

Brookfield

Why Private Real Estate



What is real estate investing?

A core asset class seeking to offer both income and growth across public and private markets

Real estate investing involves allocating capital to properties or property-related assets with the goal of generating income and/or capital appreciation.

This can be done through both

- 01 The **public market** such as REITs (Real Estate Investment Trusts) traded on stock exchanges
- 02 The **private market** (e.g., direct ownership, private funds or partnerships), each covering a broad range of residential, commercial, and specialized property types.

Real Estate is the Third Largest Asset Class



1. Securities Industry and Financial Markets Association (SIFMA), as of June 30, 2023. Represents total U.S. debt outstanding.

2. Federal Reserve, as of June 30, 2023. Represents the U.S. commercial real estate market.

3. SIFMA, as of December 31, 2023. Represents total U.S. stock market capitalization.

What is private real estate?

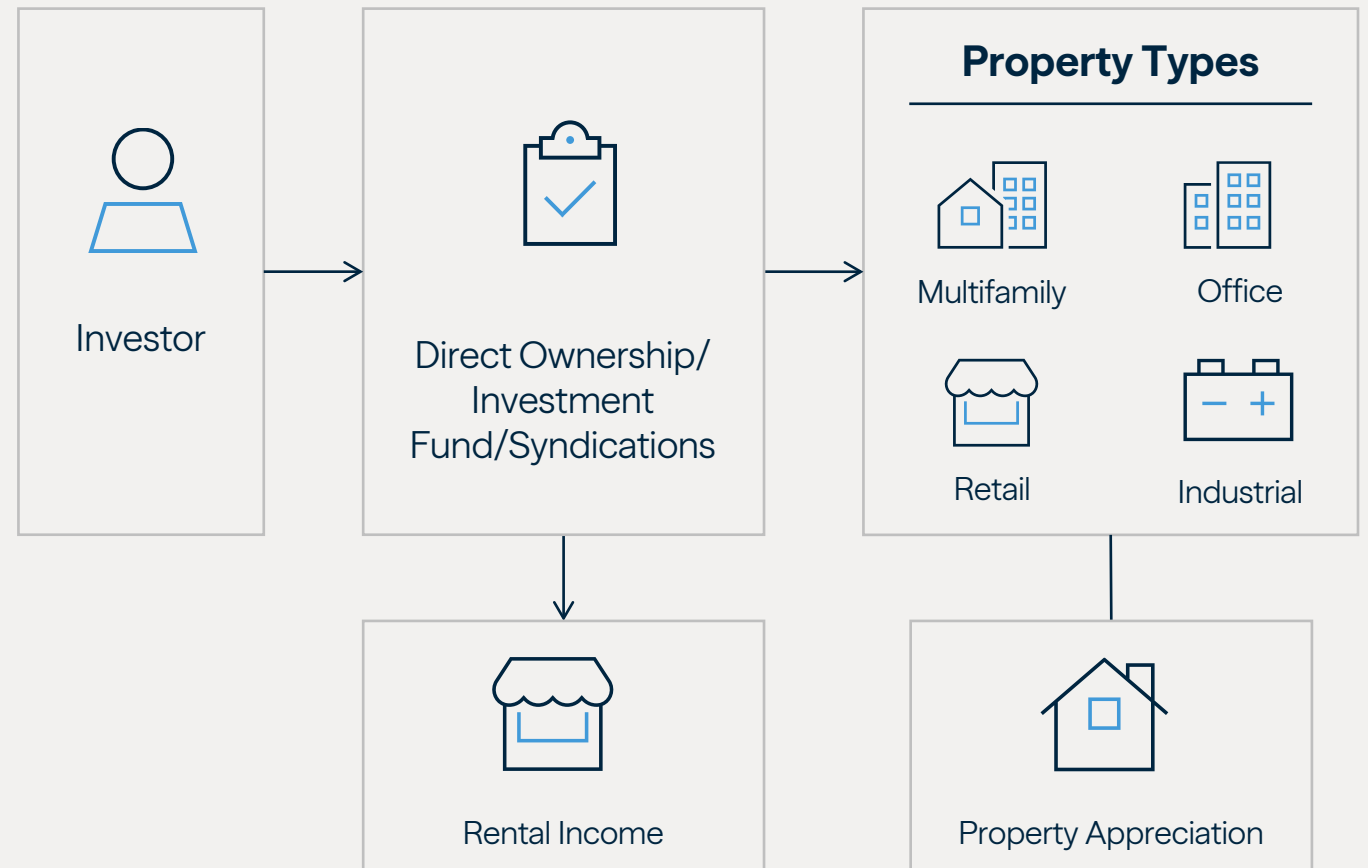
Access to commercial and residential real estate designed to generate income and appreciation

Private real estate refers to direct ownership or investment in physical properties through private transactions, rather than public markets.

