



Real Estate House View

Mid-Year 2025

August 2025

4746980



What you'll *find*

Executive Summary	3
U.S. House View	13
Canada House View	62
Investment Strategy & Go-Forward	98
Sustainability Integration	101
Notes & Disclosures	104

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Executive Summary

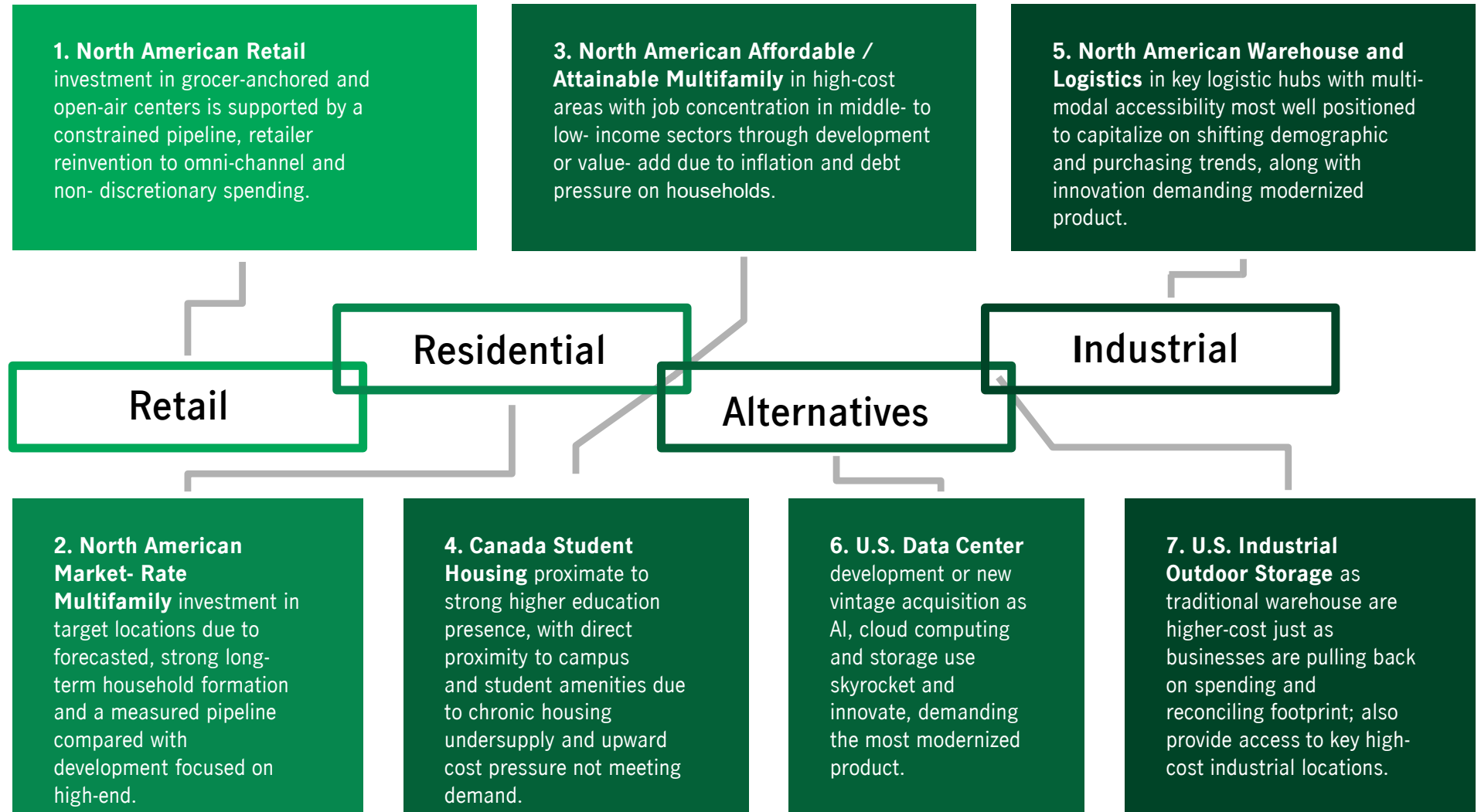
Key themes/takeaways

Guideposts for Investment in 2025

At the mid-year mark, key pillars are still driving action

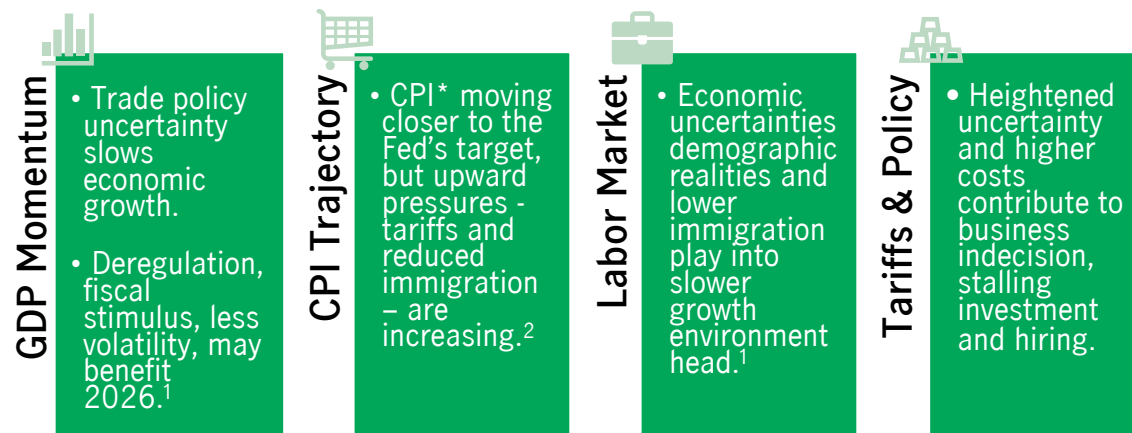
- ✓ Return to Urban is real, *evidenced in population flows*. Young talent and households are recognizing the benefit of urban environments – particularly in Coastal Gateways - and now even some comparative affordability, *along with return-to-office ramping up*. Concurrently, not having experienced a supply run-up, these metros may experience more performance upside from increased economic activity and business investment.
- ✓ Office Day of Reckoning...or Wrecking Ball is the critical next step in unlocking a path to recovery. The office sector is severely under-demolished, and the occupier demand profile changed so drastically, *supply-side disruption is ripe with opportunity*, and *government incentives to support conversions are gaining traction*.
- ✓ Something's Gotta Give to invigorate the capital markets. Growing foreign investment may face *increased* headwinds with trade-war threats and political backdrop, on top of a weakening dollar. Likewise, *economic volatility triggered by tariffs* could also generate more inflation, potentially elevate rates for longer, and put downward pressure on domestic investment activity.
- ✓ Alternatives are the New Core with an investment profile that may create the stability and returns investors previously sought in traditional Commercial Real Estate sectors, such as office, and *some may even boast counter-cyclical qualities*. The inclusion of Alternatives into Core and Core+ funds and portfolio strategy beg the questions – what subsectors of Alternatives are the best “Core” candidates and how are they accounted for in allocation?
- ✓ Industrial and Retail Show Complementary Functionality in a departure from the industrial benefitting from e-commerce to the detriment of retail. With both sectors refining and innovating purpose of space, opportunity to capitalize on complementary use types through portfolio and market exposure *is especially relevant*, as both sectors are underpinned by similar drivers *while also both vulnerable to supply chain and demand-side headwinds*.

North America: 2025 Highest Conviction Commercial Real Estate Investment Themes



U.S.

Macro anchors shaping the U.S. growth outlook



Sector trends informing market & asset selection³

- **Residential** chronic supply shortage could intensify, while sector recalibrates amid potentially higher inflation and lower immigration.
- **Industrial** bifurcation continues with large-bay underperformance relative to small-bay, while tariff uncertainty plays out across markets.
- **Retail** continues to benefit from undersupply and retail reinvention, but potential inflation and dwindling consumer confidence threatens demand.
- **Office** trophy space becoming limited and could benefit Class A/B as demolition and conversion programs bolster supply-side fundamentals.
- **Industrial Outdoor Storage** as a more cost-effective storage option, plays a key role in supply chains including managing disruptions and rising costs.
- **Cold Storage** may be more insulated from economic risk due to expanding grocer e-commerce and support of more inelastic demand.

*Consumer Price Index

¹ US: Demand risks and uncertainty will keep rates elevated. Oxford Economics. 6.11.2025.

² US Consumer Price Index Summary. U.S. Bureau of Labor Statistics. June 2025.

Key Investment Themes

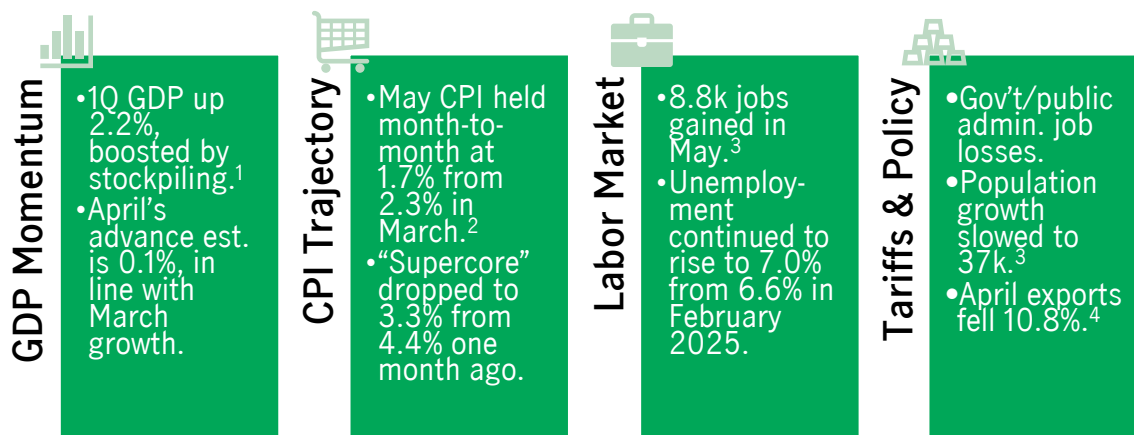
- » Urban demographic resurgence and reactivation
- » Tariff implications varying over the near- & medium-terms
- » Capital markets efficiency & value stabilization
- » Diversification and income production

Year-End Outlook

The capital markets face varying forces that could swing sentiment. Demand-side drivers are softening but have yet to show significant contraction. If the economy remains on this trajectory, and inflation stays at bay, investment conditions may gradually become more favorable with increased confidence in capital flows.

Canada

Macro anchors shaping the Canada growth outlook



Sector trends informing market & asset selection⁵

- **Residential** lacks affordable rental supply, and even with unaffordable ownership, rent control and excess condo and luxury rental product are inhibiting rent and income growth.
- **Industrial** is tested by tariffs while big-box product demand waning, leading to a wait-and-see mentality even infiltrating smaller-bay product.
- **Retail** benefits from a lack of new supply but this, along with excess obsolete product, also challenges rent growth, just as retail sales slow.
- **Office** to feel the brunt of further business spending contraction, exacerbating already high vacancy, and stymied rent growth.
- **Student Housing** may face short-term headwinds from lower international student enrollment, but undersupply will bolster occupancy.

¹ Canadian GDP growth slowing under the surface but not contracting. RBC Economics. 5.20.25.

² Canadian CPI cools as the summer heats up. RBC Economics. 6.24.25.

³ Canadian labor market softening but not collapsing. RBC Economics. 6.6.25.

⁴ Canadian international merchandise trade, April 2025. Statistics Canada. 6.5.25.

Key Investment Themes

- » Demographic transformation & population stagnation
- » Tariff implications varying over the near- & medium-terms
- » Counterforces of monetary policy & investment sentiment
- » Constrained development presents a dual-edged impact

Year-End Outlook

Many of the same dynamics at the start of 2025 remain on deck, including potential softening in the labor market, rising housing unaffordability, and demand-side challenges across sectors. With potential recession and tariff implementation, the effects will likely be amplified and challenge investment through year-end.



House View Introduction

Introduction

Navigating Strategic Macro Anchors Shaping the Global Economy & Commercial Real Estate Market

Tariffs & Trade War

- At least six iterations of proposed tariffs on U.S. imports from close to 200 countries are in play.¹
- Average U.S. tariffs are at 15% as of June 2025, up from under 4% as of the end of 2024.^{1,2}

Geopolitics

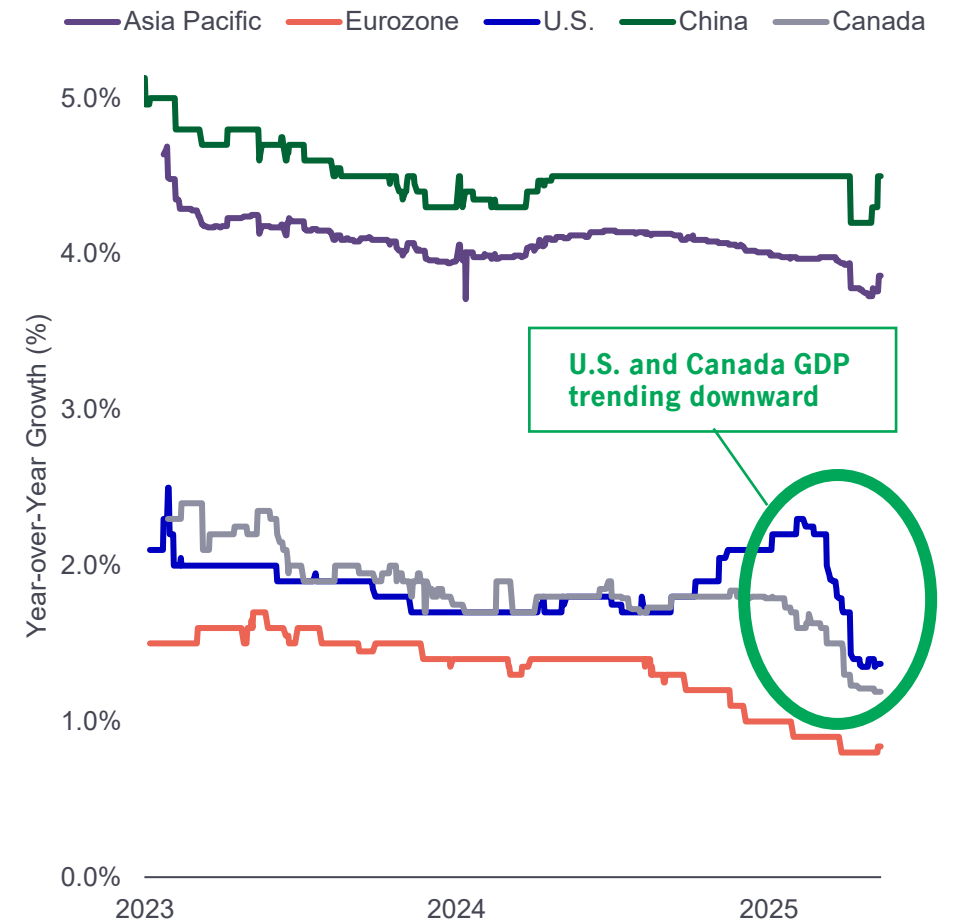
- Uncertainty around Russia/Ukraine and Middle East, with Israel-Iran conflict escalating, are roiling various markets.
- Global growth projections are being revised lower.²



Impact to Commercial Real Estate³

- Challenge to quantify which markets and property types will be affected because of trade disruptions.
- Industrial/logistics, retail and fly-to hotels may be at greater risk.
- If U.S. GDP grows by less than 2%, expect a pullback in consumer and business spending, directly impacting demand for various Commercial Real Estate property types.

Consensus GDP Forecasts



Source: Macrobond, Manulife Investment Management as of June 2025.

¹ "State of U.S. Tariffs: June 2025" TBL Yale University as of July 2025.

² "Markets' trade deal euphoria ignores tariff reality" Reuters as of July 2025.

³ Manulife Investment Management Research as of July 2025.

Introduction

Navigating Strategic Macro Anchors Shaping the Global Economy & Commercial Real Estate Market

Federal Budget

- An estimated \$3-\$4 trillion increase in U.S. balance of payments deficits led to a downgrade from Moody's.¹
- Bond markets are volatile, with rates remaining elevated.

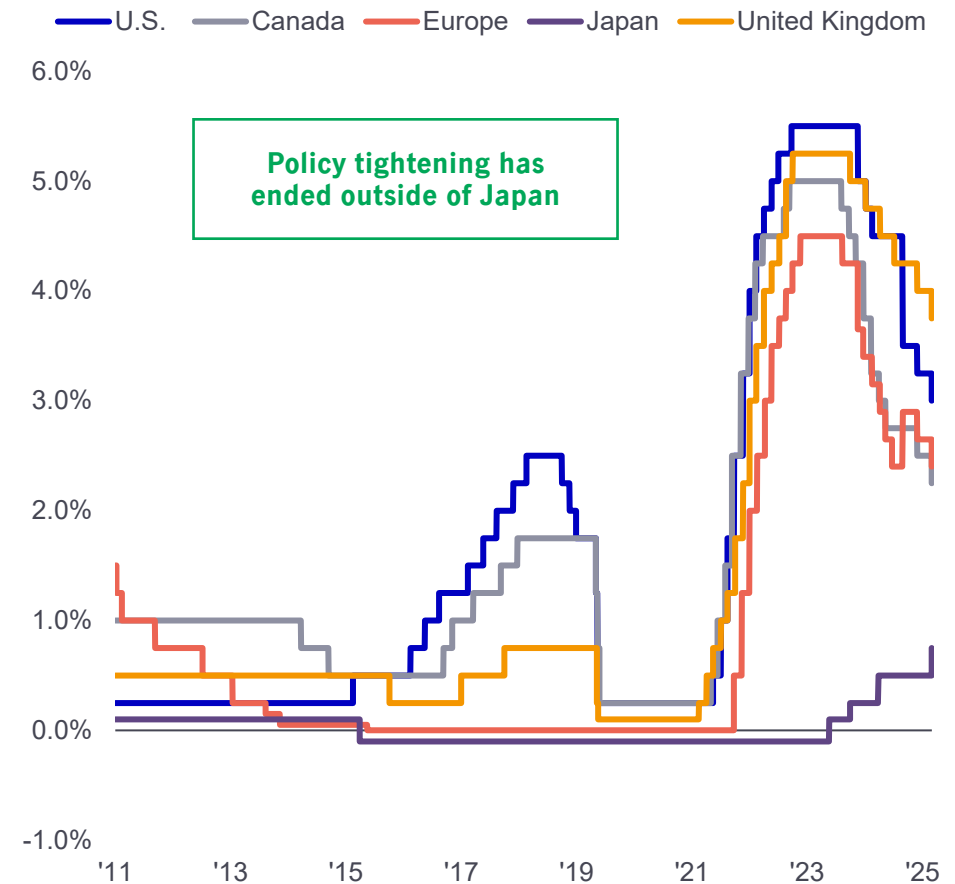
Monetary Policy

- The Fed has held rates steady through 1H 2025 because of macro concerns.
- The U.S. now has the highest benchmark rate across G-7 countries.²

Impact to Commercial Real Estate

- Inflation has continued to recede but may readvance. If rates and risk premia remains elevated, cap rate declines may be arrested and CRE prices will remain volatile.
- A nascent recovery in transaction activity may be arrested by 2Q25. Transaction activity rose by 9% in 2024, but is down 18% year-over-year as of May 2025.³

Central Bank Main Policy Rates



Source: U.S. Federal Reserve, Bank of Canada, European Central Bank, Bank of Japan, Macrobond, Manulife Investment Management as of June 2025.

¹ "Moody's cuts America's pristine credit rating, citing rising debt" Reuters as of May 2025.

² "ECB keeps rates on hold. Why it joined the Fed and Powell on Pause." Barrons as of July 2025.

³ Real Capital Analytics as of May 2025.

Introduction

Concepts Driving Market & Asset Selection Today



Economic Base: Labor market rebalancing, look for key industry growth, supportive markets & asset types.



Demographic Shifts: Reversal of Pandemic trends, immigration policy changes, affordability could result in new population centers.



Purpose of Space: Human-centric strategy drives outperformance, prioritizing assets that meet demand.



Sustainability: Climate risk and social impact, with variations in Sustainability prioritization and adoption, may differentiate selection.



Definition of Core: A shift in what the Core profile looks like, while generating stable returns and performance.



Innovation and Technology: Markets and assets need to be agile and able to integrate and adopt new technology.



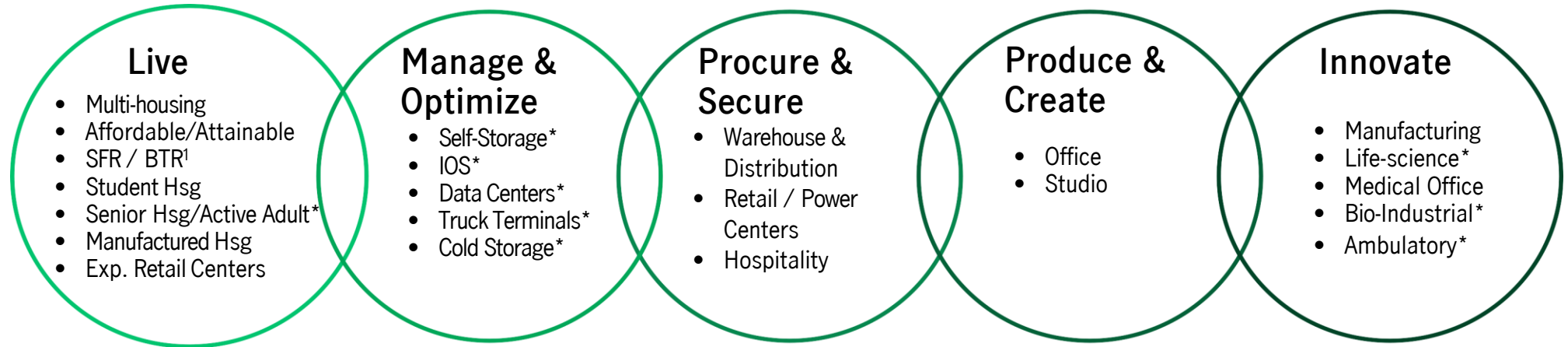
Market Timing and Asset Management: Quickly changing market conditions and demand preferences warrants proactivity in operations.



Income Growth Potential: As cap rate compression is less of a component to returns, identifying strategies to grow income is paramount.

The Investment Spectrum Is Expanding Asset Selection

Transformation in the way we use space is recategorizing commercial real estate



- Technological advances and demographic shifts are changing the way we use the built environment, leading to an evolution in Commercial Real Estate asset types and investment strategies.
- Investment performance today hinges on capitalizing on the way real estate is used by making strategic acquisition and asset management decisions to optimize experience in these spaces.
- Within this paradigm of space use and asset types floating across the spectrum, as real estate continues to diversify, the way investors account for risk in their portfolios needs to advance and consider a broader range of drivers and mitigation tactics.
- Structuring the deal and positioning the asset with the most efficiency and agility is critical in advancing the longevity of the investment as space use continually evolves, and at greater speed.

- The property types listed above are those Manulife IM RE determines are investable property types and sub-types, and include “Traditional” (e.g., Multi-housing, Office, Warehouse & Distribution, Retail) as well as Alternatives (e.g., IOS, Ambulatory).
- Some sub-property types may allow for multiple purposes (e.g., Data Centers may satisfy Manage & Optimize and Innovate).
- Alternatives may be classified as a niche property type or sub-type that requires sophisticated operational expertise in order to execute on the business plan; data may not be readily available, especially historical; limited proven-out use cases; benefits from aggregation strategies; institutional activity may be limited.

*Alternatives Asset Sectors
1 Single-Family Rental / Build-to-Rent

U.S. House View

U.S. Macro-Economic Overview

Trade policy uncertainty slows economic growth.

- **Economic signals are mixed amid heightened policy uncertainty amid resilient yet cooling labor markets, tepid inflation with mounting pressures from tariffs, a lukewarm consumer, and potential rate cuts later in the year.**
 - Oxford forecasts the Fed will begin cutting rates in December 2025 as the labor market weakens and inflation eases, with a 25-basis point cut at each of the first four Federal Open Market Committee meetings in 2026, lowering the Fed Funds target range to 3.0%-3.25% from the current 4.25%-4.5%. ¹
 - Concerns persist but the chance of recession has reduced slightly to 35% reflecting a stabilization in trade tensions, down from 45% in April when the economy was facing triple-digit tariffs on China. ²
 - Deregulation, fiscal stimulus, and less policy uncertainty should support a more positive 2026.
- **Inventory front loading weighed on economic growth, resulting in a negative GDP print in 2Q25.**
 - Front-loading of imports ahead of the reciprocal tariff announcements in April led to a -4.6% contribution to GDP from net exports. ²
 - Household consumption and private fixed investment increased at a solid pace but slowed during the quarter, while corporate profit margins moved lower but remain elevated, a sign of cautious optimism around the trajectory of equipment spending.²

-0.2%

GDP Growth

2.7%

CPI

1.1%

Y/Y Job Growth

4.36%

10-Y Treasury

¹ US: Demand risks and uncertainty will keep rates elevated. Oxford Economics. 6.11.2025.

² US: Q1 GDP looks weaker despite slight upward revision. Oxford Economics. 5.29.2025.

Note: KPIs sourced from FRED. GDP and 10-Y Treasury as of 2Q25. CPI and job growth as of June-2025.

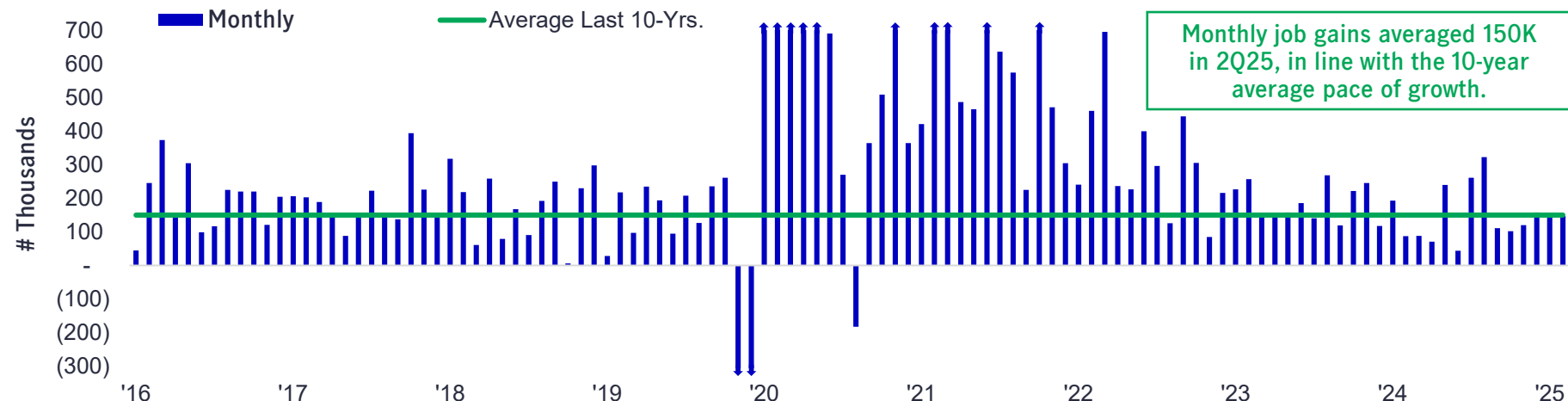


Labor Market Conditions

The labor market, although cooling and contending with myriad uncertainty, remains resilient.

- 147,000 jobs were added in June and an average of 150,000 jobs were added monthly during 2Q25, reflecting resilient growth.¹
- The government and health care and education sectors accounted for over 70% of job growth in 2Q25 and 68% of jobs added over the past year. Leisure and hospitality also had strong gains while employment declined in the manufacturing sector during both periods.¹
- Annual wage growth is slowing, rising 3.7% in the year through June, still above inflation but below the 4% level that typically fuels inflation.¹
- Oxford Economics forecasts the labor market will weaken in the second half of the year as tariffs impact the economy, federal worker layoffs rise, and trade policy uncertainty slows hiring.²
- Defying expectations, the unemployment rate edged lower to 4.1% in June as the participation rate declined. Participation may see downside risks due to the Trump administration's immigration policies and the country's aging population in the period ahead.²
- The compression in corporate profits due to tariffs hasn't been significant enough to prompt layoffs, but hiring has slowed.²

Monthly Job Growth



Source: U.S. Bureau of Labor Statistics as of June 2025. The chart is truncated to exclude outliers during the pandemic.

¹ U.S. Bureau of Labor Statistics as of June 2025.

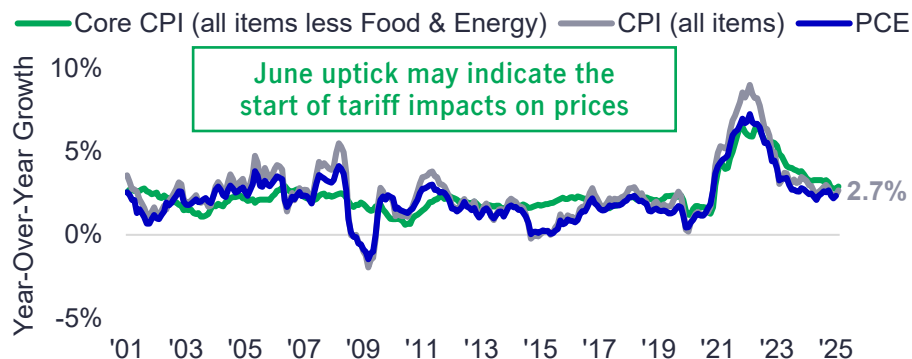
6.6.2025.

² US: Hints of softness, not unraveling, in May employment. Oxford Economics.

Economic Key Performance Indicators

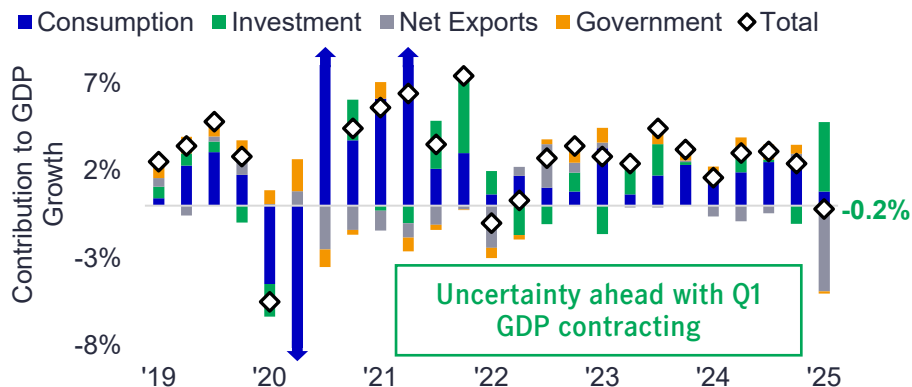
Inflation trending sideways for now while pressures mount and effects of higher tariffs come to fruition.

Annual Inflation



Source: U.S. Bureau of Economic Analysis as of May 2025.

Quarterly GDP Growth



Source: FRED as of July 2025. Chart is truncated to exclude outliers during the pandemic.

1 US: May CPI – Encouraging, but unlikely the new norm. Oxford Economics. 6.11.2025.

2 US: Consumer sentiment improves for the first time in 2025. 6.13.2025.

3 Bureau of Economic Analysis as of May 2025.

- **Inflation measures show progress toward the Fed's 2% objective but remain elevated, and upside risks are growing.**
 - Businesses have likely delay price hikes for a period by absorbing tariff costs through frontloading and corporate profit margins, but inflationary pressures are expected to rise as tariffs and reduced immigration affect the economy over the summer.¹
- **Inflationary tariffs and a cooling labor market will be challenging for the Fed to balance,** however the bar for job growth to keep the unemployment rate healthy has moved lower.
- **Cautious consumer spending reflects hesitation.**
 - Consumer sentiment picked up in June for the first time in 6 months, due to tariff de-escalation with China, gains in equity markets, tepid inflation, and stable unemployment.²
 - May consumer spending declined while personal savings rates showed signs of building amid economic uncertainty.³
 - Disposable income growth is holding up but is moderating, which could intensify if inflation reemerges due to tariffs.³
- **Uncertainty in the first half of 2025,** coupled with prolonged trade policy unpredictability, less immigration, tighter labor markets, higher rates and weakness for the dollar will test economic growth and stability in the period ahead.

