

## **Forum Real Estate Income and Impact Fund ("REIIF" or the "Fund")**

On behalf of:  
**Echelon Wealth Partners Inc.**

### **Due Diligence Questions & Responses**

This document is for informational purposes only and is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of the securities of REIIF. The targeted distribution rate and total return received by a unit holder will differ based on the series of trust units in which a unit holder invests and the distribution reinvestment plan strategy that such unit holder elects to pursue. Past performance is historical and not a guarantee of future results. The expectation of the yield and returns is based on various assumptions and subject to certain risks, including those risk factors identified in the confidential offering memorandum of REIIF, as amended or supplemented from time to time.

## Definitions and Short Forms Used in DDQ

Short Forms	
Refer to Doc 1.03 for REIF's Offering Memorandum (" <b>OM</b> ") in REIF's data room for all OM definitions	
Term	Details
<b>Co-Living Communities</b>	Co-Living accommodation located in urban markets that address the unmet needs of a significant demographic (e.g., young professionals) by providing community, convenience and cost-effective housing.
<b>ESG</b>	Environmental, Social and Governance
<b>FMV</b>	Fair market value of any asset; to be determined in accordance with the Partnership Agreement
<b>Forum or the Firm</b>	Refers to Forum Equity Partners Inc. and all of its related entities, unless otherwise stated
<b>The Fund or REIF</b>	Forum Real Estate Income and Impact Fund is an unincorporated, open-ended investment trust established under the laws of Ontario pursuant to the DOT. While it is intended that REIF will qualify as a "mutual fund trust" pursuant to the Tax Act, REIF will not be a "mutual fund" or an "investment fund" under applicable Securities Laws. REIF will not undertake any activity, take any action, or make any investment, which would result in REIF not being considered a unit trust or a mutual fund trust for purposes of the Tax Act.
<b>Highwater Mark</b>	Means, with respect to an LP Unit, initially, the NAV per LP Unit of such LP Unit immediately after the issuance of such LP Unit and, once a <b>Special Allocation</b> has been made with respect to such LP Unit, the highest NAV per LP Unit achieved by such LP Unit at the end of any Special Allocation Period (after payment of the Special Allocation as at the last day in any previous Special Allocation Period), in each case adjusted as necessary to reflect any distributions made by the Partnership.
<b>Hurdle</b>	Means, with respect to an LP Unit, the NAV per LP Unit of such LP Unit on the first day of the applicable Special Allocation Period multiplied by 6.25% in respect of the Series A Units, 7% in respect of the Series F Units, and 7% in respect of the Series I Units. For greater certainty, the Hurdle is non-cumulative (i.e., it re-sets at the start of each Special Allocation Period), will be pro rated where the applicable Special Allocation Period is <i>less than</i> 365 days, and will be adjusted as necessary to reflect any distributions made by the Partnership.
<b>IC</b>	Refers to Forum's Investment Committee, which is chaired by Forum's Founder and CEO, Richard Abboud, and includes its 3 Managing Partners, Rajeev Viswanathan, Aly Damji and Duncan Ramage.
<b>Institutional Investors</b>	A holder of Series I Trust Units
<b>Leadership Team</b>	Includes the following 4 Forum leaders: Founder and CEO, Richard Abboud; Managing Partner & CFO, Rajeev Viswanathan; Managing Partner, Private Equity, Duncan Ramage; and Managing Partner, Real Estate, Aly Damji.
<b>Manager</b>	Forum Asset Management Inc., an Ontario corporation, is retained by REIF's Board to act as the Manager of REIF and the Partnership to manage the affairs of REIF and the Partnership pursuant to the Management Agreement and an exempt market dealer, investment fund manager and portfolio manager in certain jurisdictions.
<b>Multi-Family</b>	Multi-Family apartments located in supply-constrained markets underpinned by stable rent growth and strong demand.

