



hazelview
INVESTMENTS

Strategic Positioning in Real Estate to Enhance Risk-Adjusted Returns

Presenter:
Ali Katz

Managing Partner & Head of Institutional Sales

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AGENDA

Canadian Multi-Residential

Real Estate Debt

Real Estate Securities

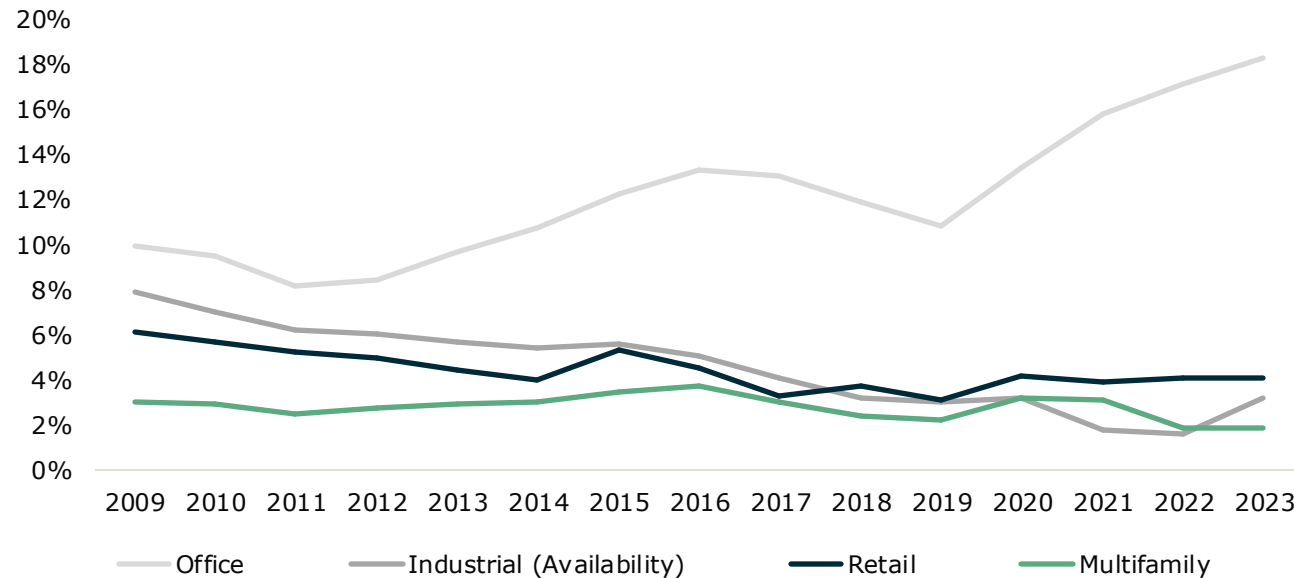


Canadian Multi-Residential

Add stability and generate attractive risk-adjusted returns

Multi-Res: Stable Occupancy & Diversified Tenant Base

Historical Vacancy Rates by Asset Class



Office

- Flight to quality
- Economic environment resulting in uncertainty

Industrial

- New supply impacting availability rates
- Pace of rental growth remains positive, but slower

