



# Strategic Positioning in Real Estate to Enhance Risk-Adjusted Returns



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A photograph of the Toronto skyline, featuring the CN Tower and various skyscrapers, across a body of water. In the foreground, there is a green park with trees and a grassy area. The sky is blue with some white clouds.

# AGENDA

**Canadian Multi-Residential**

**Real Estate Debt**

**Real Estate Securities**

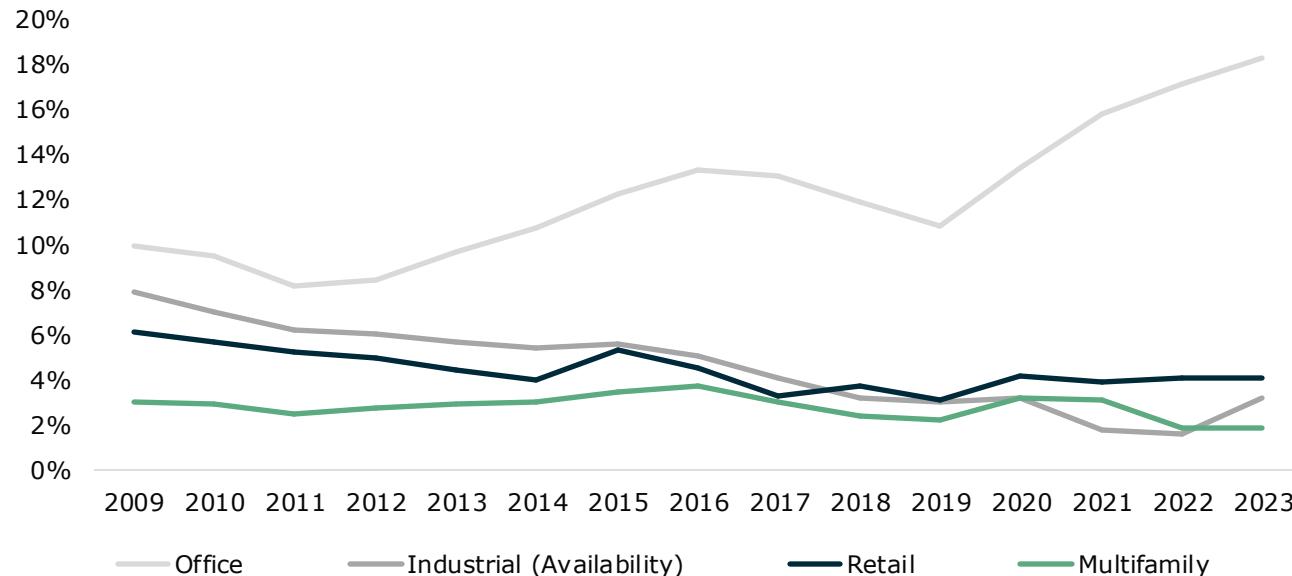
# Canadian Multi-Residential

*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

