



RECAN GLOBAL

MUNICH · HALIFAX

RECan Canadian Diversified Real Estate Fund Luxembourg SCS, SICAV-RAIF

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Table of Contents

◆ Fund USP's	Page 3
◆ Why Invest in Canada?	
◆ Geopolitical Update	Page 5
◆ Current Economic Review	Page 6
◆ Invest In Canada – Key Arguments	Page 9
◆ Canada – Real Estate Market Update	
◆ Multi-Residential Review & Example	Page 12
◆ Industrial Review & Example	Page 14
◆ Office Review & Example	Page 16
◆ Cap Rates and Investment Volume	Page 18
◆ RECan Fund Strategy	Page 21
◆ RECan Global Management Team & Track Record	Page 26
◆ PG Asset Management	Page 35
◆ RECan External Partners	Page 37
◆ RECan Canadian Diversified Real Estate Fund Structure	Page 43
◆ Currency Hedging	Page 48
◆ Fund Securitization Option	Page 51

Unique Selling Points of the RECan Canadian Diversified Real Estate Fund SCS, SICAV-RAIF



- ✦ The RECan Canadian Diversified Real Estate Funds bundles in its Investment Advisor a highly professional team in Germany and Luxembourg as well as in Canada and focuses on a diversified mix of Canadian (Ontario, Quebec, Atlantic Canada) core real estate investments.
- ✦ Umbrella Fund: RECan Canadian Diversified Real Estate Fund SCS, SICAV-RAIF with two distinctive sub-funds:
Sub-Fund 1: RECan Canadian Commercial Real Estate Fund I
Sub-Fund 2: RECan Canadian Multi-Residential Canada Fund I
- ✦ The RECan management team has been successfully active within the real estate markets in Canada and Germany for over 30 years. The team members have extensive experience in asset management, executive and financial management, and the development/re-development process.
- ✦ The management team has a substantial real estate deal closing / fund manager track record with a total volume of more than \$6 billion CAD and more than 10 billion Euros.
- ✦ Extensive internal due diligence experience according to German and Canadian standards plus independent external third-party due diligence in Germany/Luxembourg (Deloitte) and Canada (Baker Tilly) along with PG Asset Management Inc., a highly experienced Canadian partner within the RECan Global team.
- ✦ Experienced in acquisition and management of commercial (office/industrial/retail) buildings as well as multi-residential units.
- ✦ Constantly updated asset pipeline in the core markets of Toronto, Ottawa, Southwest Ontario, Montreal, Quebec City, and Halifax.
- ✦ Funds will focus on recently developed, larger multi-residential and institutional quality commercial real estate assets, with a preference for “off-market”, direct access transactions.
- ✦ ESG: In addition to financial and technical criteria, RECan’s ESG policy will be applied to acquisitions and asset management decisions
- ✦ Access to development projects and existing facilities.
- ✦ Strong Canadian network, including many of the larger local players in each market.
- ✦ Common regular Luxembourg SCS, SICAV-RAIF structure with recognized partners and options like a securitization note and currency hedging.



Why Canada?

Why Canada?

Geopolitical Update



- ✦ Politically Stable – current government has been in power for **7 years**
- ✦ Canadian economy is comparatively strong (GDP Forecast, **Canada 3.8%** (2022) and **2.6%** (2023) vs EU area **2.6%** and **1.4%** respectively), benefitting from strong government investment during the pandemic
- ✦ Inflation is impacting the Canadian economy (**Canada 3.0%** 2023 CPI forecast vs **EU area 4.0%** CPI forecast), but higher commodity prices and a strong dollar are mitigating the inflation impacts.
- ✦ The Bank of Canada is one of the most proactive and credible central banks in the fight against inflation, putting Canada in a strong position to minimize the length and severity of this inflationary period
- ✦ Falling oil/gasoline prices (**25% decline** since June) in Canada are having a positive impact on inflation. German gasoline prices have remained relatively flat during the same period. As of Sept 12, average price in Canada is € 1,32/L vs Germany € 2,00/L
- ✦ The war in Ukraine is having a diminished impact on Canada, as trade with countries directly affected by the war is minimal
- ✦ Energy Self-sufficiency – **Canada is a net exporter of oil, natural gas, and electricity, meaning** we produce more of each commodity than we consume. Quebec produces 1/3 of all electrical production in Canada and over 99% of that production is from renewable sources (hydro-electric, wind, solar)

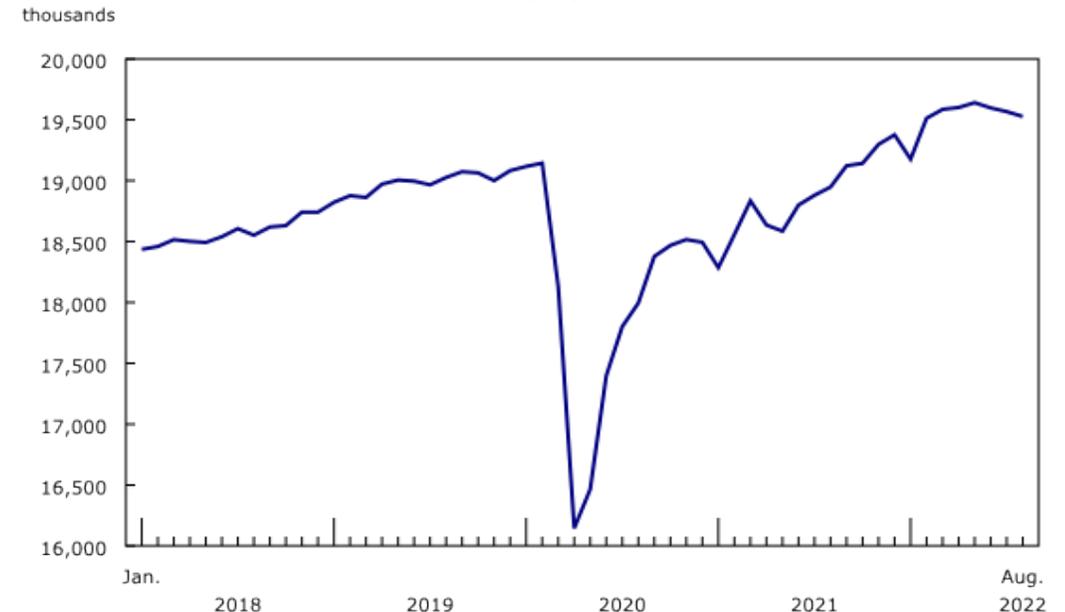
Sources: OECD, Bank of Canada, globalpetrolprices.com, Canada Energy Regulator

Why Canada? Economic Update



- Canadian GDP Growth remains strong in 2022 (OECD forecast)
 - Canada benefits from higher commodity prices and the stronger Canadian dollar helps ease the inflation impact on imported goods. Canada also has minimal exposure to countries directly impacted by the war in Ukraine.
 - 2022 GDP Growth Forecast – **3.8% (2.6% EU, 2.5% US)**
 - 2023 Forecast **GDP growth – 2.6% (1.4% EU, 1.2% US)**
- Employment exceeds pre-pandemic levels
 - Full-time employment in August 2022 was 19.53 million people (unemployment rate of 5.4%) compared to 19.14 million in February 2020 (pre-pandemic).
 - This represents a gain of almost 400,000 full-time jobs since the start of the pandemic and almost 3.4 million jobs (21%) from the pandemic-era lows.
 - Canada has added over 1.2 million jobs since the start of the year

Table1. Total Employment 2018-2022



Sources: OECD, BofC, Statistics Canada

Why Canada? Economic Update



🍁 Consumer Price Index (CPI)- Table 2

- **CPI was 7.0%** in August 2022 (year-over-year) down for the second straight month (**9.1% EU** and **8.3% US**). This decline is mainly attributed to a decline in gasoline prices, which have fallen 25% since June.
- Excluding gasoline, **Core CPI declined 30 bps to 6.3%** in August.
- The Bank of Canada is forecasting a decline of inflation to 3% by the end of 2023 and back within its policy range of 2% in 2024.