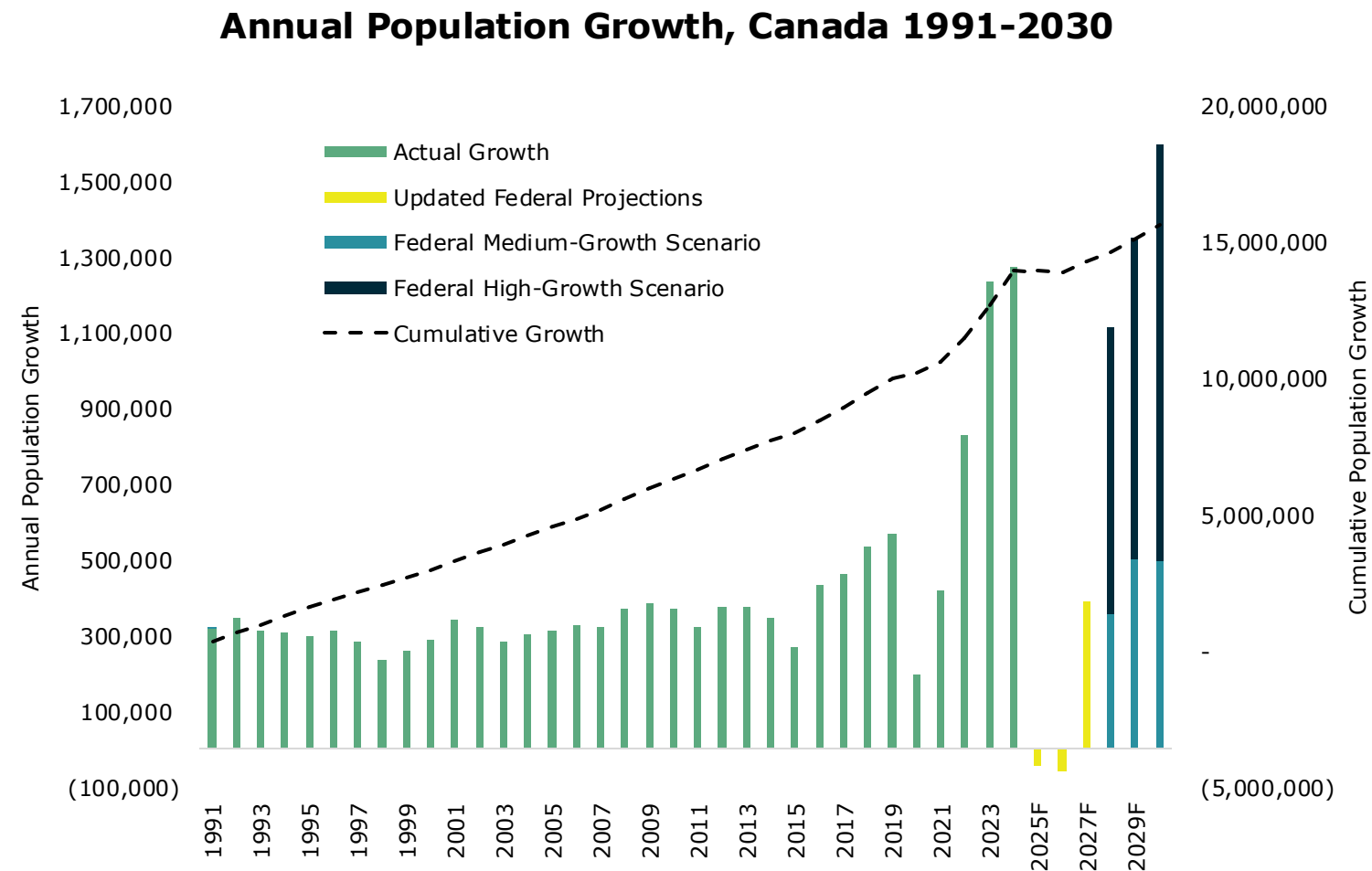
Retail

- Anchored-retail outperforms
- Strong demand in best-in-class locations