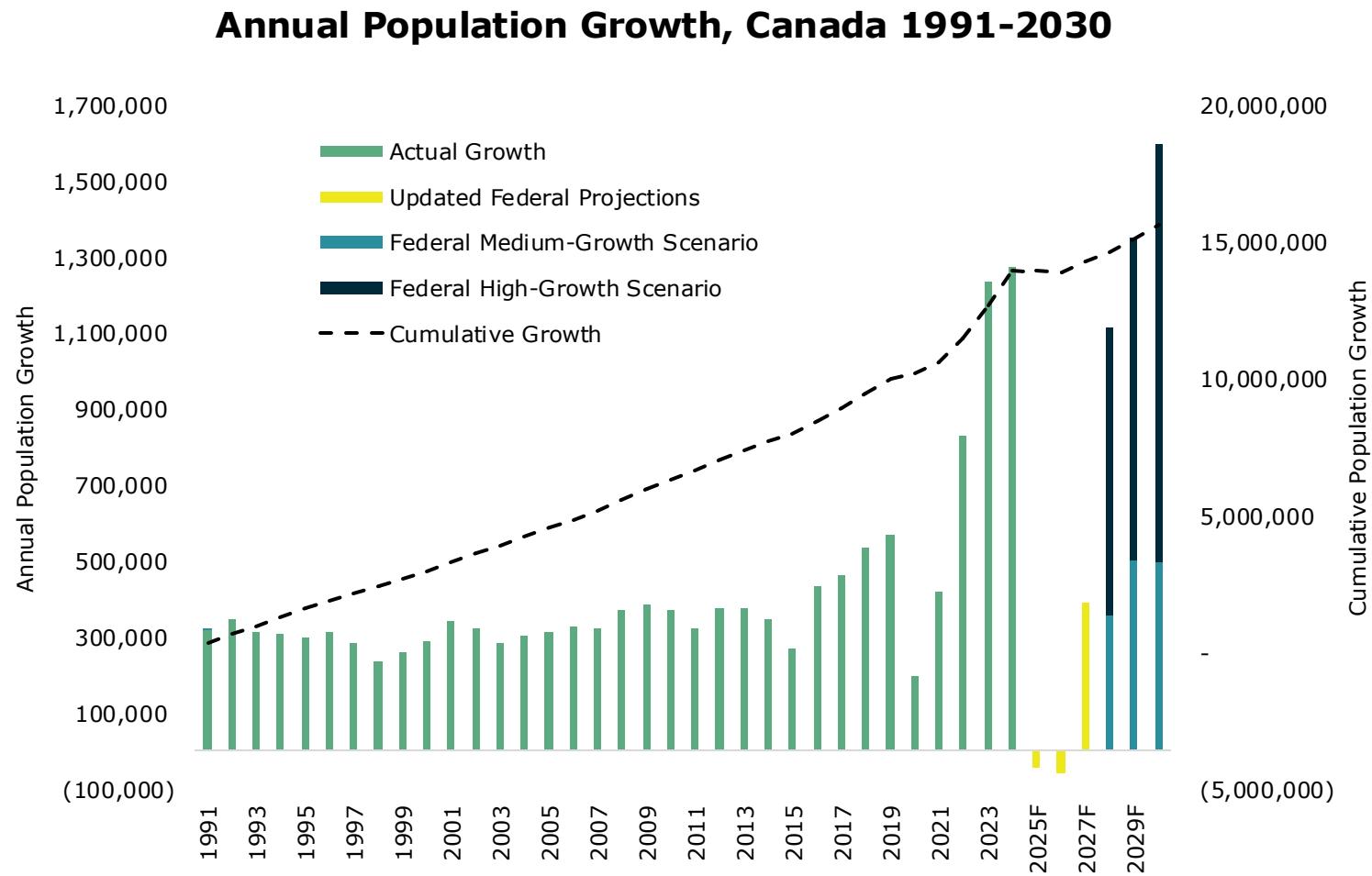
### Retail

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

### Multi-unit Residential

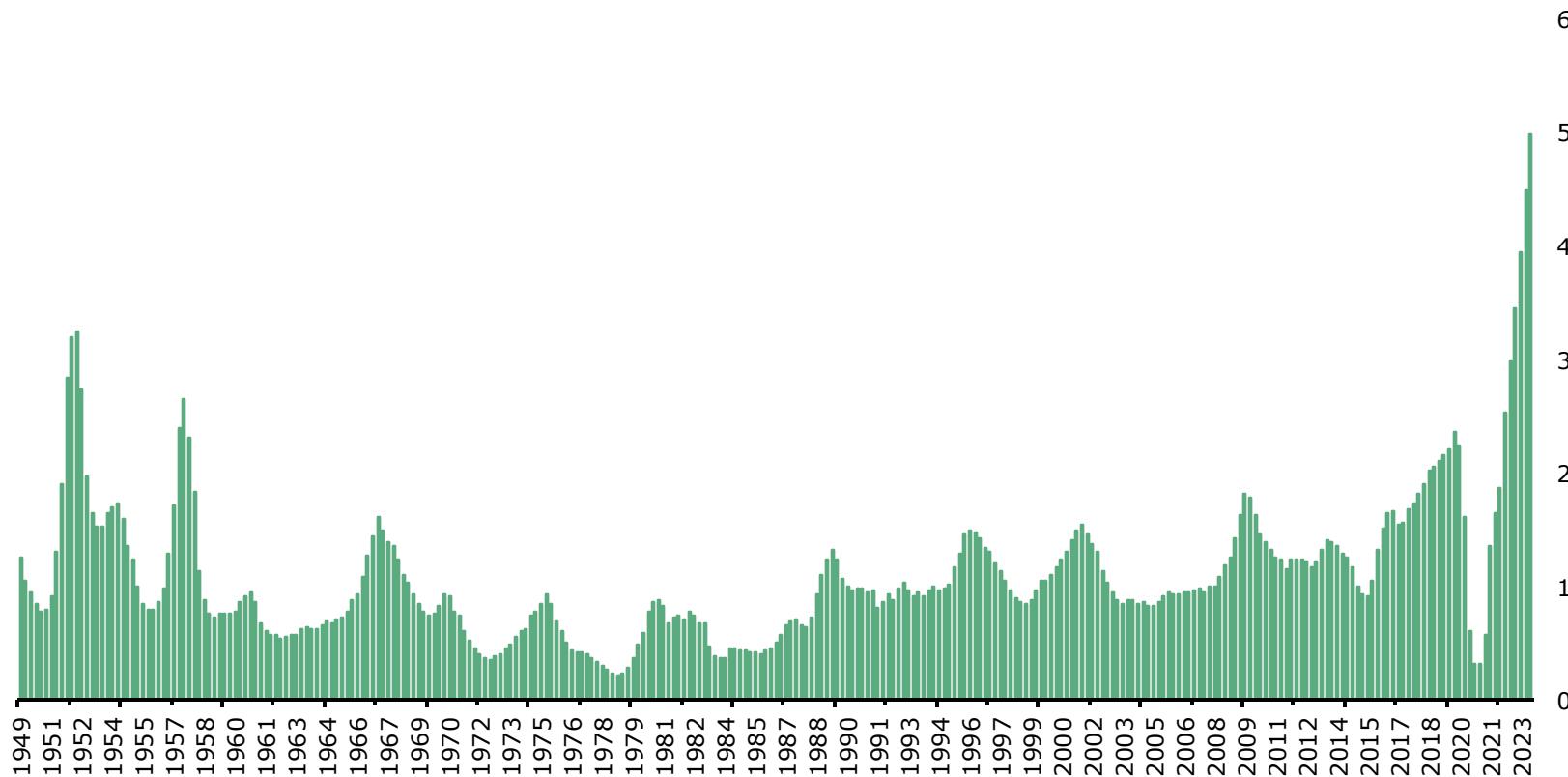
- Less tied to economic cycles
- Strong supply/demand dynamics

