

# Brookfield

Brookfield Real Estate Income Trust Inc.

## 7.5%

TOTAL RETURN SINCE  
INCEPTION FOR CLASS I<sup>1</sup>

## 95%

PORTFOLIO  
OCCUPANCY

## 6.5%

DISTRIBUTION  
RATE FOR CLASS I<sup>2</sup>

## Q3 2024 Performance

We are pleased to report solid Q3 2024 performance, generating a total quarterly net return of 0.44% for stockholders (class I shares).<sup>3</sup> We have seen our performance improve markedly since the end of the first quarter, with a trend of positive monthly returns, and believe we have turned the corner on real estate valuations. In September, we generated our highest monthly total return in more than two years. We continue to offer an attractive annualized distribution yield of 6.5%.

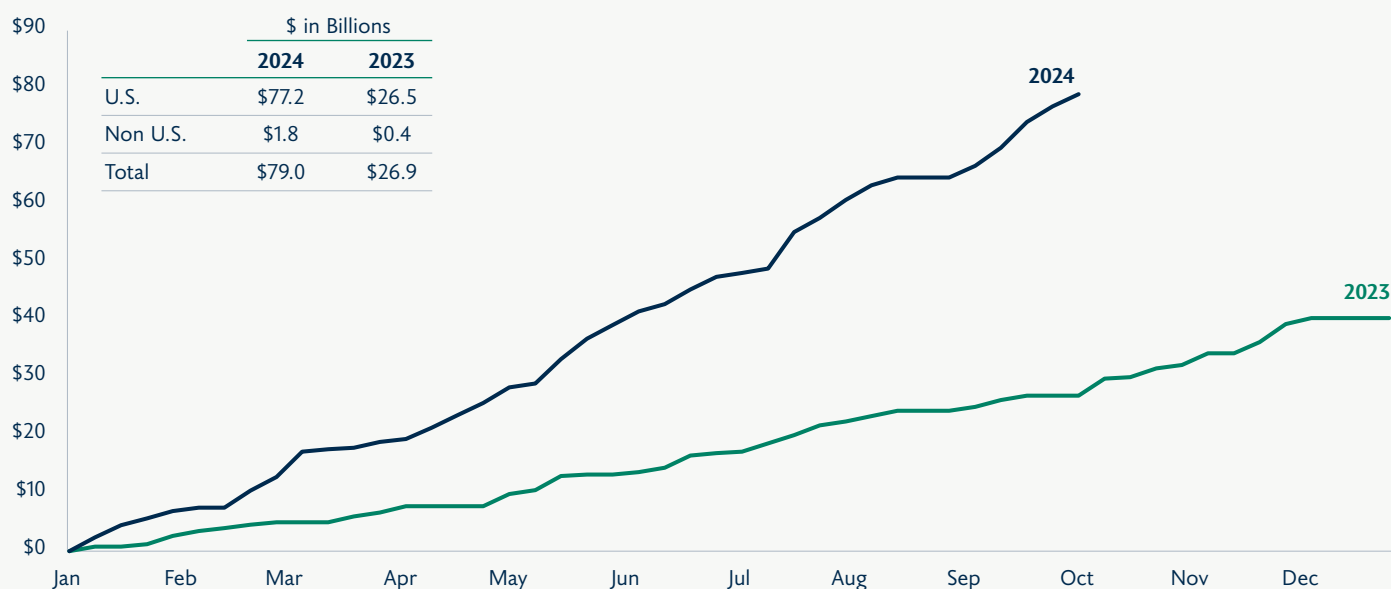
## Factors Supporting a Real Estate Rebound

We believe a rebound is underway in U.S. real estate markets, buoyed by strong economic conditions and a more favorable interest rate environment. The U.S. Federal Reserve's September rate cut relieved the pressure created by elevated interest rates, leading to an increase in transaction volumes and improvement in valuations. This dovish monetary policy, coupled with solid underlying fundamentals, created a strong momentum for real estate markets and provides a healthy backdrop for investment.

While cap rate compression may lag behind interest rate declines, the change in rate policy and the overall direction of interest rates could create favorable conditions for private real estate that we believe will positively impact our property values, cash flows and overall performance.