Economic Conditions are Playing out in Commercial Real Estate

Uncertainty

GDP Momentum

- Net trade volatility will obscure the true health of the economy, of which consumer and business spending figures are expected to slow meaningfully.¹

CPI Trajectory

- The CPI trajectory is moving closer to the Fed's 2% objective overall; however, inflationary pressures are expected to increase due to tariffs and reduced immigration.

Labor Market

- The labor market could weaken in the second half of the year as tariffs impact the economy, federal worker layoffs rise, and trade policy uncertainty slows hiring.

Interest Rates

- Fed taking its time to gauge how tariffs impact its dual mandate.
- Fed could begin cutting rates in December 2025 as the labor market weakens and inflation eases.

Impact to Commercial Real Estate

- Economic uncertainty and volatility encourages a 'wait-and-see' approach for now, creating a drag on business investment and consumer spending, potentially weighing on investment activity and demand side fundamentals.

- The risk of re-igniting inflation could weigh on consumer spending, impacting retail and household formation, but at least for now, wage growth is above inflation supporting spending and household formation.

- Demographics and policy uncertainty, which impacts business investment and hiring rates, point to slower growth ahead – a potential drag for office and multifamily.

- Despite market participants adopting a 'higher-for-longer' mentality, a more pronounced capital markets recovery may not take hold until interest rates trend down.

¹ US: Trade data to remain source of volatility in GDP estimates. Oxford Economics. 6.5.2025.



U.S. Capital Markets

Emerging recovery met with economic uncertainties creates pause.

- Despite an early 2025 uptick in investment sales activity, **market sentiment appears cautious amid economic uncertainties** - trade policy impacts, higher tariffs, and rising interest rates - generating hesitancy among investors.
 - Adoption of a ‘higher-for-longer’ rate mentality, cautious economic optimism, stronger debt availability, and a strengthening returns environment supported solid capital markets activity in early 2025. By 2Q25, geopolitical concerns and trade policy volatility resulted in investor reluctance, resulting in flat investment volume year-over-year, but still up 10.0% through the first half of 2025 compared to a year ago, boosted by strong 1Q25 volumes.¹
 - Some shift in sentiment away from the U.S. amid deglobalization and tariffs is burgeoning, but on balance the U.S. is still one of the most robust capital markets environments.²
 - Many assets trade below replacement cost, which could pull more capital off the sidelines.³
 - Development projects have become harder to pencil given volatile costs of material and labor.⁴
- **Attractive entry points are emerging** as the period of substantial devaluation ended in 1Q25, initiating a new liquidity cycle that could ramp up once greater economic clarity emerges.⁵
 - Deploying capital into a slowing development cycle is positioning certain property types in certain markets for outperformance.
 - Capital raising totaled \$57.5B during first half 2025, down more than 8% year-over-year.⁶

\$332B

Dry Powder

\$172B

1H25 Trans.Vol.

10.0%

Trans.Vol.Growth

4.3%

1-Yr. Total Return

1 RCA as of 2Q25. 2 "US investors look to allocate more capital overseas." PERE. June 2025. 3 "Real Estate Investment Activity Sees Uncertainty, Proceeds Cautiously." GlobeSt. 6.4.2025. 4 "JVs and Creative Financing Shape Foreign Investment in U.S. Real Estate." GlobeSt. 6.13.2025. 5 NCREIF, NPI as of 2Q25. 6 Preqin as of 2Q25.

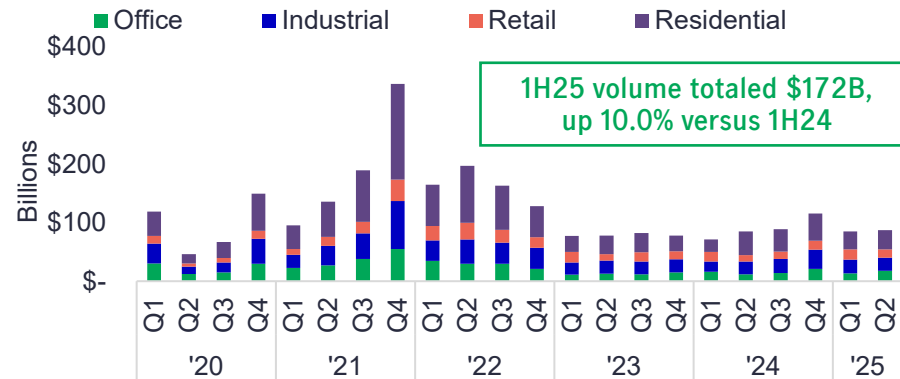
Note: KPIs sourced from Preqin (as of 4Q24), MSCI (as of 2Q25), and NCREIF (NPI-Expanded as of 2Q25).



U.S. Capital Markets

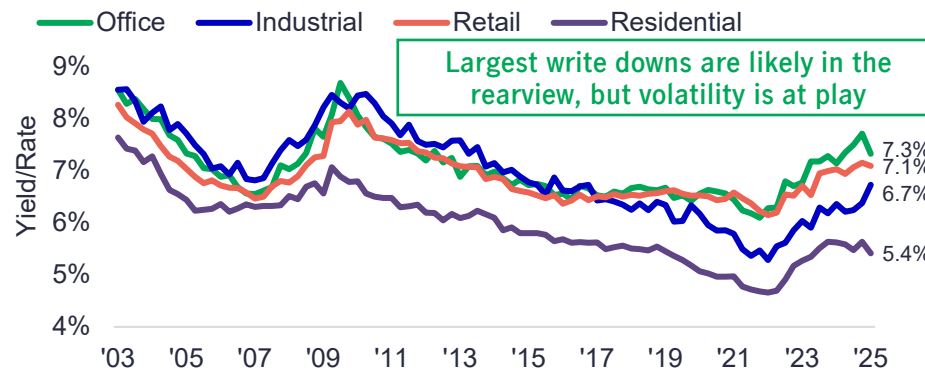
Macroeconomic volatility softens capital markets momentum amid cautious approach.

Quarterly Transaction Volume



Source: MSCI Real Capital Analytics as of July 2025.

Cap Rate by Property Type



Source: MSCI Real Capital Analytics as of July 2025.

- **Investment sales volume momentum stalled at mid-year while lending activity increased reflecting heightened uncertainty among investors and growing appetite among lenders.**

- 2Q25 sales volume held flat year-over-year, increasing 2.3%.
- New loan origination volume up 42% in 1Q25 from a year earlier, continuing to move upward from a decade-low in 1Q24. CBRE-originated commercial loan closings in the U.S. increased by 13% from quarter-over-quarter and 90% year-over-year.^{1,2}
- Lender diversity is growing with debt funds and Commercial Mortgage Backed Securities ("CMBS") increasing market share and banks becoming more active.³
- Increased caution among market participants highlight policy uncertainty, rising costs, and execution risk.⁴

- **Cap rate crosscurrents** include headwinds such as tight cap rate spreads versus Treasuries, higher long-term bond yield expectations and wider spreads between the 10-year Treasury and Moody's Baa corporate bond yields, set against tailwinds of fairly balanced space market fundamentals, amply dry powder, and a resilient lending environment.^{5,6}

- At the end of 1Q25, delinquency rates rose across all major capital sources, with June CMBS rates up 175 bps year-over-year to 7.13%; office hit a record 11.08%, multifamily decreased to 5.91%, and industrial remained lowest at 0.51%.^{7,8}

1 "Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations." MBA. 1Q25.

2 "CRE Lending Activity Increases in Q1 2025 Despite Market Volatility." CBRE. 5.12.2025.

3 "Banks Tiptoe Back Into CRE Lending, But the Game Has Changed." GlobeSt. 6.3.2025.

4 "Second Quarter 2025, The Real Estate Roundtable." Ferguson Partners. 2Q25.

5 "Q1 2025 U.S. Investment Overview & Outlook. CBRE Econometric Advisors. June 2025.

6 "Early Warnings of CRE Price Problems," MSCI. 6.4.2025.

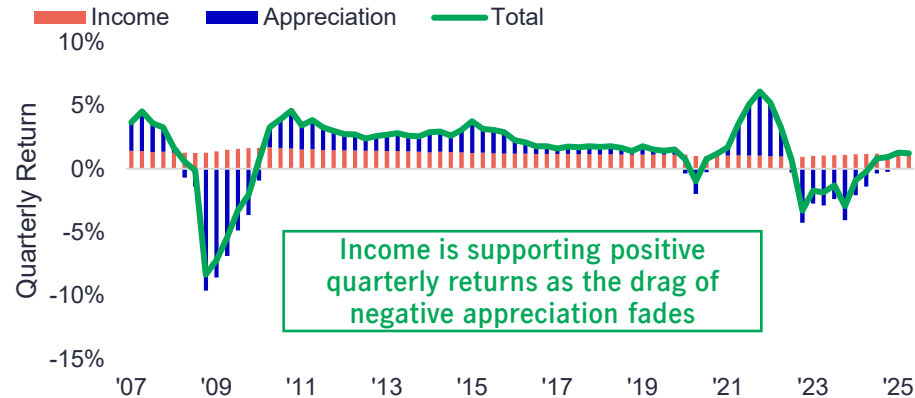
7 "CMBS Delinquency Report." Trepp. June 2025.

8 "Quarterly Commercial/Multifamily Mortgage Delinquency Rates." MBA. 1Q25.

Returns Outlook

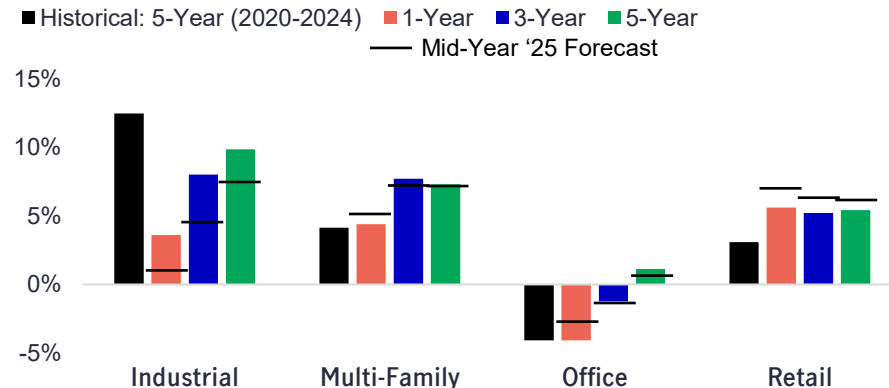
Return momentum holds amid uncertainty, supported by resilient income returns.

NCREIF NPI Income v. Capital Returns



Source: NCREIF, NPI Expanded as of 2Q25.

Forecasted Annualized Returns by Property Type



Source: Manulife Investment Management Research as of 2Q25. NCREIF as of 2Q25.

1 NCREIF, NPI Expanded as of 2Q25.

2 Manulife Investment Management Research as of 2Q25. NCREIF as of 2Q25.

- **NPI returns are holding in positive territory, up 1.23% in 2Q25, supported by stable income growth across sectors, despite heightened uncertainty.¹**
 - Trailing 12-month returns increased 4.31% through 2Q25, with a slightly negative appreciation component; however, appreciation has been slightly positive on a quarterly basis during the first half of '25, an important turning point.
 - Retail is outperforming among traditional property types with a 7.62% 1-year return followed by 4.98% for residential and 4.59% for industrial, while office registered 0.09%, the first positive reading since mid-'22.
- **Our House View model forecasts total returns over the next 5-years to outperform the prior 5-year pace, except for industrial.²**
 - Industrial will continue to outperform other sectors over the next 5-years; however, there is potential for near-term weakness in the sector given direct impacts of higher tariffs and supply chain disruptions.
 - Mid-year '25 model updates reflect softer 5-year returns relative to previous forecasts except for retail; however, we believe volatility in data overall could result in upside revisions that could land returns somewhere in the middle of the two forecast vintages.

U.S. Credit Markets

Credit markets still offer a pathway for strategic exposure to Commercial Real Estate ('CRE') while mitigating risk from a pervasive higher-rate environment.

- **Overall CRE lending activity recovered in 2024, with CRE lenders infusing \$498 billion into the market.** This represents a 16.1% increase relative to the prior year. The recovery in CMBS markets led the way, with issuance rising by 130.7%. Life co lending rose by 17.3% and private credit lending increased by 14.9%. By contrast, bank originations continued to slide, declining by 10.7% relative to 2023.^{1,2}
- **Expectations of rates remaining elevated represent a tailwind for CRE credit markets.** Credit investors can continue to earn above-average returns, close to equity investments.
- **Real estate private credit still has room to grow.** Over the last 10 years (2015-2024), 639 credit funds were created by GPs based in the U.S. A total of \$197 billion was raised for credit investments. This parallels the rise of private credit globally, with market size increasing by \$500 billion in 2015 to over \$1.5 trillion in 2024.²
 - Despite the recent increase in private credit activity, there remains room to grow. The share of private credit funds in total CRE lending rose from 6.2% to 10.3% from 2020 to 2024, still much less than CMBS (16.1%) or bank lending (23.7%).²
 - Furthermore, the \$197 billion raised by private credit over the last ten years represents only 4.1% of the total addressable market of \$4.8 trillion of CRE loans outstanding.²

\$1.5T

Credit Mkt Size

\$197B

\$ Credit Raised

\$2.9T

Debt Maturity

+35%

Y/Y CMBS Issu.

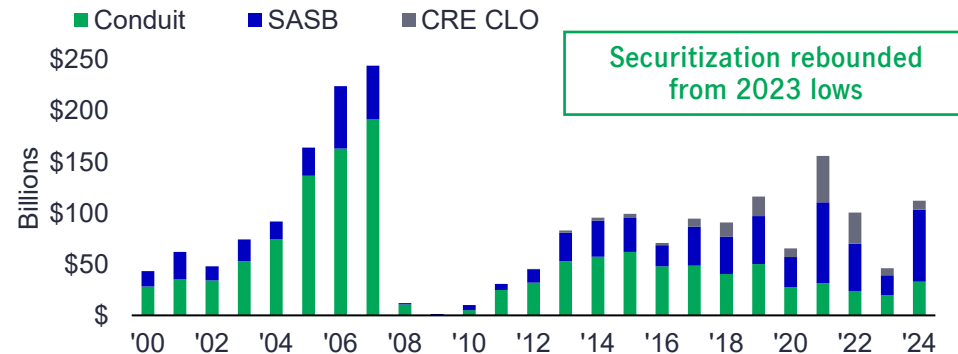
¹ Mortgage Bankers Association as of 2Q25.

² Preqin as of 2Q25.

Credit Markets Outlook

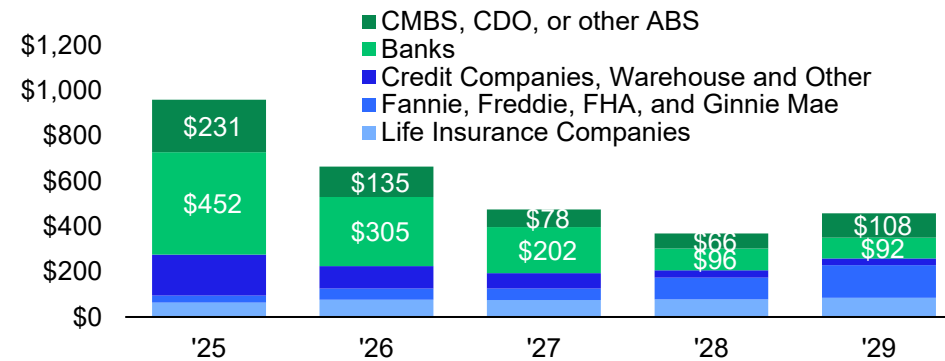
While the securitization market has recovered from its recent low in 2023, securitization volume has yet to reach its pre-GFC levels. We believe private credit will continue to grow even amidst a volatile market.

Commercial Real Estate Securitized Debt Issuance



Source: Wells Fargo as of June 2025. "SASB" is single asset single borrower. "CRE CLO" is commercial real estate collateralized loan obligation.

Debt Maturity Wall



Source: Mortgage Bankers Association as of July 2025. "CMBS, CDO or other ABS" is commercial mortgage-backed security, collateralized debt obligation or other asset backed security. "FHA" is the federal housing administration.

1 Mortgage Bankers Association as of 2Q25.

2 Prequin as of 2Q25.

- **A functioning capital markets environment allows real estate credit participants to ramp originations**, while providing borrowers with certainty of execution.

- Commercial Mortgage Backed Securities ("CMBS") issuance has increased 1.4x year-over-year (2024 versus 2023) as capital markets stabilized. Several transactions greater than \$1 billion have occurred, signaling improved liquidity for larger deals.
- Commercial Real Estate collateralized loan obligations ("CLO") and conduit CMBS have seen spreads hold steady or slightly tighten when compared to 2023 and 2024, even with recent widening at the start of 2025.

- **The maturity wall creates lending opportunities** as a significant volume of Commercial Real Estate credit is maturing near term creating a surge in refinancing needs. This "maturity wall" presents a robust pipeline of lending opportunities, especially for bridge and transitional loans.

- Regulatory pressures are leading banks and other traditional lenders, towards warehouse lending and Loan-on-loan facilities that are more capital efficient. The supply-demand imbalance favors private credit investors enabling better terms and stronger structural protections.

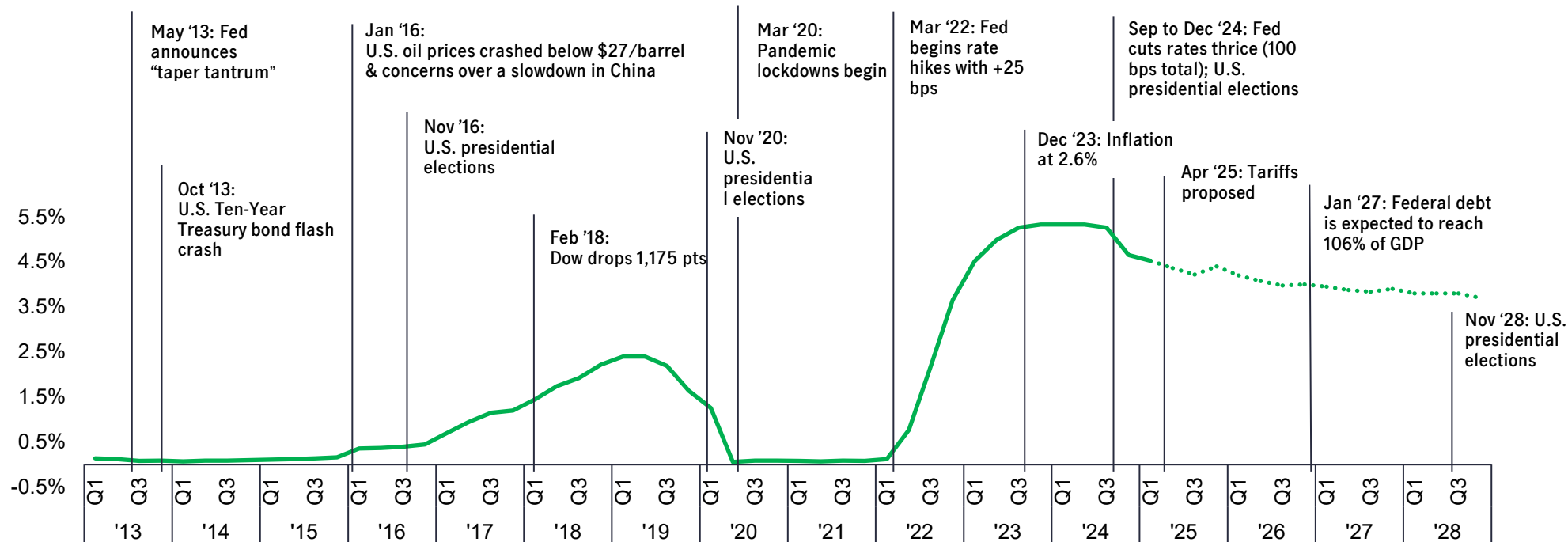
Growth of Non-Bank Lenders

Traditional bank lenders were forced to retreat from the direct lending space due to the market volatility, and increase their focus on the loan-on-loan market within CRE lending.

- The yield curve steepened in late 2024 but flattened in 1Q25, with rising concerns about slowing economic growth amid policy volatility.
- The unpredictability of potential policies that impact trade and labor supply, may reaccelerate inflation, casting doubt on the pace / magnitude of future rate cuts.

Federal Funds Effective Rate

Interest rates are anticipated to remain volatile given the uncertainty around monetary policy, inflation, and global events



Source: FRED and Global Real Estate Research as of June 2025.



U.S. Operating Fundamentals

Normalizing fundamentals face a broad range of uncertainties.

- **Just as operating fundamentals begin to normalize in most sectors, a broad range of uncertainties threatens to stall demand growth;** however, limited new development should support net operating income (“NOI”) growth.
 - Elevated tariffs and trade negotiation uncertainty emerged as top concerns for both consumers and businesses, most directly impacting the **industrial** sector which is experiencing a demand pullback after multiple years of robust growth following the pandemic.
 - Indirect tariff impacts could first show up in the **retail** sector by way of weaker consumer spending amid economic uncertainty and potentially higher inflation, challenge demand in the period ahead, but personal consumption expenditures remain resilient amid record low availabilities, supporting solid NOI growth.
 - A resilient labor market supports historically strong demand for **multifamily** while the supply wave moves past peak, translating to a turning point for fundamentals and the potential for tightening dynamics as deliveries move meaningfully lower.
 - The degree of space reductions is moderating for **office** while vacancy is showing signs of peaking, but demand is concentrated in high-quality assets with spillover benefits to Class A/B.
- **Overall demand conditions should remain resilient while significantly lower construction pipelines,** potentially tightening further due to higher tariffs and resulting higher construction costs, support operating fundamentals.
 - Trade escalations appear to be leveling off, which may support greater certainty in the outlook.

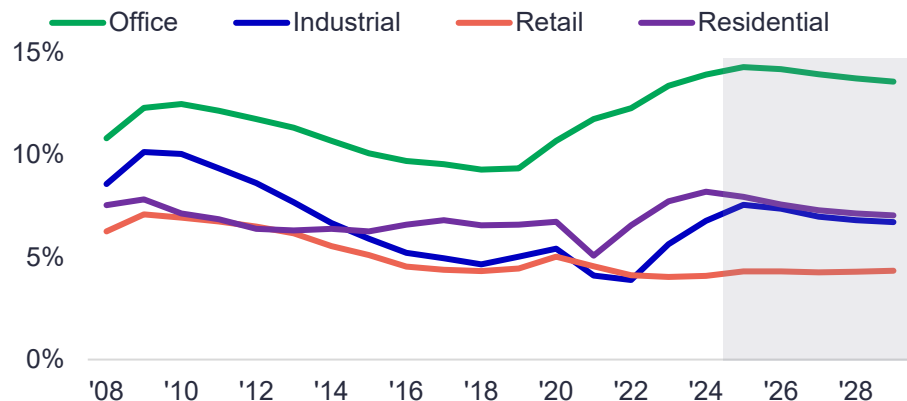


Note: KPIs sourced from FRED and measure year-over-year growth. Wage and consumer spending as of June 2025 and May 2025. Population growth as of 4Q24. Business investment as of 1Q25.

U.S. Operating Fundamentals

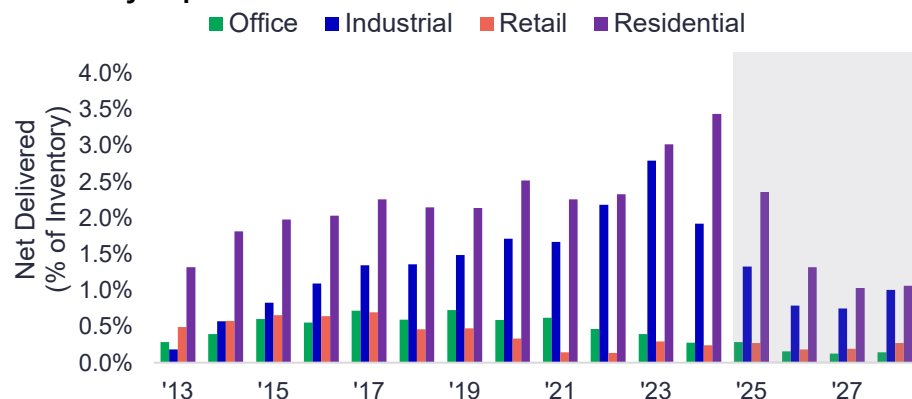
Elevated levels of new supply are tapering off quickly, supporting operating fundamentals.

Vacancy



Source: Costar as of 2Q25.

Delivery Pipeline



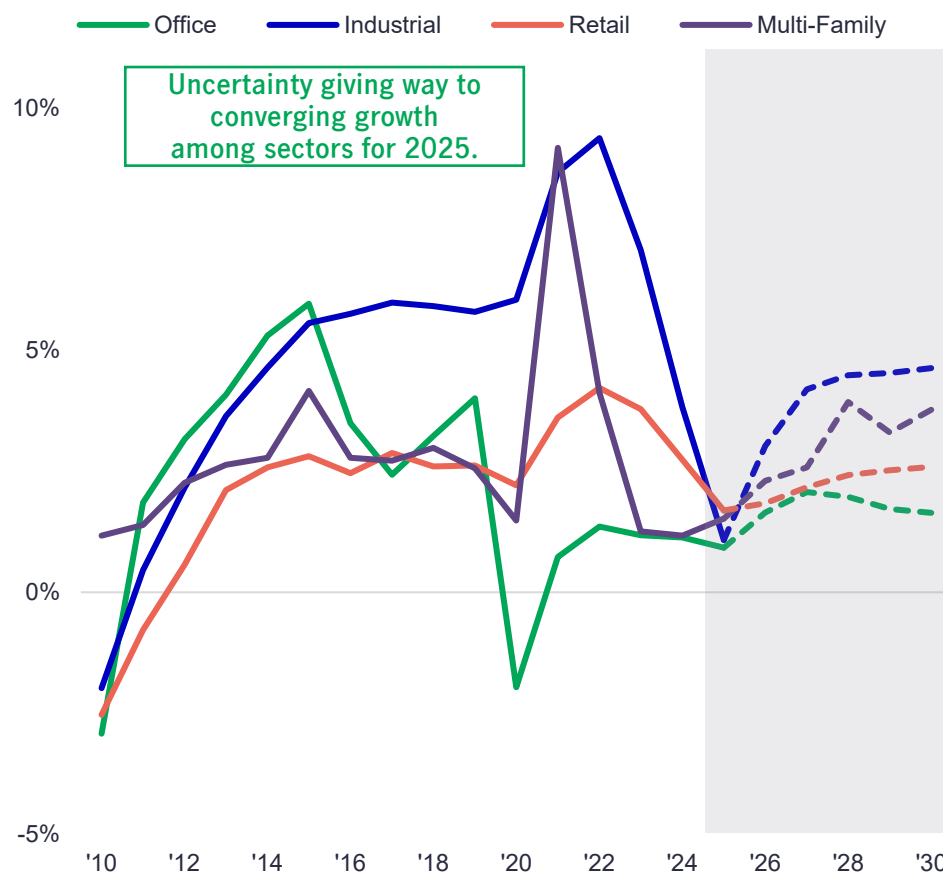
Source: Costar as of 2Q25.

- **The full impact of tariffs will take time to filter through to the economy**, potentially weakening economic growth and weighing on fundamentals, though the declining rate of deliveries should provide a buffer for operating fundamentals to a degree.
 - Hard data suggests the economy and demand side fundamentals are holding up - the labor market remains resilient, and consumer spending is holding for now, although some moderation is starting to filter through.
 - Supply chain disruptions and higher tariffs will impact near-term industrial operating fundamentals, but below market in-place leases will continue to support NOI growth.
 - Strong tenant retention is beneficial for apartment NOI, but lower immigration could play a role.
 - High-quality office properties benefit from tenant preferences favoring best-in-class space, and retail benefits from near record low vacancy.
 - Retail store closures will offer many tenants an opportunity to expand amid record low vacancy.
- **High levels of new supply have weighed on landlord pricing power in some sectors, but completions are expected to slow meaningfully this year.**

Rent Growth Outlook

Near-term volatility resulting in downgraded rent growth projections while medium-term remains solid.

Forecasted Rent Growth by Property Type



Source: Manulife Investment Management Research as of July 2025. CoStar as of 2Q25.

- **Tariff policy uncertainty and supply chain disruptions have resulted in a downgraded outlook near-term.**

- Industrial experienced the most notable downward revision for 2025 compared to year-end 2024 forecasting, reflecting the impact of trade policy uncertainty and higher tariffs, followed by multifamily, due to expected lower immigration levels.

- **Over the next 5-years, industrial and multifamily are expected to outperform while office lags.**

- Industrial is projected to have the highest average rental growth over the next five years with mounting momentum, driven by strong structural factors and reduced new supply.
- Multifamily will have the second strongest growth rate on average, reflecting a resilient job market, high retention rates, and supply headwinds starting to abate.
- The trajectory for retail rent growth amid near record high occupancy levels looks solid.
- Office rent growth will lag traditional sectors amid structural challenges and slower office-using job growth, but a bifurcated market will mask stronger landlord pricing power at Trophy buildings.

What's ahead in 2025 for the U.S. Commercial Real Estate market?

Deploying capital into a slowing development cycle at a reset basis is compelling.

Contracting Pipeline

- A contracting development pipeline should support otherwise slowing fundamentals given demand side uncertainties.
- As the pipeline dries up and capital is deployed, landlords can position for potential outsized rent growth for select sectors and assets in '26 and '27 when deliveries hit lows not seen in a decade.

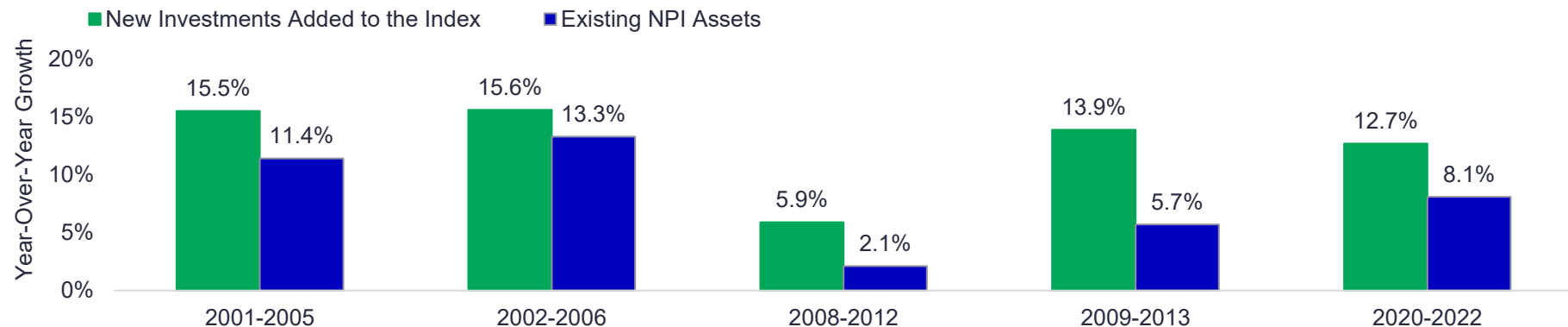
Strategic Vintage

- A new liquidity cycle is burgeoning as the prolonged period of write downs comes to an end, signaling a bottoming cycle across asset types, triggering renewed market activity.
- After periods of dislocation, new investments have historically outperformed existing investments, suggesting that an early mover advantage can be gained.

Alternative Diversification

- Institutional portfolios were already shifting towards greater exposure to 'alternatives', but with macro uncertainties the shift may accelerate given counter-cyclical qualities of cold storage, active adult, and student housing among others.
- Hyper-local analysis is critical.

5-Year Average Vintage Year Total Returns: New vs. Existing Investments



Source: Mark Roberts, SMU Folsom Institute, Fall 2024.

Note: Based on NCREIF data for the NPI Index. Returns represent five-year annual average total returns for new investments following the year of acquisition. For example, investments made in 2000, produced a total return of 15.5% for the five years from 1Q2001 – 4Q2005, inclusive while the NCREIF Index produced a total return of 11.4%. Total returns for 2020-2022 reflects a shorter time periods. Returns for investments made in 2019 reflect the three-year period from 1Q2020-4Q2022.

