

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

Follow-up Responses

CIBC Asset Management

September 6, 2023

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.

Responses to e-mail from August 31, 2023 with questions to better understand the key drivers for Co-living housing in Canada:

1. I would like to better understand the key drivers for Co-living housing in Canada. How has the Co-living sector evolved over the past decade in Canada? What % of the existing rental inventory is in co-living units? What is the annual growth rate?

Forum Response: In the REIF DDQ we indicate: Co-Living and Micro-unit Communities are small format, highly amenitised properties located in urban markets that address the unmet needs of a significant demographic (including young professionals) by providing community, convenience and cost-effective housing.

While "Micro-units" are more established in the US and UK, this emerging sector in Canada has gained ground, particularly in cities like Vancouver, Montreal, Ottawa, and Toronto. These properties offer furnished, self-contained units with features such as social lounges and fitness facilities. The trend aligns with the housing needs of millennials and Generation Z workers, who seek affordable urban housing options.

Research conducted by reputable sources such as CMHC and real estate advisors emphasizes the potential of micro-units to increase affordability in major urban centers. For instance, the University of British Columbia has successfully implemented micro-units under the term "UBC Nano Studios." Additionally, small unit condo developments are on the rise for both ownership and rental purposes.

| | | | Average 1B | | Average Forum | | Assumed | Discount to | Discount to | |
|-----------|------------|----|------------|--------|---------------|-------|-----------|-------------|-------------|------|
| | Asset | | in City | PSF* | Unit (Newly | PSF | Furniture | Average 1B | Average 1B | |
| | | | | | Renovated, | | Premium | (\$) | (%) | |
| | | | | | Furnished) | | | | | |
| Vancouver | 455 Abbott | \$ | 3,013 | \$4.64 | \$ | 1,995 | \$11.40 | \$ | (1,218) | -40% |
| Ottawa | 87 Mann | \$ | 1,951 | \$3.00 | \$ | 1,518 | \$ 5.46 | \$ | (633) | -32% |

**Note: assumes 650 SQFT average unit size.*

The demand for micro-units stems from the growth of the millennial and Generation Z workforce, primarily focused on urban areas with housing challenges, including limited supply and high rent as a percentage of income. For example, the average household income in Toronto is ~\$84K (2020) and the average monthly rent for a one-bedroom apartment is ~\$2500 (September 2023). With >35% of household income going towards rent, versus the recommended limit of 30%, and with an assumption that lower income households are more likely to rent, the affordability issue becomes more apparent. This need extends across various sectors from finance to essential services like healthcare and education.

Addressing the specific questions directly:

- **What percentage of the existing rental inventory is in co-living units? What is the annual growth rate?**

Co-living and micro-suite inventory comprises a small yet growing segment of both the

condo and rental market. Given its emergence, the amount of inventory is untracked in Canada.

- **How would you compare the cap rate and NOI for co-living vs multifamily assets?**
The cap rate aligns comparably with multi-family assets, while the NOI demonstrates superiority through well-executed strategies. Through REIF's appraisals, we have seen no discounts with both Ottawa and Vancouver properties being appraised in the same range as reported multifamily cap rates.
- **What is the regulatory framework governing this asset class?**
Operations are guided by the same provincial rental housing regulations as apartments and with building codes overseeing physical elements like unit sizes – there are no distinct regulations pertaining to micro-units.
- **How has this asset class performed during prior downturns? Do we have data that tracks back to 2008 in the US/Canada? How did this asset class perform in March 2020?**
Multifamily stands as a resilient asset class with minimal performance volatility, demonstrating responsive rents to inflation and robust occupancy rates. Smaller unit rents often remain below defined 'affordable' levels, contributing to their appeal during both downward and upward market phases. Recent downturn weakness revealed vulnerability in apartments with the highest rents, as well as certain properties in tertiary markets or with binary demand drivers.
- **How can we ensure high occupancy for the assets Forum is targeting?**
REIF places emphasis on markets characterized by durable demand drivers and limited supply. In operational terms, our focus rests on efficient execution, delivering furnished, highly amenitized, branded units at competitive market rents. Continuous monitoring of rent and occupancy allows for monthly optimization of property performance.
- **What is the average expected duration of lease in a co-living unit? Is this typically viewed as a short-term/temporary solution for millennials?**
Lease terms commonly extend for twelve months, transitioning to a month-to-month arrangement afterward.
- **Is there any stigma associated with living in a co-living property? How is Forum trying to differentiate in this space?**
Stigma does not attach itself to co-living. Rather, it signifies attainable housing replete with a diverse array of services and amenities designed to appeal to the target market. Within this sphere, Forum establishes itself as a frontrunner by virtue of high-quality finishes and furniture, thoughtful amenities, and robust branding.