🍁 Cost of Capital – Table 3

- The Bank of Canada (BoFC) has raised its “Policy Interest Rate” by 175 bps since July, and 300 bps since the start of 2022.
- The BoFC has stated that inflation has been higher, and more persistent, than expected.
- Markets appear to have faith in the BoFC’s well-founded ability to tame inflation as 10-year Government of Canada (GOC) bond yields have essentially remained flat at approx. 3.2%, notwithstanding the 175 bps rise in the Policy Interest Rate since July.
- The spread between average cap rates and the 10-year bond narrowed to 244 bps in Q2 as interest rates rose faster than capitalization rates. Cap rate increases in Q3 & Q4 are expected to raise this spread above 300 bps by the end of the year. (see chart of page 8)

12-month % change

Table 2 - CPI (Inflation) 5 years 2017-2022

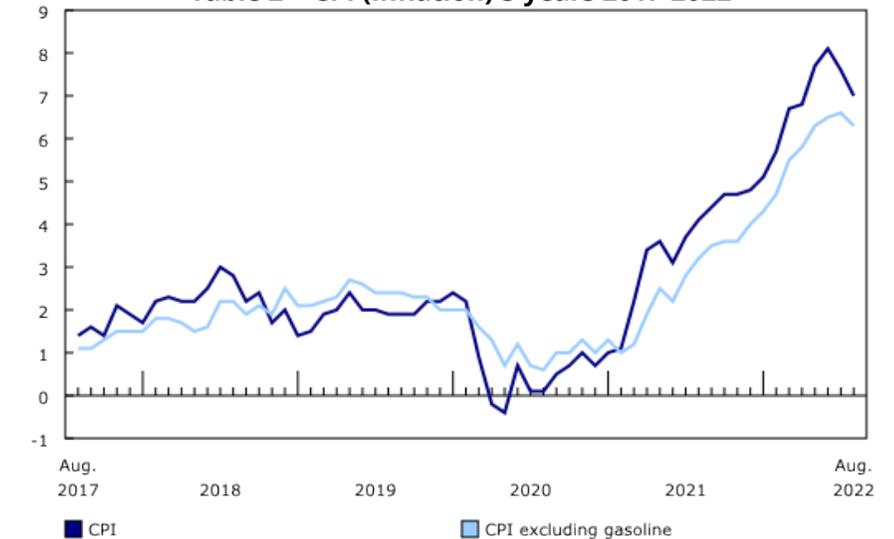
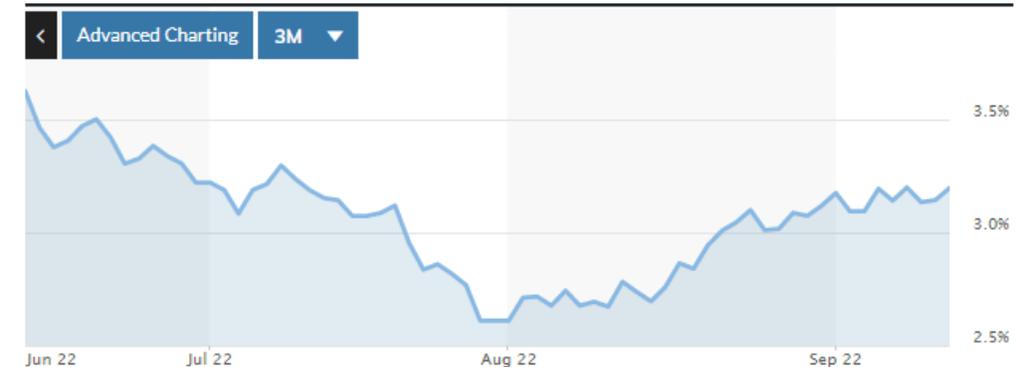


Table 3 - GOC 10-Yr Bond Yields



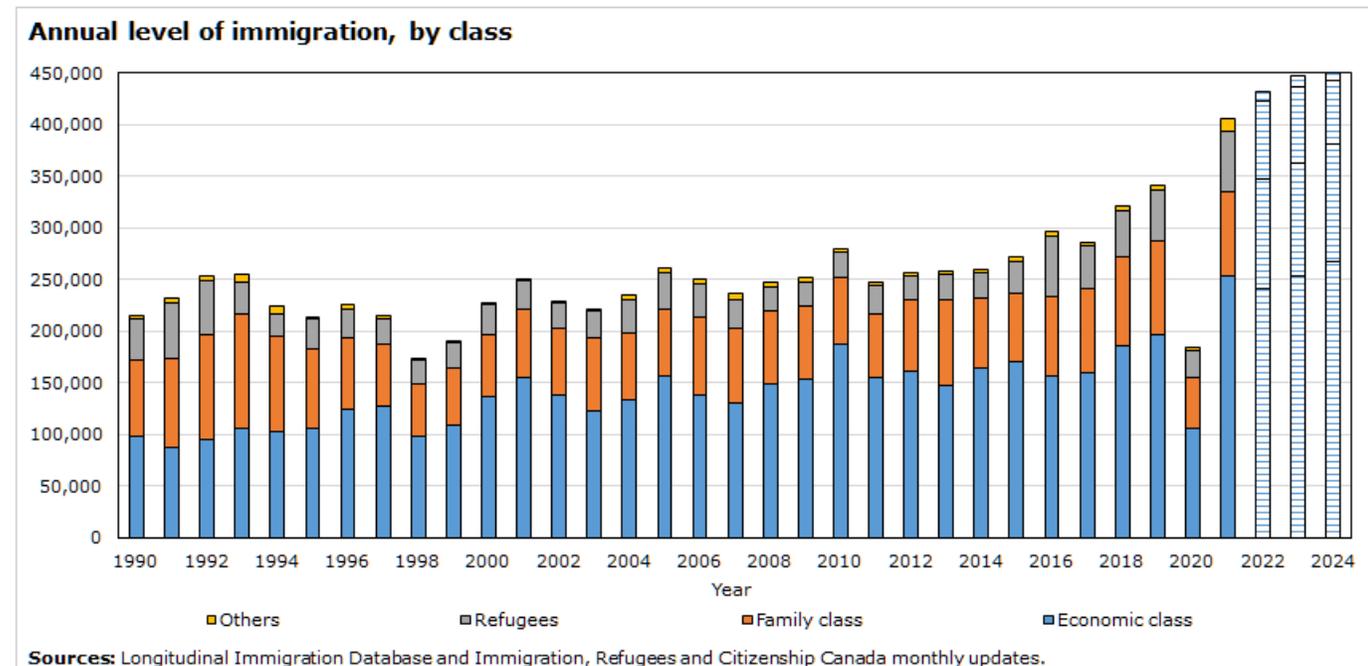
Sources: BofC, Statistics Canada, CBRE

Why Canada? Economic Update



Immigration

- This spring Canada increased its immigration target to 431,000 in 2022, 447,000 in 2023 and 451,000 in 2024.
- The 2022 target represents 1.12% of Canada's population. In context, 1.12% of Germany's population would be 935,000 new immigrants each year. Germany currently is averaging 330,000 net new immigrants.
- 60% of new immigrants to Canada arrive through employment related immigration programs and another 26% through family reunification. Less than 14% of new immigrants since 2010 have been refugees.
- Between 2010 and 2022 over 80% of Canada's labour force growth has been through immigration, representing approximately 1.7 million new immigrants in the labour force.
- The unemployment rate for immigrants arriving in the last 5 years was just 7.6% in August. This is the lowest rate since tracking started in 2006.
- Increased immigration levels are helping to drive Canadian real estate markets. Not only do new immigrants rent housing and provide much need labour force growth, but given the level of economic immigration in Canada these immigrants are also helping fuel the comeback in the retail sector as well.



Sources: Statistics Canada

Invest in Canada

Key Arguments



• **Safe Harbour – Canada is a politically and economically stable G7 country**

- The current Canadian government has been in power for 7 years
- Canada has one of the world's most stable social and economic environments with a AAA-credit-quality rating and one of the most stable banking systems, ranking #1 in the G7 and 2nd in the world
- The Bank of Canada has an excellent track record of maintaining GDP growth while keeping inflation within its target range
- Canada produces more oil, natural gas, and electricity than it consumes and is not reliant on any foreign country for its energy security.
- Canada has signed multiple trade agreements and tax treaties with the EU and member countries, with the EU becoming a “favoured” trade partner of Canada.
- The Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) will increase capital flows between Canada and EU and lower regulatory barriers.
- RECan team members are local in Canada. They understand the markets and the economic environment, and have deep experience in the Canadian real estate markets.

• **Economic Growth - Immigration is a key driver of growth and real estate demand**

- Canada is targeting greater than 1% of its population in new immigration each year, with 65% of new immigrants entering Canada through economic/financial immigration programs
- Immigration and GDP growth are driving strong demand in the multi-residential sector, resulting in low vacancy rates (3% nationally) and strong year-over-year rent increases
- Canadian employment exceeds pre-pandemic levels, helping to drive demand in all real estate sectors

Invest in Canada

Key Arguments



🇨🇦 **Availability of Real Estate Investments remains strong in 2022/2023**

- The Canadian real estate market is valued in excess of \$1 Trillion CAD (€ 730 Billion)
- The real estate markets are large, liquid and transparent and consist mainly of institutional quality real estate.
- As an example, Toronto is the 3rd largest industrial (logistics) market in North America, with approximately 100 million m² of inventory, and a vacancy rate of 1%
- RECan's focus on the 6 core markets in Eastern Canada represents almost 70% of Canada's total urban population and provides investors access to 172 million m² of office and industrial space and over 1.25 million apartment units
- The markets are active and liquid with investment volumes in 2022 forecasted to reach CAD \$48B.

