized Gain / (Loss) on Investments	**-**	**-**
Net Increase / (Decrease) in Partners' Capital Resulting from Operations	**(1,489,801)**	**(4,639,604)**

Statements independently prepared by Juniper Square, JSQ Administrative Services LLC

HILLPOINTE WORKFORCE HOUSING PARTNERSHIP IV, LP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2024
(EXPRESSED IN USD & UNAUDITED)

	Partners
Beginning Balance July 01, 2024	332,041,133
Capital Contributions	63,750,000
Capital Distributions	-
Deemed Distributions	-
Net Increase / (Decrease) in Capital Transactions	63,750,000
Net Increase / (Decrease) in Offering Costs	-
Net Increase / (Decrease) in Partners' Capital Resulting from Operations	(1,489,801)
Ending Balance September 30, 2024	**394,301,332**

Statements independently prepared by Juniper Square, JSQ Administrative Services LLC

HILLPOINTE WORKFORCE HOUSING PARTNERSHIP IV, LP
STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2024
(EXPRESSED IN USD & UNAUDITED)

	Current Period Ending Jul-01-24 to Sep-30-24	Year to Date Jan-01-24 to Sep-30-24
Cash flows from operating activities:		
Net increase/(decrease) in Partners' capital resulting from operations	(1,489,801)	(4,639,604)
Adjustments to reconcile to net increase/(decrease) in Partners' capital resulting from operations to net cash provided by/(used in) operating activities:		
Realized Gains and Losses	-	-
Unrealized Gains and Losses	-	-
Funding of Investments	(46,271,399)	(164,212,623)
Proceeds from Investments	-	-
Changes in operating assets and liabilities:		
Other Assets	(11,615)	(9,749)
Accounts Payable and Accrued Expenses	15,511	(27,334)
Net cash provided by/(used in) operating activities	**(47,757,304)**	**(168,889,310)**
Cash flows from financing activities:		
Partners' Capital Contributions	63,750,000	178,500,000
Partners' Capital Distributions	-	-
Offering costs	-	-
Net cash provided by/(used in) financing activities	**63,750,000**	**178,500,000**
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents, beginning of period	13,392,381	19,774,387
Cash and cash equivalents, end of period	29,385,077	29,385,077
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	-	-

Statements independently prepared by Juniper Square, JSQ Administrative Services LLC