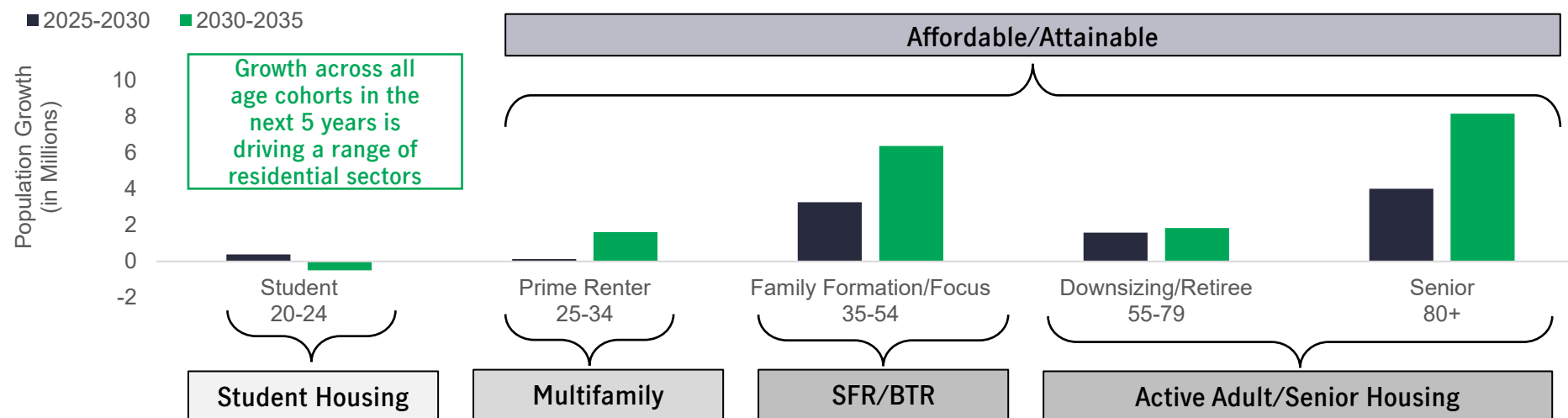
Live

U.S. Residential Overview

The essential nature of housing, favorable demographics, affordability issues and a chronic housing shortage support durable, long-term investment potential for the residential sector.

- **Demographics support a wide range of housing options across various life stages, each with unique demand and lifestyle/life-phase drivers.**
 - Pent up demand from young adults living with parents and a growing number of prime-aged renters supports traditional multifamily.¹
 - Ongoing aspirations for higher education bolsters resilient demand for student housing at brand name, flagship institutions, while tight supply of housing near campus that caters to modern student needs creates a compelling investment opportunity.
 - A large share of renters spending more than 30% of income on rent supports demand for attainable/affordable housing options.²
 - Challenging homeownership affordability, adoption of WFH, and millennials aging into prime-SFR age provides tailwinds for sustainable demand for SFR/BTR in markets with diversified demographics and active labor markets.
 - As baby boomers age, active adult housing—a lifestyle-focused subset of senior housing aimed at younger, healthier cohorts (typically aged 72-74) offering secure, maintenance-free rentals—appeals to their desire for community and a vibrant, independent living environment.³

Population Growth by Cohort and Primary Residential Sector Demanded



Source: Oxford Economics as of July 2025.

¹ ULI RPIC, Spring Meeting 2025. John Burns Research & Consulting. 5.14.2025.

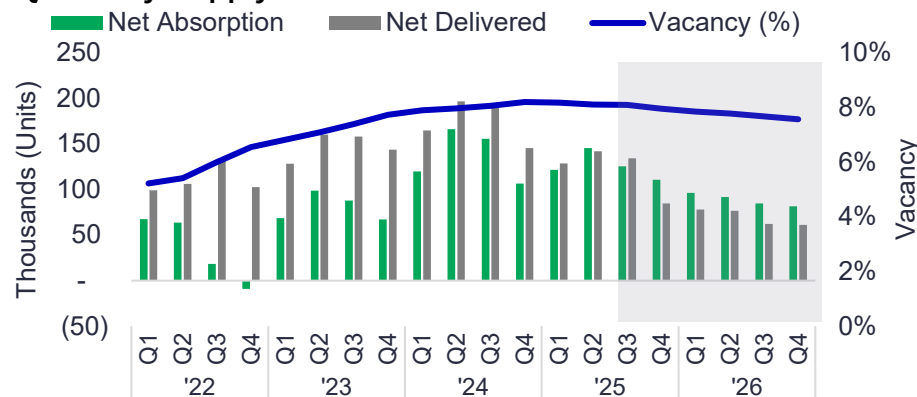
² US Census Bureau, American Community Survey 1-Year Estimates, as of 3Q24.

³ Green Street. Health Care Insights - Active Adult Sector: Another Living Option. 7.12.2024.

U.S. Multifamily Fundamentals

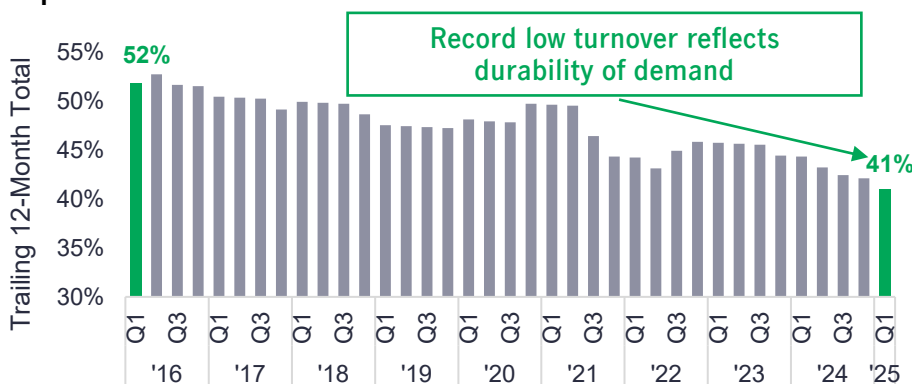
Strong demand paired with supply that has passed its peak supports a turning point for fundamentals.

Quarterly Supply and Demand



Source: CoStar as of July 2025.

Apartment Same-Store Turnover



Source: John Burns Research and Consulting as of May 2025. Note: Data is for public REITs.

¹ CoStar, data as of 2Q25.

² Oxford Economics, data as of 2Q25.

³ "Immigration has bolstered apartment demand. What an expected slowdown means in four gateway markets. CoStar News. 6.12.2025.

- **Supply and demand factors are strengthening** after a period of dislocation amid record apartment deliveries in 2023 & 2024.
 - Strong demand outpaced supply in 2Q25, as the sector nears a turning point with vacancy edging lower to 8.1%.
 - Rent growth continues to soften amid elevated vacancy, increasing 0.9% with wide variation across markets.¹
 - Supply shortage could intensify as decade-plus low construction starts amid higher capital costs and stricter lending is met with construction labor force challenges, and elevated tariffs driving up construction material costs.
 - Sun Belt supply pressures easing which continue to be the top migration destination, but momentum has slowed. Other areas, particularly coastal gateways, showing a strong pickup in net migration rates, turning positive in the last 2-years, after years of outflows.^{1,2}
- **Record low turnover could persist** amid a development slowdown, the stagnant, expensive single-family home sales market, and delayed adult milestones, keeping renters in place for longer.
- **Absorbing heavy new supply amid lower immigration levels could be a challenge in a handful of markets**, particularly those with a higher share of population growth from international migrants and high foreign-born rentership rates.³

U.S. Big Ideas: Multifamily

4.5M unit housing supply shortfall and growing affordability issues support long-term performance.¹

Themes

- Wage growth continues to outpace inflation, supporting rent paying ability and household formation.
- Delayed adult milestones and barriers to homeownership leading to renting for longer.
- The development slowdown could intensify as deportations increase, and tariffs translate to higher material costs.

Opportunities

- Supply constrained coastal gateways with a rebound in net migration, RTO could see upswing.
- Recent momentum in Class A occupancy and rent growth reflects potential for strengthening performance and renewed investor interest.
- Light distress opportunities where lenders are pushing owners to exit in advance of delinquency.

Risks

- Softer household balance sheets, a weaker job market and the consensus for lower immigration levels in the near-term could challenge demand.^{2,3}
- Prime renter growth over the next 5-years is positive, but the 30–34-year-old subset is shrinking, a potential headwind for markets that still face oversupply risk and rent growth declines.

Market Considerations

- Positive net migration; strong population growth
- Supply constraints/ barriers-to-entry
- Income growth that supports rent growth and affordability
- Business friendly/ corporate relocations
- Physical and transition climate risk

Asset Considerations

- Limited supply pipeline within direct proximity/competition to subject asset
- Live-Work-Play environment; high walkability, retail access
- High-tech features
- Best in class amenity package

Sub-Type Focus

- Market-rate
- SFR/BTR
- Attainable & Affordable housing
- Student Housing

¹ "The U.S. is now short 4.5 million homes as the housing deficit grows." Zillow. 6.18.2024.

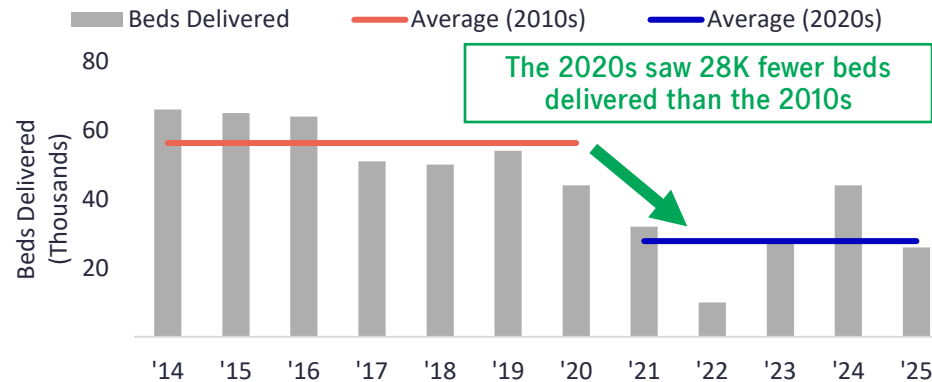
² "ULI RPIC, Spring Meeting 2025." John Burns Research & Consulting. 5.14.2025.

³ "Residential Sector Update." Green Street. 5.22.2025.

U.S. Student Housing Overview

Student Housing is facing a supply-demand mismatch, with new deliveries declining as enrollment at major universities rises creating strong tailwinds for select markets in the “Power 5.”

New Beds Delivered & Expected Supply



Source: Realpage. "U.S. Student Housing Market Update, 2025 Spring Outlook" as of March 2025. Represents U.S. off campus purpose-built student housing.

Enrollment Change between 2019 and 2023

Category	# Change in Enrolled Students	% Change in Enrolled Students
Power 5	+123,751	+5.8%
Group of 5	-21,820	-1.7%
All Other	-53,452	-2.1%

Source: Realpage. "U.S. Student Housing Market Update, 2024 Year in Review & 2025 Outlook". Data published December 2024. Note: Data reflects Fall enrollment estimates and only includes schools tracked by RealPage. 'Power 5' refers to the five biggest and most competitive college athletic conferences competitive in NCAA Division I athletics, particularly football, and includes Tier 1/state flagship universities; 'Group of 5' refers to the five athletic conferences whose members are part of NCAA Division I Football Bowl Subdivision (FBS); 'All Other Campuses' refers to universities outside of the prior two, including many Ivy League schools.

¹ "U.S. Student Housing Market Update, 2025 Spring Outlook". Data published March 2025. Represents U.S. off campus purpose-built student housing.

Rising enrollment and lower supply present challenges.

- Fall 2025 deliveries fell below the 2020's average yet campuses like University of Tennessee and Tallahassee will see 2,000-4,000+ new beds in the next two years showing reduced national risk but possible submarket-level saturation.¹
- Rent growth is mixed amid high occupancy i.e. Georgia Tech at -5.6% despite 94% occupancy.¹

The divide between schools with increasing and decreasing enrollment underscores the trend of students favoring larger, well-known flagship institutions, emphasizing the need for strategic location planning.

- Select markets present rare combination of enrollment, stability and upcoming supply that have the potential to make them high-target markets (i.e. Realpage forecasts highest 2025-2026 enrollment growth at Utah Valley, Georgia Tech, Texas A&M, UC San Diego and Kennesaw State each adding >1,300 students and growing >2.5%).¹
- There are 81 millions individuals aged 16-35 entering peak rental and student housing demand. Demographic momentum supports long-term growth, even if near-term cycles soften.²

² John Burns Research ULI RPIC Spring Meeting as of May 2025.

Big Ideas: Student Housing

Student Housing presents a bespoke, highly selective, diversification play bolstered by a broad undersupply of campus-proximate housing, with outsized demand near public institutions.

Themes

- High cost of capital and rising construction costs have exacerbated supply/demand imbalance, fueling a gap in quality and amenities.
- Rising undergraduate enrollment figures supported absorption over last decade but headwinds such as immigration policy and cyclical volatility emerging.

Opportunities

- Increased enrollment rates support a bespoke approach, focusing on institutions with favorable acceptance/enrollment ratios.
- Public institutions proximate may be more recession resilient.
- Secondary markets with limited institutional activity, present portfolio diversification opportunity, improving asset management and quality.

Risks

- Enrollment volatility fueled by immigration policies and an anticipated peak in the number of U.S. high school graduates by 2026.
- Growing number of closures due to fiscal pressures may limit liquidity and challenge exit strategies.
- 'Free Application for Federal Student Aid' changes impacting financial aid and may shift enrollment trends.

Market Considerations

- Strong educational institution presence; high-quality institutions
- Supply constraints/barrier-to-entry, minimal on-campus housing pipeline
- Strong employer presence, employment hub & post-grad job opportunities
- Lower regulatory environment

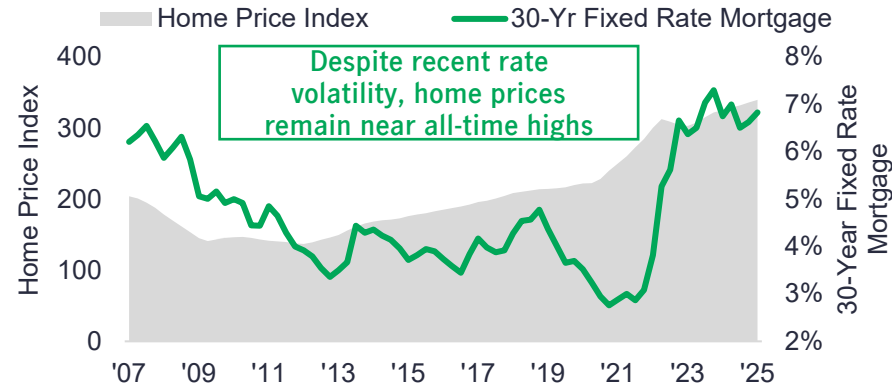
Asset Considerations

- Direct proximity/access to educational institution
- High walkability/proximity to student-oriented amenities, retail, entertainment
- Student-oriented high-tech features & amenities on site
- Graduate, Post-Graduate demand in area

U.S. Attainable/Affordable Housing Overview

The affordable housing crisis is intensifying with soaring home prices, high mortgage rates and record-high renter cost burdens, colliding with a drop in new construction and expiring protections.

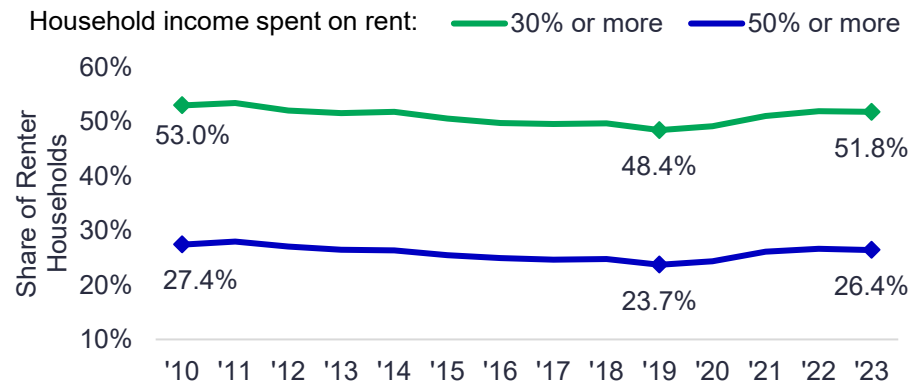
Home Price Index & Mortgage Rates



Source: FRED, Freddie Mac; S&P Dow Jones Indices LLC as of 1Q25.

Note: Home Price Index is the S&P/Case-Shiller 20-City Composite.

Share of Cost Burdened Renter Households



Source: US Census Bureau, American Community Survey 1-Year Estimates, as of 2Q25.

• Rising rents stress tenants, even in “affordable” units.

- Occupancy reached over 98% in 1Q25 while HUD fair market rents jumped 10-15% year-over-year in high demand metros like Inland Empire and Washington, D.C.¹
- Demand for affordable rentals, especially in immigrant-heavy and working-class communities will likely remain robust as immigration drove the formation of +600K renter households from 2022-2024; however, increased deportations could have an impact in certain instances.²
- Construction fell by 30% year-over-year in 2024 with only 66K units started.¹

• The short-term boost in supply won't be sustained as developers face barriers from rising land, labor and insurance costs.

- ~80,000 affordable units are expected to deliver in 2025, a 12.6% increase over 2024, but projected to fall to 68,000 and 51,000 in 2026 and 2027.¹
- By 2035, around 890,000 affordable housing units face the risk of losing affordability restrictions, threatening a significant portion of affordable housing stock.^{3,4}
- The preservation/production balance will be highly state-dependent as federal and local subsidies are critical with 14 states, like Ohio and Texas, possible seeing net losses.⁴

¹ "National Report – Current State of Affordable Housing" Berkadia as of May 2025.

² John Burns Research ULI RPIC Spring Meeting as of May 2025.

³ National Housing Preservation Database as of May 2025.

⁴ "National Affordable Housing Report" Yardi Matric as of March 2025.

Big Ideas: Attainable/Affordable

Increased demand amid rising renter cost burdens, deepening barriers to homeownership, and structural advantages can provide attractive risk-adjusted returns despite regulatory and development cost pressures.

Themes

- Rising construction costs challenging the bottom line, contributing to misalignment between the type of supply delivered and affordability demands.
- Pipeline is now correcting, and developers are pulling back which will ultimately prevent near-term solutioning of chronic undersupply.

Opportunities

- Rentership is only increasing as mortgage rates are elevated; outperformance in markets where SF homes are more unaffordable.
- Inflation hedge due to shorter lease terms with added countercyclical feature of higher tenant retention.
- Outer-ring Sun-Belt population of origin became outpriced due to higher-income in-migration.

Risks

- Supply-shock markets may see a trickle-down in rental rates, which meets more demand but may cap upside for investors.
- Use of government vouchers as a backstop reducing credit loss may be at risk with policy changes; markets with weaker fiscal environments may be at a disadvantage.

Market Considerations

- High rent cost burden; >50% of income spent on rent in some metros
- Limited homeownership access
- Regulatory incentives (Low Income Housing Tax Credit, vouchers)
- Supply-demand mismatch; markets with chronic underbuilding

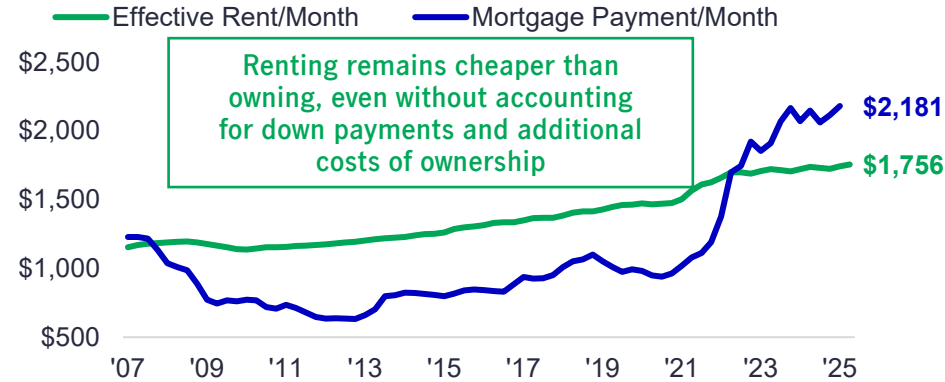
Asset Considerations

- Eligibility for tax credits, housing vouchers
- Efficient unit sizes with optimized operating expenses
- Amenities/Building quality exceeding or on par with competitive properties
- Proximity to amenities such as healthcare, community and social services
- High Transit score, superior access to transit

U.S. SFR/BTR Overview

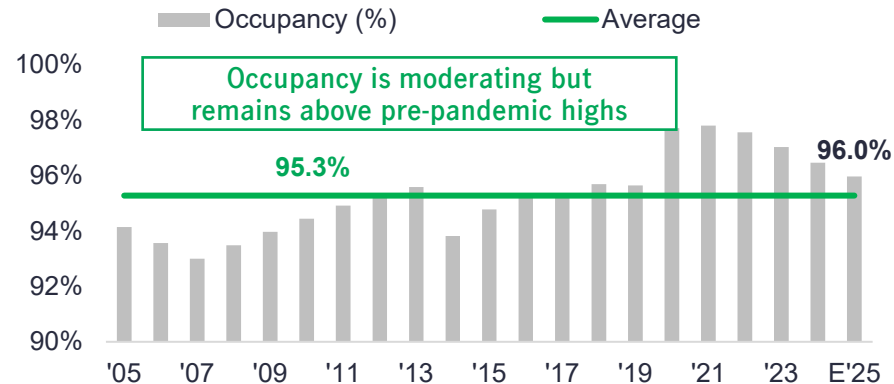
A shortage of starter homes and compelling rent-to-own cost dynamics support solid fundamentals.

Cost to Rent vs. Own



Source: CoStar; Census, S&P Case-Schiller Home Price Index; Freddie Mac as of July 2025.

U.S. Single-Family Rental Occupancy



Source: Green Street as of July 2025. Note: E = Estimate.

- **SFR/BTR benefit from similar demand drivers to traditional multifamily (i.e. job growth and income growth) but offer a strategic play on homeownership challenges and changing household preferences** impacted by WFH and demographics.
- **Demand drivers remain strong as barriers to homeownerships continue to mount**, with the median 20% down payment increasing about 53% since pre-pandemic, and millions of millennials aging into their family formation years, looking for housing that meets their needs of space and affordability.¹
- More affordable per square foot rents for SFR versus traditional multifamily are insulated to a degree given differences in tenant preferences and lifestyle needs.
- **Occupancy edged up 50 bps in 1Q25 to 97.0%, while effective rent growth increased 4.5% year-over-year**, running 500+ bps higher than traditional multifamily growth.²
 - Tenant retention should remain high amid homeownership challenges, compounded by a 15% decline in housing starts YTD and a shortage of starter homes amid elevated construction costs, deepening the pool of demand for SFR/BTR.³
 - A normalizing construction pipeline in '26 and '27 should also support stronger landlord pricing power.⁴

¹ Freddie Mac; S&P Dow Jones Indices LLC; CoStar; Oxford Economics, as of July 2025.

² "Apartment & SFR 2Q25 Earnings Preview." Green Street. 7.17.2025. Note: In major shared markets.

³ "Why it's so hard to find starter homes in the U.S." CNBC. 1.14.2025.

⁴ "SFR in BTR Communities." YardiMatrix. May 2025.

Big Ideas: SFR/BTR

SFR/BTR serve a key, growing demographic that faces mounting barriers to homeownership, despite overall potential economic uncertainties.

Themes

- The affordability gap between owning versus renting is growing in favor of renting.
- Barriers to homeownerships continue to build and millennials are aging into their family formation years, looking for affordable and more spacious living arrangements.
- Lack of starter homes while builders focus on high-end homes amid elevated construction costs.

Opportunities

- SFR pricing power, which historically has proven less sensitive to job growth, remains healthier.¹
- Renting preference, hybrid working and affordability in Gateways could drive portfolio or scaled scatter-site plays.
- Longer lease terms and lower turnover offer counter-cyclical protection in well-leased assets.

Risks

- Legislation that aims to limit business entities from buying more single-family homes, highlight the growing negative sentiment toward institutional homeownership and could harm growth prospects.²
- Limited economies of scale will undermine revenue and cost management; however, yield through savvy operations will evolve as the sector matures.

Market Considerations

- High barriers to homeownership
- Large pool of household formation in 'family' years cohort
- Larger pool of higher-income demographic
- Landlord friendly rental regulation
- Diverse economy

Asset Considerations

- Community and recreation amenities/features
- High Walkability/Retail access
- Proximate to quality school system
- Best in class amenity package
- Smart home technology/EV
- Home design to accommodate moving

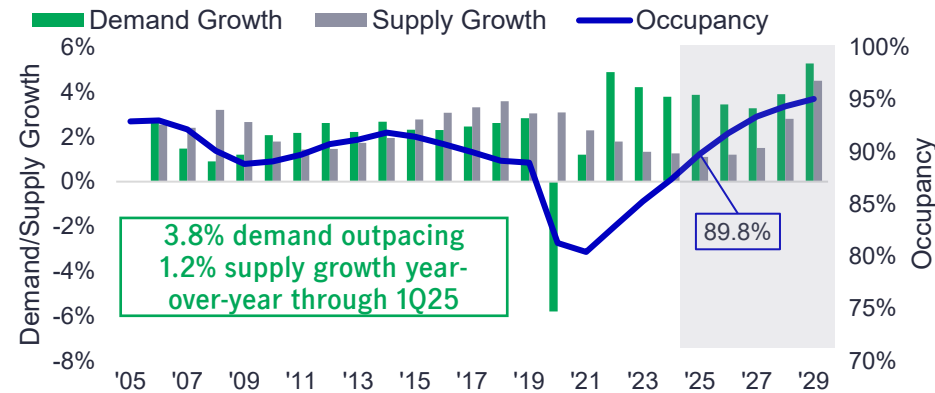
¹ "Apartment & SFR 2Q25 Earnings Preview." Green Street. 7.17.2025.

² "U.S. Single-Family Rental Outlook." Green Street. 1.24.2025.

U.S. Active Adult Overview

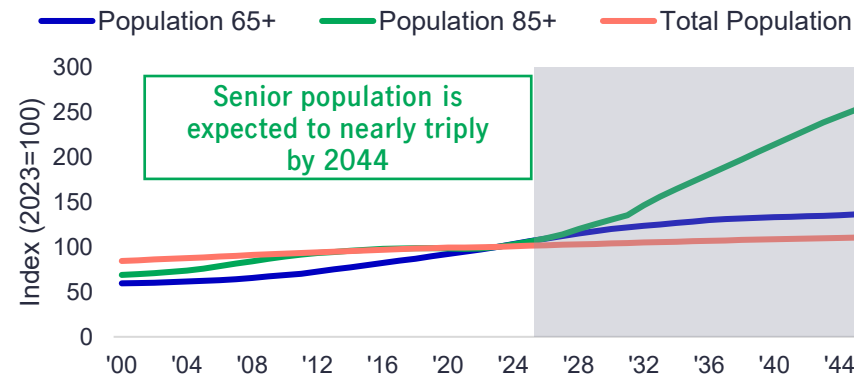
Active adult housing sector is entering a long-term demand upswing driven by senior population growth and constrained new supply further setting the stage for occupancy strength, rent growth and delivery pressures.

Senior Housing Supply and Demand Growth vs. Occupancy



Source: Green Street as of July 2025.

Population Growth Index by Age Cohort



Source: Oxford Economics as of May 2025.

- **Occupancy hit record-high at 90% in 1Q25 while construction pipelines hit historic lows at 2.6% of inventory.¹**
 - Rent growth decelerated to 3.9% year-over-year but remains ~150 bps above pre-Covid norms.¹
 - Expected supply growth remains in the low 1% range, equal to about half the historical norm.
 - While the broader for-sale housing market softened, senior housing demand was largely unaffected (only a few Sun Belt metros showed weakness) likely due to pandemic recovery and seniors wealth gains from rising home prices.²
- **Forecasts expect occupancy to reach 94.5% by 2029 with rent growth holding in the 4-5% range, driven by surging 80+ population and minimal new supply.^{2,3}**
 - Immigration-related labor constraints remain a longer-term threat.³
 - The U.S. will need 564,000 new units by 2030 but only ~191,000 are expected to deliver driving early move-ins and waitlist behavior among older adults and families.⁴
 - Cautious optimism in Sun Belt as areas with softening housing markets may see weaker near-term rent and occupancy growth, especially for independent living and active adult communities.²

¹ "1Q25 NIC Data – Seasonality? Never Heard of It" Green Street as of April 2025.

² "Housing Sector - Scanning for Housing Market Sensitivity" Green Street as of May 2025.

³ U.S. Senior Housing Outlook - Green Street as of January 2025.

⁴ "Senior housing is so scarce that many older adults are buying before they even need it" Market Watch as of April 2025.

Big Ideas: Active Adult

The rising population of adults 55 years-old and older along with advances in health and integrated care is enabling independent living and shifting living preferences towards health and wellness prioritization.

Themes

- Increased emphasis on health and wellness support independent living, and reductions in federally funded healthcare may redirect demand towards this segment.
- Benefits from countercyclical features such as more inelastic demand and desire of homeowners to downsize due to aging and financial pressures.

Opportunities

- Development and value-add through providing more flexible, adaptable housing solutions, with emphasis on technology and accessibility.
- Amenities focused on wellness practices offer differentiation.
- Secondary market exposure where aging adults are moving to take advantage of lower-cost environments.

Risks

- Highly specialized and higher cost to maintain due to bespoke tenant needs may impact exit strategy; sophisticated management needs supporting light community services and care options often require OPs.
- High, more unexpected turnover reflecting aging population.
- Avoid markets with fiscal risk due to Federal funding pullbacks.

Market Considerations

- Metros/markets with outsized population growth in the 55+ age cohort
- Strong transit infrastructure in support of prevailing transport mode
- Amenity-rich, outdoor recreation, walkable environment (high Walkscore)
- Proximity to healthcare and medical hubs
- Range of incomes in support of diversified product types

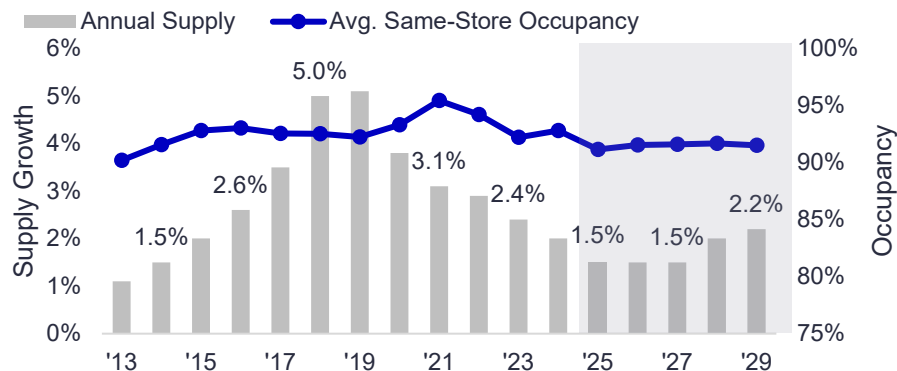
Asset Considerations

- Urban fringe TOD or Suburban – town-center oriented
- On-site, accessible recreation, entertainment (e.g., Greenways, Clubhouse, gathering areas); on-site or directly proximate healthcare service desirable
- Highly amenitized, retail proximate
- Highly accessible environment/ADA

U.S. Self Storage Overview

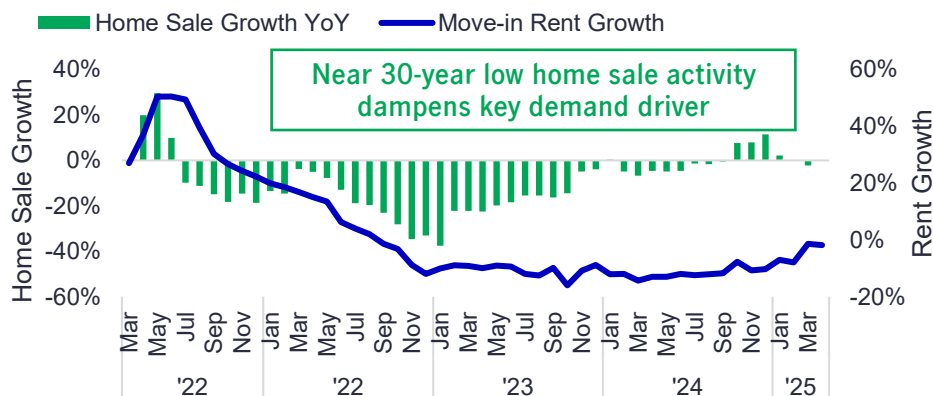
Low home sales are a challenge, but lower supply headwinds provide some support for rent stabilization.

