



**hazelview**  
INVESTMENTS

# Q2 2024

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

July 24, 2024



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# Agenda

**Q2 Recap**

**Private Equity**

**Private Debt**

**Public Equity**

**Public Debt**

# Q2 Recap

Operational improvements driving NOI growth and steady income

Continued execution of development initiatives and value-add programs

REIT fundamentals remain attractive, with macro environment indicating a potential inflection point

Valuation headwinds within office as appraisers adjust cap rates based on sentiment



# Fund Performance

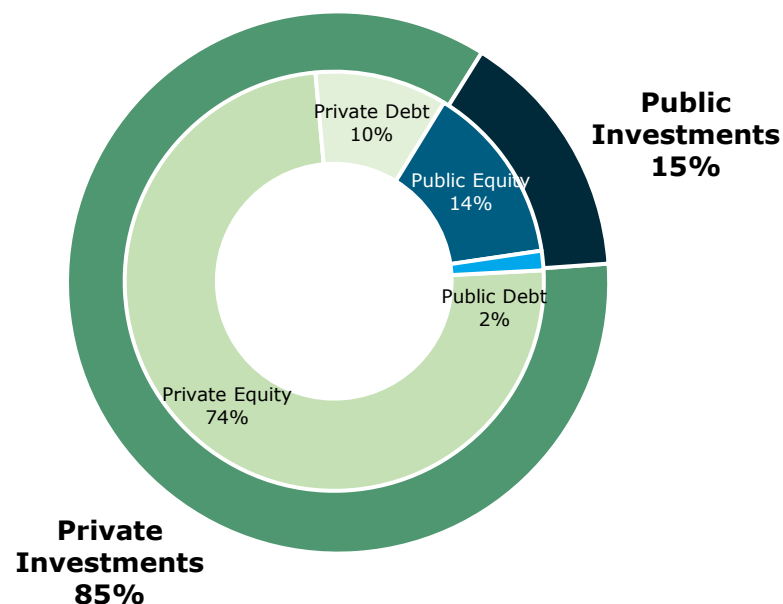
## Performance<sup>1</sup>

QTD	Since Inception <sup>2</sup> Annualized Net Return
-6.4%	6.6%

## Attributions by Quadrant

Quadrant	Q2 Gross Returns <sup>3</sup>	% Allocation
Private Equity	-6.3%	74.4%
Private Debt	2.6%	10.2%
Public Equity	-0.3%	13.9%
Public Debt	38.1%	1.5%

## Quadrant Allocations



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, 2024.

2. Inception date November 30, 2011.

3. Estimated gross return assuming each quadrant is a stand-alone entity with no surplus cash. Returns are presented in CAD, inclusive of FX impact for foreign assets and exclusive of any FX hedging, which is done at the fund level. As of June 30, 2024.



# Private Equity

# Private Equity

## 56 Investments \$903M Quadrant AUM

<b>Markets</b>	Canada	84.8%
	United States	13.9%
	Japan	0.7%
	Italy	0.6%

<b>Top Sectors</b>	Multifamily	38.6%
	Residential	12.5%
	Low-Rise Office	11.0%
	Life Science	9.4%
	Industrial	6.6%



