

The Future of Private Real Estate

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INTERCONTINENTAL
REAL ESTATE CORPORATION

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Executive Summary

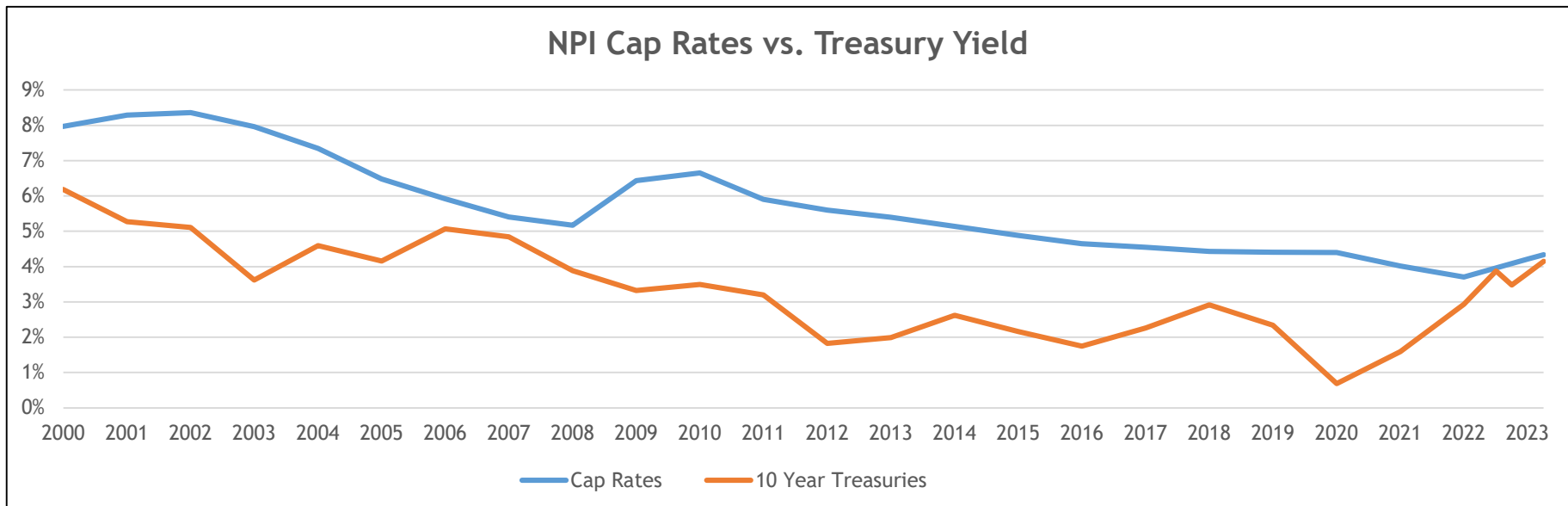
- Real estate returns have experienced negative appreciation returns since interest rates began to rise in 2022
- Constrained capital markets have added to valuation headwinds caused by rising interest rates
- Challenging fundamentals remain in office sector while remaining relatively strong in other property types

Current Market Environment

- Unique real estate environment with strong fundamentals in most sectors despite returns in down part of cycle
- Cyclical asset class with evolving opportunity set; sub-sector concentrations amongst institutional investors changes over time
- Opportunities will arise in traditional and emerging real estate sub-sectors

