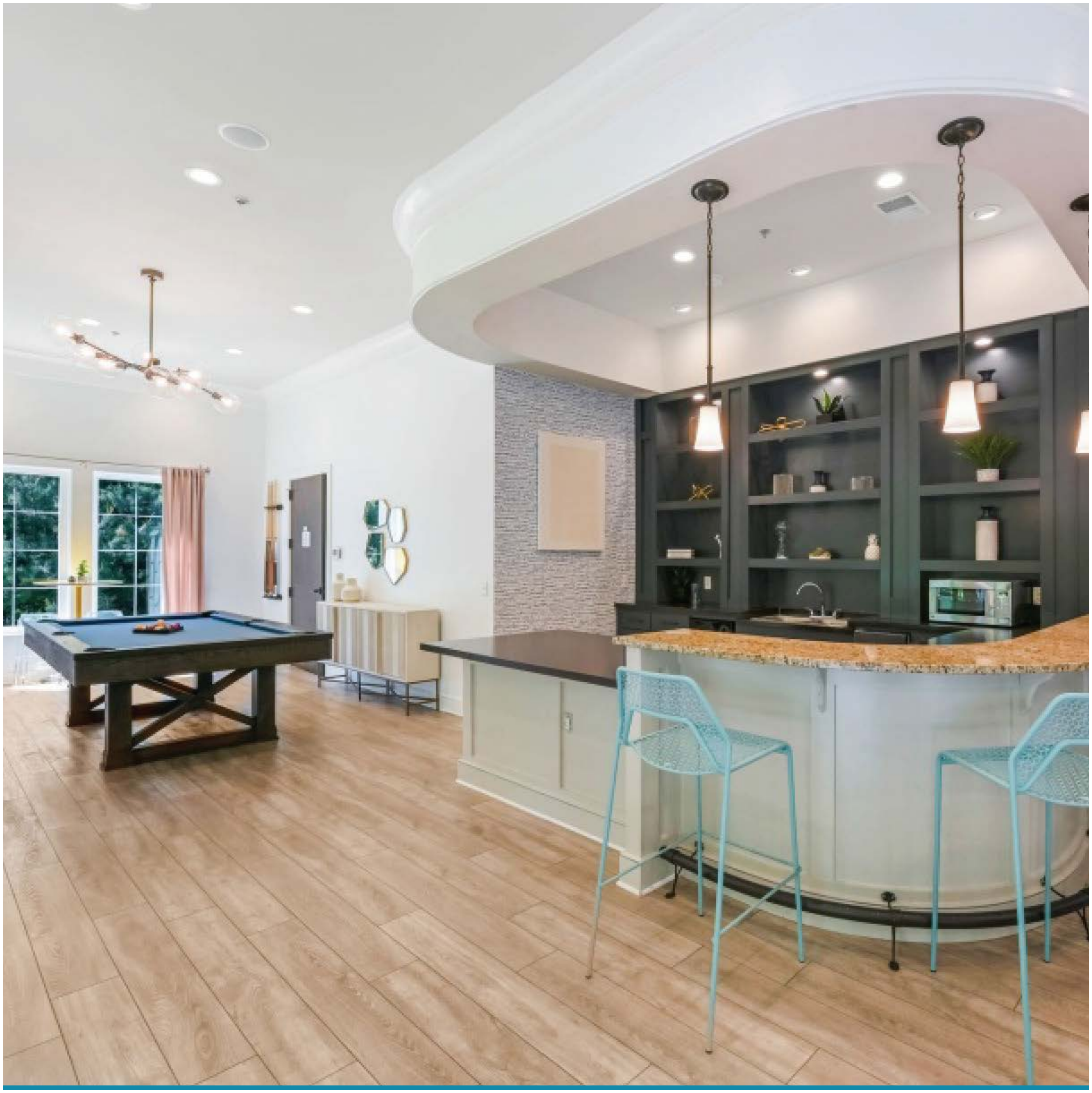
Bailard Real Estate Fund
Annual Fund Summary

2024



For the year ending December 31, 2024:

2024

Bailard Real Estate Fund

HIGHLIGHTS FOR THE YEAR ENDING 12/31/2024

$1.4 billion

Gross Asset Value[1]

92%

Percent Leased[2]

-2.0%
-2.8%

Total Return, gross of fee and net of fee, respectively[3]

$30.68

NAV per Share

5.1 years

Weighted-average lease-term for the commercial properties[4]

4

Property Dispositions

31

Properties in the Portfolio

100%

Operating/Core Assets[5]

26%

Debt to Gross Asset Value[6]

The Bailard Real Estate Fund (the "Fund") is the Bailard Real Estate Investment Trust, Inc.
1 Values for the Fund's properties are gross of total noncontrolling interests in joint ventures of $41.8 million.
2 Fund's leased percentage excludes land and development assets.
3 Please see pages 17 and 18 for important disclosures. ***Past performance is no indication of future results. All investments have the risk of loss.***
4 The Fund's Commercial properties represent the portfolio's Office, Industrial, and Retail assets.
5 Per the NCREIF Property Index (NPI) definition, operating is defined as an asset that has completed construction that has achieved at least 60% leased status since the end of construction or has been available for occupancy for more than one year.
6 Per the NCREIF PREA Reporting Standards, leverage percentage is calculated as follows: the Fund's economic share of outstanding debt at par divided by the Fund's total gross assets (the Fund's economic share of gross real estate, cash and cash equivalents, and other assets).

2024 Annual Letter

The fourth quarter of 2024 was the Bailard Real Estate Fund's second consecutive quarter of positive returns after seven straight negative or flat quarters going back to Q4 of 2022. The Fund's very modest total return, including income, for Q4 was 0.4%, gross of fee, and 0.2%, net of fee, following an identical net return of 0.2% in Q3. The Fund's total returns for calendar year 2024 were -2.0%, gross, and -2.8%, net, compared to -8.1% gross (-8.9% net) for CY 2023. It's been a difficult two-year period for the Bailard Real Estate Fund after a stellar 13-year run of positive returns—9.6 gross and 8.7% net—coming out of the Great Financial Crisis (GFC).[1]

The Fund's Q4 2024 returns underperformed its benchmark, the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-end Diversified Core Equity (Equal Weight) Fund Index (NFI-ODCE (EW)), by 62 basis points,[2] or 0.62%. Its annual return of -2.0% underperformed the NFI-ODCE (EW) by 35 bps. That one-year underperformance was the first time that the Fund trailed the benchmark for a full calendar year period since 2021 and only the second time in the past ten years that the Bailard Real Estate Fund underperformed on an annual basis. While the Fund's returns over longer time periods (3-Years: 1.3%; 5-Years: 5.2%; and 10-Years: 9.2%) have substantially outperformed the NFI-ODCE (EW) benchmark (by 368 bps, 216 bps, and 309 bps, respectively), the past 24 months have been challenging and humbling. Though the consistent outperformance over longer time horizons validates the Fund's investment strategy and style, the Bailard real estate team recognizes that it cannot relax or take its eye off the ball and must remain laser-focused on its investment and management disciplines. (Please see pages 17 and 18 for more information on Fund Performance.)

Real estate has gone through a difficult but necessary and overdue reset these past two years after too much exuberance fostered by over a decade of accommodative monetary policy driven by the Federal Reserve that distorted investor perceptions and expectations of the proper balance between risk and return. Everybody looks like an investment genius when interest rates are close to zero. The downturn is a nasty reminder of the perils of confusing brains with a bull market.

While the last 24 months have been painful for real estate investors and investment managers, it's been a blowout epoch for U.S. equities which had another blockbuster year in 2024. The S&P 500 climbed 23.3% and notched 57 record closes over the year as the economy remained healthy, inflation ticked lower, the rally in mega-cap tech stocks powered on, the Fed initiated monetary easing, and the labor market continued to exhibit remarkable strength and resilience. The two-year run is the best consecutive-years performance since 1997/98. Many investors anticipate that a resilient U.S. economy along with a Fed that has switched to cutting—even if not as deeply or as fast as most had hoped—will allow stocks to push higher. But few predict that the rapid pace of gains in the past two years will repeat in 2025.

A year ago, this Annual Letter quoted Katie Martin's Financial Times editorial, entitled "Investors Bet on Déjà vu All Over Again," Ms. Martin related that at the beginning of 2023 "investors and analysts were busy telling the world about their key convictions for the year. Chief among them: the US was heading for a recession and the historic decline in government bond prices was over."[3] Not surprisingly, those same investment professionals trotted out a similar message at the beginning of 2024, with one tweak: that the elusive recession would be mild—a slowdown rather than a "hard landing." Wrong again!

This year, it appears that prognosticators have learned from their prior misses. Whereas two years ago, econo-

1 Please see pages 17 and 18 for more information and important disclosures. ***Past performance is no indication of future results. All investments have the risk of loss.***
2 A basis point (bp) is 0.01%.
3 Martin, K. (2023 Nov 25). Markets in 2024: Investors bet on déjà vu all over again. The Financial Times. https://www.ft.com/content/af995491-3d4d-4b45-a38a-66e467fe78cd.
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mists pegged the odds of a recession at more than 60%, with rate increases in the rearview mirror and an economy that has continued to surprise to the upside, economists (73 of them) in The Wall Street Journal's latest survey published in January 2025, estimate the chances of a recession in the next twelve months at 22%, the lowest level in three years.[4]

In the final weeks of 2024 and early weeks of 2025, the markets have been bedeviled with high anxiety. Stocks rallied after Republicans swept the November elections, raising hopes that businesses would benefit from lower taxes and looser regulations. Trump has also proposed sweeping tariffs and mass deportations, both of which could drive inflation. "What happens to the euphoria when the details start to trickle out?" asks Anna Rathbun, CIO of CBIZ Investment Advisory Services, in a recent Wall Street Journal piece.[5] *At the very least, many market participants expect a bumpy ride in 2025.*

Katie Martin in a January 3, 2025 story in the Financial Times entitled "This Will be the Year of Investing Dangerously" put it this way: "Rollercoaster market moves in the final days of 2024 offered a blunt reminder that investors are heading into a year of living dangerously. Stocks and bonds lurched lower after the Federal Reserve's final policy meeting of the year (December 17 and 18), spooked by the prospect that the central bank may be unable to keep cutting rates. The key is not what Chair Powell said at the meeting... but what he was careful not to say, but that every fund manager knows: When Donald Trump returns to the White House, his policies could be bad for growth, fuel inflation, or both."[6]

Ms. Martin went on to quote Henry Neville, portfolio manager at Man Group, in his blog: "I can see a 1970's scenario of dormant, but not dead, inflation reawakening and causing the equities and bond markets to freak like it's 2022. It's also conceivable that we get more 'market-good' Trump (deregulation, tax cuts, government efficiencies, and Ukraine peace deal), than market-bad (policy volatility, tariffs, labor market disruptions), and then we party like it's 1996. Fireworks lie ahead in either case."[7]

Adding to the uncertainty is Donald Trump's fondness for making policy pronouncements with potentially significant market impact in random ly timed social media posts. The strategy keeps both adversaries and allies off-balance, unnerves investors and business leaders, and injects volatility into asset prices. Peter Fitzgerald, CIO at Aviva Investors, put it this way, "We don't know where or when this is going to break. The key is don't get overconfident."[8]

If investors are looking for clarity about 2025, the Fed still isn't prepared to provide it. The Wall Street Journal's article on December 19, 2024 entitled "Markets Slide As Fed Signals Fewer Cuts' put it this way: "The Federal Reserve signaled greater doubt over how much it would continue to cut interest rates after agreeing to a quarter-point reduction on Wednesday (December 18) that Jerome Powell said was a close call."[9]

In fact, about the only thing the Fed wants to make clear is that it is positioning for maximum flexibility. Prudent investors should certainly be doing the same.

What does this mean for the Bailard Real Estate Fund? Something that Fund Management has said consistently for the past several years is that the Fund is consciously postured defensively. This is manifested with an overweight to multifamily, an underweight to office and market-weight to industrial and retail properties. It means avoiding hot/pricey markets and focusing on metro areas with strong fundamentals that offer good relative value. It means doing "bite-size" investments ($25 million to $75 million), remaining well-diversified by economic drivers, and staying modestly leveraged. Finally, it means staying disciplined, nimble, and humble, and always maintaining control and optionality of/in all investments.

4 The Wall Street Journal. (2025 Jan 19). Trump's return nudges economists' inflation outlook higher. The Wall Street Journal. https://www.wsj.com/economy/economist-survey-inflation-2025-1fd00467.
5 Thomas, L., Dummett, B., Cutter, C., (2025 Feb 9). For CEOs and Bankers, the Trump Euphoria Is Fading Fast. The Wall Street Journal. https://www.wsj.com/business/deals/trump-boom-corporate-uncertainty-6383263d.
6 Martin, K. (2025 Jan 3). This will be the year of investing dangerously. The Financial Times. https://www.ft.com/content/12475330-4e8c-48ce-9ff2-c67c438ea065.
7 Neville, H. (2024 Dec 18) The Road Ahead: 2025 Crystalballin'. Man Group. https://www.man.com/insights/road-ahead-2025-crystalballin
8 Martin, K. This will be the year of investing dangerously.
9 Back, A. (2024 Dec 19). Trump isn't president yet. He's already spooking the Fed. The Wall Street Journal. https://www.wsj.com/economy/central-banking/trump-isnt-president-yet-hes-already-spooking-the-fed-599e6e9b
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This Annual Letter reports on last year's activities and the Fund's portfolio position as of year-end. Please read on for a look back at 2024 and perspectives on what lies ahead in 2025.

PORTFOLIO POSITION

As of year-end, the Fund continued to have a geographic overweight in the East vis-à-vis the NFI-ODCE (EW) benchmark (32% vs. 27%). The East has been Bailard's top performing region for all time periods over the last 10 years and has materially outperformed the benchmark for the same time periods.

The Fund has, for the past several years had a significant overweight to the Midwest (22% vs. 6% for the benchmark as of year-end 2024). The Fund has leaned into the Midwest region as an investment corollary of the adage "the higher they fly the further they fall." For the past two years that bet has paid off for Bailard because the region has been the second-best performer (next to the East) during the downturn. The Fund's returns on its Midwest assets have tracked the benchmark's for all time periods over the last 10 years.