🇨🇦 **Rapid Recovery – Post-covid growth is on track**

- Full-time employment now exceeds (+400,000 jobs) pre-pandemic (Feb 2020) levels
- The return to the office is increasing in Q3 & Q4 2022 and is expected to accelerate in 2023 as absorption of vacant space increases
- Industrial (Logistics) vacancy sits at 1.0%, driving strong rental rate growth and demand for new development
- Rental rates are structured to pass inflation costs on to tenants, even in markets with rent controls
- Real estate investments are considered a good hedge against rising inflation, as the structure of the rental contracts typically provide for increased rents as costs increase
- **Higher than average inflation is expected to impact the value of real estate in Canada, lowering NAV's on existing real estate investments, but creating excellent buying opportunities for new Funds**



Canada – Real Estate Investment Summary

Canadian Real Estate Market Update

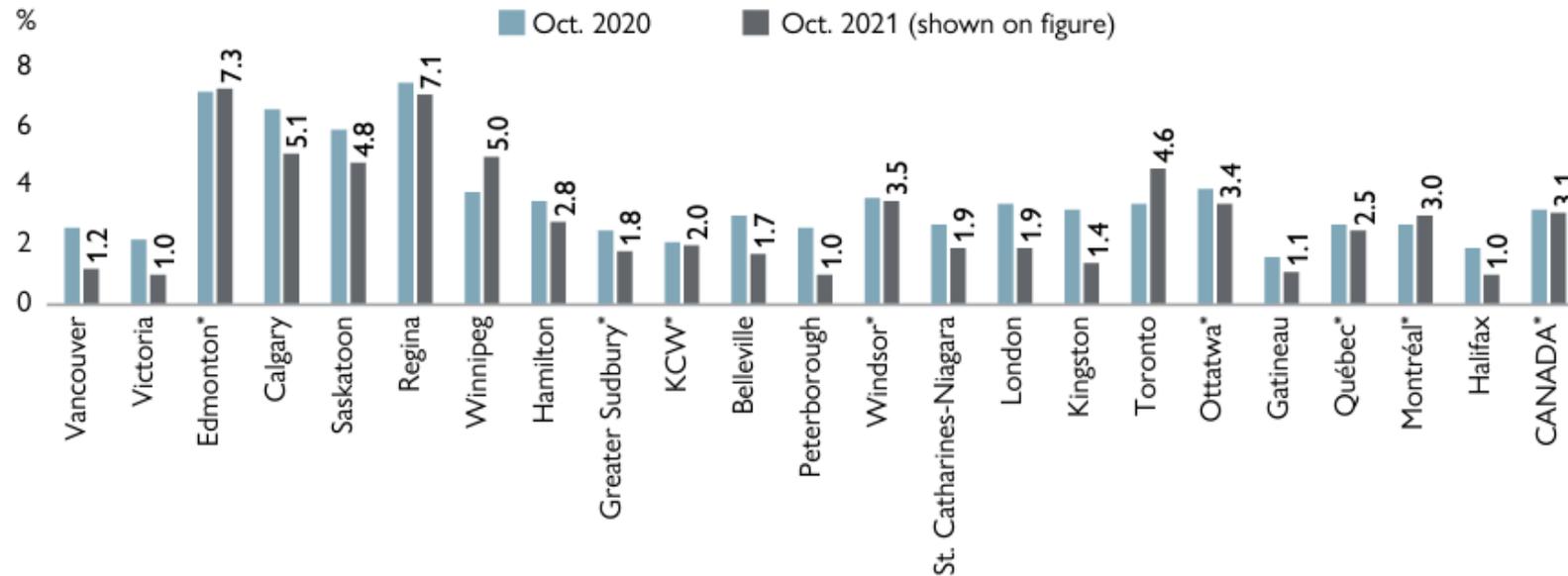


Multi-Residential Market (Q2 2022)

Current National Statistics

- The National Vacancy Rate decreased by 10 bps to 3.1% in 2021, in line with the 30-year avg vacancy of 3.2%. National vacancy has not exceeded 5.0% in the past 30 years (vacancy rates are published annually)
- Average Rental Rates have increased by \$196/month (11.1%) in the past 12 months as demand for housing accelerates
- Investment Sales of remained steady CAD \$5.0B in H1 2022 , similar to H1 2021.

Multi-Residential Vacancy Rates by City



Source: CMHC, rentals.ca

Canadian Real Estate Market Update

Multi-Residential Asset Example



Multi-Residential Transaction – 52 Units - \$20M Halifax, NS

- 🍁 3-year-old, 7-story concrete apartment building
- 🍁 100% occupied
- 🍁 Well located in central Halifax, with stunning views of the harbour
- 🍁 52 underground parking stalls and storage lockers
- 🍁 Large average unit size 1 128 ft² (105 m²)
- 🍁 Assets located in close proximity to public transport (bus and ferry) and numerous amenities

Why would asset have suited the Multi-Residential Fund

- 🍁 Highly desirable location with ample parking and close to transit options.
- 🍁 Very strong rental market (vacancy of 1%)
- 🍁 Well constructed, energy efficient building with minimal future capital requirements
- 🍁 Stable and secure asset



Canadian Real Estate Market Update



Industrial/Logistics Market (Q2 2022)

2022 Q2 National Statistics

- ❖ Vacancy Rate remained at a record low of 1.6%.
- ❖ Rental Rates increased by 24.2% year-over-year
- ❖ Supply – 6.1M ft² (565,000 m²) of new supply in the quarter, with an additional 44M ft² (4.1M m²) under construction. Over 50% of this total will be delivered by the end of 2022, with 75% of the space already pre-leased (as of June 2022).
- ❖ Absorption (Take Up) – Notwithstanding the 3.7M ft² of new inventory, absorption totaled 9.4M ft² (870,000 m²) in Q3.

Key Highlights

- ❖ Demand is being driven by supply chain/logistics requirements, with tenants such as Amazon demanding larger and larger buildings.
- ❖ Demand is expected to outstrip supply for the foreseeable future
- ❖ RECan's target markets account for 66.2% of the 2.1B ft² (190M m²) of inventory in Canada's major urban markets
- ❖ The vacancy rate in RECan's target markets remained at 1.0% in Q2 2022



Source: CBRE, JLL

Canadian Real Estate Market Update

Industrial Asset Example



Industrial Transaction – 441 500 ft² (41 000 m²) Industrial Portfolio - Toronto, Ontario

- Leading industrial/commercial node in Canada operated by major institutional landlord
- Access to multiple major hwy/transportation network
- 8 building, 12 tenant portfolio offers diversification and economies of scale for management
- Near term average rental expiries offers opportunity to capitalize on rental rates averaging 40% below market
- Occupancy at 100% testament to strong industrial user demand

Why this asset would have suited the Commercial Fund

- Major Industrial real estate market (largest in Canada)
- Mid level investment size with diversification through multi building/tenant portfolio
- Near term lease roll-over to capitalize on below market rental rates
- Broad debt options available for this portfolio



Canadian Real Estate Market Update

Office Market (Q2 2022)

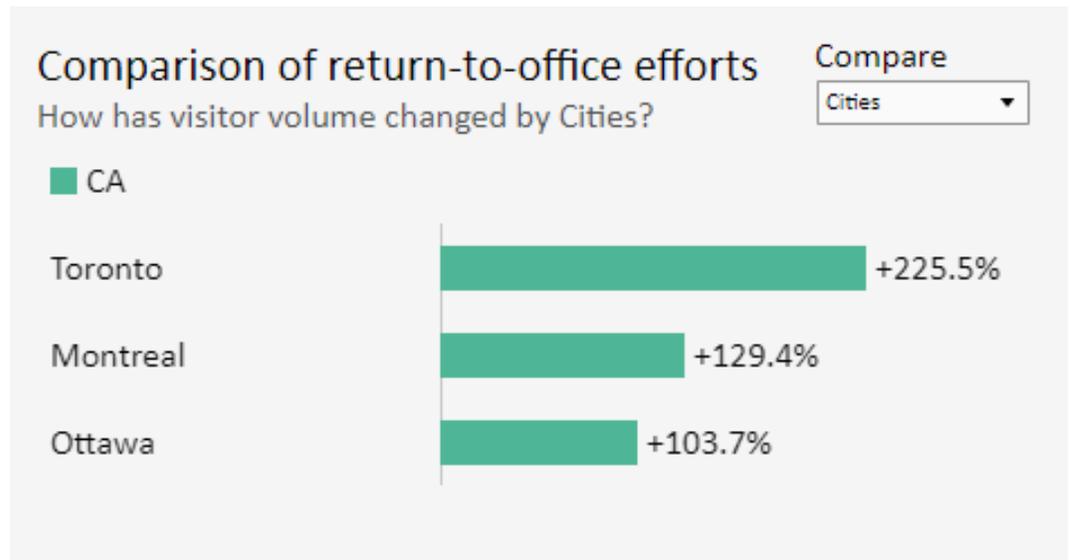


2022 Q2 National Statistics

- National Vacancy Rate was 16.5 in the 2nd quarter of 2022
- Rental Rates increased by \$1.19/ft² to \$22.23/ft² (\$239/m²) since the start of the year
- Supply – 15.1M ft² (1.4M m²) currently under construction, including 835,000 ft² which commenced in Q2 2022
- Absorption (Take Up) – Negative absorption of 463,000 ft² (43,000 m²) is a significant improvement over previous quarters

