



**hazelview**  
INVESTMENTS

# Q2 2022

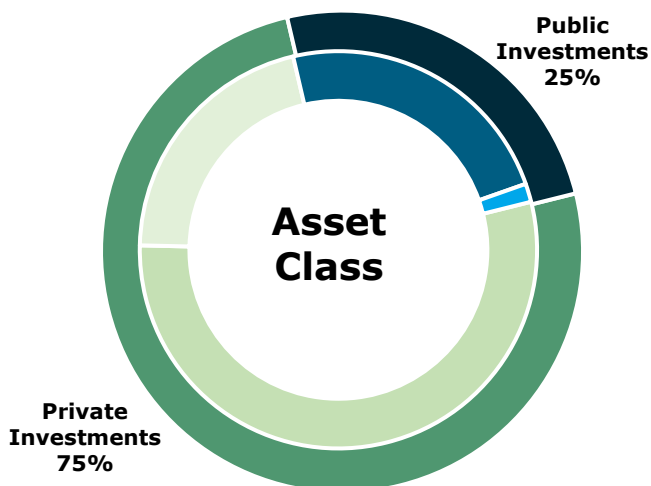
**Four Quadrant Global Real Estate Partners  
Investor Update**

# Q2 Highlights

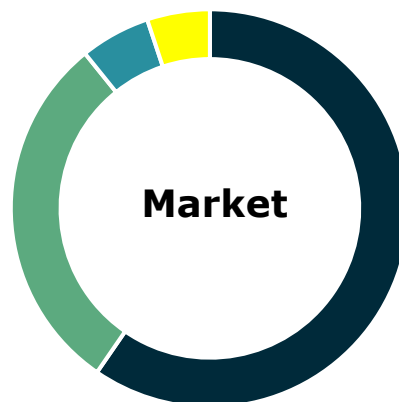
## Performance<sup>1</sup>

QTD	YTD	Since Inception <sup>2</sup>	
		Ann. Return	Ann. Yield
-1.9%	-1.4%	9.0%	6.2%

## Diversification<sup>3</sup>



- Private Equity: 54.3%
- Private Debt: 21.0%
- Public Equity: 23.3%
- Public Debt: 1.4%



- Canada: 59.6%
- United States: 29.6%
- Europe: 5.7%
- Asia-Pacific: 5.1%



- Multifamily: 24.1%
- Industrial: 10.6%
- Diversified: 9.0%
- Low-Rise Office: 9.0%
- Life Science and R&D: 8.3%
- Residential: 6.8%
- Mixed-Use: 6.1%
- Open Air Grocery Anchored Centre: 5.8%
- High-Rise Office: 4.8%
- Technology REITs: 4.3%
- Hotel: 2.6%
- Healthcare: 2.4%
- Mortgage REITs: 1.9%
- Self Storage: 1.8%
- Agriculture: 1.6%
- Single Family Rental / MHC: 1.5%
- Other: 1.2%

**Activity** 15 New / 18 Exited

1. Net of accrued management and performance fees and all fund expenses. Returns greater than 1 year are annualized. Based on net fund level returns of the Partnership. As of June 30, 2022.  
 2. Inception date November 30, 2011. 3. Portfolio Allocations are calculated based on the Partnership's portfolio value excluding cash and cash equivalents. Aggregate of all other exposures

# Impacts of Rising Rates

## Private Equity

- Value-add strategy mitigates risk of repricing
- **~45% fixed debt** with weighted avg maturity of 6 years and 93% secured by income producing properties (“IPP”)
- **~55% floating debt:**
  - 40% secured by IPP, 60% expected to roll off in next 12 months
  - 20% on entitlement strategies
  - 40% on construction where 50% of projects are complete or near complete and will roll-off

## Private Debt

- Comprised of **short-duration loans** that are **not marked to market**
- Primarily **secured by IPP**
- **55% variable rate / 45% fixed rate**
- New debt investments structured according to prevailing market conditions

## Public Equity

- Pricing typically impacted when central banks begin talks of rates hikes
- Market currently pricing in total increase of 3-3.5

## Public Debt

- Commercial MREITs:
  - excess distributable income, to cover dividend
  - Rising credit spread makes new loans more attractive to underwrite
- European bonds:
  - ECB less aggressive than U.S. Fed
  - High single digit coupon reduces duration and interest rate sensitivity

# Public Equity

40 Investments  
\$346M Quadrant AUM

<b>Market</b>	United States	62.6%
	Asia-Pacific	21.8%
	Europe	11.9%
	Canada	3.3%
<b>Sectors</b>	Industrial	20.8%
	Technology REITs	10.3%
	Multifamily	8.9%
	Diversified	7.5%
	Low-Rise Office	7.0%



Welltower, U.S.