We are also seeing debt capital markets re-open with \$79 billion of new issue commercial mortgage-backed securities (CMBS) volume through Q3 2024, which is triple the volume from the same period last year (see **Figure 1**). The increased availability of debt and tightening of credit spreads is unlocking dealmaking in the industry, and we expect real estate transaction volume in 2025 to be materially higher than 2024.

**Figure 1: CMBS Year-to-Date Issuance Volume (\$ in Billions)**

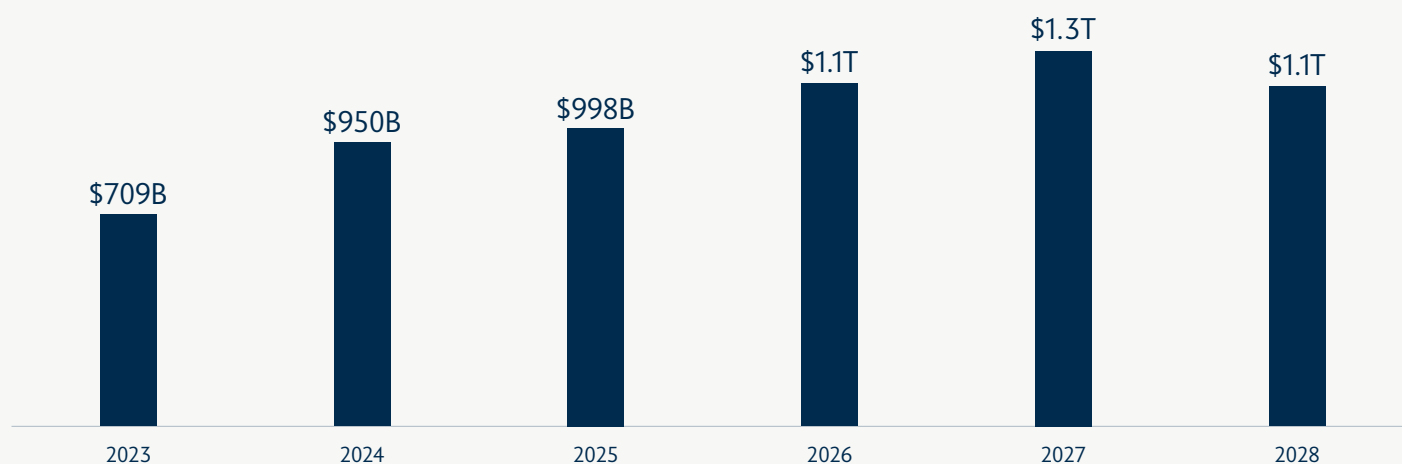


Source: Green Street, as of October 2024.

Across most sectors, resilient real estate fundamentals continue to bolster the market. The rental housing market continues to benefit from strong secular tailwinds, particularly single-family rentals (SFR) and student housing. The current pace of housing construction continues to be insufficient to meet new household formation, creating significant demand and upward pressure on rents. Student housing has experienced rising enrollment figures, while funding constraints have limited the development of new purpose-built facilities, resulting in substantial rental growth and increased opportunities for private investment.

While base rates and spreads are improving compared to 2023, they remain above the pandemic-era lows. As many commercial real estate loans approach maturity over the next few years, the combination of lingering effects from previous high rates and stressed capital structures present us with a multitude of investment opportunities (see **Figure 2**).