<b>NAV</b>	Means the net asset value of the Fund or the Partnership, as applicable, or of a series or sub-series of Trust Units of the Fund or of LP Units of the Partnership, as applicable, calculated in accordance with the DOT and the LPA, respectively.
<b>OM</b>	Refers to REIF's confidential offering memorandum for the Offering dated [ May 18, 2022], as it may be amended, supplemented, and/or restated from time to time.
<b>Partnership / REIF LP (and SPGPs and SPLPs)</b>	Forum Real Estate Income and Impact LP is a limited partnership formed on October 1, 2021. Note that REIF LP will generally purchase assets through limited partnerships (referred to as " <b>SPLPs</b> ") with corporate general partners (referred to as " <b>SPGPs</b> "), where each of the Properties will have its own GP and LP.
<b>PBSA</b>	Refers to Purpose-Built Student Accommodation
<b>Retail Investors</b>	A holder of A and F series Trust Units
<b>Properties</b>	Partnership will acquire cash-flowing, resilient residential real estate assets, including equity interests and direct ownership, with opportunities for capital appreciation, underpinned by strong market fundamentals, with a focus on Multi-Family, PBSA and Co-Living properties (the " <b>Properties</b> ").
<b>RCF</b>	Refers to a revolving credit facility. The Partnership has arranged an RCF at an initial size of approximately \$65 million (comprised of an initial \$35 million limit and three accordion facilities of up to \$10 million each) from a Canadian financial institution. The Partnership may arrange for additional revolving credit facilities from one or more Canadian financial institutions or other lenders acceptable to REIF and the Manager, to manage working capital and to bridge finance acquisitions, and to manage Unitholder redemptions.
<b>Redemption Price</b>	On a redemption by a Unitholder, the " <b>Redemption Price</b> " per Trust Unit is equal to the redemption proceeds received by REIF from the Partnership regarding REIF's redemption of the Corresponding LP Unit, which will equate to the NAV of the Corresponding LP Unit as at the Redemption Date, multiplied by the Redemption Price Percentage (ranges from 95-100% depending on the period between the issuance date of the LP Unit being redeemed and the Redemption Date [e.g., <1 years: 95%, >3 years: 100%]).
<b>REIF</b>	Forum Real Estate Income and Impact Fund is an unincorporated, open-ended investment trust established under the laws of Ontario pursuant to the DOT. While it is intended that REIF will qualify as a "mutual fund trust" pursuant to the Tax Act, REIF will not be a "mutual fund" or an "investment fund" under applicable Securities Laws. However, REIF will not undertake any activity, take any action, or make any investment, which would result in REIF not being considered a unit trust or a mutual fund trust for purposes of the Tax Act.
<b>ROFO / ROFO Agreement / ROFO Pipeline Assets</b>	Pursuant to the ROFO Agreement dated October 1, 2021, between Forum, the Partnership and the GP, Forum will grant the Partnership a right of first offer (the " <b>ROFO</b> ") on Forum's existing and future pipeline of residential real estate development assets that meet REIF's investment mandate (the " <b>ROFO Pipeline Assets</b> "). Forum intends to sell the ROFO Pipeline Assets to the Partnership for a price determined using the average of two appraisals, which is approved by the REIF Board. The current ROFO Pipeline Assets that the Partnership may acquire are expected to be valued at ~\$600 million over the next 5 years (refer to the OM, <i>Properties – ROFO Pipeline Assets</i> , on Pages [46-51], for descriptions of 6 Properties comprising the current ROFO Pipeline Assets).
<b>Special Allocation ("Performance Fee")</b>	<p>Refers to the Performance Fees; In respect of each Series A, F and W LP Units, and each Special Allocation Period, the Special LP is entitled to an allocation equal to the lesser of (a.) and (b.) where:</p> <ol style="list-style-type: none"> <li>equals 15% of the Aggregate Overall Appreciation of each such LP Unit during such Special Allocation Period; and</li> <li>equals the Aggregate Overall Appreciation of each such LP Unit during such Special Allocation Period that is in excess of the Hurdle for such Special Allocation Period.</li> </ol> <p>In respect of each Series I LP Unit, the Special LP shall be entitled to a Special Allocation equal to 15% of the Aggregate Overall Appreciation of each such LP Unit during such Special Allocation Period that is in excess of the Hurdle for such Special Allocation Period.</p>

	<p>At the Manager's sole discretion, the Special Allocation attributable to Series A LP Units and Series I LP Units may be paid and satisfied, in whole or in part, by the issuance of Series M LP Units to the Special LP, which do not have an Asset Management Fee or Special Allocation. The Partnership will pay the Special Allocation attributable to a Series F LP Unit by the issuance to the Special LP of Series M LP Units for the first three years from the issuance date of such Series F LP Units.</p> <p><u>Note:</u> Forum Real Estate Income and Impact Special LP (the "<b>Special LP</b>") is entitled to receive Special Allocations (i.e., Performance Fees)</p>
<b>Special Allocation Period</b>	<p>Means, with respect to an LP Unit, the period:</p> <ol style="list-style-type: none"> <li>commencing (i) initially, on the date of issuance of such LP Unit and (ii) thereafter, immediately following the end of the preceding Special Allocation Period, and</li> <li>ending on the earlier of (i) the 31st day of December in each fiscal year, (ii) the date on which the LP Unit is redeemed, (iii) the effective date that the Manager ceases to be the manager of the Partnership, and (iv) the date on which the Partnership dissolves and/or terminates.</li> </ol>
<b>Trust Units</b>	<p>The units of beneficial interest in the Fund created by the Trustees, issued from time to time in accordance with the DOT and having the rights, privileges, limitations, restrictions and conditions set out in the Declaration of Trust</p>

## Questions from August 28, 2023

### Items for Discussion with Forum:

#### 1. Fee structure (management fees, acquisition fees, incentive fees), as well as performance fee mechanics and calculation:

**Forum's Response:** Fees charged by REIIF include:

- **Asset Management Fee** - REIIF's Asset Management Fee for F Series NAV / Unit: 1.25% p.a. of the F Series NAV / Unit.
- **Performance Fee** - REIIF's Performance Fee for F Series NAV / Unit: 15% to the Manager over a 7% p.a. Hurdle (non-cumulative), with a full catch-up and an annual Highwater Mark.
- Refer to #25 for the performance fee mechanics and calculation.

#### 2. Valuation methodology (particularly in light of sensitivity of valuation to e.g. capitalization rate) as well as "market evidence" to support appraisal values

**Forum's Response:** Each property's fair market value ("FMV") is determined by an annual appraisal, prepared by an independent firm, with quarterly reviews of FMV by the Manager for intervening periods. All changes are documented, with audit procedures performed on valuations as part of REIIF's annual audit. Where intra-quarter valuations are required at the Manager's discretion, the process for quarterly valuations applies.

The Manager's Real Estate Investment Team is responsible for performing interim quarterly valuations during periods between annual appraisals of each property, as these Forum professionals are the most knowledgeable on the primary inputs used to determine each asset's FMV (e.g., cap rates, discount / terminal cap rates, market rental rates, recent appraisals of similar properties, etc.). The Manager's Real Estate Investment Team uses third-party tools, such as Realnet, brokerage market reports, etc. to assess market inputs.

These internal valuations are reviewed and approved by the Manager represented by Forum's Managing Partner, Real Estate (Aly Damji) and Forum's Managing Partner & CFO (Rajeev Viswanathan). Both professionals have several decades of real estate experience and are skilled in real estate valuation methods. More specifically, over the past decade, Rajeev was involved in real estate valuation processes and had ultimate accountability for valuations used in financial reporting for several public real estate companies.

Refer to Forum's Valuation Policy (Attached) for real estate valuation details.

