

A low-angle, upward-looking photograph of several tall skyscrapers in a city, likely New York City. The buildings are made of glass and steel, and the sky is filled with soft, white clouds. The perspective creates a sense of height and grandeur. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing the company logo and title.

IMC

INSTITUTIONAL
MORTGAGE
CAPITAL

Canadian Investment Review

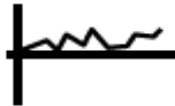
December 6, 2024

Canadian Real Estate Debt Market

Drivers of Commercial Mortgage Growth



Increased Commercial Real Estate Development



Low Volatility in Spread Profile



Strong Canadian Immigration



Robust Demand for Canadian Real Estate



Sophisticated Canadian Financial System

Canadian Real Estate Debt Market



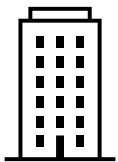
Banks over-exposed to real estate

- Regulatory stress testing leading to renewal issues on existing deals
- Liquidity being saved for top relationships



Higher interest rate environment

- Bank of Canada increased lending rate from 1.5% in 2022 to 5% as at May 2024
- Positive sentiment in anticipation for lower interest rates in 2025 – 125 bps decrease so far in 2024
- Lenders cautious on managing their LTVs on long term loan exposures and renewals
- Borrowers looking for shorter term financing opportunities as markets stabilize



Move to quality real estate sectors

- Almost all defaults currently are in land, development and office
- Demand in multi-tenanted sectors such as “essential retail”, multifamily, student housing, self storage continues to be strong

Canadian Real Estate Debt Market


Market Size

\$449 Billion

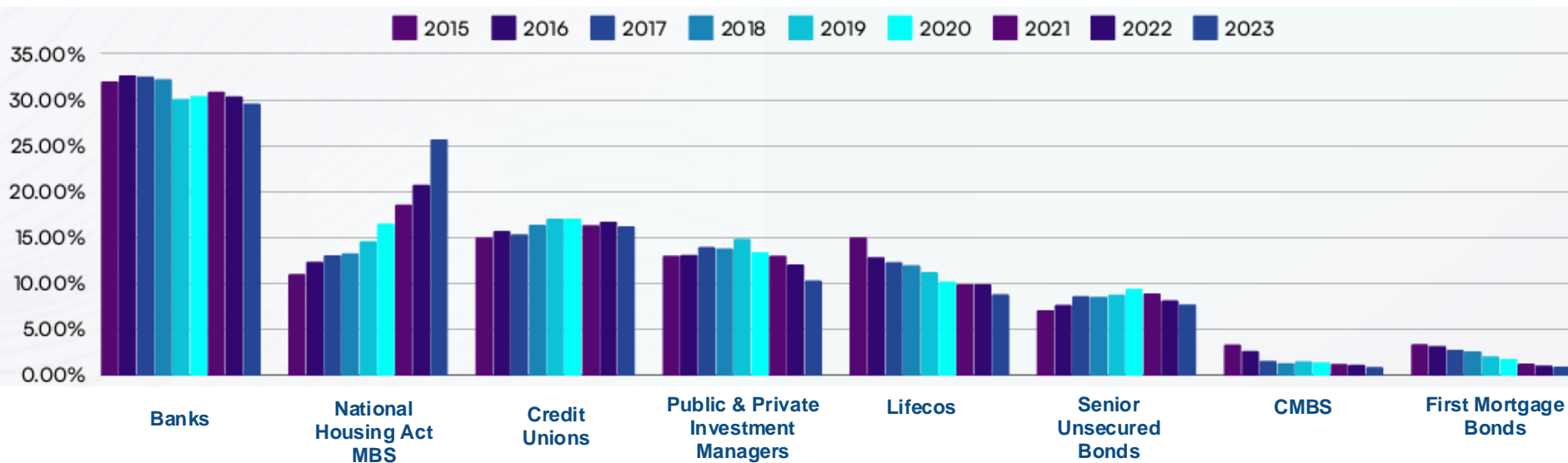
9%  (\$412 Billion 2022)

Total Origination

\$86.4 Billion

11%  (\$77.7 Billion 2022)

Origination % By Institution (From 2015-2023)



Source: Intellifi 2023 Commercial Mortgage Survey. All figures in CAD unless otherwise stated.

Institutional Relationships Lead to Desired Return

Woodside Centre: Value-Add

Investment Overview

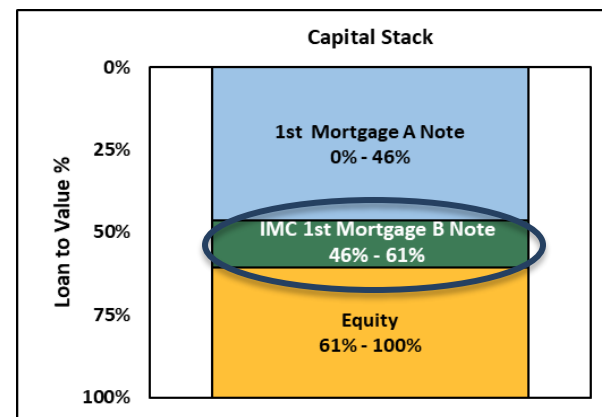
- Well-located, anchored retail centre in Toronto, ON
- Multi-phase value-add strategy to maximize NOI
- 99% occupied with stable operating history
- Strong sponsorship with personal net worth of ~\$200M and 20+ years of real estate experience
- IMC previous knowledge of asset and location



Loan Terms*

| | |
|---|-----------------------------|
| Loan Amount – Original | \$85,000,000 |
| <i>A-Note – 76.5%</i> | <i>\$65,000,000</i> |
| <i>B-Note Value-Add Fund – 8.8%</i> | <i>\$7,500,000</i> |
| <i>B-Note Value-Add co-investment – 14.7%</i> | <i>\$12,500,000</i> |
| Value-Add Coupon | Prime + 6.2% (12.2%) |
| Term | 1 Year |
| Loan to Value | 60.7% |

*Loan terms at origination.
Source: Institutional Mortgage Capital.



Anchored Retail | Toronto, ON
First Mortgage B-Note | Floating Rate

Advantage of Value-Add Mortgages

| | |
|---------------------|-------------------|
| Asset Type | Private |
| Interest Income | High |
| Return | ≈800 bps over GoC |
| Volatility | Low |
| Average term | < 2 years |
| Interest Rate Risk | Low |
| Loan-to-value | ≈70% |
| Security/Collateral | Real Property |
| Recourse | Always |

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