



THE COLLEGIATE **2618 COLLEGE AVENUE**

Q1-2025 REPORT

APRIL 2025



EXECUTIVE SUMMARY

Dear Valued Investors,

As we progress through Q1 2025, we're pleased to share an update on our firm's performance, strategy, and market outlook.

The easy money era in commercial real estate is over. Success today belongs to those who buy right, manage smart, and stay ahead of market shifts.

For years, falling interest rates and cap rate compression boosted returns and masked weak fundamentals. That playbook is gone. Higher-for-longer rates, tighter capital markets, and rapid economic disruptions mean that fundamentals—not financial engineering—will define success.

Winners in this environment will be hyper-local. It's not about chasing sectors—it's about focusing on resilient markets—places anchored by universities, healthcare hubs and steady population and job growth.

Distressed and special situations are building quietly in the background. For groups that can underwrite, move decisively, and operate efficiently, the next 12–24 months will offer some of the best opportunities we have seen in a decade. The next chapter in real estate belongs to operators and innovators, not financial tourists.

Firm Performance

Despite market headwinds, we've remained disciplined and resilient. In Q1 2025, we closed on a new multifamily acquisition after a 12-month escrow – a testament to our highly selective approach and the difficulty of securing quality assets with strong, risk-adjusted returns. This new asset strengthens our portfolio through operational efficiencies and long-term value creation.

We remain committed to sourcing high-conviction investments that align with our core thesis and portfolio goals, resulting in robust portfolio returns and value preservation.

Niche Investment & Platform Strategy

Our strategic focus on the resilient student housing sector, centered around a world-class education brand known as UC Berkeley, continues to offer stability amid broader market fluctuations. This niche has proven safe and reliable, and we continue to optimize in both asset and team performance, adding two new leadership roles in our investment team and property management division over the past quarter.

Market Outlook

Recent U.S. tariff policies have introduced greater economic volatility, which will likely lead to some slowing in the economy. These dynamics have raised the risk of stagflation, with rising construction costs and inflationary concerns. We are entering into a challenging period for markets because markets like certainty, and with the current tariff diplomacy, it is hard to see it. That being said, this is not structural in nature, as it is neither COVID-19 nor the Global Financial Crisis (GFC). The faster we can settle tariff diplomacy, the sooner the economy will snap back. It is in these times of market dislocation, when the U.S. economy faces uncertainty, that there's a repricing in the market.

The situation is fluid, and 2025 will be a critical year for the U.S. economy as it grapples with these challenges. We're closely monitoring economic and policy developments. We will navigate market dislocations to continue seeking out high-quality assets, optimizing our portfolio, and exploring innovative opportunities aligned with our investment philosophy.

Company Outlook

Our success is rooted in performance, transparency, and long-term risk-management. We are expanding our team and strengthening our operational backbone to better serve our investors and partners, while creating value that extends beyond financial returns.

Thank you for your continued trust as we continue to navigate today's market complexities and preserve long-term value for our assets and partners.

Sincerely,



Nhan Nguyen Le
CEO, Valiance Capital

DEVELOPMENT UPDATES

In our Q4 2024 update, we shared that we were nearing the completion of renovations for Unit #6, where we transformed a large one-bedroom unit into a three-bedroom apartment. We are pleased to report that this renovation was completed in February 2025.

Detached ADU Units – Nearing the Finish Line

We also made significant progress on the two new detached ADU units. Construction is complete, furnishings have been installed, and photography has been taken. PG&E has also energized the ADUs, so we have power. The only remaining item is EBMUD.

At the time of our last report, the final hurdle remaining was the installation of a new waterline by EBMUD, which was expected by March 2025. However, this final step has experienced delays with the City, which we now expect to be complete by late May or early June 2025. The actual work will only take 7-10 days, but we need the City and EBMUD to finalize their permitting process due to new legislation requirements.

With the completion of the EBMUD utility work, we can call for a final building inspection to receive our Certificate of Occupancy. We expect this by the end of June, marking the official completion of our ADUs at 2618 College Avenue.

Impact of ADU Legislation & Business Plan Outlook

We previously shared that the completion of the ADUs had been delayed by changes in City of Berkeley ADU legislation, which directly impacted our timeline for achieving stabilized rental income. This, in turn, has affected the timing of cash flows and subsequently, distributions to our capital partners.

Despite these challenges, we are pleased to report that we are now firmly on track to fully execute our business plan within the coming months. This positions the partnership well for a capital event and meaningful capital distribution in the near future.

LEASING UPDATES

As of quarter-end, The Collegiate at 2618 College is **100%** occupied. The property is **81.8%** pre-leased for the 2025-2026 academic year, ahead **3.5%** year-over-year. Coupled with consistently strong leasing velocity, the asset is achieving higher rents with a **1.65%** effective growth year-over-year and projected to end at **1.99%** with the remaining beds left to lease.