The Fund has consistently underweighted the West vis-à-vis the NFI-ODCE (EW) benchmark (17% vs. 44% as of 12/31/2024). The Fund doesn't "dislike" the West; however, for most of the past ten years, many of its peers heavily leaned into the popular west coast Global Gateway markets. This created an increasingly crowded trade, leading to persistent and frustrating challenges for an investor like Bailard seeking good relative value. Bailard's portfolio of assets in the West have underperformed the benchmark the past two years, but have market-performed or outperformed over 3-, 5-, and 10-year time horizons.

Finally, the Fund has maintained an overweight to the South (29% vs. 23%), because the Bailard Real Estate team continues to like the growth dynamics, competitive cost-of-living, and business-friendly policies of this region. It has been a lagging performer for the Fund the past two years. Over longer time periods (3-year, 5-year, and 10-year), the South has been the second-best performing region for the Bailard Fund. However, it has modestly lagged the benchmark's South region assets over those same time horizons.

Bailard consciously favors non-Gateway markets to help buffer the Fund in a market downturn. The approach proved successful in 2023 but stumbled in 2024. While Bailard's Midwest assets rose in value by 1.7% in 2024, they underperformed the East, which enjoyed a 7.5% gain. However, the Midwest outperformed both the South and West, which declined 1.6% and 7.1%, respectively.

Regarding property type diversification, the Fund has had a multi-year overweight to Multifamily (36% vs. 31% at year-end 2024), as it remains keen on the benefits of a large allocation to apartments in a diversified core fund. That exposure has been a substantial driver of the Bailard Real Estate Fund's consistent outperformance. The team expects to maintain its material underweight to Office (9% vs. 16% as of year-end 2024), given the capital-intensity of that property type and the massive uncertainty surrounding its painful transition in the post-pandemic world. The Fund has a modest overweight (38% vs. 36% at the end of 2024) to Industrial and Retail (13% vs. 11% at year-end). Though the Bailard real estate team is comfortable with its current property-type weightings, it will continue to monitor and assess portfolio diversification in order to try to find and maintain best balance risk management and return maximization.

During 2024, Bailard's real estate team completed 28 office, industrial, and retail leases (new and renewal), totaling 419,715 square feet. Though leasing activity during 2024 was down from 2023 (30 leases totaling 551,942 square feet), the portfolio ended the year in a solid position, with commercial properties at 90.5% leased (down slightly from 90.8% at year-end 2023). The Fund's multifamily assets enjoyed a solid but unspectacular year, with same-store rental revenue up 2.8% and finishing 2024 at 93.7% occupied (down from 95.8% at year-end 2023). At 12/31/2024, the Fund's properties, both commercial and multifamily, stood at 91.6% occupied (down 1.1% from 92.7% occupancy at year-end 2023).

As of 12/31/2024, the Fund's portfolio of assets was 100% Core/Operating per NCREIF's definition. Fund Management aims to maintain at least 80% to 90% of the portfolio in Core/Operating properties. This approach is designed to provide stability, ensure steady cash flow, and mitigate volatility. In contrast, at year-end 2023, the

7 Percent leased does not include any land or development properties.
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Fund's portfolio was 92% Core/Operating, 6% Value Add, and 2% Development.

The Fund's balance sheet remained sound with an aggregate Debt-to-Gross Asset Value (Loan-to-Value or LTV) ratio at a healthy 26% as of year-end 2024, down from 28% at year-end 2023, but up from 21% at year-end 2022. In addition, the portfolio has a weighted average in-place interest rate of 5.4%, and a solid aggregate debt service coverage ratio of 3.0x (down from 3.1x at year-end 2023). At the end of 2024, the Fund had a total of $149.4 million in cash and cash equivalents on the balance sheet (up from $67.8 million at year-end 2023), representing 10.7% of the Fund's Gross Asset Value (GAV).

The Bailard Real Estate team generated a reasonable flow of investment opportunities throughout 2024, but there were few bargains and the team was unwilling to stretch/compromise, especially given some of the liquidity pressure limiting the Fund's flexibility. The bid/ask spread between buyers and sellers in the broader market is narrowing… at a glacial pace. Some property owners, in order to generate liquidity and/or put stress/distress behind them, have capitulated and met the market and transacted. Other property owners continue to cling to the hope/belief that their asset(s) is/are properly valued even after they've taken them to the market two or more times, and failed to consummate a transaction. Although transaction activity in 2024 was up a modest 14% from 2023 (per CoStar) it was still down 49% vis-à-vis 2022. As the new year gets underway, the team remains very cautious in the face of persistent economic uncertainty. The Bailard Real Estate team is confident that the current real estate market will start to yield attractive investment opportunities for the Fund in the next quarter or two… as long as the team remains vigilant and patient.

2024 HIGHLIGHTS

Dispositions

- *Gwinnett Apartments, a multifamily property in Lawrenceville, GA, sold on November 13, 2024.*
- *South Mountain Industrial, an industrial property in Phoenix, AZ, sold on December 23, 2024.*
- *The Grand at Manor, a multifamily property in Manor, TX, sold on December 31, 2024.*
- *The Fund transferred its membership interest in Highland Pointe, an office property in Lombard, IL, to its joint venture partner on October 8, 2024, at a property value of $25.4 million.*

Acquisitions

- *The Bailard real estate team completed no Acquisitions for the Fund in 2024.*

Operations

Following are some portfolio and asset management highlights from 2024:

- *Poplar Glen performed above expectations during the year with portfolio-leading rental rate growth (5.5%) and resident retention (72%). The property's Net Operating Income increased 13.6% year-over-year, and had the best total return performance (24.6%) among the Fund's multifamily portfolio and 2nd best in the entire portfolio.*
- *7500 Flying Cloud Drive had a very successful leasing year with over 62,000 square feet of leasing; the office property ended the year at 86% leased. The common area renovations that were completed in 2024 were well received by the market and drove the leasing success at the asset. Tenant improvement work is underway, and the new tenants will move into their respective spaces in 2025.*
- *The Shoppes at Knightdale completed over 43,000 square feet of new leasing, adding both Burlington and HomeGoods to help bolster the tenant mix. Additionally, 15,000 square feet of renewals were completed in a sign of the continued demand for quality retail space in the market.*

PERFORMANCE

The Fund posted a before-fee NCREIF-based return of -2.0% (-2.8% after-fee) for the year ending December 31,

8 Per the NCREIF PREA Reporting Standards, leverage percentage is calculated as follows: the Fund's economic share of outstanding debt at par divided by the Fund's total gross assets (the Fund's economic share of gross real estate, cash and cash equivalents, and other assets).
9 Market value of cash equivalents shown is before quarterly shareholder transactions. Cash and cash equivalents consists of Fund-level cash and do not include cash held at the property-level.
10 Includes distributions that may be characterized as capital gains or return of capital. Please see last page for important disclosures.
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2024. The net asset value (NAV) per share of the Fund at year-end 2024 was $30.68, down from $31.97 at year-end 2023. Over the course of 2024, $0.40 per share in dividends were declared and paid out.[10]

INVESTOR ACTIVITY

During 2023, the Fund paid out all redemption requests in the quarter they were received for the first three quarters of the year. Then, in Q4 2023, the Fund received an unusually large increment of requests, $16.7 million. Because of uncertainty going into 2024 about the economy, real estate capital markets, real estate performance, and liquidity, the Fund's Board of Directors chose to restrict redemption payouts that quarter… for the first time in ten years. Those restrictions persisted throughout 2024 as Bailard endeavored to sell several assets to generate liquidity and also gain greater clarity on the direction of the economy and the real estate markets.

The Bailard Real Estate Fund cleared its redemption queue as of 12/31/2024 and begins the new year with no outstanding redemption requests.[11]

The Board of Directors of the Fund and the Bailard Real Estate team thank you for your investment and your continued confidence and support. The Fund, along with the entire real estate asset class, has experienced a painful but necessary pullback the past two years; the first since the GFC (2008 to 2010). It is real estate's sixth down cycle (including the very brief one in the wake of the pandemic in 2020) since the early 1980s. They have all been triggered by different events and each has had its own depth, duration, and "flavor." Eventually, downturns run their course. The Bailard team believes that the worst of the current downturn is behind us because the economy seems stable, interest rates aren't likely to increase further, and real estate fundamentals are in relatively healthy balance. Though Bailard senses that real estate is in a nascent recovery, given the manifest economic and geopolitical challenges dotting the landscape, it will be slow and halting. But Bailard is confident that its size, structure, strategy, and style will enable it to navigate through the market's tempests while managing and optimizing the value of the Fund's assets.

Amidst all the uncertainty, the team knows that it must remain disciplined and patient as it endeavors to identify, evaluate, and close attractive and accretive new investments for the Fund that will enable it to achieve benchmark outperformance in 2025 and beyond.

It remains an honor and a privilege for all of us on the Bailard Real Estate team to steward your investment in private real estate.

Sincerely,

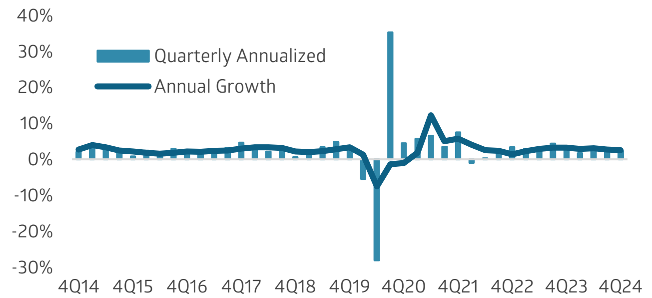
Preston Sargent
President and CEO, Bailard Real Estate Fund

11 As stated in the offering memorandum, the Fund Board has discretion to honor redemption requests as well as accept new capital and investors, in order to manage cash flow for effective Fund operations. There have been times when the Fund has not provided liquidity. Specific investments described herein do not represent all investment decisions made by Bailard. It should not be assumed that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.

Real Estate Economic & Market Conditions

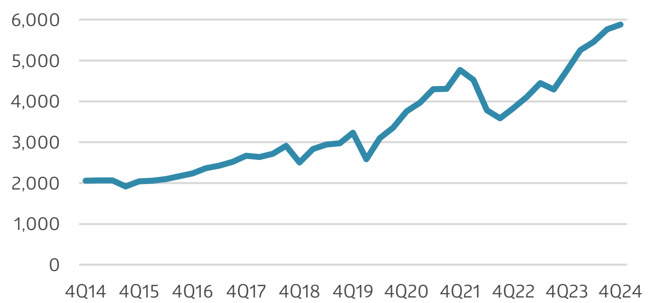
(as of December 31, 2024)

S&P 500 Index[1]



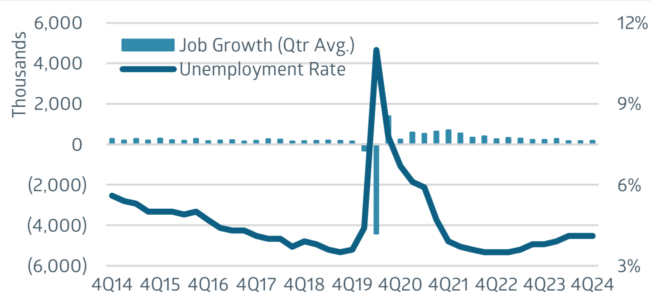
- The S&P 500 finished 2024 at 5,881, up 2.1% from the previous quarter and 23.3% year-over-year.
- In 2024, ten out of the eleven S&P 500 sectors posted positive returns. The top-performing sectors included Communication Services (+39.7%), Information Technology (+37.6%), Consumer Discretionary (+29.5%), Financials (+28.9%), and Utilities (+20.1%).

Real Gross Domestic Product (GDP) Growth



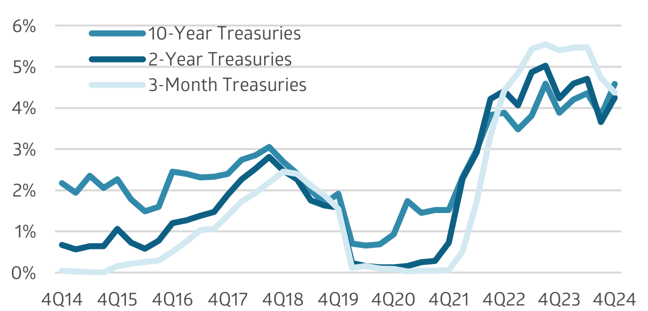
- GDP grew at an annualized rate of 2.3% in the fourth quarter, 80 basis points[2] less than the quarterly annualized Q3 rate of 3.1%.
- The quarterly increase primarily reflected gains in consumer and government spending that were offset with decreased investment and imports.
- Year-over-year, GDP is up 2.5%; down from the 3.2% rate of growth in 2023.

Job Growth and Unemployment Rate



- Q4 ended with a total addition of 511,000 jobs—averaging 170,000 jobs/month—representing a quarter-over-quarter increase of 7.1%, but a 19.8% decline from Q4 2023.
- The labor market continued to exhibit remarkable resilience adding 2.2 million jobs. The job growth in 2024 was a downshift from the 3 million jobs generated in 2023.
- Despite solid job growth reported in the Establishment Survey, the year-end Household Survey reflected a decrease in employment as the unemployment rate rose 30 basis points from last year to 4.1%.

U.S. Treasury Yields

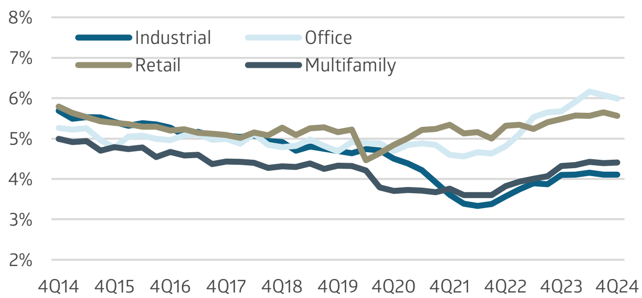


- The 10-Year Treasury finished Q4 at 4.58%, up 77 bps from Q3 and 70 bps from year-end 2023.
- The 2-year Treasury ended 2024 at 4.25%, up 59 bps since Q3 and 2 bps year-over-year.
- The 3-month Treasury finished at 4.37%, down 36 bps from Q3 and 103 bps from Q4-end 2023.
- The spread between 10-year and 2-year increased to 33 bps by year-end, up from 15 bps in Q3. The spread was also up from when the yield curve was inverted at year-end 2023 and the 2-year was 35 bps higher than the 10-year.

