Real Estate Investing: An Effective Solution Amid Rising Inflation

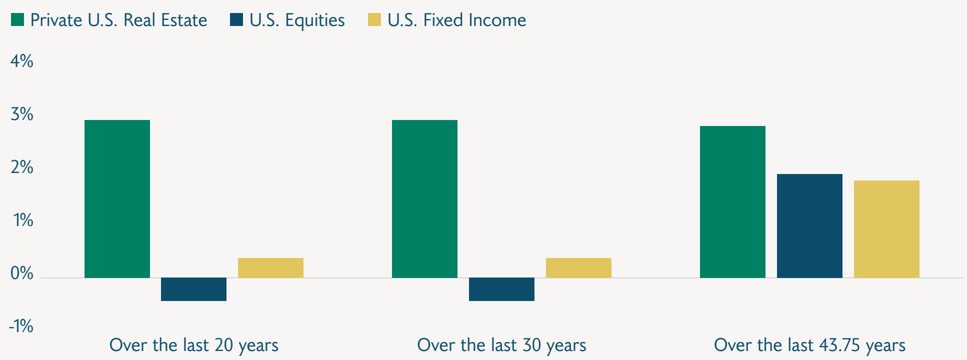
Inflation has the potential to erode investment returns and income potential, so exposure to investment strategies that can insulate portfolios is critical. One such strategy: real estate. In periods of rising inflation, we believe exposure to real estate continues to provide portfolio benefits, including the potential for attractive returns and income generation.

Attractive Returns in Inflationary Environments

In periods of higher-than-average inflation, real estate has produced attractive returns relative to stocks and bonds.

REAL ESTATE HAS GENERATED STRONG RETURNS AMID HIGH INFLATION

Average Quarterly Returns When U.S. Consumer Inflation Was Higher Than Average



As of September 30, 2021. Source: Bloomberg, National Council of Real Estate Investment Fiduciaries. Higher-than-average inflation is measured as when the year-over-year U.S. Consumer Price Index exceeded 4%. During those periods, we examined the average returns of private U.S. real estate (as measured by the NCREIF Property Index (NPI)); U.S. equities (as measured by the S&P 500 Index); and U.S. fixed income (as measured by the Bloomberg US Aggregate Bond Index). The 43.75 time period represents the number of years since the inception of the NPI. See disclosures for index definitions. **Past performance does not guarantee future results.**

TOTAL RETURN DURING PERIODS WITH THE LARGEST SPIKES IN U.S. CONSUMER INFLATION

Time Period	CPI Increase (Annualized)	Private U.S. Real Estate (Annualized)
The Late 1970s/Early 1980s (3/31/1978 - 6/30/1980)	+11.8%	+18.9%
Late 1980s/Gulf War I (12/31/1986 - 9/30/1990)	+4.9%	+7.8%
Global Health Crisis (6/30/2020 - 9/30/2021)	+5.2%	+10.2%

As of September 30, 2021. Source: Bloomberg, National Council of Real Estate Investment Fiduciaries. CPI stands for the U.S. Consumer Price Index. **Past performance does not guarantee future results.**

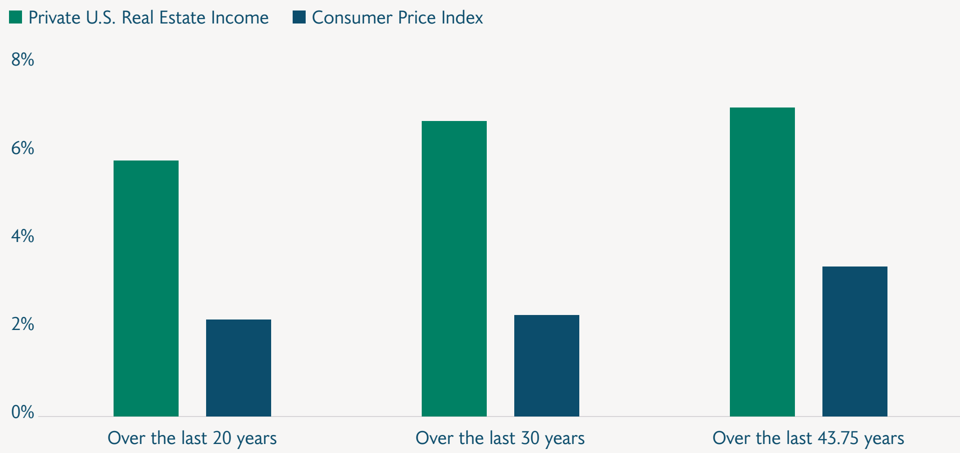
We find private real estate has produced strong absolute returns historically during the largest spikes in U.S. consumer inflation. When input costs rise for new development and construction, existing land and buildings become a more appealing alternative. Current property values are boosted as a result.

