ATTACHMENT 1

TOWNSEND® GROUP
an Aon company

Toronto Investment Board
Real Estate Update Q1 2021

Real Estate Risk Profile

- Real estate can be accessed at different points across the risk/return spectrum.

	CORE	CORE PLUS	VALUE-ADD	OPPORTUNISTIC
Property Lifecycle	Stabilized, income producing assets; generally over 80% occupied	Very moderate amounts of vacancy, near-term lease rollover, or renovation required	Significant vacancy, near-term lease rollover, or renovation/ repositioning	All stages, including speculative development
Leverage	Debt is generally less than 40% of gross asset value	Debt is typically 30% to 50% of gross asset value	Debt is typically 50% to 65% of gross asset value	Debt is typically 50% to 65% of gross asset value; may be higher
Property Types	Concentrated in "primary" property-types (office, industrial, retail, apartment)	Primary property-types as well as medical office, self storage, senior housing, student housing	Primary and other property types. May access assets by first investing in the debt to gain control	All property types, including land. Includes a wide range of debt investments (e.g., non-performing loans)
Locations	Focused on strong locations in developed markets	Focused on strong locations in developed markets	Primarily developed markets	Developed and emerging markets
10 Year Return Assumption (net)	6-8%	8-9%	9-12%	12+%
Total Fee Load	90-110 bps	110-150bps	200-350bps	300-500bps

Total Fee Loads are based on the average fee load by risk sector based on Townsend's database and proprietary fee models

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Real Estate Risk Profile

- Different strategies expose investors to different risk profiles.

<table>
<tr><th></th><th>Core</th><th>Core Plus</th><th>Value-Add</th><th>Opportunistic</th></tr>
<tr><td>Market Risk</td><td colspan="4">All strategies are exposed to market risk (supply and demand). Risk tends to be greater for value-add and opportunistic strategies because (i) riskier markets may be involved and (ii) near-term income does not provide a degree of insulation.</td></tr>
<tr><td>Operating Risk</td><td colspan="4">Core properties require maintenance, but relatively low levels of active management. Higher risk strategies require more intense operations (management of development, re-development, leasing, etc.). Execution risk can be controlled through careful manager selection.</td></tr>
<tr><td>Capital Structure Risk</td><td colspan="4">In real estate, low levels of leverage are generally used for lower risk investments. As a result, leverage of core assets increases volatility slightly but does not introduce a significant risk of loss. Higher levels of leverage tend to be used for non-core investments. This results in both (i) greater volatility and (ii) a risk of loss (as a result of covenant breaches, an inability to refinance an asset following a correction, or an inability to refinance an asset due to unsuccessful execution of a strategy). Guarantees and cross collateralization, if used, increase risk substantially. Capital structure risk can be controlled to a large degree by skilled managers.</td></tr>
<tr><td>Currency Risk</td><td colspan="4">All real estate investments made to foreign countries carry currency risk. Higher return and thus higher risk strategies in foreign markets may have their returns eroded by adverse movements in exchange rates. Hedging real estate investments should follow the hedging policy of the Plan. The cost of hedging should to be factored into the investment decision.</td></tr>
<tr><td>Tax</td><td colspan="4">Tax implications need to be considered by each investor when making a global real estate investment. The selection of i) core or non-core, ii) location of the investment, and iii) investment vehicle will have an impact on overall tax leakage. Tax advice is essential before investing.</td></tr>
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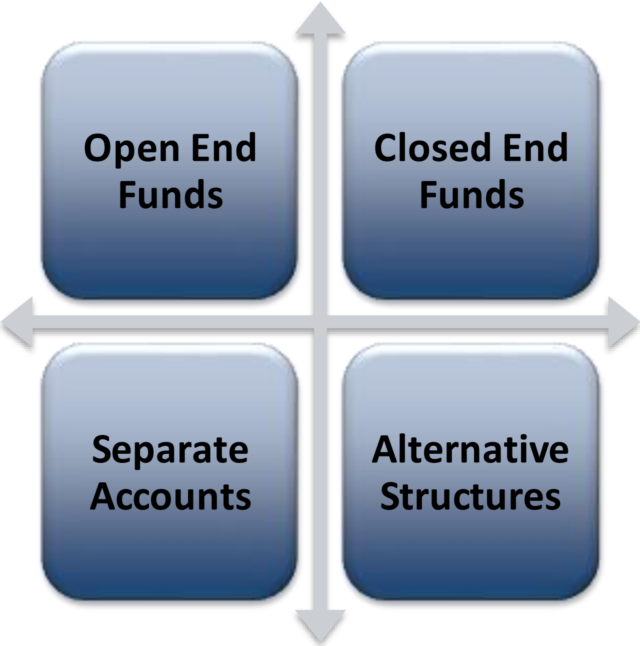
Real Estate Access

- How do investors access real estate



Real Estate Investment Vehicle Structures

- Real estate can be accessed through various investment vehicle structures.

Vehicle	Suitability	Pros	Cons
Separate Accounts	• Core Real Estate Investments • Enhanced Return Real Estate Investments	• Control over strategy, investments, terms and conditions • Liquidity, subject to market conditions • Transparency • Lower fees and can be structured • Alignment of interests	• Less diversification • Manager concentration • Administrative resources • Less immediate access • Investment rotations
Open-End Pooled Funds	• Core Real Estate Investments • Core Plus Real Estate Investments • Value Add/Enhanced Return Real Estate Investments	• Immediate exposure • Superior diversification • Liquidity, subject to investor governance and market conditions • Transparency • Access to broad area of property types	• Limited to few investment strategies • Little control over terms and strategy • Fees often higher than separate accounts • Less alignment of interests
Closed-End Pooled Funds	• Value Add/Enhanced Return Real Estate Investments • Opportunistic/High Return Real Estate Investments	• Greatest number of investment strategies • Improved diversification • Diversification by strategy and manager • Alignment of interests • Often exclusivity	• Least control • Least liquidity • Reduced transparency • Higher fees • Little control over terms and strategy
Alternatives (e.g., joint ventures, portfolio acquisitions, entity investments)	• Core Real Estate Investments • Value Add/Enhanced Return Real Estate Investments • Opportunistic/High Return Real Estate Investments	• Ability to be tactical • Access to unique opportunities • Capitalize on competitive advantages • Ability to drive terms	• Require structuring expertise • Management oversight • Concentrated risk