How does the deal pipeline look for this asset class in key Canadian markets?

Forum is at the forefront of this trend in Canada. We see demand for more attainable housing that consumes less of a person's income while proving an attractive lifestyle experience. The Forum experience to date includes operating our properties in Vancouver and Ottawa along with our PBSA properties where we have strong occupancy and rental growth. We find our PBSA strategies including furnishing, amenities and branding to translate very effectively to the small units offered in urban markets.

Opportunities predominantly manifest within the conventional multi-family market, boasting substantial transaction volumes annually. Forum has underscored this through several transactions already materialized within REIF and other opportunities in the third party investment pipeline. The two Vancouver properties indicated in the pipelines provided below in the responses to the May 18, 2023 meeting are micro-unit opportunities. Furthermore, our development pipeline reveals an assortment of emerging opportunities, encompassing properties in Toronto, its environs, and Ottawa.

| Table 7: REIF's ROFO Pipeline Assets (2023-2027) (As of September 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 |
| Arc Student Residence | Winnipeg | PBSA | Lease-up | Q1 2024 | 212,598 | 368 | \$99 |
| ALMA Oshawa | Oshawa | PBSA | Construction | Q3 2024 | 78,878 | 193 | \$56 |
| 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 | | | | | | | \$1,055 |

Responses to meeting from May 18, 2023:

1. What is the size of REIF's target investment market?

Forum Response: While Canadian multifamily investment transactions slowed in 2022 from \$14.2 billion to \$11.4 billion, the segment is poised for continued institutionalization.

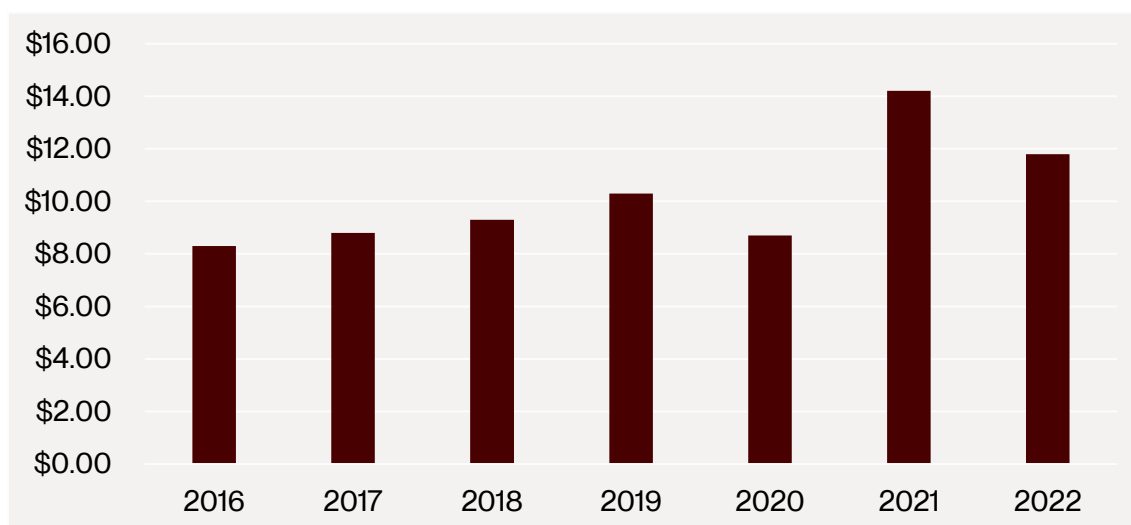
Since 2016, over \$70 billion in multifamily properties have transacted in Canada and it continues to be a favoured asset class for investors given long-term supply/demand imbalances. 2022 was a year dominated by private investors, with the majority of institutional investors being “pens down”, largely due to a sharp increase in CMHC financing rates in mid 2022.

