

trezcapital.com



Vikram Rajagopalan
Senior Managing Director, Capital Strategy & Distribution



August 2023



BOOTS ON THE GROUND



Vancouver Office

- Investment Management
- Finance & Compliance
- Loan Administration
- Origination
- Underwriting
- Investor Services
- 106 team members

Toronto Office

- Origination
- Investment Sales
- Marketing & Communications
- 23 team members

Montreal Office

- Investment Sales
- 3 team member

Dallas Office

- Origination
- Asset Management
- Underwriting
- 24 team members

Miami Office

- Origination
- Asset Management
- 3 team members

New York Office

- Origination
- 8 team members

Seattle Office

- Origination
- 3 team members

THE WIDELY COVERED REAL ESTATE CORRECTION

CANADA

Whoops! Bank of Canada Warns “Most” Major Real Estate Markets Might Be Bubbles

The last housing bubble missed Texas. Now the Lone Star State is home to the second most ‘overvalued’ housing market in the country

BY LANCE LAMBERT
May 23, 2022 6:00 AM EDT

Rising Interest Rates Concern Apartment-Building Owners, Renters

Returns fall below mortgage figures, with landlords needing higher rents to fill the gap

When will the housing bubble burst in Canada in 2022?

by [Corben Grant](#) on 10 May 2022

Commercial Property Sales Slow as Rising Interest Rates Sink Deals

Sector shows first signs of cooling in over a year as higher borrowing costs narrow pool of buyers

Is it too late to lock into a fixed-rate mortgage?



ROBERT MCLISTER >

SPECIAL TO THE GLOBE AND MAIL

PUBLISHED JUNE 8, 2022

‘This might be a housing bubble,’ says Dallas Fed economist—here’s an exclusive look at the latest housing market analysis

BY LANCE LAMBERT
June 3, 2022 10:57 AM EDT

Could a 10-20% Drop in Real Estate Happen Soon?

Economists don't see a housing market crash happening, but rising interest rates could trigger a double-digit price correction in the not-so-distant future.