# Population Growth Driven by Immigration

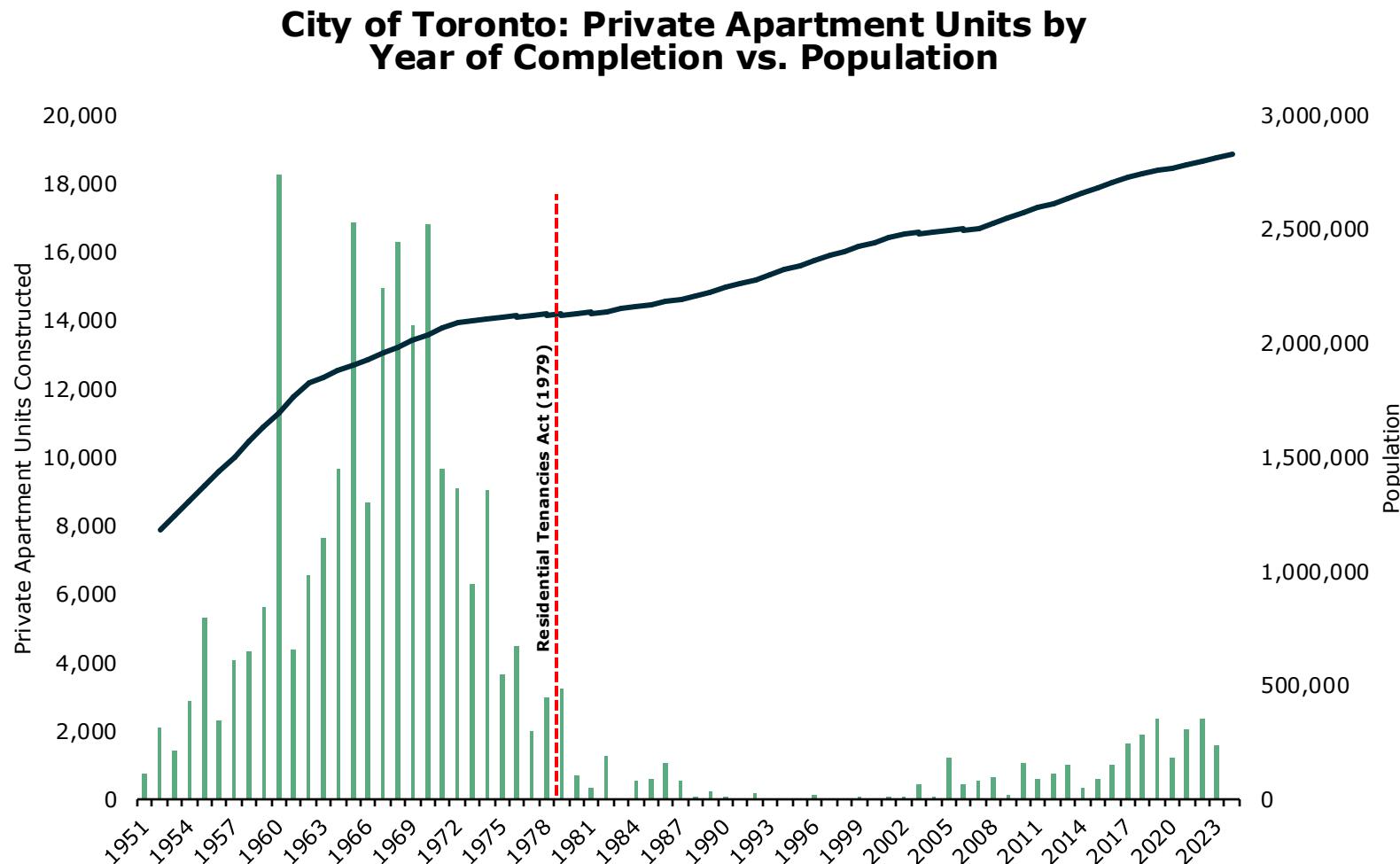


# A Severe Housing Supply Deficit