T3, Canada



Guildwood/Kingston, Canada



IQHQ, United States



# Q2 Highlights: Contributors to Performance

## Investments



Industrial Assets



Avalon



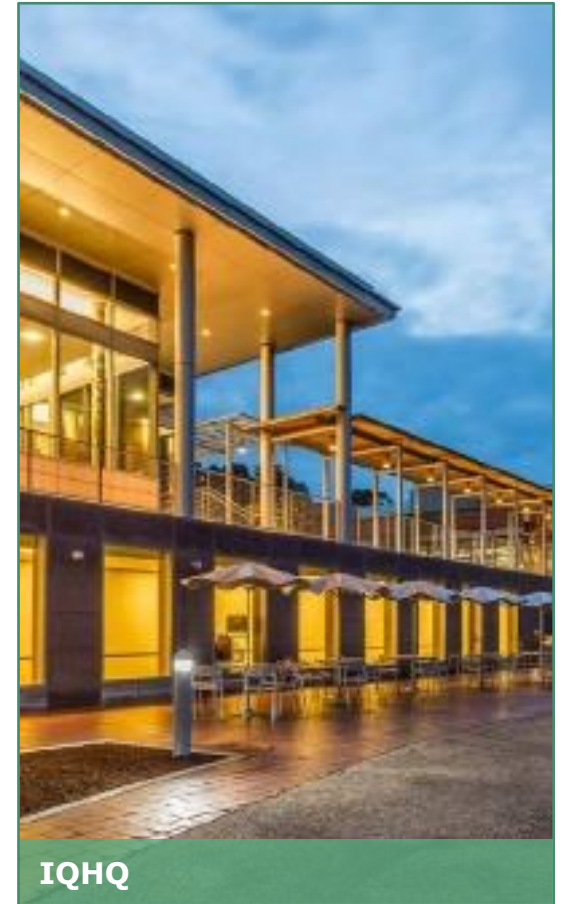
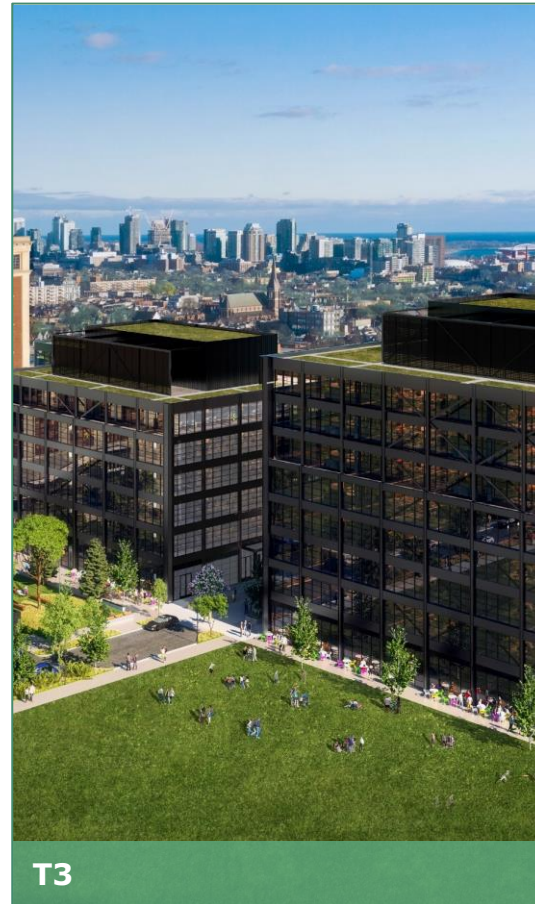
8 Elm



# Q2 Highlights:

## Detractors from Performance

### Investments



# Our Continued Priorities

## Focus on execution of our asset management plans:

- Continue to drive NOI growth across the portfolio
- Continue to execute on our development projects
- Complete the remaining entitlement and value add projects
- Source liquidity to surface value creation upon completion

**McCallum and Spencer**



**Middlefield**



**Millenium Tower**



# Notable Private Investments

Description	Country	Sector	% NAV
Toronto Office - T3	Canada	Low-Rise Office	7.4%
Canadian Apartment Portfolio – MR5	Canada	Multifamily	6.0%
San Jose Office – Murphy Crossing	United States	Life Science and R&D	5.4%
Saskatchewan Apartment Portfolio - Heartland	Canada	Multifamily	5.0%
Toronto Mixed Use - Guildwood & Kingston	Canada	Multifamily	4.1%
Langford Multifamily - McCallum & Spencer	Canada	Multifamily	3.7%
Ottawa Apartment - Rideau	Canada	Multifamily	3.6%
Toronto Mixed-Use - Yonge & Elm	Canada	Residential	3.5%
GTA Mixed Use - Wynn	Canada	Diversified	3.2%
Calgary Office - Millennium Tower	Canada	High-Rise Office	3.2%



# Toronto Office - T3 Hines

## Low-Rise Office

### Asset Description

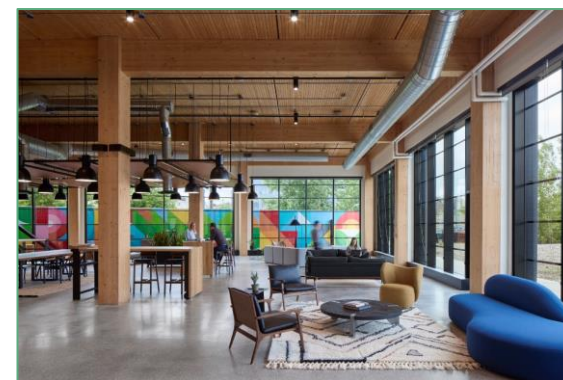
- 2.73-acre office development nestled in the vibrant Junction Triangle, a prime submarket in Toronto, Ontario. This strategically positioned site enjoys easy access to rapid transit networks and a wealth of nearby amenities, enhancing its appeal to businesses and employees.

### Investment Strategy

- The site was acquired with entitlement for three office buildings totaling 425,000 square feet, to be constructed using T3 timber-construction technology.

### Notable Updates

- The Asset achieved substantial completion of Phase I, which totals 300,000sf in Q1-2024, with make-ready work ongoing for 40,000sf, to ease leasing efforts.
- Binding commitments to lease have been signed on ~9,500sf of office gross leasable area at or above underwritten rents.



<b>Location</b>	Toronto, Ontario
<b>Purchase Price<sup>1</sup></b>	\$27.0M
<b>Purchase Date</b>	February 2019
<b>Investment Timeframe</b>	60 Months

<sup>1</sup>Exclusive of closing costs.