Christopher Liew, CFA

Published June 9, 10:45 am EDT

TWO SIGNS OF THE COIN

THE HEADLINES



REALITY



REAL ESTATE IMPACTS

1) Population Growth



2) Job Growth / Economic Growth



3) Interest Rates



4) Supply vs. Demand Fundamentals



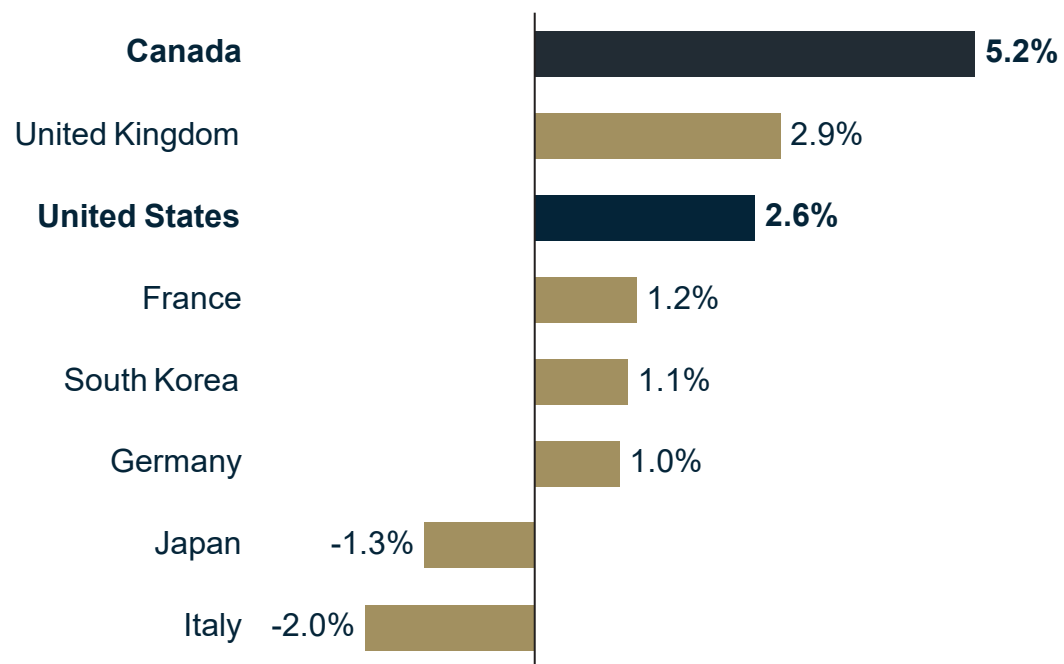


STATISTICAL DATA

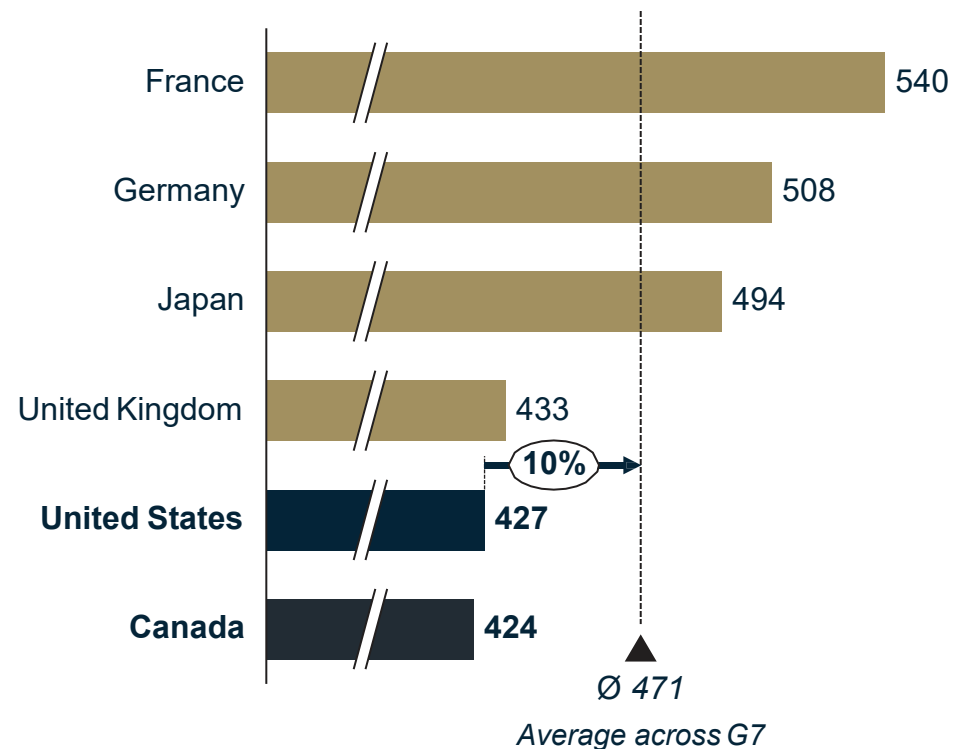


Canada and U.S. population grew between 2016-2021 but housing supply is below G7 average