Multi-unit Residential

- Less tied to economic cycles
- Strong supply/demand dynamics

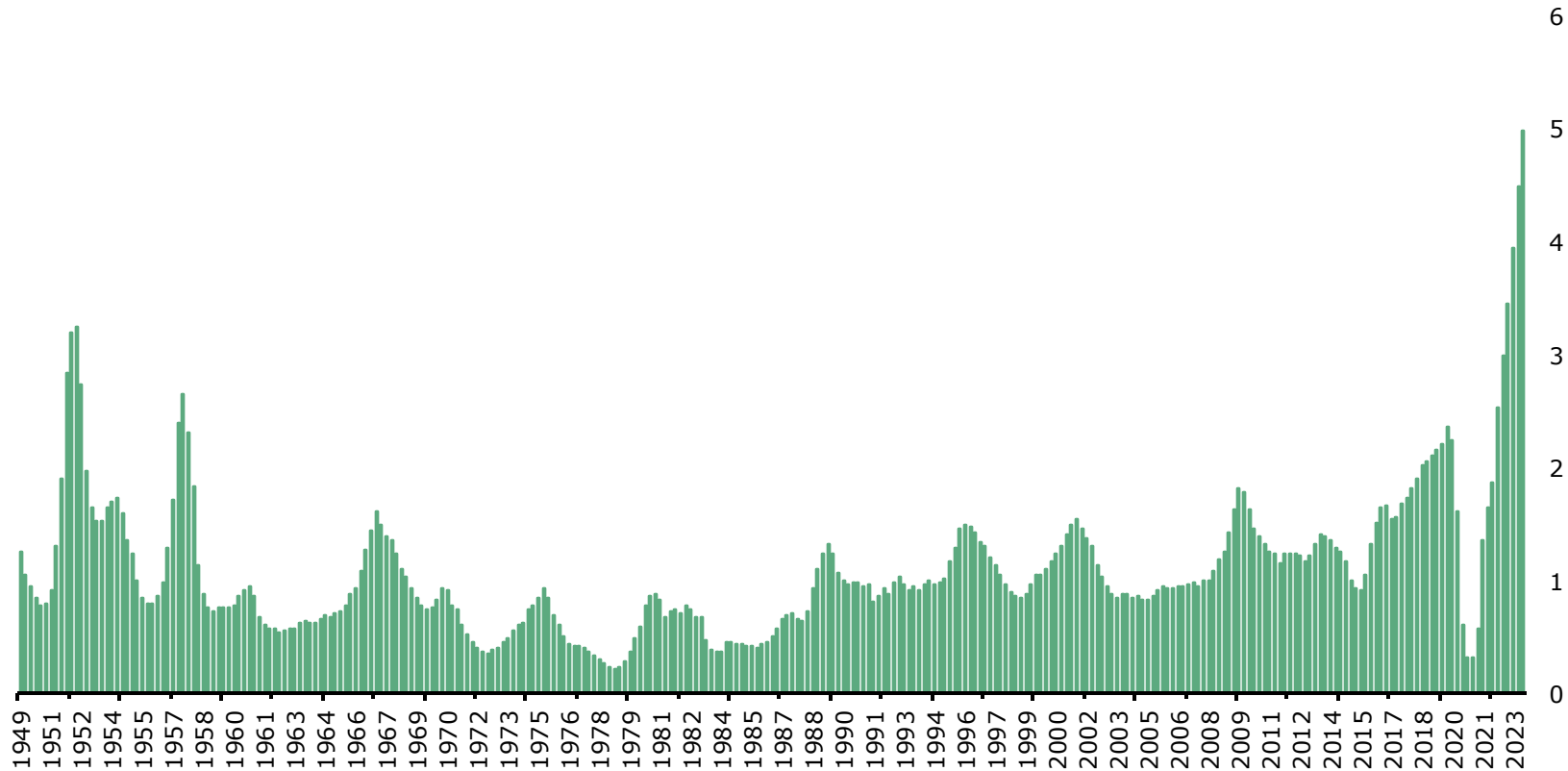