Source: Bloomberg.

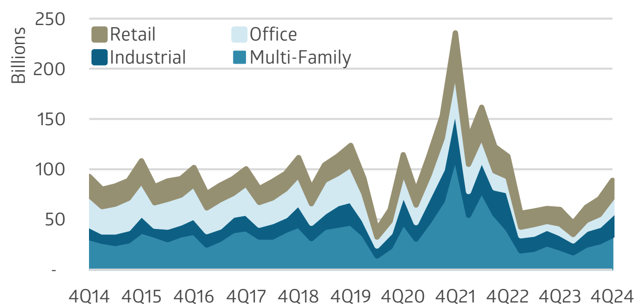
1 Returns of the S&P 500 Index are presented as price change only. 2 A basis point (bp) is 0.01%.

Capitalization Rates[3]



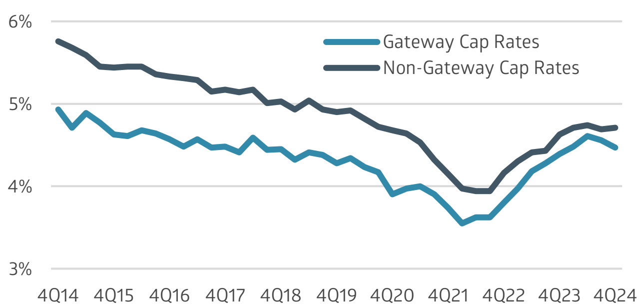
- According to NCREIF, cap rates at the end of 2024 for industrial, multifamily, retail, and office properties were 4.1%, 4.4%, 5.6% and 6.0%, respectively.
- During the quarter, cap rates for industrial and multifamily held flat, while office and retail saw declines of 10 bps from last quarter.
- Similar to 2023, cap rates for office experienced greater expansion in 2024 than any other property type, with a 30 bp increase.

Investment Volume



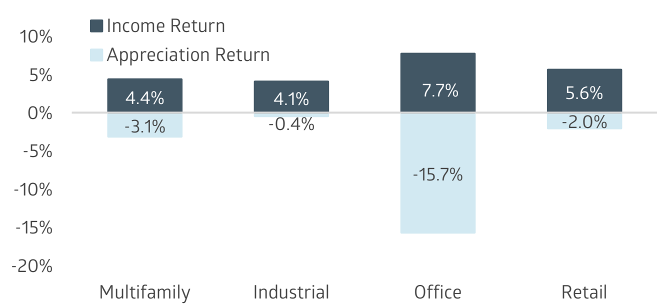
- Total annual transaction volume in the United States totaled $267.6 billion, a 14.0% increase from 2023.
- Once again, the multifamily sector contributed the greatest share of the total volume in 2024 with $102.4 billion (38.3%), while the industrial sector was second at $66 billion (24.7%).
- Compared to 2023, office saw the largest year-over-year growth in transaction volume, with a 19.7% increase from 2023. Multifamily was second, with an 18.9% rise in volume from last year.

Cap Rate to Ten-Year Treasury Spreads[4]



- During Q4, "Gateway" cap rates compressed 10 bps from last quarter to 4.5%.
- Non-Gateway cap rates remained flat from last quarter, at 4.7%.
- In Q4 2024, the spread between Gateway and Non-Gateway cap rates was 20 bps, which is 10 bps wider than last quarter, and flat from Q4 2023.

One-Year Performance, NFI-ODCE Unleveraged Property Returns[5]



- During Q4, the NFI-ODCE Fund (EW) Index posted a 1.0% total return, comprised of 1.0% income and a flat appreciation return.
- For the 2024 calendar year, the Index had a one-year return of -1.7%, with appreciation of -5.5% and income at 4.0% for the year.
- Of the four major property types, industrial had the best one-year performance in 2024, with a total return of 3.6%. Retail was a close second with a 3.5% total return; multifamily and office had a 1.1% and -8.9% return, respectively.

Sources: Bloomberg, CoStar, NCREIF.
3 A property's capitalization rate, or cap rate, is a measure of its Net Operating Income relative to its market value.
4 Gateway Markets include BOS, CHI, DC, LA, NY, and SF in the NCREIF National Property Index, and Non-Gateway reflects all other indexes outside the NPI.
5 Unleveraged property returns reflect the performance of the underlying properties, without the impact of property debt. Please see important information regarding the Index on the last page. For reference, the Bailard Real Estate Fund's unleveraged property returns for the same period were: Multifamily, 0.4% (Inc: 4.2%, App: -3.7%); Industrial, -0.1% (Inc: 4.7%, App: -4.7%); Office, -6.2% (Inc: 6.7%, App: -12.3%); and Retail, 8.4% (Inc: 6.5%, App: 1.8%).

Multifamily

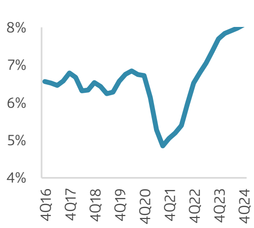
In 2024, U.S. multifamily demand rebounded sharply, with annual net absorption rising 67.2% from 2023 to 550,818 units. However, supply outpaced demand for the third consecutive year, as 680,499 new units were completed in 2024. This pushed vacancy up 38 basis points to 8.1%, well above the historical average of 6.5%. Rent growth remained muted, with average asking rents increasing just 1.0% to $1,731 per unit. Looking ahead, demand in 2025 is expected to exceed new deliveries as construction starts have slowed significantly, likely driving vacancy rates lower. Investors see these shifting supply-and-demand fundamentals as a foundation for a meaningful recovery.

VACANCY

As of Q4, 24: **8.1%**

10-Year Avg: **6.5%**

Qtr/Qtr Change:
10 bps

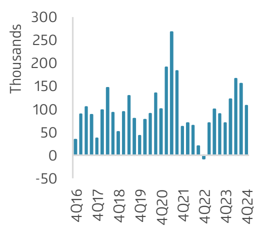


ABSORPTION

As of Q4, 24: **108,000 units**

10-Year Avg: **94,000 units**

Qtr/Qtr Change:
-47,000 units

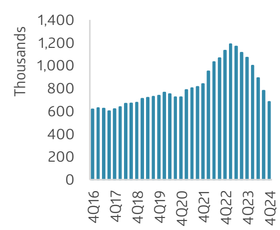


CONSTRUCTION

As of Q4, 24: **682,000 units**

10-Year Avg: **767,000 units**

Qtr/Qtr Change:
-97,000 units

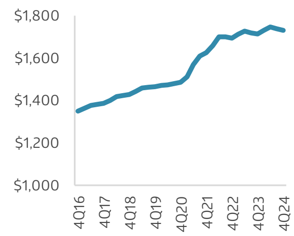


RENT

As of Q4, 24: **$1,731/month**

10-Year Avg: **$1,509/month**

Qtr/Qtr Change:
-0.4%



Industrial

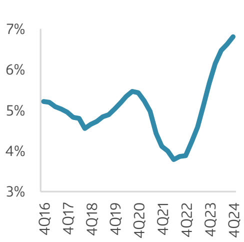
After a historic surge in tenant demand in 2021-2022, the industrial sector saw demand normalize in 2024, continuing the cooling trend from 2023. Q4 net absorption totaled 31 million square feet (SF), down from the Q2 and Q3 average of 39 million SF, as elevated supply and weaker demand weighed on the market. The vacancy rate rose to 6.8%, up 115 bps from 2023, returning to 2014 levels. Uncertainty around the U.S. election and President Donald Trump's trade policies contributed to weaker tenant demand. Meanwhile, the industrial market is nearing the end of a historic supply boom. By mid-2025, supply growth is expected to hit an eleven-year low as rising interest rates, higher construction and labor costs, and slowing demand prompt developers to pull back. After record rent growth from 2021 to 2023, landlords in many markets are struggling to push rents higher as vacancies increase.

VACANCY

As of Q4, 24: **6.8%**

10-Year Avg: **5.2%**

Qtr/Qtr Change:
20 bps

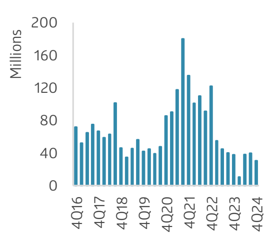


ABSORPTION

As of Q4, 24: **31 million SF**

10-Year Avg: **68 million SF**

Qtr/Qtr Change:
-9 million SF

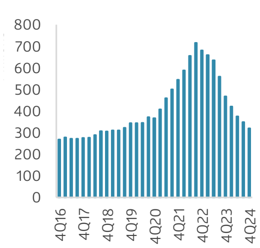


CONSTRUCTION

As of Q4, 24: **320 million SF**

10-Year Avg: **377 million SF**

Qtr/Qtr Change:
-29 million SF

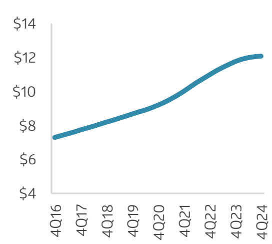


RENT

As of Q4, 24: **$12/SF (NNN)**

10-Year Avg: **$9/SF (NNN)**

Qtr/Qtr Change:
0.2%



Source: CoStar Group. Please note that any published revisions to previous quarters' data have been included.

Office

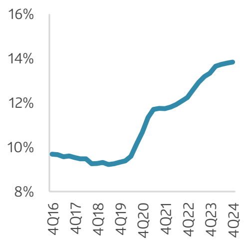
The office market showed signs of stabilization in Q4, recording its first quarter of positive absorption in over two years. New York City led the recovery, with office attendance reaching 80% of pre-pandemic levels. Despite this progress, the national vacancy rate remained elevated at 13.8%, up 50 bps from 2023 and well above the 10-year average of 10.9%. Remarkably, asking rents averaged $36/SF gross, rising 0.1% from Q3 and 1.1% year-over-year. Stricter return-to-office policies from major employers like Amazon, JP Morgan, and the Federal Government in 2025 could boost tenant demand as companies reassess their space needs. With new office development slowing and employers refining their return-to-work strategies, these shifts may signal a modest improvement in supply-demand fundamentals for this struggling sector.

VACANCY

As of Q4, 24: **13.8%**

10-Year Avg: **10.9%**

Qtr/Qtr Change:
0 bps

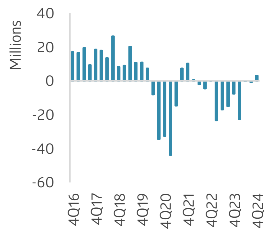


ABSORPTION

As of Q4, 24: **3 million SF**

10-Year Avg: **4 million SF**

Qtr/Qtr Change:
4 million SF

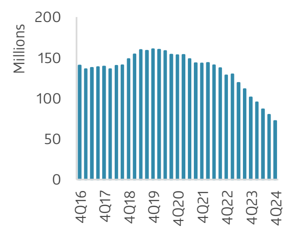


CONSTRUCTION

As of Q4, 24: **72 million SF**

10-Year Avg: **134 million SF**

Qtr/Qtr Change:
-8 million SF

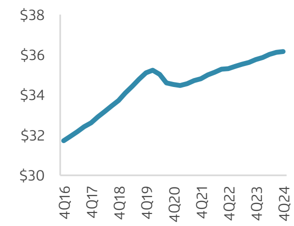


RENT

As of Q4, 24: **$36/SF (Gross)**

10-Year Avg: **$34/SF (Gross)**

Qtr/Qtr Change:
0.1%



Retail

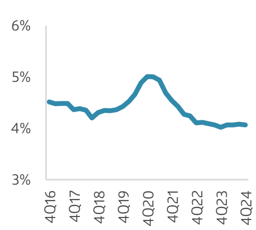
Despite store closures and declining net absorption, U.S. retail real estate remained resilient in 2024. Store closures reached 7,325—the highest since 2020, when nearly 10,000 locations shut down—according to CoreSight Research. Meanwhile, store openings hit 5,970, the most recorded since tracking began in 2012. Most closures stemmed from full-store liquidations or financially distressed retailers shutting multiple locations. Still, vacancy rates held relatively steady, ending the year at 4.1%, up 5 bps from 2023 but below the 10-year average of 4.5%. Q4 net absorption was positive at 7 million SF, bringing the annual total to 23.2 million, a sharp 60% decline from 2023. New development has slowed significantly due to labor shortages, rising construction costs, and high interest rates. At year-end, 44.9 million SF were under construction, down 21% year-over-year. Limited space drove strong competition, pushing average asking rents up 2.0% to $25.40/SF.

VACANCY

As of Q4, 24: **4.1%**

10-Year Avg: **4.5%**

Qtr/Qtr Change:
0 bps

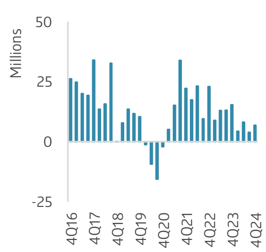


ABSORPTION

As of Q4, 24: **7 million SF**

10-Year Avg: **17 million SF**

Qtr/Qtr Change:
3 million SF

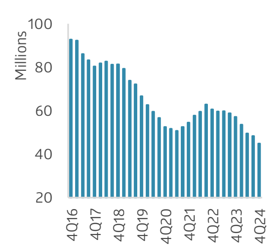


CONSTRUCTION

As of Q4, 24: **45 million SF**

10-Year Avg: **70 million SF**

Qtr/Qtr Change:
-4 million SF

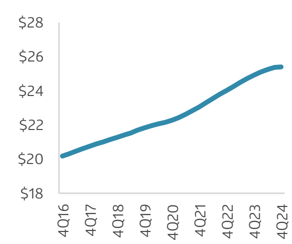


RENT

As of Q4, 24: **$25/SF (NNN)**

10-Year Avg: **$22/SF (NNN)**

Qtr/Qtr Change:
0.1%



Sources: CBRE, CoStar Group.Please note that any published revisions to previous quarters' data have been included.

THE LOOK AHEAD

Though the Federal Reserve cut its Fed Funds rate by 1% (100 bps) in 2024 (bringing the new rate down to a range of 4.25% to 4.5%), that has provided scant relief for real estate borrowers. Why? Because lenders usually benchmark off 5- and 10-Year Treasuries to set their borrowing rates. The average spread of 10-Year Treasuries to the Fed Funds Rate over the past 60 years has been approximately 1.2% (120 bps). As of January 31, 2025, it was approximately 0.2% (20 bps), about 1% inside the average normal relationship. Why? Because traders, who like to be ahead of the curve, believe that the Fed is ultimately “headed” to a 3% to 3.5% “neutral” Fed Funds Rate. When/if it gets there, then a ~4.5% 10-Year Treasury will be priced at its historic norm.