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



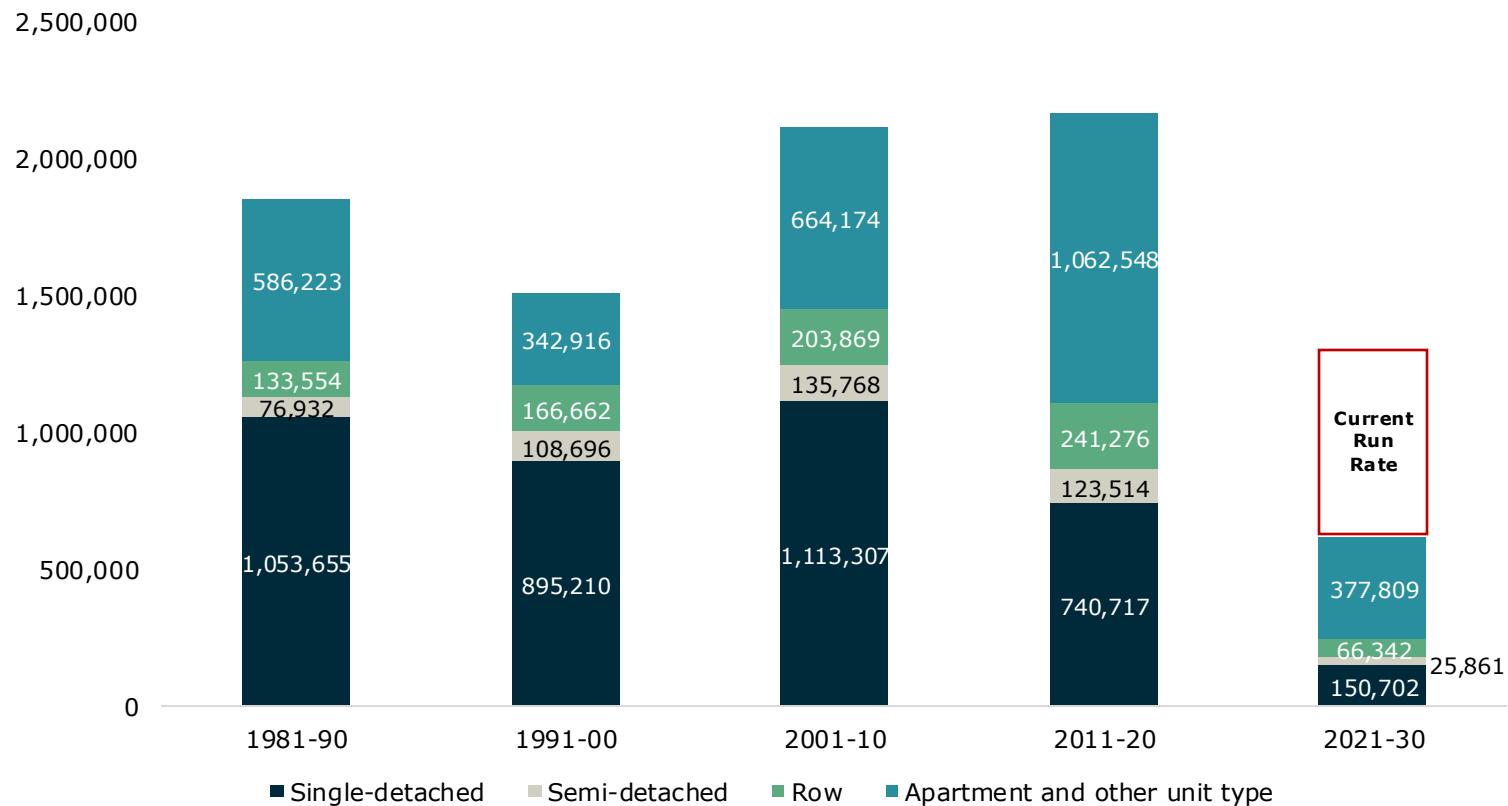
# Supply Crisis in Largest Rental Market