Population Growth Driven by Immigration



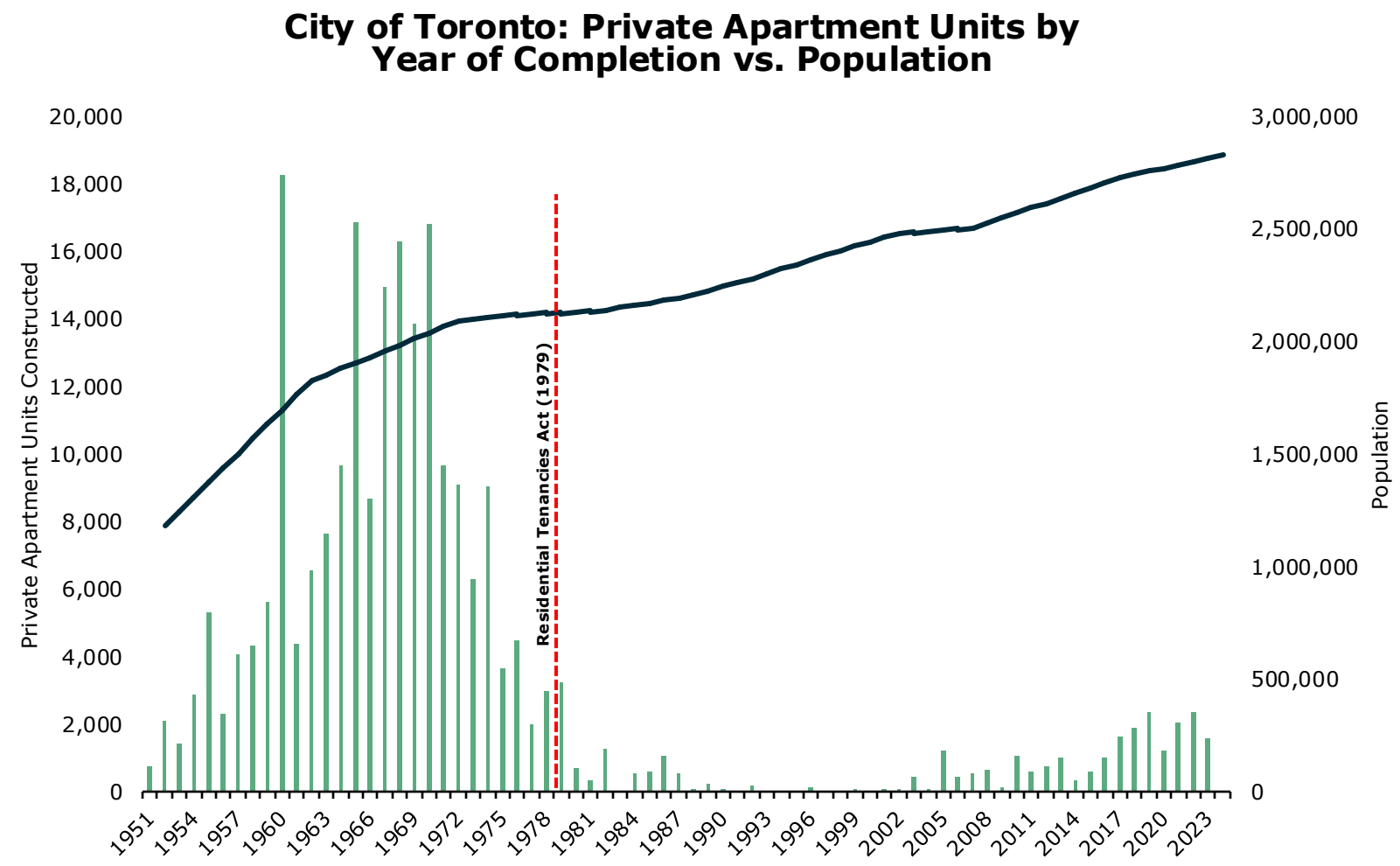
Source: Stats Can, Hazelview Investments Inc.