**Figure 2: U.S. CRE Debt Outstanding**



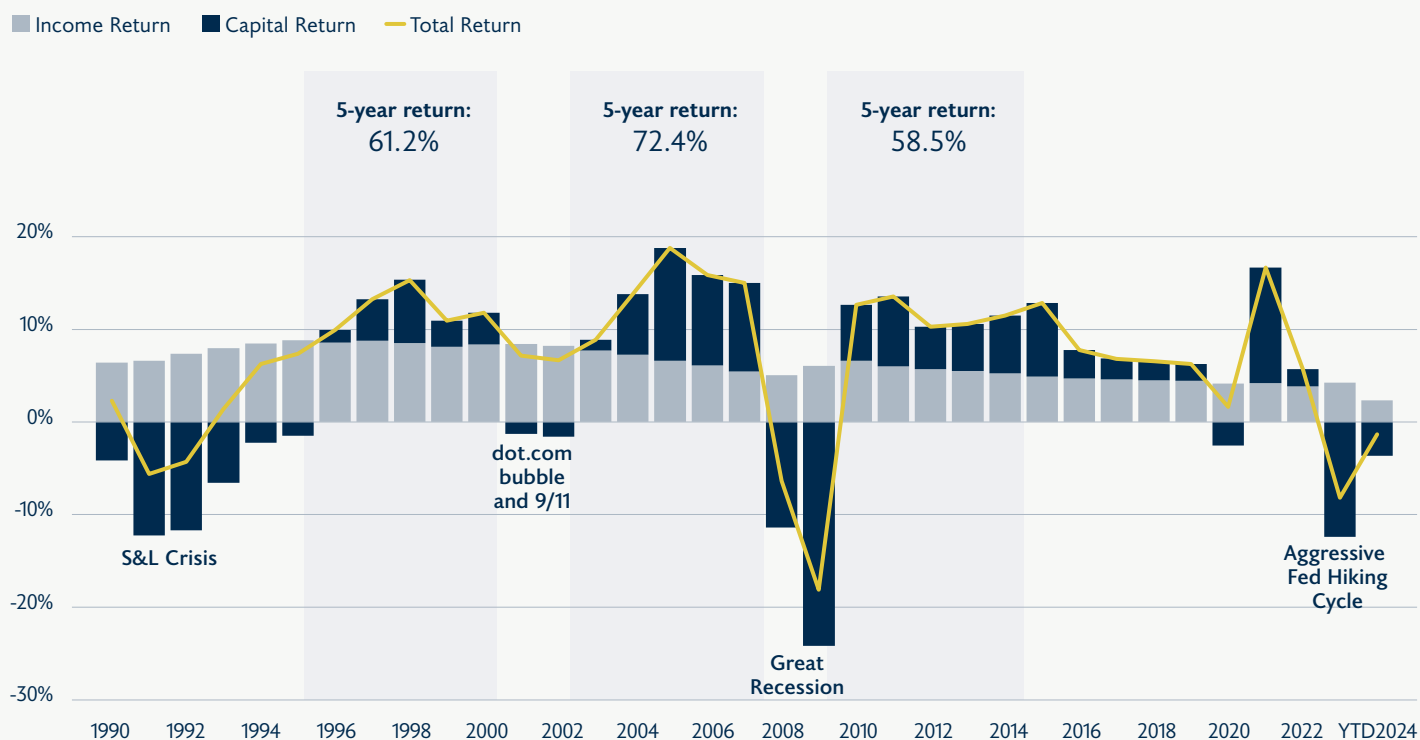
S&P Global, as of August 2024.

Our deep industry expertise, supported by Brookfield's team of 660 real estate professionals and 29,000 operating employees, equips us to identify and capitalize on off-market transactions. Sellers come to us for speed and certainty of execution, and as a result, we can often make acquisitions with favorable terms, as evidenced by the three acquisitions we made earlier this year.

We remain committed to diversifying our portfolio, considering expansions into logistics, self-storage, manufactured housing and needs-based retail areas. As always, we will take a patient and disciplined approach to new investments, emphasizing a bottom-up, value-oriented strategy designed to achieve strong risk-adjusted returns for our stockholders.

Real estate is a long-term, fundamentally cyclical investment, and Brookfield's extensive experience across more than three decades has shown us that these cycles repeat. Brookfield has seen this play out many times before – during the 90's, the early 2000's, and after the Great Financial Crisis, and we believe Brookfield has been successful in every cycle. As exhibited throughout history, the recent corrections in private real estate valuations have set the stage for extended periods of positive total returns. In the past, periods of economic turbulence have historically been followed by significant rebounds, as illustrated in **Figure 3**.

**Figure 3: NCREIF ODCE-NPI Annual Unlevered Returns**



Source: NCREIF NPI Index, September 2024. Income and Capital breakouts are included within the NPI Index and are provided by NCREIF. **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. There may be material factors relevant to any such comparison such as differences in the volatility, and regulatory and legal restrictions between the indices shown and the strategy. The indexes are unmanaged and cannot be purchased directly by investors.

We believe the real estate market is at an inflection point and this is a great time to put capital to work to acquire assets at an attractive basis. Over time, we believe there is the potential for strong price appreciation in high-quality real estate purchased now, especially as interest rates continue to gradually decline. Valuations have already begun to improve from the bottom, and we expect this trend to continue into next year. With reduced rate uncertainty, fewer recession concerns, and increased liquidity in real estate, we anticipate a much healthier real estate environment in 2025.