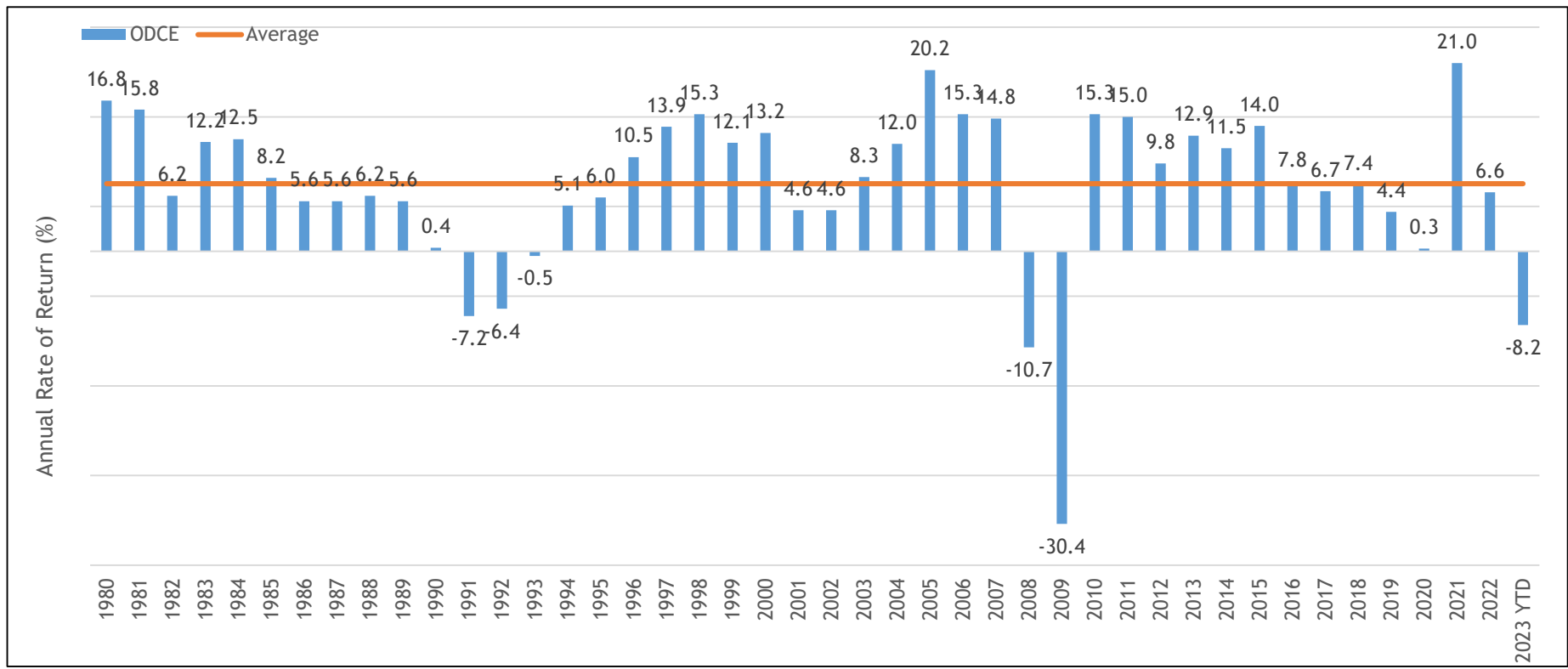
Cap Rate Impact on Real Estate

- Higher interest rates tend to put upward pressure on cap rates
- Higher cap rates create lower valuations; impact will not be uniform across property types



NCREIF Historical Returns

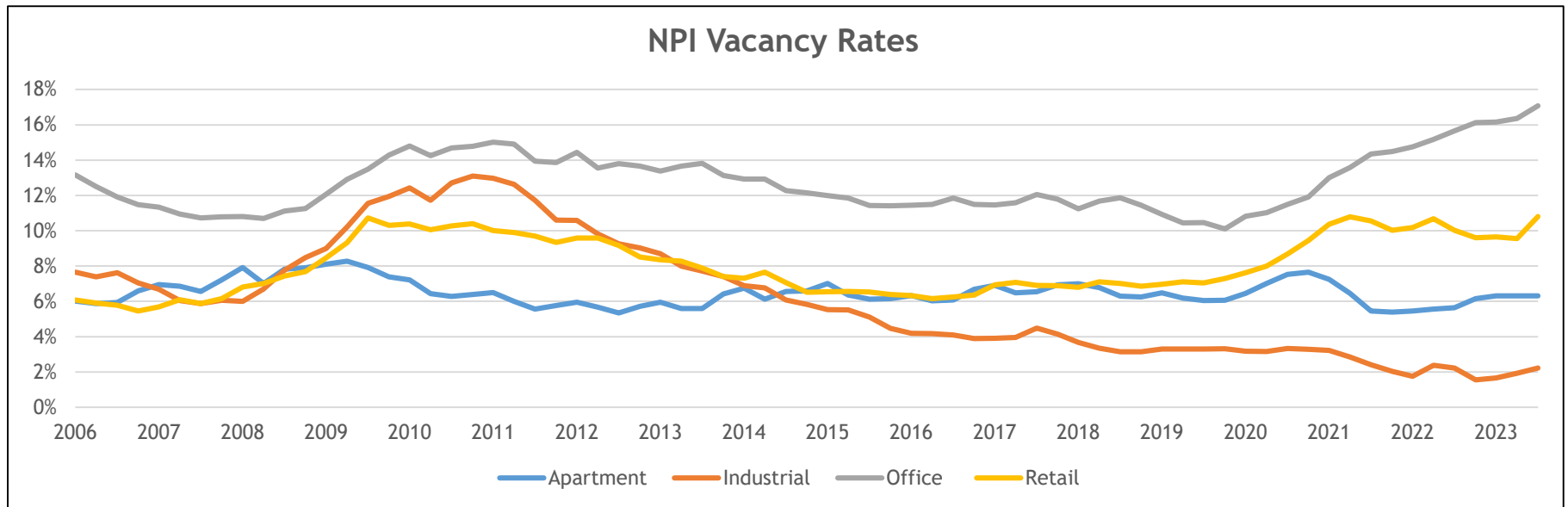
- NCREIF Core Index has returned 7.5% net since inception