It includes a wide range of commercial and residential assets held in private funds, partnerships, or through direct ownership.

- » Not traded on public exchanges like REITs
- » Typically less liquid, but less volatile than public markets
- » Returns come from rental income and long-term property appreciation

Past performance is not indicative of future results.



Why invest in private real estate?

Private real estate offers several potential investment benefits



Stable Income & Appreciation

Recurring cash flow from rent and long-term value growth through property appreciation.



Inflation Hedge

Rising rents and property values often keep pace with or exceed inflation over time.



Diversification

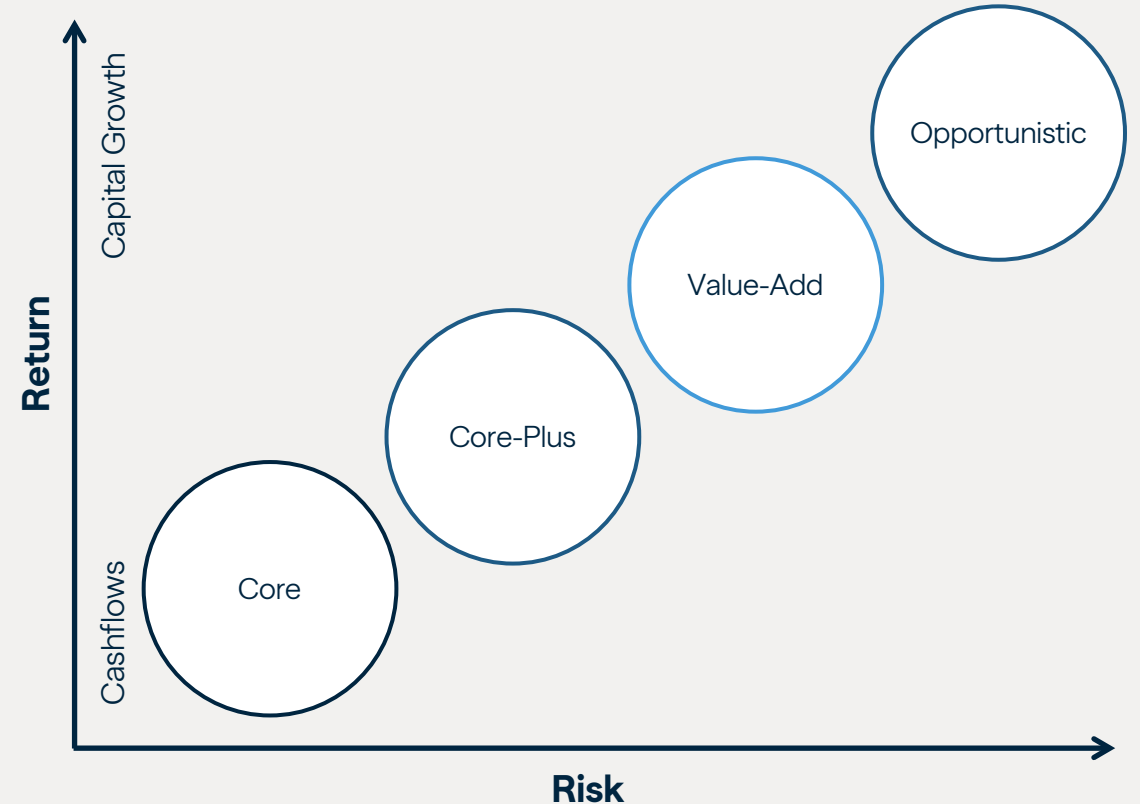
Diversification can enhance risk-adjusted returns due to its historically low correlation with stocks and bonds.

Past performance is not indicative of future results. Private real estate investments are subject to significant risks, including illiquidity, lack of a public market, potential loss of value, uncertain cash flows, and reliance on property market conditions. There is no guarantee that income, appreciation, or diversification benefits will be realized.

The opportunity set in private real estate investing

Tiered risk-adjusted strategies from dependable income to ambitious growth

Core	Low-risk properties with stable, long-term tenants and minimal management needs, seeking to generate consistent income with the least volatility
Core-Plus	Income-generating properties with moderate growth potential, achieved through light renovations or management improvements, carrying slightly higher risk than core
Value-Add	Medium- to high-risk properties with issues like deferred maintenance or low occupancy, offering higher return potential through active management and capital improvements
Opportunistic	High-risk, complex investments such as ground-up developments or distressed assets, requiring significant expertise and capital for the potential of outsized long-term returns