# Canadian Apartment Portfolio – MR5

## Multi-Family

### Asset Description

- A diversified pool of 30 Multi-Family assets, comprising of 2,742 doors located in Toronto, Halifax, Montreal, Windsor and Edmonton.

### Investment Strategy

- Acquire undervalued or mismanaged properties, drive NOI growth through common area enhancement and in-suite renovation to bridge the gap to market rents while pursuing strategic densifications.

### Notable Updates

- Refinancing of four assets is expected to fund in Q3 2024 and will decrease the Portfolio's weighted average interest rate to approximately 5.4%.
- Portfolio NOI increased by 3.50% in first 6 months for 2024.
- Submissions for additional density approx 2.8 GFA are in various stages of completion.

<b>Location</b>	Various
<b>Capital Allocation</b>	\$55.0M
<b>Purchase Date</b>	December 2019
<b>Investment Timeframe</b>	84 Months



# San Jose Office – Murphy Crossing

## Life Science and R&D

### Asset Description

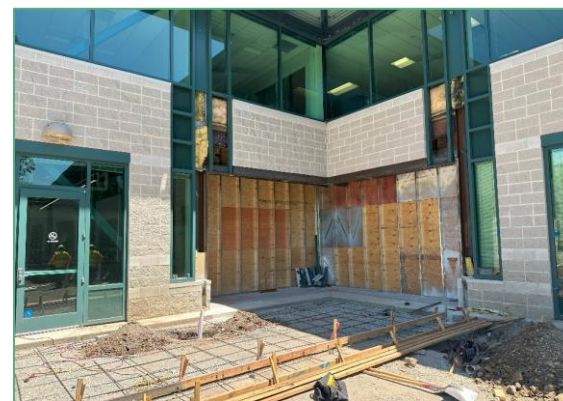
- Class A R&D/Office building complex located on a 20.5 acre site in Milpitas, California.

### Investment Strategy

- The investment thesis revolves around acquiring the Asset at an appealing valuation of \$358 per square foot, coupled with the prospect of yielding a robust annual cash yield on equity greater than 10%.

### Notable Updates

- The currently vacant unit representing ~20% of gross leasable area is undergoing make-ready work to reposition the space as well-amenitized office space, in line with local tenant demand.
- R&D/Flex office space continues to outperform traditional office space with market vacancy of 12.5% in Q1-2024 vs. 25.1%, respectively.



<b>Location</b>	Milpitas, California
<b>Purchase Price<sup>1</sup></b>	\$130M
<b>Purchase Date</b>	February 2020
<b>Investment Timeframe</b>	60 - 84 Months

<sup>1</sup>Exclusive of closing costs.



# Saskatchewan Apartment Portfolio

## Multi-Family

### Asset Description

- The portfolio comprises 14 multi-residential properties, totaling 1,076 units, strategically situated in Saskatoon and Regina, Saskatchewan.

### Investment Strategy

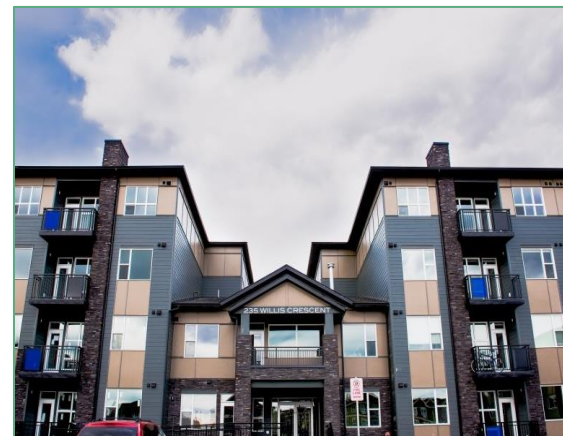
- Increase operational efficiencies, enhance in-suite offerings, implement energy retrofits, and optimize financing to capitalize on CMHC rates, fostering rental growth and lowering operating costs.

### Notable Updates

- The Portfolio is currently ~97.9% occupied, with rent-ready vacancy as low as 1.5%. Initial occupancy at the time of acquisition was 93.3%.
- Achieved asking rent growth of 11.0% in 2023, above the underwritten assumption.
- While turnover slowed relative to previous years, Hazelview achieved renewal increases of 7.0% and increased renewal to 10% this year.

<b>Location</b>	Saskatoon, Regina
<b>Purchase Price<sup>1</sup></b>	\$207.0M
<b>Purchase Date</b>	April 2022
<b>Investment Timeframe</b>	60 Months

<sup>1</sup>Exclusive of closing costs.



# Guildwood & Kingston

## Multi-Family

### Asset Description

- 3.9-acre mixed-use development site located near the intersection of Guildwood Parkway & Kingston Road in Scarborough.

### Investment Strategy

- Unlocking value through entitlement, capitalizing on demand supply imbalances in the current residential market.