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

**Canada: Housing Starts by Decade**  
**(Through Q2 2024)**



# 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

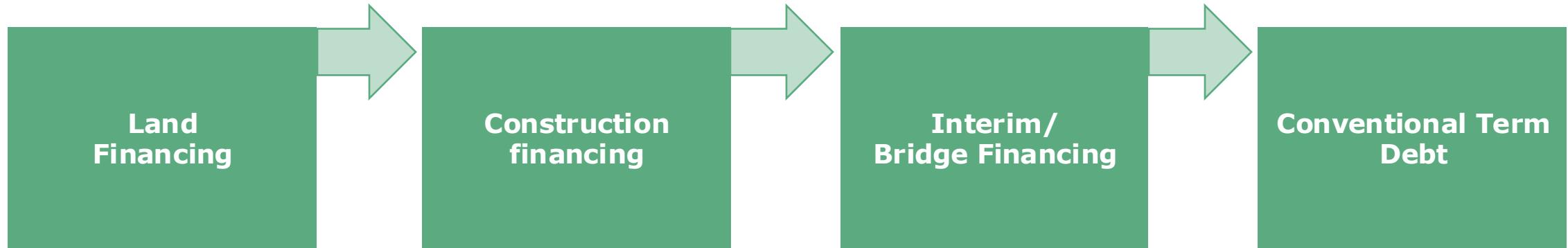
	Pre-Covid	Covid	Post-Covid	Today
Capitalization Rates	Low	Low	Higher	↔
Rental Rates	High	Lower	Higher	↑
Embedded Growth Potential	Strong	Decreased	Very Strong	↑
Vacancy Rates	Low	Increased	Very Low	↔
Interest Rates	Low	Low	High	↓
Inflation	Low	Low	High	↓
Transaction Level	High	Medium	Low	↑



# Real Estate Debt

*Enhance yield and generate stable income returns*

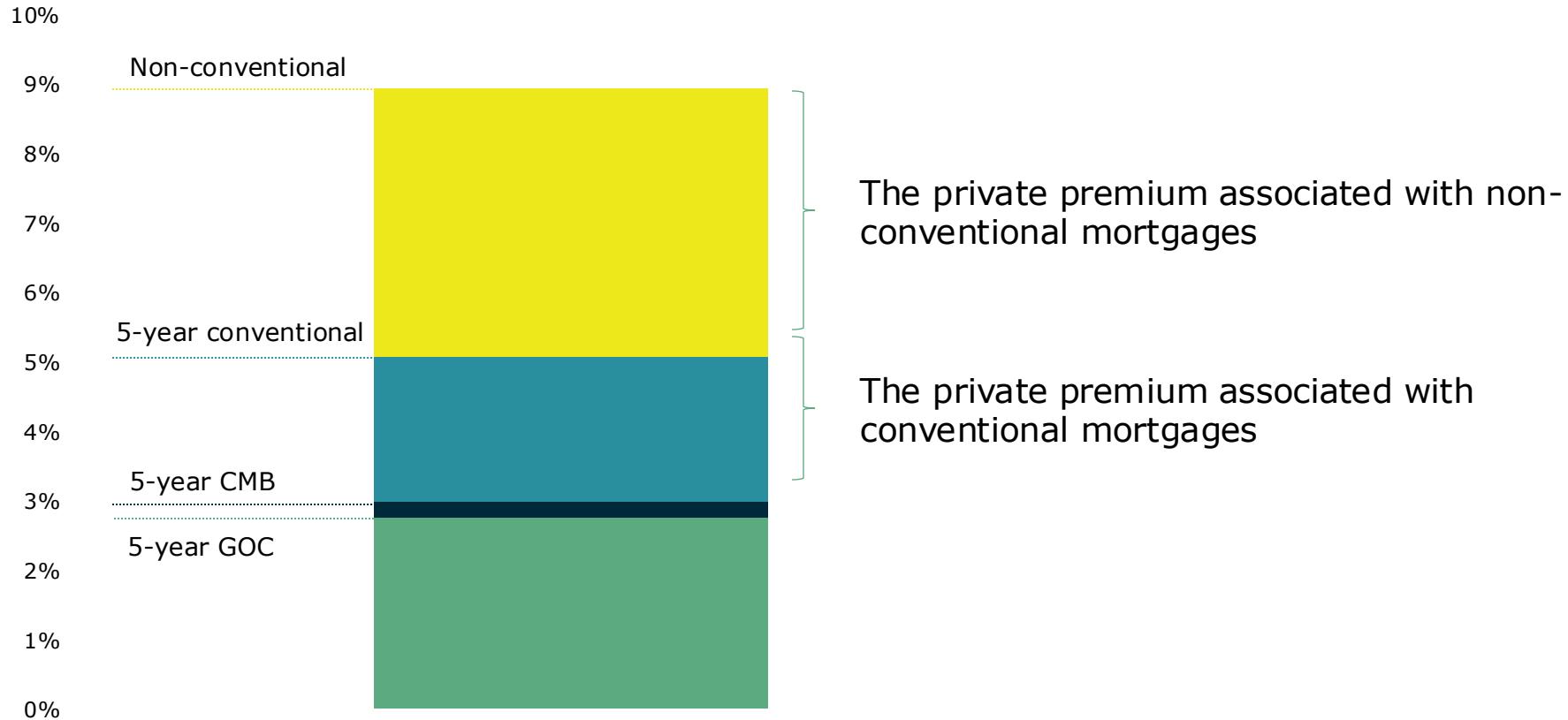
# Financing Real Estate Throughout the Lifecycle