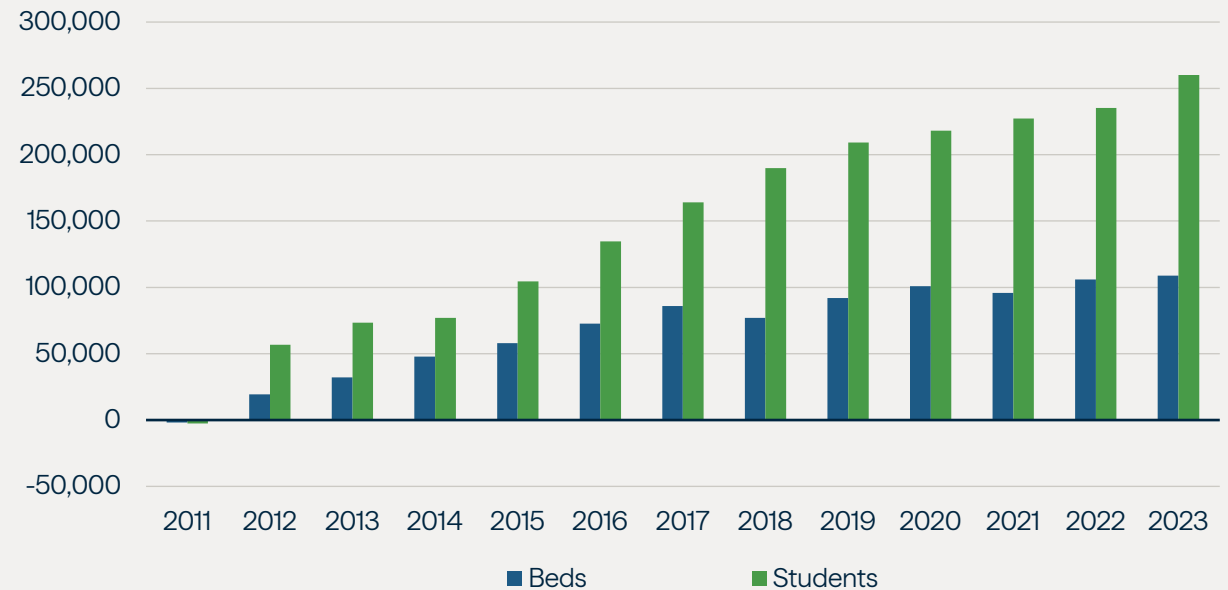
For illustrative purposes only.

Case study: how do private real estate investments make money?

Student Housing offers compelling fundamentals for the foreseeable future due to growing demand for higher quality housing amidst tightened housing supply from cash-strapped colleges

Income Generation	<ul style="list-style-type: none">• Steady rent-driven cash flow• High occupancy driven by consistent enrollment and limited on-campus supply
Capital Appreciation	<ul style="list-style-type: none">• Property values grow with rising rents and market demand• Opportunities to enhance value through renovations and operational improvements
Favorable Market Dynamics	<ul style="list-style-type: none">• Growing student bodies at large public universities• Cash-strapped colleges have limited on-campus housing• Private housing is capturing this unmet demand

Cumulative Change in Beds and Students at More Than 70 Large Public Universities



Source: Wall Street Journal analysis of Education Department data, March 2024.