Self-Storage Annual Supply Growth & Occupancy



Source: Green Street as of July 2025. Note: E = Estimate.

Home Sale Growth and Move-In Rent Growth



Source: "Self-Storage Sector Update." Green Street as of May 2025.

Recent signs of occupancy and rent stabilization reflect steadily rising demand and falling supply growth.¹

- Despite inflation eroding consumer purchasing power, the average cost-to-income ratio for a storage unit is currently 1.7% , down from 2.3% on average from '12-'19. ²
- Supply headwinds have subsided, with high land and construction costs leading to fewer groundbreakings and just 1.5% annual supply growth forecasted for the next three years, reflecting the lowest growth in a decade. ²

Advertised rates may be nearing bottom, declining by -0.1% in June year-over-year while half of top markets saw rent increases, and same-store stabilized properties saw rates increase 1.3% in June year-over-year. ³

- The outlook for homes sales is weak given uncertainty around rate cuts this year and low affordability; however, with fewer homes sales, people are outgrowing their homes and need more space, supporting demand. ²
- Forecasts are for '25 existing customer rate increases to average about 17% while move-in rents are expected to decline by 5.5% in 2025 and grow by 7.0% in 2026. ²
- SmartStop's April IPO generated \$875M, with its \$2.9B portfolio split 90/10 between the US and Canada, reflecting a 5.6% cap rate due to its presence in top MSAs with above-average demographics. ⁴

¹ Green Street data as of July 2025.

² "Self-Storage Sector Update." Green Street. 5.16.2025.

³ "National Self Storage Report." Yardi Matrix. July 2025.

⁴ "SmartStop Self Storage (SMA)." Green Street. 7.15.2025

Big Ideas: Self Storage

Low cap-ex, high margin sector with sticky, recession resilient, life event driven demand is stabilizing.

Themes

- Home use shifted post-pandemic – decluttering and reconfiguration to make space for home offices/gyms is a sticky driver of demand.
- Cost-to-income ratios are below average, supporting affordability.
- Increasing life events as boomers downsize and pass away should result in more home sales, mobility and the need for storage.

Opportunities

- If home sales increase, demand for storage should rise, as 70% of users live in single-family homes.
- Markets with large populations of young adults and retirees should benefit from outsized number of life events.
- Metros with strong in-migration and barriers-to-entry should experience gains in operating fundamentals.

Risks

- Household behavior shifts - spending pullbacks, lower migration, and a continued housing market slowdown – could temper the need for self-storage.
- If inflation reemerges, delinquencies could rise, and tenants could become more price sensitive.

Market Considerations

- Supply constraints/barrier-to-entry
- Positive net migration; strong population growth
- Climate risk
- Homeownership rate
- Median age; population cohorts by age

Asset Considerations

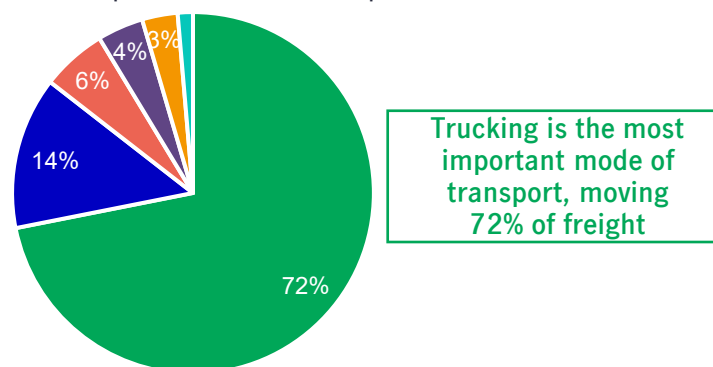
- Direct proximity to high density housing
- High-tech features
- Outstanding ingress/egress, transportation access
- Climate controlled

U.S. Industrial Outdoor Storage (IOS) Overview

Brief softness amid uncertainty, but IOS remains a critical component of the supply chain.

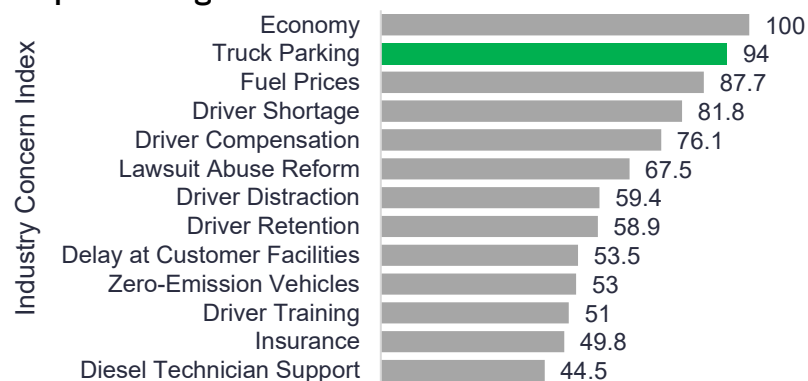
Share of U.S. Freight by Transportation Mode

Truck Multiple Modes/ Mail Pipeline Rail Air Water



Source: U.S. Bureau of Transportation Statistics as of July 2025. Note: Based on value.

Top Trucking Concerns



Source: American Transportation Research Institute as of October 2024.

1 Green Street as of 3Q24.

2 "Outside Chance: Investment Opportunities in Industrial Outdoor Storage." CBRE. 6.24.2025.

- **IOS facilities play a key role in logistics operations** as well as in the construction and utilities industries, by offering storage and maintenance for goods, vehicles, and equipment, supporting the efficient movement and storage of goods across the supply chain from ports to airports to warehouses to end users.
 - Trucking, the dominant mode of transport for freight, boosts demand for IOS properties, offering several key functions including parking, staging, maintenance and repair, cross-docking, transloading and serve as rest stops for compliance with trucking safety regulations, ultimately supporting the flow of goods throughout the economy.
 - IOS faces inherent supply constraints, due to restrictive zoning laws, land repurposing, and high land costs, with <10% of land zoned for outdoor storage use in some cities.¹
- **A tight vacancy rate benefits the sector as tariff related uncertainty results in some slowdowns.**
 - National vacancy ticked up 40 bps to 2.54% while rents grew by 2.8% on an annualized basis, which compares to upwards of 8.8% on an average annual basis over the last 5-years.²
 - Around one-third of infill sites could be redeveloped within the next decade, particularly those near major metropolitan areas or industrial hubs, bolstering rent growth and signaling strong long-term potential for capital appreciation in strategic locations.¹

Big Ideas: IOS

A low cap-ex, high barrier-to-entry sector serves as a key link in supply chains.

Themes

- The rise of ecommerce and the need for efficient logistics networks root demand for IOS facilities, which support transportation, storage, and distribution functions critical to the supply chain.
- High barriers-to-entry, minimal capital expenditure requirements, durable income streams, and favorable supply-demand dynamics anchor appeal for the sector.

Opportunities

- The large, fragmented IOS market presents significant opportunities for aggregation strategies.
- Potential for sale-leaseback deals with user-owned properties could be an attractive entry point.
- Areas with high redevelopment potential, particularly in urban and port-adjacent markets, could see site availability tighten even further, boosting fundamentals.

Risks

- Hurdles and changes in zoning laws and regulations, can significantly impact the ability to develop or expand IOS facilities.
- Nuances of zoning, fragmentation and other aspects presents operational efficiency challenges.
- Municipalities' unfamiliarity with IOS projects results in institutional knowledge gaps that can cause delays and increased costs.

Market Considerations

- Combination of major interstate, seaport, inland port and intermodal access
- Strong population reach/drive time
- Plentiful, low-cost labor supply
- Robust economic/demographic growth
- Favorable business climates and corporate relocations

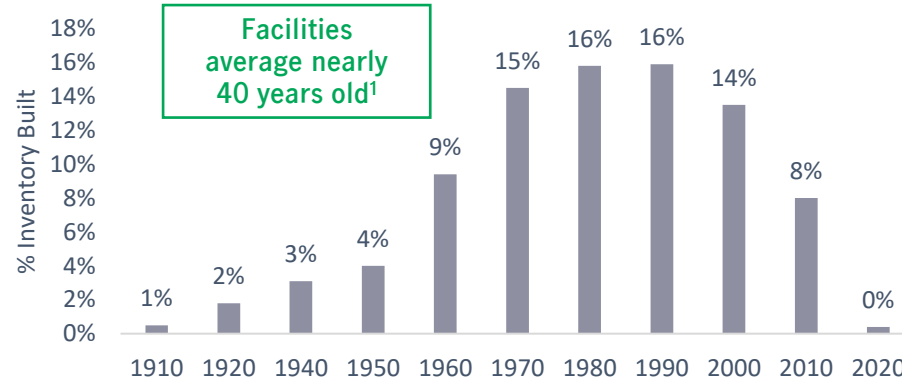
Asset Considerations

- Located within a dense logistics cluster
- Proximate to infrastructure, power access
- Outstanding ingress/egress
- Level gravel/paved lot
- Security: perimeter fencing, lighting, gated access points
- Low Floor-Area-Ratio; small shop/service building

U.S. Cold Storage Overview

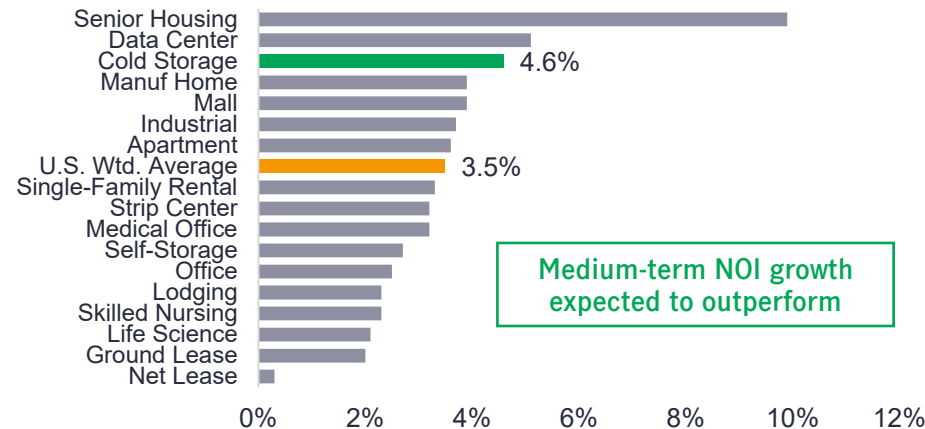
Demand favors modern inventory, of which there is little, as the pipeline thins.

Cold Storage Inventory by Year Built



Source: JLL Research as of April 2024.

Net Operating Income (NOI) Growth 2026-2029



Source: "Commercial Property Outlook." Green Street as of May 2025.

¹ "The Future of Speculative Cold Storage Development: Trends and Challenges." 3 "Cutting Guidance but Holding on Price." Green Street. 5.8.2025.

Colliers. 3.14.2025.

² "Cold Storage Sector Update." Green Street. 5.30.2025.

⁴ MSCI Real Capital Analytics as of July 2025.

⁵ CoStar as of July 2025.

Long-term demand drivers remain intact while tariffs have a negligible direct impact.

- Seasonality played a role in 1Q25 economic occupancy and NOI growth declines, setting up the second half of 2025 for a potentially stronger period.²
- Tariffs are having a negligible direct impact on cold storage business operations; however macroeconomic uncertainties have a put tenant expansion plans on pause.³
- Shifting consumer behaviors – adoption of grocery delivery services, preferences for fresh produce, and rising interest in prepackaged meals – combined with the need to store temperature-sensitive pharmaceuticals, is supporting ongoing cold storage demand and growth.
- Meanwhile, investor interest is strong, with \$1.3B in investment sales in just the first half of '25, almost matching the \$1.4B annual average totals in in all of '23 and '24.⁴

A thinning supply pipeline should boost fundamentals.

- The development pipeline has shifted lower, with just 4.9 MSF under construction as of 2Q25 down from 10.3 MSF in late-2023.⁵
- Reshoring of essential sectors such as pharmaceuticals should be a positive for demand growth long-term.

Big Ideas: Cold Storage

Essential infrastructure with durable demand and undersupply, especially of modernized facilities, supports the long-term outlook.

Themes

- Inelastic demand for essential cold-storage goods provides resilience during economic downturns.
- Cold storage plays a key role in supply chains - preserving the quality and safety of perishable goods, extending shelf life, and ensuring regulatory compliance.
- High barriers-to-entry limit oversupply risk given expensive and challenging development process.

Market Considerations

- Directly proximate to a port or intermodal facility in large industrial hubs, or along key spokes connecting to end-users.
- Strong area population growth and consumer spending
- Strong transportation infrastructure
- Favorable regulatory and business environments

Opportunities

- Prices for logistics operations continue to increase – modern facilities that leverage advanced technology can enhance efficiency and reduce operating costs, attracting a deeper demand pool.
- E-Grocer growth is driving demand for more efficient, cost-effective distribution, and need for fulfillment center both grocer-proximate and farther out as a “hub and spoke”.

Asset Considerations

- Building envelope components and design that support temperature reliability
- High ceilings (40+ feet)
- Solar panels and geothermal systems to meet high energy demands
- Proximity to the supporting workforce and product destination
- Easy ingress/egress and access

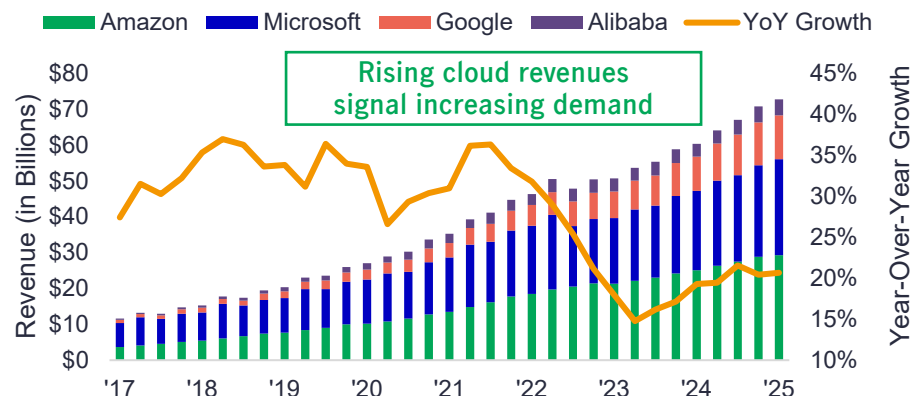
Risks

- Typically build-to-suit; non-standard features may increase exit risk.
- High capital intensity, in particular for older vintage stock to update to modern qualifications.
- Vertical integration by large food retailers and producers could reduce demand from third-party logistics.
- Tariffs/changing quotas can impact demand trade flow linkages.

U.S. Data Centers Overview

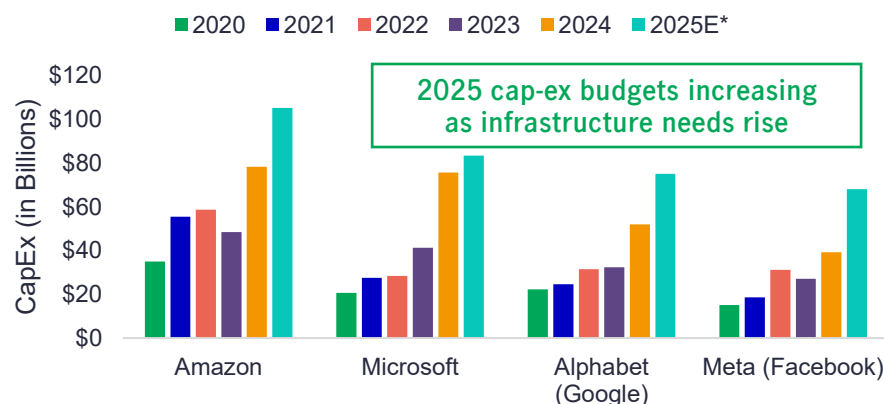
Near record low vacancy, supply restrictions, and healthy leasing supports rising rents.

Hyperscaler Cloud Business Revenue



Source: "Data Center Sector Update." Green Street. May 2025.

Hyperscaler Capital Expenditures



Source: "Data Center Sector Update." Green Street. May 2025. *Expected.

- **A strong demand backdrop supports continued new development, while occupancy approached 98% resulting in double-digit colocation rent growth in major U.S. markets.¹**
 - Traditional data storage needs and networking services sustain a strong growth trajectory, but AI has the greatest growth potential, with supporting infrastructure needs growing from \$40B today to \$95B by 2029.²
 - Hyperscaler capital investments drove a 43% annual increase in new construction in 1Q25 across the four largest hubs, boosting Atlanta and Phoenix above Dallas and Silicon Valley as the second and third largest U.S. markets.¹
 - Hyperscale rent growth should outpace colocation, given lack of large blocks of space.³
- **Challenges and opportunities are attracting capital to the sector.**
 - Mismatched data center development timelines and the pace at which utility providers can expand capacity and upgrade grid infrastructure will continue to be a challenge.
 - Land acquisition activity is set to grow while strategic expansions of existing sites continues.⁴
 - Debt is accessible with costs at a ~200 bp spread over risk-free rates and ABS issuance totals \$7.7B* so far this year compared to \$9.3B in 2024.³

¹ "Data center vacancy rates hit record low." CIO Dive. 6.26.2025.

² "Equinix (EQIX): If You Build It, They Will [Hopefully] Come." Green Street. 6.25.2025.

³ "Data Center Sector Update." Green Street. May 2025.

⁴ "Midpoint 2025, Uncertainty Looms." Cushman & Wakefield. June 2025.

*ABS Database, Green Street. Through June 2025.

Big Ideas: Data Centers

Data centers enable communication, commerce, and information exchange, powering the essential digital services and technologies that have become indispensable in modern daily life.

Themes

- Cloud and edge computing, AI, 5G, the Internet of Things is driving sustained demand, while growing cloud revenues and cap-ex budgets reflect markers of that demand.
- Low tenant credit risk given strong balance sheets of hyperscalers.
- Digital transformation across industries is increasing the reliance on data centers for IT infrastructure and services.

Market Considerations

- Power grid / supply
- Market/regional infrastructure investment plan
- Lower cost/low regulatory operating environment
- Skilled labor availability
- Climate risk/Energy costs

Opportunities

- The current administrations' supportive approach to the industry provides backing with minimal regulation.
- Established markets will stay active, while power limitations and increasing land values will drive strong growth in emerging markets.¹
- Development remains the primary capital allocation strategy, with >50% profit margins.²

Asset Considerations

- Development/new product
- Proximity to client & power access
- Fiber connection & latency
- Access to robust infrastructure (cooling, backup power, etc.)
- Environmental regulations (emission & noise, sustainability, etc.)
- Future expansion / upgrade potential

Risks

- Environmental factors and compliance with regulations can lead to increased operational costs and risk if not properly evaluated.
- Any leasing slowdown from hyperscalers can meaningfully impact demand given reliance on this demand segment.
- Rapid technological advancements create obsolescence risk, increase development costs and exit risk.

¹ "Midpoint 2025, Uncertainty Looms." Cushman & Wakefield. June 2025.

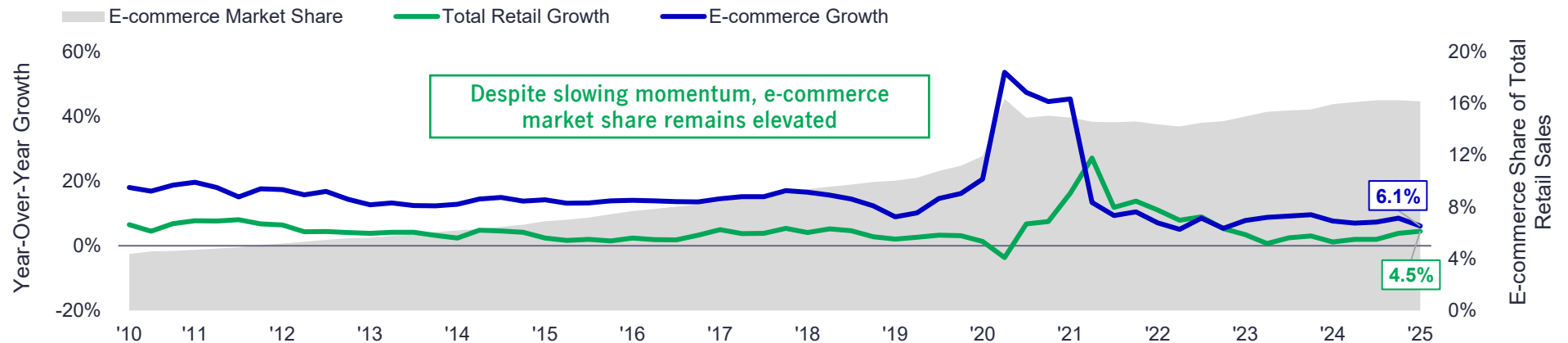
² "Data Center Sector Update." Green Street. May 2025.

U.S. Industrial Overview

Long-term structural demand drivers remain intact – growing e-commerce sales volume and a focus on supply chain resilience including increased on/near-shoring – despite trade policy disruptions near-term.

- **Economic and trade war uncertainty and a dull housing market present downside risks, but the U.S. consumer base is large and the property types that support the flow, storage, management and optimization of goods, remain attractive investment targets.**
 - E-commerce growth continues at a healthy pace and supply chain resiliency efforts support sustained demand for industrial.
 - Cold storage, driven by inelastic demand from the food and pharma industries, serves as critical supply chain infrastructure with strong investment appeal due to high entry barriers and modern facilities leveraging advanced technologies for efficiency and resilience.
 - Industrial Outdoor Storage (IOS) provides critical supply chain linkages for transport-oriented short-term movement and land-intensive storage of goods, materials, and equipment, benefitting from freight and trucking growth, supply chain resilience, and zoning restrictions.
 - Self-storage properties, essential for personal and business storage, feature durable demand driven by life events (the 6 D's: Death, Divorce, Downsizing, Dislocation, Disaster, Density), business customers, moving, and accumulation of belongings.
 - Data centers, essential infrastructure for digital storage and computing power, benefit from robust growth of AI, 5G, and cloud services.

E-Commerce Growth and Market Share

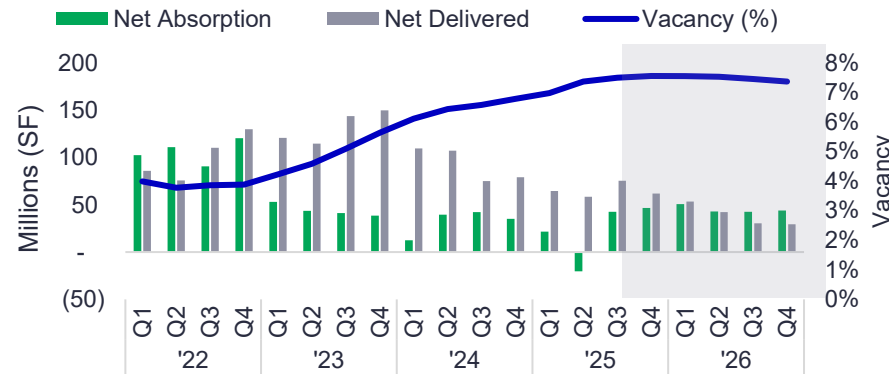


Source: Census, Quarterly Retail E-Commerce Sales as of 1Q25.

U.S. Industrial Fundamentals

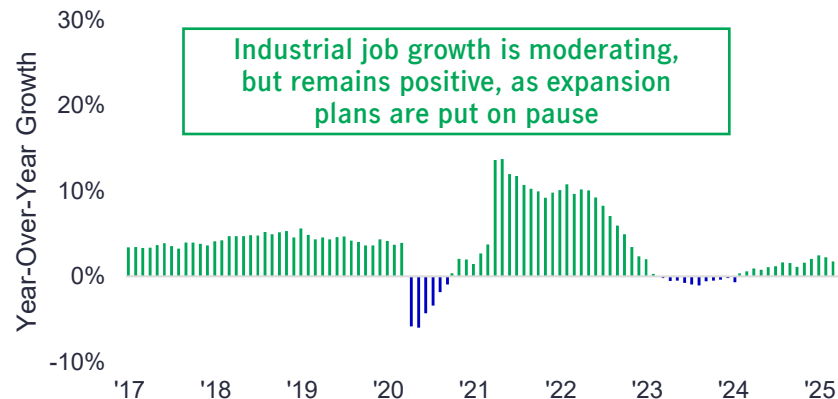
Hesitation among tenants is flowing through to demand amid macro and tariff uncertainty.

Quarterly Supply and Demand



Source: CoStar as of July 2025.

Monthly Transportation and Warehousing Job Growth



Source: Bureau of Labor Statistics as of June 2025.

- **Deliveries continue moderating but net absorption turned negative in 2Q25 as tenants navigate tariff uncertainty**, consistent with decelerating retailer inventory growth, decelerating industrial job growth and negative warehousing and storage job growth.^{1,2}
 - Vacancy increased to a decade high, shifting rent growth below 2%, and increased efforts to shed excess pushed sublease space levels to record highs.^{3,4}
 - The development pipeline is thinning, setting up '26 and '27 as years when occupancy can catch back up and stronger landlord pricing power can return.
- **Small bay asset vacancy sits near pre-pandemic lows of <5%** due to limited development and strong demand from construction contractors and businesses supporting the local housing market in many Sun Belt, robust migration markets.
 - **The most immediate effects of trade policy volatility has surfaced in big-box logistics buildings**, where many businesses are hesitant to expand their networks, leading to rent declines.
 - Manufacturing could benefit from protectionist policies and incentives that promote onshoring, particularly for heavy goods, essential products, and national security items, many of which have seen increased onshoring announcements this year.⁵

1 Monthly Retail Trade and Food Services. U.S. Census Bureau. July 2025.

2 Bureau of Labor Statistics. June 2025.

3 CoStar data as of 2Q25.

4 "Warehouse Vacancies Climb to Highest Level in More Than a Decade." WSJ.

7.9.2025.

5 Manulife Investment Management Research as of 2Q25.

U.S. Big Ideas: Industrial

E-commerce growth underpins demand while tenants look to bolster supply chains for resiliency.

Themes

- E-commerce growth and adoption continue trending up, sustaining demand for industrial due to its three-fold space requirements over brick-&-mortar.¹
- Supply chain diversification and reconfiguration is amplified in a higher tariff regime as tenants look to bolster resiliency and improve operating efficiencies.²

Opportunities

- Sizeable consumer-driven markets with diverse economies and receding supply pipelines will weather tariff turbulence better.
- Manufacturing has provided support for demand and the potential for Trump-era policies to generate reshoring/nearshoring could benefit demand but is a longer-term strategy.

Risks

- Lower trade volumes stemming from tariffs will weigh on demand growth.
- Overall lack of clarity in the business operating environment resulting from trade policy uncertainty and cloudy economic outlook could prolong business indecision.
- Big-box logistics in spec heavy markets are at heightened risk given demand pullback in this segment.

Market Considerations

- Supply constraints/ barrier-to-entry
- Infrastructure investment plan
- Densification of ecommerce consumers
- Labor supply

Asset Considerations

- 32'+ clear heights, 180' truck courts, strong dock-to-door ratio, strong column spacing, ample trailer parking
- Exceptional site ingress/egress
- Proximity to critical infrastructure and highway choke points
- Proximity to deep labor pool and retail

Sub-Type Focus

- Urban Infill
- IOS
- Truck parking
- Self-storage

¹ "Investor Presentation." Prologis. May 2025.

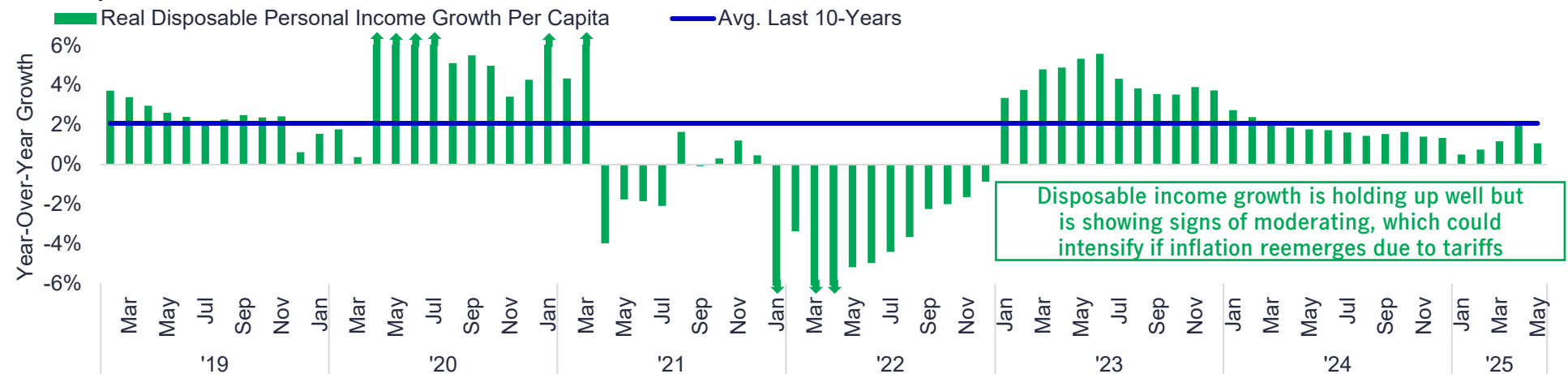
² "Holding the Guidance Line in a Trade War." Green Street. 4.16.2025.

U.S. Retail Overview

Demographics and foot traffic underpin demand as retailers adjust store strategies and footprints to evolving consumer behaviors and spending patterns, though economic headwinds remain top of mind.

- **A fortified tenant base emerging from the pandemic-driven shakeup, paired with a persistently low new supply pipeline has resulted in solid retail fundamentals and performance**, emerging as a top performer in the NPI for ten consecutive quarters.¹
- **Consumer financial health is holding up for now** but concerns about the impact of tariffs on inflation and ultimately consumer spending highlight the bifurcated consumer – lower- and middle-income households versus higher – and careful consideration required when investing in retail.
- **Overall, a shortage of space persists in locations where tenants have the most interest, supporting hyper-local asset selection.**
 - Strip centers, particularly grocery-anchored and open-air centers, with a necessity, service, and convenience-oriented tenant mix remain attractive due to consistent foot traffic, higher visit frequency, and tenant offerings.
 - Urban areas are reemerging while suburbs benefit from more consumer spend locally due to increased remote and hybrid work schedules.
 - Large format retail, serving wider areas and traditionally having tenants more vulnerable to e-commerce, has faced significant obsolescence, leading to selective redevelopment.

Real Disposable Personal Income Growth



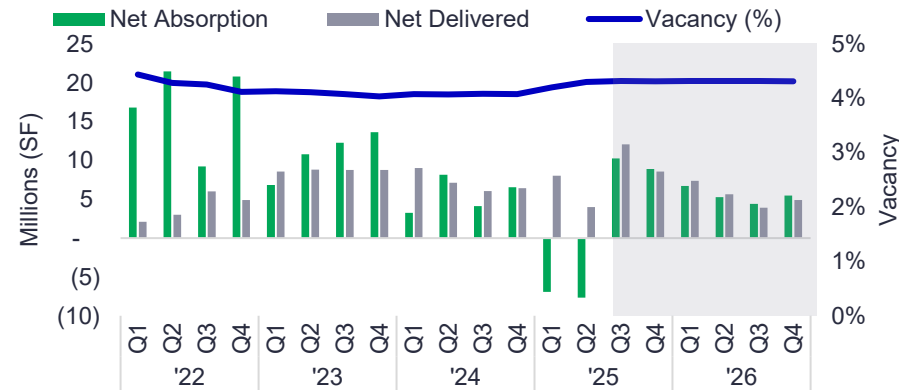
Source: U.S. Bureau of Economic Analysis as of May 2025. Chart is truncated to exclude pandemic volatility.

¹ NCREIF as of 2Q25.

