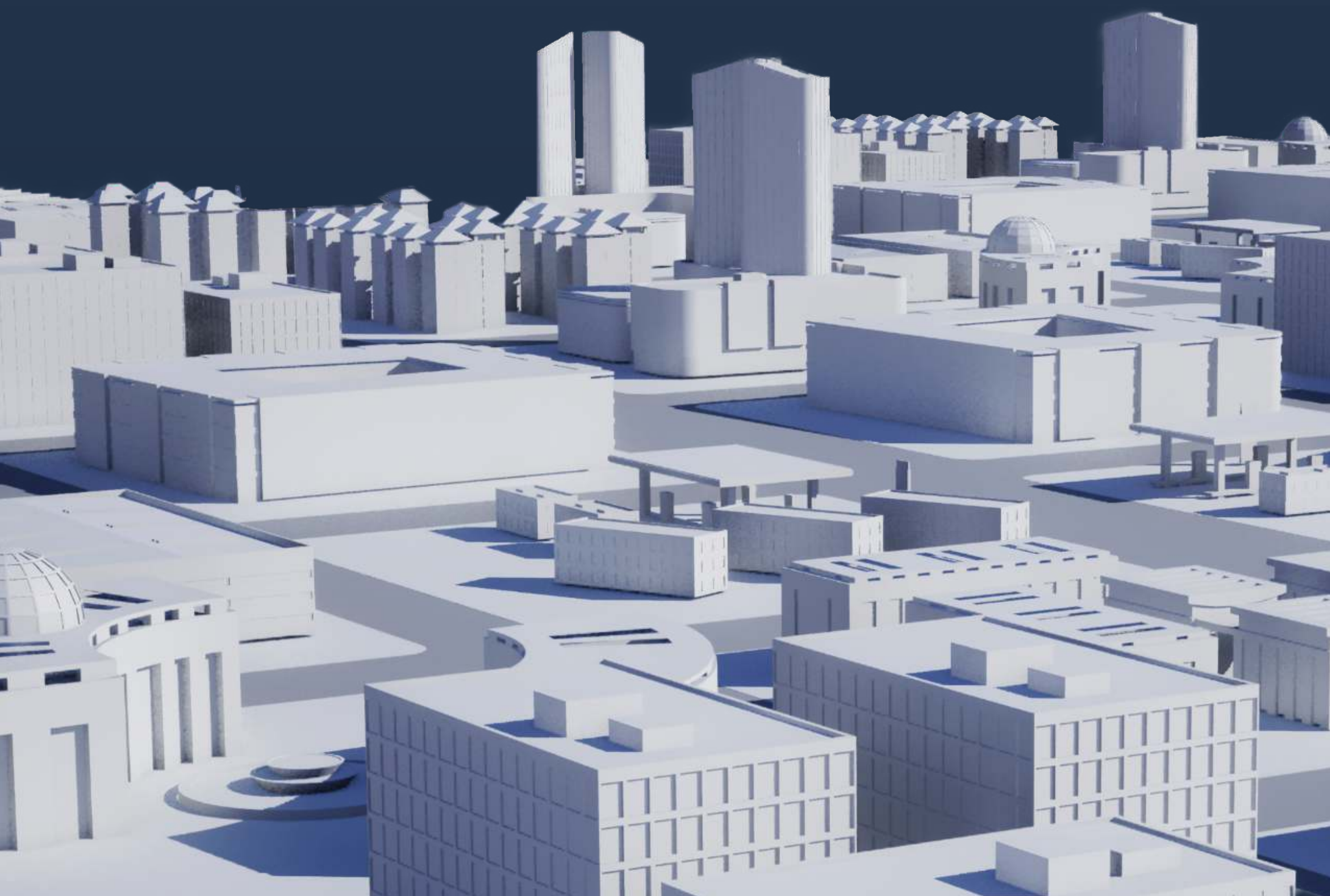
Yieldstreet

Growth & Income REIT

Q2 2023 Commentary



1H 2023 market summary

With the turning of the calendar, optimism at the various industry conferences throughout January & February was running high. The prevailing view being that the Fed would pause rate hikes and provide the clarity the market sought to be able to make informed investment decisions. Unfortunately, what was not foreseen was a brief but scary banking crisis resulting in a number of banks being acquired or going away outright (SVB, Signature & First Republic).
The reverberations of that dislocation continue to be felt as credit continues to be constricted and traditional large providers of capital to the commercial real estate ecosystem retrench and focus on reducing their exposure. It appears that the Fed is close to achieving peak interest rates in the near term and there is some progress in taming inflation. Despite some green shoots, investment activity continued to stay muted. The bid-ask spread between buyer and seller continues to be wide given limited trades that makes determining “value” difficult. Lenders are taking a cautious approach with lending parameters, as evidenced by the significant drop in originations of public mortgage REITs and banks.