Cumulative Population Growth in G7 countries. 2016 – 2021. %¹



Housing Units per 1,000 population in G7 Countries²

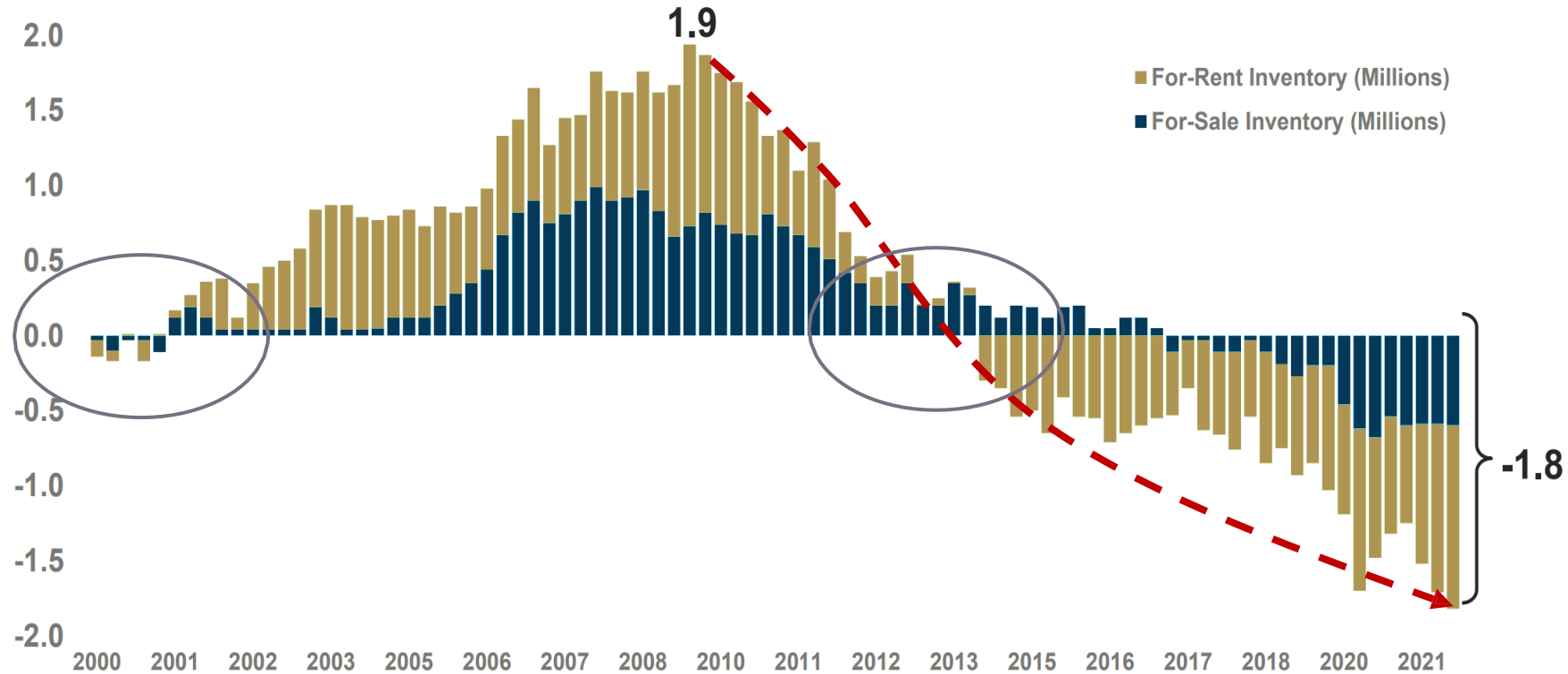


¹Statistics Canada

²Statistics Canada, OECD, U.S. Census, Scotiabank Economics. (Does not include Italy owing to data limitation)