A Severe Housing Supply Deficit

**Net International Migrants Per Unit of
Housing Started: Canada**

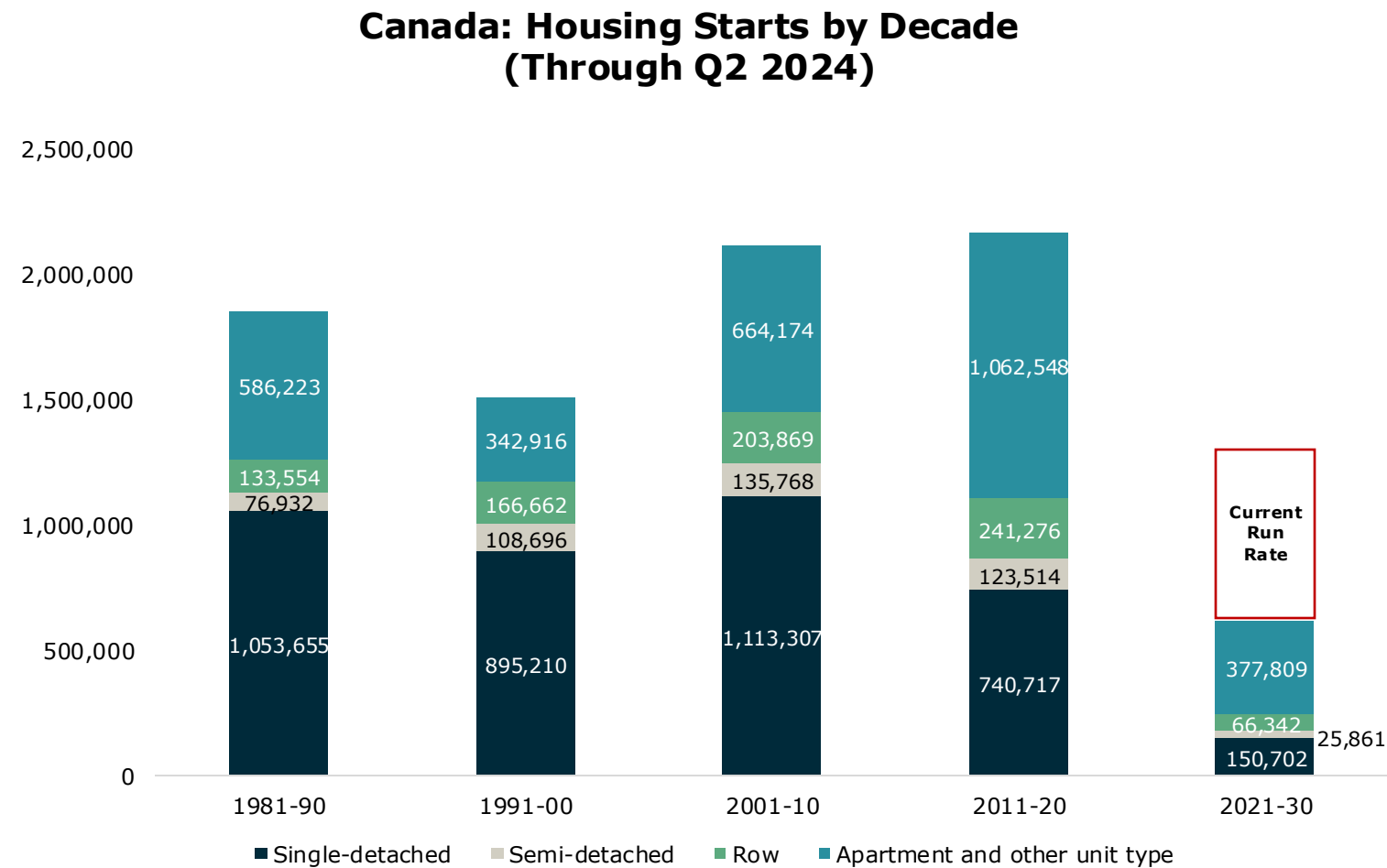


Supply Crisis in Largest Rental Market



Source: RentSafeTO Apartment Building Registration Data. Data only includes apartment buildings with 10 or more units and does not include condominiums.

Lag in Canadian Housing Starts



Key Value-Add Opportunities

Market Opportunities

Fragmented Ownership

Less institutionalized than other sectors
Off-market transactions

Discount to Replacement Cost

~50% below replacement cost for older vintage buildings
~25% below replacement cost on new builds

Lower Cost Financing

CMHC financing at below conventional rates
Government programs to promote construction

Value-Add Drivers

Active Management

Significant gap to market rents in undermanaged buildings
Operational challenges in new builds

Entitlement

Land intensification at lower cost basis
Maximize value of existing income producing property

Professional Management

Improve resident experience and attract high quality tenant
Create better living spaces and communities

Experience | Relationships | Hands-on Approach

Attractive Entry Point in Current Market

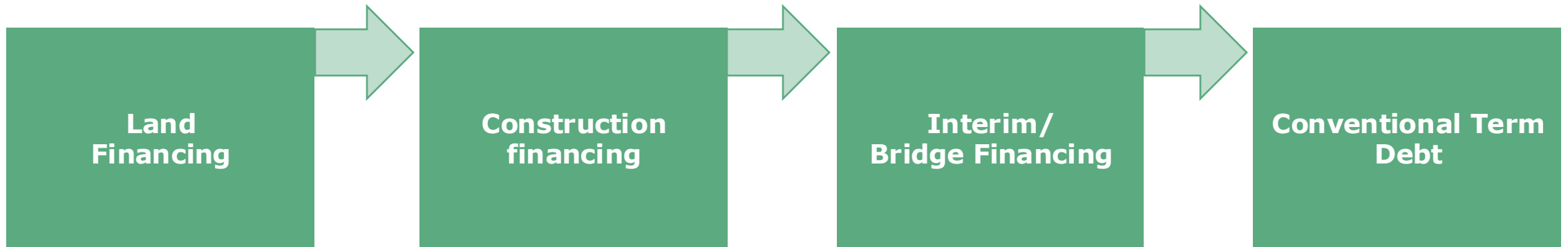
	Pre-Covid	Covid	Post-Covid	Today
Capitalization Rates	Low	Low	Higher	↔
Rental Rates	High	Lower	Higher	↑
Embedded Growth Potential	Strong	Decreased	Very Strong	↑
Vacancy Rates	Low	Increased	Very Low	↔
Interest Rates	Low	Low	High	↓
Inflation	Low	Low	High	↓
Transaction Level	High	Medium	Low	↑