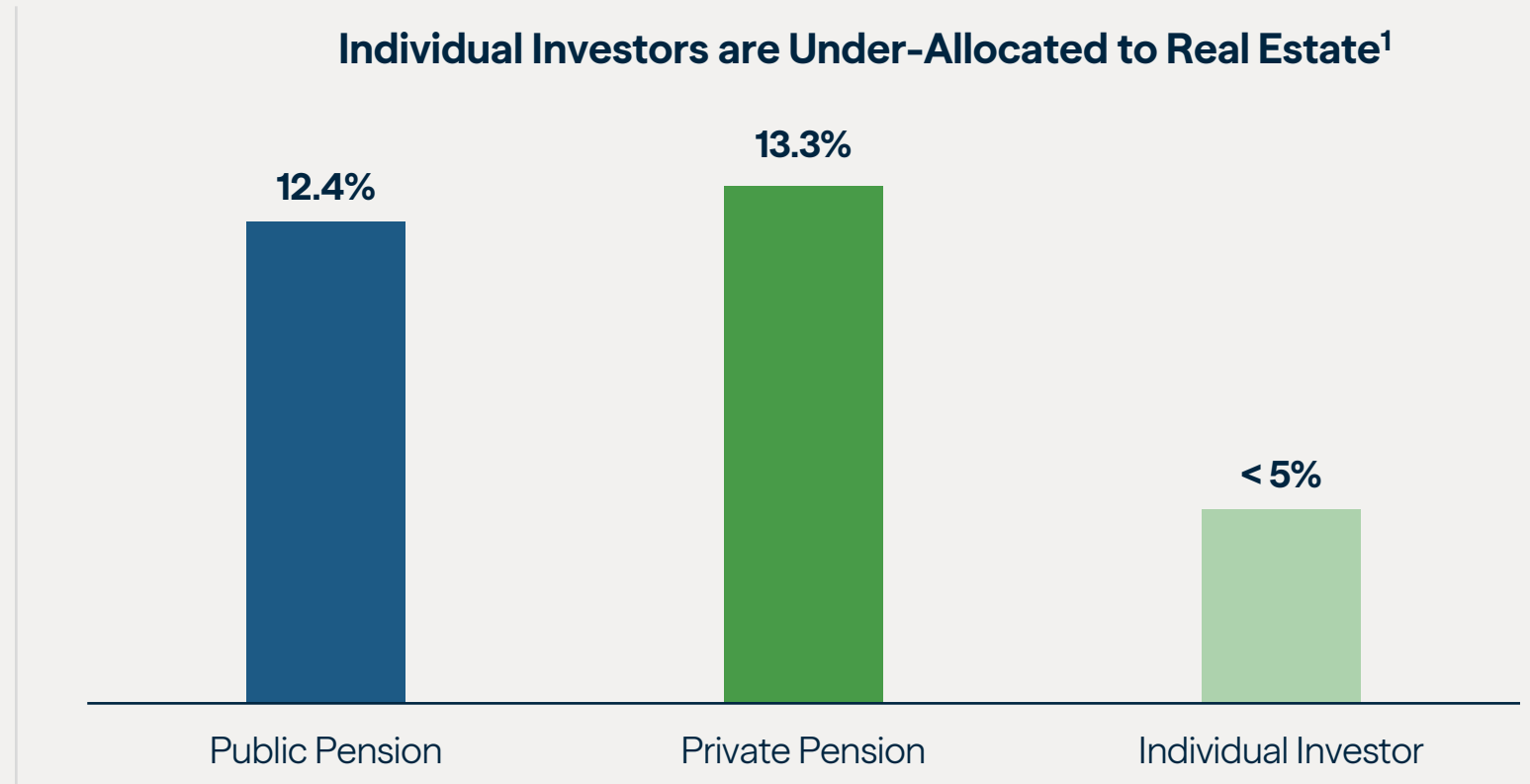
Where is the opportunity in private real estate?

Unlocking an institutional-quality asset class historically inaccessible to individuals

- Individual investors allocate less than 5% of their portfolios to private real estate among other alternatives²
- Historically private real estate was inaccessible due to high investment minimums, illiquidity, and limited availability

Today, that's changing...

- Private real estate funds are making access easier, aligning individual portfolios with institutional strategies focused on income stability and total return



Source:

1. Cornell University's Baker Program in Real Estate and Hodes Weill & Associates, 2024 Real Estate Allocations Monitor.

2. Bain & Company, Global Private Equity Report 2023. Latest available and includes all alternatives, of which real estate is just one component.

In real estate, skill matters in challenging market environments

Market uncertainty rewards skilled managers who can transform dislocation into opportunity through active asset management and value creation

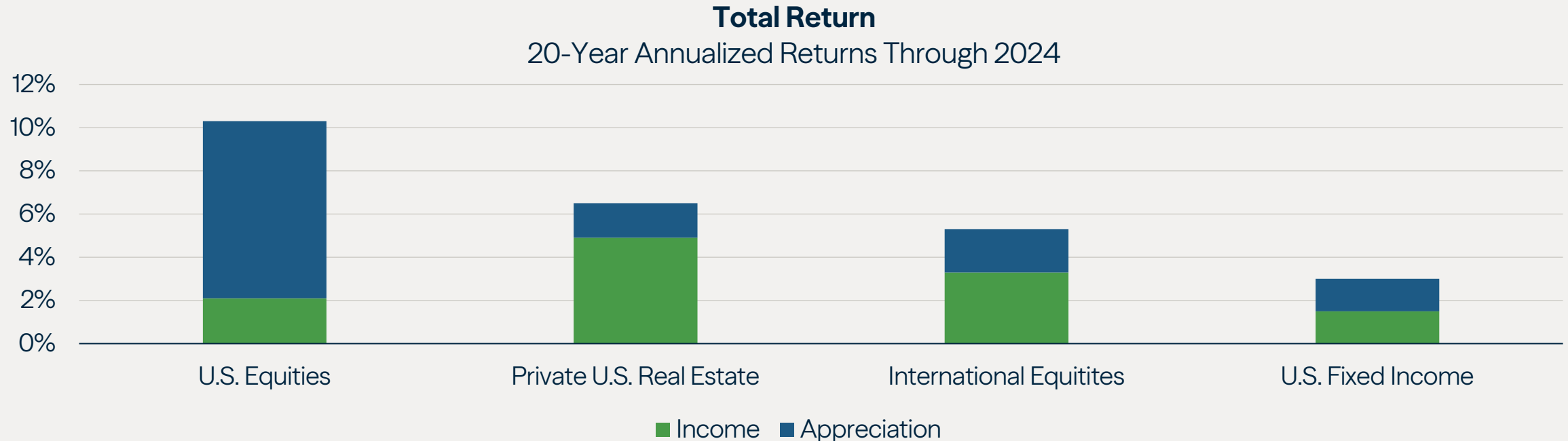
Market Factors		Homeowner Headwinds		Investment Opportunities		Management Expertise Edge
Rising Debt Costs and Tighter Credit	»»	Higher borrowing costs or reduced lending can limit access to capital and trigger asset repricing or forced sales	»»	Dislocated pricing and recapitalization needs to open the door for opportunistic entry and flexible capital solutions	»»	Disciplined underwriting, creative structuring, and execution speed
Inflationary Pressures	»»	Inflation can increase operating and construction costs, compressing margins	»»	Rents and asset values tend to adjust upward over time, providing a potential hedge against inflation	»»	Active expense management, strategic lease structuring, and dynamic pricing power
Global Trade Uncertainty	»»	Shifting supply chains and trade policy changes disrupt traditional logistics infrastructure	»»	Tariff uncertainty and onshoring drive long-term demand for localized industrial and warehousing assets	»»	Deep local market knowledge, development execution, and tenant partnerships