Essex Property Trust, U.S.



Mitsui Fudosan Co, Japan

# The Opportunity



1. FTSE EPRA/NAREIT Global Local Return Index as of Q2 2006 to June 30, 2022. 2. GREFI All Funds Local Return Index, data as of Q2, 2006 to March 31, 2022. June 30 data was not available.

# Are we heading into a recession?

- Is a recession coming sooner, or we are already in one
- Start from a quarterly negative real GDP print
- 10 initial negative GDP prints -> 7 recessions

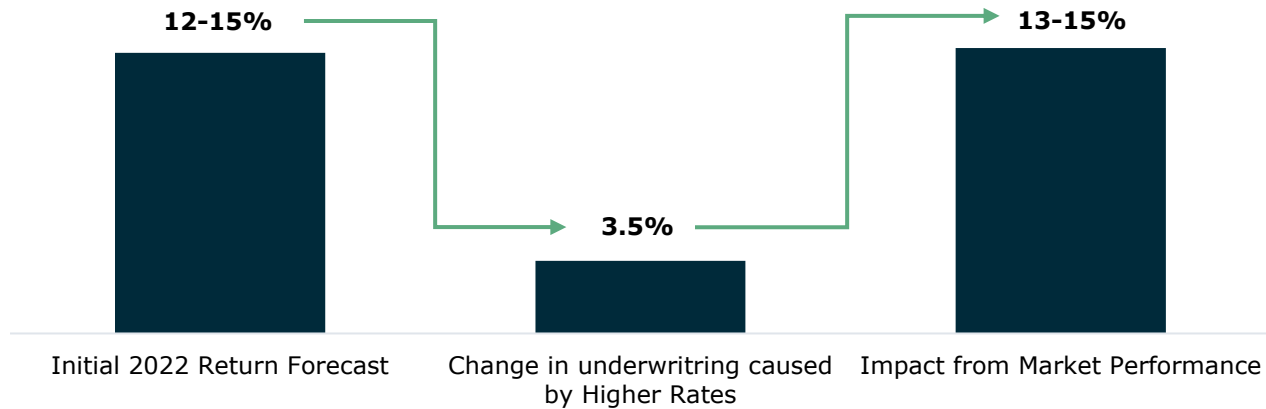
Start	Event	U.S. Equities								U.S. REITs							
		T-6M (%)	T-3M (%)	T+3M (%)	T+6M (%)	T+9M (%)	T+12M (%)	T+24M (%)	T+36M (%)	T-6M (%)	T-3M (%)	T+3M (%)	T+6M (%)	T+9M (%)	T+12M (%)	T+24M (%)	T+36M (%)
09/30/1973	Neg. GDP -> Recession	-0.9	4.9	-8.9	-11.8	-19.5	-47.1	-11.8	15.9	-0.1	5.3	-13.3	-6.6	-17.6	-33.2	-18.3	12.5
06/30/1980	Neg. GDP -> Recession	9.4	12.9	10.9	20.6	22.1	19.8	8.0	57.7	11.7	18.8	13.0	20.5	29.0	36.3	29.3	78.2
06/30/1981	Neg. GDP -> Recession	-0.8	-2.3	-10.5	-3.5	-11.0	-11.9	37.8	33.4	15.8	7.3	-12.8	2.3	-5.2	-7.1	41.9	54.9
12/31/1990	Neg. GDP -> Recession	-5.4	8.8	13.9	13.9	19.2	28.0	35.6	45.4	-10.3	8.7	22.0	24.9	34.6	48.4	70.4	91.4
03/31/2001	Neg. GDP -> Recession	-19.7	-11.9	6.0	-9.3	1.1	1.5	-24.8	6.2	5.0	-0.6	11.7	5.7	11.2	19.9	14.5	58.2
<b>03/31/2008</b>	<b>Neg. GDP -&gt; Recession</b>	<b>-12.9</b>	<b>-9.7</b>	<b>-2.3</b>	<b>-10.6</b>	<b>-33.5</b>	<b>-43.8</b>	<b>-1.9</b>	<b>14.2</b>	<b>-11.6</b>	<b>1.6</b>	<b>-4.8</b>	<b>-0.3</b>	<b>-39.4</b>	<b>-75.0</b>	<b>6.8</b>	<b>29.9</b>
03/31/2011	Neg. GDP-> No Recession	16.3	5.8	0.2	-14.3	-2.6	9.5	23.1	43.5	13.9	6.2	3.7	-11.6	3.6	14.3	28.6	34.3
09/30/2011	Neg. GDP-> No Recession	-14.3	-14.5	11.7	23.8	21.3	27.5	45.7	64.2	-11.6	-15.3	15.2	25.9	29.7	29.9	36.5	49.7
03/31/2014	Neg. GDP-> No Recession	12.1	2.0	5.2	6.4	11.2	12.4	15.1	31.2	9.4	9.9	6.8	3.8	17.7	22.6	27.9	30.8
03/31/2020	Neg. GDP -> Recession	-11.8	-20.6	19.6	28.6	40.7	46.8	62.3	-	-31.5	-30.6	11.4	12.4	25.4	34.8	58.9	-
03/31/2022	Neg. GDP -> ?	6.3	-4.5	-17.7	-	-	-	-	-	12.0	-3.7	-22.0	-	-	-	-	-
Average	<b>All</b>	-2.0	-2.6	2.5	4.4	4.9	4.3	18.9	34.6	0.3	0.7	2.8	7.7	8.9	9.1	29.6	48.9
	<b>Neg. GDP-&gt;No Recession</b>	4.7	-2.2	5.7	5.3	10.0	16.5	28.0	46.3	3.9	0.3	8.6	6.0	17.0	22.3	31.0	38.2
	<b>Neg. GDP -&gt;Recession</b>	-6.0	-2.5	4.1	4.0	2.8	-0.9	<b>15.0</b>	<b>28.8</b>	-3.0	1.5	3.9	8.4	5.4	3.4	<b>29.1</b>	<b>54.2</b>
	<b>Neg. GDP -&gt;Recession (ex-GFC)</b>	-4.9	-1.4	5.2	6.4	8.8	6.2	<b>17.9</b>	<b>31.7</b>	-1.6	1.5	5.4	9.9	12.9	16.5	<b>32.8</b>	<b>59.0</b>