U.S. Retail Fundamentals

Strong backfill demand reflects tight fundamentals and record levels of retail sales per square foot.

Quarterly Supply and Demand



Source: CoStar as of July 2025.

Retail Sales Growth by Category



Source: U.S. Census Bureau as of May 2025.

1 "US retailers move ahead with expansion plans." CoStar. 5.29.2025.

2 CoStar data as of 2Q25.

3 "At Home joins retailers filing for bankruptcy protection, plans to close dozens of US stores." CoStar. 6.16.2025

4 "Retail sales slowdown does little to dent upward trend for store rents." CoStar. 6.24.2025

- **Solid real retail sales growth and disposable income growth reflects an overall healthy but cautious consumer**, supporting fundamentals, while limited availability is capping demand growth.
 - Retailers announced 5,140 store closings and 3,689 openings year-to-date, reflecting challenges amid tariff uncertainty, resulting in two consecutive quarters of negative absorption; however, store closures create expansion opportunities, reflected by the 4.3% vacancy rate which sits 100 bps below average and strong backfill demand for quality spaces.^{1,2}
 - Store closures may accelerate to alleviate rising operating costs, but broad-based demand, limited space, and minimal new supply should limit vacancy expansion.
 - Overall, retail sales hit a record \$24.96 per square foot, over 30% above pre-pandemic highs, supporting ongoing rent growth.³
- **Retailers are focused on store productivity and optimizing portfolios**, seeking newer, smaller, higher-quality space in affluent areas, but limited options exist.
 - Legacy tenants like Bed Bath & Beyond and Forever 21 are being replaced by businesses aligned with new consumer priorities: digital natives like Wayfair, wellness & preventative care centers, resale stores, and ethnic grocers.⁴
 - The average time to lease available shopping center space decreased to 7.3 months, the quickest pace on record.⁴

U.S. Big Ideas: Retail

Supply-demand imbalance for newer, smaller, higher-quality space in areas with strong demographics.

Themes

- Limited availability, particularly in the highest quality locations, supports higher rents even if tariffs impact consumer and retailer confidence.
- Consumer preferences continue shifting toward convenience and experience.
- Strong backfill of store closures underscores overall lack of availability and pipeline remains low.

Market Considerations

- Population density
- Growing population/ positive net migration
- Supply constraints/ barrier-to-entry
- Strong consumer spending projections
- High-income demographic

Opportunities

- Smaller retail spaces in high demand - 2,500 square feet or less - especially among food and beverage, personal services, and healthcare sectors.¹
- Value and F&B retailers dominate openings.
- Grocery-anchored and unanchored strip centers appeal to investor interest in stable, necessity-driven retail assets.

Asset Considerations

- Limited supply pipeline within direct proximity/competition to subject asset
- High walkability, open-air center
- Anchored by high sales grocer
- Aspirational retailers
- EV charging/bike-share

Risks

- Consumer financial health could erode as inflation filters through, reducing overall spending power.
- Retailers could see thinner operating margins erode due to tariffs while consumers pull back – a two-fold hit to the bottom line, curtailing expansion plans.
- Macro uncertainty may limit retailer expansion plans.

Sub-Type Focus

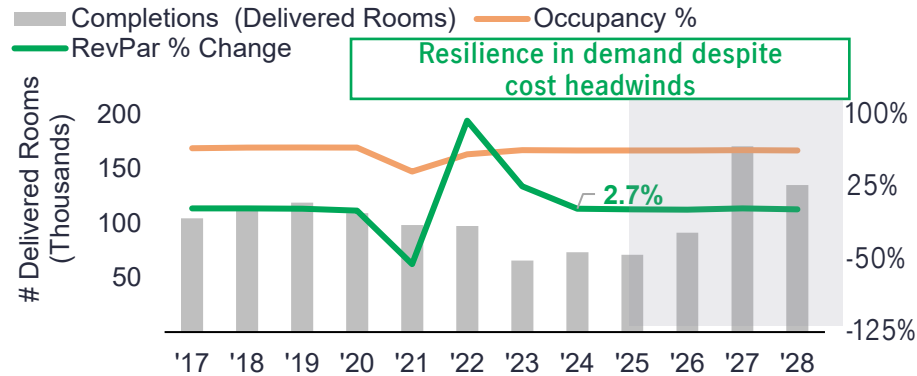
- Specialty grocery-anchored
- Med-tail
- Experiential retail center

¹ CoStar as of 2Q25.

U.S Hospitality Overview

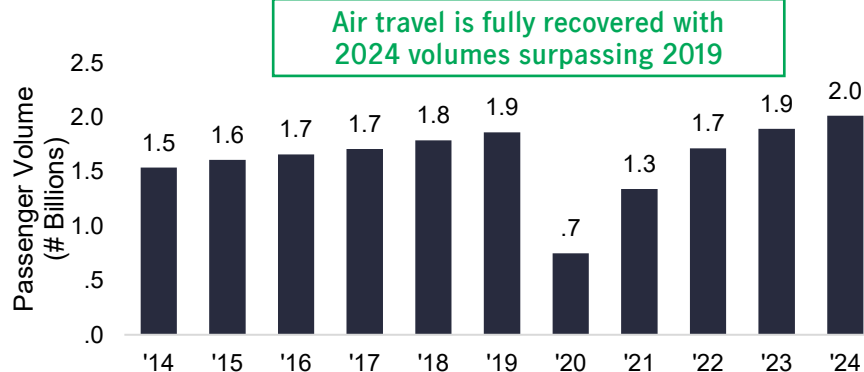
Drive-to hotels, focused on domestic demand, are less impacted by tariffs compared to luxury hotels reliant on international travel.

Annual Supply and Demand



Source: Costar as of June 2025.

U.S. Passenger Traffic



Source: The U.S. Department of Transportation as of December 2024.

1 U.S. Travel Association as of December 2023.

2 Costar as of July 2025.

3 Colliers 2025 Hospitality Outlook Report as of July 2025.

- Major coastal metros experienced significant RevPAR (revenue available per room) growth in 2024**, with projections for stable growth in the near term; however, these markets remain more exposed to international travel volatility.
 - International tourism accounts for just 11% of total tourism spending in the U.S.¹ underscoring stronger fundamentals in hotels catering to domestic travel.
 - Properties that serve domestic tourism have lower risk than those dependent on international visitors.
 - The U.S. had over 134K rooms under construction with ~70K delivered in 2024, highlighting constrained supply growth.²
- Institutional capital is returning**, with transaction volume forecasted to rise 15%-25% in 2025 amid limited new development and a focus on value-add and experiential assets.³
 - Brand affiliation is critical as hotel development slows (under 2% annual inventory expansion forecasted over the next 5 years), emphasizing economies of scale and guest retention.³
 - Extended stay and midscale assets are outperforming luxury peers as leisure spending moderates and consumers seek affordability and utility.

Big Ideas: Hospitality

Performance is stabilizing, with domestic and group travel supporting demand, while high costs, limited new supply and evolving consumer preferences are driving value in well-located, experience-oriented assets.

Themes

- Fundamentals improving modestly, driven by a rebound in group and corporate travel.
- Leisure demand softening, and may be at risk of further retrenchment with any labor market pullback.
- Hotel-retail integration and lifestyle-driven repositioning are shaping the sector which focuses on experience over just occupancy.

Opportunities

- A supply-demand imbalance is emerging with rising construction costs and tighter lending slowing new deliveries, boosting the value of existing assets.
- Adaptive reuse, tech-forward operations, and cost-conscious midscale development offer upside in markets seeing steady domestic travel.

Risks

- Persistent operating cost pressures including labor, insurance, utilities and taxes are compressing margins.
- Geopolitical uncertainty, restrictive U.S. travel policies could further dampen international arrivals, particularly in Gateway markets.
- Markets with a large share of alternative accommodations (e.g., short-term rentals and camping).

Market Considerations

- Corporate travel/Conference hubs
- Major markets with strong transport infrastructure, landmark features/destinations drawing in domestic and international tourism
- Drive-to-destinations benefitting from domestic/budget-conscious demand
- High-barrier-to-entry markets; short-term rental regulation

Asset Considerations

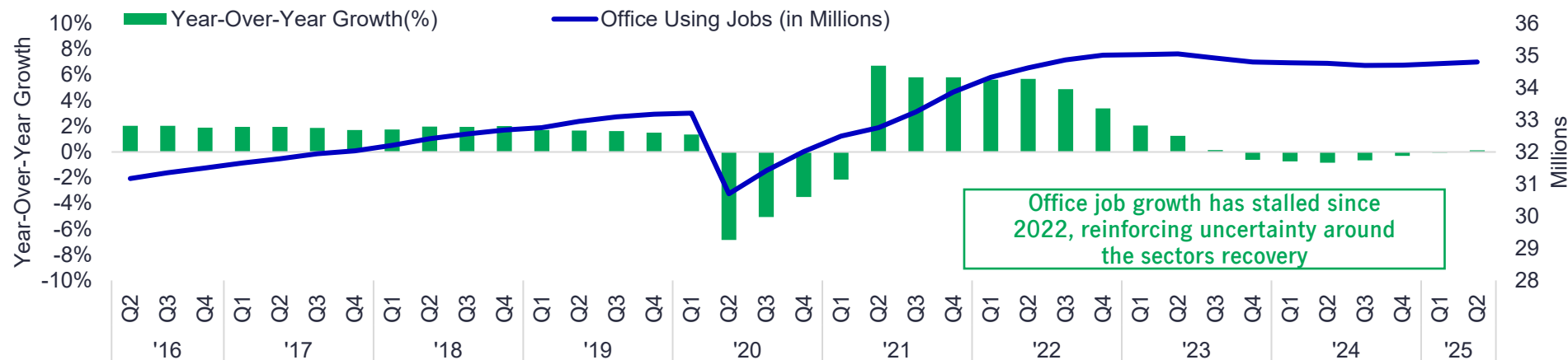
- Superior accessibility to transit and high walkability/Walkscore
- Direct proximity to major entertainment districts, conference centers, retail
- Best-in-class construction and technology integration
- Strong operating brand recognition

U.S. Office Overview

Emerging signs of a recovery may be brief due to economic uncertainty, while a stalled office-using job growth environment is playing a larger role than return-to-office.

- **A handful of office sector indicators show improvement; however, near-term business investment and hiring uncertainty and long-term structural shifts such as the higher prevalence of remote and hybrid work models and decelerating office-using job growth, complicate the path to recovery.**
 - Although not yet widespread, a pickup in leasing favors some best-in-class, well located, Trophy assets for traditional office use.
 - Life-science, part of the Office sector, provides space for research and development for the advancement of medicine and healthcare, constructed as office-lab hybrids with wet/dry labs. Demand is driven by aging demographics, rising healthcare spending, biotech advancements, R&D spending, and venture capital and government funding, offering resilience to economic cycles.
 - Medical office buildings (“MOB”), an Alternative sector, offer specialized facilities for healthcare services housing urgent care, emergency services, dialysis, surgery, imaging, and physician offices, often near hospitals or healthcare campus. The inelastic demand for healthcare services, an aging population, technological advancements, and a focus on wellness and preventative medicine support the outlook.

Office Using Employment and Growth

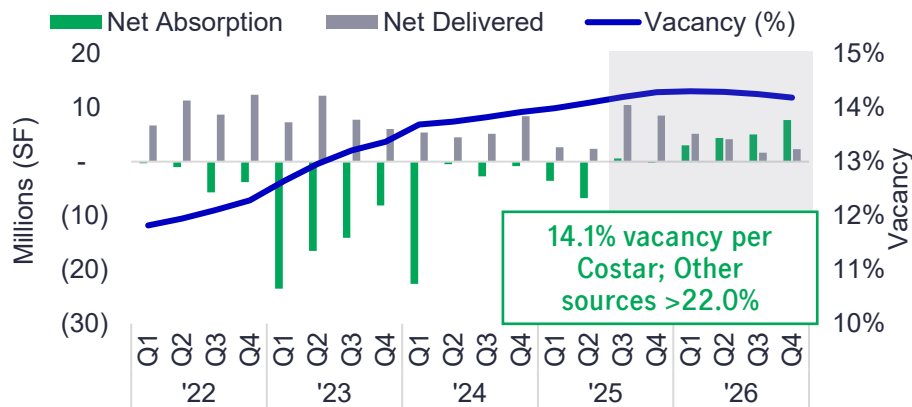


Source: U.S. Bureau of Labor Statistics as of July 2025.

U.S. Office Fundamentals

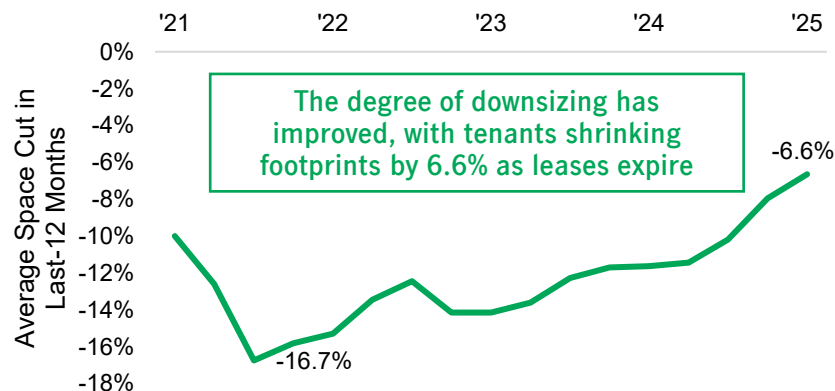
Stabilizing, but not yet widespread, office indicators are emerging five years after the pandemic onset.

Quarterly Supply and Demand



Source: Costar as of July 2025.

Average Downsizing Rate Among Expiring Tenants



Source: JLL as of April 2025. Note: Data is through 1Q25 and is among tenants >25k SF.

- **Despite continued negative net absorption, increasing vacancy and leasing volume declines, select key indicators suggest stabilization and peak vacancy may be nearing.**
 - Lease term lengths are normalizing, reaching 9.1 years for direct space, the longest term since early 2019.¹
 - Space reductions have improved, shrinking ~2.8% as leases expire, compared to 11.4% a year ago and >16% in 2021.
 - Gateways leasing volumes declined by 6% quarter-over-quarter while tertiary markets grew by more than 16%.
 - Sublease space fell 15.1% year-over-year to its lowest level in three years, suggesting peak vacancy may have passed.
 - Conversions and demolitions totaling 23.3 million square feet ('MSF') are on track to outpace the 12.7 MSF of new supply additions in 2025.²
- **Challenges ahead remain**, including a potential economic contraction triggering another sequence of occupancy declines.
 - Office-using sectors will likely add jobs at a slower rate, and even those office-using jobs that are added may not translate to "in-office" attendance and fuller occupancy.³
 - Even as large employers enforce in-office attendance requirements, office utilization shows that office buildings are only 60.4% as busy as they were in February 2019, below the 65.4% peak in October of last year.⁴

¹ "U.S. Office Market Dynamics." JLL. July 2025.

³ "Office Sector Update, Demand Holding Up." Green Street. 5.22.2025.

² "More US office space to be removed this year than added for first time since at least 2000." CoStar. 6.2.2025.

U.S. Big Ideas: Office

Wide gap between winners and losers highlights tactical approach to the office sector.

Themes

- The push-pull between slowing growth of office jobs due to an aging population and demand from the tech sector, which boosts GDP growth, characterizes the outlook.
- Conversions are picking up but will not have a meaningful impact on long-term under-demolishment.
- While some upside remains, work-from-home and return to office trends have largely stabilized.

Market Considerations

- Occupancy levels above average
- Strong transportation network/high accessibility
- Outperforming/high-growth industries present

Opportunities

- Demand targets new properties with better amenity packages and tech in strong locations with transit access.
- Conversion activity, 64% of which is in CBDs, is transforming business districts into mixed-use districts.¹
- Increasing originations reflect selective lender confidence, targeting markets with improving fundamentals for recapitalizations and opportunistic deals.²

Asset Considerations

- No supply pipeline
- Presence of Trophy-quality assets
- Transit-oriented/Immediate retail accessibility
- Long weighted-average lease term
- High-tech features
- Best in class amenity package

Risks

- Elevated delinquencies, reaching 10.6% in May, reflect landlord challenges amid ongoing elevated vacancy rates.³
- Continued economic uncertainty may prolong business indecision, hindering hiring and demand growth.
- Federal workforce cuts of 200,000 in 2025 will disproportionately impact regions with high federal job concentrations, like DC.⁴

Sub-Type Focus

- Trophy assets for traditional office use at extreme discounted pricing
- Life Science
- Medical Office

¹ "More US office space to be removed this year than added..." CoStar. 6.2.2025.

² "Selective confidence: U.S. office lending's uneven rebound." Avison Young. 5.19.2025.

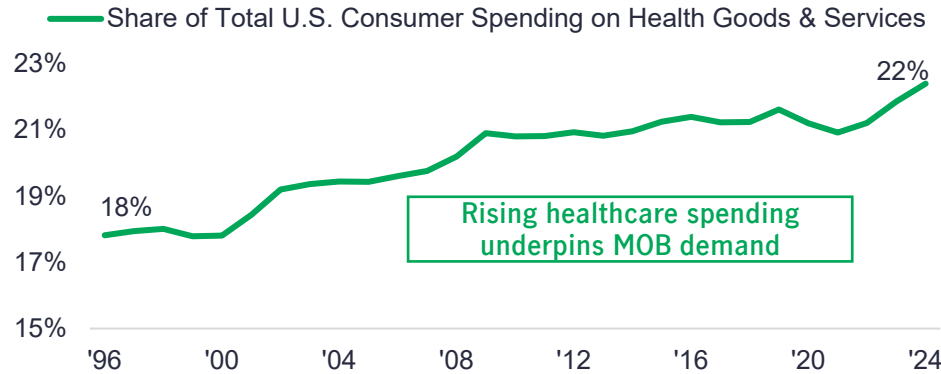
³ "Office CMBS Delinquency Rate Re-Spikes to 10.6%." Wolf Street. 5.31.2025.

⁴ "U.S.: Economic headwinds to delay the office pricing..." Oxford Economics. 4.14.2025.

U.S. Medical Office Building (MOB) Overview

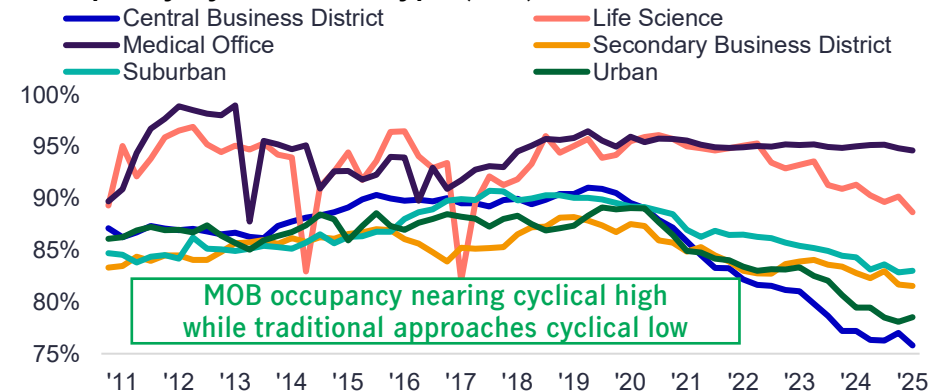
Fundamentals hold up well against a backdrop of macro uncertainty, highlighting stability of sector.

Consumer Spending on Health Goods & Services



Source: Oxford Economics as of 2Q25. Note: Inflation-adjusted in 2017 U.S. dollars.

Occupancy by Office Subtype (NPI)



Source: NCREIF as of 1Q25. Note: NPI-Expanded index data.

1 "U.S. Medical Outpatient Building, Figures". CBRE. 1Q25.

2 "2025 Emerging Trends in Real Estate." PWC & ULI. November 2024.

- **Substantial outperformance of MOB relative to traditional office reflects differences in demand drivers and overall fundamentals.**
 - Ambulatory healthcare employment grew 3.6% year-over-year ending 1Q25, triple the overall rate, and is expected to continue outperforming as healthcare needs increase.¹
 - MOB asking rents were up 0.9% year-over-year in 1Q25, down slightly from a record high of \$25.08 in 2Q24, as the vacancy rate increased by 25 bps year-over-year to 9.8% due to deliveries outpacing absorption for three consecutive quarters.
 - Current construction of 2.8 MSF, or 0.3% of inventory in the top 20 markets, and record low starts in recent months, reflects constrained development, setting the stage for further tightening fundamentals and increasing landlord pricing power.
 - Transaction volumes remain challenged with just \$3.8B trading in the first half of '25, down nearly 60% compared to a year ago and about 45% below pre-pandemic levels.
- **Healthcare is projected to be the fastest-growing sector over the next decade**, accounting for 45% of job gains and increasing space demand in a tight market.²
 - Limited, and typically well pre-leased or build-to-suit, new supply paired with growing, recession resilient demand, positions MOB well for continued steady performance.

Big Ideas: Medical Office Building

Inelastic demand and aging demographics support sustainable outlook for in-person office subtype.

Themes

- Inelastic health care services demand, an aging population, technological advancements and a growing culture of wellness and preventative medicine supports a compelling investment opportunity.
- High relocation costs and the need for a consistent location for customers supports stable tenancy.
- Most diagnosis and treatment require in-person visits, sustaining the demand for physical space.

Market Considerations

- High share of health goods and services spending
- Sizeable and growing older population
- Prominent hospitals or acute-care facilities
- Market stability and sustained demand
- Overall economic health

Opportunities

- Shift from multi-story buildings on hospital campuses to retail-oriented locations is supported by increasing first-dollar coverage for preventative care, boosting demand for accessible healthcare services.¹
- Rent growth potential is driven by strong fundamentals and the essential service-oriented nature of demand, especially in supply-constrained markets with excellent amenities and accessibility.

Asset Considerations

- Strong amenity base and strong consumer accessibility
- Ample parking
- Prominent signage

Risks

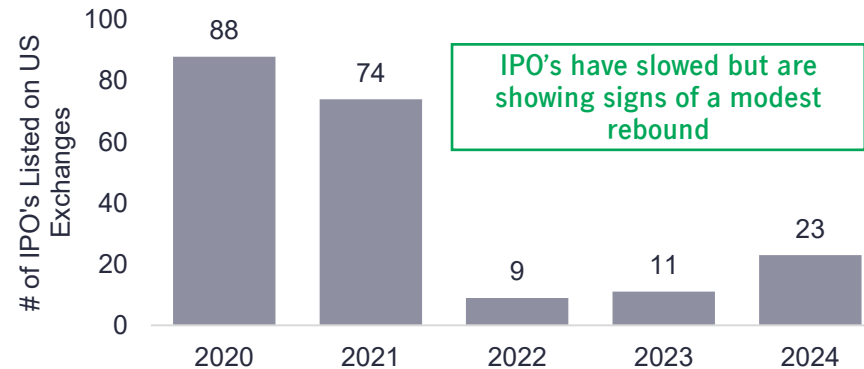
- MOBs must comply with numerous healthcare regulations and standards, that are subject to change, such as the Americans with Disabilities Act (ADA) and the Health Insurance Portability and Accountability Act (HIPAA), to ensure successful operation.
- Significant investments in maintenance and tech upgrades may be needed to meet healthcare standards and tenant needs.

¹ "United States Medical Office." CoStar. June 2025.

U.S. Life-Science Overview

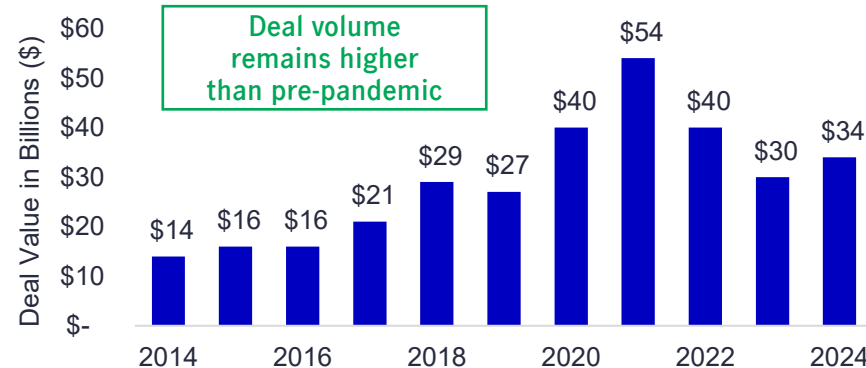
Healthcare spending is consistently strong fueled by ongoing medical advancements, an aging population, and increased treatment options.

Life Science IPOs



Source: Goodwin's Life Sciences IPO Tracker as of December 2025.

Life Science Deal Volume



Source: Real Capital Analytics as of July 2025.

- **Healthcare spending rarely falls** and despite potential Medicaid cuts, the broader fundamentals driving demand for the medical space remain strong.¹
 - The U.S. population continues to age, increasing the need for healthcare services, also while medical advances are expanding treatment options.²
 - Despite potential Medicaid cuts, the sector benefits from limited supply pressures and rising rents and occupancies
 - With limited supply pressures and rising rents and occupancies, the sector is well-positioned to attract continued capital flows.²
- Domestic biotech investment has surged, with **\$170 billion committed to new facilities this year**, driven by new policies favoring domestic manufacturing and increasing fees for foreign manufacturers. Import duties on pharma could reach 25%.^{3,4}
 - Leasing down year-over-year but aligns with pre-pandemic levels. Oversupply led to 1.2 MSF lab space reduction and 3.2 MSF repurposed, easing vacancies. Direct relocations down 61%, with more sublease deals and shorter leases.⁵
 - \$260B in U.S. biomanufacturing and R&D investments announced by 15 pharma companies over 5-10 years.⁵
 - \$5.6B increase in venture capital since 2023, with risks mitigated through mergers and acquisitions.⁶

1 Bureau of Economic Analysis' personal consumption expenditures data as of July 2025.

2 "Quick Hits | Healthcare Holds a Steady Pulse in Shifting Markets." Colliers. 4.24.25.

3 \$1.2B In New Biotech Manufacturing Expansions Announced. Bisnow. 5.13.25.

4 Trump Urges Big Pharma To Build More Domestic Factories Ahead Of New Round Of Tariffs.

Bisnow. 5.6.25.

5 "U.S. Life Sciences Property Report." JLL as of June 2025

6 What to Watch for in the Life Sciences Sector. GlobeSt. 5.8.25.

Big Ideas: Life-Science

Life Sciences faces a capital reset but strong fundamentals and supply-demand imbalances are creating targeted opportunities.

Themes

- Demand stabilizing after a pandemic surge, but high capital costs and complex infrastructure needs and concentration around innovation hubs post ongoing challenges.
- Venture Capital investment is dropping, reflecting a broader slow-down in early-stage funding and delaying lab space absorption.

Opportunities

- Supply-demand imbalance persists in select emerging markets (like Houston and Raleigh-Durham), where rising demand meets limited fit-for-purpose space and elevated build-out costs.
- Despite slower funding, the top 12 U.S. life science markets had a combined lab vacancy under 10% in 2024, with tenant demand still concentrated in quality, ready-to-occupy space.¹

Risks

- Government funding cuts could impact demand with more than 4,000 federal research grants totaling \$10B in funding canceled by mid-June.²
- High build-out costs and specialized fit-outs make life science projects capital-intensive, requiring longer-term investment horizons and careful tenant credit evaluation.

Market Considerations

- Plentiful talent supply
- Best-in-Class Research educational Institution presence
- Supply constraints/barrier-to-entry
- Market incentives
- Strong transportation network

Asset Considerations

- Newer vintage/high-tech, best-in-class build out
- Prioritize purpose-built life-science
- Life-science cluster
- Best-in-class from a sustainability perspective
- Long WALT; tenant investment in space

¹ JLL, Life Sciences Outlook as of December 2024.

² "Is private real estate underestimating risk for US life sciences?" PERE as of July 2025.

Canada House View



Canada Macro-Economic Overview

Signs to the upside and downward adjustments to retaliatory tariffs may curb some of the economic decline predicted over the next 12 to 18 months

- **May 2025 marked significant progress towards the Bank of Canada's ('BoC') 2.0% inflation target** in spite of retaliatory tariff risk to domestic consumer pricing, even as some increases (e.g., groceries) started to take hold.¹
 - The Headline Consumer Price Index (CPI) increased 1.7% year-over-year, level from April but down notably from 4.3% in March. This reflects some impact from the removal of the carbon tax lowering the price of energy products.
 - The BoC's "Supercore" three-month rolling average declined more than 100 bps to 3.3% from 4.4%, which strips out shelter and the effects of tax changes. Shelter, notably, also recorded an ease with slight mortgage rate reductions and slowing rental rates to about half the peak level recorded one year ago.
- **GDP pullback moves the economy closer to recession**, in response to trade-war headwinds.
 - 1Q GDP up 2.2% on an annualized basis, boosted by stockpiling, while monthly growth in April was to the downside – contracting 0.1%.²
 - While initially the trade war was anticipated to reduce economic output by more than 1.5% peak-to-trough thru early 2026, lower retaliatory tariffs will lessen this impact. Oxford Economics now projects more optimistic – but still weak – outlook for 0.8% annual GDP growth for 2025 and is still categorizing the economy as having “slipped into a trade-war induced recession.”³

1.0%

GDP Growth

1.7%

Headline CPI²

1.0%

Y/Y Empl. Growth

1.0%

Fed Funds Rate

¹ Canadian CPI cools as the summer heats up.

RBC Economics. 6.24.25

² Canada Chartbook. Oxford Economics. June

2025.

³ Canada: The trade-war induced recession

began in April. Oxford Economics. 6.27.25.



Manulife

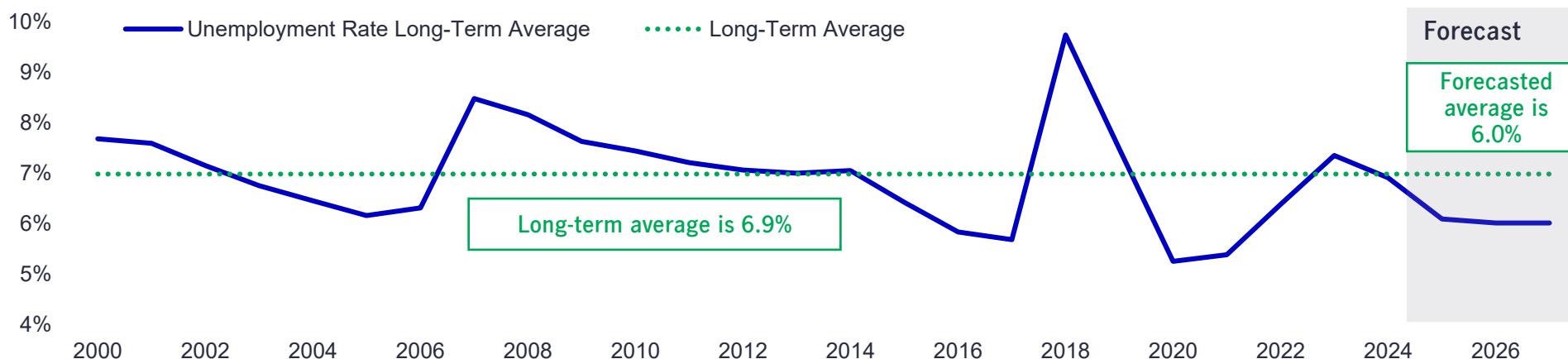
Investment Management

Labor Market Conditions

Rates are within a neutral territory as the BoC readies for a slowdown to the rate cutting cycle, but with room for further cuts should economic growth stall, increased labor market distress emerge, or inflation ramps up.

- **Canada's labor market continues to soften** but has yet to show a significant derailment, even with prevalent headwinds. May payrolls showed slight expansion (+8.8k) in the face of – and perhaps indicative of – ongoing volatility.¹
 - The unemployment rate, however, showed an increase to 7.0% in May, up just slightly from April but up from 6.6% in February 2025 and the highest level since 2016. Wage growth was also steady month-over-month, increasing 3.4% – the slowest rate since April 2022.²
 - Labour force entries as opposed to layoffs drove the increase. While this is a positive sign for business health, labour force participation remains lower than a year ago and the index of business confidence likewise continues to fall – down 10 points through April 2025.³
 - Industries recording job loss are mainly related to tariff and trade disruption – manufacturing, transport and warehousing together shed 28,000 jobs in May; and the elections resulted in 32,000 job cuts in public administration.
 - Forecasts suggest that while a milder recession is anticipated, the labor market is still vulnerable to hefty job losses that may amount to more than 100,000, and push unemployment to as high as 7.4% by year-end.⁴

Unemployment Rate



Source: Oxford Economics as of July 2025. Note: Data is not seasonally adjusted.