# Conventional vs. Non-Conventional

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

# Comparing Yields in Real Estate Debt



# An Owner's Mindset to Real Estate Debt

\$ ✓Cash Flow

 ✓Collateral

 ✓Credit

 ✓Character



# 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

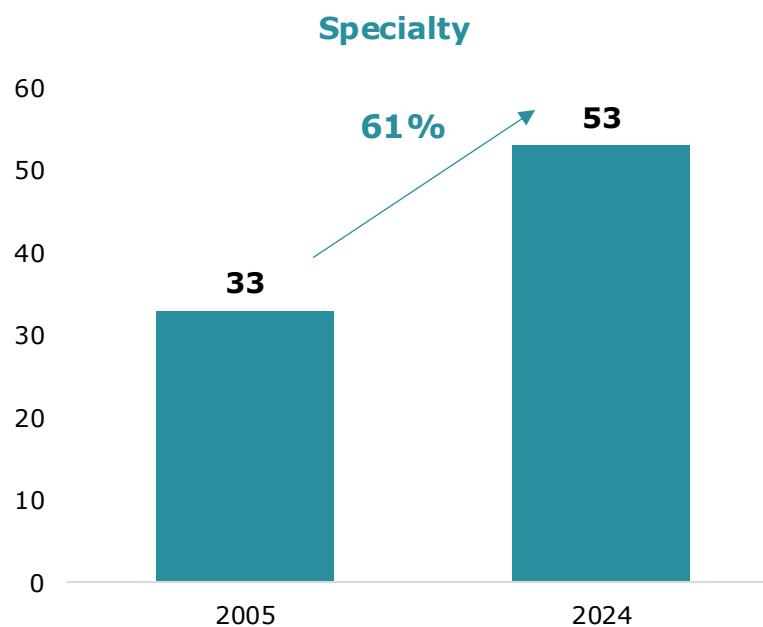
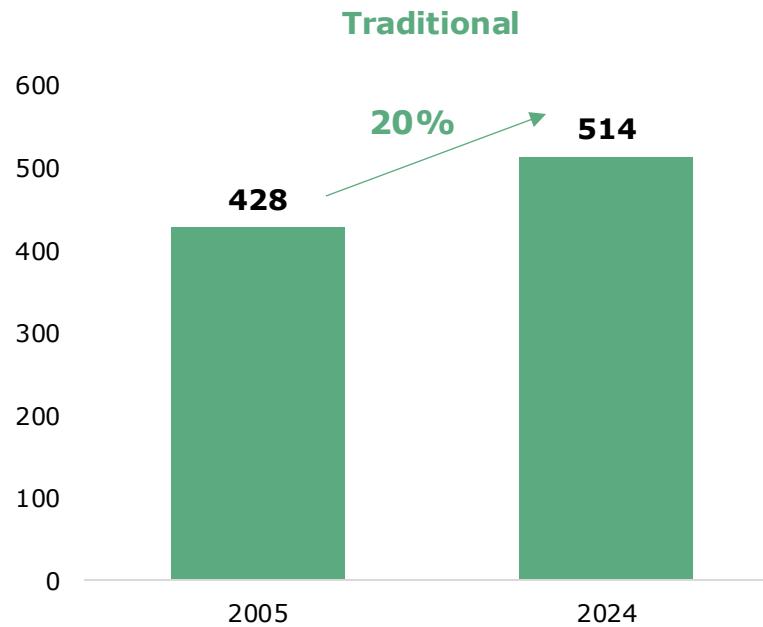
## Current Valuations are Attractive