Q2 Key Highlights

- Absorption in the rest of the country (excluding Toronto and Vancouver) was essentially flat in Q2
- Sublet space continues to decline as a share of overall vacancy
- Avison Young's Vitality Index measures foot traffic for office properties in major markets. Since the start of 2022 foot traffic has picked in Toronto (225%), Montreal 129%, and Ottawa (104%) as the return to the office picks up steam.
- Anecdotally, since summer vacations ended at the end of August, vehicle traffic and parking volumes have increased substantially



Source: Avison Young, CBRE, JLL

Canadian Real Estate Market Update

Office Asset Example



Office Transaction – 195 000 ft² (18 000 m²)

\$45 - \$50M CAD - Toronto, Ontario

- ✦ Institutionally owner/managed suburban office campus
- ✦ 100% Occupied by 20+ national/regional tenants
- ✦ Significant renovations/modernization within the last 5 years
- ✦ Ample parking (4 spots / 1000 ft²), great highway access and transit options
- ✦ One of the strongest suburban office nodes in the country, with a vacancy rate of just 5.6%

Why this asset would have suited the Commercial Fund

- ✦ Attractive pricing reflecting current interest rate environment
- ✦ Strong suburban location within the Ottawa market
- ✦ Sizable capital allocation
- ✦ Core quality Class “A” buildings, reduced future capital requirements
- ✦ ESG Compliant
- ✦ Income security – Average lease term 6+ years



Canadian Real Estate Market Update



Canadian Real Estate Liquidity/Transaction Volume

- 2022 YTD investment volume was \$38B CAD, reflecting a strong 1st quarter.
- Forecasted investment volume for 2022 is +/- \$48B CAD, down from a record \$54 billion in 2021
- Investment volumes expected to rebound in 2023 due to pent up demand, when real estate pricing reflects the current interest rate environment

Reasons

- Cost of capital increasing, reflecting increasing interest rates
- Spread between 10 yr GOC Bond and average cap rate has narrowed to 244 bps, well below historical averages
- Allocations to real estate within alternative strategies is challenged by the “denominator affect”
- Industrial/Logistics continues to be the asset classes of choice
- Canada remains a strong and stable investment option for international investors



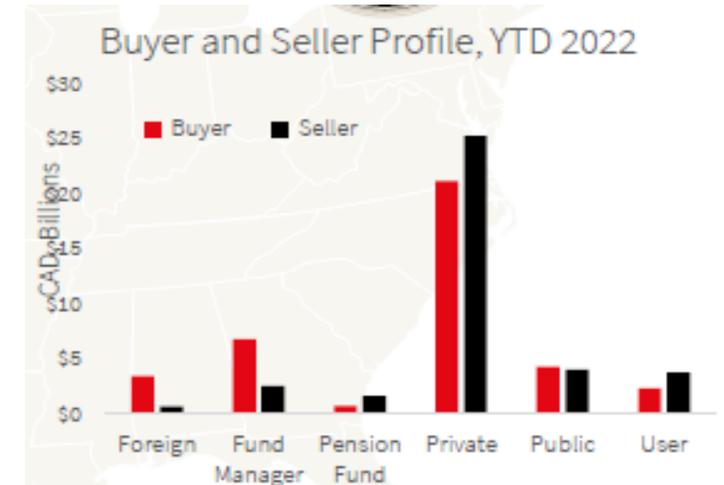
Source: CBRE, JLL

Canadian Real Estate Market Update



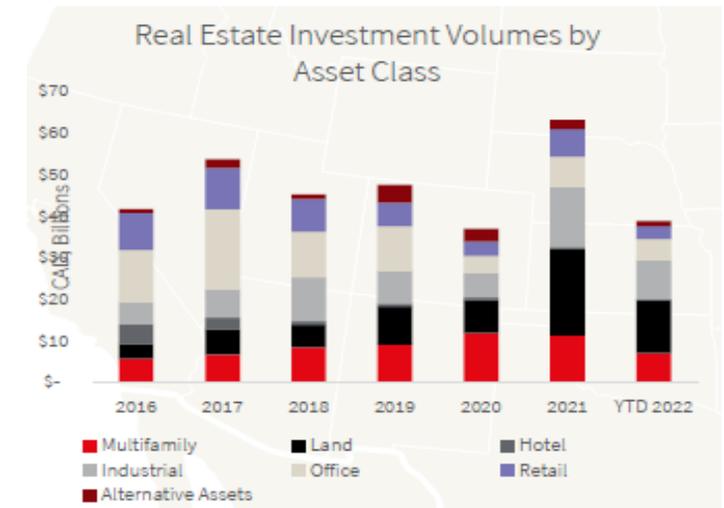
Purchaser Profile

- Private Capital accounted for over 50% of investment volume 2022 YTD, but their share is expected to decline in Q3 & Q4 as increasing mortgage rates impact return expectations for more highly levered private buyers
- Pension Funds and Fund Managers are expected to account for a larger share of transaction volume for the remainder of 2022 and into 2023
- Foreign Investment has increased in volume for 6 straight quarters.



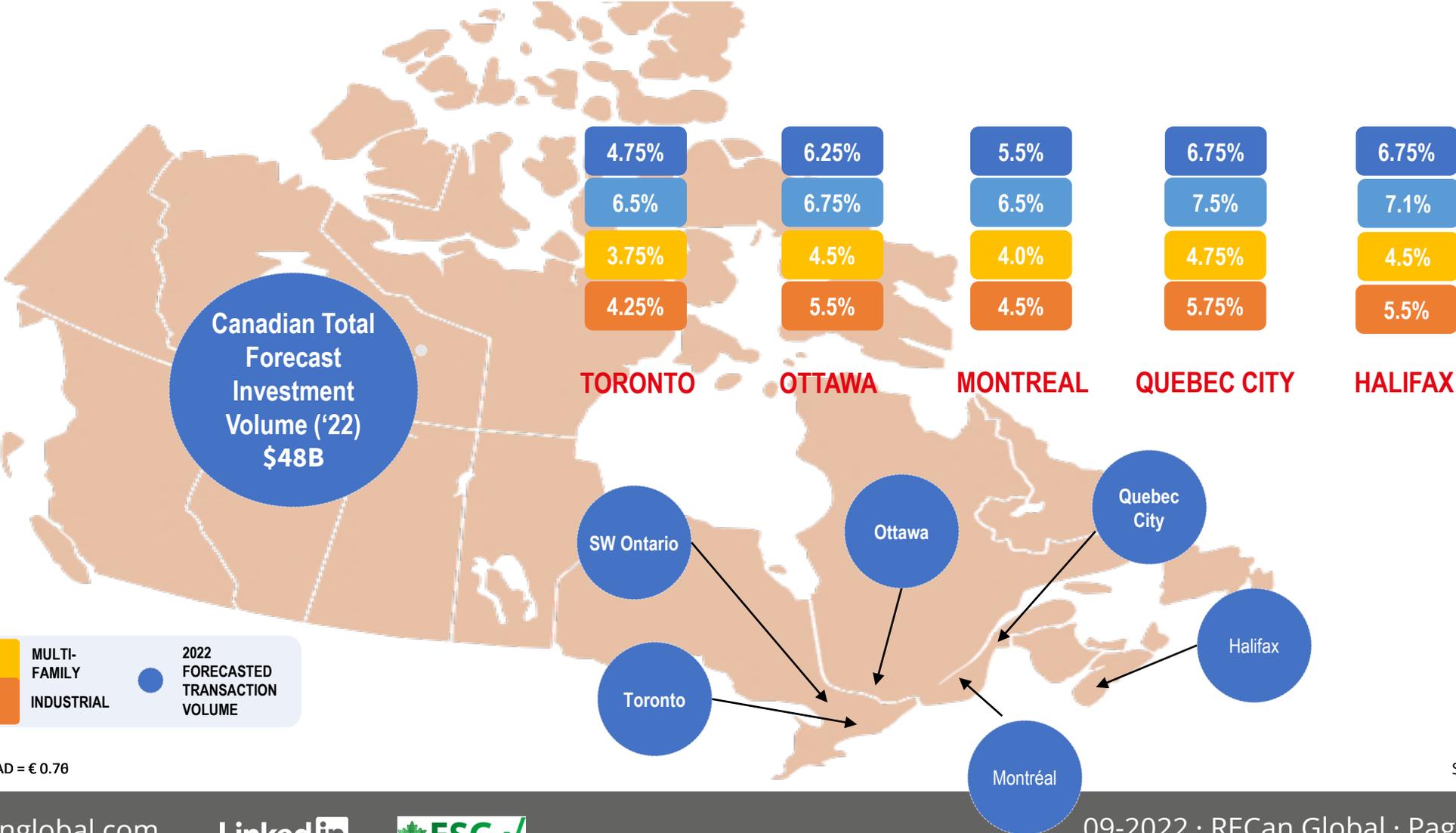
Asset Class Preferences

- Industrial/Logistics, Multi-Family, and Land continued to be the dominant asset classes
- Land acquisition is predominantly for industrial and multi-residential development
- Market fundamentals within industrial and multi-family point to continued upward pressure on rental rates
- Food-anchored community retail is also “in demand”



