DDELTA REAL ESTATE INVESTMENTS
QUARTERLY UPDATE – Q2 2025

Hello,

The second quarter of 2025 marks another period of recovery after vacancy rates seemed to peak during the first months of the year. Apartment demand has been significantly strong, especially for Class A assets, reaching record absorption rates only exceeded by post-pandemic trends. At the same time, a significant number of units that were under construction in high-growth markets have already been delivered during the first half of this year. While it will take some time to absorb these units, deliveries have peaked, and a more balanced market is on the horizon as supply continues to wind down while demand fundamentals remain strong.

We are periodically monitoring our markets as we remain committed to making opportunistic investments based on market conditions. We will continue to focus our efforts on acquiring assets below replacement cost, where strong value is driven by local barriers to entry, favorable supply-demand dynamics, and operational inefficiencies - in markets that we know well. While we recognize potential for new development in an environment of constrained supply, high construction costs and financing challenges continue to make ground-up opportunities difficult.

Our outlook remains positive as the building blocks for recovery are coming into place and the deal-making pause is already behind us.

All my best,
Gerardo Gutierrez
CEO DDelta REI

Quarterly Highlights

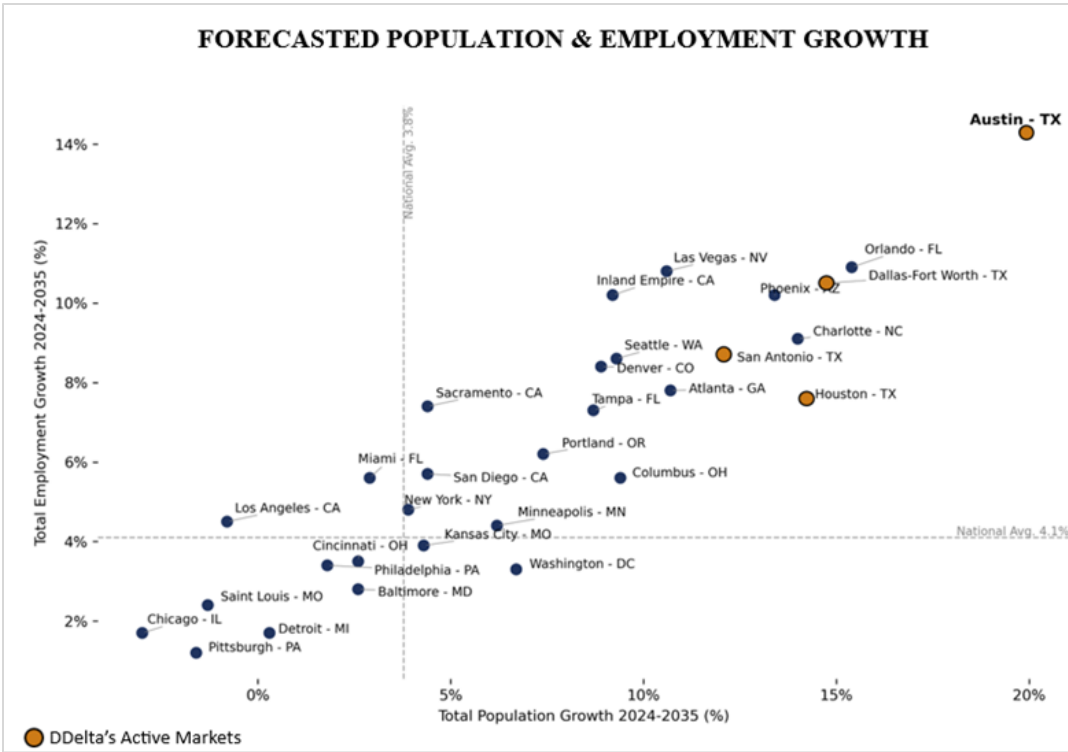
- Completed the sale of Heritage Plaza, a core asset located in the heart of San Antonio, TX.
- Signed a Memorandum of Understanding with the Austin Affordable Housing Corporation to convert The Everett to an HFC structure – expanding affordability while unlocking potential tax benefits.
- Continued to find operational efficiencies in our portfolio, generating ~30% savings on insurance costs for properties in our Fund V & Fund VI.
- Executed a ground lease for an existing pad in North San Antonio (1.67 acres).
- Signed a PSA to sell 2.2 acres in Cedar Park (Austin, TX).

Insights – Target Markets Supply/Demand Dynamics

- Since we opened our doors, we have been investing in the main 4 Texas markets: Austin, Houston, DFW and San Antonio. Even though we continue to explore other locations around the Sunbelt that exhibit similar growth patterns, we expect to continue to deploy a significant number of resources in Texas given how strong the fundamentals continue to be.
- Despite current temporary headwinds, we remain bullish on our active markets. Projected economic and population growth is expected to remain very strong during the next 10 years, outpacing most other major cities across the U.S., according to CoStar. This, along with a

significant and persistent affordability gap, is expected to continue to drive inherent demand for high-quality rental housing in the long term.

- The opportunity is clear for operators who have boots on the ground and local expertise, as they could identify pockets of opportunity driven by local demand/supply dynamics while benefiting from broader macroeconomic trends.



Sources: CoStar