¹ Canadian labor market softening but not collapsing. RBC Economics. 6.6.25.

² Labor Force Survey, May 2025. Statistics Canada. 6.6.25.

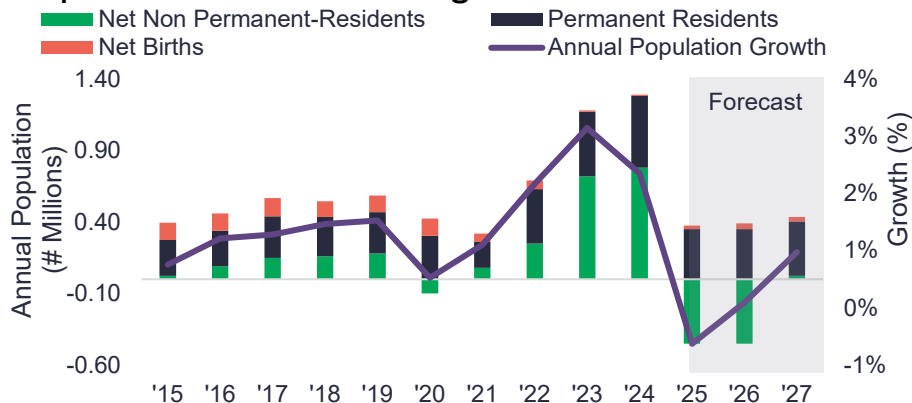
³ Index of Business Confidence. The Conference Board of Canada. April 2025.

⁴ Canada Chartbook. Oxford Economics. May 2025.

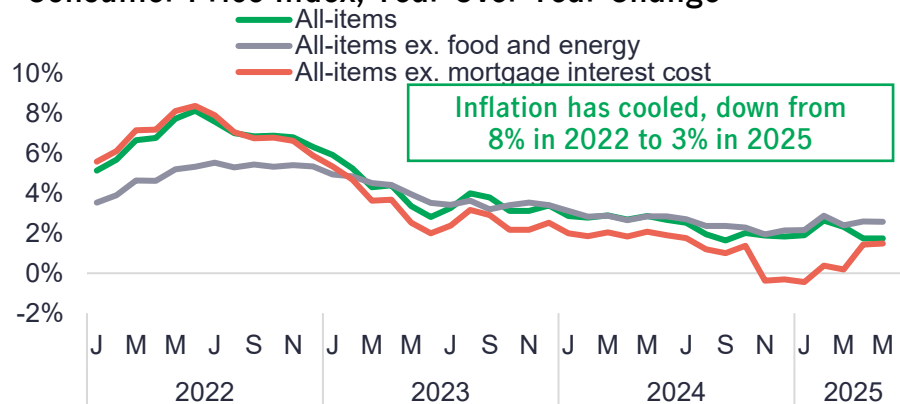
Demographic Influences on the Canada Economy

Immigration caps are likely to result in stalling population growth with downstream effects on housing demand, labor supply, and consumer-driven sectors.

Population Growth and Immigration Trends



Consumer Price Index, Year-Over-Year Change



- **A 20% targeted reduction in permanent residents for 2025** is underway and has already resulted in the outflow of nearly 25,000 non-permanent residents.¹
 - As of 1Q25, net international migration totaled just more than 70,000 people – the lowest level since 2Q21.
 - Population growth started to slow at YE 2024 and was virtually unchanged in 1Q25 – increasing by just more than 20,000 people.² Even with policy measures, international migration accounted for nearly all this growth.
 - Ontario and BC recorded the most outflow of all provinces, which could have an outsized effect on near-term demand across multiple sectors.
- **Declines in population growth and international immigration**, along with tariff impact, are starting to contribute to a reverse in retail sales gains recorded in early 2025.³
 - Having shown a 0.9% monthly increase in March, April retail sales grew just 0.3%, as consumers were likely preempting or taking into account early tariff pass throughs.⁴
 - Consumer spending is anticipated to decline modestly on a quarterly basis through 3Q25, according to Oxford.
 - More than a third of businesses surveyed by Statistics Canada reported tariff impact. Forecasts suggest that retail sales are likely to show a 1.1% decline in May.

¹ Canada's on track to meet lower immigration targets. RBC Economics. 6.20.25. ⁴ Retail Trade, April 2025. Statistics Canada. 6.20.25.

² Canada's population estimates. Statistics Canada. 6.18.25.

³ Canada Chartbook. Oxford Economics. May 2025.

Macroeconomic volatility continued to fuel uncertainty across various commercial real estate sectors

GDP Momentum

- 1Q GDP was up 2.2%, on an annualized basis, above expectations.¹
- Output was boosted by inventory stockpiling.
- April's advance est. is 0.1%, in line with March.

CPI Trajectory

- April CPI fell to 1.7% from 2.3% in March, driven by removal of the consumer carbon tax.²
- "Supercore" increased 4.4% - the highest rate since January 2024.

Labor Market

- 8.8k jobs gained in May, but manufacturing, transport & warehouse job losses were outsized.³
- Unemployment continued to rise to 7.0% from 6.6% in February 2025.

Tariffs & Policy

- Gov't/public administration job losses materializing.
- Population growth slowed to 37k – smallest increase in 3.5 years.³
- April exports fell 10.8% – lowest since June 2023.⁴

Impact to Commercial Real Estate⁵

- Business investment levels likely to pullback; hiring and investment plans are hampered
- Exports to continue shrinking along with less stockpiling of goods with anticipated slowdown.

- Retail and industrial demand may be negatively impacted as household spending is squeezed.
- Shifts in market activity depending on incomes.
- Residential affordability diminishes.

- Weakened demand across all sectors.
- Stress on household balance sheets and spending – shifting demand for housing.
- Spending behaviors move further in favor of value.

- Industrial market shifts to upside and downside, export markets.
- Trickle down into retail spending as higher prices pass to consumer.
- Demographic shifts impact supply chain, retail

¹ Canadian GDP growth slowing under the surface but not contracting. RBC Economics. 6.6.25.

5.20.25.

² Canadian CPI growth firmed in April excluding tax changes. RBC Economics. 5.20.25. ⁵ Manulife IM Real Estate Research & Strategy. June 2025.

³ Canadian labor market softening but not collapsing. RBC Economics. 6.6.25.

⁴ Canadian international merchandise trade, April 2025. Statistics Canada. 6.5.25.





Canada Capital Markets

Economic and geo-political volatility acting as push-pull forces in investor activity, emphasizing a focus on the long game.

- **Near-term tariff and trade war impact is creating hesitancy in execution** after investors finally came off sidelines in late 2024 through early 2025.
 - While investor and occupier sentiment started to rise early on in the year, evidenced in increased bidding activity, March recorded a significant slowdown in transactions, which appears to be persisting through the mid-year point.¹
 - Competing forces of increased economic uncertainty alongside the BoC holding on rates is leading to volatility in the capital markets, potentially translating to retrades or a reversion to the sidelines, with sellers hesitant to market assets without a strong buyer pool.²
- **Sector and asset selection is shifting** as industrial and multifamily reconcile new supply and normalize, while other sectors and subtypes offer potential for steady cashflow and diversification.
 - Supply pipelines are settling for industrial and multifamily, but investors are still cautious in market selection, particularly in previously high growth areas, where new product is struggling in lease-up and in urban centres, like Toronto, where shadow condo inventory adds risk.
 - Investors have increasingly focused on retail as a more stable source of income and balanced supply-demand fundamentals, with the sector seeing the most significant recovery in bidding late last year into 2025, but centers lacking counter-cyclical tenancy may underperform.³

\$0.4T

Dry Powder-CND

\$9.1B

Trans. Volume

2.7%

Y/Y Total Return

5.5%

Cap Rate

¹ Canada Market Dynamics – Capital Markets. JLL.1Q25.

² "Shifting US tariffs prompt property pros to balance concern with calculation." CoStar. 4.25.25.

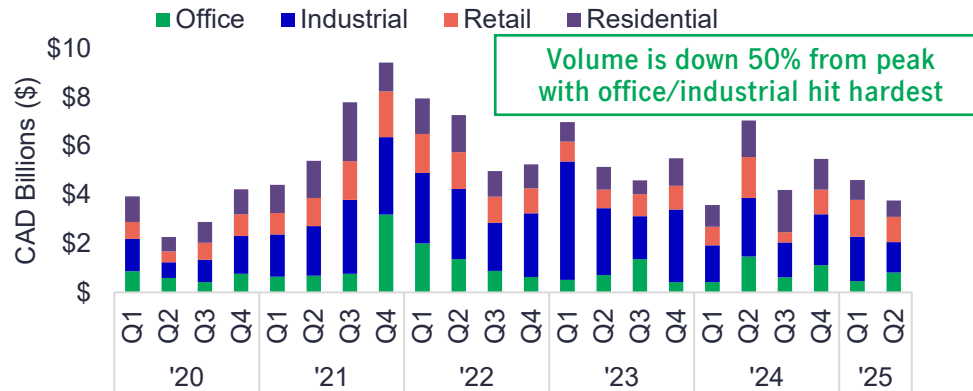
³ Canada Market Dynamics – Capital Markets. JLL.1Q25.

Capital Markets

Canada Capital Markets

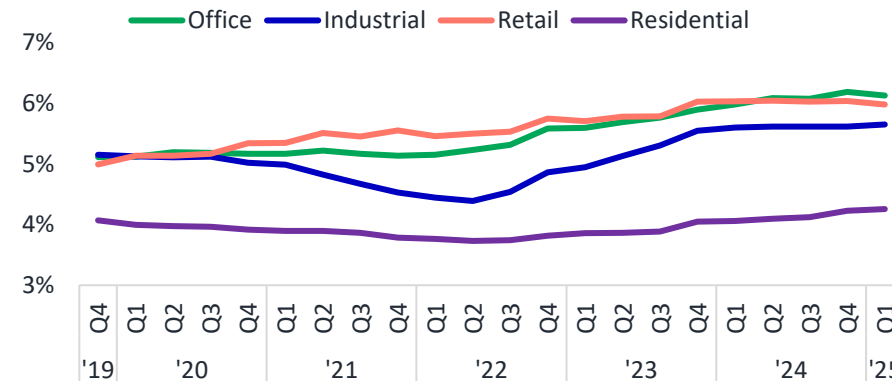
Macroeconomic headwinds continue to dampen transaction activity, marked by investor preference towards more recession resilient plays and a shift in investor composition.

Transaction Volume by Property Type



Source: Costar as of 2Q25.

Cap Rate by Property Type



Source: MSCI as of 2Q25.

- **Unsurprisingly, transaction volume is echoing the volatility in the macro-environment.** After 2024 transaction levels failed to meet the year prior, 2025 is showing minimal gains.
 - As of 1Q25, per Altus, CRE deals totaled \$9.1 B, a slight increase quarter-over-quarter. CoStar transaction volume, updated as of 2Q25, shows a deterioration in sales trends, with a quarter-over-quarter decline to \$3.6 B from \$4.7 B in 1Q25, though lacking comparable geographic coverage.^{1,2}
 - All traditional sectors except office showed a year-over-year increase in 1Q25, led by retail up 21.0%. The bulk of sales volume was concentrated in industrial, despite trade war implications.
- **Shift in buyer composition are emerging,** transitioning from private-buyers to pension funds emerging with more appetite.
 - Private buyers dominated 2024 (60%+) and shrinking slightly to 50% in 2025.³
 - A greater share of pension funds and public entities than in the past, with shrinking foreign investment – this could shift as foreign buyers may shy away from U.S. exposure.⁴
 - So far, cross-border investment appears to be sidelined, potentially waiting for volatility to settle before activating but still a quarter of volume transacted in 2024.

¹ Altus. As of 1Q25 (latest available);

² CoStar. As of 2Q25.

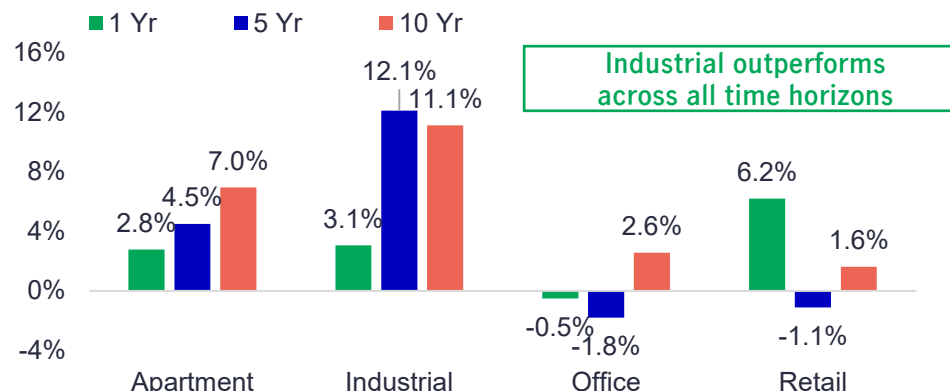
³ Canada Investment Overview. CBRE. 1Q25.

⁴ Canadian Real Estate Outlook, 2025. JLL. 2.20.25.

Returns Outlook

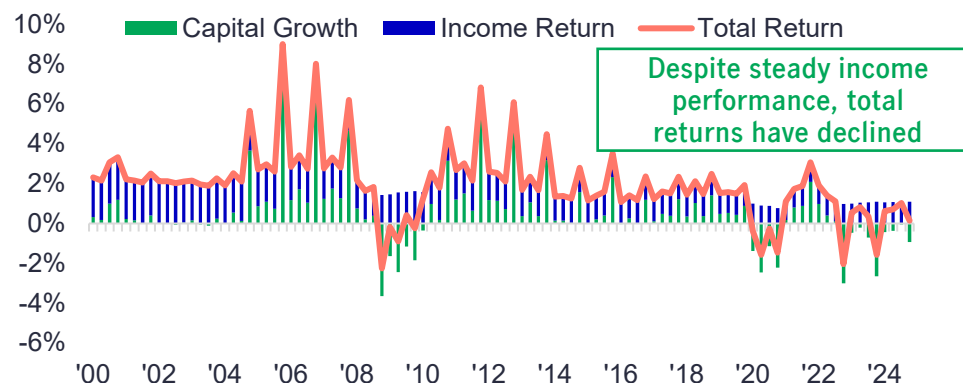
Regional and sectoral performance disparities, coupled with weakened investor sentiment, are shaping the pace and focus of Commercial Real Estate investment activity.

MSCI REALPAC Annualized Total Return



Source: MSCI as of 1Q25.

Income vs. Capital Returns



Source: MSCI as of 1Q25.

1 Altus. As of 1Q25 (latest available).

2 CoStar. As of 2Q25.

3 MSCI. As of 1Q25.(latest available).

- **Geographically transaction trends are mixed**, likely indicative of uncertainty and activity already underway in “safe harbor” geographies in anticipation of downturn.
 - Stronger Edmonton and Calgary volume may reflect more tariff-resilient economies, while Toronto is more vulnerable to tariffs and potential labor market distress.
 - However, Vancouver, Halifax, Edmonton, Calgary, and Toronto all show comparable improved momentum in buyer sentiment (% buy/%sell) as of 1Q25.¹
 - Top subsectors include grocer-anchored retail, suburban multifamily and multi-tenant industrial, all of which boast some counter-cyclical qualities.
- **Total returns trends may provide investors with more conviction in the capital markets**, in spite of rates holding steady and weak transaction volume.
 - As of March 2025, the annual total return across all sectors was 2.7%, a slight 10 bp improvement from year-end 2024, and up from just 0.2% a year ago. The quarterly return was 0.8%, a 60 bp quarter-over-quarter improvement.³
 - The 1Q25 income return was 1.1%, keeping the annual rate at 4.4% – stable from one year ago.
 - Valuations declined 1.6% on an annual basis through the first three months of 2025, a slightly better pace than 2024.



Canada Operating Fundamentals

Demand-side fundamentals exhibited softening heading into 2025, and volatility crept in further during the first six months of the year with tariff impact and the macro-economic environment, but supply-side is stabilizing.

- **Tariff impacts across Commercial Real Estate (‘CRE’) are already taking root.** While currently dispersed, depending on sector/market, as tariffs take a toll on the economy, effects will likely become more broad-based.
 - Effects are most prevalent in industrial, though retail may face some nearer-term trickle-down effects. Industrial occupiers, specifically, already began to stockpile in advance of tariffs, leading to an early-2025 surge in demand that is now dissipating.
 - Retail demand will likely lessen as consumer confidence takes a hit; the upside being highly curated retail centers following the sector’s transformation.
- **Demographic trends that initially rooted explosive growth in select CRE sectors like multifamily and industrial** may show a shift with immigration caps.
 - Uniquely, Canada’s metros experienced two distinct population/migration flows during the Pandemic and after, with urban centers benefitting from increased immigration (counter to U.S. trends) as well as an urban to suburban migration triggered by rising costs, forcing households to move farther out or even relocate out of a major metro completely.
 - These patterns changed the demand landscape across CRE, but most notably in multifamily and industrial where new centers of gravity emerged, triggering ground-up development activity; and in urban nodes, specifically leading to more high-end and condo development.

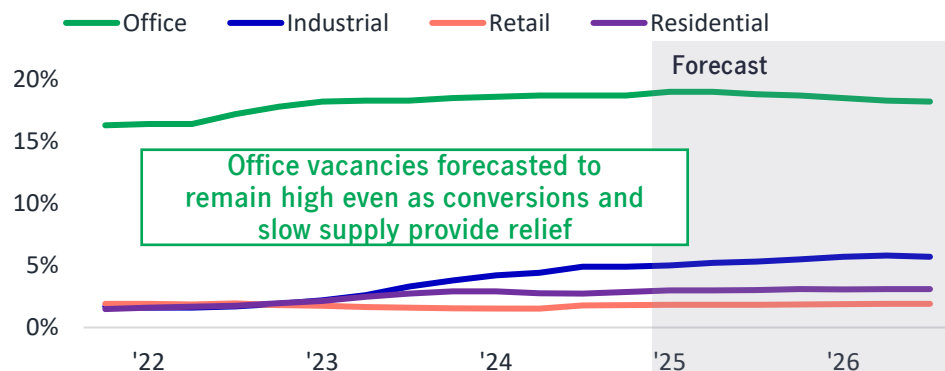
4.7%	-0.3%	2.9%	2.3%
Wage Growth	Population Growth	Consumer Spend.	Business Invest.

1 Canada Market Dynamics – Capital Markets. JLL.1Q25.
 *Metrics: Statistics Canada, Oxford Economics, Bank of Canada Y/Y as of 2Q25.

Canada Operating Fundamentals

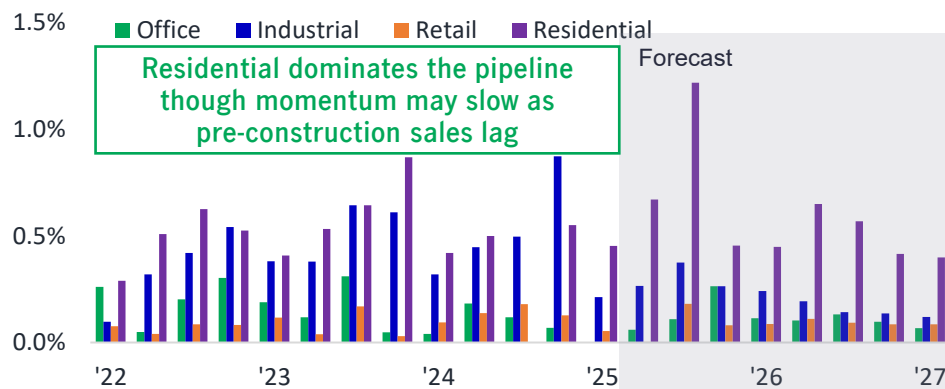
Slowing demographic growth and rising supply imbalances are weighing on Commercial Real Estate performance, and weakening sentiment is prompting occupiers to delay commitments.

Vacancy Rates



Source: Costar for Residential and Retail, CBRE for Office and Industrial as of 2Q25.

Delivery Pipeline as a % of Inventory



Source: Costar as of 2Q25

1 Canadian Survey on Business Conditions, second quarter 2025. Statistics Canada. 5.27.25.

- **Select markets now face oversupply as demographic patterns are once again set to shift, or even correct**, just as the pipeline becomes more constrained, presenting a dual-edged impact.
 - A higher cost of capital, coupled with still elevated inflation and the BoC holding on rates, will be a hindrance to construction activity in the near-term.
 - A modest correction may alleviate downward pressure on rents and occupancy in markets with supply shock. For low-supply markets and subsectors, rising material and labor costs preventing construction may add to affordability concerns, particularly in multifamily; while potentially elevating rents for specific product types.
- **Consumer and business sentiment heading into 2025 was relatively healthy**; as the economy turns, however, confidence is waning, leading occupiers to put off decision making.
 - Vacancy across all product types is on an upward trajectory, albeit to varying degrees and influenced by varying factors.
 - Industrial and multifamily vacancy increases reflect both record supply coming online and a simultaneous pullback in demand with growing uncertainty.
 - Retail vacancy up slightly, reflecting footprint reconciliation as spending patterns shift in favor of discretionary items, while lower business confidence trickles into office leasing.¹

Rent Growth Outlook

Rent growth is anticipated to weaken across all sectors as demand softens, vacancy rises, and concessions increase - reflecting broader economic slowdown and uncertainty.

Historical Rental Growth & Forecasts



Source: CoStar Historical Data 2017 to 2024, and Manulife IM Forecasts, as of July 2025.

1 CoStar. Data as of 2Q25.

- **With occupancy levels challenged**, and demand-side fundamentals finally showing some vulnerability to prevailing economic conditions, rents are likewise softening across the board.
 - Industrial and retail asking rents continue to show growth, but at lower rates than in previous quarters. Industrial in particular recorded a 700+ bp drop in rent growth year-over-year, whereas the rate of retail rent growth slowed by 100 bps.
 - In the office sector, landlords have been able to boost face rates or asking rents by offering more competitive tenant improvement and rent abatement packages, a trend also manifesting in multifamily, where rents have been contracting.¹
- **Our rent growth forecasts in the near-term are subdued across all sectors**, reflecting a pessimistic economic outlook and general market volatility, though we see a potential recovery taking shape later in the forecast period.
 - We anticipate multifamily and industrial rent growth to kick back in 2027 after pipelines settle, and balance to long-term averages over the remainder of the forecast period.
 - Retail may correct slightly next year, trending to equilibrium through 2030, underpinned by constrained supply.
 - Office rent growth likely to mirror trends observed in previous years, not expected to rebound without a reconciliation in supply.

Outlook

What's ahead in 2025 for the Canada Commercial Real Estate market?

Many of the same dynamics at the start of 2025 will persist, including softening in the labor market, housing unaffordability, and demand-side challenges, leaving room for creative positioning.

Recession Hedge

- Select sectors (e.g., housing, senior living) may offer counter-cyclical features; Canadian private real estate performance trails closely behind private equities over last decade, outperforming REITs.¹
- Opportunity in bottoming segments emerging, where investors focus on assets with long WALT and long-term, sustainable demand drivers.

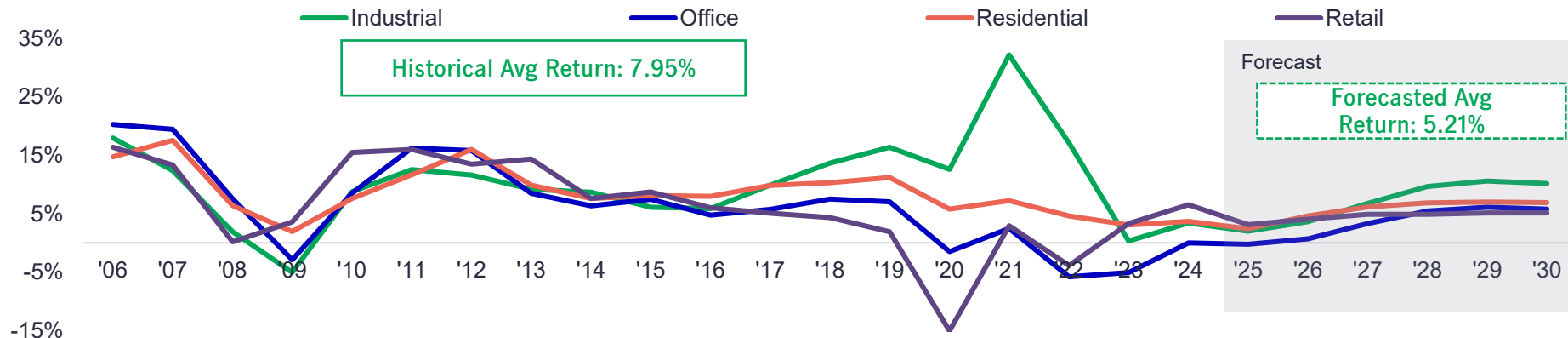
Alternative Investment

- Investors are keen to diversify risk, into alternatives particularly focusing on more recession resistant classes, including student housing, active adult, cold storage.
- Demographic/regulatory shifts warrant caution (e.g., international enrollment on student housing)
- Emphasis on location for niche sectors is paramount.

Demographic Anchors

- Pandemic demographic trends shifting due to policy and recession.
- Immigration caps may reduce housing and retail demand in select markets but offer new entry points for population previously priced out.
- Though falling housing demand may increase affordability in under-supplied markets, there will be a high reliance on income levels.

Sector Historical Return & Forecasts (2010 – 2030)



Source: Oxford and Manulife Investment Management as of July 2025.

¹ Canada Market Dynamics – Capital Markets. JLL.1Q25.

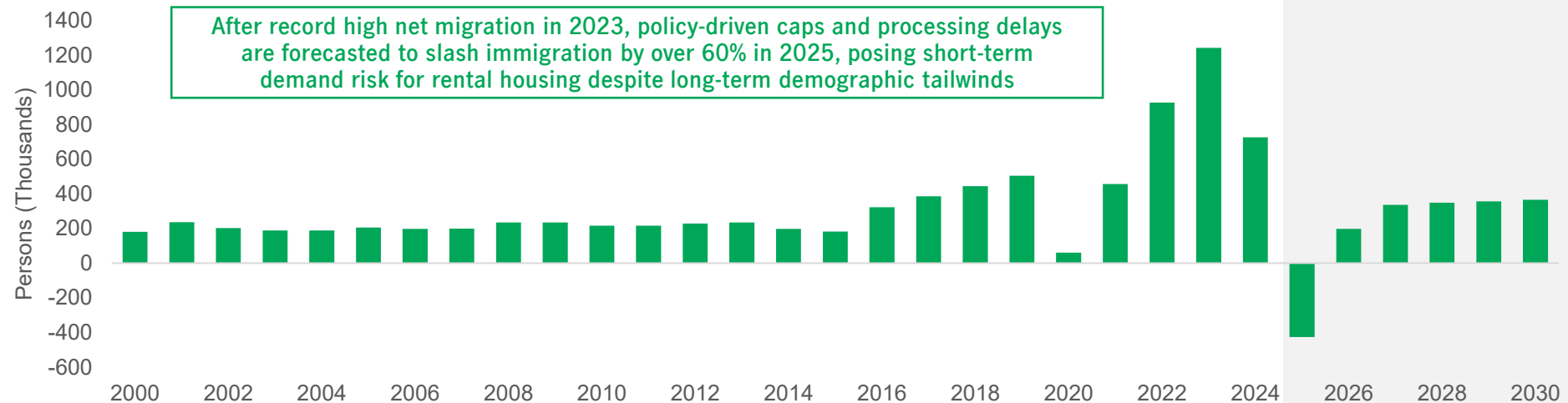
Live

Canada Residential Overview

Across Canada's living sector, chronic undersupply supports a long-term investment view, but near-term challenges create a complex environment in achieving a supply-demand balance

- **Strong demographic trends support housing absorption, but economic downturn, immigration caps, a rising cost to build, and regulatory measures may inhibit development of product aligned with demand and stifle rent growth potential during the near-term. We retain high conviction in the sector and select subsectors, implementing a strategic hold period to take advantage of recovery and longer-term upside.**
 - Long-term conviction in multifamily investment due to structural undersupply, but in the near-term an emphasis on primary and secondary markets with more favorable demographic characteristics and an unaffordable ownership environment.
 - In spite of an expected slowdown in international enrollment, university-proximate Student Housing is a main focus area for investment, supported by exceptionally low provision rates and limited private development, and lack of affordable market-rate rentals to compete.
 - Active Adult investment is targeted in metros with higher dependency rates, particularly in more affordable, secondary markets with provincial initiatives to drive development.

Net Migration

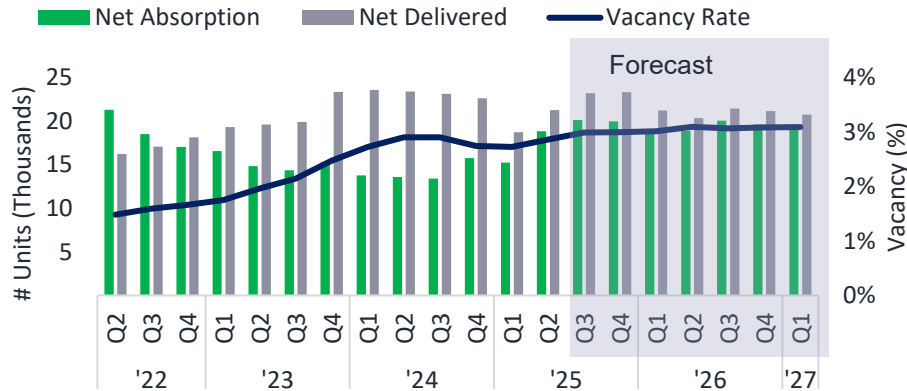


Source: Oxford Economics as of July 2025.

Canada Multifamily Overview

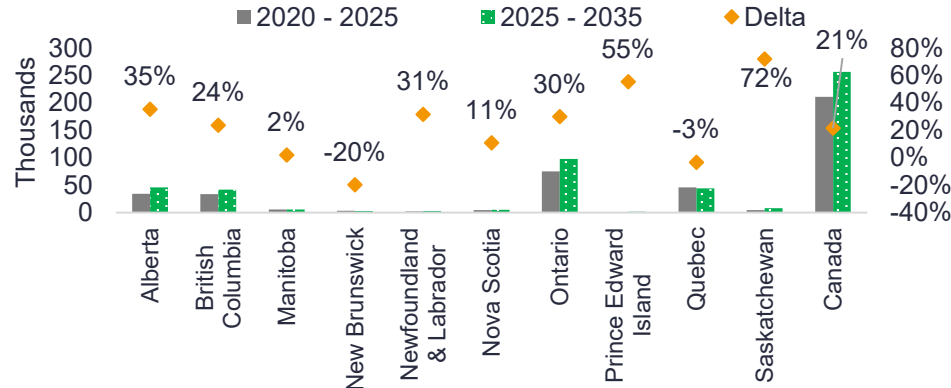
Normalization in the sector will create new opportunities for investors - near-term through potential re-caps or distress, and over the medium to longer-term through entry into previously high barrier markets.

Supply and Demand



Source: Costar as of 2Q25.

Housing Starts by Province (Historical & Forecast)



Source: Oxford Economics & StatsCan as of July 2025.

- **A short-term construction slowdown may not significantly impact the market** due to slowing population growth and localized oversupply.
 - After a 30% monthly increase in April, May residential construction starts declined slightly to 279,000 units.¹
 - Vacancy rates are rising, reaching 3.6% in 2Q25, driven by a surge in high-end construction misaligned with broader demand. Although absorption remains positive, it has slowed significantly.²
 - Asking rents have declined for three consecutive quarters, down 0.5% year-over-year.²
- **Multifamily is staying on the radar of investors**, though volume through the mid-year mark has flattened, and valuations are showing some stress.
 - The annual total return through 1Q25 was 2.8%, up 30 bps quarter-over-quarter, and 0.7% for the quarter.³
 - Cap rates are starting to slowly widen, expanding slightly for the third consecutive quarter to 4.3% in 1Q.³
 - Energy-markets recording strong transaction activity relative to historical trends, while higher cost markets are drop off.⁴
 - Affordability gap still positions MF for strong occupancy and income growth, with income returns up 3.2% year-over-year as of 1Q.⁵

¹ Monthly Housing Starts and Other Construction Data Tables. CMHC. May 2025.