Source: JLL Research, CBRE

Canadian Real Estate Market Update



DOWNTOWN "AA" OFFICE
 MULTI-FAMILY
 INDUSTRIAL
 2022 FORECASTED TRANSACTION VOLUME
 SUBURBAN "A" OFFICE

* All amounts in \$ CAD. \$1.00 CAD = € 0.76

Source: CBRE, JLL



Fund Strategy

The RECan Global Funds



- ✦ **Fund structure:** SCS, SICAV-RAIF in Luxembourg (Reserved Alternative Investment Fund)
- ✦ **Umbrella Fund:** RECan Canadian Diversified Real Estate Fund
 - ✦ Sub-Fund 1: RECan Canadian Commercial Real Estate Fund I
 - ✦ Sub-Fund 2: RECan Canadian Multi-Residential Canada Fund I
- ✦ Each sub-fund will be operated independently (no shared assets) and investors will have the ability to invest in one, or both sub-funds.
- ✦ **Fund Size:** Target \$500 million to \$700 million (CAD) of equity in each fund
- ✦ **Target clients:** Professional investors in accordance with the German KAGB
- ✦ **Fund currency:** CAD
- ✦ **Term:** 10 years (two renewal options of 2 years each) per sub-fund, umbrella fund open ended
- ✦ **Deployment Timeline:** Deploy capital in 2023 & 2024, with a goal of \$200 million in 2023
- ✦ **Minimum capital commitment:** \$5 million CAD; Investment Committee: from \$20 million CAD
- ✦ Investment direct as equity into the fund or indirect as debt/bond through a securitisation note

Sub-Fund 1: RECan Canadian Commercial Real Estate Fund I



- ✦ **Geographic Markets:** Central and Eastern Canada (Toronto and Southwestern Ontario, Ottawa, Montreal, Quebec City, and Halifax)
The Commercial Fund will source assets in major markets throughout Central and Eastern Canada including Toronto (GTA), Ottawa/Gatineau, London and Kitchener/Waterloo in Southwestern Ontario, Kingston Ontario Corridor, Montreal (GMA), Quebec City, and Atlantic Canada.
These target markets have a total population of 15 million people, representing 68% of the total population in Canada's major urban markets. In addition, these markets contain 67% of the 190 million m² of industrial space and 70% of the 63 million m² of office space in Canada's major markets.
- ✦ **Asset Types:** well-leased, core quality, commercial real estate
 - ✦ Industrial – single/multi-tenant properties close to transportation infrastructure
 - ✦ Office – downtown/suburban multi-tenant properties with good access to public transportation and parking
 - ✦ Retail – grocery or pharmacy anchored retail properties in urban/suburban locations
- ✦ **Properties:** For diversification purposes minimum of ten (10) properties in the portfolio, in three (3) distinct markets. Targeted minimum asset value of \$20 million. Diversification to be completed over 2 years.
- ✦ **Leverage Target:** Up to 50% Loan-to-Value at the fund level
- ✦ **No Development Risk:** As the Fund will only acquire “stabilized”, core quality assets, there will be no development risk in the Fund
- ✦ **ESG:** In addition to financial and technical criteria, RECan's ESG policy will be applied to acquisitions and asset management decisions. RECan's ESG Policy complies with Article 8 of the EU's “Sustainable Finance Disclosure Regulation” and in the course of this year RECan will also voluntarily commit to comply with and implement the Principles for Responsible Investment ("PRI") endorsed by the United Nations.

Sub-Fund 2: RECan Canadian Multi-Residential Real Estate Fund I



- **Geographic Markets:** Central and Eastern Canada (Toronto and Southwestern Ontario, Ottawa, Montreal, Quebec City, and Halifax)

The Multi-Res Fund will source assets in major urban markets throughout “Central and Eastern Canada”. These target markets have a total population of 15 million people, representing 68% of the total population in Canada’s major urban markets. In addition, these markets contain 80% (1.25 million apartment units) of the 1.575 million apartment units in Canada’s major urban markets.

- **Asset Types:** well-leased, core quality, multi-residential real estate in urban areas with good access to public transportation, schools, and retail necessities.
- **Properties:** For diversification purposes minimum of ten (10) properties in the portfolio, in three (3) distinct markets. Targeted minimum asset value of \$20 million. Diversification to be completed over 2 years.
- **Leverage Target:** Up to 50% Loan-to-Value at the fund level
- **No Development Risk:** As the Fund will only acquire “stabilized”, core quality assets, there will be no development risk in the Fund.
- **ESG:** In addition to financial and technical criteria, RECan’s ESG policy will be applied to acquisitions and asset management decisions. RECan’s ESG Policy complies with Article 8 of the EU’s “Sustainable Finance Disclosure Regulation” and in the course of this year RECan will also voluntarily commit to comply with and implement the Principles for Responsible Investment (“PRI”) endorsed by the United Nations.

Selection and valuation process of assets



The selection and evaluation process of all assets is carried out internally within the RECan Group in several stages, involving our local team on site in Canada as well as the German RECan Global team.

In addition, there is an independent, external due diligence and final assessment, which is mandatory, before any purchase decision is made by the GP and the AIFM, Pancura.

The asset management is carried out by the RECan Group through PG Asset Management Inc. with local market specialists as well as onsite property management.

Oversight of the asset management function is provided by the RECan GP in cooperation with the Investment Advisor (RECan Global GmbH) and the AIFM (Pancura). Reporting and auditing performed by Baker Tilly Canada and Deloitte Luxembourg.



Management Team

RECan Global Management Team Canada, Luxembourg and Germany



Management Team - Canada



David Pappin
Partner,
Portfolio Manager
**Investment Strategy
Asset Sourcing
Asset Management**



Todd Bechard CPA, CFA
Partner, Managing Director
Portfolio Manager
**Fund Executive Management
Investments &
Asset Management**



Brian Toole, SIOR
Partner
**Asset Management
Leasing**



Ian Stanley CPA, CA
Partner, Chief Financial Officer
Tax & Legal Structures Reporting



Management Team - Germany and Luxembourg



Dr. Bernhard Engelbrecht
Partner, Managing Director
Fund Manager
**Fund Executive Management
Investor Relations
Regulatory Compliance**



Sven J. Matten
Partner, Managing Director
**Fund Executive Management
Investor Relations
Business Development**



RECan Global GP and Advisory Board



General Partner - RECan Global GP Luxembourg S.à r.l. – Board of Directors



[Dr. Bernhard Engelbrecht](#)

(RECan Global)



[Todd Bechard, CPA, CFA](#)

(RECan Global)



[Sven Rein](#)

(Pancura)



RECan Global GmbH – Advisory Board

[Nina Dohr-Pawlowitz](#)

(Managing Director, DC Placement Advisors)

Fundraising



[Lara Ryan](#)

(Upswing Solutions)

ESG Specialist



[Prof. Dr. Hanns-Ferdinand Müller](#)

(CEO, FORIS AG)

Fund Governance



[Dr. Jörg Maier-Erbacher](#)

(Real Estate Consultant, ehemals Corporate Vice President, Boehringer Ingelheim)

Acquisition Consultant



Selected Track Record of the RECan Global Team



The RECan Global Group consists of the German Investment Advisor RECan Global GmbH, RECan Global GP Luxembourg S.à r.l., the General Partner of the Luxembourg-based RECan Canadian Diversified Real Estate Fund SCS, SICAV-RAIF, the Canadian asset management company, PG Asset Management Inc. and its strategic partner, Partners Global Corporate Real Estate Inc., a leading corporate real estate advisory firm headquartered in Halifax, Canada.

- ✦ The RECan management team has over 100 years combined experience, within the real estate industry in Canada, Germany and Luxembourg, including over 30 years direct experience in investment fund creation and management in the EU and extensive experience in sourcing, asset management, executive and financial management, leasing and the development/re-development process for commercial real estate in Canada.
- ✦ The management team has a substantial real estate deal closing / fund manager track record with a total volume of more than \$6 billion CAD and more than 10 billion Euros. In addition, the team has completed well over \$1 billion CAD in commercial real estate debt financing.
- ✦ The RECan team also has over 40 years combined experience managing over 2.5 million square feet of commercial and multi-residential real estate throughout Canada. The team has direct experience, and considerable connections, in all of the major real estate markets in Canada.

