



Gaitway Plaza - Ocala, FL

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Next Realty Relies on Engagement and Patience to Capitalize on Retail and Multi-Family Investment Opportunities

With a combination of strategic engagement and experience-backed patience, Next Realty continues to actively pursue several retail and multi-family investment opportunities. As an example, in the six-week period from February 23 through April 3, 2026, Next Realty explored 102 potential properties – 42 in the Midwest, 53 in the Southeast, and seven in the Mid-Atlantic region of the United States. Next Realty’s leadership toured 15 properties, considered letters of intent for four, and ultimately submitted two letters of intent.

Of the properties evaluated, the vast majority – approximately 82% – were retail properties. Competition for retail properties remains strong, and buyer appetite for retail strip centers has been exceedingly high in recent months, due in part to their strong rental rates. CBRE reports that strip center rents have grown 27% since 2016, compared with a 22% increase in rents for Neighborhood/Community/Strip (NCS) properties over the same period. Additionally, the lack of new inventory has exacerbated the lack of adequate supply to meet buyer demand.

Retail strip centers – referred to as “the golden child” by CBRE – have long been a cornerstone of Next Realty’s

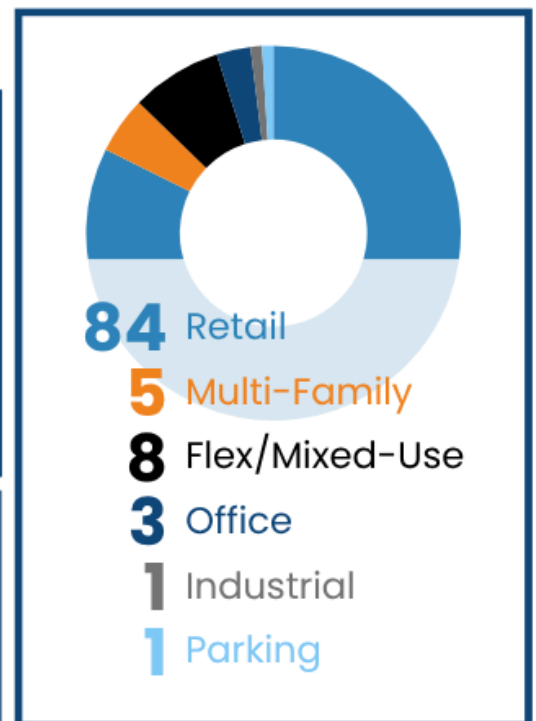
Multi-Solution® strategy. Offering predictable returns, Next Realty takes a property-specific approach and relies on its deep experience in the asset class to assess potential investments’ tenant rosters and rental rates, evaluate the location and traffic patterns, scout the geographic area, and consider other criteria.

“Our investment decisions are situational. This way, we can be nimble and respond to the opportunity presented,” Andy Hochberg says. “We don’t have bright-line rules for locations or property classes.”

Multi-family and mixed-use properties (including parking) also comprise a significant portion of Next Realty’s portfolio. Five of the properties assessed in the relevant period were multi-family properties. Eight of the properties evaluated were flex/mixed-use, and one was a parking property. Although parking-based investments are smaller than the retail and multi-family asset classes, Next Realty has achieved successful returns in the past and continues to investigate select parking properties.

Despite increased buyer competition within the retail and multi-family markets, Next Realty remains laser-focused on its Multi-Solution® strategy for diversification, which extends to locations, asset classes, and tenants. “Even when the number of completed deals is lower than usual, we are as active and engaged as ever. We know that the only way to benefit is to stay in the game by building a strong broker network, assessing properties, touring properties, and submitting offers that align with our strategy.”

DEAL EVALUATION BY THE NUMBERS



How is Retail Real Estate Really Doing?

Most metrics characterize the retail real estate market as strong and resilient, but the reality is more nuanced.

Although retail strip centers are leading market growth, a property's performance can be significantly impacted by its anchor tenant. Retailers that provide a valuable in-store experience to distinguish themselves from online retailers are thriving, and properties anchored by these stores are often outperforming expectations. However, retailers that don't provide unique products or value may struggle to differentiate themselves, and performance is more tenuous.

The financial stability of an anchor tenant can also impact the entire property. Though some level of tenant credit risk is inevitable, backfilling a space creates additional challenges. For instance, to re-tenant vacancies caused by the bankruptcies of Big Lots, Value City Furniture, and The Sports Authority, Next Realty needed to invest capital for tenant improvements and space reconfigurations, endure rental downtime, and offer leasing commissions. Additionally, tenants are increasingly chasing lower rents, and retailer relocations are harder to absorb than smaller spaces.



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CBRE expects full- and quick-service restaurants to remain active tenants, especially in high-traffic suburban and mixed-use areas, and rental growth should continue for open-air retail properties because of limited new supply. However, as sales growth slows for retailers, tenants are becoming more cautious. They are increasingly focused on deal structure, additional concessions, and tenant-improvement allowances.

"Retail real estate property valuations remain high, with heavy buyer competition, which makes closing acquisitions more challenging and time-consuming than usual," says Andy Hochberg. "By staying focused on our strategy and relying on our deep expertise in the market, we can ensure that we're making smart decisions."