# Outlook

- Recession or not - most likely path forward are double digital returns over the next 12 months

Higher interest rates offset by decline in market therefore continue to target 13% to 15% annualized return over the next two years.

## Impact of Higher Interest Rates on Expected Returns



# Private Equity

**55 Investments**  
**\$807M Quadrant AUM**

<b>Markets</b>	Canada	77.6%
	United States	21.2%
	Italy	0.7%
	Japan	0.5%

<b>Sectors</b>	Multifamily	28.2%
	Low-Rise Office	13.6%
	Life Science	13.4%
	Residential	10.9%
	Mixed-Use	7.5%



2131 Yonge Street, Toronto



Yonge Street and Elm Street , Toronto



Bloor & Dufferin, Toronto



# Q2 Acquisitions

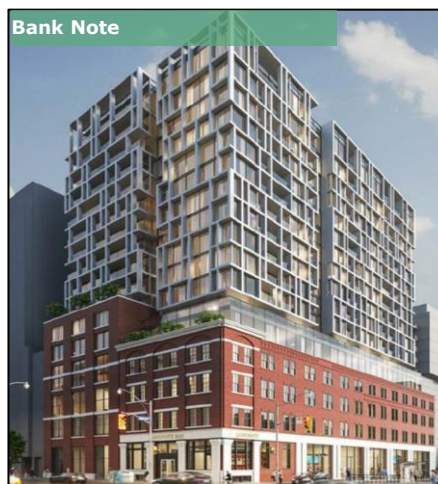
Asset <sup>1</sup>	Location	Property Type	Purchase Price <sup>1</sup>	4Q Equity	Purchase Date
Heartland Portfolio	Saskatoon & Regina, SK	Multi-Residential	\$207.0M	\$24.0M	May
399 Yonge	Toronto, ON	Residential	\$63.0M	\$8.6M	May
MRV Addition: Augustana	Edmonton, AB	Multi-Residential	\$90.0M	\$4.1M	May
Citigate	Ottawa, ON	Retail	\$61.7M	\$7.8M	June
Wilson Commons	Ancaster, ON	Retail	\$56.7M	\$13.7M	June



