



INFLATION, INTEREST RATES AND PRIVATE REAL ESTATE PERFORMANCE

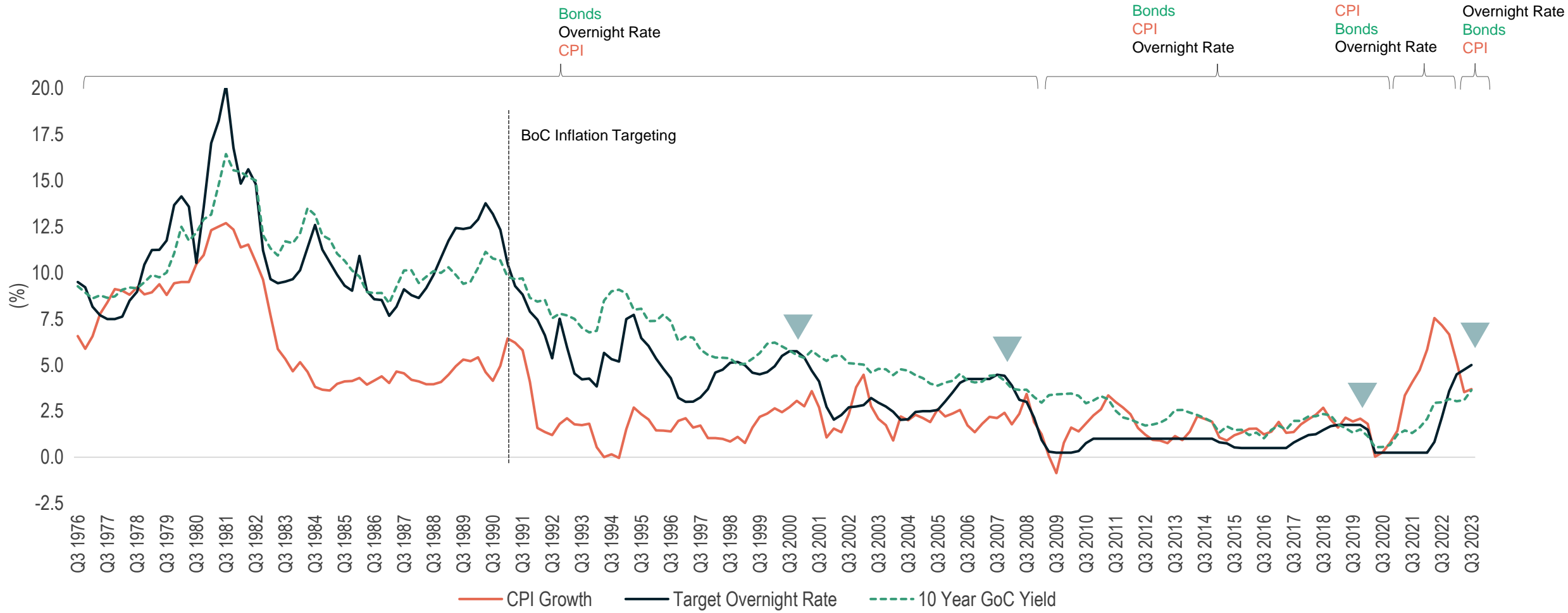
2023 REALPAC/TMU RESEARCH SYMPOSIUM