### Notable Updates

- Successfully entitled the Site for 958,000 SF of density compared to an initial underwriting of 680,000 SF in 2023.
- To maximize liquidity and optionality, we are preparing to submit a Plan of Sub-Division to sever the site into 3 parcels, which is expected to widen a prospective buyer pool for entitled land. Application submission is expected in Q3 2024.



<b>Location</b>	Greater Toronto Area
<b>Purchase Price<sup>1</sup></b>	\$34M
<b>Purchase Date</b>	March 2020
<b>Investment Timeframe</b>	48-60 Months

<sup>1</sup>Exclusive of closing costs.

# McCallum & Spencer

## Multi-Family

### Asset Description

- A 39.9-acre mixed-use, 6 phase development site located in Langford, BC, straddling the Trans Canada Highway, within walking distance to downtown Langford and a 15-minute drive to downtown Victoria.

### Investment Strategy

- Developing Phase 1, comprising 597 residential rental units across four individual buildings, along with approximately 10,000 SF of commercial space at grade. While pursuing additional entitlements for additional developments.

### Notable Updates

- Construction is progressing well and in line with budget.
- The framing, roof, and windows at the first building are complete with exterior cladding, electrical and mechanical work ongoing. The building is on track for occupancy in May 2025.
- Framing is ~50% complete at the second building, with below grade concrete/slab work continuing at the remaining buildings.

<b>Location</b>	Langford
<b>Purchase Price<sup>1</sup></b>	\$39.1M
<b>Purchase Date</b>	December 2020
<b>Investment Timeframe</b>	72 months

<sup>1</sup>Exclusive of closing costs.





# Ottawa Apartment - Rideau

## Multi-Family

### Asset Description

- 1.87 acre mixed-use development site located well-located just east of Ottawa's Byward Market neighbourhood, the Rideau Centre, the University of Ottawa.

### Investment Strategy

- Transforming Phase I into a purpose-built rental tower comprising 315 units, accompanied by 9,000 square feet of ground floor retail space.

### Notable Updates

- The property is approximately 92% leased, with a broad-based leasing plan to complete lease up through the summer.
- New retail tenant, Oxygen Flow Yoga, leased ~2,400 SF; other retail tenants include Popeyes and Onua Bakery.
- In April 2024, the construction debt was successfully refinanced with 10-Year CMHC-insured debt at a fixed rate of 4.5%.



<b>Location</b>	Ottawa
<b>Purchase Price<sup>1</sup></b>	\$144.5M
<b>Purchase Date</b>	October 2019
<b>Investment Timeframe</b>	60-72 Months

<sup>1</sup>Land Value – Phase I and Phase II

<sup>2</sup>Excludes Phase II



# Toronto Mixed-Use - Yonge & Elm

## Toronto Condominium Development

### Asset Description

- ~14,600 SF of urban infill land, currently improved with four, two and three storey mixed-use buildings.

### Investment Strategy

- Develop a 68-storey residential condominium tower, including 821 residential units and ~2,900 SF of retail GFA.

### Notable Updates

- Following successful pre-sales, excavation work began on site with the first crane being erected in Q4-2023. Below grade substructure and formwork are complete, with electrical and mechanical work in progress.
- The above grade permit was issued in May 2024 with rebar and formwork progressing on the ground level.
- As of the end of June 2024, the project had sold 668 units or 81% of the total units at an average price of \$1,781 PSF, relative to underwriting of \$1,530.



<b>Location</b>	Toronto, ON
<b>Purchase Price<sup>1</sup></b>	\$150.0M
<b>Purchase Date</b>	November 2021
<b>Investment Timeframe</b>	68 months

<sup>1</sup>Exclusive of closing costs.

# Wynn

## GTA Mixed Use

### Asset Description

- Portfolio of 15 commercial real estate assets predominately located in the Greater Toronto Area.

### Investment Strategy

- Surface value through active management and value-add initiatives, such as reducing operating costs, capital investments to increase rental rates, and improving tenant profile.
- Also identify opportunities to unlock value through entitlement strategies on assets with additional density rights for mixed-use projects.

### Notable Updates

- Out of the original portfolio of 15 assets, 11 have been divested, leaving 4 remaining.
- Rezoning efforts are ongoing for 3 of the remaining assets.
- Hazelview engaged a broker to market the 4th asset for sale, which was launched market-wide in early July 2024.

<b>Location</b>	Greater Toronto Area, ON
<b>Purchase Price<sup>1</sup></b>	\$201M
<b>Purchase Date</b>	September 2018
<b>Investment Timeframe</b>	84 months

<sup>1</sup>Inclusive of closing costs.





# Millennium Tower

## Calgary Office

### Asset Description

- 23-storey, ~440,000 SF, Class A, LEED Gold office building in the Eau Claire neighborhood, in downtown Calgary.

### Investment Strategy

- Apply a value-add repositioning program with capital investments into the lobby and amenities, to enhance the asset's competitive attributes and drive cash flow.