<sup>1</sup>Excludes land transfer tax and closing costs; <sup>2</sup>Includes estimated sale of townhomes that remain in the portfolio

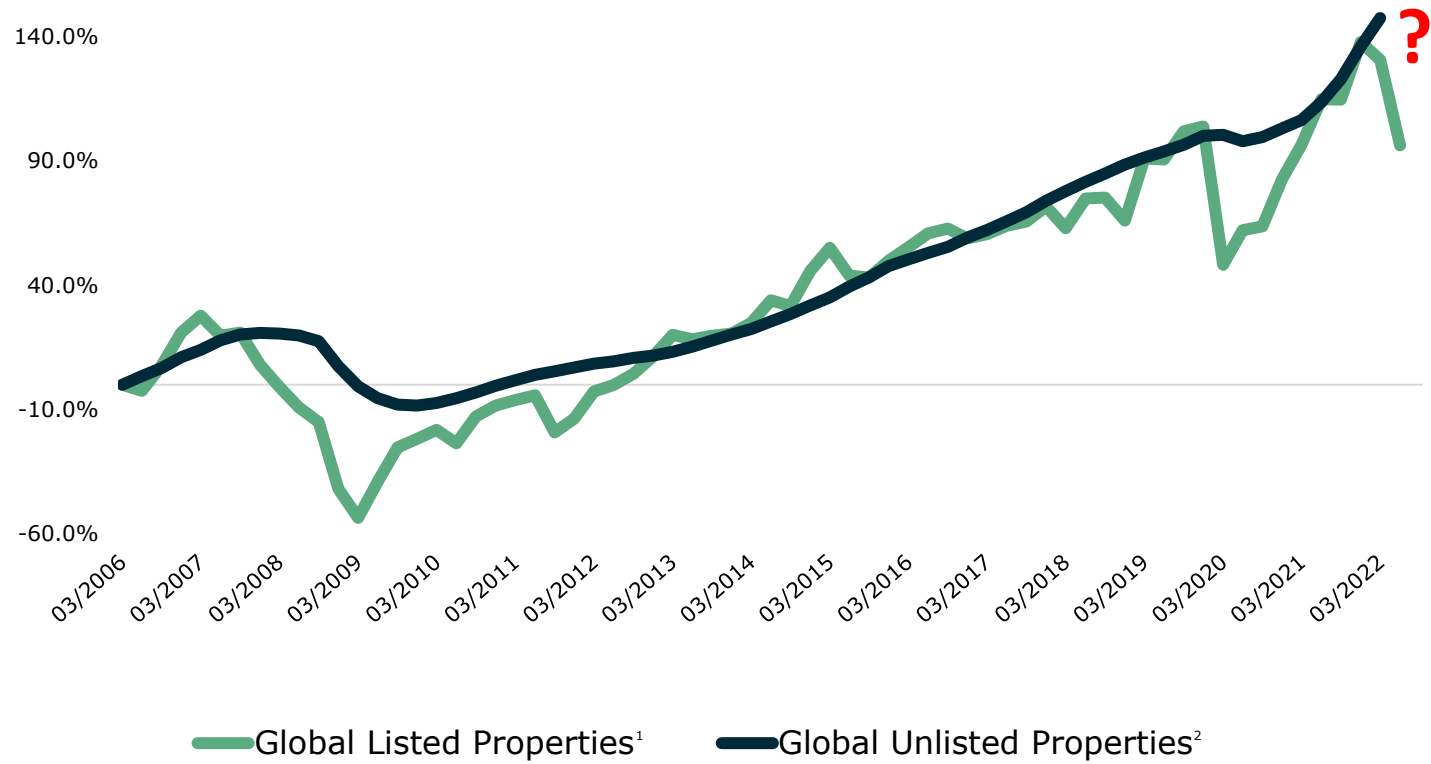
# Q2 Dispositions

Asset <sup>1</sup>	Location	Property Type	Purchase Price	Purchase Date	Sale Price	Hold Period
647-663 King St W	Toronto, ON	Mixed Use	\$68.5M	May 2017	\$79.0M <sup>2</sup>	20 months
Blue Oaks	Rocklin, California	Retail	\$19.2M	May 2017	\$26.5M	60 months
4Q Commercial: 10 Milner	Scarborough, ON	Office	\$13.5M	Aug 2018	\$18.6M	22 months