GWLRA RESEARCH SERVICES AND STRATEGY



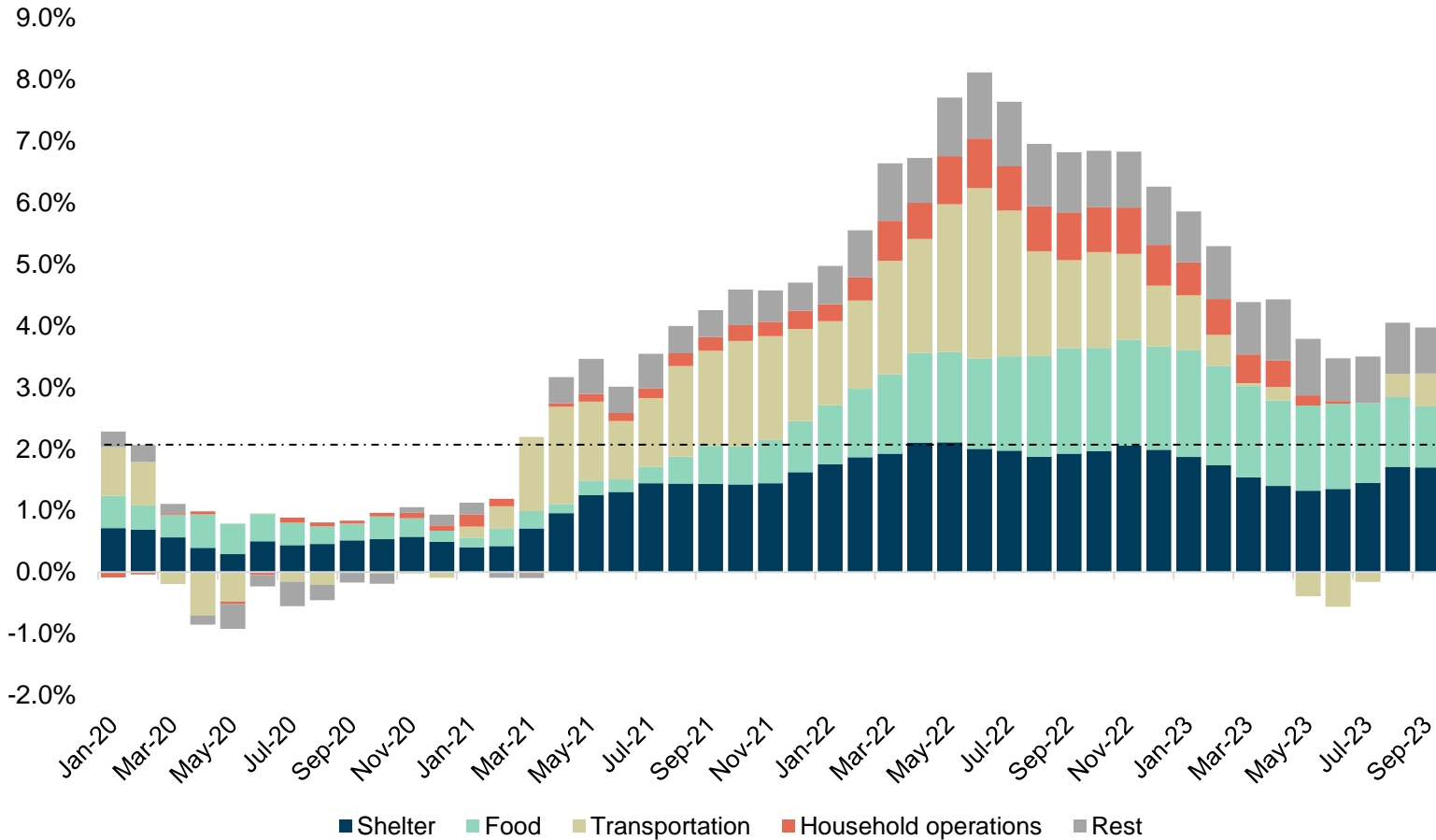
RECENT RATE HIERARCHIES HAVE BEEN UPENDED

