

January 10, 2025

Dear Fellow Investor,

IPC Alternative Real Estate Income Trust, Inc. (ALT REIT or the Company) is pleased to report that a distribution in the amount of \$0.0885 per share has been paid to stockholders of record as of December 31, 2024. Additionally, limited partners of IPC Alternative Real Estate Operating Partnership, LP, the Company's operating partnership (the Operating Partnership), have been paid an equivalent distribution.

### **Economic Update**

From an overall economic standpoint, the S&P 500 Index rose approximately 26% in 2024. The yield on the 10-Year Treasury Note began the year around 3.9% and finished the year off at approximately 4.5%. As the economy continued its upward trend, the Federal Reserve made the decision to cut the federal funds rate by a half percentage point in September, and that decision has been supported by the inflation reports, with the November 2024 report placing inflation at 2.7%, within striking distance of the 2% target.

The commercial real estate sector has begun to show signs of resilience and recovery following a period of moderate volatility. While economic uncertainty and rising interest rates in 2022 and 2023 created headwinds, with real estate values dropping as much as 20% to 25% in some cases, 2024 marked a turning point as the Federal Reserve's decision to cut the federal funds rate began to stabilize financing costs and restore investor confidence, which we anticipate could contribute to higher transaction volume in 2025. Demographic-driven sectors are leading the charge in revitalizing the market, and the stage is now set for renewed transaction activity, with capital flows increasing and opportunities emerging across key sectors. As a result, the sector is well-positioned to capitalize on evolving market dynamics and long-term demographic trends.

### **Portfolio Overview**

ALT REIT's portfolio is comprised of 35 properties across 12 states and holds a total real estate value of approximately \$411 million as of September 30, 2024<sup>1</sup>.

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<sup>1</sup> The portfolio discussed herein is that of the Operating Partnership. ALT REIT is the general partner of the Operating Partnership but currently does not own a substantial economic interest in the Operating Partnership, and therefore does not own a substantial interest in the underlying properties. As ALT REIT raises capital in its public offering, it will contribute the capital to the Operating Partnership in exchange for ownership interests in the form of Operating Partnership units such that ALT REIT expects to eventually consolidate the Operating Partnership.

Healthcare	
Appraised Value	\$324,110,000
No. of Properties	30
Total Square Feet	746,601
Leased	100%
Student Housing	
Appraised Value	\$44,900,000
No. of Properties	1
Total Beds	406
Leased	100%
Self-Storage	
Appraised Value	\$42,370,000
No. of Properties	4
No. of Units	2,275
Leased % (Square Footage)	82.6%

## Real Estate Perspectives

The commercial real estate landscape makes it likely that we will see unique opportunities throughout 2025 across the alternative real estate sectors where ALT REIT focuses: medical outpatient buildings, student housing, self-storage, and senior housing. Many commercial real estate owners who borrowed during periods of low interest rates now face maturing loans, with nearly \$2 trillion dollars of debt coming due in the next few years. While fundamentals remain strong, many owners may face pressure to sell in the coming years. Additionally, high construction costs in recent years have limited new supply, widening the gap between supply and demand. As the economy begins a new cycle coming out of a period of high inflation, transaction volume should begin to rise as the pricing expectations between buyers and sellers align and capitalization rates stabilize as a result.

ALT REIT anticipates ramping up its acquisition pipeline in 2025 and these factors have opened up positive opportunities to buy at great values, below replacement costs, and at higher capitalization rates. To further diversify the portfolio, the sectors of focus will continue to be demographic driven, spotlighting strong operating fundamentals, which may lead to additional exposure in both the student housing and senior housing sectors.

Historically, periods following economic uncertainty have led to strong returns across a swath of commercial real estate asset classes. As we raise capital in 2025, ALT REIT may be in a position to deploy the capital in a new economic environment and take advantage of attractive buying opportunities.

## Distributions

The board has declared a distribution of \$0.1042 per share for stockholders of record as of January 31, 2025. This distribution increase reflects our view that the improving economic landscape and strengthening market fundamentals will support sustained growth and long-term value creation for our stockholders.

## Webinar Replay Information

The Company hosted an update webinar on December 12, 2024. We invited each investor and their respective financial professional to attend this recent webinar discussing strategy and goals, market updates, sector information, portfolio performance, the latest net asset value (NAV), and more. If you were not able to join us, you can find a link to the replay on the ALT REIT website.

<https://www.ipcaltreit.com/for-investors#webinars>

If you have questions or need additional information regarding your investment in ALT REIT, please do not hesitate to contact Investor Services via e-mail at [custserv@inland-investments.com](mailto:custserv@inland-investments.com) or via phone at (866) My-Inland | (866) 694-6526.

Sincerely,



Keith Lampi  
Chief Executive Officer  
IPC Alternative Real Estate Income Trust, Inc.

### **Cautionary Note Regarding Forward-Looking Statements and Distributions**

*Certain statements in this letter constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Words such as "may," "could," "should," "expect," "intend," "plan," "goal," "seek," "anticipate," "believe," "estimate," "predict," "variables," "potential," "continue," "expand," "maintain," "create," "strategies," "likely," "will," "would" and variations of these terms and similar expressions indicate forward-looking statements. These forward-looking statements reflect the intent, belief or current expectations of our management based on their knowledge and understanding of the business and industry, the economy and other future conditions. These statements are not factual or guarantees of future performance, and we caution stockholders not to place undue reliance on them. Actual results may differ materially from those expressed or forecasted in forward-looking statements due to a variety of risks, uncertainties and other factors, including but not limited to risks related to our limited operating history, the lack of public trading market for our common stock, our dependence on our Advisor, and the risks of investing in real estate, and other risks detailed in the Risk Factors section in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission and made available on our website. Forward-looking statements reflect our management's view only as of the date of this letter and may ultimately prove to be incorrect. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results except as required by applicable law. We intend for these forward-looking statements to be covered by the applicable safe harbor provisions created by Section 27A of the Securities Act and Section 21E of the Exchange Act.*

*We cannot guarantee that we will make distributions, and if we do, we may fund such distributions from sources other than cash flow from operations, including, without limitation, the sale of our assets, borrowings or offering proceeds, and we have no limits on the amounts we may pay from such sources. Please see our website, [www.ipcaltreit.com](http://www.ipcaltreit.com), for the annualized distribution rate for each class of our common stock.*