Few market observers or economists expect the benchmark rate to go below 3% any time in the foreseeable future, a level at which it sat at or below for eleven years from July 2011 until August 2022. This means that if normal spread relationships hold true, there will be little or no catalyst for the 10-Year Treasury to carry a yield much below 4.5% (approximately where it is as of this writing). Why is that important for real estate? Because, as mentioned earlier, lenders use Treasuries to set their rates. Traditionally, when markets are “settled,” lenders set their rates at 1.25% to 2.0% higher than the applicable Treasury, depending on the size of the loan, its LTV ratio, and the quality of the real estate and the borrower. Assuming a 10-year loan and picking the mid-point of that spread, a borrower would be looking at a 10-Year loan today of ~6.15%. That is a “fair” and entirely rational rate in the current environment (perhaps even generous, given where the Fed Funds Rate is today). But that cost of debt is not likely to kick-start real estate transaction activity nor is it likely to trigger any capitalization rate compression that would drive values higher in the near to mid-term.

Last year, this report lamented its inability to make a forecast with any confidence. Why? 1) Fed policy uncertainty could weigh on hiring and business investment; 2) Credit card debt could overwhelm consumers and trigger sudden weakness to the demand side of the economy; 3) Persistent high interest rates could finally break the economy and investor confidence; 4) The Magnificent 7 might run out of steam and bring the market down with them; 5) The Presidential election could spook business leaders and investors; and 6) The wars in Europe and/or the Middle East could spin out of control.

Most of those factors are still lurking in the shadows. Interestingly, #5 has been replaced by concerns about what policies newly elected President Trump might implement.

Two years ago, economists expected a recession would follow the Fed’s rapid rate-hiking cycle. The only questions were when and how deep? Last year, most still expected that a recession would ensue, but that it would likely be short and shallow. Now, most market participants are betting that the U.S. economy will skirt a contraction. Unfortunately, with myriad geopolitical challenges coupled with a familiar but unpredictable and erratic presence in the White House, sticky inflation at levels above the Fed’s target, and, likely higher for longer interest rates, the economy is not yet out of the woods.

One historically reliable predictor of recessions hasn’t received much attention recently, but it’s still worth examining: the inverted yield curve. From July 2022 until August 2024, the yield curve was inverted (i.e., short-term interest rates, including 1-, 2-, and 3-Year, were higher than longer-term interest rates of 10-Year and 30-Year). Economists typically track the relationship between 2-Year rates and 10-Year rates. It’s an unusual phenomenon and signals confusion and uncertainty. This most recent inversion, at 26 months, was the longest in over 50 years. The three recessions in the 1980s all occurred coincident with the inversion. Since then, an economic contraction has ensued approximately five months after the yield curve normalized. It has now been approximately six months since the yield curve un-inverted in August. The recession that began in 2008 (also known as the Great Financial Crisis) began approximately seven months after the yield curve un-inverted in May 2007.

Bailard is not predicting a recession or another GFC, but simply sharing some interesting historical data points and emphasizing that making predictions is a perilous endeavor… and if the U.S. economy does avoid a recession this cycle, it will have been an historically significant achievement by Chair Powell and the Fed.

6 Net operating income is defined as total revenue less operating expenses including taxes and insurance.

Bailard believes that real estate "hit bottom" sometime in the past quarter or two and that in the absence of some unpredictable exogenous shock and/or a deep recession, it is now in the beginning stages of a long, slow, but steady recovery.

What does this all mean for real estate in 2025?

A few important considerations:

1) The value declines of the past two years are the result of three very powerful forces:
   a. The reset of return expectations by investors driven by higher returns available in risk-free assets (i.e., bonds);
   b. The lack of availability of reasonably priced debt;
   c. Uncertainty about the path of the economy leading to lack of conviction/confidence.
2) There remains significant dispersion in fundamentals across metro areas, submarkets, property types, sub-property types, and individual properties;
3) Most markets with over-supply are traditional growth markets… many of which are in the sunbelt. These markets are seeing the supply spigot turned-off but will continue to enjoy employment and population growth such that will eventually bring them back in balance;
4) Traditional lenders (i.e., banks and insurance companies) are typically herd-like in their behavior. This leads to periods of feast and periods of famine for borrowers/investors as the pendulum swings between extremes. Bailard expects lenders to step-up their activities in 2025;
5) The bid/ask gap between buyers and sellers remains almost unbridgeable for office but is less severe (and even non-existent) for other property types, and this will continue to improve, especially if debt capital providers are active and modestly accommodative; and
6) Given that there is no logical catalyst for cap rates to compress and drive capital appreciation (the way it did from 2011 through most of 2022), money will be made and value created during this period of recovery "the old-fashioned way" with hard work and discipline by leasing space, managing costs, keeping tenants happy, and growing income.

Something said often in these updates bears repeating: Real estate houses the U.S. economy. Economic and job growth begets demand for all types of commercial and residential space. A strong economy also engenders confidence, which feeds into the decisional calculus of business leaders, consumers, and investors who are making hiring, space utilization, investment, and purchase decisions. As soon as the economy stalls or contracts, users of office, industrial, and retail space retrench. Likewise, if job growth falters, household formations decline and demand for housing ebbs. If a recession happens while the supply/demand fundamentals are in balance, then the negative impact on rents and vacancy can be muted.

How is Bailard viewing the major property types at this juncture?

- Multifamily: The massive building boom of the past several years has weakened supply/demand fundamentals across sectors and markets and caused rising vacancies, falling rents, and value declines. This is happening while the gap between renting and owning is at or near an all-time high in favor of renting. As long as the economy continues to grow and the labor market remains resilient, strong household formation growth favoring rental apartments will allow the imbalances to heal over the next 12 to 24 months.
- Industrial: Demand by occupiers/users "regressed to the mean" in 2024. Unfortunately, developers delivered record supply in 2023 and 2024, as if the unprecedented demand in 2021 and 2022 would go on forever. This has led to modest to severe over-supply and falling rents in most markets. In the absence of another spurt of abnormal demand, the industrial sector will be working its way through an overhang of supply for the next two years.
- Office: Supply/demand fundamentals are completely out of balance for office. This property type is in distress, though there are individual properties that are performing well. It's impossible to have any clarity or conviction about this property type's future and when fundamentals might get back into balance. A

persistent problem for office is that it is a colossal consumer of capital. As long as tenants (and their brokers) insist on ripping out perfectly serviceable tenant improvements and replacing them with uber-expensive bespoke build-outs to meet their extravagant tastes, a rational economic thesis for office will be elusive. Office is not "dead," but it is going to be in intensive care for a long time.

- Retail: This sector continues to surprise to the upside and was the top performing property type in 2023 and 2024. Retail enjoys healthy supply/demand fundamentals that will persist into 2025. Encouragingly, developers have yet to turn on the supply spigot to any significant degree. Investors must still be cautious because opportunities are very property-type niche and market specific: Poorly designed properties and assets in demographically challenging areas and/or with uninspiring tenants will struggle. A variety of formats (grocery-anchored neighborhood, community, specialty, and high street) with dynamic merchants providing fresh and exciting goods and services in safe shopper-friendly settings will thrive.

Operations

- Tenant relations and customer service will always be the primary focus for enlightened property owners. If a landlord doesn't do everything in its power to support happy, healthy, and successful tenants, then its business model is likely to fail.
- Minding operating and capital expenses can aid performance as long as it doesn't detract from the tenants' experience. This is, and will remain, a delicate balance.

Capital

- Capital (both debt and equity) reached "peak caution" in 2023 and 2024 and led to a dramatic fall-off in transaction activity. This is beginning to ease. Bailard does not expect any snap back, regardless of how much dry powder is sitting on the sidelines, but rather a slow and halting climb back to normalcy.

Having said all that, the Bailard real estate team believes that the thesis for real estate is solid:

1) A reliable portfolio diversifier;
2) Historically attractive total returns relative to stocks, bonds, and cash;
3) An inflation hedge with ability to roll rents up and pass along some expense increases;
4) A solid income generator; and
5) Inefficient (i.e., private) markets create opportunities for astute/agile investors.

Moreover, the team believes that now is a particularly auspicious time to buy real estate. Why?

1) Fundamentals are reasonably solid in many markets and the supply spigot is off;
2) The bid/ask spread between buyers and unrealistic sellers is closing;
3) The "wall of debt" coming due over the next few years will create opportunities;
4) There will be "first-mover" advantages for investors with liquidity and conviction;
5) This is an attractive "entry-point" after two years of value declines;
6) Equities markets are historically pricey after two blowout years; and
7) Current yields are attractive versus bonds… while also offering upside potential.

No appraisal of the landscape ahead would be complete without assessing what might be in store with Republican Donald Trump returning to the White House… literally the elephant in the room!

In a January 25, 2025 article in the *Financial Times* carried the following subheading: Trump's Frenetic First Week in Office Marked by Moves to Assert America's Commercial Supremacy. This Array of Ultimatums and Demands Suggests He Will Use the Country's Financial Might as a Cudgel. The article used President Trump's televised speech to the delegates at the World Economic Forum in Davos to frame its arguments: Trump's demands to allies and rivals alike "came amidst a frenetic first week in office in which Trump launched a blitzkrieg of executive orders and announcements intended not just to reshape the U.S., but also assert America's economic and commercial supremacy." The article went on to say, "The key question, say investors and policy makers, is whether this amounts to a more intense version of the transactional deal-obsessed first-term Trump, or a shift towards unbridled unilateralism, where a White House unbound by the constraints of international law cajoles and intimidates foreign governments and businesses?" The head of one of the world's largest sovereign wealth funds concluded that "Most people are betting that he cares about the stock market – that's the only check."[7]

Katie Martin in a January 25, 2025 essay in the *Financial Times* cautioned that "Now would be a good time for investors to curb their enthusiasm... The reinauguration of Donald Trump has ushered in a new period of 'animal spirits' among business leaders as Stanley Druckenmiller put it. He went on to say that executives are somewhere between relieved and giddy at the election results and the prospects."

HSBC's multi-asset team heralded an extremely positive backdrop for risky assets in the first half of 2025... a scenario it described as "Goldilocks on steroids."

Ms. Martin sounded a realistic tone, "At the risk of spoiling the fun, some market watchers – even some of the optimists – recommend caution: U.S. stocks have now reached their most expensive point relative to bonds in a generation." The air is thin at this elevation and the potential for disappointment when assets are priced-to-perfection and slip-ups from the new Trump administration is high. "Glassy-eyed optimism rarely ends well no matter how muscly Goldilocks is."[8]

The ever-thoughtful Gillian Tett shared her insights in a December 14, 2024 *Financial Times* article entitled, Trump's Economic Policy is Full of Contradictions. Ms. Tett begins by asking "What on earth will happen to US economic policy when Trump becomes President?" And then goes on to offer "Bridgewater told clients that Trump's nominations and rhetoric suggest that he will try to go big and radically reshape US institutions, global trade, and foreign policy. But it then went on to stress that this was just a 'guess', since there was 'low confidence in the likely programs now.'"[9]

In plain English: Hedge your bets. This uncertainty stems in part from Trump's erratic style and taste for brinkmanship. But it also exposes a deeper issue: his policy pledges are riddled with contradictions. Here are five key contradictions:

1) Inflation: Goldman Sachs projects that tariffs could raise the rate by 1%—even before deportations raise labor costs;
2) Interest Rates: Trump has made it clear that he wants the Fed to lower interest rates, yet he has pledged to keep Jay Powell as Fed Chair. Powell, however, has made defiant declarations about the importance of Fed independence;
3) The Dollar: Trump thinks the dollar is overvalued, hurting U.S. exports. Yet his Treasury Secretary, Scott Bessent, noted last summer that two-thirds of any tariff impact typically appears through currency gains . Most economists agree that tariffs will strengthen the dollar, contradicting Trumps desired outcome;
4) The Trade Deficit: Trump and his team explicitly reject economist David Ricardo's theory of comparative advantage. They aim to slash the trade deficit using America's political and commercial dominance via tariffs, while maintaining capital inflows. However, a stronger (an expected result of tariffs) will likely increase imports, not reduce them; and
5) The Fiscal Deficit: Trump wants to shrink the deficit while also enacting massive tax cuts for individuals and corporations. His team argues that higher growth, spending cuts, and tariff revenues will offset the lost revenue, but achieving all three remains highly uncertain.

These contradictions raise fundamental questions about the feasibility of Trump's economic agenda and its long-term consequences.

Ms. Tett concludes that "Maybe Trump will defy the skeptics and prove economic orthodoxy wrong. Will Trump achieve the holy grail of high growth, low inflation, and some budget control? Time will tell. In the meantime, those contradictions loom large and the most rational reaction right now is uncertainty."[10]

Last year, this Annual Fund Summary quoted Christian Ulbrich, real estate services firm JLL's CEO at the time,

7 Financial Times. (2025 Jan 25). https://www.ft.com/content/3af7a758-d161-4dc7-998f-8872f17cf617.
8 Martin, K. (2025 Jan 25). Animal spirits in markets risk running too far. https://www.ft.com/content/4d3eed1b-22aa-437f-8337-460f00e35363.
9 Tett, G. (2024 Dec 14). Trump's economic policy is full of contradictions. https://www.ft.com/content/79708cf0-687d-4134-8cd5-ed99a75f07b2.
10 Ibid.

and an attendee at the 2024 World Economic Forum in Davos. His words were as apt then as they are now, "We're starting this year with the longest list I ever recall of potential disruptions." In this environment, "you really have to run your organization in an extremely agile way so that you can react immediately."[11]

The Bailard real estate team absolutely shares Mr. Ulbrich's cautious sentiments and believes that its active style, humility, adherence to time-tested disciplines, and diligence is well-suited to the challenges that lie ahead.

The second Trump presidency ushers in both opportunities and risks for real estate. The Bailard team will remain ever vigilant to spot attractive investment opportunities for the Fund. However, uncertainty reigns, so caution will prevail.