Canada – CPI and Interest Rates

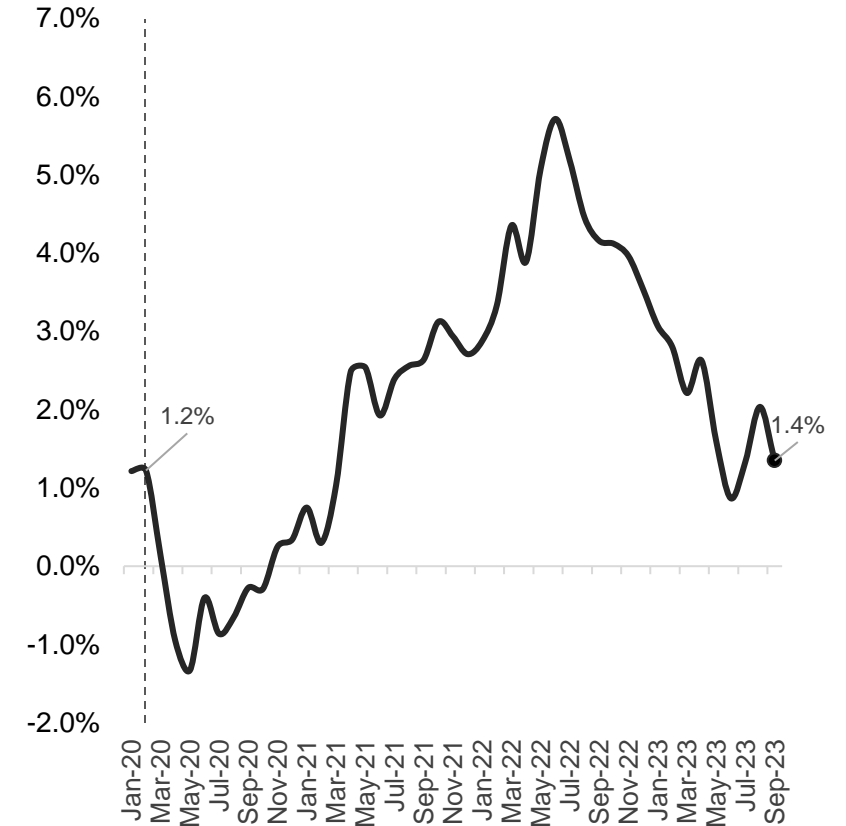


FOOD AND SHELTER INFLATION PERSISTENTLY HIGH, OTHER COMPONENTS HAVE NORMALIZED

Weighted Components of Canadian CPI (%)

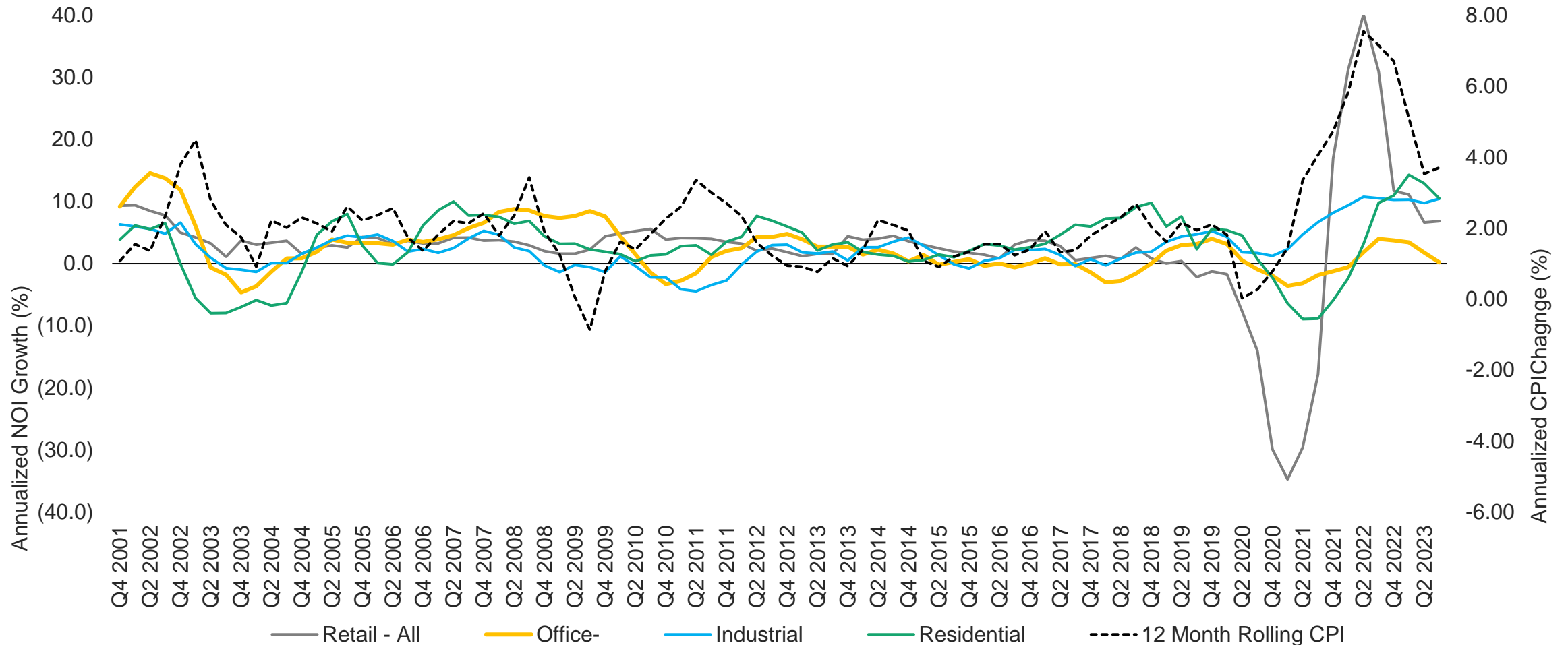


CPI Ex-Food and Shelter (%)