Track Record - Fund Management (Germany, Luxembourg & Canada)

- ✦ The RECan German & Luxembourg team members have been involved in both the creation of investment funds in Germany and Luxembourg, and the ongoing management of investment funds, as an investment advisor and as a lead or a Board member of AIF's.
- ✦ With over 20 years experience, this team has navigated the legal and regulatory issues of investment funds within the EU, along with raising capital and managing the ongoing relationships with investors, fund managers, asset managers, auditors, advisors and lawyers.
- ✦ The team also has experience in a similarly-structured Luxembourg-based investment fund, providing the RECan team with valuable experience and insights into bringing EU-based capital to Canada.
- ✦ In Canada, a team member has been responsible for the overall management of over \$1 billion (AUM) in institutional Canadian real estate funds.

Selected Track Record of the RECan Global Team



Track Record - Real Estate Investments (Canada & EU)

- ✦ In the EU, previous experience includes many well-known real estate transactions such as the sale and management of GBW Immobilien from Bayerische Landesbank, the Sale of the Landesbank Baden-Württemberg residential arm, the take over of Hessen privatized portfolio from CA-Immo and the privatization of major residential holdings of Munich RE Group and Gerling Insurance Group. The team has real estate transaction experience throughout Europe as well as in China, Korea, Japan or Australia
- ✦ In Canada, the team members have been actively involved in over \$6 billion CAD in real estate transactions, ranging in size from less than \$1 million (CAD) to large transactions of more than \$1.5 billion CAD.
- ✦ Highlighted debt transactions include a \$260 million CAD mortgage on a commercial property in Quebec with German lender Deka Bank.

Track Record - Asset Management (Canada)

- ✦ The RECan Canadian team has over 70 years of combined experience in all facets of the real estate asset management function, including leasing, property management, financial management, budgeting and reporting, capital projects, development for both individual assets and portfolios of up to \$1 Billion CAD.
- ✦ While based in Halifax, the team members have been actively involved in real estate transactions and asset management throughout Canada, with particular experience in Ontario and Quebec.

Selected Track Record of the RECan Global Team



Canadian Real Estate - Selected Transactions

Year	Location	Asset Type	Transaction	Name	Amount (CAD)	Comment
2014	Ontario / Quebec	Commercial	Acquisition	Cominar / Ivanhoe	\$ 1,620,000,000	Portfolio acquisition of 5.66 million sf of high-quality office, industrial and retail properties
2018	Canada (various)	Commercial & Multi-Residential	Disposition	Cominar / Slate	\$ 1,140,000,000	Portfolio sale of 6.1 million square feet of space in Alberta, Ontario and Atlantic Canada
2014	Toronto / Montreal	Office	Acquisition	Cominar / Redbourne	\$ 228,825,000	Portfolio acquisition of 1.2 million sf of suburban office buildings in Toronto and Montreal
2016	Quebec	Retail	Disposition	Cominar / various	\$ 117,500,000	Sale of number of retail properties, totaling 620,000 sf in three transactions
2016	Toronto	Office	Acquisition	Private Vendor	\$ 110,000,000	Acquisition of multi-tenant office campus
2014	Toronto	Industrial	Acquisition	Cominar / Kingsett	\$ 100,700,000	Portfolio acquisition of 1.2 million sf of well located mixed-use industrial properties
2018	Atlantic Canada	Industrial	Acquisition	Various	\$ 98,000,000	Multi asset portfolio of industrial properties
2016	Calgary, Alberta	Office	Acquisition	Private Vendor	\$ 80,000,000	Single tenant office building
2019	Montreal	Commercial	Disposition	Cominar / BTB / Metro	\$ 78,250,000	Disposition of 585,000 sf of office and retail properties to BTB REIT and Metro
2016	Quebec/Ontario	Retail	Acquisition	Private Vendor	\$ 64,000,000	Multi asset portfolio of retail properties
2017	Toronto	Industrial	Disposition	Cominar / Blackwood	\$ 55,000,000	Disposition of a 635,000 sf industrial building
2014-2016	Halifax	Multi-Residential	Acquisition	Private Vendor	\$ 52,000,000	Four building portfolio in forward sale structure
2018	Halifax	Commercial & Multi-Residential	Sale	Partners Global	\$ 51,250,000	Arranged the sale of 275,000 sf urban commercial and multi-residential complex
2015	Montreal	Industrial	Acquisition	Private Vendor	\$ 45,000,000	Single tenant design/build industrial distribution centre
2017	Quebec	Retail	Disposition	Cominar / Skyline	\$ 35,000,000	Disposition of 175,000 sf of retail properties
2015	Montreal	Industrial	Acquisition	Cominar / IGRI	\$ 34,500,000	Acquisition of three industrial buildings, totaling 690,000 sf
2020	Halifax	Multi-Residential	Sale	Partners Global	\$ 12,000,000	Arranged the sale of a newly-built apartment building
					\$ 3,922,025,000	

European Real Estate - Selected Transactions

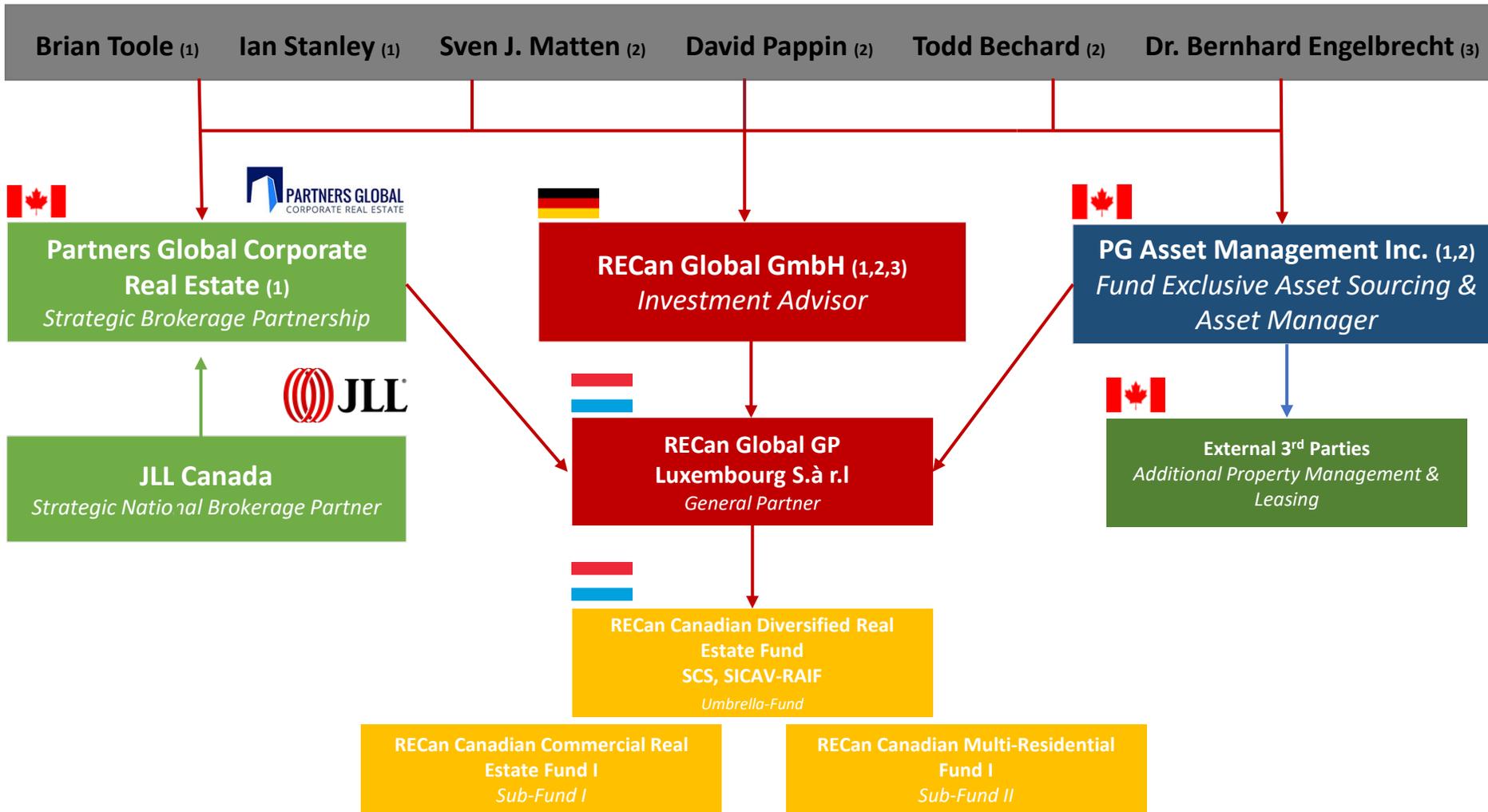
Year	Location	Asset Type	Transaction	Name	Amount (EUR)	Comment
2013	Germany Bavaria	Residential	Acquisition	GBW Immobilien	2,450,000,000 €	33.000 Rental Units from Bayerische Landesbank
2015	Germany Badenwürttemberg	Residential	Disposal	LBBW-Immobilien	1,900,000,000 €	21.500 Rental Units to Deutsche Annington later Wonovia
2012	Germany Badenwürttemberg	Residential	Acquisition	LBBW-Immobilien	1,435,000,000 €	21.500 Rental Units acquired from Landesbank Badenwürttemberg
2015	Germany Berlin and Munich	Residential	Acquisition	Harald Transaction	1,100,000,000 €	13.500 Rental Units Deutsche Wohnen AG
2015	Netherlands	Residential	Acquisition	Whilhelmina Portfolio	578,000,000 €	5.500 Rental units in 127 appartments budilings acquired from Vestia in the Netherlands
2015	France	Residential	Acquisition	Bastide Portfolio	180,000,000 €	1.000 Rental units throughout France
2013	Germany	Retail Food Supermarkets	Acquisition	Deicon Portfolio	178,000,000 €	86 supermarkets
2013	Germany Hessen	Office, Special Public Buildings	Acquisition	LEO II Hessen Public Portfolio	800,000,000 €	36 Large special purpose buildings for the state of Hessen
2008 - 2016	Germany	Residential	Disposal / Privatisation	Gerling	300,000,000 €	2.800 residential and commercial units
2008 - 2016	Germany	Residential	Disposal / Privatisation	Meag Portfolio	800,000,000 €	6.800 residential and commercial units
2016 - 2021	Germany	Residential	Acquisition	Fundamenta	520,000,000 €	3.100 residential and 85 commercial units throughtout Germany
2016	Germany	Residential	Acquisition	Bouwfondsportfolio	180,000,000 €	3.500 residential units
2014	Germany Düsseldorf	Residential Transformation	Acquisition / Project	Gerrresheimer Glashütte		Transformation of a former glass manufacturing area into a residential area
2015	Germany Hamburg	Residential Transformation	Acquisition / Project	Krankenhaus Langenhorn		Transformation of a former hospital into residential units
					10,421,000,000 €	