### 3. **ROFO (dropdown process, primary terms of agreement, valuation methodology, composition of Board determining or approving value, how developer is paid aside from margin)**

**Forum's Response:** Pursuant to the right of first offer (the "ROFO" Agreement) dated October 1, 2021, between Forum, the partnership and the GP, Forum will grant the Partnership a ROFO on Forum's existing and future pipeline of residential real estate development assets that meet REIIF's investment mandate (the "ROFO Pipeline Assets"). Forum intends to sell the ROFO Pipeline Assets to the Partnership for a price determined using the average of two appraisals, which is approved by the REIIF board of trustees and the GP's board of directors (collectively "REIIF's Board"), which comprises 6 members as of the date hereof, with 4 members being independent of Forum. One of the independent trustees will act as the Lead Trustee and provide leadership to enhance the REIIF's Board's effectiveness and independence.

Given the potential for conflicts of interest between REIIF and the Manager, the majority of REIIF's Board are independent Trustees. As noted, REIIF's Trustees will be responsible for approving acquisitions by the Manager of ROFO Pipeline Assets and approving all related-party transactions not covered by the Management Agreement or the ROFO Agreement.

REIIF pays the developer (i.e., Forum) for the ROFO Pipeline Assets, through a combination of assumption of debt, cash, and issuance of fund units. After the transfer, there is no other consideration paid to Forum in its developer capacity.

### 4. **Unitholder liability (perhaps given trust structure) and Offering Memorandum statement that "there is no assurance that Unitholders will not be personally liable for the obligations of the Fund."**

Pursuant to the Declaration of Trust (Sections 2.09 and 2.10), if any Unitholder is held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of the Fund, or any action taken on behalf of the Fund, such Unitholder is entitled to indemnity and reimbursement out of the Fund assets to the full extent of such liability for all costs of any litigation or other proceedings in which such liability has been determined, including all fees and disbursements of counsel. The rights accruing to a Unitholder do not exclude any other rights to which such Unitholders may be lawfully entitled, nor does anything contained in the Declaration of Trust restrict the right of the Trustee to indemnify or reimburse a Unitholder out of the Fund's assets in any appropriate situation not specially provided herein but, for greater

certainty, the Trustees and the Manager have no liability to reimburse a Unitholder for taxes assessed against them by reason of or arising out of his ownership of Trust Units.

## Information Requests:

### 1. Please provide monthly yield since inception

**Forum's Response:** REIF's target distribution yield is 4-5% per annum, distributed monthly, consisting primarily of return of capital. The F series distribution yield was set at 4.5% for initial F series investors and has been consistent since inception and is currently yielding 4.2%.

The F series monthly total return since inception is as follows:

Series F	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2022	0.02	5.08	0.46	0.20	0.19	0.19	1.49	0.25	0.22	0.84	0.21	1.00	10.51
2023	0.81	1.00	0.70	0.05	0.14	0.47	0.60	-	-	-	-	-	3.93

### 2. Please provide an updated deal pipeline

REIF's ROFO Pipeline Assets (2023-2027) (As of June 2023)							
Project	City	Sector	Current Status	REIFs Expected Purchase Date	Gross Square Footage	Unit Count	Estimated FMV in \$ Millions
Woodroffe Village	Ottawa	Co-Living	Construction	Q4 2023	179,757	111	\$71
15-17 Des Oblats	Ottawa	Micro-unit	Zoning Approved	Q1 2027	105,168	284	132
307 Sherbourne	Toronto	Micro-unit	Development	Q2 2027	86,850	191	151
ALMA Guelph Phase 2	Guelph	PBSA	Entitlement Phase	Q3 2027	226,729	490	200
Quad C6	Toronto	PBSA	Development	Q3 2027	172,734	282	173
Quad C7	Toronto	PBSA	Development	Q3 2027	172,734	281	173
Total Estimated FMV of ROFO Pipeline Assets							\$900

REIF's Third-Party Acquisition Pipeline (Listed and Off-Market) (As of June 2023)					
Neighbourhood	City	Sector	Gross Square Footage	Unit Count	Estimated FMV in \$ Millions
1. Collingwood	Vancouver	Multi-Family	40,500	40	\$20
2. Shaughnessy Village	Montreal	Multi-Family	22,500	89	20
3. Phillips Square	Montreal	Multi-Family	150,000	245	100
4. Barrie	GTA	Multi-Family	72,000	95	42
5. Downtown	Langford	Multi-Family	106,757	155	54
6. Downtown	Kitchener	PBSA	37,000	92	24
7. Marda Loop	Calgary	Multi-Family	101,000	124	53
8. Sandy Hill	Ottawa	PBSA	197,000	214	78
Total Estimated FMV of Third-Party Assets					\$391
<b>Notes on Table 8:</b> Forum currently expects to acquire 100% ownership of each of the above Third-Party Assets.					

**3. Please provide names and bios of the Independent Directors of the Managing General Partner (or are they the same as the independent Trustees of the trust)?**

**Forum's Response:** Independent Directors (for REIF LP) are the same as Independent Trustees (of REIF or the trust).

The Independent Directors and Trustees are:

**KEN MINER, LEAD TRUSTEE**

- Retired from the Ontario Municipal Employees Retirement System ("OMERS"), where he was Executive Vice-President & Global Head, Capital Markets.
- Previously, spent 25 years at TD Asset Management ("TDAM"), as vice chair and Co- Head of Asset Allocation.
- Serves as a Director on the boards of Brit Plc, Allied World and AGT Food Ingredients.

**JANICE MADON, TRUSTEE**

- Serves as a Corporate Director at Foresters Financial.
- Senior Advisor to Brookfield Asset Management.
- Previously, spent 12 years in senior leadership roles at Manulife Financial, including as the Executive Vice President and Chief Financial Officer, Manulife Canada.