Real Estate Debt

Enhance yield and generate stable income returns

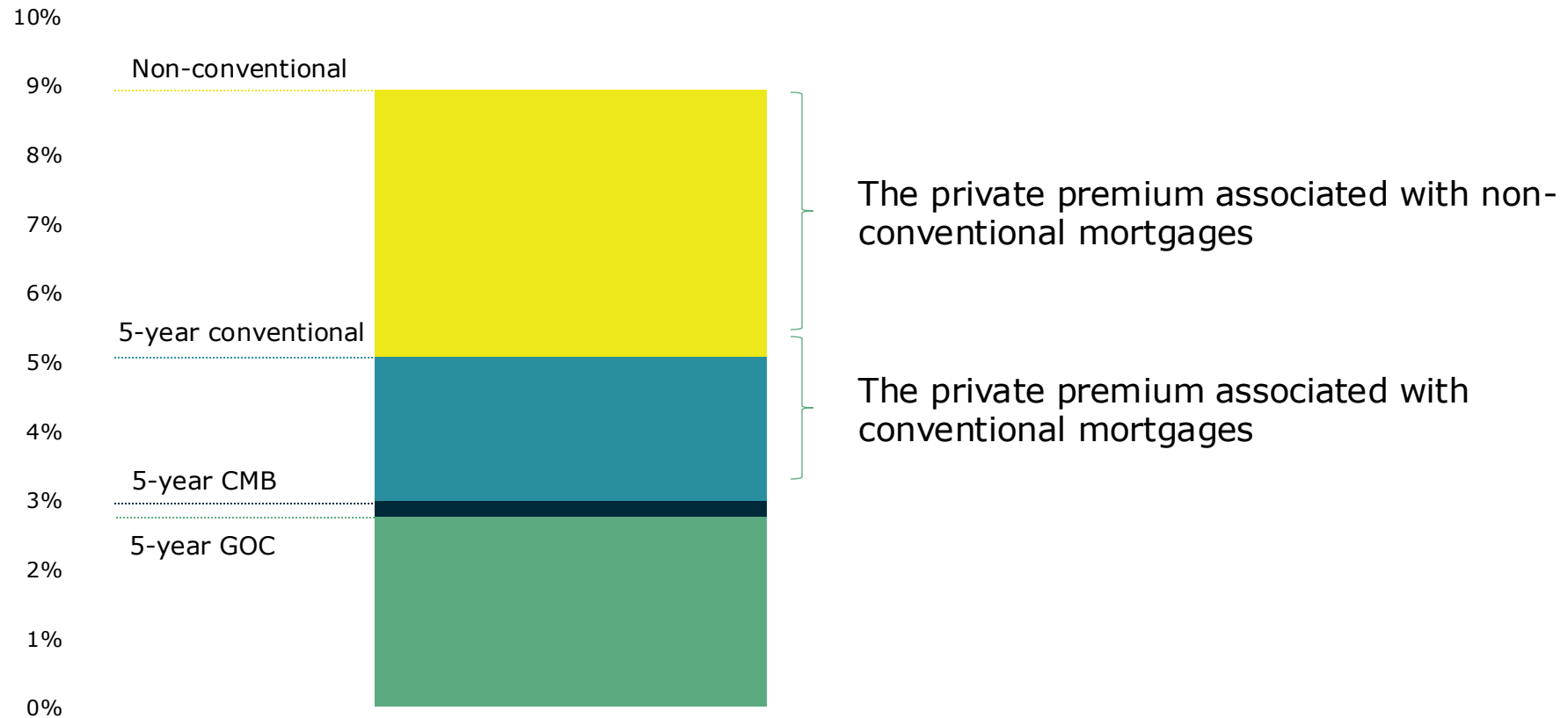
Financing Real Estate Throughout the Lifecycle



Conventional vs. Non-Conventional

	Canadian Financial Institutions Conventional Mortgages	Flexible, Customized Non- Conventional Lending Solutions
Spread	~190 – 275 bps above 5-year GoC	~150 – 350 bps above Prime
Lender Fees	~25 – 50 bps	~50 – 125 bps
Term	5 – 10 years	< 3 years
Leverage Provided	Up to 75%	60-85%
Prepayment	Typically not available	Available after minimum interest paid
Response Time	2-3 months	<1 month

Comparing Yields in Real Estate Debt



An Owner's Mindset to Real Estate Debt



✓ **C**ash Flow



✓ **C**ollateral



✓ **C**redit



✓ **C**haracter



Real Estate Securities

Generate liquidity and gain exposure to real estate trends that can be difficult to capture in the private sector