### Notable Updates

- The value-add renovations to the lobby and amenity areas are ongoing and expected to be complete in Q3 2024.
- The asset currently sits at 93% occupied with a WALT of 4 years, with new lease deals and renewals being completed at rents above initial underwriting.



<b>Location</b>	Calgary, AB
<b>Purchase Price<sup>1</sup></b>	\$110.25M
<b>Purchase Date</b>	August 2022
<b>Investment Timeframe</b>	60 months

<sup>1</sup>Exclusive of closing costs.

**Before**





**After**



**Before**





**After**





**Before**



# After





**Before**





# After

**SELECT ACTIVITY**  
Featured All

**COURSES**  
Utilized weekly with new courses, all virtually replicated by Trackman using latest and most accurate technology.

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# Private Equity Liquidity

## Sources of Liquidity

Historical

2023

Current

Private Equity Sales



## Liquidity

- The recovery in commercial real estate transaction market has been slower than anticipated.
- The Fund has identified and actively brought several private equity assets to market across various sectors and types.
- As we work to execute on our liquidity plan, funding of redemptions will be predicated on private asset sales.



# Private Debt

# Private Debt

**16 Investments**  
**\$123M Quadrant AUM**

<b>Markets</b>	Canada	55.7%
	United States	33.3%
	Ireland	11.0%
<b>Top Sectors</b>	Multifamily	45.1%
	Diversified	24.9%
	Mixed-Use	14.5%
	Low-Rise Office	10.5%
	Regional Mall	2.6%



Bloor & Beamish, Canada



Rivermeade, Ireland



Chicago Shopping Centre, United States



# Private Debt Portfolio Snapshot

Portfolio Statistics	
Weighted Avg Interest Rates	10.9%
Avg LTV	76.0%
Weighted Avg Term to Maturity <sup>1</sup>	13.9
Fixed vs Floating	65% / 35%

Top 5 Loans	Amount (in millions)	Interest Rate	LTV	% of Private Debt Portfolio	% of 4Q AUM
U.S. Diversified Mortgage Portfolio <sup>2</sup>	\$20.1	9.6%	85.5%	16.3%	2.3%
Vancouver Mixed-Use Mortgage - Granville	\$17.9	14.8%	87.7%	14.5%	1.4%
Langford Multifamily Loan - McCallum & Spencer	\$12.9	9.0%	80.5%	10.5%	1.1%
U.S. Multifamily Loan - SL2022A	\$12.3	10.0%	83.6%	10.0%	1.1%
Vancouver Apartment Loan - Renfrew	\$11.1	8.0%	75.8%	9.0%	1.1%
<b>Total</b>	<b>\$74.3</b>			<b>60.3%</b>	<b>7.9%</b>



**Public Equity**

# Public Equity

## 45 Investments \$169M Quadrant AUM

<b>Market</b>	United States	62.4%
	Japan	6.7%
	Australia	5.5%
	Germany	4.1%

<b>Top Sectors</b>	Technology	17.0%
	Industrial	13.9%
	Multifamily	13.0%
	Healthcare	12.1%
	Single Family Rental	8.1%