The total number of multifamily transactions declined year-over-year from 2,243 to 1,768, a 21% decline. The average transaction size in 2022 slightly increased to \$6.42 million compared to the previous year of \$6.34 million.

Montreal multifamily led transactions in 2022 with just under \$3.9 billion, a 2.3% decline over 2021. However, the GTA remained liquid and comprised ~20% of total multifamily investment volume in 2022 at \$2.3 billion, a decline of 33% from the 2021 high of \$3.4 billion. Vancouver lagged both the GMA and GTA, at \$1.6 billion in multifamily sales.

Institutional investing recovered in the fourth quarter of 2022, accounting for 16.2% of all commercial real estate volume.

Historical Multifamily Investment Volume in Canada (\$B)



Sources: CBRE, Colliers, Altus, Marcus and Millchap

| CRE - Investment Volumes by Asset Class | | | | CRE - Transaction Count by Asset Class | | | |
|---|---------------|---------------|---------------|--|--------------|--------------|----------------|
| | 2022 (\$M) | 2021 (\$M) | Y-o-Y Change | | 2022 | 2021 | Y-o-Y Change |
| Office | 7,746 | 8,684 | (10.8%) | Office | 911 | 841 | 8.3% |
| Industrial | 18,911 | 17,765 | 6.4% | Industrial | 2,460 | 2,556 | (3.8%) |
| Retail | 7,733 | 8,732 | (11.4%) | Retail | 1,776 | 2,043 | (13.1%) |
| Multifamily | 11,357 | 14,220 | (20.1%) | Multifamily | 1,768 | 2,243 | (21.2%) |
| ICI Land | 12,384 | 11,927 | 3.8% | ICI Land | 1,815 | 2,018 | (10.1%) |
| Hotels | 407 | 737 | (44.8%) | Hotels | 21 | 41 | (48.8%) |
| Total | 58,538 | 62,066 | (5.7%) | Total | 8,751 | 9,742 | (10.2%) |

2. How could REIF deploy \$500 million of additional capital?

Forum Response: Forum continues to generate a strong pipeline of accretive acquisition opportunities for REIF across Canada. A slowdown of institutional buyers combined with elevated interest rates has led to an unprecedented number of high-quality, core and core-plus investment opportunities. In addition to the third-party investment pipeline, REIF has proprietary access through a right-of-first-offer ("ROFO") on all of Forum's completed development assets, a multi-year pipeline currently in excess of +\$1.5 billion.

Forum has remained disciplined in the current volatile environment, adding more structure to potential acquisitions to improve REIF's going-in yield, preserve cash and limit downside. To date, Forum has targeted third-party acquisitions between \$10-\$50 million for REIF, with an average size of \$40 million, a range that is too large for most private groups and below target acquisition sizes for well-capitalized institutions.

In 2022, Forum evaluated more than \$2 billion in potential opportunities beyond the initial investment screening stage and is currently tracking to underwriting +\$3 billion in 2023.

REIF currently has a target \$1 B year 4 net asset value. With a significant transformative investment of \$500 million, Forum would refine REIF's target near-to-medium term fund size to pursue an average transaction size of +\$75 million, an area of the market Forum continues to see opportunity, driven by the current lack of institutional participation in investment markets and slowdown in debt capital markets. In growing its average transaction size to \$75 million+, REIF will have the ability to consolidate portfolio opportunities and estimates deployment of \$500 million within 12-24 months.