Selected Relevant Experience of the RECan Global Team



	Dr. Bernhard Engelbrecht	Todd Bechard, CFA, CPA, CMA	David Pappin	Brian Toole, SIOR	Ian Stanley, CPA, CA	Sven Matten, MBA
Fund Management	numerous investment funds Board level experience within more than 20 different investment funds		numerous closed and open Can. real estate funds			incorporated and managed Ventusolar Inc. in Canada and Ventusolar Global Capital Group in Germany / Luxembourg along with its Renewable Energy Funds (10 yrs)
Asset Management	indepth experience within more than 10 Luxembourgish and German Funds	Senior VP of \$8 billion Canadian REIT asset management responsibilities for a \$400 million portfolio	President of a public Canadian real estate asset management company Responsible for asset management team			
Acquisitions	in excess of €10B in acquisitions in Europe and Asia	in excess of \$4B in real estate acquisitions and dispositions experience throughout Canada	in excess of \$2B in real estate acquisitions and dispositions experience throughout Canada	over 25 years experience in leasing and sales within the Canadian real estate market	over 10 years experience structuring and acquiring real estate assets for clients	Ventusolar Team track record of 6 Gigawatts of handled renewable energy projects in Canada and Europe
Fund Creation	more than 10 real estate investment funds within the german speaking market Setting up regulated AIFM's		created and ran both closed and open real estate investment funds within the Canadian market			structured 3 funds in Germany and Luxembourg, structured and realized the Ventusolar Global Capital Renewable Energy Funds in Luxembourg (www.ventusolar.com)
Due Dilligence	directly responsible for more than 25 transactions throughtout Europe during a period of more than 15 years	directly responsible for >\$4B of Canadian real estate investment transactions and due diligence	directly responsible for >\$2B of Canadian real estate investment transactions and due diligence		personally involved in numerous DD reviews for multi res and industrial investments	
Financial Analysis Leasing	indepth knowledge of investment analysis at Investment Committee level	highly skilled at investment underwriting and analysis, valuations, Investment Committee and Board reporting	highly skilled at investment underwriting and analysis, valuations, Investment Committee and Board reporting	In-depth financial analysis experience 25 years experience negotiating leases throughout Canada	In-depth financial analysis experience multi-residential underwriting	
Real Estate Tax and Accounting	responsible in parallel for more than 50 SPV's, Holding companies and funds	CPA and a former Chief Financial Officer of a publicly-traded real estate company			CPA with 20 years experience in Canadian real estate accounting and Tax	
Financing Debt Management		managed an over \$2 billion mortgage portfolio, including sourcing over \$1 billion in new mortgage financings. Previously a commercial mortgage lender				

RECan Global Group – Company Overview

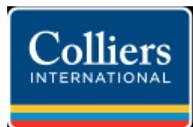


- **RECan Global GmbH**
Partners - Brian Toole, Ian Stanley, Sven J. Matten, Dr. Bernhard Engelbrecht, David Pappin and Todd Bechard
 - **PG Asset Management Inc.**
Partners - Brian Toole, Ian Stanley, Sven J. Matten, David Pappin and Todd Bechard
 - PG Asset Management provides exclusive asset sourcing and asset management services to the RECan Group
 - **Partners Global Corporate Real Estate**
Shareholders - Brian Toole and Ian Stanley
 - **RECan Global Group** has a strategic partnership with Partners Global
 - JLL in Canada is the strategic national partner of Partners Global
- * Only active shareholders are listed above*

RECan Global Partners



- ◆ Highly specialised Luxembourg service providers:
 - ◆ AIFM: [Pancura](#)
 - ◆ Central Administration: [Pandomus](#)
 - ◆ Depositary: [Hauck & Aufhäuser](#)
 - ◆ Auditor : [Deloitte Luxembourg](#)
- ◆ External partner Canada, accounting & reporting: [Baker Tilly](#)
- ◆ External partner Canada, valuation: [Colliers International](#)
- ◆ [JLL](#) is associated national brokerage partner of [Partners Global](#)
- ◆ [DEKA Bank](#), the preferred partner for commercial debt financing, with a significant amount of experience lending in Canada





PG Asset Management

highly experienced local player within the RECan Global Group



Investment Management

PG Asset Management sources both brokered and off-market assets exclusively for the RECan Global funds through its extensive network in RECan's targeted markets.

The PGAM Investment Team is constantly scanning the markets for assets that fit within the funds Investment Strategy. Once assets are identified the team will perform an initial analysis, underwriting and provide its' recommendation to RECan.

The Investment Team remains involved throughout the acquisition process, providing due diligence and transaction management services in conjunction with external partners. Once a transaction has been completed the Investment Team seamlessly transfers the knowledge gain during the due diligence process on to the Asset Management Team.

The Investment team is also responsible for sourcing the debt capital required for the RECan portfolios through it list of both Canadian and international real estate lenders.

www.pgam.ca



Asset Management

We take a comprehensive and proactive approach to asset management, providing strategic advice and long-term oversight of the assets that we manage, with the goal of maximizing both return on investment and asset value.

Maximizing the value of a real estate investment requires careful oversight, an understanding of real estate markets and capital market trends, prudent and strategic capital upgrades and effective hands-on day-to-day operation of the property while ensuring that tenant needs are met.

As RECan's exclusive Asset Manager, PGAM is responsible for securing and overseeing the property managers and leasing brokers and all other service providers that manage the day-to-day operations of the real estate portfolios, with a goal of increasing tenant satisfaction, tenant retention, and occupancy rates while prudently managing expenses.

In addition, PGAM maintains overall responsibilities for the financial performance, accounting and reporting for the real assets in the RECan portfolios. This includes operational and capital budgeting, real estate accounting, financial analysis, asset level reporting, etc.

The PG Asset Management Team offers extensive experience in all facets of the real estate management function including transaction management, leasing, property management, financial management, budgeting and reporting, and capital projects, throughout Canada.



External Partners

Fund & Partners: Pancura & Pandomus, Independent AIFM & Central Administration for Real Estate Funds



pandomus, founded in 2009, offers as a "professional of the financial sector" (PSF) high-end & tailor-made Luxembourg company domiciliation, corporate, accounting and administration services for both, regulated and unregulated entities. **pancura**, sister company of **pandomus**, is an independent, privately owned Luxembourg based Management Company. **pancura** was incorporated in 2013 and qualifies as an alternative investment fund manager (AIFM) with focus on Alternative Investment Funds, predominantly Real Estate & Private Equity /Venture Capital.

Both **pandomus** and **pancura** are subject to the supervision of the Commission de Surveillance du Secteur Financier (CSSF) and obtained their respective licenses. Together, or stand-alone, **pandomus** and **pancura** form a turnkey ready platform solution for investment managers seeking assistance to manage their funds. The partners are experienced professionals and have, on average, approximately 20 years of accounting, NAV calculation, fund structuring and administration practice. They have been involved in the set-up, business integration and subsequent service deliverables of Luxembourg investment vehicles for more than two decades. The dedicated team of qualified accountants, fund managers, lawyers, chartered surveyors and auditors have been recruited from major central administration and audit firms and thus combines in-depth experience of diverse investment vehicles with their operational knowledge of setting up, launching and administering those vehicles over their life cycles.