² CoStar. Data as of 2Q25.

³ MSCI. Data as 1Q25.

⁴ Canada Market Dynamics – Capital Markets. JLL. 1Q25.

⁵ MSCI. Data as of 1Q25.

Big Ideas: Multifamily

Long-term demand will continue to anchor multifamily performance, while in the short-term, opportunities are likely to be found in mature nodes with a more balanced pipeline and diverse price points.

Themes

- Impact of immigration caps may provide short to medium-term relief related to chronic undersupply but will be at the risk rent growth.
- Shift in favor of tenants, with increased concessions and falling face rents as vacancy is on the rise.
- Rising construction costs, zoning constraints may hinder the development of affordable housing.

Opportunities

- High mortgage rates and resets redirecting demand to rental.
- Affordable/attainable can be a “safe-haven” in economic downturn for stable cash flow, high retention.
- Primary and secondary markets that exhibit favorable demographic trends and face affordability barriers to homeownership.

Risks

- Short-term rental accommodation measures and tax changes may add more supply to select markets.
- Condo/shadow market risk heightened in urban markets, particularly as international investors are sidelined.
- Oversupply of higher-end product misaligned with demand.

Market Considerations

- Positive net migration; strong population growth
- Supply constraints/barriers-to-entry
- Affordability measure
- Regulatory environment

Asset Considerations

- Limited supply pipeline within direct proximity/competition to subject asset
- LWP environment; high walkability, retail access
- High-tech features
- Best in class amenity package

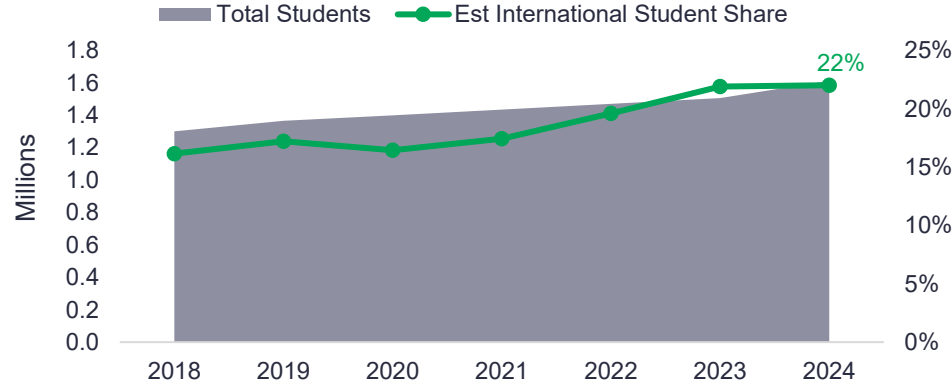
Sub-Type Focus

- Market-rate
- Attainable & Affordable housing
- Student Housing

Canada Student Housing Overview

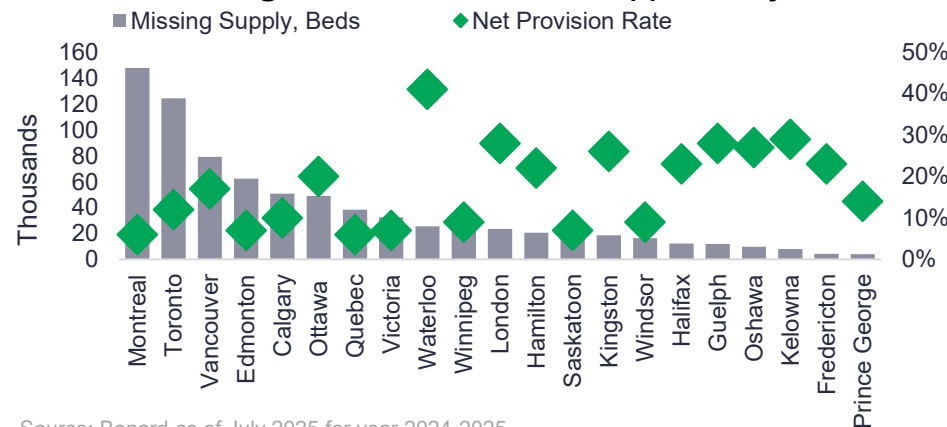
Student housing has proven its remarkable occupancy stability and rent growth during periods of economic uncertainty, though caution is warranted given policy shifts and localized factors.

Student Population Growth (Top 20 Canadian Cities)



Source: Provincial statistical offices as of July 2025. Note: each year reflects end of school year, i.e. 2018 reflects school year 2017-18.

Student Housing Net Provision Rate & Opportunity



Source: Bonard as of July 2025 for year 2024-2025.

¹ Bonard 2024 Report & 2025 PBSA Summit Presentation.

² Statistics Canada & Unité de travail pour l'implantation de logement étudiant (UTILE).

- **Student housing is a resilient and underpenetrated asset class**, driven by supply shortages, rising housing affordability concerns, and a growing student population.

- Unlike the US and UK, Canada's PBSA market is nascent; the net provision rate is estimated to be 15%, compared to European countries which are in the 25% - 35% range.¹
- International students account for over 20% of enrollment, growing at a 10-year average rate of 10.5% year-over-year. Visa caps are expected to slow down this rate.
- PBSAs are typically developed, run and operated by universities and colleges, resulting in a higher concentration of on-campus housing but limited availability, and often dedicated to first year students.
- PBSAs are severely undersupplied by about 782K beds; off-campus housing is extremely limited, accounting for less than a third of total beds.¹
- PBSA stock is distributed disproportionately across metros, with Waterloo having one of the highest provision rates at 41% and Montreal with one of the lowest provision rates at 6%.¹
- PBSAs typically command a 10 - 30% rental premium over market-rate rentals, driven by a few factors: fully furnished units, all inclusive rent structure, safety, proximity to the school and student-oriented amenities.²

Big Ideas: Student Housing

Strategic opportunities are greater in high-barrier urban markets, especially in those anchored by top-tier universities that are facing growing pressure to provide housing accommodations.

Themes

- Domestic enrollment may benefit from student visa caps at schools with low acceptance rates.
- With a 15% average net provision rate, the sector is undersupplied, particularly for on-campus housing.
- The sector has proven resilient even during economic downturns, attracting mature capital investment.

Opportunities

- Predictable lease turnover with frequent rent resets in markets without rent control.
- Superior income yields compared to traditional multifamily, with ancillary revenue streams such as parking, storage, laundry, meal plans, etc.
- Intra-provincial domestic mobile students fuel additional demand.

Risks

- International enrollment is set to decline with immigration changes leading to student visa caps.
- Such risks could deter future international enrollment, with an outsized effect on those universities with high international exposure.
- Select markets with higher provision rates and multifamily supply may show outsized risk.

Market Considerations

- Strong educational institution presence; high-quality institutions
- Supply constraints/barrier-to-entry,
- Strong employer presence, employment hub & post-grad job opportunities
- Lower regulatory environment

Asset Considerations

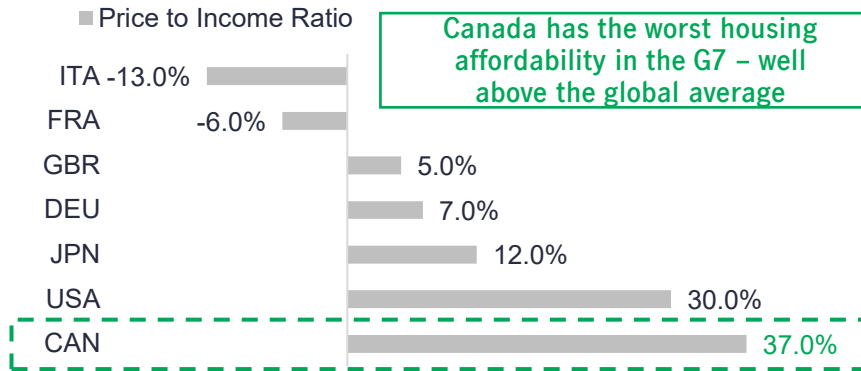
- Direct proximity/access to educational institution
- High walkability/proximity to student-oriented amenities, retail, entertainment
- Student-oriented high-tech features & amenities on site
- Graduate, Post-Graduate demand

“Off-campus student rental nodes are emerging, where private investors are acquiring and managing portfolios of multifamily assets or condominiums, and rented specifically to students. These are unique to professionally managed PBSA stock.”

Canada Affordable/Attainable Housing Overview

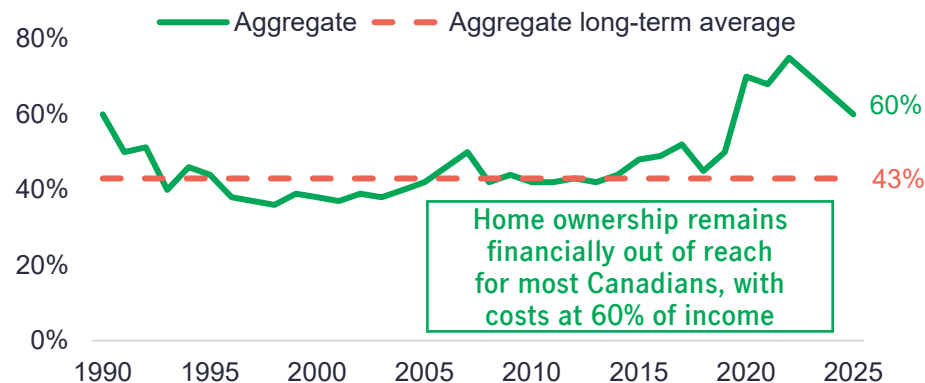
Canada's housing affordability crisis is deepening, driven by rapid population growth, stagnant income levels and limited attainable / affordable new housing supply, exacerbated by high construction costs.

G7 Price to Income Ratios Range (2015 – 2024)



Source: OECD as of 2024.

Ownership Costs as a % of Median Household Income



Source: RBC Economics as of July 2025.

¹ OECD as of December 2024.

² RBC as of March 2025.

- **Canada's housing affordability crisis is not a short-term market correction or a post-pandemic imbalance - it is a structural issue** rooted in fragmented policies, lengthy approval processes, lagging infrastructure, restrictive land-use regulations, and distortions in capital markets.
 - As housing is increasingly treated as a financial asset and income growth has remained stagnant for nearly a decade, Canada has experienced the sharpest affordability decline among G7 Nations (a 37% deterioration). ¹
 - The crisis is now affecting not only low-income households but also middle-income workers, young professionals, seniors and newcomers, contributing to the "missing middle" phenomenon. This gap between subsidized housing and high-end condos highlights a potential investment opportunity.
- **In addition to major urban centers**, mid-sized municipalities are also facing growing housing affordability concerns.
 - While housing ownership costs have declined for four consecutive quarters, the long-term average remains at 43% of household income, well above the 30% affordability benchmark. ²
 - Unlocking opportunities in this sector will require a rethinking of traditional development economics, embracing P3 partnerships, and adopting a more complex capital stack.

Big Ideas: Affordable/Attainable Housing

Several barriers have historically capped housing development, with amplified pressure on affordable and attainable housing, and labor market weakness is likely to enhance near-term demand

Themes

- Driven by accelerating urbanization and worsen affordability, the sector presents a rare convergence of social need and market opportunity.
- Affordable/attainable stock remains undersupplied and is likely to persist for the next decade.
- Rising trade uncertainty is likely to elevate construction costs, dampen demand, and delay new projects.

Opportunities

- The sector's growth presents a compelling opportunity offering long-term, low-volatility cash flows alongside social impact.
- Unlocking this potential requires rethinking traditional development performance metrics, fostering partnerships with the public sector, and embracing more complex capital structures.

Risks

- Execution risk is elevated due to complex regulatory environments, and multi-stakeholder coordination, often including government entities.
- Liquidity can be limited due to a shallow secondary trading market, affordability covenant compliance, and a compressed return profile.

Market Considerations

- Barrier-to-entry / development pipeline
- Cost of living/overall affordability/homeownership attainability
- Rental attainability
- Regulatory considerations
- Demographics
- Rent growth trends

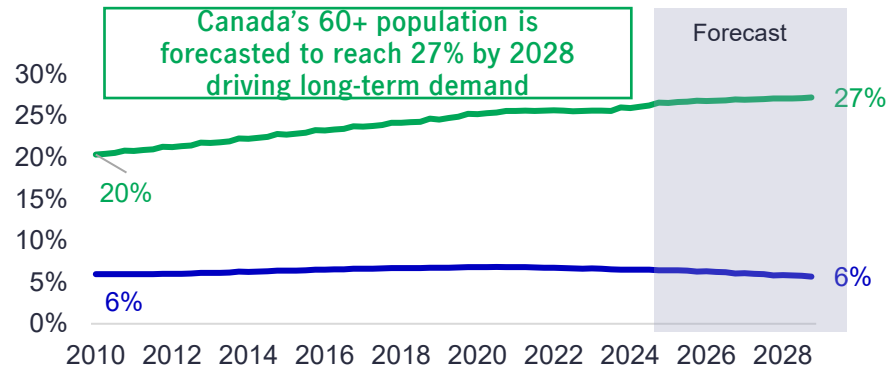
Asset Considerations

- Rent affordable to $\leq 120\%$ or $\leq 50\%$ of average median income
- Proximate to job hub
- Connectivity to transportation
- Access to infrastructure providing upward mobility – quality public/charter schools; primary healthcare
- Strong management

Canada Active Adult Overview

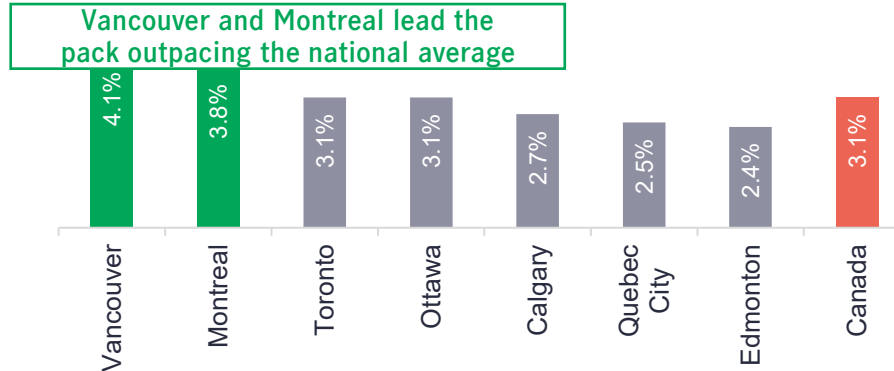
Driven by aging populations and shifting preferences, this sector reflects the convergence of demographic inevitability and lifestyle aspiration, offering a long-term investment opportunity.

Population 60+ as a % of Total Population



Source: Oxford Economics as of July 2025.

Senior Housing Market Rent '25-'29 CAGR



Source: Green Street as of July 2025.

¹ Cushman March 2025.

² CMHC survey 2013.

³ Eldercare Review as of July 2025.

- **Today, more than 1 in 5 Canadians are over the age of 60 – this figure is expected to rise as baby boomers (1946 to 1965) exit the workforce in the upcoming years, driving increased demand for senior housing.**
 - Despite growing needs, construction starts are currently at an all-time low, largely due to rising costs, interest rate hikes, and lingering effects of the COVID pandemic.¹
 - Over 63% of the existing stock are more than 15 years old, raising concerns about structural and functional obsolescence. This aging inventory is expected to decline by 1% to 2% annually.¹
 - Approximately 85% of older Canadians prefer to age-in-place, often delaying moves to senior housing unless necessary – highlighting the need for more adaptable housing solutions.^{2,3}
- **There has been a noticeable shift in the sector** as demand increases for flexible, community-oriented living models that emphasize wellness, freedom and lifestyle enrichment.³
 - Unlike previous generations, today's seniors are not just looking for downsizing - they prioritize physical health, social connection, and community.
 - The regional and cultural diversity in Canada calls for a localized, adaptable approach to the sector's development.

Big Ideas: Active Adult

An emerging yet resilient sector, backed by demographic tailwinds and shifting lifestyle preferences – offering long-term potential but requiring navigation through regulatory complexity, pricing and market fragmentation.

Themes

- An aging population, housing undersupply, and evolving retirement preferences have created a strong macro case for the sector.
- As a form of residential asset, it offers resiliency amid broader economic uncertainty.
- Local and cultural diversity requires a flexible and localized approach to development and operations.

Opportunities

- The sector is highly fragmented and geographically uneven, with many communities particularly middle-income seniors being underserved.
- The pivotal moment presents an opportunity for establishing brandable, scalable communities that address the growing long-term structural demand.

Risks

- Limited market awareness makes it challenging to accurately size and forecasts demand for the sector.
- Regulatory ambiguity can lead to a misaligned approval process and delayed development.
- Many Canadians are asset-rich but income-sensitive, requiring careful calibrated pricing strategies to ensure affordability and profitability.

Market Considerations

- Metros with outsized population growth in the 55+ age cohort
- Strong transit infrastructure
- Amenity-rich, outdoor recreation, walkable environment (high Walkscore)
- Range of incomes in support of diversified product types
- Favorable regulatory environment

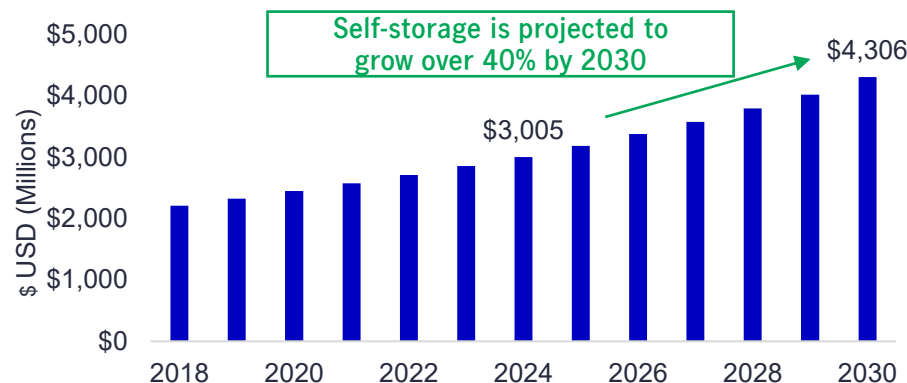
Asset Considerations

- Urban fringe TOD or Suburban – town-center oriented
- Proximity to healthcare and medical hubs (on-site service desirable)
- On-site, accessible recreation, entertainment (e.g., Greenways, Clubhouse, gathering areas);
- Walkability/retail access
- Highly accessible environment/ADA

Canada Self Storage Overview

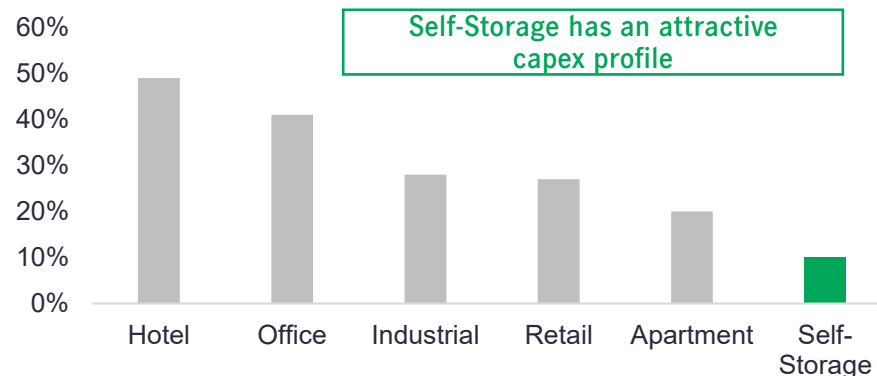
Rapid urbanization, housing affordability pressures, and shifting lifestyle dynamics have combined to make self-storage a vital extension of the home.

Canada Self-Storage Market, 2018-2030



Source: Grandview Research as of July 2025.

MSCI/IPD Capex as a % of NOI since 2006



Source: MSCI/IPD, Hines Research as of July 2025.

- **As living spaces shrink and mobility increases – due to immigration, international students, downsizing, relocation or lifestyle transitions** – the demand for flexible, secure storage solutions is growing.
 - Canada's self storage market is expected to reach projected revenues of \$4.3B by 2030, representing a 6.5% CAGR between 2025 to 2030, with most of the revenue growth coming from both medium and large-size segments.¹
 - While the US is expected to lead the self-storage market in terms of revenue, Canada accounted for ~5.1% of global self-storage revenues in 2024, indicating growth opportunities.¹
 - Unlike the US, institutional operators only account for 20 - 30% of total supply. The fragmented market presents opportunities for well capitalized operators to consolidate and modernize underperforming assets through customer-focused operations and tech enablement.²
 - Despite new supply pipelines, Canada averages 2 - 3 SF per capita, significantly less than the US average of 5 - 8 SF per capita. Demand is particularly strong in land-constrained urban core markets.³
 - Demand is also diversifying; potential supply chain issues may impact small businesses, driving a need to stockpile and store equipment.

¹ Horizon Grand View Research as of July 2025 for 2024 Year End.

² Forum Asset Management, ³ Forum Asset Management.

Big Ideas: Self Storage

The counter-cyclical / recession-resistant nature of self-storage positions the sector well in the near term, backed by relatively inelastic demand and demographic shifts.

Themes

- Housing affordability, urban densification and space constraints continue to fuel sectoral demand.
- The sector boasts higher NOI margins and lower operating costs.
- Evolving innovation and storage requirements, in particular temperature control, drive preference for newer vintage facilities.

Opportunities

- Zoning and land constraints create entry barriers; conversion opportunities from obsolete industrial or retail.
- Fragmented and under-institutionalized; consolidation and operational enhancements.
- Counter-cyclical protection through shorter lease terms, increased demand from downsizing or doubling up, and cash flow stability.

Risks

- Slower population growth, inflation, and rising unemployment may curb spending and demand, inhibiting rent growth.
- High-growth metros could face localized oversupply.
- Tightening zoning policy and escalating costs increase development risks for new projects.

Market Considerations

- Supply constraints/barriers-to-entry
- Positive net migration; strong population growth
- Household income/affordability measures; homeownership rates
- Regulatory environment

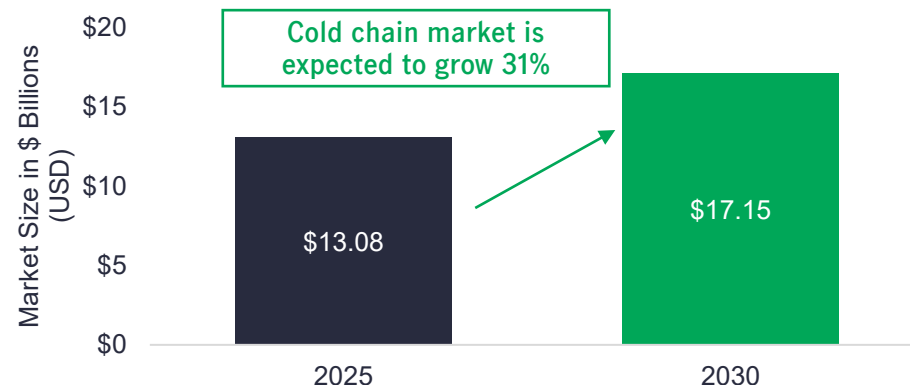
Asset Considerations

- Strong management & operations
- Proximity to high density housing
- Parking/loading infrastructure
- High walkability/retail access
- High-tech features and security measures; climate control
- Outstanding ingress/egress, transportation access

Canada Cold Storage Overview

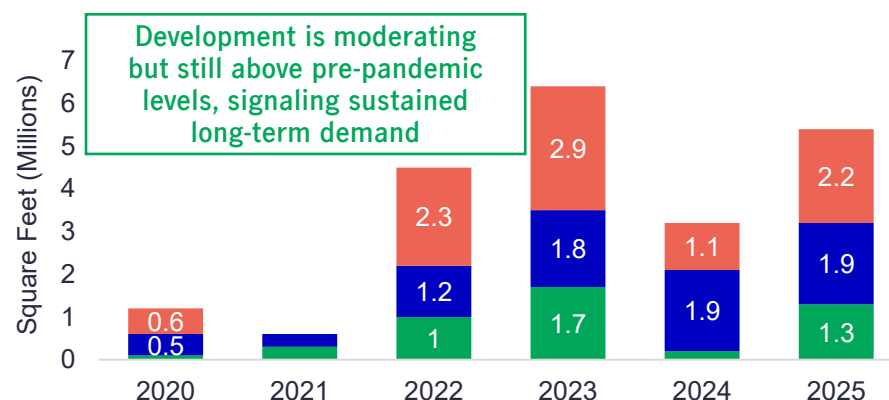
Cold storage provides a unique function in the supply chain, preserving the quality and safety of perishable goods such as food and pharmaceuticals, extending shelf life and ensuring regulatory compliance.

Cold Chain Logistics Market



Source: Mordor Intelligence as of January 2025.

Development Projects by Year and Type



Source: Colliers as of March 2025.

1 Mordor Intelligence as of January 2025.

2 CBRE / Altus as of 2Q25.

3 Colliers March 2025.

- **Driven by food safety regulations, paramedical logistics, e-commerce grocery delivery, and global cuisine trends**, cold storage presents a unique opportunity for investors to diversify while gaining strategic countercyclical protection.
 - Canada's cold chain logistics market is valued at USD \$13.1B in 2025 and projected to reach \$17.2B by 2030 (5.9% CAGR).¹
 - It is estimated that every \$1Bil in grocery sales translates to ~1.25 MSF of new industrial demand, spanning ambient, chill, frozen storage needs.
 - Despite strong growth prospects, the sector remains underdeveloped and fragmented, offering potential for consolidation and modernization.
 - Significant entry barriers include high construction costs (as it is 2–3x more expensive to build vs. conventional warehouses), limited zoned land, and operational complexity, which can account for up to 30% revenue.^{2,3}
- **A few unique factors shape Canada's cold storage landscape:**
 - The colder climate limits year-round local agricultural production, making Canada a major importer of fruits and vegetables from the U.S. and Mexico.
 - Ranked among the world's leading meat exporters (i.e. beef, pork, chicken) with strategic access to Asian and European markets via ports on both the Pacific and Atlantic coasts.

Big Ideas: Cold Storage

Cold storage in particular boasts countercyclical qualities that may help to insulate the sector from downturn or recession, in addition to factors that boost the long-term growth potential of the sector.

Themes

- Growth in demand for healthier and fresh food supply is increasing, both inside and outside of e-commerce – further underscoring the need for mid-distribution process facilities to house food supply safely.
- Occupier diversification leading to growth of micro-fulfillment centers to improve distribution efficiency and expand market-reach.

Opportunities

- Facilities leveraged for grocer or food delivery supported by stable, consistent demand given necessity-based nature of goods stored.
- Biotech hubs given growing use by pharmaceuticals and biomedical, also providing a diversified tenant base and a broad demand pool.
- Development, due to high-barrier to entry, and modernized facilities.

Risks

- Cold storage is costly to develop and highly nuanced in terms of operations, requiring highly specialized expertise and skillsets to develop, upgrade and manage.
- Facilities are often build-to-suit, with obsolescence risk if a tenant vacates or due to technological requirements.

Market Considerations

- Port or intermodal facility-proximate in large industrial hubs, or along key spokes connecting to end-users; food manufacturing/process clusters.
- Strong area population growth and consumer spending
- Strong transportation infrastructure
- Favorable regulatory and business environments

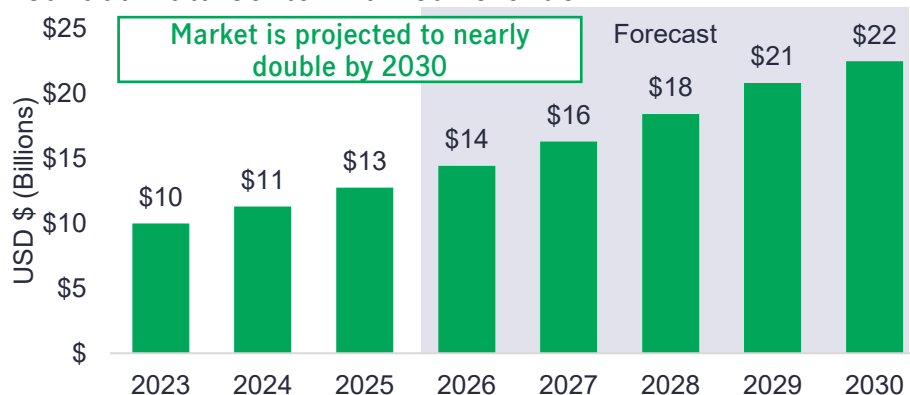
Asset Considerations

- Building envelope components and design that support temperature reliability
- High ceilings (40+ feet)
- Solar panels and geothermal systems to meet high energy demands
- Proximity to the supporting workforce and product destination
- Easy ingress/egress and access

Canada Data Center Overview

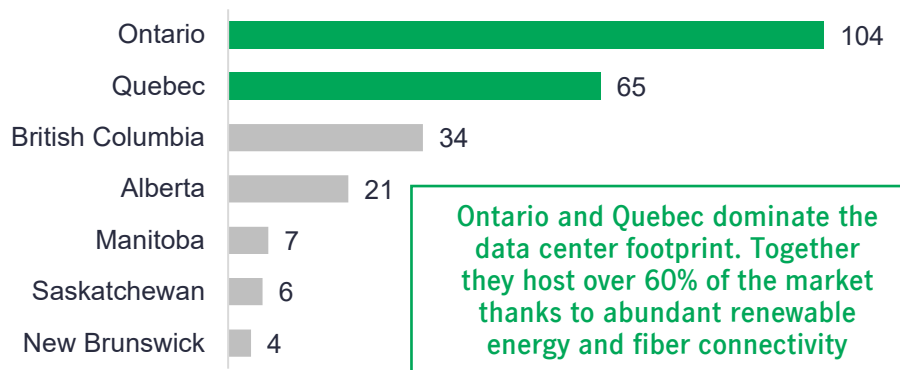
Driven by digital transformation, renewable energy demand, and data sovereignty, Canada's data centre market is scaling rapidly - emerging as a high-growth, resilient asset class.

Canada Data Center Market Revenue



Source: Next Move Strategy Consulting, Report Canada Data Center Market 2025.

Number of Data Centers Across Canada



Source: Datacentermap.com as of July 2025.

1 Next Move Strategy Consulting as of May 2025.

2 Horizon Grand View as of May 2025.

3 Urban Land Institute & PWC webinar as of May 2025.

- **Canada's data center market is gaining recognition** for its energy-efficient climate, abundance of renewable power sources, robust data sovereignty protections, and strong connectivity to major markets – positioning the sector well for compelling growth.
 - Valued at USD \$10.26Bil in 2023, Canada's data center market size is projected to reach USD \$22.25Bil by 2030, at a compound annual growth rate (CAGR) of 11.7% from 2024 to 2030. In 2024, Canada accounted for 13.1% of the global data center market.^{1,2}
 - Despite increasing supply, the sector remains underbuilt relative to the pace of digital transformation. Lack of bulk fiber availability may constrain growth for hyperscale facilities.
- **Leading markets offering sizeable talent pools, strong fiber connectivity, lower energy costs, green energy options, and gateway connectivity.**
 - Canada is expected to double its number of data centers by 2030, with growth concentrated in Toronto, Montreal, Vancouver, and Calgary - driven by both enterprise-built hyperscale campuses and third-party co-location facilities.³
 - Although the sector faces challenges such as high upfront costs, regulatory complexity, data security concerns, and site availability, they also offer counter-cyclical protections; these include long lease terms, inflation-protected cash flows, and high barriers to entry.

Big Ideas: Data Centers

Rising institutional interest and strong fundamentals support scalable growth for the sector - though infrastructure constraints, policy complexity, and sustainability concerns remain key challenges.

Themes

- Canada is well-positioned for growth due to low electricity costs, access to renewable energy & cool climate.
- Cross-border data privacy restrictions are expected to drive increased demand for data centers.
- Growing use of downtown urban facilities such as carrier hotels, complemented by larger suburban spoke facilities.

Opportunities

- Rapid & accelerated growth in digital services continues to drive demand.
- New developments/newer vintage facilities, as higher upfront costs and lengthy approval processes create significant barriers to entry.
- Institutional investment is increasing, boosting quality and liquidity, enabling scalable partnerships.