Digital Realty Trust, United States



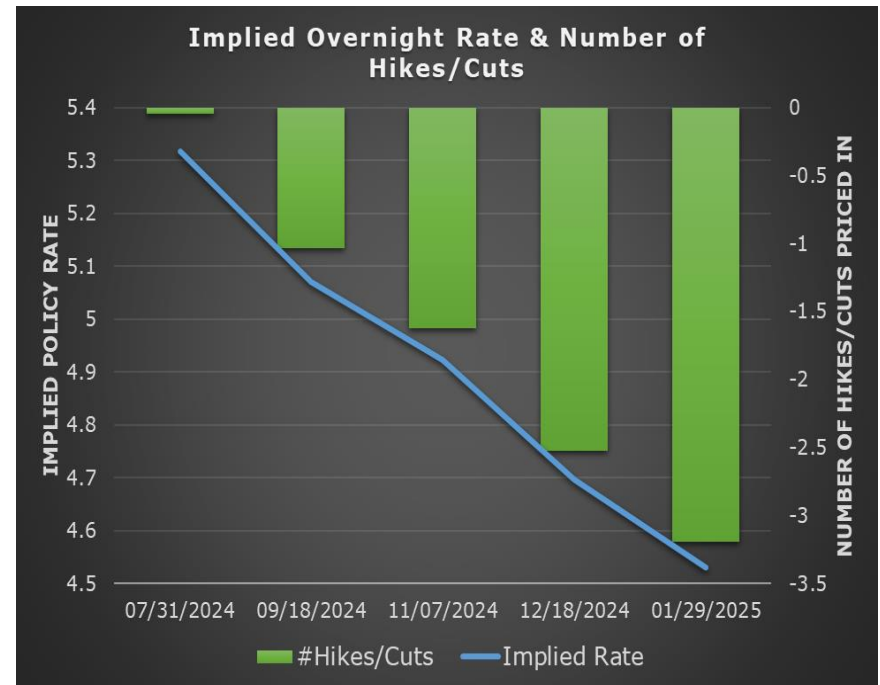
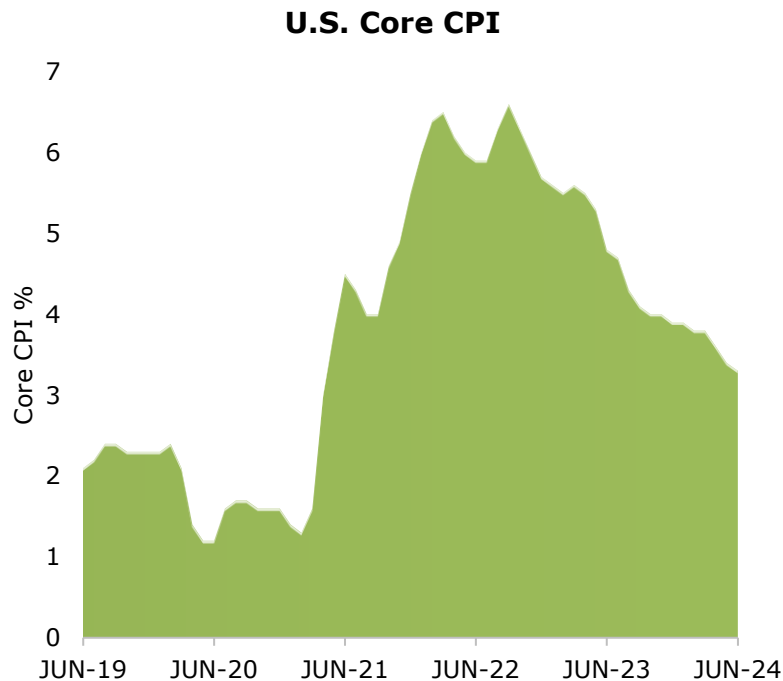
Chartwell, Canada



Invitation Homes, United States

# Inflection Point in REITs

- REITs have underperformed since central banks began hiking rates in 2022 but the outlook for the asset class is now improving as inflation trends down and central banks begin to cut rates.
- ECB and Bank of Canada lowered rates in June.
- The Federal Reserve has yet to lower its policy rate but with U.S. CPI falling in June, the market expects the first U.S. rate cut in September.





# Inflection Point in REITs

- Real Estate has underperformed other asset classes since central banks began hiking rates in early 2022.
- REIT market responded positively to June's U.S. Core CPI print.
- Market anticipates a U.S. rate cut in September.

<b>Industry</b>	<b>2022 to June 2024</b>	<b>Industry</b>	<b>First 6 Mo. 2024</b>	<b>Industry</b>	<b>MTD July 2024</b>
Energy	80.9	Technology	28.2	Real Estate	5.9
Technology	45.4	Comm. Services	26.7	Financials	4.3
Industrials	20.2	S&P 500 Index	15.3	Utilities	2.9
S&P 500 Index	19.2	Energy	10.9	Industrials	2.4
Comm. Services	18.7	Financials	10.2	Consumer Staples	2.2
Financials	10.4	Utilities	9.4	Materials	2.1
Consumer Staples	8.9	Consumer Staples	9.0	Healthcare	1.4
Healthcare	7.9	Healthcare	7.8	Consumer Disc.	1.4
Utilities	3.3	Industrials	7.8	Energy	1.2
Materials	2.7	Consumer Disc.	5.7	S&P 500 Index	0.9
Consumer Disc.	-5.3	Materials	4.0	Technology	-1.0
Real Estate	-19.2	Real Estate	-3.0	Comm. Services	-2.5