Update

The Growth & Income REIT has invested in three multi-family assets and an industrial complex since inception.
The properties, generally, have continued to perform in line with or above budget. However, in line with the market factors, the rise in interest rates limited free cash flow after payment of debt service, preventing distributions to investors. In saying this, the impact of the rate hikes on the Growth & Income REIT was relatively moderate because all deals have interest rate caps in place which were purchased at closing of each transaction or financed with fixed rate debt.

Tucson Multi-Family Equity

The sponsor was successful in increasing the property’s occupancy to 91% by the end of June 2023, which is an increase of 8% from the end of 2022. The sponsor will continue with the leasing plan, which has proven successful in the first half of 2023, to stabilize the property in the summer months.
Net operating income is ~9% below budget as of June 2023 due to lower than expected occupancy in the beginning of the year. With stabilization of the property expected in the next quarter, net operating income is projected to increase through the end of the year.

Atlanta Multi-Family Equity

The property ended June 2023 at 92% occupancy which is directly in-line with the submarket as the average occupancy of the competitors is 92%. Looking ahead, the property is 95% leased which will bring occupancy to a stabilized level heading into the second half of 2023. Rent growth has been muted over the first half of the year as the submarket has become increasingly competitive and concessions have become commonplace. The sponsor will continue to focus their efforts on leasing and increasing rents at the property. As of June 2023, net operating income was 9% below budget.

Norfolk Industrial Complex

As of June, the property was 97% leased and in-place rents are in line with rents underwritten at closing. Included in this figure are two new leases for a total of ~24k SF, which are set to begin paying rent in Q2 and Q3, respectively. Accordingly, YTD net operating income (NOI) is in-line with the budget.

Dallas Multi-Family Equity

The property has maintained average occupancy of 97% in the first half of 2023 vs. the budget of 95%. The sponsor continues to increase rent through the renovation program and organic rent growth. In total, the sponsor has renovated 95 units since taking ownership with an average rent premium of ~$200 per unit vs. the original projection of $157 per unit. As a result of the sponsor's strong occupancy and rental growth, net operating income at the property is slightly ahead of the 2023 budget through June 2023.

Performance

Since The Growth & Income REIT's inception in February 2022, the Fund has outperformed the FTSE NAREIT ALL REITs Index which tracks the performance of all publicly listed REITs in the U.S.

Growth & Income REIT (Feb 2022 inception)	QTD	YTD	1 Year	Since inception
Net Asset Value (NAV) Return	1.3%	2.4%	1.3%	-0.3%
FTSE NAREIT ALL REITs	1.6%	3.1%	-4.3%	-9.8%

Source:

Yieldstreet and Nareit as of 6/30/2023. The financial indices referenced above are provided for informational purposes only. The holdings and portfolio characteristics of Growth & Income REIT differ materially from those of the indices. Growth & Income REIT only references underlying Yieldstreet real estate investments in the Fund vs. FTSE NAREIT All REITs which references the free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Factors affecting portfolio performance that do not affect index performance may include portfolio rebalancing, the timing of cash flows, diversification and investment duration. In addition, financial indices do not reflect the impact of fees, applicable taxes or trading costs which reduce returns. Unless otherwise noted, financial indices assume reinvestment of dividends. All indices are unmanaged. You cannot make a direct investment in an index. The statistical data regarding such indices has not been independently verified by Yieldstreet. Past performance is no guarantee of future results.

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At this time, Fund shares are not offered for sale in the states of Nebraska or North Dakota, or to persons residing or located in such states, and no subscription for the sale of Fund shares will be accepted from any person residing or located in such states

No offers will be made to or accepted from investors residing in or located in Nebraska, North Dakota, or Non U.S. Persons at this time.

Alternative investments involve specific risks that may be greater than those associated with traditional investments; are not suitable for all clients; and intended for experienced and sophisticated investors who meet specific suitability requirements and are willing to bear the high economic risks of the investment. Investments of this type may engage in speculative investment practices; carry additional risk of loss, including possibility of partial or total loss of invested capital, due to the nature and volatility of the underlying investments; and are generally considered to be illiquid due to restrictive repurchase procedures. These investments may also involve different regulatory and reporting requirements, complex tax structures, and delays in distributing important tax information.

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