## JOHN R. MORRISON, TRUSTEE

- Past vice chair and former President and Chief Executive Officer of Choice Properties REIT.
- Formerly President and Chief Executive Officer of Primaris REIT.
- Previous President, Real Estate Management at Oxford Properties Group.
- Active member of the International Council of Shopping Centres (“ICSC”) and currently serves as chair of the Executive Board.

## MITCH FRAZER, TRUSTEE

- Partner and the chair of the Pensions and Employment Practice at Mintz LLP.
- Chancellor of Ontario Tech University.
- Co-founder of the National Institute on Ageing at Toronto Metropolitan University, a former adjunct professor at both the University of Toronto Faculty of Law and Osgoode Hall Law School.

## 4. Last month’s NAV broken down by line item

### Forum’s Response:

#### REIIF Trust NAV:

	July 1 - July 31, 2023		Jan 1 - July 31, 2023	
	Total	Per Unit	Total	Per Unit
(in dollars, except per unit amounts)				
<b>Opening NAV *</b>	<b>\$ 134,456,070</b>	<b>\$ 10.96</b>	<b>\$ 98,967,783</b>	<b>\$ 10.73</b>
Trust income and administrative expenses *	1,177,006	0.09	5,423,779	0.57
Units Issued	6,739,581	-	40,214,008	-
Units Redeemed	(8,861)	-	(792,775)	-
Trust distributions to unitholders	(538,321)	(0.04)	(3,360,661)	(0.29)
DRIP and other	282,178	-	1,655,519	-
<b>Total change during the period</b>	<b>7,651,583</b>	<b>0.05</b>	<b>43,139,870</b>	<b>0.28</b>
<b>Closing NAV - July 31, 2023</b>	<b>\$ 142,107,653</b>	<b>\$ 11.01</b>	<b>\$ 142,107,653</b>	<b>\$ 11.01</b>



## REIT LP NAV:

	July 1 - July 31, 2023		Jan 1 - July 31, 2023	
	Total	Per Unit	Total	Per Unit
(in dollars, except per unit amounts)				
<b>Opening NAV - Fund</b>	<b>\$ 222,462,426</b>	<b>\$ 10.96</b>	<b>\$ 184,481,112</b>	<b>\$ 10.73</b>
YTD Allocated to Special LP - June 2023	(722,682)	(0.03)	(722,682)	(0.03)
<b>Opening NAV - LPs</b>	<b>\$ 221,739,744</b>	<b>\$ 10.93</b>	<b>\$ 183,758,430</b>	<b>\$ 10.69</b>
Funds from operations	681,613	0.03	2,267,346	0.11
Fair value gain (loss) on investment properties	-	-	7,819,393	0.44
Fair value gain (loss) on financial instruments	(163,209)	(0.01)	(352,224)	(0.02)
Units Issued - 3rd Party Capital	6,739,851	-	40,214,278	-
Units Issued - ALMA Guelph	18,935,251	-	18,935,251	-
FSIR - ALMA Guelph	1,583,316	0.07	1,583,316	0.07
Cash settlement of 2022 Special Allocation	-	-	(94,703)	-
Units Redeemed	(8,861)	-	(792,776)	-
Special allocation payable <sup>1</sup>	(323,677)	(0.01)	(323,677)	(0.01)
Distributions	(1,015,284)	(0.04)	(6,219,232)	(0.31)
DRIP and other	282,178	-	1,655,518	-
<b>Total change during period</b>	<b>26,711,177</b>	<b>0.04</b>	<b>64,692,491</b>	<b>0.27</b>
<b>Closing NAV - LPs</b>	<b>\$ 248,450,921</b>	<b>\$ 10.97</b>	<b>\$ 248,450,921</b>	<b>\$ 10.97</b>
<sup>1</sup> YTD Allocated to Special LP - July 2023	1,046,359	0.04	1,046,359	0.04
<b>Closing NAV - Fund</b>	<b>\$ 249,497,280</b>	<b>\$ 11.01</b>	<b>\$ 249,497,280</b>	<b>\$ 11.01</b>

## Written Responses:

### **Strategy:**

#### **1. What is Forum's view on the market opportunity today?**

- Has this changed with where rates are vs. being able to secure effective coupon rates of 1.78% - 4.00% before?

**Forum's Response:** Given the higher interest rate environment, REIT's acquisition strategy has adjusted to focus on opportunities where Forum can employ active asset management and/or move quickly to underwrite and secure investment opportunities that are experiencing distress.

REIT is also looking at assets with assumable mortgages placed before the recent rise in rates, while utilizing interest rate hedges to secure upcoming refinancings.

- What is Forum's view on issues with student housing and affordability and macro risks such as rent caps to alleviate this issue?

**Forum's Response:** REIT is well-positioned to continue to deliver strong returns, with a portfolio focused on PBSA, co-living communities, micro-units and non-rent-controlled apartments.

These types of residential housing experience naturally higher tenant turnover relative to other types of real estate, providing continued rental growth opportunities. The rental housing industry (and most levels of government) are aware that the Canadian housing challenges need supply versus demand-side solutions.

Further, most of REIIF's portfolio, with a focus on furnished and smaller format units, meets the CMHC definition of affordability – albeit at higher PSF rental rates.

2. **The target returns are 8-12% net, which means, for example, 14% gross returns. Is this sustainable over the long-term for the strategy that is being targeted? Confirm this is net of fees, expenses/ partnership expenses, and incentive fees.**

**Forum's Response:**

The target returns of 8-12% are net returns, after asset management and performance fees, and fund expenses.

REIIF is well-positioned to continue to deliver strong returns within its target range, with a portfolio of residential housing experiencing naturally higher tenant turnover providing consistent rental growth.

Income growth contributes to increasing valuations (or stable values with expanded cap rates). In addition to market rental growth, value-add initiatives enhance performance by increasing residential density (e.g., adding bedrooms or suites to existing buildings), reducing operating costs, adding or enhancing income generating services (e.g., laundry, telecom, parking) and perceived value (e.g., resident amenities, branding, social programming).