Source: NCREIF, returns net of fees, as of 9/30/2023

Fundamentals Snapshot

- Office vacancy exceeding GFC levels while industrial remains near all-time lows
- Retail now presents strong return potential
- Residential thesis intact despite near-term supply surge in certain markets



Sector Dispersion

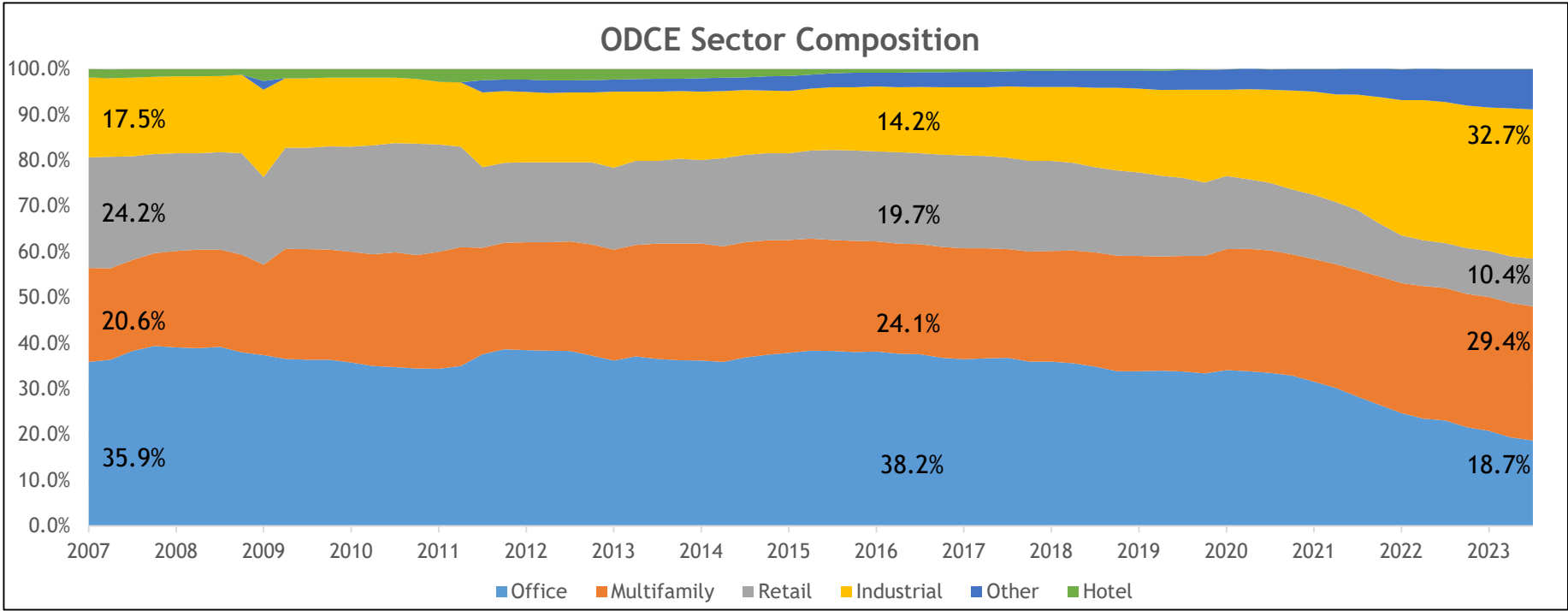
- Unique sector characteristics create relative performance variability over time; the case for diversification
 - Strong returns tend to lead to oversupply

Annual Sub-Sector Performance Illustration

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<i>Best</i>	OFF	RET	RET	APT	APT	RET	RET	IND	RET	IND	IND	IND	IND	IND	IND	IND
	IND	IND	APT	RET	IND	APT	IND	RET	IND	RET	APT	OFF	OFF	APT	APT	APT
	RET	OFF	IND	OFF	RET	IND	APT	OFF	OFF	APT	OFF	APT	APT	OFF	OFF	RET
<i>Worst</i>	APT	APT	OFF	IND	OFF	OFF	OFF	APT	APT	OFF	RET	RET	RET	RET	RET	OFF

Evolving Opportunity Set

- Rising industrial and falling office allocations
- Growing “other” category and expanded definitions for existing sub-sectors