Historical Advantages Of private real estate investing

Private real estate investments involve risks, including illiquidity, potential loss of principal, uncertain income, and sensitivity to economic and market conditions. Historical performance and diversification benefits do not guarantee future result.

1. Income generation

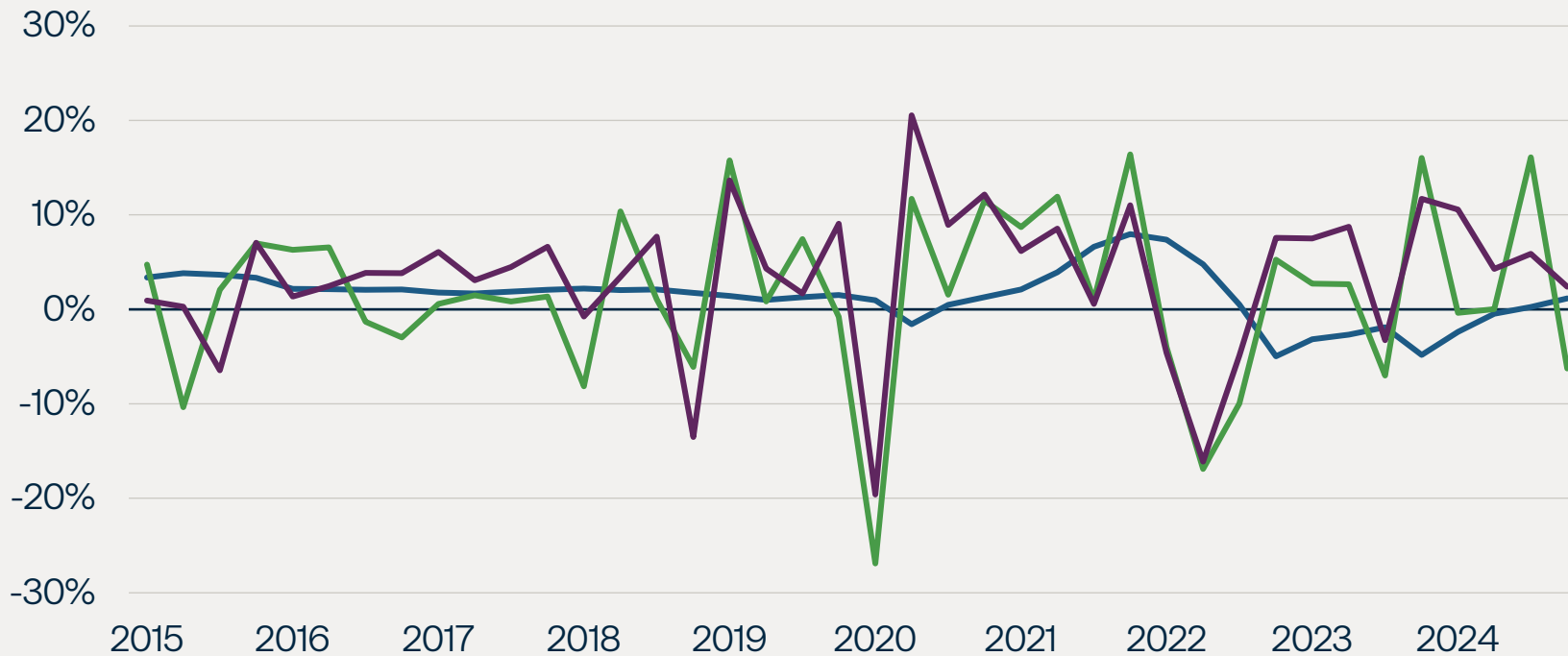
Private real estate offers the potential for higher yield than other asset classes—even those known for income generation—as well as appreciation



Past performance does not guarantee future results. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. As of December 31, 2024. Private U.S. real estate represented by NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE), U.S. equities represented by S&P 500 Index, international equities represented by MSCI EAFE Index and U.S. fixed income represented by Bloomberg U.S. Aggregate Index. An investor cannot invest in an index. Indices do not reflect the impact of transaction costs, management and other investment-entity fees and expenses or the costs associated with raising capital or being a public company, which lower returns. The NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) is a capitalization-weighted, gross of fees, time-weighted return index that measures performance of the largest open-end commingled funds pursuing a core real estate investment strategy. Source: Bloomberg, National Council of Real Estate Investment Fiduciaries.