Furthermore, REIIF's strategy and target returns are supported by a debt structure (as of Q2 2023) with 100% fixed rate debt with a Weighted Average Term to Maturity of ~7 years and an average coupon rate less than 3%.

3. **What is the intention of investing/developing in the US and when?**

**Forum's Response:**

In the near to medium-term, no US acquisitions are anticipated.

REIIF is a perpetual investment vehicle, and the offering memorandum provides the Manager the flexibility to make US investments – but would only do so should compelling investment opportunities arise where the risk-adjusted return profile is significantly better than Canadian rental housing acquisition opportunities.

**4. Are there any current institutional investors in REIF or expected to come into REIF?**

**Forum's Response:** REIF offers I series units to qualified institutional investors. Currently, there are Fund of Fund investors and some smaller institutional investors in the I series.

The Manager is actively marketing to larger pension funds and other institutional investors with the recent addition of a dedicated institutional sales professional.

**Operational:**

**5. Please provide a few examples of Forum's ability to add value.**

**Forum's Response:** Value-add initiatives include enhance performance by:

- increasing residential intensity – added bedrooms at 1602-1604 Queen St E. and 2011 Joly and added studios at 1738 & 1744 Wilson.
- reducing operating costs – at all properties with notable achievement at Quad C1 and C2 through a recommissioning process including integration with Quad C3 and C4, revised set-points, installation of new controllers and variable speed drives.
- adding or enhancing income generating services (e.g., laundry, telecom, parking) including new telecom, washing machines and payment systems at 455 Abbott, benchmarked substantial price increases at Quad C1 and C2, and parking optimization at 399 Stan Bailie.
- perceived value (e.g., resident amenities, branding, social programming) at all properties, especially PBSA and the implementation of branding and amenities at ALMA Guelph.

## 6. How does Forum set rent at each of its properties?

**Forum's Response:** Market rents are reviewed and discussed with property managers and independently analysed by Forum.

Our review includes national, regional and local market reports along with investigation and tracking of specific competitive properties. Our results are used to report on the embedded income potential of the portfolio in our Quarterly Investor Report. As at June 30, 2023, the Manager estimates the portfolio had a difference between in place and market rent of over 20% as indicated in the following table.

Asset Type	Units / Beds	AMR to Market Rent Analysis					Trailing Twelve Month Analysis				
		AMR	AMR /sq ft	Market Rent	Market Rent /sq ft	Gain to Lease (%)	New Leases	Turnover (%)	Expiring Rent	New Rent	Gain on Turnover (%)
Co-living	62	\$ 1,507	\$ 5.46	\$ 1,604	\$ 5.81	6.4%	38	61.3%	\$ 1,438	\$ 1,496	4.0%
Multi-family	297	1,732	2.63	1,954	3.32	12.8%	129	43.4%	1,787	1,859	4.0%
PBSA											
Quad C1 and C2	812	1,186	4.27	1,484	5.38	25.1%	562	69.2%	1,121	1,189	6.1%
Quad C3 and C4¹	708	1,239	4.47	1,488	5.38	20.2%					
Total portfolio	1,879	\$ 1,299	\$ 3.88	\$ 1,564	\$ 4.74	20.4%	729	38.8%	\$ 1,414	\$ 1,483	4.9%

Renewals at non-rent-controlled properties are set to market rates and rent-controlled renewals are set per the applicable regulations.

## Financing:

## 7. What have higher rates done to the portfolio, pipeline, and valuations?

**Forum's Response:** Higher rates have resulted in a reduction of variable rate debt and with a debt structure (as of Q2 2023) with 100% fixed rate debt, a Weighted Average Term to Maturity of ~7 years, an average coupon rate less than 3% and a Debt to Asset ratio of 45%.

Further, higher rates have resulted in more selective underwriting (as previously described) resulting in an overall reduction in investment opportunities relative to 2021, yet still robust given Forum's access to proprietary investment opportunities.

REIIF valuations have remained conservative relative to public REIT IFRS values and rental growth expectations provide a valuation buffer for potential capitalization rate expansion.

For example, in 2022 REIIF's overall return for its F Series was 10.5% and would have been approximately 15% if not for the Manager electing to increase capitalization rates for non-rent-controlled assets at the end of 2022 to recognize the higher rate environment.

**8. What is the status of refinancing the Quad C3 and C4 debt due Jan-23 and the upcoming or past variable rate debt due Feb-23, Feb-24 and even Dec-24?**

**Forum's Response:** As of Q2 2023, several financings have been completed and variable rate debt has been reduced and is summarized in the table below from the Q2 2023 Investor Report. The remaining variable rate balance of \$2.7M was paid off shortly after quarter end.

Property	Ownership %	Fixed / Float	Type	Principal	%	Undrawn	WATM	Maturity	Effective Interest Rate <sup>1</sup>	Coupon Rate
Fixed rate debt:										
Quad C1 & C2	70%	Fixed	Permanent	\$ 66.1	34.9%	\$ -	7.7	Mar-31	2.50%	1.78%
Quad C3 & C4	50%	Fixed	Permanent	61.8	32.7%	-	9.9	Jun-33	4.21%	4.10%
87 Mann	100%	Fixed	Permanent	9.5	5.0%	-	3.9	Jun-27	3.05%	3.44%
455 Abbott	100%	Fixed	Permanent	20.9	11.1%	-	4.9	Jun-28	4.52%	3.75%
399 Stan Bailie	100%	Fixed	Permanent	28.2	14.9%	-	3.0	Jul-26	1.64%	1.60%
<b>Total fixed rate debt</b>				<b>\$ 186.5</b>	<b>98.6%</b>	<b>\$ -</b>	<b>7.2</b>		<b>3.19%</b>	<b>2.83%</b>
Variable rate debt:										
Quad C1 & C2	70%	Float	RCF	\$ -	0.0%	\$ 21.0	0.7	Feb-24	8.20%	8.20%
REII LP	100%	Float	RCF	2.7	1.4%	12.4	1.5	Dec-24	7.95%	7.95%
<b>Total variable rate debt</b>				<b>\$ 2.7</b>	<b>1.4%</b>	<b>\$ 33.4</b>	<b>1.5</b>		<b>7.95%</b>	<b>7.95%</b>
<b>Total portfolio</b>				<b>\$ 189.1</b>	<b>100.0%</b>	<b>\$ 33.4</b>	<b>7.1</b>		<b>3.26%</b>	<b>2.90%</b>

1. Effective interest rate includes amortization of debt issuance costs and interest rate hedge settlement related to debt instrument.