11 Ip, G. (2024, Jan 17). War, Politics Eclipse Economics on Davos Leaders' Minds. The Wall Street Journal. https://www.wsj.com/economy/global/war-politics-eclipse-business-on-davos-leaders-minds-5310cdb4

Q4 2024 Fund Performance

The Fund's Net Asset Value (NAV) at December 31, 2024 was $30.68 per share, following a $0.10 per share quarterly dividend. The Fund's quarterly NCREIF-based return including Income was 0.4% (gross) and 0.2% (net of management fee). For the year ended December 31, 2024, the Fund earned a -2.0% gross return and -2.8% net return.[1]

During the fourth quarter, 13 of the Fund's 31 properties suffered losses in value of between 0.1% and 3.6%, 11 enjoyed value increases of 0.2% to 3.5%, and seven remained unchanged.

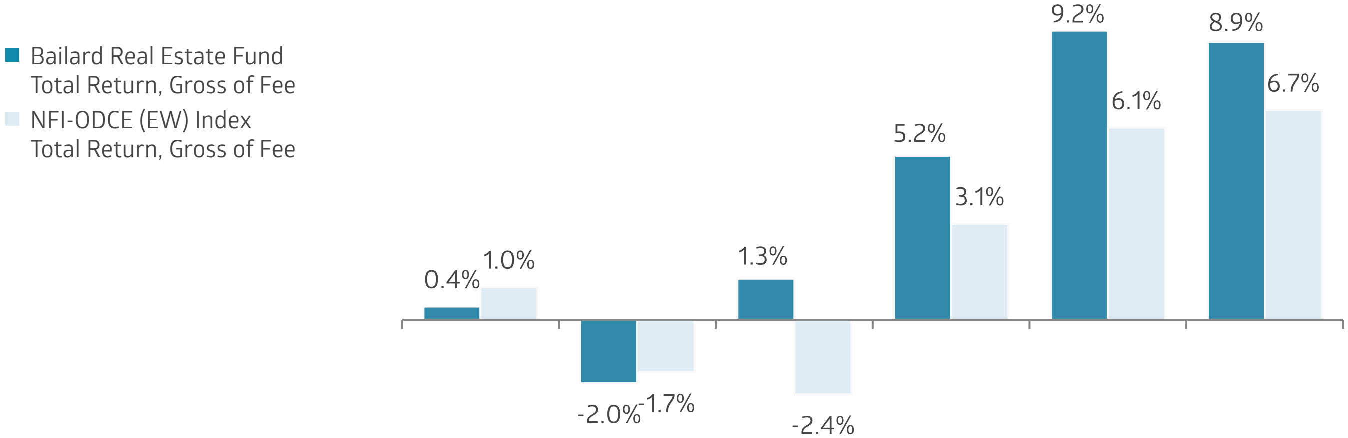
The largest percentage write-down for the quarter occurred at South Logistics Center in West Valley City, UT, which decreased in value by 3.6%. The value decline was triggered by the appraiser's adjustment (upward) of the discount rate used in the Discounted Cash Flow (DCF) valuation model. Fairview Park in Falls Church, VA dropped in value by 2.2% due to higher-than-budgeted leasing costs for a recently signed lease. Westport Industrial Portfolio in St. Louis, MO experienced a decline of 1.9% related to an increase in DCF yield rates attributed to the higher cost of equity, driven by the limited activity and interest among core buyers in certain markets.

Grand at Saginaw in Saginaw, TX enjoyed the largest write-up of the quarter, rising in value by 3.5% due to further leasing success with the asset quickly approaching stabilization. Brookfield Reserve in Brookfield, WI experienced a positive value bump of 3.4%, resulting from a reduction in property taxes. Easton Commons in Columbus, OH posted a modest value increase of 3.2% as negotiations continue to progress with a potential buyer (an owner-user), at pricing that exceeds the asset's carry value.

Sources: Bailard, NCREIF.
1 Gross-of-fee and Net-of-fee returns are calculated using NCREIF PREA's time-weighted return methodology quarterly. The Fund's underlying performance results are calculated using National Council of Real Estate Investment Fiduciaries' (NCREIF) methodology and reflect the impact of leverage, interest, and dividend income from short-term cash investments and publicly traded real estate investments, as applicable. Please see additional detail and important information regarding the Fund's performance results and methodology on the last page. Specific investments described herein do not represent all investment decisions made by Bailard. It should not be assumed that investment decisions identified and discussed were or will be profitable. ***Past performance is no indication of future results. All investments have the risk of loss.***

Bailard Real Estate Fund Total Returns[1, 2]

FOR PERIODS ENDING 12/31/2024



	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (4/90)
Total Return						
Bailard, Net of Fee	0.2%	-2.8%	0.5%	4.4%	8.3%	8.3%
ODCE (EW), Net of Fee	0.9%	-2.4%	-3.1%	2.2%	5.3%	5.7%
Income Return						
Bailard, Gross of Fee	0.9%	3.4%	3.3%	3.7%	4.0%	5.1%
ODCE (EW), Gross of Fee	1.0%	4.0%	3.7%	3.9%	4.2%	6.3%
Bailard, Net of Fee	0.7%	2.5%	2.4%	2.8%	3.1%	4.6%
ODCE (EW), Net of Fee	0.8%	3.2%	2.9%	3.0%	3.4%	5.3%

Sources: Bailard, NCREIF.
1 Please see last page for important disclosures. Gross-of-fee and Net-of-fee returns are calculated using NCREIF PREA's time-weighted return methodology quarterly. ***Past performance is no indication of future results. All investments have the risk of loss.***

Q4 2024 Fund Overview

As of December 31, the Fund's property portfolio was 92% leased, unchanged from 92% at Q3 quarter-end and down from 93% one year ago.[1]

At the portfolio's multifamily assets, total NOI increased by 19.1%, year-over-year (Q4 2024 vs. Q4 2023). Measured on a "same-store" basis, multifamily NOI increased by 11.5%, year-over-year. (The same-store calculation excludes Beck46 and Grand at Saginaw, which were in development during Q4 2023, and Grand at Manor and Gwinnett Apartments, which were sold in Q4 2024.) The NOI at Plantation Colony in Plantation, FL increased by 42.8% year-over-year as its prior year NOI was impacted by a one-time insurance cost expense. C&E Flats in St. Paul, MN saw its NOI increase by 34.6% due to a tax refund. Partially offsetting these increases was C&E Lofts in St. Paul, MN, which declined by 13.0% after a tax accrual adjustment in December 2024.

Year-over-year, total NOI at the Fund's office properties decreased by 27.1%. Same-store office NOI declined by 9.2% year-over-year. The same-store calculation excludes one property: Highland Pointe in Lombard, IL. In Q4 2024, the Fund transferred its ownership interest in the property to its joint venture partner. Fairview Park in Falls Church, VA shrank by 173.9% caused by lower occupancy resulting from the move-out of the building's largest tenant, United Healthcare Group. Flying Cloud in Eden Prairie, MN dropped by 41.1% due to a bad debt write-off from a prior tenant at the building. In contrast, positive NOI changes occurred at 150 Pierce Road in Itasca, IL and Town & Country in Orange, CA, which increased by 34.6% and 13.2%, respectively. 150 Pierce Road's increase was a

Fund Summary

AS OF 12/31/2024[2]

Property Portfolio	$1,241.1 mil.
Cash and Cash Equivalents[3]	$149.4 mil.
Restricted Cash[4]	$2.7 mil.
Other Assets	$4.9 mil.
Gross Asset Value[5]	$1,398.1 mil.
Debt[6]	$373.4 mil.
Dividends Payable	$3.1 mil.
Other Liabilities	$13.5 mil.
Net Asset Value (NAV)	$1,008.1 mil.
Noncontrolling Interests in Joint Ventures	$41.8 mil.
Fund's Net Asset Value	$966.3 mil.
Current NAV/Share	$30.68
Dividends Paid/Share (Quarter)[7]	$0.10
Dividends Paid/Share (Trailing Twelve Months)[7]	$0.40
Number of Properties	31
% Core / Operating	100%
% Leased[1]	92%
Multifamily	94%
Office	80%
Industrial	94%
Retail	96%
Other	59%
Weighted Average Remaining Lease Term (SF)	5.1 years
Industrial	4.9 years
Retail	7.4 years
Office	3.7 years
Other	7.2 years

1 The Fund's leased percentage is based on NCREIF-PREA Reporting Standards lifecycle categories, which excludes non-operating assets such as land, development assets, and assets that completed construction, are less than 60% leased, and have not reached one year after construction completion. Lease percentage is calculated as of quarter-end and is weighted by the Fund's legal share of the gross real estate value.
2 Unaudited year-to-date financial statements available upon request.
3 Includes cash held by the Fund and properties. Market value of cash equivalents shown is before quarterly shareholder transactions.
4 Includes cash held by the Fund and properties. Balance includes restrictions and escrows held for property taxes, insurance, capital and leasing expenditures, security deposits, and obligations relating to loan covenants. Market value of cash equivalents shown is before quarterly shareholder transactions.
5 Values for the Fund's properties are gross of total noncontrolling interest in joint ventures of $41.8 mil.
6 Debt is shown at fair market value at quarter-end.
7 Includes distributions that may be characterized as ordinary income, capital gains, or return of capital.
Specific investments described herein do not represent all investment decisions made by Bailard, are for illustrative purposes only, and are not necessarily representative of investments that will be made in the future.

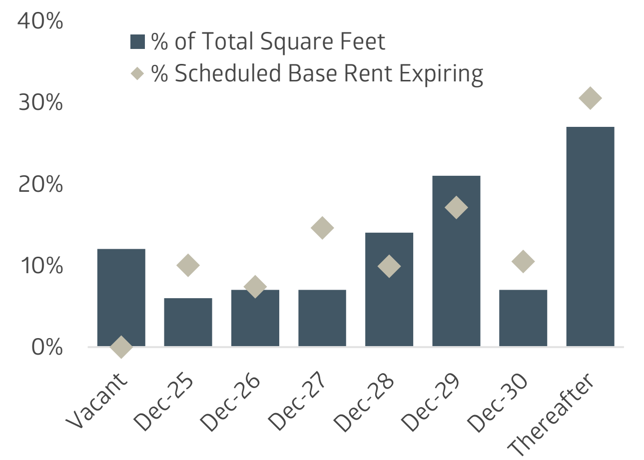
result of a year-end tax accrual adjustment whereas Town & Country's revenue was higher due to less free rent during the quarter.

At the portfolio's industrial assets, total year-over-year NOI expanded by 15.7%. Same store industrial NOI rose by 9.1% year-over-year. The same-store calculation excludes South Logistics Center in West Valley City, UT, which was in lease-up in Q4 2023, and South Mountain Industrial in Phoenix, AZ, which was sold in Q4 2024. Market Street Industrial in Houston, TX increased by 100.9% after a real estate tax adjustment in Q4 2024 and Fullerton Industrial in Fullerton, CA grew by 33.3%. Meadowville Distribution Center in Chester, VA rose by 17.0%. Partially offsetting these increases was Georgia Trade Center in Savannah, GA and Westport Industrial Portfolio in St. Louis, MO, which dropped by 26.1% and 16.1%, respectively. Georgia Trade Center decreased after a common area maintenance expense reconciliation in Q4. Westport Industrial Portfolio had a delay in property tax recoveries compared to Q4 2023.

The portfolio's retail properties' NOI rose by 10.6% year-over-year on both a total and same store basis. Charter Colony in Midlothian, VA expanded by 30.1% due to a delinquent rent write-off in Q4 2023 and Shoppes at Knightdale in Knightdale, NC increased by 27.2% after three new tenants opened at the center. In contrast, Lowa46 Retail in Minneapolis, MN declined by 39.0% as the real estate tax recovery income was accrued in a prior quarter. M Street in Washington, DC decreased 19.5% resulting from an operating expense reimbursement adjustment.

The portfolio contains two properties classified as "Other": Perimeter East Data Center in Dunwoody, GA and Junction Drive (data center) in Annapolis Junction, MD. Perimeter East is currently vacant. Junction Drive is 100% leased and experienced a year-over-year NOI increase of 146.0% as the tenant had a free rent period in 2023 following a lease renewal.

Upcoming Lease Expirations
EXCLUDING MULTIFAMILY



Top 10 Tenants
AS OF 12/31/2024[8]

Tenant	Property Name	% of Portfolio Revenue
CDK Global	District 237	3.4%
Engineered Floors & Pentz Str	Fullerton	3.3%
Lowe's Home Centers	Georgia Trade Center	3.1%
Stop & Shop	Mansfield Stop & Shop; Norwell Stop & Shop	3.0%
CCBCC Operations	Meadowville Distribution Center	2.5%
Jewel Food Stores	150 Pierce Road	2.2%
SFC Global Supply Chain	Fullerton	2.2%
Lone Star Integrated Distribution	Market Street Industrial	1.9%
Northrop Grumman	Junction Drive	1.7%
System Beauty Logistics	South Logistics Center	1.6%
Total Top 10 Tenants		**24.9%**

8 Top 10 tenants measured by annual base rent relative to total portfolio gross revenue.
Specific investments described herein do not represent all investment decisions made by Bailard, are for illustrative purposes only, and are not necessarily representative of investments that will be made in the future.

LEVERAGE

As of December 31, the Fund had leverage totaling $377.4 million at par ($373.4 million at fair value), amounting to an aggregate Debt-to-Gross Asset Value ratio of 26.3%, down from 28.6% at the end of the previous quarter.[9] Individual property Loan-to-Value (LTV) ratios ranged from 40% to 60%, with the average LTV on encumbered properties at 49%, down from 50% at the end of the fourth quarter one year ago. The Fund's in-place weighted average interest rate was 5.4% at the end of the quarter, down from 5.6% at Q3 quarter-end and up from 5.3% one year ago. The quarter's impact of marking-debt-to-market was 0.2%.

During the fourth quarter, the Fund conducted three loan-related transactions:

- At Highland Pointe, the Fund assigned its 75% partnership interest in the asset to its joint venture partner, Hamilton Partners, following the write-off of the remaining equity. The loan balance was $24.5 million, with a fixed interest rate of 7.11%. The transaction closed in October 2024.
- At Gwinnett Apartments, the full $27.0 million loan balance was paid off concurrently with the property's disposition in November 2024. The loan had a fixed interest rate of 3.67%.
- At The Grand at Manor, the full $18.5 million loan balance was paid off at maturity in November 2024. The loan had a floating interest rate of SOFR + 2.75%. The Grand at Manor was subsequently sold in December 2024.