The third-party pipeline below is based on opportunities past the initial screening and initial underwriting stage, either in detailed diligence, submitting offers or exchanging formal documentation.

Active Third-Party Investment Pipeline

| Address / Name | City | Prov. | Type | Asking Price | Cap Rate | Units | Price / Unit | Type | Stage |
|------------------------|------------|-------|-----------------|----------------------|--------------|--------------|------------------|------------|-----------------|
| Spec Acquisition #1 | Montreal | QC | PBSA | \$22,000,000 | 6.00% | 27 | \$814,815* | Marketed | APS Negotiation |
| Spec Acquisition #2 | Belleville | ON | Multifamily | \$48,000,000 | 5.10% | 135 | \$355,556 | Marketed | LOI Negotiation |
| Spec Acquisition #3 | Kingston | ON | PBSA | \$35,000,000 | 5.50% | 53 | \$660,377* | Off-Market | LOI Submitted |
| Spec Acquisition #4 | Saskatoon | SK | Multifamily | \$52,000,000 | 5.00% | 255 | \$203,922 | Off-Market | LOI Submitted |
| Spec Acquisition #5 | Calgary | AB | Multifamily | \$45,000,000 | 4.75% | 125 | \$360,000 | Off-Market | LOI Submitted |
| Spec Acquisition #6 | Vancouver | BC | Multifamily | \$52,000,000 | 4.25% | 80 | \$650,000 | Off-Market | Underwriting |
| Spec Acquisition #7 | Victoria | BC | PBSA | \$33,000,000 | 4.50% | 76 | \$434,211* | Marketed | Underwriting |
| Spec Acquisition #8 | Langford | BC | Multifamily | \$52,500,000 | 4.50% | 155 | \$338,710 | Marketed | Underwriting |
| Spec Acquisition #9 | Laval | QC | Seniors Housing | \$45,000,000 | 6.00% | 158 | \$284,810 | Marketed | Underwriting |
| Spec Acquisition #10 | Montreal | QC | PBSA | \$35,000,000 | 4.75% | 100 | \$350,000 | Marketed | Underwriting |
| Total / Average | | | | \$419,500,000 | 4.97% | 1,164 | \$360,395 | | |

The illustrative pipeline below is an example of what the opportunity set would evolve into with \$500 million - \$750 million to deploy. This pipeline is based on opportunities that Forum previously passed on due to size rather than portfolio fit. Many of these opportunities have not traded and remain available.

Illustrative Pipeline with \$500 Million - \$750 Million Mandate

| Address / Name | City | Prov. | Sector | Asking Price | Cap Rate | Units | Price / Unit | Type | Stage |
|------------------------|---------------|-------|-------------|----------------------|--------------|--------------|------------------|------------|--------|
| Spec Acquisition #1 | Toronto | ON | Multifamily | \$64,000,000 | 4.25% | 160 | \$400,000 | Marketed | Passed |
| Spec Acquisition #2 | Toronto | ON | Multifamily | \$120,000,000 | 4.25% | 304 | \$394,737 | Marketed | Passed |
| Spec Acquisition #3 | Halifax | NS | PBSA | \$94,100,000 | 4.50% | 135 | \$697,037* | Marketed | Passed |
| Spec Acquisition #4 | Prince George | BC | Multifamily | \$105,000,000 | 5.25% | 365 | \$287,671 | Off-Market | Passed |
| Spec Acquisition #5 | Laval | QC | Multifamily | \$85,000,000 | 4.00% | 245 | \$346,939 | Marketed | Passed |
| Spec Acquisition #6 | Montreal | QC | Multifamily | \$115,000,000 | 4.50% | 245 | \$469,388 | Marketed | Passed |
| Spec Acquisition #7 | Saskatoon | SK | Multifamily | \$70,000,000 | 4.25% | 305 | \$229,508 | Marketed | Passed |
| Spec Acquisition #8 | Vancouver | BC | Co-Living | \$90,000,000 | 4.00% | 162 | \$555,556* | Off-Market | Passed |
| Total / Average | | | | \$743,100,000 | 4.40% | 1,921 | \$386,830 | | |