## Team and Alignment.

### 9. How many Forum employees are dedicated solely to REIIF? How many shared resources (at any level)?

#### Forum's Response:

Forum's Professionals Involved in REIIF (As of January 2023)						
Name	Role / Title	Employment Start Date	Relevant Experience (Years)	Experience at Forum (Years)	% of Time to Spend on REIIF	Functional Areas
1. Richard Abboud	President & CEO	1996	35+	27	25%	REIIF Board Trustee; Forum IC Chair
2. Aly Damji	Managing Partner, Real Estate	2020	17+	3	50%	REIIF Board Trustee; Forum IC Member
3. Rajeev Viswanathan	Managing Partner & CFO	2020	23+	3	50%	Corporate Finance and Administration; Forum IC Member
4. Tony Leone	Partner, Corporate	2021	20+	2	25%	Corporate Finance and Administration, Tax and Legal
5. Greg Spafford	Managing Director, Real Estate Asset Management & Portfolio Manager (REIIF)	2022	25+	2	95%	Real Estate Investments
6. Ali Khoja	Managing Director, Real Estate Operations	2023	25+	1	95%	Real Estate Operations
7. Derek Yeung	VP Finance, Real Estate	2023	10+	1	90%	Real Estate Finance and Accounting
8. Mike Chong	Associate Director	2023	11+	1	90%	Real Estate Finance and Accounting
9. Dayna Gilbert	Managing Director, Real Estate Development	2021	16+	3	25%	Real Estate Investments
10. Kathleen Beaumont	Director, Impact & ESG	2022	15+	1	80%	Real Estate Investments
11. Steven Pink	Director, Real Estate Project Management	2021	9+	3	25%	Real Estate Construction Project Management
12. Jane Ashby	Assistant Project Manager	2023	7+	1	25%	Real Estate Construction Project Management
13. Kimberly Horvath	Manager, Real Estate Management	2022	16+	1	95%	Real Estate Investments
14. Long Trinh	Associate Director, Real Estate Investments	2022	13+	2	50%	Real Estate Investments
15. Sebastian Colville-Reeves	Associate, Real Estate Investments	2022	6+	1	50%	Real Estate Investments
16. Collin Drosdoski	Director, Real Estate Investments	2021	7+	2	50%	Real Estate Investments
17. Sydney Zhang	Development, Coordinator	2022	2+	1	25%	Real Estate Construction Project Management
18. Milica Popovic	Senior Analyst, Real Estate Asset Management	2022	5+	1	80%	Real Estate Investments
19. Nick Stephen	Analyst, Real Estate Investments	2022	4+	2	80%	Real Estate Investments

**10. Are the 4 independent trustees (Ken, Janice, John, and Mitch) only trustees for REIIF or are they involved in other Forum activities?**

**Forum's Response:** Ken, Janice, John, and Mitch are independent trustees for REIIF and not involved in any other Forum activities.

**11. Please confirm Forum invested \$50m in REIIF. Which individuals, if any, made this commitment?**

**Forum's Response:** A portion of the purchase price of the seed assets was paid through the sponsor investment with the issuance of Series M LP Units to Forum and/or an affiliate of Forum with a value over \$50 million.

Forum is currently the largest investor in the Fund and has committed to maintaining a minimum \$50 million investment. The \$50 million excludes any Forum team members.

**12. Was the Sponsor Investment of \$50m of Series M LP Units the above? Was it all cash contributions?**

**Forum's Response:** The Sponsor investment (being the issuance of Series M LP Units) to Forum and/or an affiliate of Forum with a value over \$50 million was initially paid through a transfer of Forum's interest in Quad (Phase 1), REIIF's largest and most significant Seed Asset.

**13. How are incentive fees split amongst employees and/or the firm?**

**Forum's Response:** Incentive fees are not split amongst employees. All incentive fees are paid to Forum. Employees in Forum's Real Estate Team will receive annual equity grants in REIIF as part of their total compensation in the form of Restricted Trust Units, resulting in a strong alignment between Forum's Real Estate Team and REIIF's Unitholders. The cost of any equity grants in REIIF made to Forum employees will be borne by Forum.

**14. Confirm the special limited partner is the incentive fee vehicle.**

**Forum's Response:** Yes, the Special LP is the vehicle to collect the incentive fees.

**15. Have Series M LP Units been issued since inception or expected to be issued? If so, what percentage of the Asset Management Fee has been taken as Series M LP units in lieu of cash?**

**Forum's Response:** Yes, M series LP units have been issued since inception. None of the Asset Management Fee has been taken as Series M LP units in lieu of cash. However, the incentive fee has been paid with the issuance of Series M LP units.

**16. Why is Series F treated differently than Series A, H, or I as it relates to taking Series M LP Units in lieu of cash?**

**Forum's Response:** Forum agreed to take its performance fee for Series F investors for the first three years in the form of additional Series M units to demonstrate strong alignment and enhance liquidity. We did not think it was meaningful to apply the same methodology to the A or I series. Series H is a newly created series that did not exist on launch of the Fund, and we do not anticipate taking the Special Allocation attributable to this unit class in units.