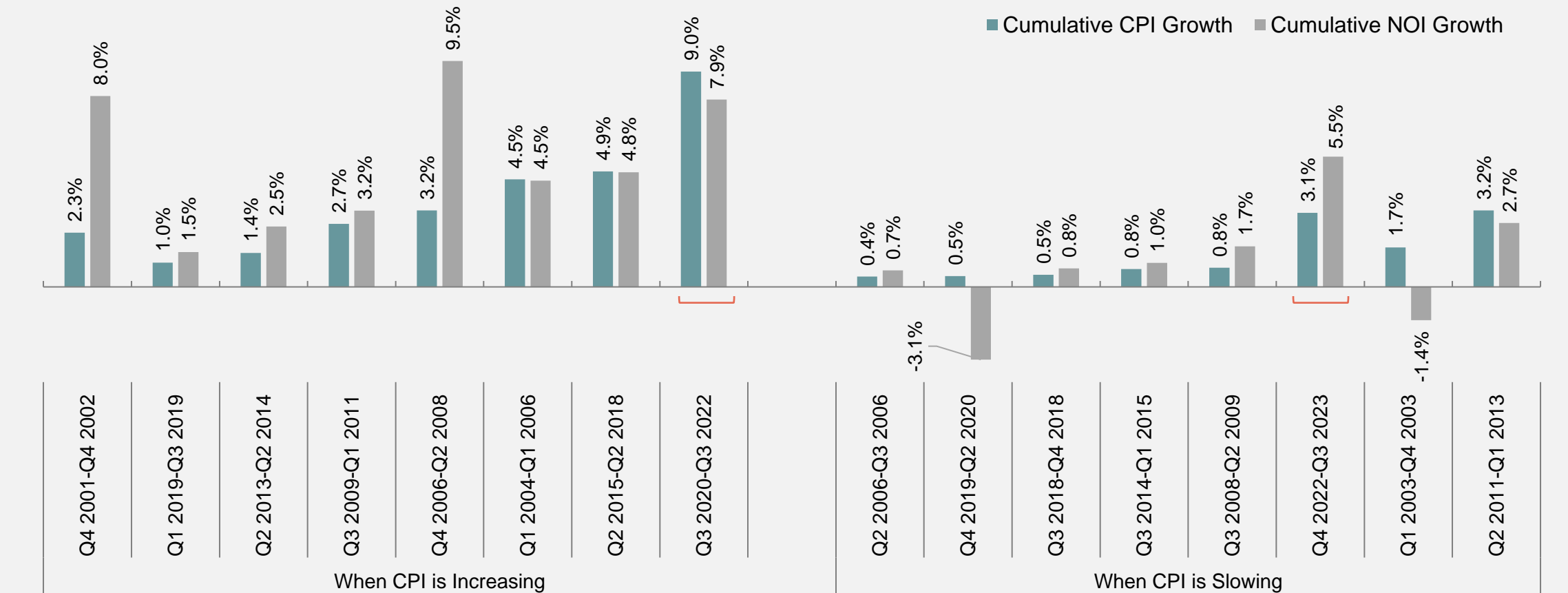
REAL ESTATE INCOMES FOLLOWING TRAJECTORY AND MAGNITUDE OF INFLATION

Canada CPI Compared to Annualized Property NOI Growth



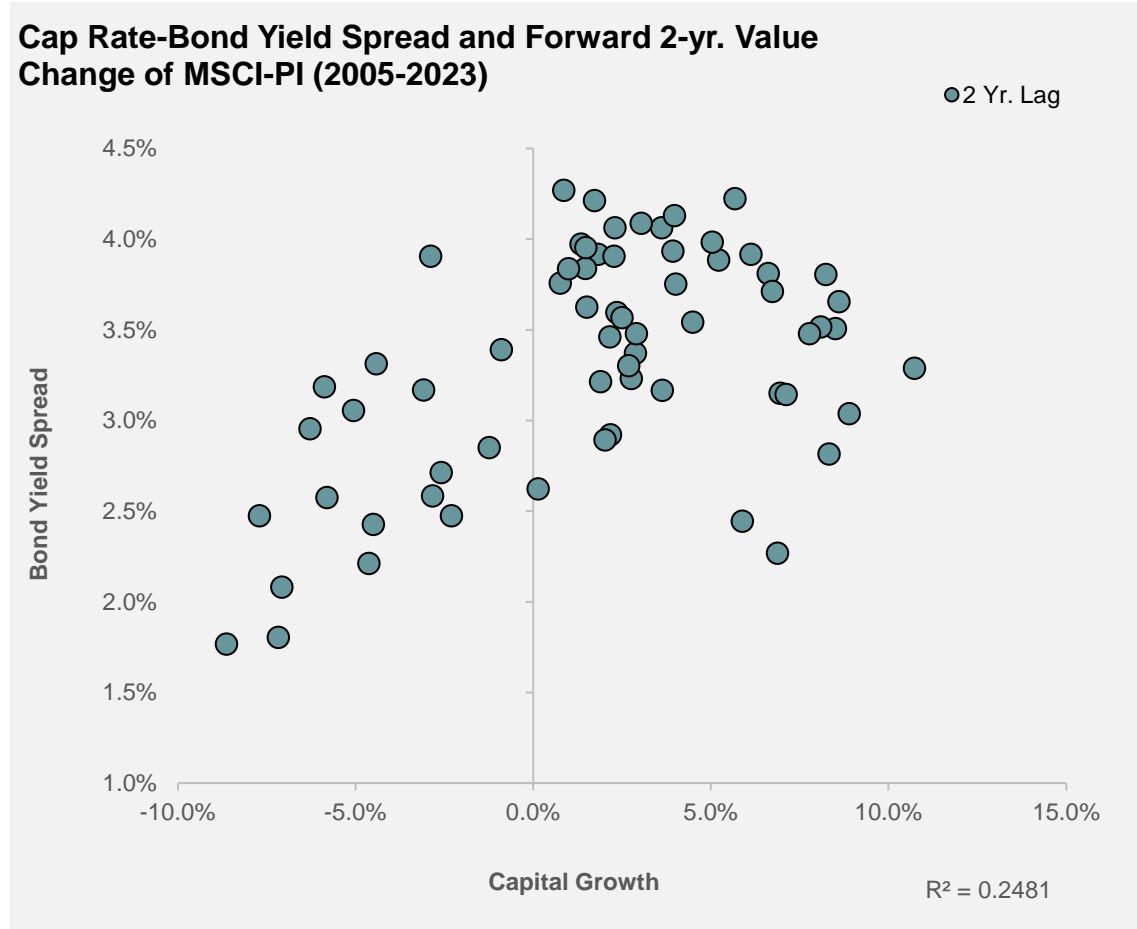
HEDGING ATTRIBUTES OF PRIVATE REAL ESTATE CONFIRMED: LEVEL AND DIRECTION OF CPI IMPORTANT

Cumulative CPI vs. Cumulative NOI Growth of MSCI Canada Direct Property Index
(Average All Assets, 2001-2023)