**PBSA and co-living assets can often have up to 4 bedrooms per unit as well as higher per SF rents than traditional apartments. This can skew price per unit figures and as a result PBSA and co-living assets are typically viewed on a per bed basis.*

In addition, through the ROFO pipeline, REIF has the ability to acquire ~\$1.05B of completed developments over the next 48 months (see below), providing REIF the opportunity to acquire best-in-class assets across Ontario.

REIF's ROFO pipeline is a key source for the acquisition of institutional quality PBSA and co-living assets in desirable Canadian markets, complementing the third-party acquisition pipeline.

Forum will continue to grant a ROFO to REIF on any new development opportunities, growing the pipeline over time and leading to further operational efficiencies across the portfolio as REIF continues to gain critical mass.

REIF ROFO Pipeline – Next 48 Months

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3. Provide an overview of Forum's ownership and how key Fund personnel are aligned:

Forum Response: Richard Abboud, Forum's Founder and CEO, controls 100% of the voting shares of Forum Equity Partner's Holdings Inc. ("FEPH"), which indirectly owns 100% of Forum Asset Management Inc. ("FAMI").

Rajeev Viswanathan, Forum's Managing Partner and CFO, directly owns under 1.8% of FEPH's non-voting shares. In addition, Tate Abols and Aly Damji, both Managing

Partners, and Tony Leone (Partner, Corporate) each own ~0.8-1.5% of FEPH's non-voting shares (i.e. Richard Abboud owns 100% of FEPH's voting shares and 95% of FEPH's non-voting shares). In addition, Rajeev Viswanathan, Tate Abols, Tony Leone and certain other senior Forum professionals are granted annual equity options in FEPH, representing a significant component of total compensation, with the notional amount a function of the respective individual's base salary.

Forum's compensation structure for its professionals who work directly on the Fund comprises an annual base salary, annual bonuses and to align interests, deferred equity compensation.

In particular:

- **Managing Director, Asset Management and Fund Head:** A market salary and variable compensation of up to 60% of salary in the form of an annual cash bonus and annual equity grants in REIIF to align interests.
- **VP Finance, Real Estate:** A market salary and variable compensation of up to 50% of salary in the form of an annual cash bonus and annual equity grants in REIIF to align interests.

Individuals in Forum's Real Estate Investment Team will also receive REIIF equity grants (generally as a percentage of base salary for Manager-level and above).

In all cases, equity grants in REIIF made to Forum employees will be paid for by Forum. Additionally, beginning in 2023, all Forum team members are eligible to invest in REIIF and benefit from Forum's employee investment matching program.

4. Explain the fee-bearing capital required for Forum to 'break-even' as an asset asset manager:

Forum Response: Forum has the financial resources, commitment, and ability to build a multi-product, alternative asset manager focused across real estate, private equity and infrastructure.

Over 27 years, Forum has built a substantial balance sheet, launching its asset management business ("GP") in late 2020, having been primarily a principal investor and developer (collectively "LP") since Forum's founding in 1996. In late 2020 and 2021, Forum raised the Forum Urban Infrastructure Opportunities Fund I and REIIF, respectively, two flagship funds within its private equity and real estate platforms.

Since late 2020, Forum's team has grown significantly to 46 professionals, having hired the key leaders and team members necessary to support scalable growth, with mid-level and junior roles within certain functional areas continuing to be recruited for as the firm builds its

It is estimated that when considering base asset management and performance fees, Forum's GP business would achieve 'break-even' annually after raising \$500 – 600 M of fee-bearing capital.