SUPPLY-DEMAND IMBALANCES

DEVELOPERS LOOK FOR SUPPLY AND DEMAND IMBALANCES



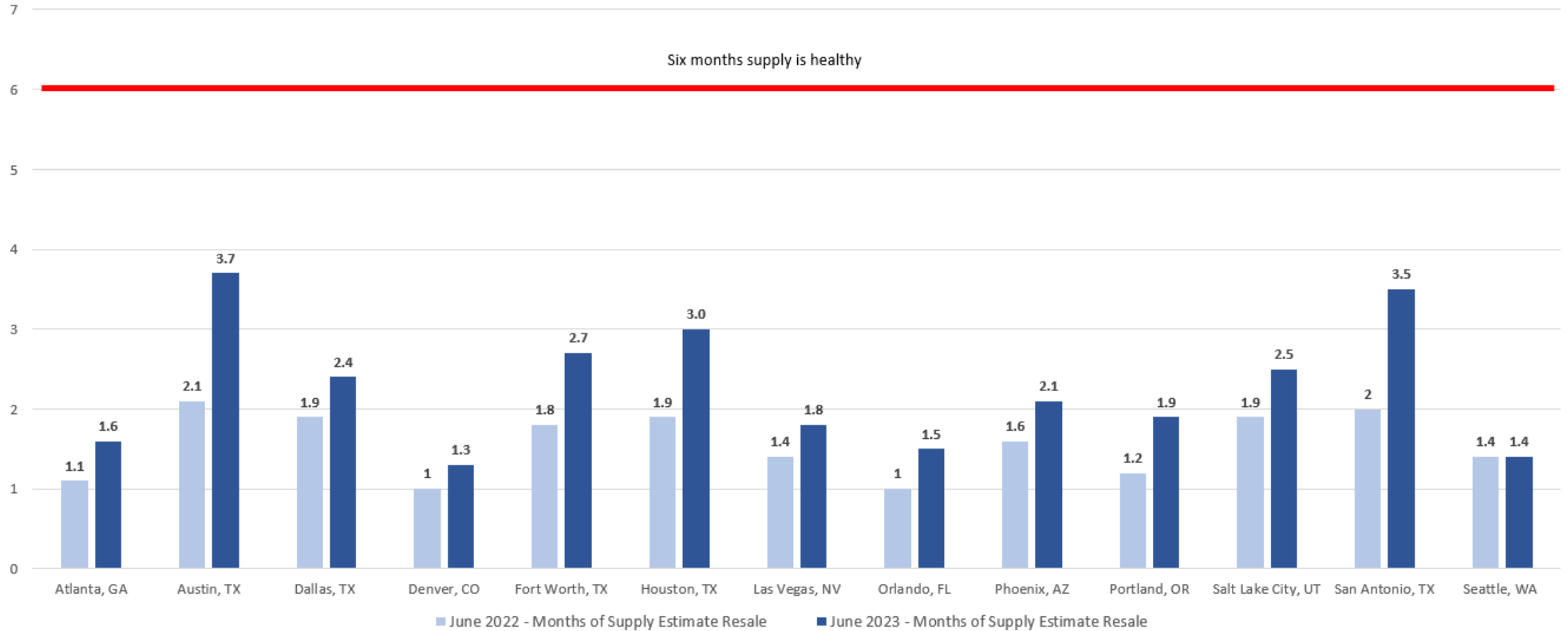
US is as undersupplied as it was oversupplied in 2009

Sources: Len Kiefer (Deputy Chief Economist at Freddie Mac) based on US Census Bureau data through to Q4 2021

The U.S. needs 15.5 million dwellings over the next decade – with the current pace of home production, there will be an estimated shortage of 1.7 million dwellings¹

WHERE ARE THE IMBALANCES MOST DRASTIC?