- 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%**

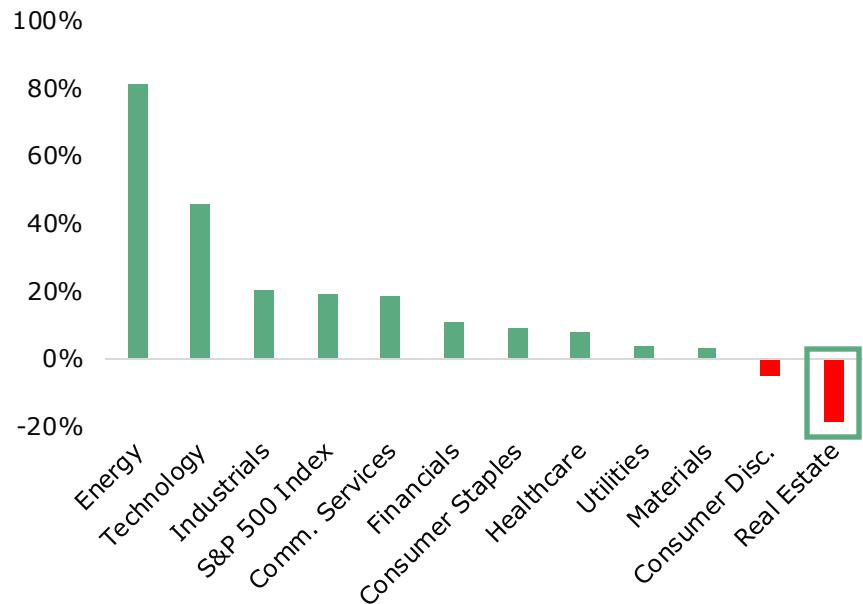
**Number of Listed Companies**



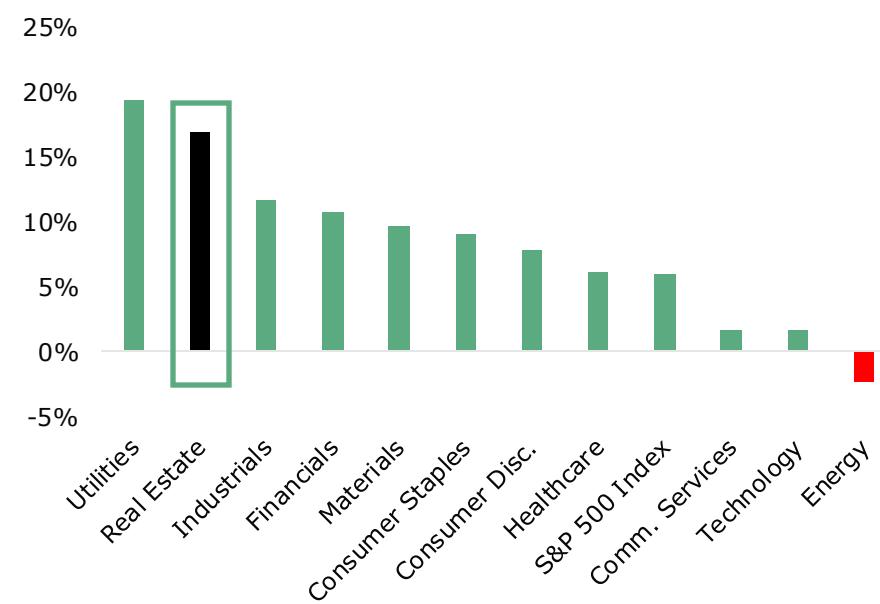
# Inflection Point

**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**



# 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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# Q & A

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