<sup>1</sup>Excludes land transfer tax and closing costs; <sup>2</sup>Includes estimated sale of townhomes that remain in the portfolio

# Private Market Outlook



1. FTSE EPRA/NAREIT Global Local Return Index as of Q2 2006 to June 30, 2022. 2. GREFI All Funds Local Return Index, data as of Q2, 2006 to March 31, 2022. June 30 data was not available.

# Resiliency of the Value-Add Strategy



# Milvan

Industrial, GTA

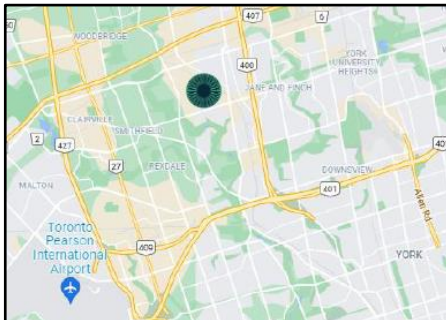
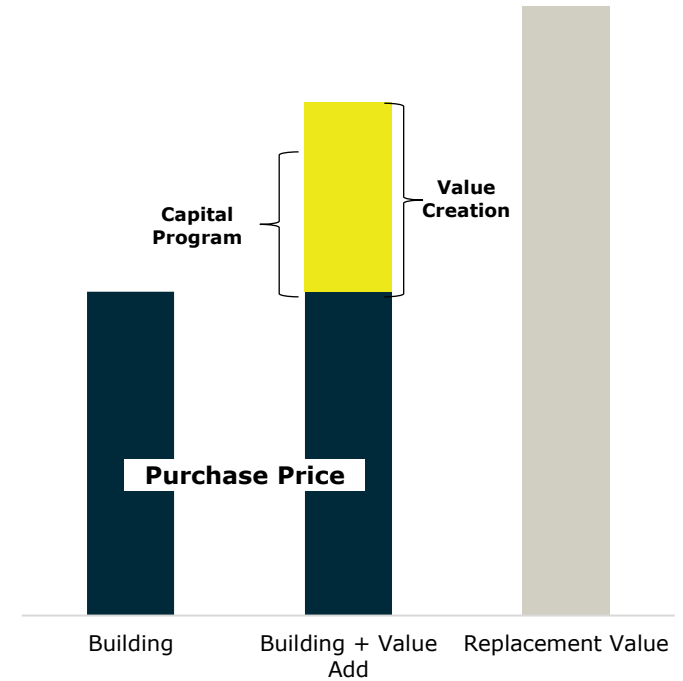
**LOCATION** Direct access to Hwy 400/401/407 and Toronto Pearson International Airport