Months of Supply Estimate Resale

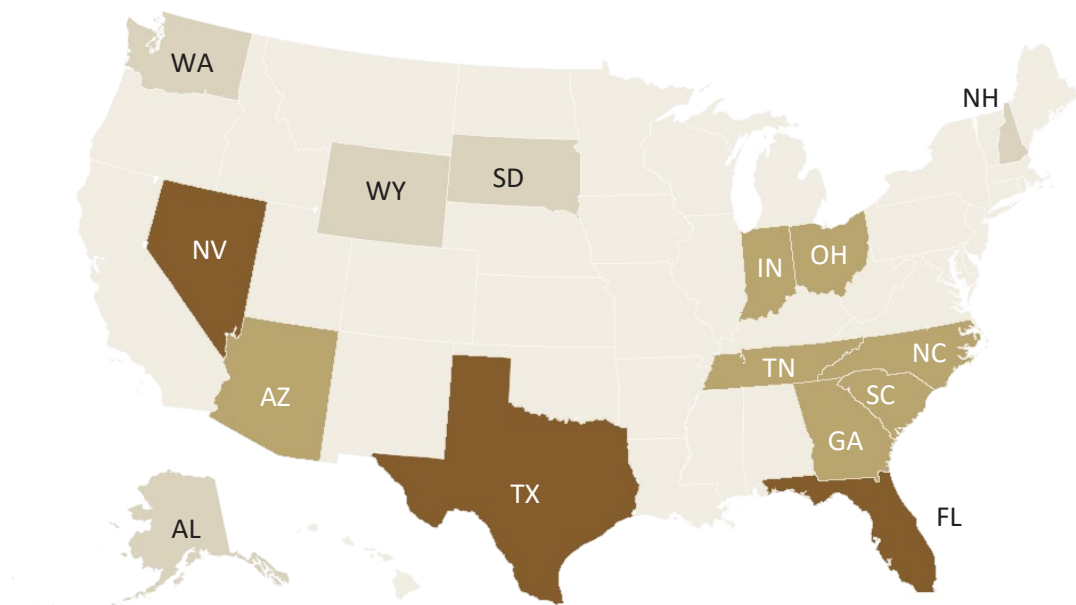


¹John Burns Real Estate Consulting Estimates (JBREC Estimates).

WHY ARE IMBALANCES SO DRAMATIC IN THOSE GEOGRAPHIES?

Business-friendly environment leads to corporate relocations and jobs creation

8 out of top-10 business-friendly¹ States are in the Sunbelt region



Headquarter Relocations to Dallas-Fort Worth MSA²



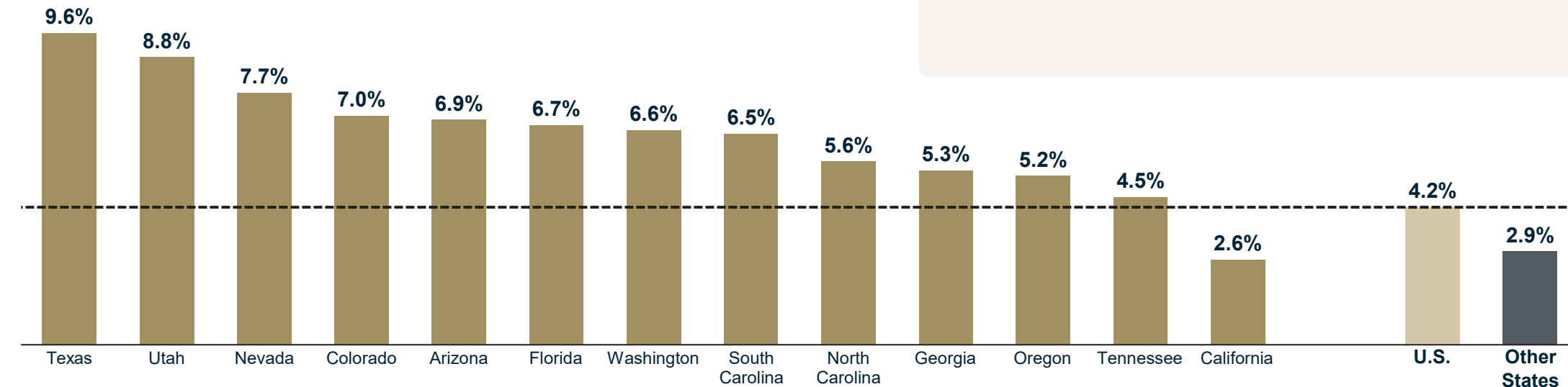
¹Chief Executive 2021 Ranking of business-friendly states and CNBC list of states with no state income tax

²Dallas Chamber of Commerce, 2010-2020 "Major Headquarter Relocations"

WILL THOSE IMBALANCES CONTINUE IN THE FORSEEABLE FUTURE?

The Sunbelt region¹ is expected to continue to grow faster than the rest of the U.S....