The Bailard Real Estate Fund has three loans maturing over the course of 2025. Below is a summary of those maturing loans and the Bailard Real Estate team's plans for each.

2025 Fixed Rate Loan

- Poplar Glen ($23.5 million at 3.00%, maturing April 2025): The Fund has engaged Newmark to market the property for sale. If a sale is not completed, the loan could easily be refinanced given the low leverage (~45% LTV) and strong fundamentals at the property.

2025 Floating Rate Loans

- 150 Pierce Road ($12.4 million at SOFR + 2.11%, maturing April 2025): The Fund is currently in discussions with the existing lender on various potential extension options.
- Beck46 ($22.0 million at SOFR + 2.4%, maturing May 2025): This floating rate construction loan will be refinanced when this asset reaches stabilization (likely, early 2025). There are two one-year extension options on the construction loan, the first of which may be exercised to allow additional time for stabilization and burn-off of initial leasing concessions. The current floating rate is approximately 6.9%.

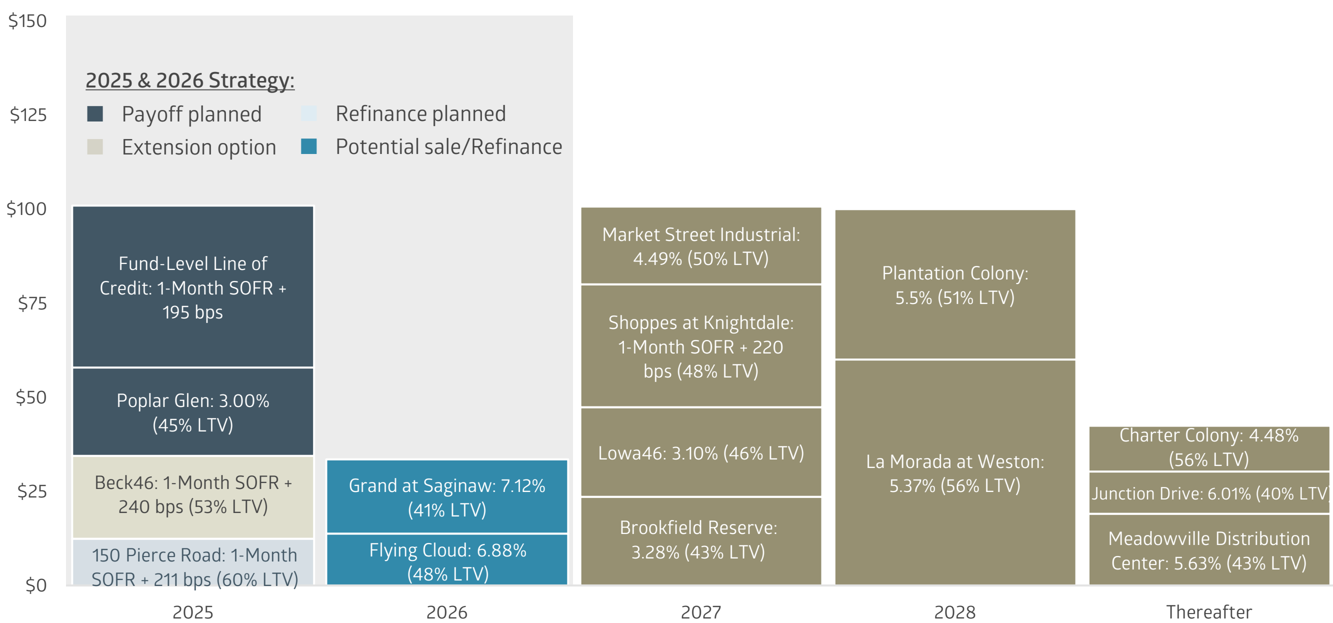
Leverage Statistics
AS OF 12/31/2024[9]

Debt Outstanding (Fund's Economic Share)	$349.9 mil.
Debt to Gross Asset Value	26.3%
% Fixed Rate Debt	72.0%
Property Portfolio Debt Service Coverage Ratio	3.0x
Weighted Avg. Interest Rate	5.4%
Fixed Rate: Weighted Avg. Remaining Term	3.1 years
Floating Rate: Weighted Avg. Remaining Term	0.8 years
# of Unencumbered Properties	17

9 Per the NCREIF PREA Reporting Standards, leverage percentage is calculated as follows: the Fund's economic share of outstanding debt at par divided by the Fund's total gross assets (the Fund's economic share of gross real estate, cash and cash equivalents, and other assets).

Debt Maturity Schedule[9] AT PAR, AS OF 12/31/2024

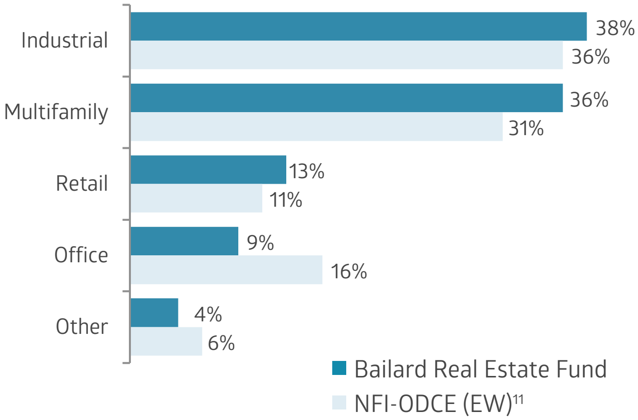
Property Name	Full Market Value (millions) Debt Balance	Economic Share (millions) Debt Balance	Maturity Date
Fund-Level Line of Credit	$43.0	$43.0	Mar-2025
Poplar Glen	$23.5	$23.5	Apr-2025
150 Pierce Road	$12.4	$9.9	Apr-2025
Beck46	$22.0	$16.9	May-2025
Flying Cloud	$13.7	$13.1	May-2026
Grand at Saginaw	$19.7	$12.8	Sep-2026
Brookfield Reserve	$23.5	$18.3	Jan-2027
Lowa46	$23.9	$21.5	Jan-2027
Shoppes at Knightdale	$32.7	$27.9	Feb-2027
Market Street Industrial	$20.7	$20.7	Oct-2027
La Morada at Weston	$60.0	$60.0	Jun-2028
Plantation Colony	$40.0	$40.0	Sep-2028
Meadowville Distribution Center	$19.0	$19.0	Mar-2030
Junction Drive	$11.3	$11.3	Aug-2030
Charter Colony	$12.1	$12.1	Jun-2032
Total	$377.4	$349.9	



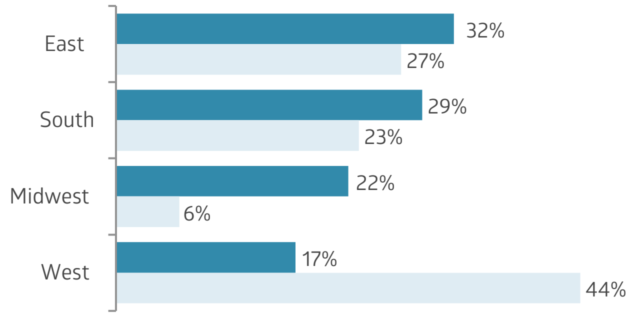
9 Per the NCREIF PREA Reporting Standards, leverage percentage is calculated as follows: the Fund's economic share of outstanding debt at par divided by the Fund's total gross assets (the Fund's economic share of gross real estate, cash and cash equivalents, and other assets).
Chart reflects shaded areas for each encumbered property's debt at par scheduled to mature in that year, in millions, along with its interest rate and loan-to-value ratio; further detail on individual assets is available in the Property Key Statistics & Status section. There is no guarantee that planned strategies regarding debt maturities can or will be achieved.

PORTFOLIO DIVERSIFICATION[10] (as of 12/31/2024)

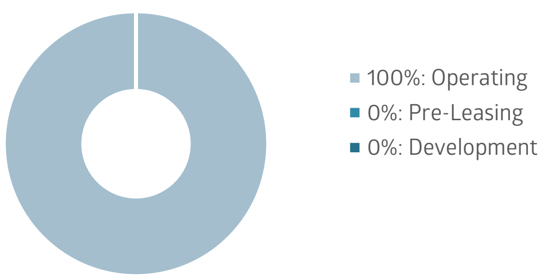
Property Type



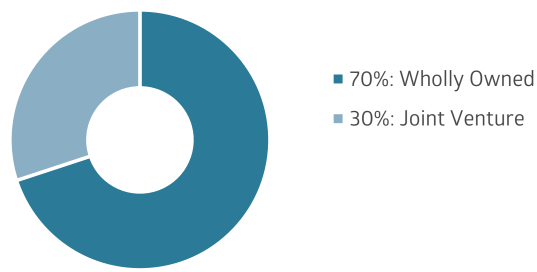
Geography



Property Life Cycle[12]



Investment Structure



Sources: NCREIF, Bailard.
10 Diversification metrics calculated based on the current quarter's appraised value and the Fund's economic share in the gross real estate.
11 The NCREIF Fund Index - Open End Diversified Core Equity is a fund-level index of open-end commingled funds pursuing a core private real estate investment strategy and qualifying for inclusion in the NFI-ODCE based upon certain pre-defined index policy inclusion characteristics. The NFI-ODCE (EW) shows what the results would be if all funds were treated equally, regardless of size.
12 Based on NCREIF-PREA Reporting Standards life cycle categories.

Transaction Activity

DISPOSITIONS[1]

Highland Pointe, Lombard, IL: On October 8, the Fund transferred its 75% partnership interest in this asset to its operating and capital partner, Hamilton Partners. As has been discussed in prior reports over the past several quarters, Bailard and Hamilton have been working with the property's lender, JP Morgan Chase (JPM), for the past 9 months to find a mutually agreeable "go forward" capitalization strategy. From the beginning, it has been Bailard's contention that the only workable solution for Bailard and Hamilton is for the bank to be willing to write-off a substantial portion of its loan (+/- $10 million... approximately 40% of the loan's Principal balance) in order for Bailard's and Hamilton's equity (both existing and any new equity required for leasing and capital expenditures at the property) to have any chance of garnering an acceptable return. Otherwise, Bailard was convinced that it would simply be "throwing good money after bad." JPM was never able to get to where Bailard needed it to be, so the Bailard team determined that the risks of plowing more capital into the asset to achieve stabilization and potentially add value were just too great.

Gwinnett Apartments, Lawrenceville, GA: On November 13, the Fund closed on the sale of Gwinnett Apartments at a gross price of $57.5 million. Cash proceeds to the Fund (net of loan payoff, closing costs, brokerage fees, and partner share) totaled $28.0 million. The Fund purchased the property in December 2017.

South Mountain Industrial, Phoenix, AZ: On December 23, the Fund closed on the sale of South Mountain Industrial at a gross price of $27.0 million, . Cash proceeds to the Fund (net of closing costs and brokerage fees) totaled $26.3 million. The Fund purchased the property in September 2017.

The Grand at Manor, Manor, TX: On December 31, the Fund closed on the sale of The Grand at Manor apartments at a gross price of $48.0 million. Cash proceeds to the Fund (net of closing costs and brokerage fees) totaled $47.6 million. The Fund purchased the property in March 2020.

1 ***Past performance is no indication of future results. All investments have the risk of loss.*** *There is no guarantee any investment strategy will be successful. Specific investments described herein do not represent all investment decisions made by Bailard. It should not be assumed that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.*

Q4
2024

Fund Management

On November 18, 2024, Bailard welcomed two new members to its real estate team: Risa Itow and Jun Omiya. Both Risa and Jun joined Bailard as Analysts and will support the team with asset management and acquisition duties.

Risa received her B.S. in Real Estate Development at the University of California, San Diego. Prior to Bailard, she worked at JLL Capital Markets on the Debt & Equity placement team. Jun previously worked at PGIM Real Estate on the multifamily asset management team. Jun holds a B.S. in Statistics from the University of California, Los Angeles.

Additionally, Management announces that—after nearly 35 years as an independent Director of the Bailard Real Estate Fund—Charles Crocker retired from the Board effective December 31, 2024. Mr. Crocker has served on the Fund's Board since its inception in 1990 and as its Chair for the past eight years. Fund Management extends its sincere appreciation for his leadership and many years of dedicated service. The Fund has benefited from Mr. Crocker's vast experience and measured judgement in innumerable ways.

The Bailard Real Estate Fund is pleased to announce that Brad Blake will be stepping into Mr. Crocker's shoes and has been appointed Chair of the Fund's Board of Directors, effective December 31, 2024. An Independent member of the Board since 2005, Mr. Blake brings extensive experience as co-founder and manager partner of Blake Griggs Properties, LLC, a private commercial real estate firm. He has also held leadership roles at Western Properties Trust, Pacific Retail Trust, Spieker Properties, and Trammell Crow Company. Beyond his professional work, he is the Founder and President of College is Real, a non-profit supporting first-generation college students in Richmond, CA. Brad earned a B.A. in 1980 from Stanford University and an MBA from the Stanford Graduate School of Business in 1985.

With these changes, the Board will decrease to six members: Four independent Directors (Ms. Evelyn Dilsaver and Messrs. Brad Blake, Geoffrey Dohrmann, CRE, and Ronald Kaiser, CRE), and two Management Directors affiliated with and employed by Bailard, Inc. (Ms. Sonya Mughal, CFA and Mr. Preston Sargent).

Commitment to SRII

The Fund remains dedicated to the broad integration of Sustainable, Responsible & Impact Investing (SRII) practices across acquisition, asset management, and portfolio management. Through portfolio-wide policies and processes, SRII considerations are embedded as a vital component of the Fund's strategies and actions. This approach not only supports return enhancement and risk management, but also aims to "future-proof" the Fund.

The Bailard team applies best practices at both the Fund and individual property levels. With a focus on tenant safety and community building, the Fund actively monitors energy and water usage to promote responsible resource management.

Initiative Update:

Global Real Estate Sustainability Benchmark (GRESB)

The Fund completed the 2024 GRESB assessment as part of its ongoing effort to monitor and enhance SRII goals. This marked the third year of participation, with overall 2024 scores aligning with 2023.