Our property management team participated in UC Berkeley's annual Housing Fair on April 16, 2025, placing our top leasing specialists in front of thousands of students, parents, and university staff. This effort, combined with our strategic partnership and co-branding with Cal Athletics, gave us significant visibility and generated more than 1,000 new leads from prospective tenants during the event.

Looking ahead, UC Berkeley's freshman admission decisions were released at the end of March, with acceptance deadlines on May 1st. Decisions for transfer and upper-division students will be released by the end of April, with acceptances due by June 1st. These timelines typically signal the next wave of leasing activity, particularly among transfer and international students—key demographics that often seek off-campus housing.

We continue to see favorable leasing trends across comparable submarkets, with an increased velocity across our broader portfolio. Given our significant market share in Berkeley's student housing sector, our centralized team is able to leverage real-time portfolio data to quickly respond to market shifts. This allows us to dynamically optimize rental pricing and outperform peer assets.

To support continued leasing success at 2618 College, we are dedicating additional marketing resources to further boost exposure and drive conversions.

As part of our continued effort to improve asset performance, we are focused on optimizing operational expenses, accelerating leasing activity, and strengthening overall financial results. Our asset management team is closely reviewing all controllable costs, such as housekeeping, maintenance, staffing, and utilities, to identify opportunities for improved efficiency without compromising resident experience.



LEASING UPDATES

We remain committed to actively managing both revenue and expenses to support long-term asset value and investor returns.

Below is a snapshot of our current pre-leasing activity. We look forward to sharing continued positive progress in the coming weeks.

2025-2026 Academic Year Pre-Lease Summary by Bed 2018 College												
Market Rates by Bed												
Room Plan / Space Type	Total		Pre-leased		Average Rates				Year Over Year Growth ⁽¹⁾			
	Units	Beds	Total	%	Pre-lease	Effective ⁽²⁾	Prior Year	Projected ⁽³⁾	\$	%	\$	%
1 Bedroom 1 Bath A Private	1	1	1	100.0%	\$2,290.00	\$1,250.00	\$2,242.00	\$2,290.00	\$8.00	0.4%	\$8.00	0.4%
2 Bedroom 1 Bath A Private	2	4	4	100.0%	1,917.50	1,921.16	1,847.50	1,921.16	74.00	4.0%	74.00	4.0%
2 Bedroom 1 Bath B Shared	1	4	4	100.0%	1,112.00	1,180.00	1,097.50	1,180.00	92.50	8.5%	92.50	8.5%
3 Bedroom 1 Bath Private	1	3	2	66.7%	1,513.00	1,690.00	-	1,770.00				
4 Bedroom 2 Bath Private	1	2	2	100.0%	1,797.00	1,766.67	1,800.11	1,766.67	(\$4.45)	(1.3%)	(\$4.45)	(1.3%)
4 Bedroom 2 Bath Shared		4	4	100.0%	1,397.00	1,186.67	1,348.41	1,186.67	(\$2.78)	(0.2%)	(\$2.78)	(0.2%)
5 Bedroom 2 Bath Private	2	10	8	80.0%	1,718.00	1,650.00	-	1,747.00				
5 Bedroom 2.5 Bath Private	1	9	9	100.0%	1,698.00	1,908.33	1,773.89	1,908.33	135.00	7.8%	135.00	7.8%
5 Bedroom 2.5 Bath Shared		4	4	100.0%	1,098.00	1,068.75	1,173.00	1,068.75	(\$101.25)	(8.7%)	(\$101.25)	(8.7%)
6 Bedroom 3 Bath Private	1	2	-	-								
6 Bedroom 3 Bath Shared		6	1	16.7%	1,205.00	1,180.00	1,045.90	1,182.00	104.10	14.0%	148.10	14.0%
Market Rate Total/Average:	18	43	25	58.1%	\$1,472.84	\$1,511.03	\$1,428.79	\$1,511.03	\$23.45	1.6%	\$28.99	1.8%
Rent Control by Bed												
Room Plan / Space Type	Total		Occupied		Average Rates							
	Units	Beds	Total		Effective							
1 Bedroom 1 Bath A Private	1	1	1		1,155.55							
Rent Control Total/Average:	1	1	1		\$1,155.55							
Grand Total/Average:	19	44	26	59.1%	\$1,588.33	\$1,511.03	\$1,428.79	\$1,511.03				
Note: Pre-lease data as of 4/24/2025.												
(1) Effective rates reflect contracted rates according to signed lease agreements.												
(2) Projected rates are a blended average of signed lease rates and assumes the remaining available beds within each category will lease at current advertised rates.												
(3) Year over Year growth only includes beds that were re-leased/market rate in prior year.												