**17. What is the \$10m liquidity backstop facility and who has provided it?**

**Forum's Response:** Forum Investment and Development Corporation (i.e., the most substantial entity within the group), provided an unsecured credit facility in the amount of \$10 million to the Partnership, to act as a "backstop" for liquidity, with the terms of the credit facility being provided below market – which was also approved by REIIF's independent trustees.

**Performance:**

**18. In various presentations, Forum's track record is given as 30% annualized since 2002 but "on Forum's equity." What does this mean?**

**Forum's Response:** Headquartered in Toronto, Forum is a privately-owned alternative asset manager, investor and developer operating across Canada and the U.S.

Forum was founded in 1996 as a real estate brokerage company, and after numerous successful real estate transactions, Forum launched its principal investment business in 2002. Since then, Forum's NAV has increased at a 30+% CAGR by acquiring and developing real estate, and by expanding into public private partnerships (PPPs), green energy, and urban infrastructure investments. Forum substantially exited its renewable energy and PPP businesses in 2018 and 2019, respectively. However, Forum continues to manage PPP assets, which it developed and sold (from 2016-2019) to Fiera Infrastructure.

Today, Forum has a substantial balance sheet to invest alongside its unitholders to ensure strong alignment of interests. Forum has committed to maintaining a minimum \$50 million investment in REIIF (i.e., the Sponsor Investment), with Forum currently the single largest investor in REIIF and anticipates continuing to be so for the foreseeable future.

Over its 27-year history, Forum built extensive principal investment expertise in real estate and private equity. As of June 30, 2023, Forum had ~\$1.7 billion in AUM as follows:

1. Infrastructure Assets (~\$865 million): Includes PPPs valued at ~\$859 million, which Forum continues to manage, and renewable energy projects valued at ~\$6 million, which Forum will exit over the next few years.
2. Real Estate Assets (~\$710 million): Includes commercial and residential stabilized real estate rental assets and development projects; and



3. Private Equity Assets (~\$76 million): Includes investments in the urban infrastructure sector.

Since Forum has a 25+ year track record of investing in Canadian real estate and is a well-known entity with deep real estate networks across Canada, the Manager can capitalize on Forum's reputation, experience, and expertise. Forum engaged Grant Thornton in 2021 to conduct specified audit procedures on Forum's overall investment track record, from Forum's inception as a principal investor in 2002 to June 30, 2021.

**19. What is the forecast annual yield for the next 3-5 years (even if just on the existing portfolio)?**

**Forum's Response:** REIF targets an annual yield of ~4-5%, which is reviewed annually as part of the business planning process, with a target FFO payout ratio of 90-100%

**20. The annual investor report states that Forum captured rent growth of 4.5%. What is the rent growth in each of multi-family, PBSA, and co-living?**

**Forum's Response:** The annual rent growth for 2022 was primarily from the Quad C1 and C2 PBSA assets. Other assets were acquired during the year and several assets had suites in the process of renovations.

With a more stable portfolio in 2023, segment analysis becomes easier.

The chart below from our Q2 2023 Investor Report indicates quarter over quarter rent growth for each segment. This will vary quarter by quarter since some assets have concentrated renewal periods concurrent with the school year and local market dynamics (e.g., Quad rent growth occurs in September whereas 455 Abbott experiences more increases in the spring).

	Occupied AMR			Occupancy		
	Q2 2023 AMR (\$)	Q1 2023 AMR (\$)	Change AMR (%)	Q2 2023 (%)	Q1 2023 (%)	% Change
By asset type:						
Co-living <sup>1</sup>	\$ 1,507	\$ 1,494	0.9%	93.5%	100.0%	(6.5%)
Multi-family	1,732	1,657	4.5%	94.3%	93.8%	0.5%
PBSA	1,210	1,186	2.1%	99.5%	99.5%	-
<b>Total portfolio</b>	<b>\$ 1,299</b>	<b>\$ 1,286</b>	<b>1.0%</b>	<b>98.6%</b>	<b>98.6%</b>	<b>(0.0%)</b>
By geography:						
Montreal	\$ 2,090	\$ 2,039	2.5%	96.2%	96.2%	0.0%
Ottawa <sup>1</sup>	1,507	1,494	0.9%	93.5%	100.0%	(6.5%)
Toronto	1,243	1,230	1.1%	99.4%	99.3%	0.1%
Vancouver <sup>2</sup>	1,345	1,296	3.8%	89.0%	96.3%	(7.3%)
Winnipeg	1,724	1,692	1.9%	97.6%	91.3%	6.3%
<b>Total portfolio</b>	<b>\$ 1,299</b>	<b>\$ 1,286</b>	<b>1.0%</b>	<b>98.6%</b>	<b>98.6%</b>	<b>(0.0%)</b>

<sup>1</sup> 87 Mann experienced a temporary gap in occupancy due to end of term departures, and expected to be stabilized for September

<sup>2</sup> 455 Abbott's vacancy is impacted by the renovation of 8 legacy units

## 21. The annual investor report has NAV per unit at \$10.73, and FFO per unit at \$0.02 and distributions per unit at \$0.116.

- Why is the NAV so high relative to FFO?
- Why are distributions so high relative to FFO? Where is the differential coming from (aside from operating cash flow, where else is distributable cash coming from)?

**Forum's Response:** In 2022, the FFO payout ratio was above 100% for REIIF. This was due to the 4.5% distribution yield set in January 2022 for Series F investors, which was based on the entire ~\$170 million, five property portfolio known as the "Seed Assets". The Seed Assets were assumed to be acquired on January 1, 2022, with stabilized occupancy and financed entirely with CMHC-insured mortgages. The acquisition of the last Seed Asset was completed in mid-February 2022, with stabilization of the Seed Assets achieved by Q4 2022.