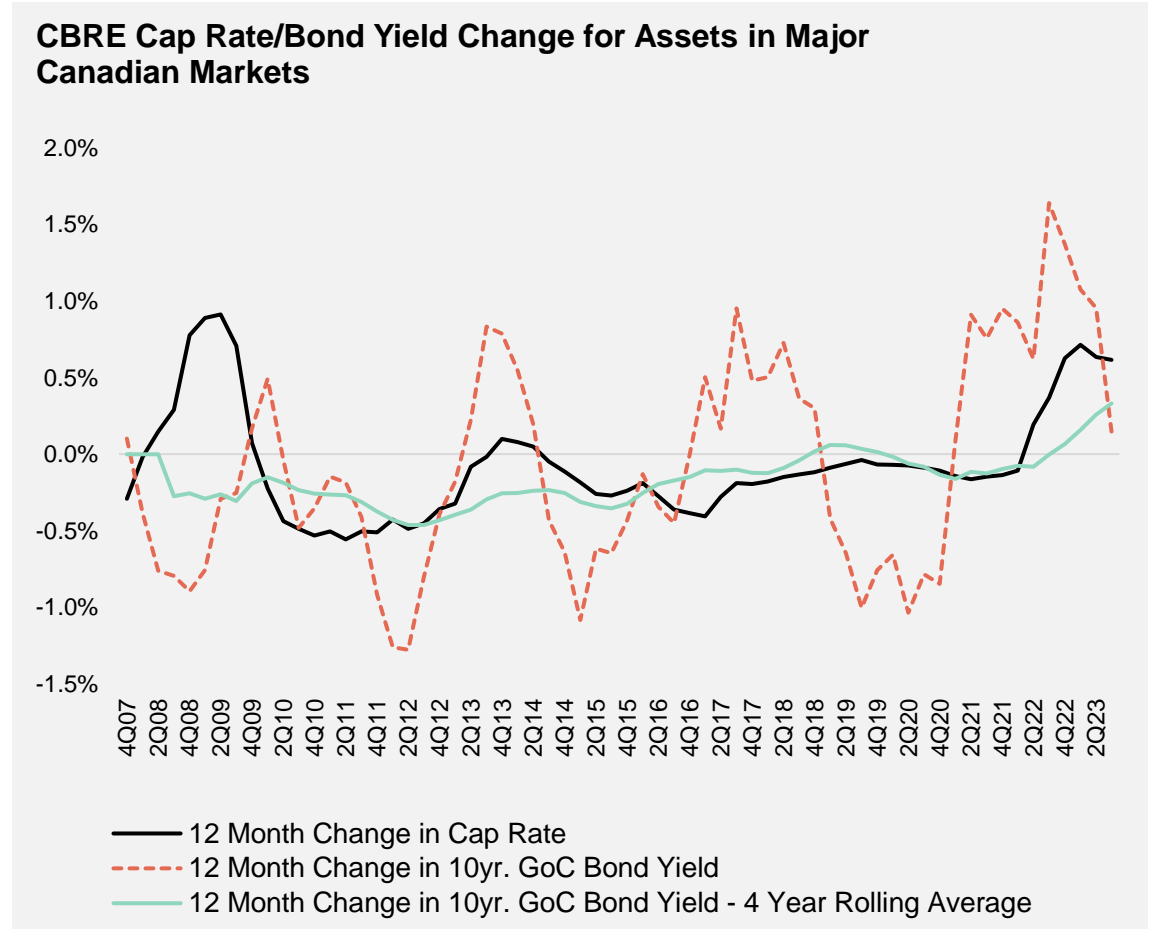


BOND YIELDS INDICATE *CAPACITY* FOR CAP RATE MOVEMENT, BUT IMPACT ON PRICING VARIES

Tighter Spreads = Less Capital Growth, But the Change is Varied



Longer-term Changes in Bonds More Indicative of Cap Rate Changes

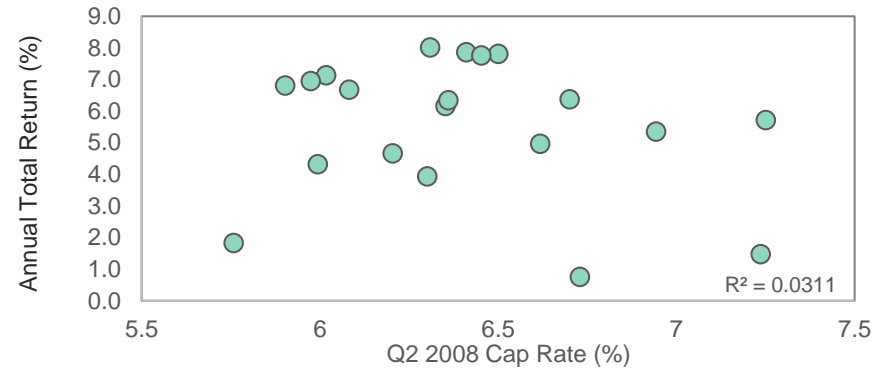


Source: CBRE, Bank Of Canada. MTV Cap Rates AA/A/B. Office (Suburban and Downtown), Industrial, Apartment, Retail

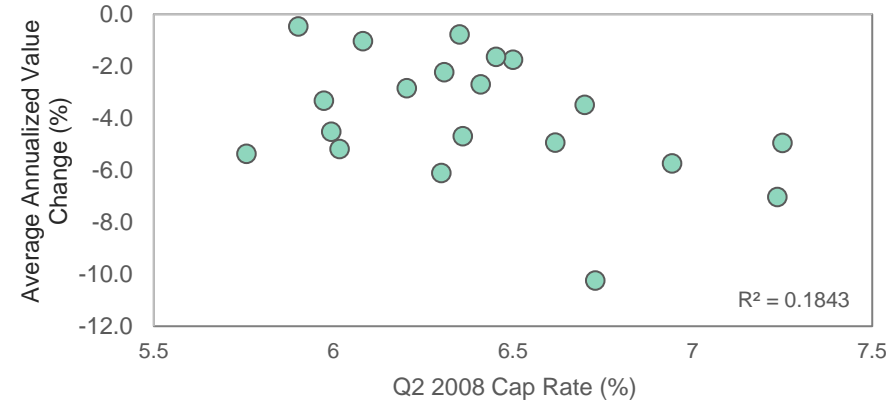
INCOME REMAINS A CRITICAL DETERMINANT FOR REAL ESTATE PRICING, PERFORMANCE AND RESILIENCE