# Top Public Equity Investments

Top Investments	Sector	Country	Investment Justification
Digital Realty Trust	Technology REITs	United States	<ul style="list-style-type: none"> <li>Owns 300 data centers across 25+ countries</li> <li>Set to benefit from massive growth in AI, cloud computing and social media</li> </ul>
Invitation Homes	Single Family Rental	United States	<ul style="list-style-type: none"> <li>Owns ~85,000 single family homes in key U.S. markets</li> <li>Expected growth from both demand and supply dynamics</li> </ul>
Japan Hotel REIT	Hotel	Japan	<ul style="list-style-type: none"> <li>Owns 47 hotels in key tourist cities like Tokyo and Osaka</li> <li>Attractive outlook from recovery in Japanese tourism</li> </ul>
Chartwell Retirement Residences	Healthcare	Canada	<ul style="list-style-type: none"> <li>Largest publicly traded owner &amp; operator of senior living facilities in Canada</li> <li>Benefits from demand tailwinds of aging baby boomers</li> </ul>
Sonida Senior Living	Healthcare	United States	<ul style="list-style-type: none"> <li>Senior housing owner / operator with a portfolio of 61 communities mainly in Texas, Indiana, Ohio &amp; Wisconsin</li> <li>NOI margin, occupancy &amp; rental rates expected to increase</li> </ul>
ESR Group	Industrial	Hong Kong	<ul style="list-style-type: none"> <li>One of largest APAC real estate managers in logistics, data centers, life science and infrastructure</li> </ul>
Kimco Realty Corp	Open Air Grocery Anchored Centre	United States	<ul style="list-style-type: none"> <li>Kimco owns 569 open-air grocery anchored shopping centers comprising over 100 million square feet</li> <li>Tailwinds from higher foot traffic with WFH and low supply</li> </ul>
Agree Realty Corp	Specialty / Triple Net Lease	United States	<ul style="list-style-type: none"> <li>Leading net lease REIT focused on the acquisition of investment-grade retail assets across the United States</li> <li>High efficiency and improving macro should lead to growth</li> </ul>
American Tower Corporation	Technology REITs	United States	<ul style="list-style-type: none"> <li>Global portfolio of over 225,000 communication assets in 25 countries - 43,000 cell towers in the U.S. and Canada</li> <li>Set to benefit from secular tailwinds in 5G leasing demand</li> </ul>
Rexford Industrial Realty	Industrial	United States	<ul style="list-style-type: none"> <li>Local market specialist with a 46 million square foot portfolio concentrated entirely in Southern California</li> <li>High quality assets set to outperform in good or bad times</li> </ul>

# How Are We Taking Advantage of the Opportunity?

**Senior Housing**



**Hotels**



**Single Family Homes**



**Data Centers**

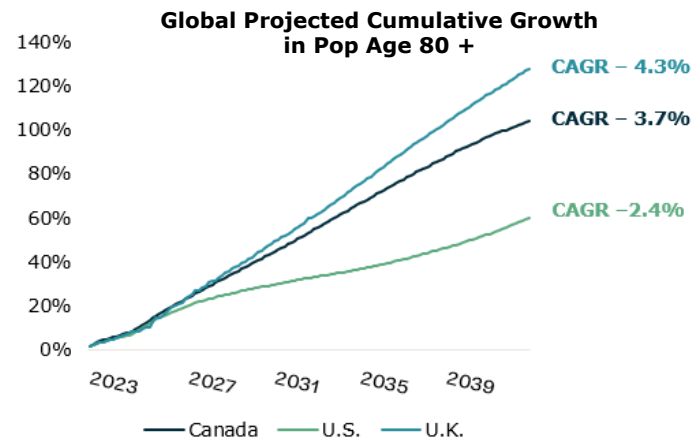


Exploring Undervalued Sectors and Emerging Trends

# Key Investment Trends

## Senior Housing Demand Growth

- We believe the outlook for the senior housing sector over the next several years is incredibly attractive.
- Growth in the 65+ year old cohort within Canada over the next decade is expected to be well above the overall rate of population growth as the baby boomer generation ages.
- We also expect supply growth over the next several years to remain muted relative to historical trends with the rise in materials and financing costs making new senior housing facilities costlier.



### Chartwell Retirement Residences

- Chartwell is the largest publicly traded owner & operator of senior living facilities in Canada.
- With a footprint of approximately 22,000 suites located mostly in Ontario and Quebec.
- Chartwell is poised to benefit from the supply/demand imbalance dynamics in the space which is expected to result in outsized rent & occupancy growth, driving sector-leading earnings & NAV growth.
- We believe Chartwell is currently trading at a sizeable discount to NAV.



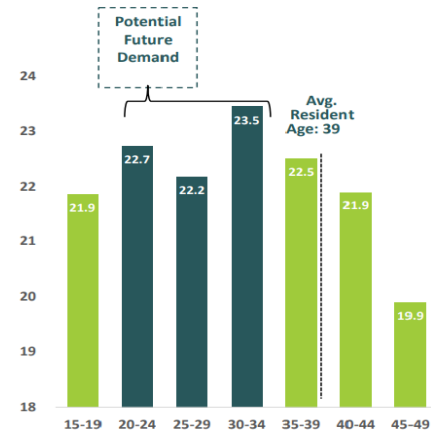


# Key Investment Trends

## Growing Demand for Affordable Residential Housing

- Following the Global Financial Crisis, single-family construction has remained below necessary levels, leading to an estimated shortfall of 2 to 4 million homes in the U.S while demand remains robust.
- The undersupply is expected to persist, exacerbated by the challenge of homeownership affordability, which is particularly evident in the current environment with 30-year mortgage rates hovering around 7.3%