REITs: A Complement to Private Real Estate

01

Advantages relative to Private Real Estate

- Liquidity, flexibility and speed of execution
- Easier access to secular growth and other non-traditional property types
- Potential for tactical positioning and quick response to changes in market conditions

02

Access to Specialty Sectors

- Exposure to sectors that can be difficult to access through the private market
- Enhanced diversification

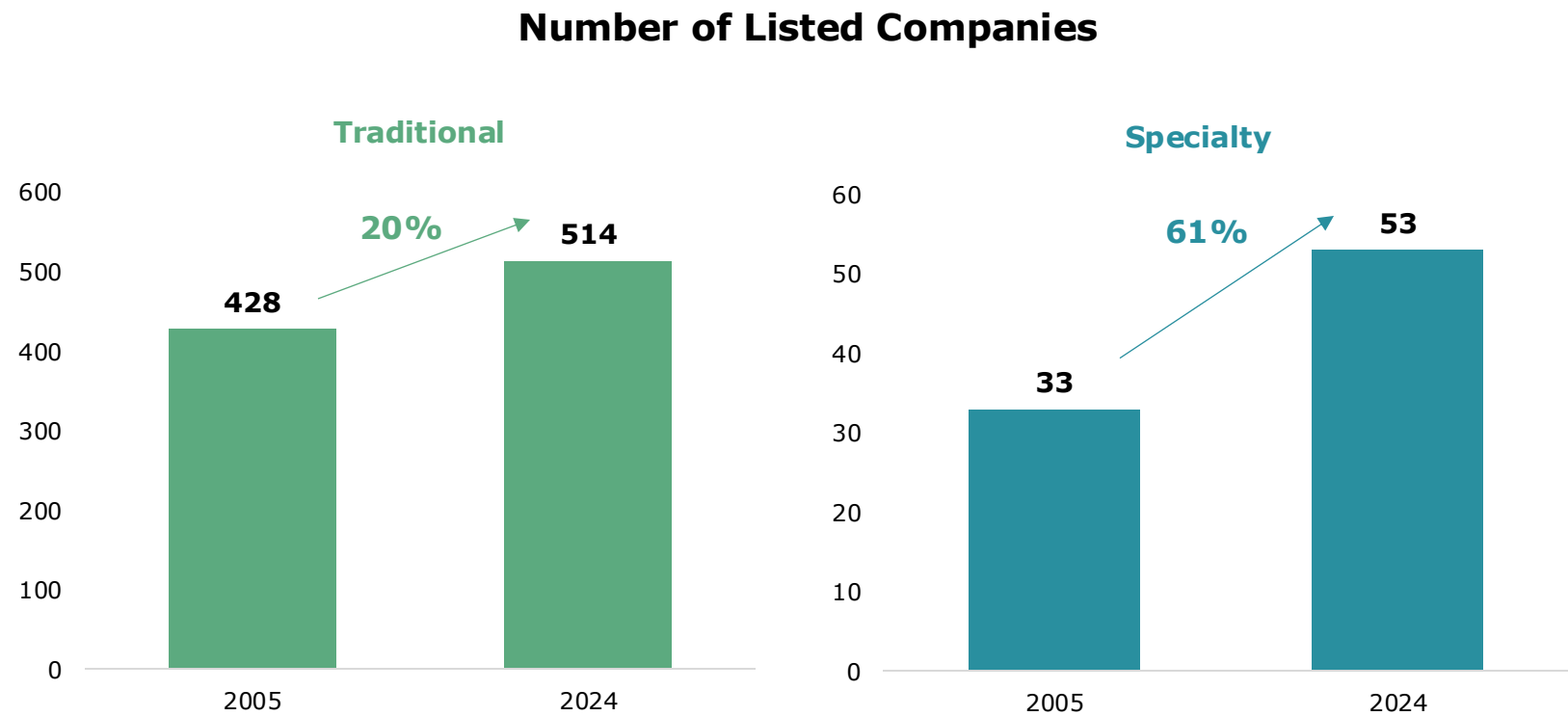
03

Current Valuations are Attractive

- Valuation discount to Global Equities
- Valuation discount to private real estate
- Valuation discount relative to historical levels
- Institutional recognition

Benefits of REITs | Diversification

Over the past 15+ years the number of specialty REITs increased **~60%** versus the growth in traditional REITs of only **~20%**

