

February 2026 Managing Partner Letter

To Our Partners,

February reinforced a defining theme of the current investment environment: discipline is being rewarded.

Capital markets remain selective. Financing costs are elevated relative to prior cycles, and underwriting standards remain conservative. In this environment, strategies dependent on aggressive leverage or speculative appreciation are being tested. By contrast, portfolios structured around durable free cash flow, conservative balance sheets, and measured capital allocation continue to demonstrate resilience.

Our strategy remains grounded in these principles.

Across the portfolio, we continue to prioritize cash flow durability over short-term mark-to-market volatility. The Fund maintains disciplined leverage, diversified income streams, and active asset management designed to protect downside risk while positioning for long-term equity growth.

Strategic Capital Deployment

During February, we advanced capital deployment into partnerships aligned with long-term demographic and structural demand trends.

In California, we continue allocating capital alongside K&P Ventures within the Accessory Dwelling Unit (ADU) development sector. While California is not typically a long-term hold market within our core strategy, these opportunities are structured as short-duration development projects. Capital is deployed and returned on an accelerated timeline, generally within approximately four months. These are not long-term portfolio holds; they are tactical, short-cycle development allocations designed to capture efficient margins and redeploy capital quickly. Structural housing undersupply and regulatory support for infill density continue to support this thesis.

In Florida, we deployed capital into projects associated with JDS Development Group, including exposure to the Mercedes-Benz branded tower in Miami. Importantly, this allocation is structured and secured by the sponsor's broader portfolio, including completed and stabilized projects as well as active development initiatives. This portfolio-backed structure enhances capital protection while preserving participation in long-term equity appreciation within one of the country's strongest demographic growth markets.

Portfolio Repositioning

We are continuing the orderly exit and capital redeployment from the Cleveland, Ohio market. While assets have performed within expectations historically, current rent growth moderation, compressed DSCR metrics in certain single-family segments, and relative opportunity cost compared to higher-growth markets support proactive capital rotation.

This is not a reactive repositioning. It is a forward-looking allocation decision intended to strengthen portfolio durability, yield profile, and scalability.

Cash Flow & Outlook

The Fund continues to generate consistent monthly distributions supported by diversified income streams across asset classes. Our priorities remain unchanged: maintain the 10% preferred return structure, preserve conservative leverage, and enhance long-term equity value through disciplined capital allocation.

Looking ahead to the remainder of Q1 and into Q2, we will continue rotating capital toward higher-quality opportunities, advancing development milestones within partner portfolios, and evaluating additional institutional partnerships.

Markets reward structural strength over time. Our focus remains on building a portfolio designed to perform across cycles — not just in expansionary environments.

We appreciate your continued trust and partnership.

Sincerely,

Mat Simmons
Managing Partner
SIMM Capital

This letter is provided for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase securities. Any investment involves risk, including the potential loss of principal. Past performance is not indicative of future results. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from projected outcomes.