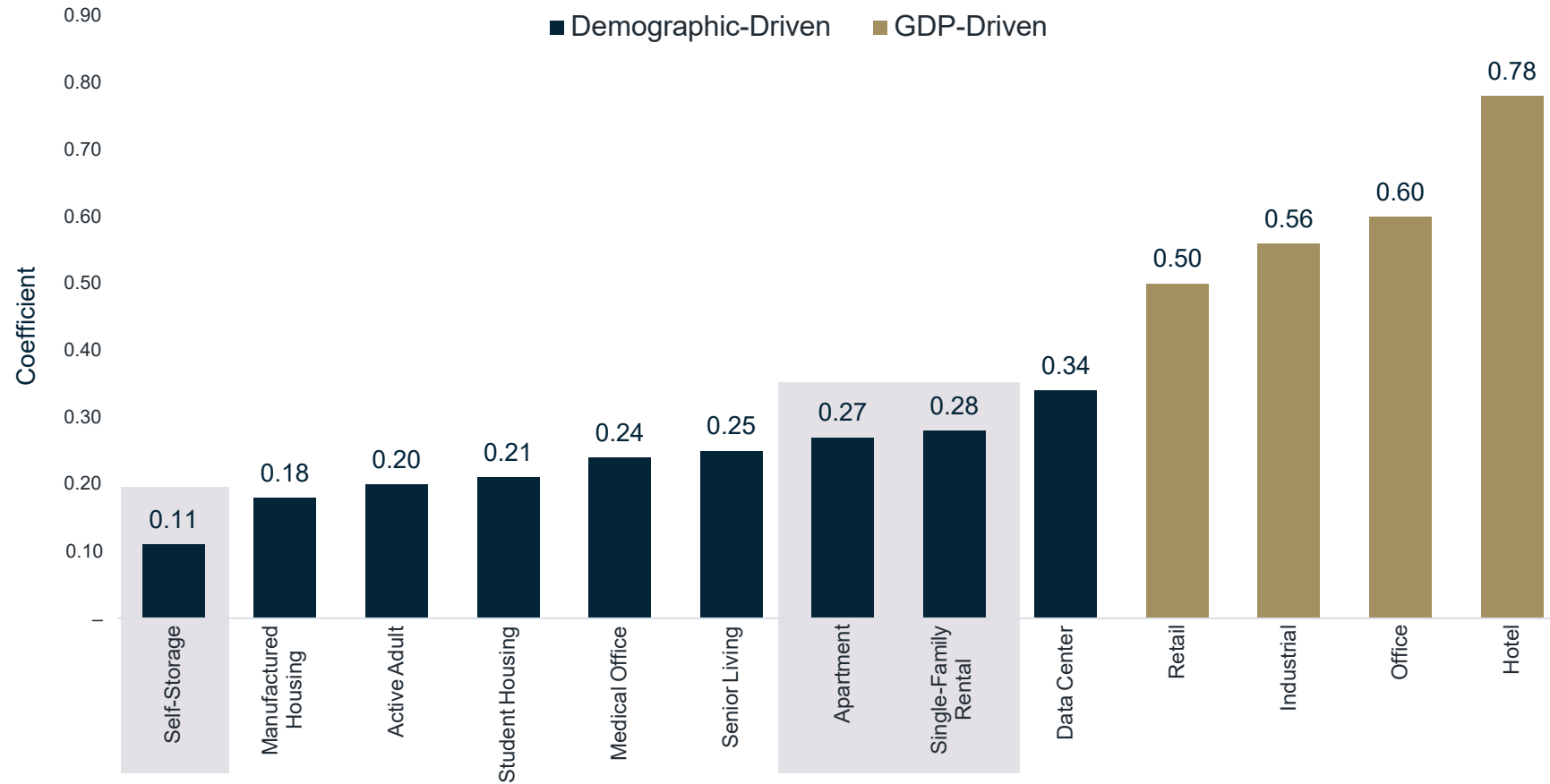
Projected Population Growth by State, 2021-2026. %



¹Region in the United States that stretches across the Southern and Southwestern portions of the country from Florida to California