Cap Rates: Low correlation to asset values and total returns

MSCI-PI Q2 2008 Cap Rate and Avg. Forward Total Return (2008-2011)

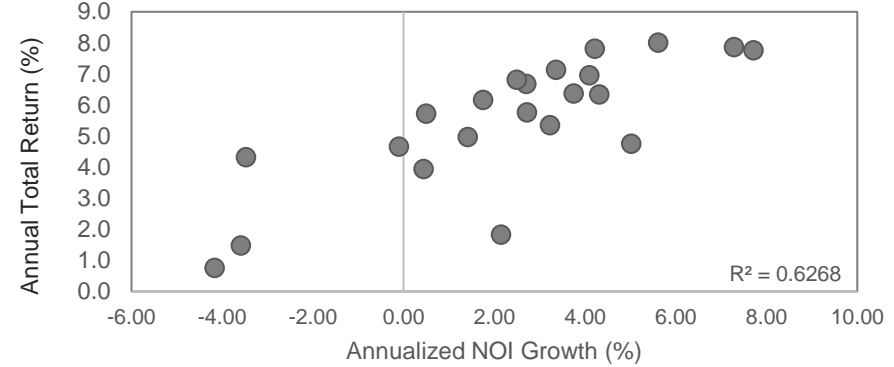


MSCI-PI Q2 2008 Cap Rate and Avg. Forward Capital Appreciation (2008-2011)

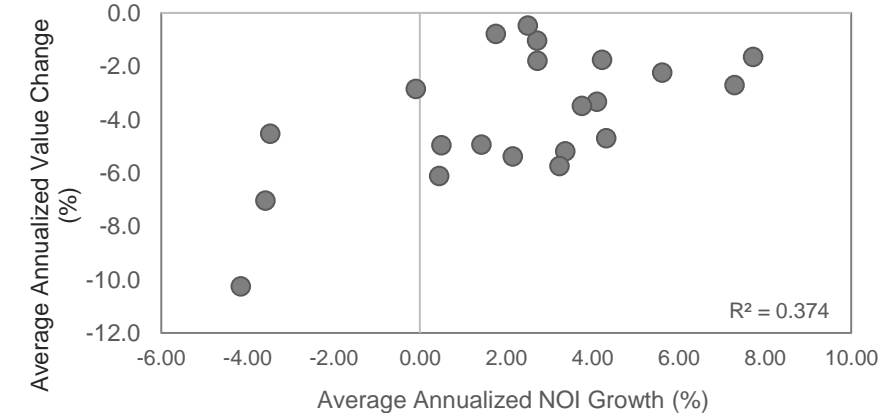


NOI growth: Strong driver of asset values and total returns

MSCI-PI NOI Growth and Avg. Forward Total Return (2008-2011)