As the Fund deepens its engagement with GRESB and refines submission processes, we remain focused on key growth areas. Data collection for utility usage has been a priority. In 2024, the Fund began reporting property waste at select properties and plans to expand this effort in 2025. Another focus is collecting tenant-controlled utility data. While reporting for landlord-controlled assets is strong, partnering with tenants will improve data coverage.

Additional areas for improvement include property-level technical assessments to guide physical property upgrades and climate risk identification. The Fund is in discussions with engineering and climate risk solution providers to quantify and address these challenges.

ENVIRONMENTAL HIGHLIGHTS

- 100% of the Fund's properties are now being monitored via Measurabl.
- All multifamily properties and commercial properties where the Fund controls utilities are now tracked on Energy Star.
- Waste collection tracking implemented at 10% of properties.

2025 GOALS

- Increase reporting to 100% for all landlord-controlled utility accounts into Measurabl.
- Improve upon GRESB score via increased data collection, waste management collection rollout and creation of internal policies.
- Install solar panels at Highland Business Park to offset energy usage with onsite renewables.

SOCIAL HIGHLIGHTS

- A focus on offering housing resources for residents, hosting in-person tenant and community events, and amplifying our employees' charitable work through the Bailard Foundation.
- The Responsible Contractor Policy reflects Bailard's belief that well-trained, motivated, and fairly compensated workers deliver better products and services.

2025 GOALS

- Formalizing multifamily management best practices aimed at treating our residents consistently and fairly.
- Sustained focus on enhancing tenant satisfaction through building programs and amenities designed for sustainable and healthy properties.

GOVERNANCE HIGHLIGHTS

- 100% of properties valued by MAI-certified appraisers on a quarterly basis and reviewed by an independent third-party appraisal management group.
- Created ESG committee to help oversee Fund initiatives related to sustainable goals.

2025 GOALS

- A continued commitment to high standards in Board management and transparency with shareholders through the Fund's communication materials.

Q4 2024 Property Portfolio Summary

Location (MSA)	Investment	SF/Units	% Leased[1]	% Change From Previous Carry Value[2]
Multifamily				
Baltimore	Poplar Glen	191 units	96%	-0.9%
Dallas/Ft. Worth	The Grand at Saginaw	235 units	84%	3.5%
Ft. Lauderdale	La Morada at Weston	367 units	94%	-0.5%
Ft. Lauderdale	Plantation Colony	255 units	96%	0.6%
Milwaukee	Brookfield Reserve	193 units	94%	3.4%
Minneapolis-St. Paul	Beck46	142 units	89%	0.2%
Minneapolis-St. Paul	C&E Flats - Multifamily	118 units	96%	0.0%
Minneapolis-St. Paul	C&E Lofts	103 units	95%	-0.1%
Minneapolis-St. Paul	Lowa46 - Multifamily	147 units	95%	-1.3%
		1,751 units	**94%**	**0.5%**
Industrial				
Houston	Market Street Industrial	395,725 SF	100%	1.0%
Orange County	Fullerton Industrial	254,750 SF	100%	-1.1%
Philadelphia	Highland Business Park	569,893 SF	100%	-0.1%
Richmond	Meadowville Distribution Ctr	353,044 SF	100%	2.3%
Salt Lake City	South Logistics Center	328,607 SF	53%	-3.6%
San Diego	Waterville Industrial	101,435 SF	100%	-1.1%
Savannah	Georgia Trade Center	416,450 SF	100%	0.8%
St. Louis	Westport Industrial Portfolio	651,009 SF	95%	-1.9%
		3,070,913 SF	**94%**	**-0.5%**
Office				
Baltimore	Nottingham 7941	57,782 SF	100%	0.0%
Chicago	150 Pierce Road	181,228 SF	91%	-1.1%
Columbus	Easton Commons	135,485 SF	0%	3.2%
Minneapolis-St. Paul	Flying Cloud	201,495 SF	86%	-1.4%
Orange County	Town & Country	90,191 SF	77%	0.0%
San Jose	District 237	76,410 SF	100%	0.0%
Washington, DC	Fairview Park	117,065 SF	37%	-2.2%
		859,656 SF	**80%**	**-0.6%**
Retail				
Boston	Mansfield Stop & Shop	74,383 SF	100%	0.0%
Boston	Norwell Stop & Shop	59,519 SF	100%	0.0%
Minneapolis-St. Paul	C&E Flats - Retail	11,636 SF	76%	0.0%
Minneapolis-St. Paul	Lowa46 - Retail	49,545 SF	93%	0.0%
Raleigh	Shoppes at Knightdale	323,113 SF	100%	1.7%
Richmond	Charter Colony	71,741 SF	100%	1.4%
Washington, DC	M Street	10,806 SF	68%	-1.3%
		600,743 SF	**96%**	**0.8%**
Other				
Atlanta	Perimeter East Data Center	88,000 SF	0%	0.0%
Baltimore	Junction Drive	96,666 SF	100%	1.1%
		184,666 SF	**59%**	**0.6%**
TOTAL PROPERTY PORTFOLIO: $1,241,100,000			**92%**	**0.1%**

1 The Fund's leased percentage is based on NCREIF-PREA Reporting Standards life cycle categories, which excludes non-operating assets such as land, development assets, and assets that completed construction, are less than 60% leased, and have not reached one year after construction completion. Lease percentage is calculated as of quarter-end and is weighted by the Fund's legal share of the gross real estate value.
2 Carry Values are gross of total noncontrolling interest in joint ventures of $41.8 million. Previous Carry Value is equal to the previous appraised value plus capital spent since that appraisal. Recent acquisitions are carried at cost until first appraisal, which may include closing costs in addition to the purchase price. Specific investments described herein do not represent all investment decisions made by Bailard. It should not be assumed that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.

Multifamily

Beck46

4020 Nawadaha Blvd, Minneapolis, MN 55406
Acquired May 2022

Beck46 had a relatively smooth lease-up in 2024 after opening its doors in December 2023, ending the year at 89% leased. The Fund remains confident that Beck46 will be able to achieve stabilized occupancy (>94%) in 2025 but expects rent growth to be muted and concessions utilized throughout the year.

The Fund will prioritize refinancing the asset in early 2025 once it reaches stabilization. If a suitable refinancing option is not available, there are two, one-year loan extension options available on the current loan.

Multifamily

Brookfield Reserve

13701 W. Bluemound Road, Brookfield, WI 53005
Acquired September 2017

Brookfield Reserve was a strong performer in 2024 despite a slowdown in rent growth compared to 2023. Looking forward to 2025, the Fund is focused on maintaining high resident retention and satisfaction and making minor capital upgrades to the property. The Fund will also closely monitor new supply in the market that could put pressure on rental rates at Brookfield.

Multifamily/Retail

C&E Flats

735 Raymond Avenue, St. Paul, MN 55114
Acquired May 2016

C&E Flats ended the year at 96% leased. After deciding not to move forward with selling the asset in Q3 2024, the Fund plans to continue to hold the property for the near term while monitoring the market. The property now serves as collateral for the Fund's line of credit.

In 2025, the primary focus will be to maintain high occupancy and resident retention. Rent growth at the property and in the broader market are expected to remain fairly muted. The main capital project for the year will be parking lot repairs.

Multifamily

C&E Lofts

2410 University Avenue, St. Paul, MN 55114
Acquired May 2016

C&E Lofts concluded the year at 95% leased. Lofts was marketed for sale along with Flats; however, the Fund opted against proceeding with the sale in Q3 2024 as pricing fell short of expectations. C&E Lofts (along with Flats) now serves as collateral for the Fund's line of credit.

The Fund's main focus in 2025 is to maintain the high level of occupancy, while rent growth is expected to be flat.

It should not be assumed that recommendations made in the future will be profitable or will equal the performance described herein; please refer to the Property Portfolio Summary for a full listing of all properties held by the Fund.

Multifamily

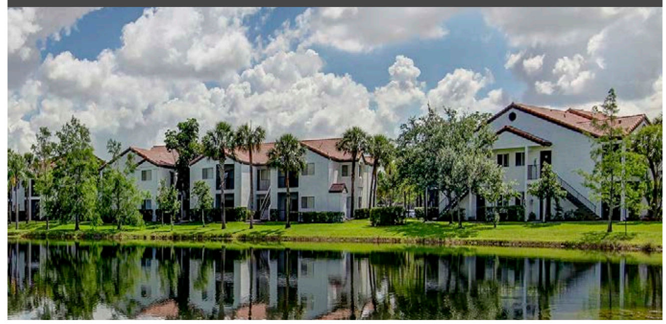
The Grand at Saginaw

1451 Belt Mill Parkway, Saginaw, TX 76179
Acquired September 2021

During the year, the Fund completed construction of the 235-unit garden-style apartment project. By year-end, the project had achieved 84% leased status, up from 32% at the beginning of 2024, and from 75% at the end of Q3.

Despite reaching substantial completion, there are still damages to pursue related to the general contractor's lack of performance in delivering the project on time.Going into 2025, the Fund will continue to actively address this issue along with working towards reaching stabilized occupancy at 95%.

Multifamily



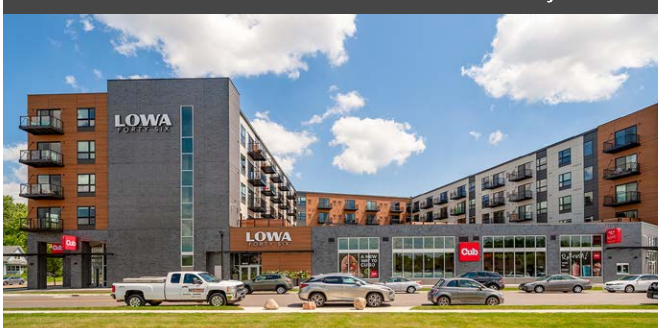
La Morada at Weston

1201 Fairlake Boulevard, Weston, FL 33326
Acquired March 2000

Multifamily demand in South Florida remained strong in 2024. The property manager successfully increased rental collections and reduced the delinquency that had plagued the property. Despite the City of Weston's bureaucracy, the stair landing project commenced in Q4 and competition is expected by year-end.

The focus in 2025 remains the timely execution of the stair landing project. The Fund is also exploring a variety of alternative insurance options in consideration of recent premium increases.

Multifamily/Retail



Lowa46

3939 E 46th Street, Minneapolis, MN 55406
Acquired May 2018

Lowa46 achieved 95% occupancy in 2024, a substantial increase from 89% at year-end 2023. The new property manager has significantly enhanced the resident experience, leading to greater stability at the property.

While improved resident retention is expected, rent growth is anticipated to be modest due to current market conditions. Concessions may be necessary to maintain occupancy levels during the year.

Multifamily

Plantation Colony

8210 SW 12th Street, Plantation, FL 33324
Acquired July 2002

Plantation Colony continues to be a strong performer, boasting high resident retention and positive rent growth in 2024. The property provides residents a unique garden-style offering in the Plantation market. This differentiation, combined with strong demand in South Florida, contributed to the ongoing leasing success. Looking ahead, the Fund is focused on maintaining strong resident relations after the long-term general manager at the property retired at year-end 2024. The Fund also aims to complete capital projects including electrical panel replacements, roof repairs, and various city-mandated upgrades.

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Multifamily

Poplar Glen

11608 Little Patuxent Parkway, Columbia, MD 21044
Acquired December 2005

Poplar Glen led the Fund's multifamily portfolio in rent growth and resident retention in 2024, with a staggering 72% resident retention ratio.

The large second- and third-story balcony replacement project was completed on time and on budget in 2024. At the end of the year, the Fund engaged Newmark to market the property for sale ahead of loan maturity in April 2025. The Fund will focus on maintaining strong resident retention and rent growth through the sale process.

Industrial

Fullerton Industrial

675 S Placentia Avenue, Fullerton, CA 92831
Acquired December 1995

Fullerton Industrial concluded 2024 at 100% occupancy, maintaining a weighted average lease term exceeding seven years, providing the Fund with long-term stability.

Despite steady operations, the Southern California leasing and capital markets faced challenges in 2024. Softening user demand exerted downward pressure on market rents and growth. The Fund remains confident in the long-term strength and viability of the Southern California industrial market and believes it is well-positioned with this stabilized asset.

Industrial

Georgia Trade Center

2000 Trade Center Boulevard, Savannah, GA 31326
Acquired November 2021

Georgia Trade Center is fully leased to Lowe's Companies, Inc. through November 2033, providing the Fund with stable cash flow for the next nine years. In Savannah, demand for bulk warehouse space continues to outpace new supply, keeping vacancy rates low and pushing market rental rates upward.

In 2025, the Fund will focus on strengthening tenant relations with Lowe's.

Industrial

Highland Business Park

300 Highland Drive, Westampton, NJ 08060
Acquired June 1999

Highland Business Park remained fully leased throughout 2024, consistent with the previous year. The property experienced yield rate increases similar to those at the Fund's other industrial assets.

The Fund completed several capital projects during the year, including roof replacements and monument signage upgrades. With no tenant turnovers anticipated in 2025, the primary objective is to maintain the asset's institutional quality and strengthen tenant relationships.

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Industrial

Market Street Industrial

15130-15150 Market Street, Houston, TX 77015
Acquired September 2022

Market Street Industrial remained fully leased in 2024 to two third-party logistics firms, Lone Star Integrated Distribution and Gulf Stream Marine. The weighted average lease term for the two tenants is just under four years.

Given the sustained high activity at the Port of Houston, the Fund is evaluating the feasibility of expanding and enhancing the property's rail-served features to generate additional revenue.

Industrial

Meadowville Distribution Center

1400 Digital Drive, Chester, VA 23836
Acquired March 2023

Meadowville Distribution Center is fully leased through January 2027 to CCBCC Operations, LLC, a wholly owned subsidiary of Coca-Cola Bottling. The Richmond industrial market has experienced an increase in market rents due to strong demand, benefiting the property's value.

In 2025, the Fund will continue to maintain the property to institutional-quality standards and strengthen its relationship with the tenant.

Industrial

South Logistics Center

2215 South 7200 W, West Valley City, UT 84044
Acquired August 2023

During 2024, the Fund leased 172,640 SF to a third-party logistics firm, System Beauty. As a result, the 328,607 square-foot industrial building ended the year 53% leased. Despite this leasing success, the property lost significant value over the year due to a drop in leasing demand in Salt Lake City. Going into 2025, the Fund will focus on leasing the remaining vacancy. To enhance the property's marketability, several capital improvements were implemented, including constructing a fence to secure site access and completing speculative office space.