However, the FFO payout ratio is projected to be at or below ~100% by the fourth quarter of 2023. This is expected due to the growth of NOI by over 50% from 2022, driven by a full year of income from several properties, occupancy and rental gains across the portfolio, completion of the asset management strategies for the Seed Assets, and replacement of higher cost bridge financing with CMHC-insured mortgages.

The Manager is also underwriting several accretive acquisitions that are expected to close later this year. The long-term target FFO payout ratio for REIF is between 90%-100%

**22. In the annual investor report, page 14 has the NOI by asset type and geography. What accounts for the fact that each line item is positive for AMR but the total portfolio AMR is negative?**

**Forum's Response:** Q4/22 AMR is lower than Q3/22 due to the addition of Quad C3 & C4 to the portfolio, classified as "acquisition properties" on the investor report. The property was acquired in Q4/22 hence no comparative data and its AMR (\$1,239) is lower than the Q3/22 portfolio AMR (\$1,282). Furthermore, this property is second largest in the portfolio, thus its lower AMR has a higher weighting on the total portfolio.

**23. In the annual investor report, page 30 has the net returns by series. Assuming units are pari passu, Series I should have the highest returns (which it does), Series F should follow, and Series A should have the lowest given the upfront fees and higher asset management fees. Why are Series A returns higher than Series F for 1 month and 3 month?**

**Forum's Response:** The discrepancy was due to an accounting error specific to Series F that needed correction in December 2022. This correction disproportionately impacted shorter-term returns (1 & 3 month).

The correction has less impact on longer-term returns and therefore the 6/12/Since Inception returns are in line with expectations (Series I has the highest returns, followed by F then A). For further validation, our latest Q2 2023 report reflects the correct sequence with respect to each Class's fee structure.

## Fees and Structure:

### 24. How were the management fees, acquisition fees, and incentive fees determined? How do they compare with peers?

**Forum's Response:** Fees were established by reviewing competitive fees and, considering investor desires for transparency, elected to implement a simple structure with a very competitive, all-inclusive fee.

Fund	Forum REIF	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
Single Fee Method	✓	✗	✗	✓	✓	✗	✗
Performance Fee Minimum Handle	✓	* None	* None	✓	✓	* None	* None
Asset Management Fee	1.25% of NAV	-2.0% of NAV (100% of GAV)	1.75% of NAV base and 3.5% of Net Operating Income (-2.18% of NAV)	1.0% of NAV	1.0% of NAV	Internalized management costs of roughly 90 bps f NAV	2.0% of adjusted gross revenue (.04% of NAV)
Performance Fee	15% over 7% hurdle rate with sponsor catch up	20% of any gain in equity and 20% of all cash distributions	5% equity grant	25% over 7% hurdle rate sponsor catch up	20% over 7% hurdle rate	5.0% of equity grant	20% of distributions and 20% of any equity gain at scale (both on a property level)
Performance Fee High Water Mark	✗	✗	✗	✗	✗	✗	✗
Financing Fee	-	1.0% of senior, 0.5% refinance, 1.5% mezz	0.50%	-	-	-	0.35% of loan value
Acquisition Fee	-	-	0.50%	-	-	1.00%	-
Admin Fee	-	-	1% gross proceeds realized on sale	-	-	-	-
Other Fees	-	-	100,000 per annum and 0.5% of capital raised	-	-	-	-

### 25. Please provide an example calculation on how the incentive fee works with the high watermark and hurdle structure.

**Forum's Response:**

## Waterfall Calculation\*

	Investor		Profit		Notes
Total Investment	\$	100,000	\$	10,000	10% return (before performance fees)
Profit Allocation					
	Investor		Forum		Total
Preferred Return (7%)	\$	7,000	\$	-	\$ 7,000
Catch-up (100% to Forum)		-		1,235	1,235
Thereafter (85%/15%)		1,050		185	1,235
	\$	8,050	\$	1,421	\$ 9,471
	85%		15%		

\*For illustrative purposes only. Net of performance fees, gross of asset management fees.  
Applicable to Series F and H only.

**26. Is a management fee on NAV and incentive fee on NAV “double dipping”?**

**Forum’s Response:** No, there is no double charging of fees as the Performance Fee is calculated net of the asset management fee.

**27. Aside from salaries, rent, etc., what is the asset management fee used for?**

**Forum’s Response:** The asst management fee is intended to cover the myriad of fees charged by some other funds including acquisition, disposition, development, financing, administration, and capital placement fees. See question 24 above which is also available as a document in the REIF data room.

**28. Please confirm Series A, F, H, and I units are pari passu.**

**Forum’s Response:** Yes, all the series noted above are pari passu.

**29. Why is allocation of net income or loss first given to the Special Limited Partner in priority over the limited partner?**

**Forum’s Response:** The allocation is structured in this manner since the Special Limited Partner will only be entitled to receive a Special Allocation if the Limited Partners have already received a preferred return of 7%.

**30. Do redemption fees go to the fund (i.e., the differential between redemption price and NAV for those redeeming <3 years)?**

**Forum’s Response:** Yes, early redemption fees remain in the Fund benefiting the remaining investor pool equally.

**31. In the event that Unitholders are required to return distributions, is this net of tax? That is if I received \$100 in distributions and paid \$40 in tax, would I be required to return \$100 or \$60 (assuming in this example, the distribution was not a return of capital)?**

**Forum’s Response:** We expect the clause referring to return of distributions to be used in very rare circumstances including:

1. Distribution paid to incorrect party: In this case, the Fund would seek to recover the full distributions paid to the incorrect person. If taxes were paid by the receiving party in error, the party should be able to claim a refund of those taxes, making them whole.

2. The Fund was required, but failed to withhold taxes payable to a taxing authority on an amount distributed to an investor - in this circumstance the fund administrator will generally distribute the net, after withholding tax amount to the investor. In the event the fund failed to withhold the required taxes, the Fund would request the amount required to pay the withholding taxes to the appropriate taxing authority.