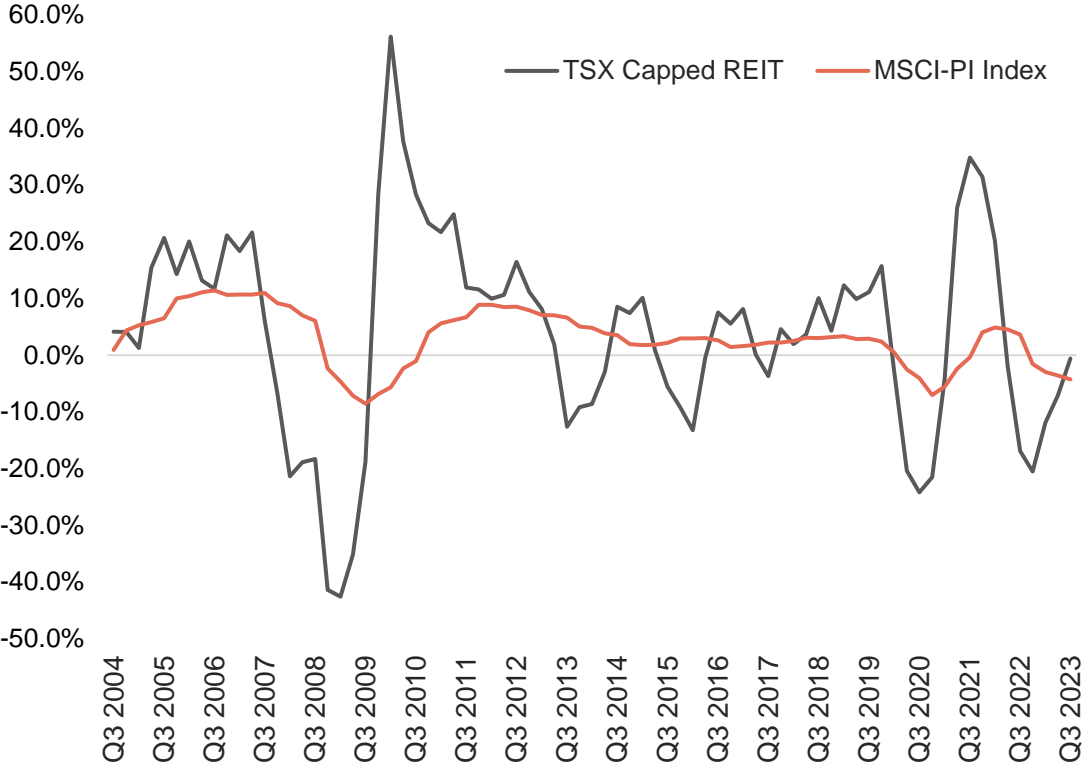


MSCI-PI NOI Growth and Avg. Forward Capital Appreciation (2008-2011)

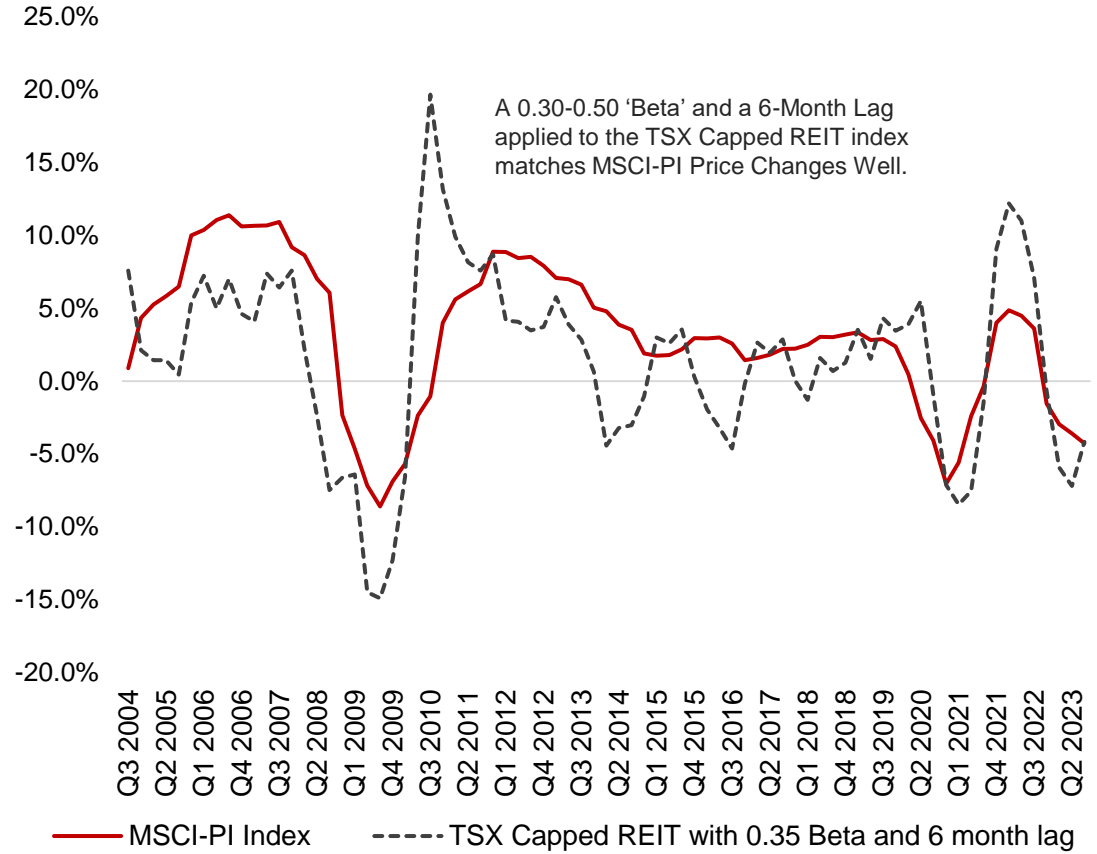


PRIVATE REAL ESTATE LAGS PUBLIC MARKETS BY SIX MONTHS ON AVERAGE, AND WITH MUCH LESS VOLATILITY

Implied Annualized Index Price Change:
Public vs. Private Real Estate



Implied Annualized Index Price Change:
MSCI-PI Actual vs. Implied REIT 'Beta' (6-Month Lag)



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