**Product** Modernize through investments in the roof, façade, glazing, landscaping, HVAC, walls and flooring

**Leasing** Vacant space to be fully leased

Renovation will allow for adaptability for single use or multiple tenants

Underwriting focused on achieving current market rents



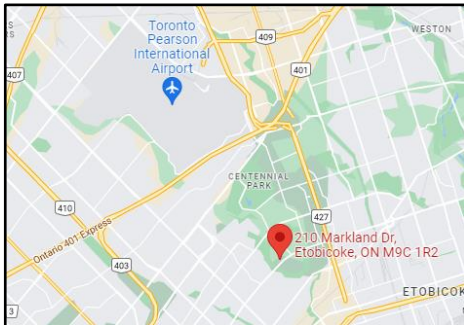
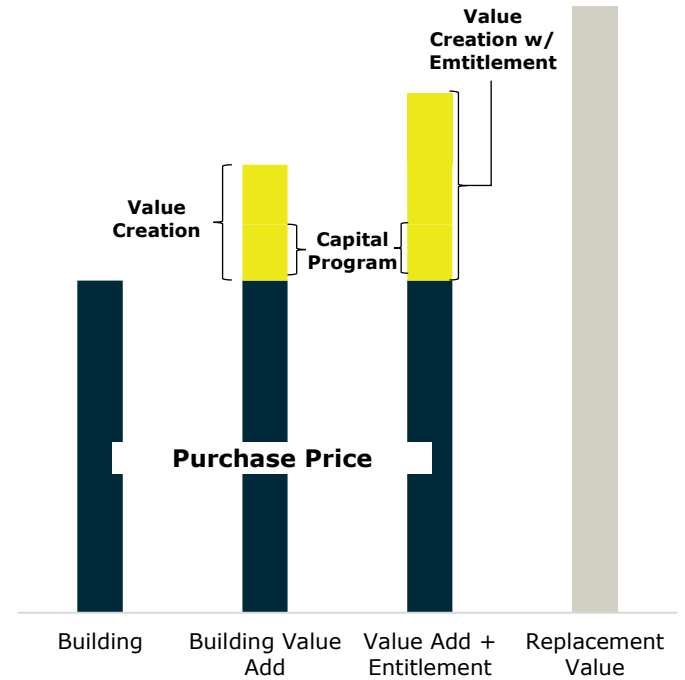
# Markland

Multi-Residential, GTA

**LOCATION** Located in close proximity to major highway corridors, downtown Toronto and local lifestyle amenities

**Product** Replacing roof, windows, balconies and upgrading electrical systems, plumbing, fire & safety, elevators, landscaping

**Entitlement** Rezone property to permit the development of 275 new rental units and exit property 'shovel-ready' avoiding development risk



# Private Debt

41 Investments  
\$312M Quadrant AUM

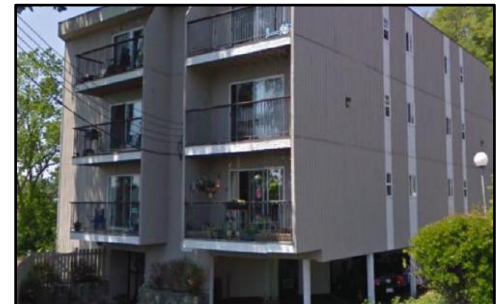
<b>Markets</b>	Canada	79.2%
	United States	14.6%
	Ireland	6.2%
<b>Sectors</b>	Multifamily	32.1%
	Diversified	13.1%
	High-Rise Office	11.6%
	Industrial	10.1%
	Mixed-Used	9.8%



33-39 Davies Avenue, ON



531 West Bay Terrace, BC



219 Washington Avenue, BC

# Recent Transactions

Asset	Location	Loan Type	Security	Term
1265 Cadero Street	British Columbia	First Mortgage	Mixed-Use	24 months
Centre de Distribution Transrapide Inc	Quebec	Second Mortgage	Industrial	31 months
1903 Bayview	Ontario	First mortgage	Multi-residential	24 months
Bonnis West	British Columbia	First mortgage	Retail	24 months
U.S. Multi-Family 1	U.S.	First mortgage	Multi-residential	12 months
U.S. Multi-Family 1	U.S.	First Mortgage	Multi-residential	12 months
1600 Lauzon Road	Ontario	First mortgage	Multi-residential	24 months





# Public Debt

## 4 Investments \$21M Quadrant AUM

<b>Markets</b>	Germany	49.6%
	United States	32.3%
	Norway	18.0%
<b>Sectors</b>	Diversified	49.7%
	Mortgage REITs	32.3%
	Specialty/Triple Net Lease	18.0%



Pioneer Property Group, Norway



ERWE Immobilien, Germany



Obotritia Capital, Germany

# Summary

- Fund positioned well to mitigate against impacts of rising rates
- Strong upside expected in the Public Real Estate markets
  - REITs trading at significant discounts to conservatively underwritten implied values - expected to be closed through private market interest
- Resiliency of Private Equity investments
  - Focusing on a value-add strategy with less reliance on market growth or cap rate movements
- Possibilities to capitalize on shift in Private Debt landscape
  - Variable rate debt expected to insulate Fund against rising rates
  - Lengthier approval processes amongst traditional lenders may presenting higher quality lending opportunities

Q&A



Thank you

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