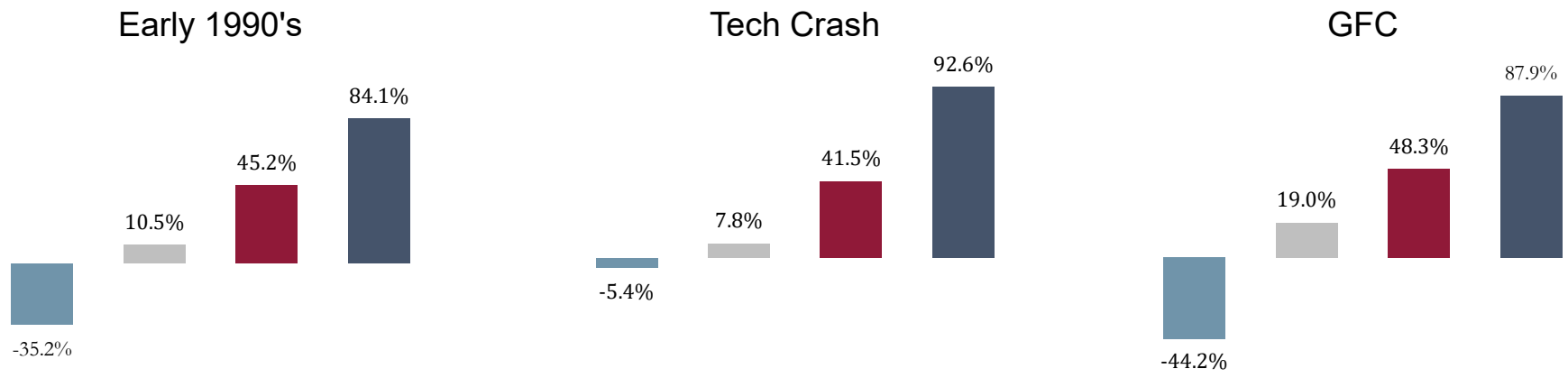
Source: NCREIF, as of 9/30/2023

Opportunities Going Forward

- Traditional sub-sectors offer interesting buying opportunities in near-term; even office will produce returns for investors...in time
- Emerging or niche sectors will continue to grow as institutional capital continues to flow into these assets
 - Investments in emerging property types require adding expertise outside of traditional property types

Core Real Estate Post- Drawdown

- Real estate returns tend to be strong following declines



- Peak-to-trough
- 1-Year cumulative return
- 3-Year cumulative return
- 5-Year cumulative return

Source: NCREIF; Peak-to-trough declines represent gross asset appreciation during the relevant time periods, cumulative returns represent net ODCE total returns during the relevant time periods
Early 1990's includes Q3 1989-Q4 1995 (Q4 1995 represents 100 in cumulative returns going forward); Tech crash includes Q1 2001-Q3 2002 and Global Financial Crisis includes Q1 2008-Q1 2010

Conclusion

- Opportunities will arise from current down cycle; both in traditional asset classes and newer sub-sectors
- Evolving work habits create headwinds for office; better space will take market share as pricing stabilizes over longer term
- Emerging property types and expanded definitions of existing property types provides additional investment opportunities for institutional investors

Biography

Peter Palandjian Chairman and CEO

Peter Palandjian, as Chief Executive Officer, oversees Intercontinental, with primary responsibility for strategic planning and direction of all company activities. Mr. Palandjian is a member of Intercontinental's Investment and Senior Management Committees. Intercontinental manages a \$13 Billion flagship vehicle, "US REIF", an open-ended real estate fund for institutional investors that is a member of NCREIF's ODCE index.



Prior to joining Intercontinental in 1993, Mr. Palandjian worked as the assistant to the CEO of Staples, Inc. and as an Associate Consultant with Bain & Company.

Mr. Palandjian holds memberships with the Pension Real Estate Association (PREA); the New England Chapter of the National Association of Industrial and Office Properties (NAIOP); [Defined Contribution Real Estate Council](#) (DCREC); and the National Association of Real Estate Investment Managers (NAREIM). Mr. Palandjian serves or has served as a board member of numerous corporate and not-for-profit organizations including: the Dana Farber Cancer Institute; O'Neill and Associates; Leader Bank; Sovereign Bank; Belmont Retirement Board; Harvard's Varsity Club; Boston Symphony Orchestra; Harvard Kennedy School of Government's Taubman Center; American Friends of Yitzhak Rabin; Fessenden School; Mikva Challenge; Children's Museum of Boston; Boys and Girls Club of Boston; International Tennis Hall of Fame; Los Angeles Alliance for a New Economy (LAANE), and the Purple Heart Service Foundation.

Mr. Palandjian was a two-time Harvard Captain and world ranked tennis player on the ATP tour. Mr. Palandjian earned his B.A. from Harvard University in 1987 and his M.B.A. from the Harvard Business School in 1993.