Risks

- The sector's energy intensity and rising demand may heighten sustainability concerns; older vintage data centers risk obsolescence due to rising power needs and rapid tech shifts.
- Markets with a lack of coordinated government policies, complex zoning, and grid limitations.

Market Considerations

- Power grid/supply
- Market/regional infrastructure investment plans
- Lower cost/low regulatory operating environment
- Availability of skilled labor
- Climate risk/energy costs

Asset Considerations

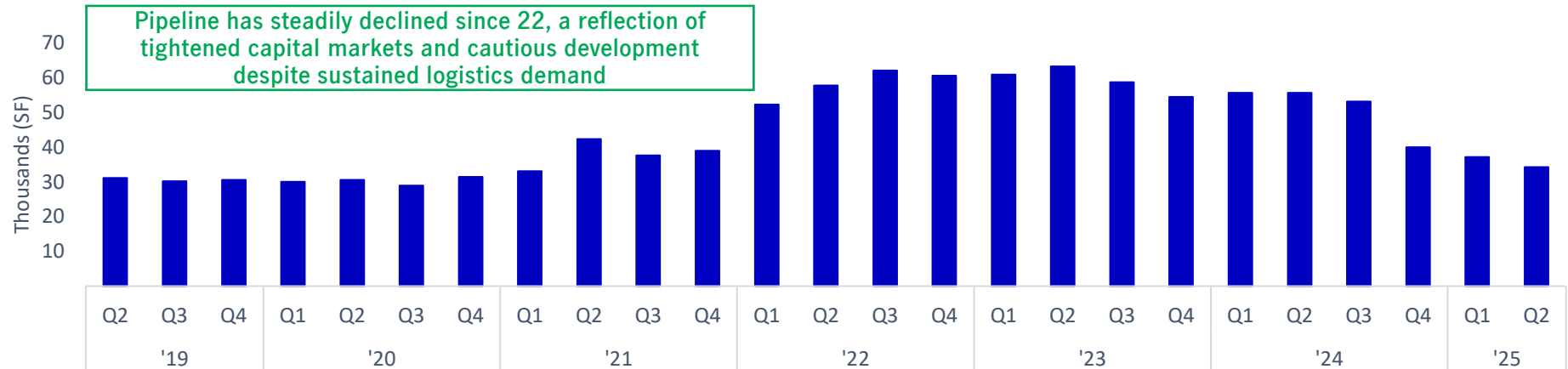
- New development/product
- Proximity to client & power access
- Fiber connection & latency
- Access to robust infrastructure (cooling, backup power, etc.)
- Environmental regulations (emission & noise, sustainability, etc.)
- Future expansion / upgrade potential

Canada Industrial Overview

Industrial led sector performance over the last few years and is now faced with both supply and demand headwinds; however, transformation and innovation in the sector support an optimistic long-term view.

- **Growing sophistication of major industrial occupiers is leading to a wider dispersion of demand requirements, driving evolution of niche sectors within the industrial space. Development of innovative product is needed along with traditional industrial stock to accommodate infill and locally-based distribution needs, while supply shock is a consideration for large-bay facilities.**
 - Traditional warehouse and logistics space, especially in mature distribution hubs and infill locations, retain a critical role in the supply chain.
 - Self storage is demographically driven and closely tied with residential market dynamics; however, may typically be located in more industrial areas with some proximity to residential. With single-family housing market distress, households are being redirected to renting, correlating with an increased need for storage.
 - Cold Storage has taken on more significance in the supply chain with the increase in e-commerce-based grocer and pharmaceuticals growth, along with population shifts warranting new spoke locations for distribution.

Industrial Under Construction

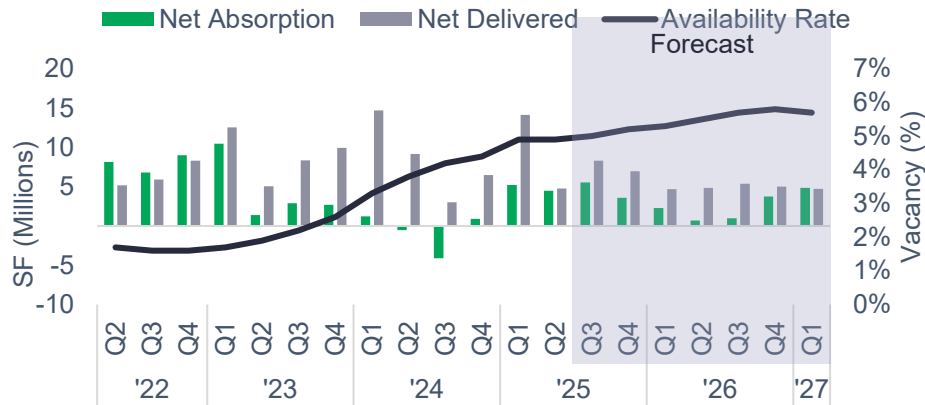


Source: Costar as of 2Q25.

Canada Industrial Overview

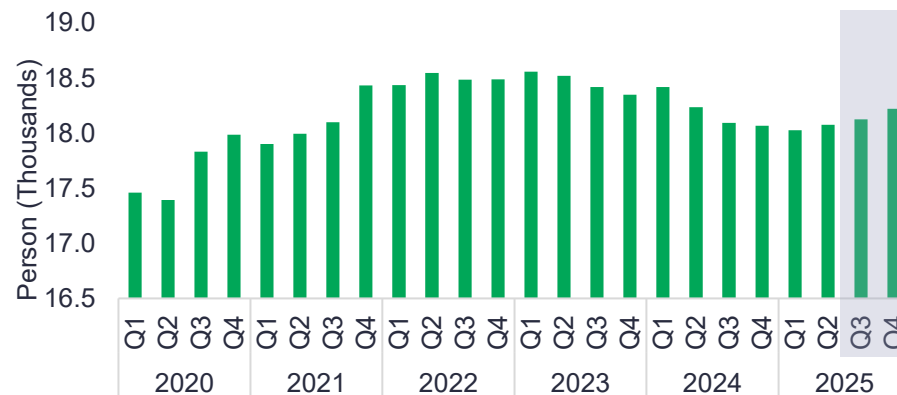
Long-term fundamentals and income resilience continue to support targeted industrial strategies, despite short-term headwinds such as rising vacancy and muted rent growth.

Supply and Demand



Source: CBRE as of 2Q25.

Manufacturing Employment



Source: Oxford Economics as of July 2025.

- **Key changes in the industrial space – supply and diversification** – will drive bifurcation in the market through year-end, benefitting established, infill locations with less tariff exposure.
 - By the close of 2024, vacancy moved higher than the 10-year average by 30 bps to 3.4%. Now at the mid-year mark for 2025, vacancy is up nearly a full point to 4.3%.¹
 - Though construction pulled back 40% in 2024, and supply shock is limited to select markets and asset-types, the pipeline remains elevated with nearly 37 MSF underway.^{1,2}
 - Asking rents increased just 1.3% through 2Q25 from 2Q24, and the rate of growth slowed 720 basis points.
- **Transaction activity pulling back due to** short term risk exposure to trade war and weaker operating fundamentals, likely to persist.
 - Conservative leasing assumptions leading to misalignment in pricing; capital returns contracted 0.8% year-over-year as of 1Q25, with valuations shrinking most in non-energy markets.^{3,4}
 - After widening from the 4%-range four years ago, cap rates have generally stabilized in the mid-5s since 2023, but March showed an uptick on an annual basis to 5.7%.⁴
 - In contrast, total returns recorded uplift to 3.1% as of 1Q25 on an annual basis from 2.9% the quarter prior, boosted by a 3.9% income return.⁴

¹ CoStar. Data as of 2Q25.

² Five Canadian CRE investment trends to watch in 2025. Avison Young. 4.4.25.

³ Canada Market Dynamics – Capital Markets. JLL. 1Q25.

⁴ MSCI. Data as of 1Q25.

Big Ideas: Industrial

As focus shifts away from oversupplied big-box and large-bay spaces, tenant diversification and evolving supply chains are driving demand for flexible, innovative industrial formats.

Themes

- Tariff impact mixed depending on manufacturing exposure; occupiers considering supply chain disruption.
- Diversification in tenant base - new users outside of 3PLs account for 1/3 of leasing in major metros.¹
- Niche segments and evolving occupier needs driving innovation, supporting shift toward specialized, yet adaptable, industrial space.

Opportunities

- Small, mid-bay, multi-tenant offers flexibility/variability, boosting desirability of demisable assets.
- Newer vintage infill, small/mid-bay space due to lack of pipeline and demand from local occupiers with domesticated supply chains.
- Energy markets less impacted by tariffs, where demand is diversifying among manufacturing & distribution.

Risks

- Metros with outsized tariff exposure (e.g., auto manufacturing hubs, intermediate material supply hubs).
- Rising construction costs adding risk to new development.
- Sublease space availability on the rise, mostly in large-bay product, which is still oversupplied.
- Metros with population correction.

Market Considerations

- Major logistics hub
- Supply constraints/barrier-to-entry
- E-commerce, proximity to growing affluent households
- Labor supply

Asset Considerations

- Last mile; infill locations
- Transit/Public transportation stop on-site or walkable
- 1-2 trailer stalls per dock door; 36'+ clear heights desirable
- Sophisticated infrastructure: EV Charging & Solar potential

Sub-Type Focus

- Urban Infill
- Cold Storage
- Self Storage

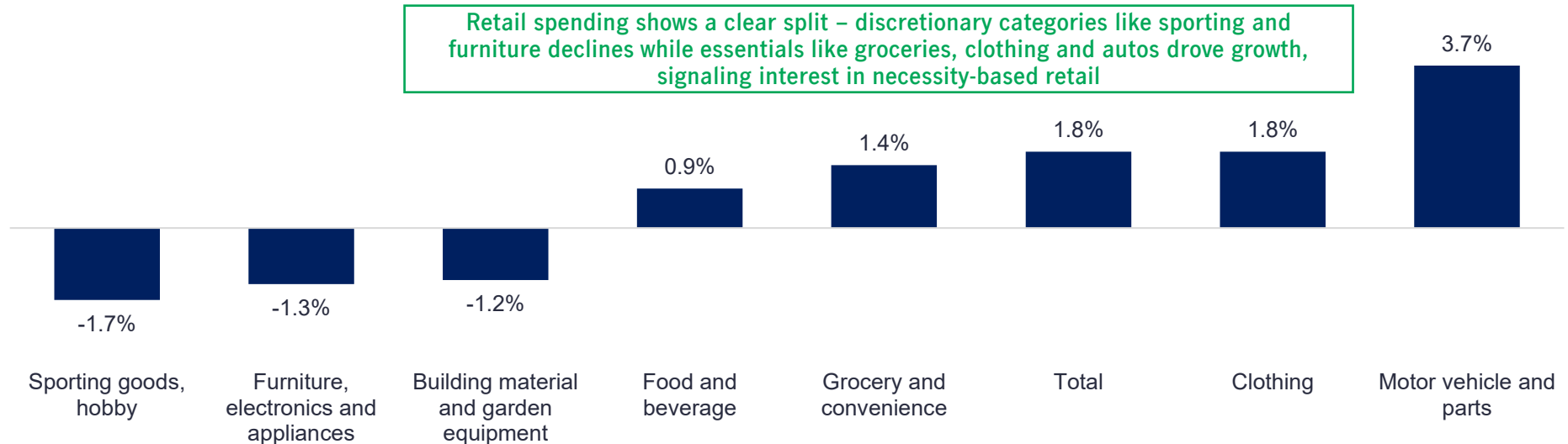
¹ Canada Market Dynamics – Capital Markets. JLL. 1Q25.

Canada Retail Overview

Retail has re-emerged as a strong contender for investment, with growing investor confidence fueled by the sector's transformation and realignment of brick-and-mortars to evolving consumer preferences.

- Retail is offering competitive risk-adjusted returns and opportunities can be found in a broad range of markets and locations with favorable demographic trends. While there may be headwinds to the sector in the form of economic growth and labor market weakness, the refined sector also offers opportunity to meet durable, inelastic demand and benefit from non-discretionary spending through strategic tenancy.
 - Grocer-anchored centers dominate investor interest and transaction activity, and will continue to support foot traffic, especially at centers with a combination of services and value-oriented inline tenants.
 - “Medtail,” healthcare-focused tenancy, and other services like daycare, are on the rise as the experiential shopper advances, offering more counter-cyclical resiliency than other types of experiential and entertainment retailers, helping to stabilize and grow rents.

Sales Year-over-Year % Change

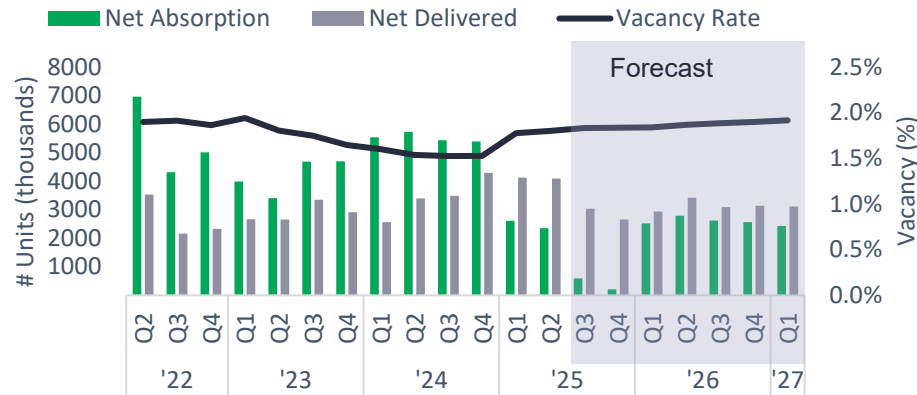


Source: Statistics Canada as of July 2025.

Canada Retail Overview

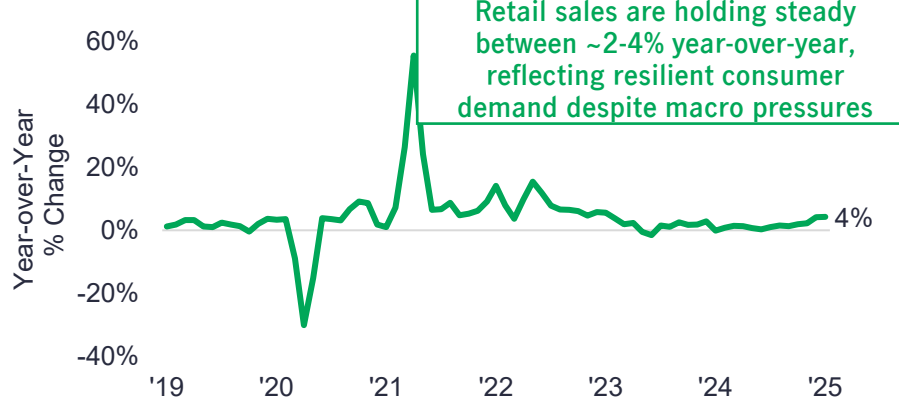
Retail remains a favorable sector with growing investor confidence, though rising cap rates and softening fundamentals call for selective positioning.

Supply and Demand



Source: Costar as of 2Q25.

Retail Sales Growth



Source: Statistics Canada as of July 2025.

- **Though retail is firmly in expansion mode, boosted by continued supply constraints**, headwinds may derail momentum.¹
 - Evident of a lack of supply, the vacancy rate remained at 1.8% in 2Q, up 10 bps from the previous two quarters.²
 - The pipeline ticked up slightly to 6.4MSF, which combined with any material pullback in demand, may put some short-term upward pressure on vacancy. A lack of turnover and ability to expand footprints without desirable space available for lease is in part to blame for low vacancy.²
 - This same challenge also may be curbing rent growth. Asking rents are rising, but at a slowing pace, up 3.1% year-over-year.²
- **Investor sentiment is improving, and retail is being leveraged to re-balance portfolios to diversify away from office**, with transaction volume reflecting interest in the sector.³
 - As of 2Q25, transaction volume is down at \$1.025B compared to 1.68B for 2Q24.⁴
 - Annual returns data does not yet reflect any growing uncertainty in the retail sector. The annual return through first quarter was 6.2% – level with year-end 2024, and substantially stronger than year-end 2023.⁵
 - Capital returns, however, fell to -0.1% during the quarter, capping the annual return at 0.6%.⁵ Cap rates are holding at 6.0%, up approximately 50 bps year-over-year.⁵

1 Five Canadian CRE investment trends to watch in 2025. Avison Young. 4.4.25.

2 CoStar. Data as of 2Q25.

3 Canada Market Dynamics – Capital Markets. JLL. 1Q25.

4 CoStar. Data as of 2Q25.

5 MSCI. Data as of 1Q25.

Big Ideas: Retail

Even with potential consumer headwinds, well-located, strategically tenanted retail in markets boasting strong demographics will perform with resiliency, especially as the pipeline remains constrained.

Themes

- Spending resilient to date; recession risk will challenge momentum.
- Increased emphasis on Canada products due to tariffs; could spur local retailer expansion.¹
- Lack of turnover and ability to expand footprints with limited availability curbs overall rent growth.
- Inventory refinement aligned with consumer preferences today.

Opportunities

- Grocer-anchored centers boast strongest foot-traffic and performance.
- Centers with high concentration of value-oriented/off-price retailers.
- “Medtail” and wellness tenancy.
- Enclosed malls becoming more liquid; repositioning/rebranding opportunities growing.

Risks

- Experiential plays may be at risk in the short term due to spending headwinds.
- Enclosed malls/centers with department store exposure.
- Metros with higher exposure to tariffs and immigration caps may experience amplified pull back in spending.

Market Considerations

- Population density
- Growing population/positive net migration
- Supply constraints/barrier-to-entry
- Strong consumer spending projections
- High-income demographic

Asset Considerations

- Limited supply pipeline within direct proximity/competition to subject asset
- High walkability, open-air center
- Anchored by high sales grocer
- Aspirational/high-end retailers³
- EV charging/bike-share

Sub-Type Focus

- Grocer-anchored
- Medtail and wellness
- Experiential retail (open-air, lifestyle, or community centers)

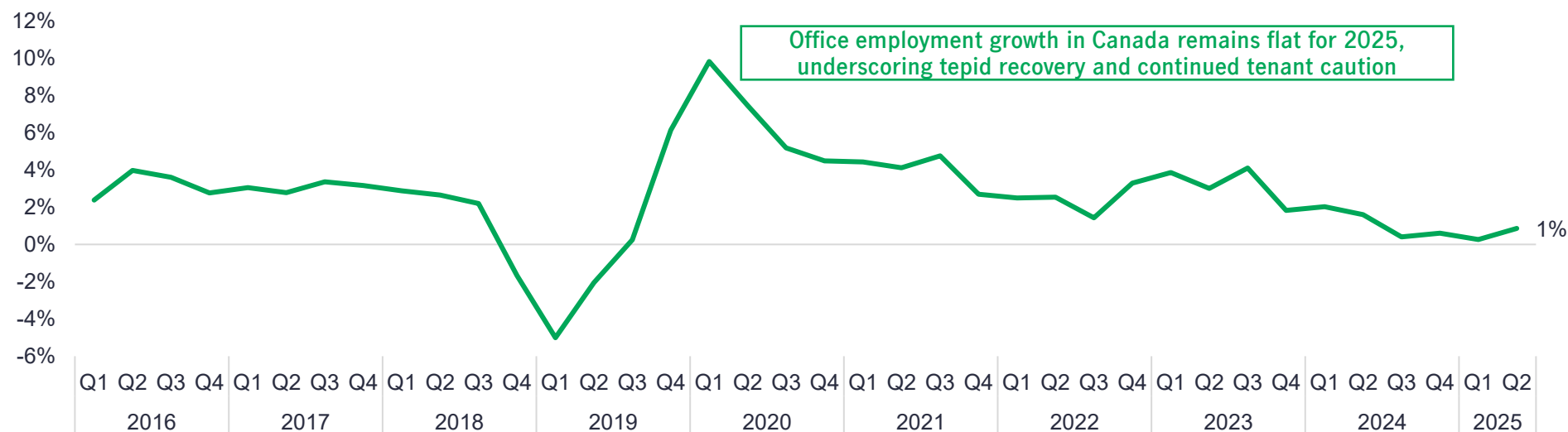
¹ Canadian Cap Rates and Investment Trends. Avison Young. 1Q25.

Canada Office Overview

Most investors continue to avoid office exposure and are working to reduce existing exposure, though interest is re-emerging through highly strategic or differentiated strategies.

- Office performance today hinges largely on location and asset-level attributes, where the highest quality stock with the most competitive amenity packages and in the most accessible locations continue to benefit from demand flow. Investment activity, while still languishing, is dominated by this segment that is exhibiting so much tightness, there may be green shoots for the next lower tier of product.
 - Trophy assets in “main & main” locations remain the focus; however, repositioning opportunities for best-located assets also may provide potential for longer-term outperformance.
 - Other niche sectors of office, medical office (‘MOB’) and life science are highly specialized and require bespoke asset management but may offer growth potential in key healthcare and life-science hubs on a highly selective basis.

Office Employment Year-over-Year % Change

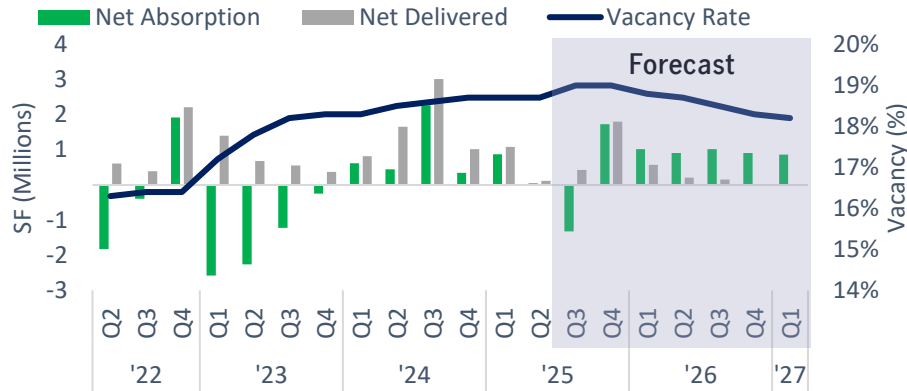


Source: Oxford Economics as of July 2025.

Canada Office Overview

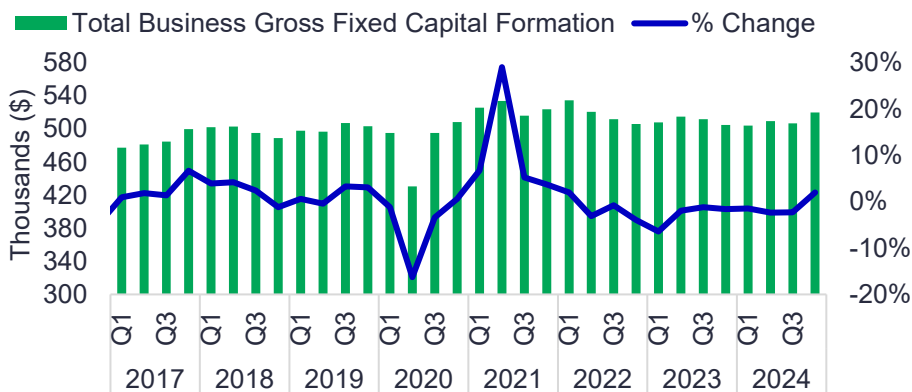
Ongoing macroeconomic softening continues to weigh on office performance, driven by shifting occupier behavior, declining valuations, fading investor confidence, and the absence of clear recovery signals.

Supply and Demand



Source: CBRE as of 2Q25.

Business Growth: Fixed Capital Formation



Source: Statistics Canada as of July 2025.

- **An ongoing threat of economic downturn** has office occupiers considering their footprint carefully and fueling cost optimization.
 - Office development is highly constrained but still needs to be accompanied by demolition and conversion activity.¹
 - Vacancy increased another 40 bps during 2Q to 10.1%, fueled by another 1.4 MSF in negative net absorption during 2Q.²
 - Landlords have been able to boost face rates by offering more competitive tenant improvement and rent abatement packages.
 - Yet, in the first two quarters of 2025, asking rent growth dipped below 1.0% for the first time since mid-2022.²
- **Investors remain hesitant to take on a contrarian play in office**, discouraged by business sentiment, curbing transaction volume.³
 - In 2Q25, transaction volume decreased 44% year-over-year to \$817M with owner-user sales rising to account for more than a third of transactions in 2025.^{3,4}
 - Cap rates are holding steady to widening, depending on the asset class, and remain in the low 6.0%-range on average, but may eclipse 8-9.0% for Class B or Suburban segments.^{3,4}
 - Total returns increased 0.5% in 1Q25, however, compared with -2.0 the previous quarter. Capital growth showed another, but more modest, 0.8% contraction during 1Q.⁵

¹ Five Canadian CRE investment trends to watch in 2025. Avison Young. 4.4.25.

² CoStar. Data as of 2Q25.

³ MSCI. Data as of 1Q25.

⁴ Canada Market Dynamics – Capital Markets. JLL. 1Q25.

⁵ MSCI. Data as of 1Q25.

Procure & Secure

Big Ideas: Office

Increased return-to-office, limited trophy assets, and constrained development pipeline signal green shoots, but stalling economic growth and business investment challenge take-up.

Themes

- Flight-to-quality enabled by low rates and lack of new product leading to lower availability in this segment.
- More demolitions and conversions are needed to solve for excess lower-quality space.
- Valuation declines are persisting overall, but to a lesser degree; a weaker economy, however, may curb positive gains in the near-term.

Opportunities

- Markets where valuations exhibiting some stabilization and concessions tapering slightly.
- Metros with more stable GMP growth relative to expectations for GDP contractions.
- High-quality lease-up opportunities, particularly in downtown/urban markets with strong demographics starting to stabilize.

Risks

- Recession or a severe economic downturn will likely affect absorption more than a shift in RTO.
- Markets relying on high-growth industries may see retrenchment, impacting potential cash flows.
- Metros/markets dominated by industries with high tariff exposure may experience lower business investment.

Market Considerations

- Occupancy levels above average
- Strong transportation network/high accessibility
- Outperforming/high-growth industries present

Asset Considerations

- No supply pipeline
- Presence of Trophy-quality assets
- TOD/Immediate retail accessibility
- Long WALT
- High-tech features
- Best in class amenity package

Sub-Type Focus

- Trophy assets for traditional office use
- Medical office

A low-angle, upward-looking shot of a modern building's facade. The facade is composed of numerous vertical, teal-colored panels that create a strong sense of height and architectural rhythm. The panels are slightly curved, and the lighting is dramatic, with some panels in deep shadow and others catching the light. The sky is visible at the top, showing a clear blue with some light clouds.

Investment Strategy & 2025 Go-Forward

2025: What's Next, What Matters

The remainder of the year presents a unique opportunity for investors to gain conviction and execute in select sectors, amidst a volatile macro-economic backdrop.

Risks

- Economic deterioration impacts demand drivers, particularly in support of industrial, retail, select alternatives, and continues to hamper office recovery.
- Persistent inflation reignites rate increases, putting leveraged buyers back on the sidelines.
- Trade-war induced volatility increases and has a more pronounced near-term impact on manufacturing and industrial, and related alternatives.
- Weakness may be exposed in markets and sectors that lack sustainable investment-grade features.

Opportunities

- Economic environment continues to stay in a slow-growth environment, allowing for stabilization in demand across a range of sectors, particularly bolstering traditional asset classes.
- Rates reflect stabilization and further a reconciliation in pricing and valuations, stimulating the capital markets.
- Supply-side dynamics remain subdued, allowing for a return to equilibrium across previously inflated sectors.
- Volatility will reveal markets and sectors that offer countercyclical protection and/or viable long-term fundamentals.

2025: What's Next, What Matters

Volatility demands proactivity in recognizing market signals and agility in execution.

- » Canada and U.S. economic and market conditions will continue to morph in unprecedented ways, providing a blank canvas for more alternative real estate investing.
- » Technology and innovation will further streamline and create efficiencies in execution, increasing competition among investors and advancing the ability to scale.
- » Superior market intelligence and data analysis will differentiate established and new market entrants in opportunity identification and reduce liquidity and exit risk.
- » By year-end, the Commercial Real Estate investment landscape will have evolved into a more diverse and dynamic ecosystem, shaped by innovative and adaptive strategies that capitalize on increasingly distinct local market dynamics.

Sustainability Integration



Sustainability Integration in our House View: Market, Asset & Opportunity

- Our existing Real Estate Sustainability Framework integrates Manulife Investment Management's ESG mandates and programs into our Real Estate Business.
- The Manulife IM RE House View considers this framework through the lens of initial opportunity filtering and selection as described below in "Investment Selection & Screening: Initial screening."



- Market Selection considers sustainability in identifying key target markets & submarkets
- Asset Selection integrates sustainability into our key considerations in evaluating assets for potential acquisition, varying by property type
- Opportunity Filtering considers sustainability in the prioritization of acquisition opportunities by our Acquisition Team

Key considerations as part of initial screening:

- Physical and Transition Climate Risk – From physical damage to a property to increased cost to decarbonize, both physical and transition risks threaten real estate asset cash flows and the future value of properties.
- Social Impact – Beyond serving as a risk mitigation tool, a 'social impact lens' can also open inclusive economic opportunities
- Regulatory environment – Governments are increasingly legislating sustainability requirements for real estate owners and managers focused on building energy use and/ or emissions reductions with can result in could lead to increasing operating and/or compliance costs.

Sustainability Considerations to Advance Opportunity Filtering

The below list of various considerations is not exhaustive and meant to work in tandem with the existing sustainability initial analysis checklist for initial filtering for potential acquisitions in support of prioritization for single-asset opportunities

Climate and Nature		Social and People	
Market Level	<ul style="list-style-type: none"> Physical and transition climate risk Local regulation and sustainability mandates State/Local incentives, tax breaks, incentives available Biodiverse and sensitive lands 	<ul style="list-style-type: none"> Health and safety regulation Local human rights risks High levels of accessibility, walkability, transit Diversified employment base 	
Asset Level	<ul style="list-style-type: none"> LEED/BOMA BEST Certification Low/net-zero carbon and energy ratings Renewable energy sources used (or potential for) Alternative transportation options and EV charging Data availability Biodiversity/Nature promoted Materials and resources 	<ul style="list-style-type: none"> Community engagement program Ethical supply chain/sourcing Diversity in partner organizations Potential for SEAM certification Wellness amenities and accessibility features Responsible contracting Indoor air quality 	
Industrial	Multifamily	Office	Retail
<ul style="list-style-type: none"> On-site renewable (solar PV) PPPs in infrastructure investment/ development Proximate workforce housing Supply chain ethics Data collection 	<ul style="list-style-type: none"> Tenant engagement programs Nearby/on-site retail and amenities Affordability component 	<ul style="list-style-type: none"> LEED/BOMA BEST WELL/Fitwel Highly accessible Public transit oriented Tenant targets for energy efficient/ low carbon (flight to quality) 	<ul style="list-style-type: none"> On-site renewable (solar PV) Walkable center Proximity to other amenities Health services/social services

Notes & Disclosures



Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

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The basic risks of lending and direct ownership of commercial real estate mortgages include but are not limited to borrower default on the loan and declines in the value of the real estate collateral. Defaults can be complicated by borrower bankruptcy and other litigation including the costs and expenses associated with foreclosure which can decrease an investor's return.

Investments in debt instruments, whether senior or subordinated debt, public or private, secured or unsecured, or investment-grade or below investment-grade, include liquidity risk, interest rate/market value risk, credit risk/market risk, prepayment risk, ratings risk, exchange rate risk, and risk of bankruptcy. Investing in leveraged senior loans also involves additional risk that the collateral securing a loan decreases in value, is difficult to sell in a timely manner, is difficult to appraise and fluctuations in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Investments in subordinated debt/loans involve additional risks and can be highly speculative, involving a high degree of risk of credit loss.

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We consider that the integration of sustainability risks in the decision-making process is an important element in determining long-term performance outcomes and is an effective risk mitigation technique. Our approach to sustainability provides a flexible framework that supports implementation across different asset classes and investment teams. While we believe that sustainable investing will lead to better long-term investment outcomes, there is no guarantee that sustainable investing will ensure better returns in the longer term. In particular, by limiting the range of investable assets through the exclusionary framework, positive screening and thematic investment, we may forego the opportunity to invest in an investment which we otherwise believe likely to outperform over time. Please see our ESG policies for details