2. Lower volatility

Private real estate has historically exhibited significantly less volatility than public real estate and equity markets, often with stronger risk-adjusted returns



Annual Standard Deviation (10 years)

Private Real Estate **5.6%**

Public Real Estate **18.1%**

S&P 500 **15.7%**

Past performance does not guarantee future results. There can be no assurance that current trends will continue. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. As of December 31, 2024. Represents quarterly returns for each index, and 10-year, annualized standard deviations. Private U.S. real estate represented by NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE). Public real estate represented by S&P United States REIT Index. U.S. equities represented by S&P 500 Index. An investor cannot invest in an index. Indices do not reflect the impact of transaction costs, management and other investment-entity fees and expenses or the costs associated with raising capital or being a public company, which lower returns. Source: Bloomberg.

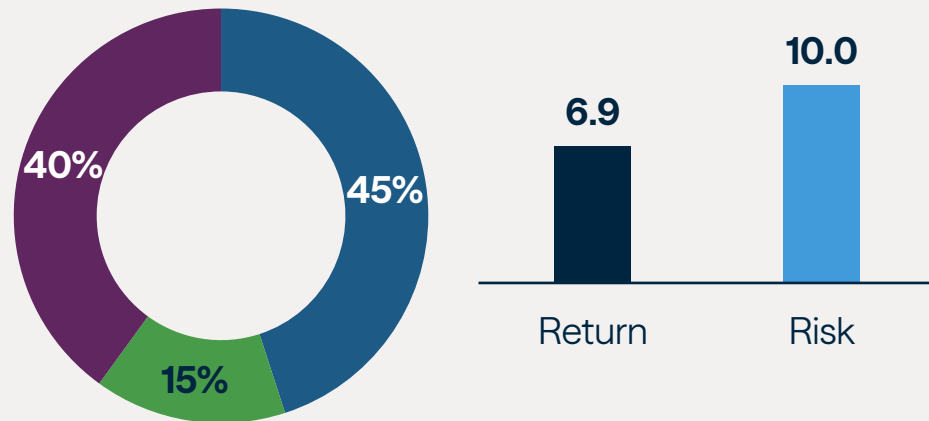
3. Better risk-adjusted returns

Private real estate has historically increased returns and lowered risk when added to a traditional 60% equity and 40% bond portfolio

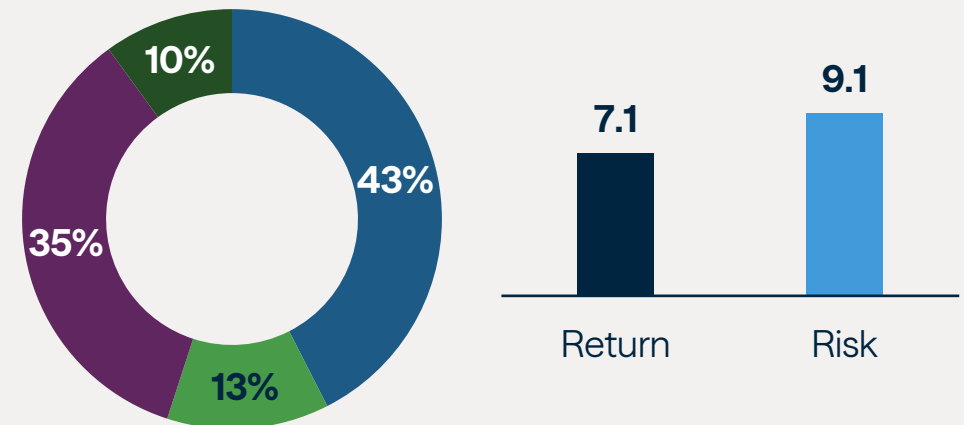
Returns and Risk Trailing 20 Years as of December 31, 2024

■ U.S. Equities ■ International Equities ■ U.S. Fixed Income ■ Private U.S. Real Estate

Traditional Portfolio



Adding Private Real Estate



Past performance does not guarantee future results. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. A traditional 60/40 portfolio is defined as a portfolio with 60% allocated to Equities while 40% is allocated to Fixed Income. Total return and risk as measured by standard deviation of quarterly returns for 20 years ending as of December 31, 2024, of a hypothetical portfolio as displayed of private U.S. real estate represented by NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE), U.S. equities represented by S&P 500 Index, international equities represented by MSCI EAFE Index and U.S. fixed income represented by Bloomberg U.S. Aggregate Index. An investor cannot invest in an index. Indices do not reflect the impact of transaction costs, management and other investment-entity fees and expenses or the costs associated with raising capital or being a public company, which lower returns. Source: Bloomberg, National Council of Real Estate Investment Fiduciaries.