Next Realty Fund IX, LP Closes Sale of Hillside Terrace Shopping Center

Next Realty closed on the sale of Hillside Terrace Shopping Center in Delafield, Wisconsin, in late 2025 for \$5,500,000 – a 40% increase from its original purchase price. Acquired in October 2019 from a special servicer, Next Realty successfully navigated challenges associated with purchasing a Real Estate Owned ("REO") property, including limited due diligence and incomplete lease documents.



Hillside Terrace - Delafield, WI

Additionally, Next Realty managed notable leasing turnover. In late 2024, the largest tenant, JDJ Endurance, vacated four years early. After approximately nine months of downtime, Next Realty successfully backfilled the space with Callen Construction, a design firm specializing in custom kitchens and bathrooms. Over the past year, Pizza Hut also vacated the property due to a franchisee bankruptcy, and GameStop left due to weak sales; both spaces were actively marketed for lease.

Last fall, Next Realty received a compelling off-market offer from a local dentist seeking to owner-occupy the property, and the sale closed at the end of 2025. Over the five-year ownership period, the sale generated a favorable rate of return for Fund IX investors.

Next Realty drew on key takeaways from other recent retail investments – such as Kings Automall Shopping Center in Cincinnati, Ohio and 4600 Plaza in Harwood Heights, Illinois – to manage the investment from acquisition through favorable exit. For instance, Kings Automall focused on improving occupancy levels and managing lease expirations, while 4600 Plaza upgraded the building's physical condition, diversified tenants, and increased rents to market rates.

Next Realty Fund IX (cont.)

"For projects like Hillside Terrace, we rely on our previous experience tailoring our strategy to the unique circumstances of REO properties," said Marc Blum. "We execute our gameplan by addressing tenant credit risks, managing leasing turnover, and making capital improvements to backfill vacancies."

The Hillside Terrace outcome emphasizes the benefits of Next Realty's Multi-Solution® strategy of diversification and continued focus on preserving capital, managing downside risk, and generating consistent returns across varying market conditions.

Next Realty's Approach to Navigating Market Conditions

Prioritizing Meaningful Connections, Industry Engagement, and Informed Agility to Respond to Market Opportunities and Challenges

Higher-than-usual interest rates, liquidity challenges, and competition for value-add properties continue to dominate the commercial real estate market. Next Realty is navigating these conditions by staying true to its values: patience, agility, and diversification. With a focus on meaningful connections, industry engagement, and informed agility, Next Realty's integrated approach guides every step it takes in a challenging market.

"Despite lingering interest rate uncertainty, we are not stepping back or slowing down," says Andy Hochberg. "Continued participation is essential for success."

Next Realty is actively pursuing investment opportunities by reaching out to property owners and intermediaries, staying engaged with industry leaders, and listening to investors and market research. Equipped with relevant information and meaningful connections, Next Realty is primed to act quickly and make well-informed decisions.

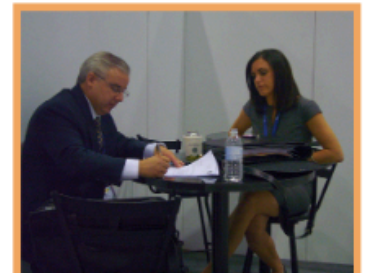
Hochberg emphasizes, "Our approach remains active; we consistently engage with market experts, monitor trends and developments, and prioritize diversification so we can drive results."

Nurturing Connections and Keeping a Finger on the Industry's Pulse at ICSC Events



ICSC Las Vegas, 2026

In an evolving and increasingly digital business environment, personal connections remain paramount. In March, Marc Blum and Eteri Zaslavsky attended the **ICSC Open Air Summit** in Scottsdale, Arizona, a premier gathering of retail real estate leaders, where they connected with property owners, retailers, and industry stakeholders to exchange insights on market trends, leasing dynamics, and the evolving role of open-air centers. The conference featured high-level discussions focused on innovation, resilience, and long-term growth within the retail sector. They also met with several



ICSC through the years

Nurturing Connections (cont.)

national retailers in the Next Realty portfolio and with prospective tenants, further strengthening key relationships. Among the event's key takeaways was confirmation that retail real estate is thriving.



ICSC Las Vegas, 2026

Most recently, in mid-May, Andy Hochberg, Marc Blum, and Eteri Zaslavsky attended the **ICSC Conference** in Las Vegas, which they have been attending for about 30 years. As the world's largest commercial real estate event, the conference gathers over 25,000 decision-makers for three days of dealmaking, networking, and relevant informational sessions on cutting-edge topics such as the role of artificial intelligence. Next Realty hosted its annual luncheon at the Renaissance Las Vegas Hotel, bringing together 350 industry leaders for meaningful conversation and networking opportunities. Over the past 30 years, the ICSC Conference has led to numerous strong relationships and favorable opportunities.

"This year's event confirmed that our industry is on solid ground," said Andy Hochberg. "I came away energized and confident that we are poised for optimal growth."