FINANCIAL PERFORMANCE

To date, the partnership has made distributions totaling \$28,515 for Class A members.

Please refer to the table below for a detailed breakdown of our property portfolio's financial performance over the past four quarters, along with projections for the next twelve months (NTM). We have completed our budgeting process for the 2025–26 academic year, and these projections reflect our strategic planning efforts.

2618 College						
	Actual	Projection				
	1Q25	2Q25	3Q25	4Q25	1Q26	NTM
Operating Income						
Rental Income						
Gross Potential Rent	\$196,785	\$196,785	\$199,739	\$201,216	\$201,216	\$798,956
Loss to Lease	9,534	(3,754)	2,034	10,097	9,740	18,117
Concessions	(100)	—	—	—	—	—
Vacancy & Credit Loss	(66,700)	(52,900)	(11,565)	(5,797)	(5,797)	(76,059)
Total Rental Income	\$139,519	\$140,131	\$190,208	\$205,515	\$205,518	\$741,013
Other Operating Income						
Other Income	\$10,094	\$7,786	\$10,439	\$11,342	\$11,342	\$40,910
Total Other Operating Income	\$10,094	\$7,786	\$10,439	\$11,342	\$11,342	\$40,910
Total Operating Income	\$149,613	\$147,917	\$200,648	\$216,858	\$216,860	\$781,923
Operating Expenses						
Controllable						
Salaries	(\$5,839)	(\$7,918)	(\$7,918)	(\$7,918)	(\$7,918)	(\$31,672)
Administrative	—	(4,343)	(4,340)	(6,828)	(6,200)	(21,521)
Leasing/Marketing	(6,008)	(2,725)	(2,000)	(1,919)	(1,919)	(8,644)
Maintenance	(2,855)	(3,768)	(12,827)	(3,893)	(3,893)	(24,376)
Total Controllable	(\$14,702)	(\$18,554)	(\$27,159)	(\$20,599)	(\$19,941)	(\$86,213)
Uncontrollable						
Utilities	(\$7,826)	(\$5,069)	(\$5,870)	(\$6,271)	(\$6,271)	(\$23,481)
Insurance	—	(9,122)	(8,660)	(8,429)	(8,402)	(34,613)
Property Taxes	(13,849)	(13,849)	(13,849)	(13,849)	(14,405)	(55,951)
Management Fee	(8,907)	(8,831)	(11,204)	(11,933)	(9,743)	(41,710)
Total Uncontrollable	(\$30,582)	(\$36,870)	(\$39,583)	(\$40,483)	(\$38,821)	(\$155,756)
Total Operating Expenses	(\$45,284)	(\$55,424)	(\$66,742)	(\$61,041)	(\$58,761)	(\$241,969)
Net Operating Income	\$104,329	\$92,493	\$133,906	\$155,817	\$157,740	\$539,955
Repl Reserves	—	(1,050)	(1,350)	(1,500)	(1,500)	(5,400)
Gross Operating Cash Flow	\$104,329	\$91,443	\$132,556	\$154,317	\$156,240	\$534,555
Other Expenses						
Accounting and Taxes	(\$11,516)	(\$6,200)	(\$4,200)	(\$4,200)	(\$4,200)	(\$18,800)
Partnership Administrative	(15,675)	(14,520)	(12,344)	(10,956)	(10,956)	(48,576)
Lease Up Costs	—	(5,968)	(6,216)	(6,340)	(6,340)	(24,860)
Asset Management	(5,127)	(5,084)	(6,403)	(6,808)	(5,413)	(23,707)
Total Other Expenses	(\$32,318)	(\$31,772)	(\$28,963)	(\$28,304)	(\$26,909)	(\$115,948)
Capex	(\$1,879)	(\$350)	(\$500)	(\$750)	(\$750)	
Net Operating Cash Flow	\$70,133	\$59,321	\$103,093	\$125,263	\$128,581	\$418,607
Interest Expense	(67,874)	(89,225)	(95,859)	(96,514)	(96,105)	(377,702)
Debt Service	(\$67,874)	(\$89,225)	(\$95,859)	(\$96,514)	(\$96,105)	(\$377,702)
Net Operating Cash Flow (Post Debt Service)	\$2,259	(\$29,904)	\$7,234	\$28,749	\$32,476	\$40,905

DETACHED ADU | PHOTOS



UNIT #1 | INTERIOR PHOTOS



UNIT #3 | INTERIOR PHOTOS



REAR HOUSE | INTERIOR PHOTOS



UNIT #7 | INTERIOR PHOTOS