²ESRI Demographics

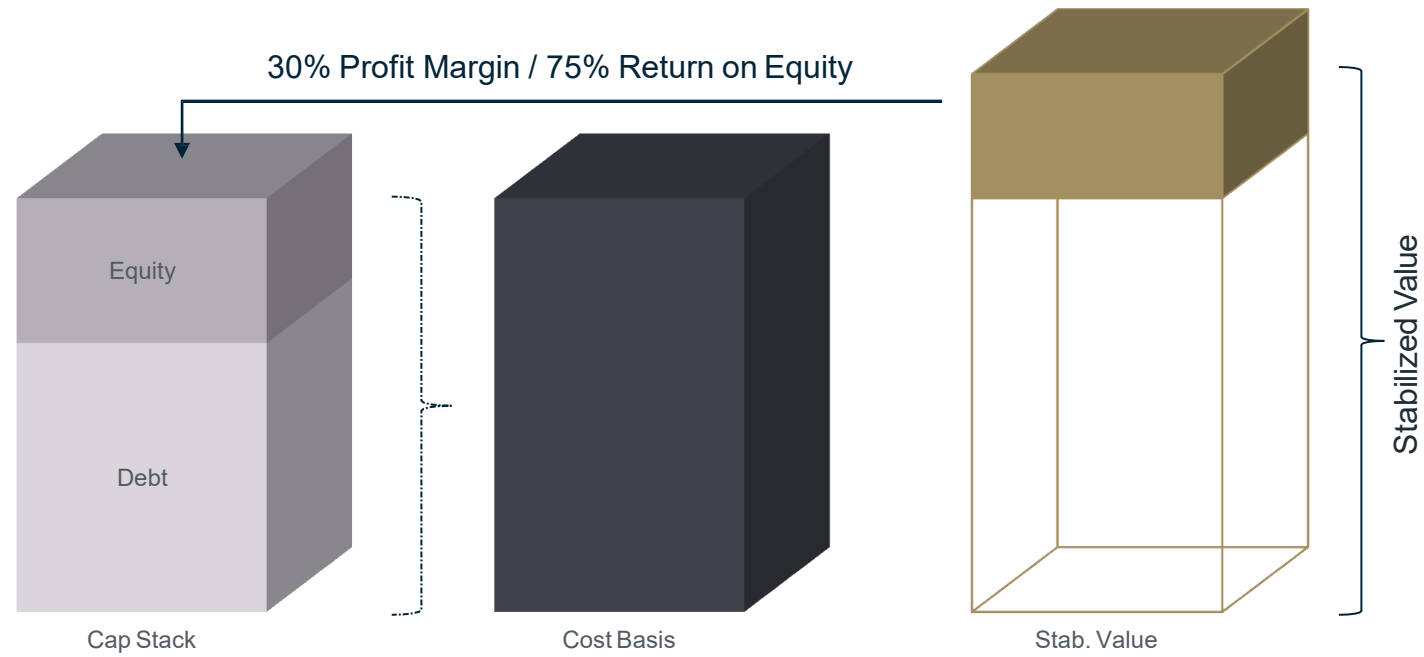
ESTIMATED SENSITIVITY OF CASH FLOWS TO GDP (BETA)



Source: Bloomberg, Yahoo! Finance, July 2020. Provided for informational illustrative purposes only. No assurance is given that current market conditions and related trends will continue.