ICSC Las Vegas, 2026

Building a Geographic Network at the Commercial Association of Realtors Wisconsin Retail Conference



Eteri and Denis with Adam Newman and Dayna Miller from Landmark Credit Union



South Towne Center - Milwaukee, WI

In April, Andy Hochberg, Eteri Zaslavsky, and Denis Rusulov attended the **Commercial Association of Realtors Wisconsin (CARW) Retail Conference** in Milwaukee, Wisconsin. They connected with representatives of Landmark Credit Union, Next Realty's Milwaukee-based lender, and learned more about commercial real estate trends and developments in the Milwaukee area. They also visited existing Next Realty properties, including South Towne Center, which recently welcomed new tenant 7 Brew.

Paddle and Camaraderie

Next Realty hosted its 13th Annual Paddle Event on April 7, where real estate brokers enjoyed spirited paddle games, delicious food and beverage, and engaging conversation. With 28 attendees, the event provided a wonderful opportunity to connect with colleagues and strengthen relationships across the real estate industry. We are grateful for the partnerships and business relationships that continue to support our success.



Welcoming New Tenants 7 Brew and Avocado Theory

Next Realty welcomes two new tenants—[Avocado Theory](#) and [7 Brew](#)—both expected to energize their properties and surrounding communities. Avocado Theory opened at Lincolnshire Commons in March. This unique, wellness-centered restaurant concept – which focuses on healthy ways to enjoy avocado – will strengthen the tenant mix at Lincolnshire Commons by attracting health-conscious consumers and adding dining variety.



Andy at Avocado Theory, Lincolnshire Commons - Lincolnshire, IL

Most recently, Next Realty welcomed 7 Brew to South Towne Center in Milwaukee, Wisconsin, in May. The rapidly growing drive-thru chain offers a wide range of customizable coffee beverages, energy drinks, and smoothies. Known for its community-centered marketing and ultra-friendly customer service, 7 Brew is especially popular among Gen Z, and enthusiasm for the brand will elevate the entire property.



7 Brew, South Towne Center - Milwaukee, WI

Next Realty's Pragmatic Approach to Artificial Intelligence (Q&A with Andy Hochberg)



Artificial intelligence (AI) is reshaping how real estate deals are analyzed, underwritten, and executed. In this Q&A, we learn more about Andy Hochberg's views on AI in the real estate industry and practical ways Next Realty is using the technology.

How is Next Realty leveraging AI in its business operations and investment strategy?

In 2024, Next Realty invested in Placer.ai, a national, subscription-based technology service that provides AI-generated data to track consumer retail traffic patterns. As anticipated, we use the technology to guide our assessments of potential acquisitions and leasing strategies. We often look to Placer's data on changes in traffic patterns, including the number and length of visits to a retail center, to guide leasing decisions.

Our assessments continue to rely on strong industry relationships and rigorous due diligence, but Placer is a key tool in our property evaluation process. For instance, Placer provides a reliable visitor overview for most assets we evaluate by providing metrics such as estimated customer visits over a 12-month period, total visitor counts, visit frequency, year-over-year visit trends, visit count comparisons, customer demographic summaries, and market-landscape heat maps.

Placer data can also provide helpful information when we're assessing potential investment properties. We recently passed on a potential acquisition in Ohio after reviewing the Placer data and discovering that one of the tenants was suffering declining comparable store sales. The business filed for Chapter 11 bankruptcy a few weeks later, and accessing the Placer data saved us considerable time evaluating the property.

We are also learning and deploying additional AI tools for administrative tasks and integrating AI tools into operations. For instance, we can use Claude to create abstract tenant leases and access research data in the Yardi system.

I don't claim to be a tech expert, but I do think AI is a useful starting point when we're digging into something. If a new project pops up down the street from one of our properties, I can get up to speed on it in seconds. That said, we treat AI more like a reference than a source of truth—it helps frame the analysis, but it's not what drives the final call.

How is AI changing the deal process?

Because AI can provide information so quickly, the diligence process has been compressed. However, because detailed property information is widely accessible, the pool of potential buyers has grown, making the transaction process more competitive.

Since its launch, Placer data has become ubiquitous in the industry, and brokers frequently include the data in a property's Offering Memorandum – if the data is favorable, of course! In that way, the inclusion – or exclusion – of Placer data can serve as a litmus test to assess whether a potential property passes the initial threshold criteria.



How is Next Realty differentiating itself in the world of AI?

When I recently visited a potential property in Florida, I was surprised by the selling broker's comment that few CEOs visit potential properties and, instead, rely on Google Earth to "see" the property. As CEO, I consider it my responsibility to be actively engaged in properties to honor the commitment I've made to our investors. I don't ever plan to be a CEO who delegates property visits to technology. It's important to recognize the limitations – as well as the strengths – of AI. AI won't replace the importance of personal connections. Iterative conversations and networking opportunities continue to be not only beneficial but essential. We can use AI to quickly access detailed information on properties, including detailed demographics of the geographic area and surrounding properties, but this information can't provide the nuanced assessment that comes from decades of personal experience and wisdom.

The Next Perspective in Real Estate®



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