4. Diversification

Over the past 20 years, private real estate has exhibited effective diversification to stocks and bonds, as well as public real estate

Asset Class Correlation					
20-Year Annualized Returns Through 2024					
	U.S. Equities	International Equities	Public Real Estate	U.S. Fixed Income	Private U.S. Real Estate
U.S. Equities	1.00	0.88	0.76	0.07	0.04
International Equities		1.00	0.69	0.14	(0.03)
Public Real Estate			1.00	0.24	0.13
U.S. Fixed Income				1.00	(0.24)
Private U.S. Real Estate					1.00

Correlation is a statistic that measures the degree to which two investments move in relation to each other.

A correlation coefficient of 1 indicates a perfect positive correlation, meaning that they move in the same direction by the same amount.

A coefficient of -1 indicates a perfect negative correlation, meaning that they have historically moved in the opposite direction.

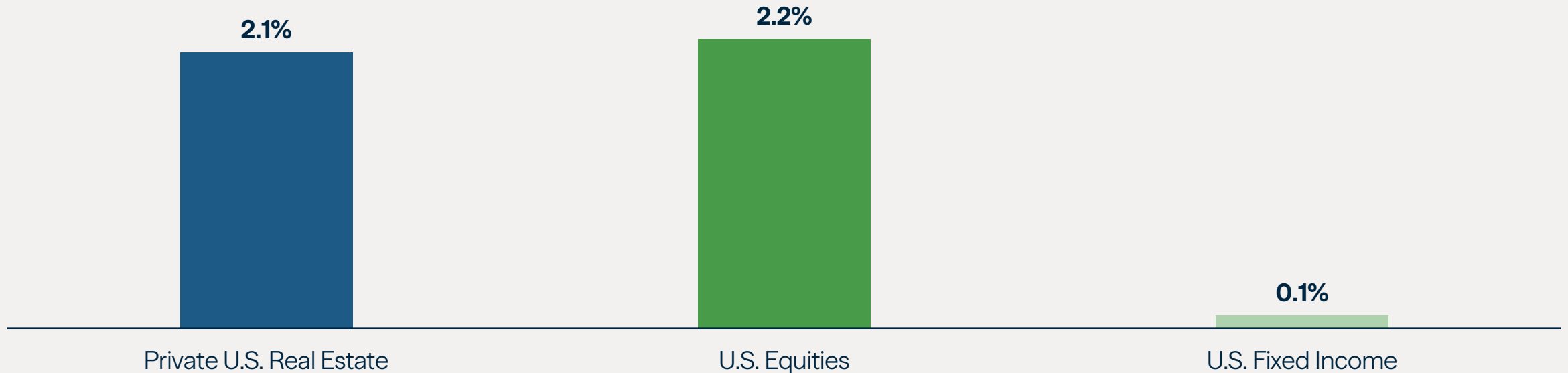
Therefore, the lower the number, the better the diversification.

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5. Inflation hedge

Real estate has generated strong returns amid high inflation by capturing rising rents and increased asset values

Average Quarterly Returns When U.S. Consumer Inflation Was Higher Than Average¹



Past performance does not guarantee future results. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. December 31, 2004 - December 31, 2024.