We appreciate your continued investment and support.

This communication is for stockholder use only and is not an offer to sell or a solicitation of an offer to buy any securities.

## Total Returns as of September 30, 2024<sup>1</sup>

	YTD	1-Year	3-Year	Since Inception	Distribution Rate <sup>2</sup>
Class D No Sales Load	-1.25%	-4.59%	N/A	-3.11%	6.20%
Class D With Sales Load	-2.71%	-6.00%	N/A	-3.73%	
Class S No Sales Load	-2.06%	-5.58%	2.22%	6.47%	5.75%
Class S With Sales Load	-5.37%	-8.78%	1.06%	5.72%	
Class I	-1.30%	-4.61%	3.10%	7.54%	6.51%

Past performance is historical and not a guarantee of future results.

<sup>1</sup> Total Return is calculated as the percent change in the net asset value (NAV) per share from the beginning of the applicable period plus the amount of any net distribution per share declared in the period. Total return is not a measure used under GAAP in the United States. Returns greater than one year are annualized. All returns shown assume reinvestment of distributions pursuant to Brookfield REIT's distribution reinvestment plan, are derived from unaudited financial information, and are net of all Brookfield REIT expenses, including general and administrative expenses, transaction-related expenses, management fees, performance fees and share-class-specific fees, but exclude the impact of early repurchase deductions on the repurchase of shares that have been outstanding for less than one year. Past performance is historical and not a guarantee of future results. Class D and Class S shares listed as "With Sales Load" reflect the returns after the maximum up-front selling commission and dealer manager fees. Class D and Class S shares listed as "No Sales Load" exclude up-front selling commissions and dealer manager fees. The returns have been prepared using unaudited data and valuations of the underlying investments in the Brookfield REIT portfolio, which are estimates of fair value and form the basis for Brookfield REIT's NAV. Valuations based upon unaudited reports from the underlying investments may be subject to later adjustments, may not correspond to realized value, and may not accurately reflect the price at which assets could be liquidated. Please refer to Brookfield REIT's annual and quarterly reports filed with the SEC, which are available at BrookfieldREIT.com, for a full reconciliation of NAV to GAAP measures. For information on how Brookfield REIT calculates NAV, see the "Net Asset Value Calculation and Valuation Guidelines" section of Brookfield REIT's prospectus.

<sup>2</sup> Distribution Rate reflects the current month's distribution annualized and divided by the prior month's NAV. NAV-based calculations involve significant professional judgment. The calculated value of Brookfield REIT's assets and liabilities may differ from actual realizable value or future value, which would affect the NAV as well as any returns derived from that NAV, and ultimately the value of your investment. As return information is calculated based on NAV, return information presented will be impacted should the assumptions on which NAV was determined prove to be different. There is no assurance Brookfield REIT will pay distributions in any particular amount, if at all. Any distributions Brookfield REIT makes will be at the discretion of the Brookfield REIT board of directors. Brookfield REIT may fund any distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds, and Brookfield REIT has no limits on the amounts Brookfield REIT may pay from such sources. Brookfield REIT cannot guarantee that it will make distributions. Brookfield REIT believes that the likelihood that it pays distributions from sources other than cash flow from operations will be higher in the early stages of the offering.

<sup>3</sup> Class S and Class D shares quarterly total net returns were 0.15% and 0.38%, respectively.


### FORWARD-LOOKING STATEMENTS

Statements contained in this letter that are not historical facts are based on our current expectations, estimates, projections, opinions or beliefs. Such statements are not facts and involve known and unknown risks, uncertainties and other factors. Stockholders should not rely on these statements as if they were fact. Certain information contained in this letter constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "target," "estimate," "intend," "continue," "forecast" or "believe" or the negatives thereof or other variations thereon or other comparable terminology. Due to various risks and uncertainties, including those described in our annual and quarterly reports filed with the SEC, actual events or results or our actual performance may differ materially from those reflected or contemplated in such forward-looking statements.

No representation or warranty is made as to future performance or such forward-looking statements. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of this information should not be regarded as a representation by us or any other person or entity that our objectives and plans, which we consider to be reasonable, will be achieved. Stockholders should carefully review the "Risk Factors" section of our annual and quarterly reports filed with the SEC for a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

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