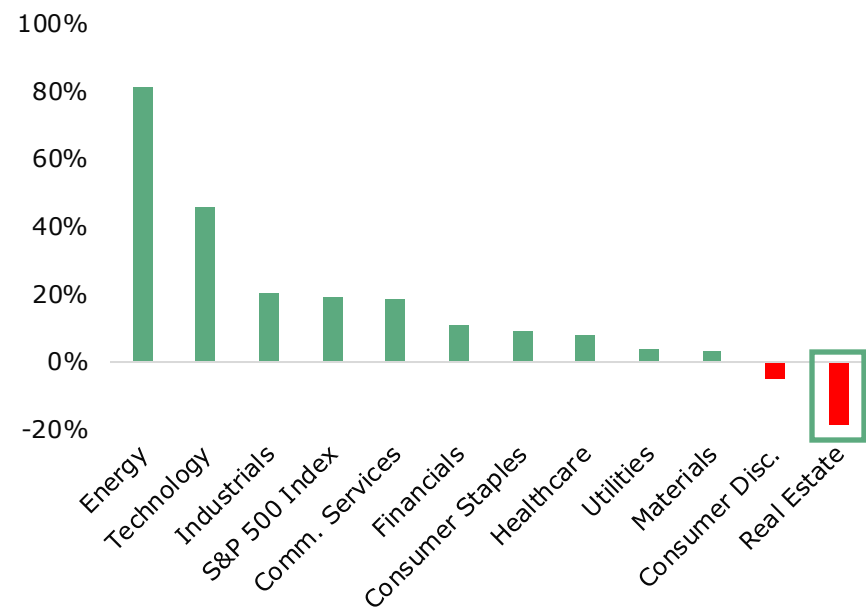


Source: Bloomberg LP and Hazelview Investments Inc. As of June 30, 2024.

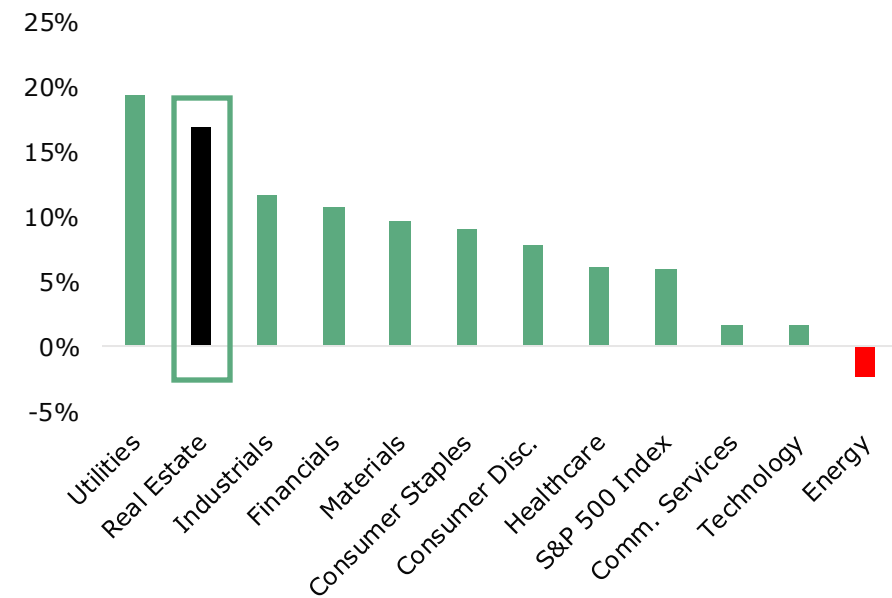
Inflection Point

REITs generated the second-highest return in the S&P 500 for Q3, marking a strong rebound after a period of underperformance.

**S&P 500 Sector Returns –
June 2022 to June 2024**



**S&P 500 Sector Returns –
Q3 2024**



Source: Bloomberg. As of September 30th, 2024. Performance in USD. All sector returns except Real Estate measured by their respective S&P 500 sector Index. Real Estate sector returns as measured by iShares Dow Jones US Real Estate Index.

Key Takeaways

1

Real estate continues to play an important role in investors' portfolios

2

Strong fundamentals, value-add opportunities and attractive entry point in the multi-residential sector present compelling investment environment

3

Real estate debt can act as an attractive source of strong, consistent returns and an enhanced yield within the context of a real estate or fixed income portfolio

4

REITs are an attractive complement to private real estate by providing liquidity and exposure to trends that can be harder to capture in the private sector

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