Industrial

Waterville Industrial

7828 Waterville Road, San Diego, CA 92154
Acquired December 2022

Waterville Industrial remains fully leased to Honeywell. The tenant was originally set to vacate the property in March 2025, but utilized its six-month extension option to push the expiration date to September 2025.

Looking ahead, the Fund is focused on preparing the asset for renovation and re-leasing after Honeywell's move-out. The Fund is working closely with its Joint Venture partner, Murphy Development, to determine the appropriate scope of work for the building's makeover.

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Industrial

Westport Industrial Portfolio

11418-11446, 11401-11445 Moog Dr.; 10986 N Warson Rd.; 2130-2132 Kratky Rd.; 10602-10610 Trenton Ave; St. Louis, MO
Acquired September 2017

Westport Industrial ended the year 95% leased, up from 92% at the end of 2023. In October 2024, Allied Oil & Tire Company moved into its 17,764 square feet space. GFH Enterprises, which occupies 33,047 square feet, plans to vacate its space in April 2025, and the Fund has already started marketing the space to potential tenants.

Office

150 Pierce Road

150 Pierce Road, Itasca, IL 60143
Acquired May 2015

The property ended the year 91% leased. With the loan maturing in April 2025 and no more extension options available, the Fund and its Joint Venture partner are evaluating refinancing options. The Fund will also continue to focus on leasing the vacant space in the face of anemic overall user demand.

Office

District 237

250 Holger Way, San Jose, CA 95134
Acquired September 2020

District 237 remains fully leased to CDK Global, Inc. through March 2027. While the Bay Area office market has yet to climb back up to pre-COVID levels, it is showing signs of recovery, driven by return-to-office mandates from major tech companies and potential job growth from generative AI advancements. The asset's business plan for 2025 is to continue exploring the options to increase power capacity at the property to enhance its appeal to AI and semiconductor companies such as Nvidia.

Office

Easton Commons

3344 Morse Crossing, Columbus, OH 43219
Acquired December 2017

Easton Commons ended 2024 fully vacant, no change from the previous year. The Fund recently signed a Purchase and Sale Agreement with a potential owner-user at a price that exceeds the asset's carry value. The transaction is currently set to close early Q2 2025.

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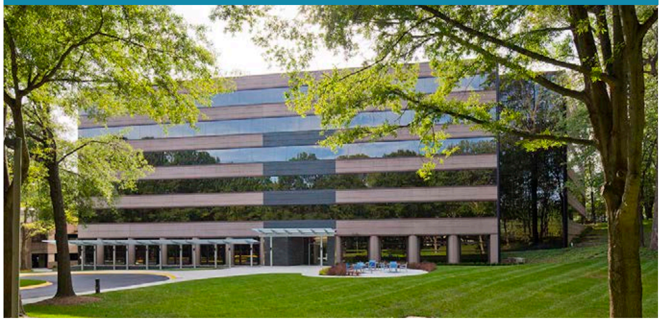
Office



Fairview Park

3160 Fairview Park Drive, Falls Church, VA 22042
Acquired November 2017

Fairview Park ended 2024 at 37% leased, up from 34% at the end of 2023. The Fund successfully leased 22,000 SF earlier this year backfilling United Healthcare, but leasing traffic slowed in the latter half of the year. The Fund is in negotiations with an existing tenant on the first floor to expand and extend its lease by an additional three years.

In 2025, the Fund will monitor office user demand to help guide potential adjustments in asset management and marketing strategies.

Office

Flying Cloud

7500 Flying Cloud Drive, Eden Prairie, MN 55344
Acquired April 2016

Flying Cloud leased 62,200 SF during 2024, ending the year at 86% leased. Construction of the tenant improvements is ongoing and completion is expected by summer. Additionally, significant capital projects will commence in Q1, including replacement of the property's cooling tower and building automation system.

The Fund's main focus for 2025 will be to lease the remaining vacant suites, complete the tenant improvements & capital projects, and begin assessing the potential of selling the asset in 2026.

Office

Nottingham 7941

7941 Corporate Drive, White Marsh, MD 21236
Acquired October 2017

Nottingham 7941 remains 100% leased to Prometric through July 2025. The Fund engaged in discussions with multiple groups in 2024 looking to buy and/or lease the asset, however, were not successful on any of those fronts. The Fund is currently exchanging lease terms with another potential tenant who would occupy the entire building beginning in 2026.

Office

Town & Country

725 Town & Country Road, Orange, CA 92868
Acquired January 2016

Town & Country ended the year 77% leased. The Central Orange County office market, especially in the Class B and C segments in which the property falls, has not recovered from the impacts of Covid-19. As a result, the asset saw a decline in market leasing assumption inputs and an increase in yield rates. The property remains on the market for sale. An owner-user buyer was identified prior to year-end. The Fund is in the process of negotiating a Purchase and Sale Agreement at a price that exceeds the year-end 2024 carry value.

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Retail

Charter Colony

200 Charter Colony Parkway, Midlothian, VA 23114
Acquired February 2022

Charter Colony remained fully occupied throughout 2024. During the year, The Joint Chiropractor and Jimmy John's both extended their lease terms. Black Swan Hair Salon is the only other lease expiring in 2025, and discussions regarding its future plans are ongoing.

In 2025, the Fund aims to strengthen tenant relationships and execute minor capital improvements to preserve the asset's institutional quality.

Retail

M Street

2901 M Street NW, Washington, D.C. 20007
Acquired July 2018

M Street ended 2024 at 68% occupancy, consistent with year-end 2023. A key highlight was the 10-year lease extension for Wells Fargo in Q3, securing a significant rental rate increase effective August 2025. With the remaining two leases expiring in August 2025, leasing efforts are ongoing to backfill those spaces, and one Letter of Intent is currently under discussion. In 2025, the Fund will focus on finalizing leases for the upcoming expirations. Recognizing the property's "high-street" position on a prominent corner in Georgetown, the Fund is reviewing potential designs with a local architect to ensure the spaces meet the expectations of potential tenants.

Retail

Mansfield Stop & Shop

377 Chauncy Street, Mansfield, MA 02048
Acquired October 2020

Mansfield Stop & Shop is a 74,383 square foot neighborhood retail center, 100% leased to Stop & Shop through March 2033. Stabilized retail assets with limited income upside like Mansfield are commanding higher capitalization rates to account for elevated interest rates. The Fund has been actively engaged in conversations with brokers regarding a potential disposition and will continue to explore this in early 2025.

Retail

Norwell Stop & Shop

468 Washington Street, Norwell, MA 02061
Acquired August 2022

Norwell Stop & Shop is a stand-alone neighborhood grocery store totaling 59,519 square feet. Stop & Shop leases 100% of the building through July 2032 and has four, 10-year options thereafter.

Similar to the Mansfield Stop & Shop, the Fund will explore a disposition opportunity in 2025 and maintain a strong relationship with the tenant.

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Retail

Shoppes at Knightdale

216 Hinton Oaks Boulevard, Knightdale, NC 27545
Acquired July 2019

The property built upon its 2023 leasing success ending 2024 at 100% occupancy after leasing the last remaining large box vacancy to Burlington. Academy Sports, Home Goods, and Burlington all opened in 2024 and the assets boasts a strong roster of national credit tenants.

The Fund's main priority for 2025 is backfilling the Office Max space, which vacates in March, and remains in discussions with a national retailer interested in the space. The Fund will then explore refinancing the existing debt to a lower cost loan or a potential sale of the fully stabilized property.

Other (Data Center)

Junction Drive

9020 Junction Drive, Annapolis Junction, MD 20701
Acquired December 2019

The property is fully leased to Northrop Grumman through January 2032; the tenant continues to heavily utilize its space. The submarket has been experiencing rent growth for flex industrial space and Junction Drive benefits from its long-term credit tenant.

Other (Data Center)

Perimeter East Data Center

40 Perimeter Center East, Dunwoody, GA 30346
Acquired May 2017

Perimeter East remained vacant in 2024. There was a potential purchaser at the start of the year that ultimately decided not to move forward. The most significant development during the year was confirmation from Georgia Power regarding a potential power upgrade at the site. This would broadly expand the potential tenant base for the property. During the first half of 2025, the Fund intends to market the asset for both sale and lease, aiming to sell it to an investor with a tenant already secured.

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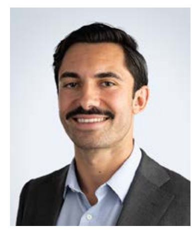

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RISKS

The Fund invests primarily in real estate. As a result, an investment in the Fund entails significant risks that are customarily associated with the development and ownership of income-producing real estate, including illiquidity, changes in supply and demand, and inexact valuation. The Fund may be leveraged. An investor may lose all or a substantial portion of the investment. There is no assurance that the Fund will achieve its investment objectives. For a more thorough discussion of the risks involved in making an investment in the Fund, please refer to the Offering Memorandum. The Fund's shares fluctuate in value and may be illiquid due to a lack of a right of redemption, the lack of a secondary market, and restrictions on transfer. Shares of the Fund, if offered, would be available for purchase only by accredited investors who could bear a loss and hold shares of the Fund indefinitely. This information does not purport to be complete and is qualified in its entirety by, and an offer or solicitation will only be made through, a final Confidential Offering Memorandum.

DISCLOSURES

This summary is confidential and proprietary. It has been prepared for the use of existing shareholders of the Fund and prospective accredited investors; it does not constitute an offer to sell or buy any securities and may not be used or relied upon in connection with any offer or sale of securities or for any other purpose. The information provided in this report with respect to the Fund is as of December 31, 2024 unless otherwise noted. The Fund undertakes no duty to update any of the information contained in this report. The information in this report includes forward-looking statements, including statements regarding the outlook for the real estate market generally and the individual markets for the properties, the performance of the individual properties, and the Fund's business strategy and investment objectives. These statements involve a number of risks and uncertainties, and actual results may differ materially from these forward-looking statements. Please refer to the Confidential Offering Memorandum of the Fund for further information regarding these risks.

Gross-of-fee and Net-of-fee returns are calculated using NCREIF PREA's time-weighted return methodology quarterly. Starting from June 30, 2023, the Fund calculates the gross-of-fee returns and net-of-fee returns to reflect the inclusion of fund-level expenses such as the operating management fee the Fund pays to Bailard, Inc., appraisal, fund administration, legal, audit, tax, and other administrative expenses. We applied this change retroactively to all prior returns presented above. Net-of-fee returns are calculated by netting down the gross-of-fee returns by the actual investment management fee paid to Bailard, Inc. The investment management fee schedule for the Fund, which is included in the Real Estate Composite I, is 0.85% on the Fund's net asset value up to and including $750M and 0.75% on the Fund's net asset value above $750M. If the Fund's uncommitted cash exceeds 10% of the Fund's net asset value, the fee shall be reduced by an amount equal to the product obtained by multiplying 0.425% by the excess cash amount. The underlying performance results of the Fund reflect the impact of leverage, interest, and dividend income from short-term cash investments and public ly traded real estate investments, as applicable. Capital expenditures, tenant improvements, and lease commissions are capitalized and included in the cost of the property; are not amortized; and are reconciled through the valuation process and reflected in the appreciation return component. The Fund's income return is not the distributed income to the investor, and the Income Return is presented gross-of-fee and after Fund expenses.

The NCREIF gross return methodology is as follows: the total gross return is equal to net investment income plus appreciation divided by the beginning net asset value plus time-weighted external contributions less time-weighted external distributions ("Time-Weighted Denominator"). With respect to income and appreciation, the NCREIF methodology for net income return is equal to net investment income divided by the Time-Weighted Denominator, and net appreciation return is equal to appreciation divided by the Time-Weighted Denominator. Returns shown are inclusive of dividends reinvested as they are accounted for as an external contribution upon reinvestment. Returns for periods greater than one year are annualized. Annual returns are time-weighted rates of return calculated by linking quarterly returns. Income and appreciation returns may not equal total returns due to compounding effects of linking quarterly returns. From inception through the second quarter of 2009, all properties were appraised annually; from the third quarter of 2009, all properties have been appraised quarterly. Recent acquisitions are carried at cost until first appraisal. The Fund's Board of Directors determines the value of properties based on input from independent appraisers and all levels of the Fund management. Securities, mortgages payable, derivatives, and cash and cash-equivalent investments held by the properties and Fund are marked to market on each valuation date. The Fund's Inception Date is April 20, 1990. The NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE) is a fund-level, time weighted return index reporting the performance results of various open-end commingled funds pursuing a core private real estate investment strategy and qualifying for inclusion in the NFI-ODCE based upon certain pre-defined index policy inclusion characteristics. Like the Fund, the NFI-ODCE performance results reflect leverage and the impact of cash holdings and joint ventures (i.e., returns reflect each contributing fund's actual asset ownership positions and financing strategy). As the Fund has done in the past, some NFI-ODCE funds may invest in real estate securities. The use of leverage varies among the funds included in the NFI-ODCE. The NFI-ODCE (EW) shows what the results would be if all funds were treated equally, regardless of size. Like the Fund's presentation, the Income Return is shown gross-of-fee. Per NCREIF, fees represent investment management advisory fees. To the extent fees are paid outside the fund, a deemed contribution and fee expense is recorded to capture the impact of fees in the net of fee returns. NCREIF defines gross and net of fees as follows:

- *Total Return, gross of investment advisory fees, based on changes in published market value Net Assets. The data contributing members provide all fund level returns as well as other pertinent data. NCREIF does not calculate individual fund returns but does calculate the overall aggregated Index return based on invested capital.*
- *Total Return, net of advisory fees. Net of fee returns are only presented at the Index Aggregate level to provide a proxy for the average advisory fees charged. Fee structures not only vary across managers and funds but also within a fund as fees may be negotiable and scaled based on the size of an investors' investment.*

The NFI-ODCE data, once aggregated, may not be comparable to the performance of the Fund due to current and historical differences in portfolio composition by asset size, geographic location, property type, and degree of leverage. The NFI-ODCE is unmanaged and uninvestable.

The S&P 500 Index is a common ly used U.S. stock index of 500 large capitalization stocks. The Dow Jones Industrial Average is an index that tracks 30 large, public ly owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ 100 Index is a modified capitalization-weighted index comprised of 100 of the largest non-financial domestic and foreign companies listed on the National Market tier of the NASDAQ Stock Market, Inc.

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