Income Growth Higher than Inflation

Real estate income growth has historically outpaced inflation. This is because the inflation escalators built into most leases allow for rent growth that keeps pace with price increases. Additionally, certain property types traditionally have shorter leases, allowing landlords to frequently reset rents in line with rising costs.

REAL ESTATE INCOME HAS OUTPACED INFLATION

Annualized Private Real Estate Income Returns vs. Inflation



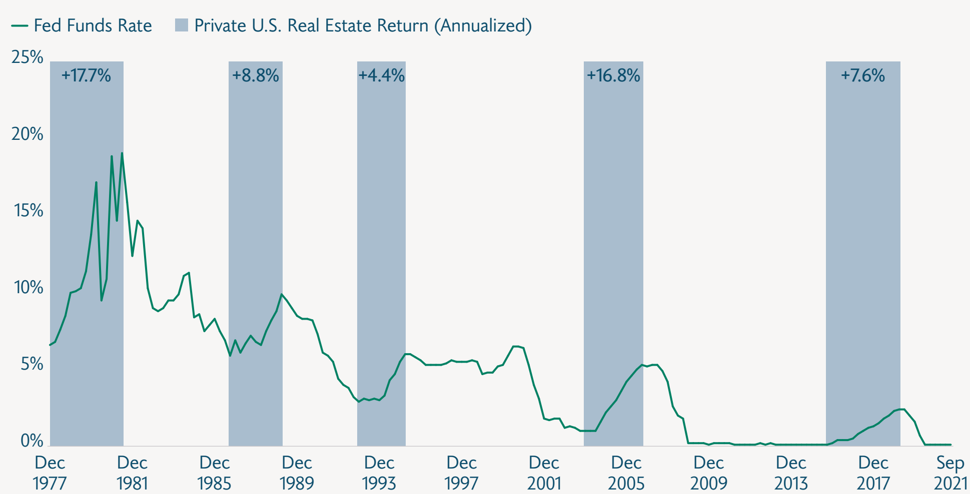
As of September 30, 2021. Source: Bureau of Economic Analysis, Green Street Advisors, U.S. Bureau of Labor Statistics. Private U.S. real estate income is represented by the income return of the NCREIF Property Index (NPI). Income Return measures the portion of total return attributable to each property's net operating income, or NOI. It is computed by dividing NOI by the average quarterly investment for the quarter. Inflation is measured by the U.S. Consumer Price Index. See the disclosures for index definitions and additional information. **Past performance does not guarantee future results.**

Returns that Can Withstand Rising Rates

Rising inflation potentially can lead to higher interest rates, as central banks tighten monetary policy in response. This is not necessarily a negative for private real estate returns. Higher interest rates can be associated with an improving economic backdrop, which tends to be positive for real estate fundamentals. Historically, we find that private real estate has produced positive returns during previous U.S. Federal Reserve tightening cycles.

REAL ESTATE RETURNS HAVE BEEN POSITIVE DURING PAST TIGHTENING CYCLES

Private U.S. Real Estate Returns During Periods of Monetary Tightening



As of September 30, 2021. Source: Bloomberg. Periods of monetary tightening are measured by increases in the federal funds rate. Private U.S. real estate income is represented by the income return of the NCREIF Property Index (NPI).

Why Brookfield Real Estate

$237 Billion
Assets Under Management

500 Million+
Square Feet of Commercial Space

24,000+
Operating Employees

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INDEX DEFINITIONS

The Bloomberg US Aggregate Bond Index is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States.

The NCREIF Property Index (NPI) is an index of quarterly returns reported by institutional investors on investment-grade commercial properties owned by those investors and is not a measure of non-listed REIT performance. Brookfield REIT is a non-listed REIT that will invest its portfolio in commercial-grade properties as well as in real estate-related securities. The NCREIF Property Index is based on appraisals and is calculated before the effects of leverage. Brookfield REIT uses appraisals in its calculation of NAV, which is not based on a public market, and will employ leverage. The NCREIF Property Index does not reflect the impact of transaction costs, management and other investment-entity fees and expenses or the costs associated with raising capital or being a public company, which lower returns. Brookfield REIT is a public company with an external advisor conducting a perpetual offering and will incur the aforementioned costs. Its shares should be considered as having limited liquidity and may be illiquid.

The S&P 500 Index is an equity index of 500 widely held, large-capitalization U.S. companies.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas from the U.S. Bureau of Labor Statistics.

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