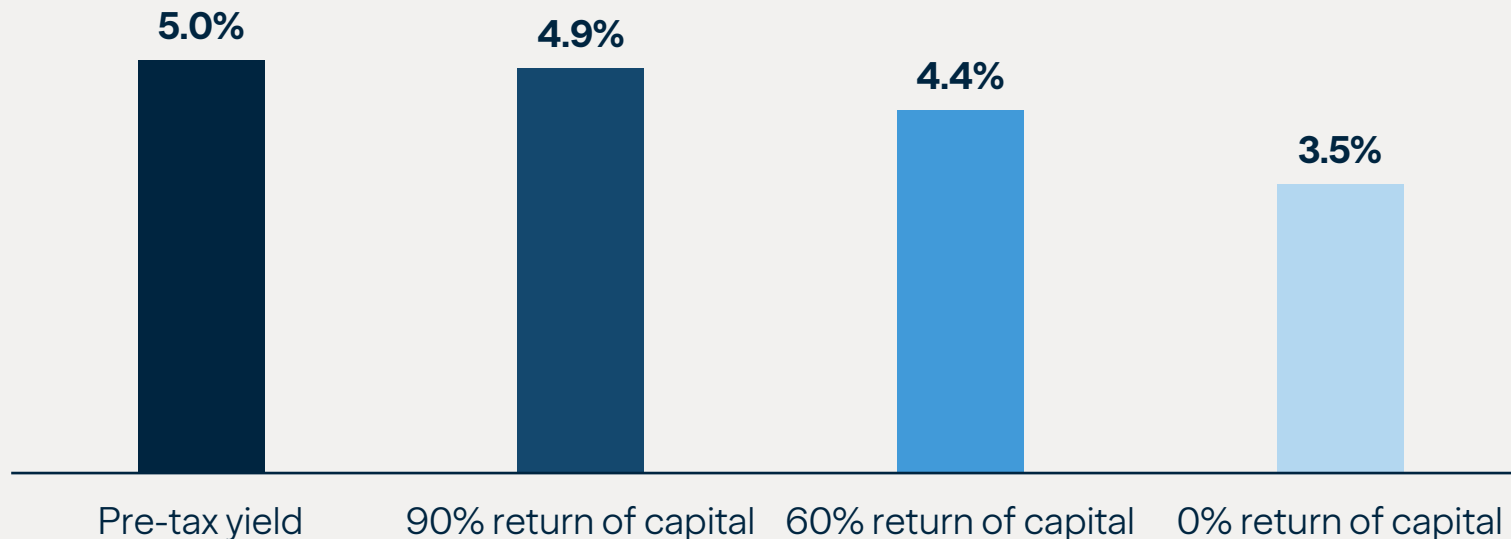
1. Higher-than-average inflation is measured as when the year-over-year U.S. Consumer Price Index exceeded 2.5%. During those periods, we examined the average returns of private U.S. real estate (as measured by the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE)); U.S. equities (as measured by the S&P 500 Index); and U.S. fixed income (as measured by the Bloomberg US Aggregate Bond Index).

Source: Bloomberg, National Council of Real Estate Investment Fiduciaries.

6. Tax advantages

Return of capital distributions are tax-deferred and reduce the shareholder's cost basis¹

Attractive After—Tax Yield



- » For tax purposes, distributions from non-traded REITs may be classified as “return of capital.”²
- » Distributions are paid out of available cash flow, which reflects non-cash items such as depreciation, instead of net income.
- » Return of capital distributions are tax-deferred and reduce the shareholder's cost basis.
- » If the investment is sold at a gain after more than a year, it would be taxed at the long-term capital gains rate.

Historical analysis does not guarantee future results. As of December 31, 2024. For illustrative purposes only and assumes \$100,000 investment with 5% (\$5,000) annualized distribution taxed at highest federal tax bracket. The example does not include state taxes. An investor could be subject to state income tax in their state of residence, which would lower the after-tax yield received by the investor. The tax information provided herein is for informational purposes only and does not constitute tax advice. Because each investor's tax position is different, you should consult with your tax advisor. Other investments may offer tax advantages.

1. Taxes on these distributions are not avoided; they are postponed and will be due upon sale or redemption.

2. Return of Capital (“ROC”) distributions are distributions in excess of current or accumulated earnings and profits. Such distributions are not taxable to an investor to the extent they do not exceed the investor's tax basis in its shares. Rather, the ROC reduces an investor's tax basis in the year the distribution is received, and generally defers taxes on that portion of the distribution. To the extent that a ROC exceeds an investor's tax basis, it generally will be taxable as capital gain. Such gain will be a long-term capital gain if the investor has held the shares for more than one year.

Source: Brookfield.

Recap of historical advantages

Enduring benefits of private real estate across market cycles



**Sustainable
Income**



**Long-Term Capital
Appreciation**



**Diversification
Benefits**



**A Hedge
Against Inflation**



**Attractive
after-tax yield**

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Thank You

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Index Definitions

Bloomberg U.S. Aggregate Index is a broad-base, market capitalization-weighted bond market index representing intermediate-term investment-grade bonds traded in the United States.

Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services.

MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets (Europe, Australasia and Far East) outside of the U.S. and Canada.

NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) is a capitalization-weighted, gross of fees, time-weighted return index that measures performance of the largest open-end commingled funds pursuing a core real estate investment strategy.

S&P 500 Index is an equity index of 500 widely held, large-capitalization U.S. companies.

S&P United States REIT Index measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

The NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) is a capitalization-weighted, gross of fees, time-weighted return index that measures performance of the largest open-end commingled funds pursuing a core real estate investment strategy.

Private Real Estate Risks

Private real estate investments involve risks, including illiquidity, potential loss of principal, uncertain income, and sensitivity to economic and market conditions. Historical performance and diversification benefits do not guarantee future results.

Forward-Looking Statements

Certain statements made throughout this presentation may be "forward-looking" in nature. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking information. As such, undue reliance should not be placed on such statements. Forward-looking statements may be identified by the use of terminology including, but not limited to, "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology.

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