Current U.S. Population Cohort  
(millions of people)



invitationhomes

### Invitation Homes

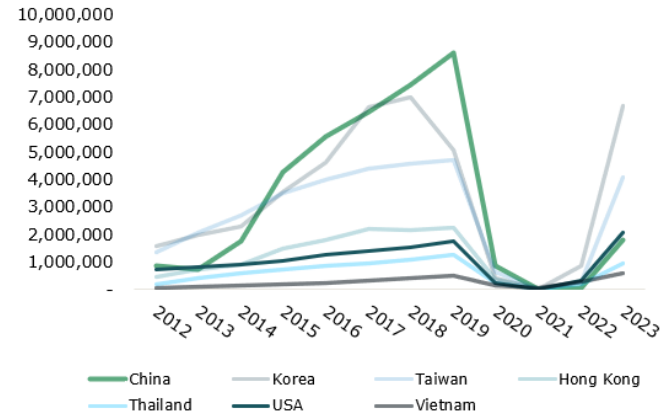
- Invitation Homes is a leading owner and operator of single-family rental homes, offering high-quality residences in desirable U.S. neighborhoods.
- Invitation Homes owns approximately 85,000 homes for lease, located in 16 core markets across the U.S.
- The company is well positioned to benefit from a chronic undersupply of housing and increasing unaffordability of homeownership which are driving individuals towards rental properties.
- We believe the company currently trades at a desirable valuation.

# Key Investment Trends

## Japan Tourism Trend

- With the depreciation of the JPY and relaxed entry requirements post-COVID, Japan is set to surpass 2019 inbound tourist levels in the coming year.
- This is in spite of Chinese tourists which made up 30% of all inbound tourists in 2019, down -75% in 2023 vs pre-COVID.
- The return of Chinese tourists coupled with strong tourism demand from APAC and Western countries should support further average daily rate (ADR) and occupancy growth.

**Historical Inbound Flight History & Tourism  
Japan: 2012 to 2023**



## Japan Hotel REIT

- The company owns a portfolio of 47 hotels across Japan in key tourist destinations such as Tokyo, Osaka, Okinawa, Hokkaido, and other regions.
- The portfolio spans 12,271 rooms with a mix of mostly mid-price, upper-mid price, and luxury rooms. Roughly 45% of JHR's net operating income (NOI) comes from international hotel brands.
- Japan Hotel REIT is one of the few REITs with organic growth in average daily rate (ADR) and has an efficient operating structure which should expand NOI margins further.
- At the end of June 2024, Japan Hotel REIT issued equity to fund the acquisition of four additional hotels in Okinawa and Tokyo further adding to their portfolio.
- We see considerable upside in Japan Hotel REIT's current valuation.

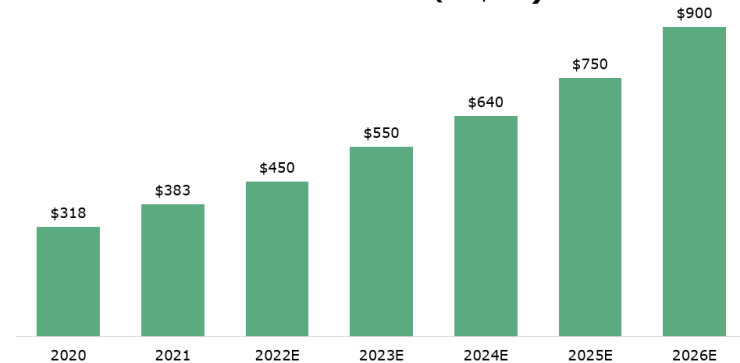


# Key Investment Trends

## Convergence of Technology and Real Estate

- The Data Center sector is experiencing robust demand for space from hyperscale customers like Google, Amazon and Microsoft driven by growth in by artificial intelligence, cloud computing and social media.
- As AI models become more complex and data intensive, the need for powerful, large-scale data centers increases, resulting in an accelerating demand trajectory.
- In the first quarter, new leasing activity across the top eight U.S. Data Center markets set new all-time records and Europe's top five markets reached their second highest in history.

Global AI Market Size (US\$ bn)



DIGITAL REALTY

### Digital Realty Trust

- Digital Realty Trust owns and operates over 300 data centers across 25+ countries on six continents.
- The company provides scalable and optimized network architectures that are crucial for AI and other applications.
- We see the company as best positioned to benefit from the secular trends in this sector.
- Strong demand combined with super low vacancy rates is leading to 10-20% growth in market rents so far in 2024 for the company.
- We expect market rents will continue to grow in 2025 and beyond, leading to an acceleration in same store NOI, EBITDA and FFO per share growth.
- We believe Digital Realty is currently trading at an attractive valuation.



# Public Debt



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## 4 Investments \$18M Quadrant AUM

<b>Markets</b>	Germany	55.7%
	United States	24.1%
	Norway	20.2%
<b>Top Sectors</b>	Diversified	55.7%
	Homebuilder	24.1%
	Specialty/Triple Net Lease	20.2%



Pioneer Property Group, Norway



United Home Group, United States



Obotritia Capital, Germany



Thank you