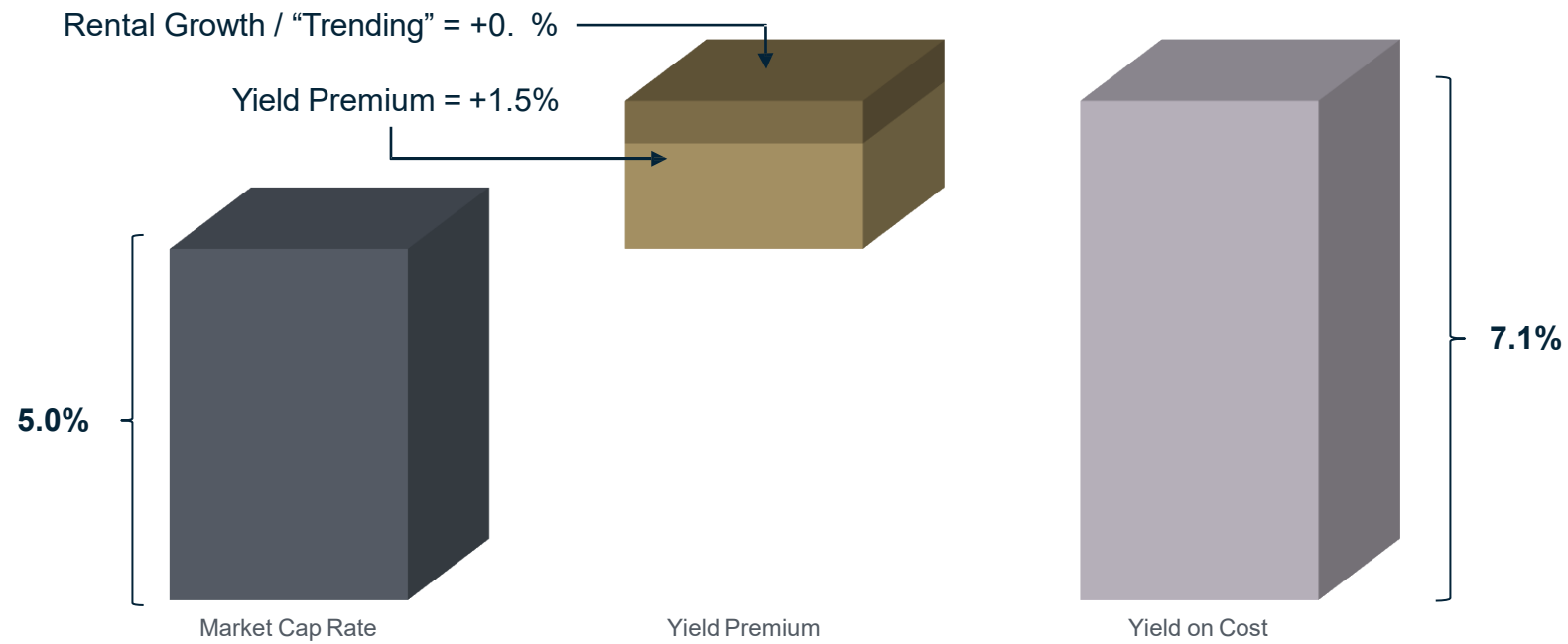
WHY DEVELOPMENT?

EMBEDDED PROFIT MARGIN



WHY DEVELOPMENT?

YIELD (INCOME) PREMIUM



- Headlines paint a negative picture
 - Opportunities still exist within the broader real estate asset class
 - Population growth and employment continue to drive need for multi-residential across North American markets
 - Development based on supply / demand imbalance will continue to present an opportunity for investment
-

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Trez Capital Finance Fund I LP, Trez Capital Finance Fund II LP, Trez Capital Finance Fund III LP, Trez Capital Finance Fund IV LP, Trez Capital Finance Fund V LP, Trez Capital Finance Fund VI LP, Trez Capital Finance Fund VII LP, Trez Capital Finance Fund VIII LP, Trez Capital Finance Fund IX LP, Trez Capital Private Real Estate Fund Trust, Trez Capital Yield Trust, Trez Capital Yield Trust US, Trez Capital Yield Trust US (Canadian \$), Trez Capital Prime Trust, Trez Capital Opportunity Fund I, Trez Capital Opportunity Fund II, Trez Capital Opportunity Fund III, Trez Capital Opportunity Fund IV, Trez Capital Opportunity Fund V, Trez Capital Opportunity Fund VI and Trez Capital Opportunity Fund VII (collectively, the “Funds”) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such forward-looking statements include, but are not limited to: the annual yield of the Funds that Trez Capital Fund Management Limited Partnership (the “Manager”) is targeting, the nature of the Funds and their affairs. Actual results, performance and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this presentation. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect including, but not limited to: the ability of the Funds to acquire and maintain a portfolio of mortgages capable of generating the necessary annual yield or returns to enable the Funds to achieve their investment objectives, the ability of the Funds to establish and maintain relationships and agreements with key financial partners, the maintenance of prevailing interest rates at favourable levels, the ability of borrowers to service their obligations under the mortgages, the ability of the Manager to effectively perform its obligations to the Funds, anticipated costs and expenses, competition, and changes in general economic conditions. While the Funds anticipate that subsequent events and developments may cause its views to change, the Manager specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Trust’s views as of any date subsequent to the date of this presentation. Although the Funds have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Funds. Additional factors are noted under “Risk Factors” in the Funds offering documentation.

This presentation does not constitute an offer to sell or a solicitation to buy any security in any jurisdiction.



OFFICES ACROSS NORTH AMERICA

trezcapital.com