- ✓ Portfolio Management, expert for Real Estate, Private Equity, Infrastructure and Debt Funds, 28 AIFs under Management
- ✓ Risk Management, Marketing/Distribution Support (EU Marketing Passport), Regulatory Reporting, Valuation Services
- ✓ Currently close to EUR 3.6 bn Assets under Management, 7 AIFs in capital raising process, with target fund size above EUR 2.5 bn over the next 3 years
- ✓ Provision of integrated solutions to Investment Managers, no conflicts of interest with other group entities
- ✓ Benefit from the expertise of specialists coming from the industry and our broad international industry network
- ✓ Comply with the regulatory reporting requirements
- ✓ Cost effective solution to comply with the AIFMD
- ✓ www.pancura.lu & www.pandomus.lu

pancura
INDEPENDENT AIF MANAGER

pandomus
ALTERNATIVE INVESTMENT SERVICES

External Partner Luxembourg Auditor: Deloitte



From the Deloitte's website:

"Deloitte is a leading global provider of [audit and assurance](#), [consulting](#), [financial advisory](#), [risk advisory](#), [tax](#), and related services. With more than 175 years of hard work and commitment to making a real difference, our organization has grown in scale and diversity—approximately 312,000 people in 150 countries and territories, providing these services—yet our shared culture remains the same. Our organization serves four out of five Fortune Global 500® companies.

"Deloitte" is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide [audit](#), [consulting](#), [financial advisory](#), [risk management](#), [tax](#), and related services to select clients.

These firms are members of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). Each DTTL member firm provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and other related entities. Not every DTTL member firm provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL and each DTTL member firm are legally separate and independent entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts and omissions, and not those of each other. DTTL (also referred to as "Deloitte Global") does not provide services to clients.

The DTTL member firm in Luxembourg is Deloitte Luxembourg. For more information about Deloitte Luxembourg, click [here](#)."



Deloitte by the numbers

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues (US\$ in billions)	\$46.2	\$43.2	\$38.8	\$36.8	\$35.2	\$34.2	\$32.4	\$31.3	\$28.8	\$26.6	\$26.1	\$27.4	\$23.1
People	312,000	286,200	263,900	244,400	225,000	210,400	200,000+	193,000	182,000	170,000	169,000	165,000	150,000
Countries and territories	150+	150+	150+	150+	150+	150+	150+	150+	150+	150+	140	140	142

External Partner Canada Accounting & Reporting: Baker Tilly



From the Baker Tilly Canada website:

With member firms from coast to coast, the Baker Tilly Canada Cooperative is one of the country's largest associations of chartered professional accounting firms. As an all-Canadian network, we have a longstanding reputation for value-added audit, tax and advisory solutions, due to the depth and breadth of our in-house skills, customized offerings and service excellence. Through our strong network infrastructure, shared expertise, resources and offices across the country, our independent member firms provide clients ranging in size from large, publicly traded companies to owner-managed and emerging businesses with a full complement of professional services across every major industry sector.

Globally connected

We are proud to be an independent member of Baker Tilly International, a network which extends across 146 territories, with 36,300 people working out of more than 742 offices. Our membership gives us significant global reach in addition to our national presence.

At Baker Tilly International, we believe in the power of great relationships, great conversations and great futures. They represent what we stand for and what we are working together to achieve. Find out more at www.bakertilly.global.

Assurance Services

- Audit and Accounting Services
- Entrepreneurial Services
- Private Enterprise
- Public Markets

Tax Services

- Tax Advisory
- Cross Border and International
- EHT and WSIB
- Grants and Incentives
- Indirect Tax
- Scientific Research & Experimental Development
- Transfer Pricing
- U.S. Tax

Transaction Advisory Services

- Corporate Finance
- Estate Trustee During Litigation
- Restructuring and Recovery Services
- Transaction Services
- Valuation Services

Consulting Services

- Baker Tilly Live
- Human Resource Management

Other Advisory Services

- Baker Tilly Advantage
- Business Advisory Services
- Commercial Insurance Claims
- Cybersecurity Solutions
- Data Solution Services
- Enterprise Effectiveness
- Forensic Services
- Litigation Accounting Services
- Mediation and Conflict Resolution
- Operational Performance Reviews and Process Improvement
- Partnership Disputes
- Succession Planning



External Valuation Partner Canada: Colliers International



From the Collier's website:

Colliers International Valuation & Advisory Services

[Colliers International](#) (CMN) is a global real estate services firm with over 15,000 skilled professionals operating in 68 countries worldwide.

[Valuation & Advisory Services \(VAS\)](#) offices are located in Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa, Montreal, and Halifax. This large network of offices allows Colliers to provide expert local real estate advice wherever our clients need us.

The Valuation & Advisory Services group combines extensive industry knowledge with advanced technology to provide you with highly efficient service and creative solutions. We offer a full range of services including valuation, property tax consulting and advisory services. We have a solid reputation in the valuation of significant national, regional and local assets. We provide the following services:

- Real Estate Valuation
- Capital market support – IPO support; IFRS Valuation and Benchmarking
- Market Feasibility and Highest and Best Use Studies
- Real Estate Strategies and Decision Making Support
- Property Tax Consulting

[Colliers International Valuation & Advisory Services](#)



Real estate is a location business.
That's why we do business where you do business.



When you partner with a Colliers professional, you know you are getting the best local knowledge available, as well as gaining access to real estate expertise across 31 Canadian locations and 502 offices around the world.

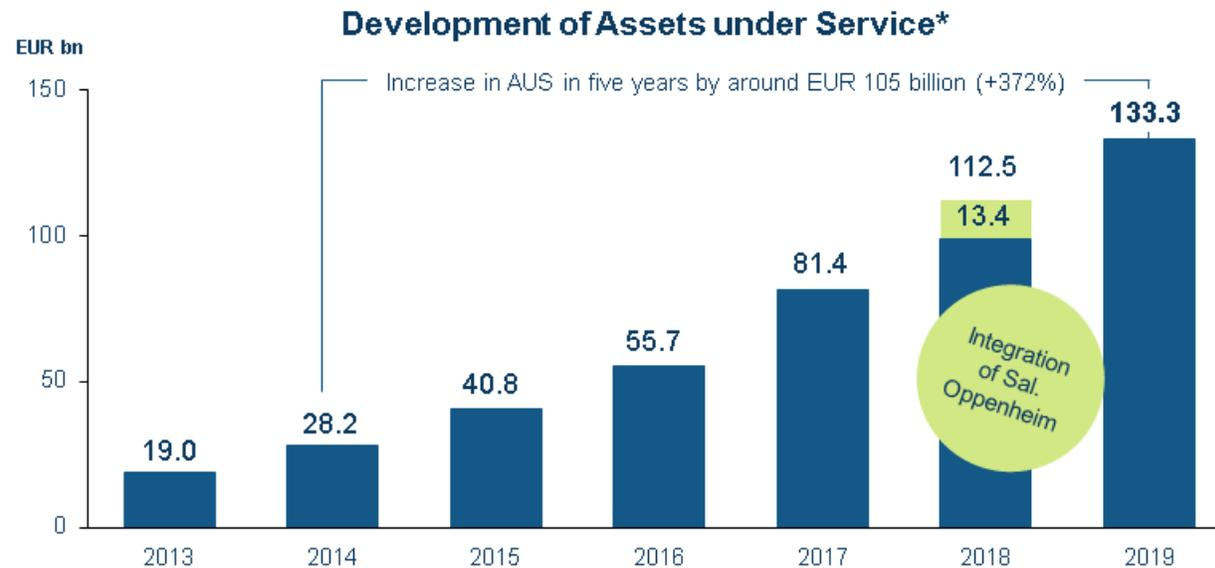
Fund & Partners: Depository & Paying Agent Hauck & Aufhäuser



Hauck & Aufhäuser, Privatbankiers AG

The Luxembourg branch of Hauck & Aufhäuser Privatbankiers AG has a clear focus on fund structures

- ◆ Fully licensed service provider for regulated and unregulated fund vehicles: UCITS, Non-UCITS, specialized investment funds (SIF), alternative investment funds (AIF/ RAIF), securitization vehicles and other company structures
- ◆ Center of competence for depository bank business is based in Luxembourg
- ◆ 100% Luxembourg branch of Hauck & Aufhäuser Privatbankiers AG, Frankfurt a.M.



EUR 133 Bn
Assets under Service

50.9
EUR Bn
Financial
Assets under
Service

82.4
EUR Bn Real
Assets under
Service

> 760
Managed
Funds

250
Affiliated Asset
Managers

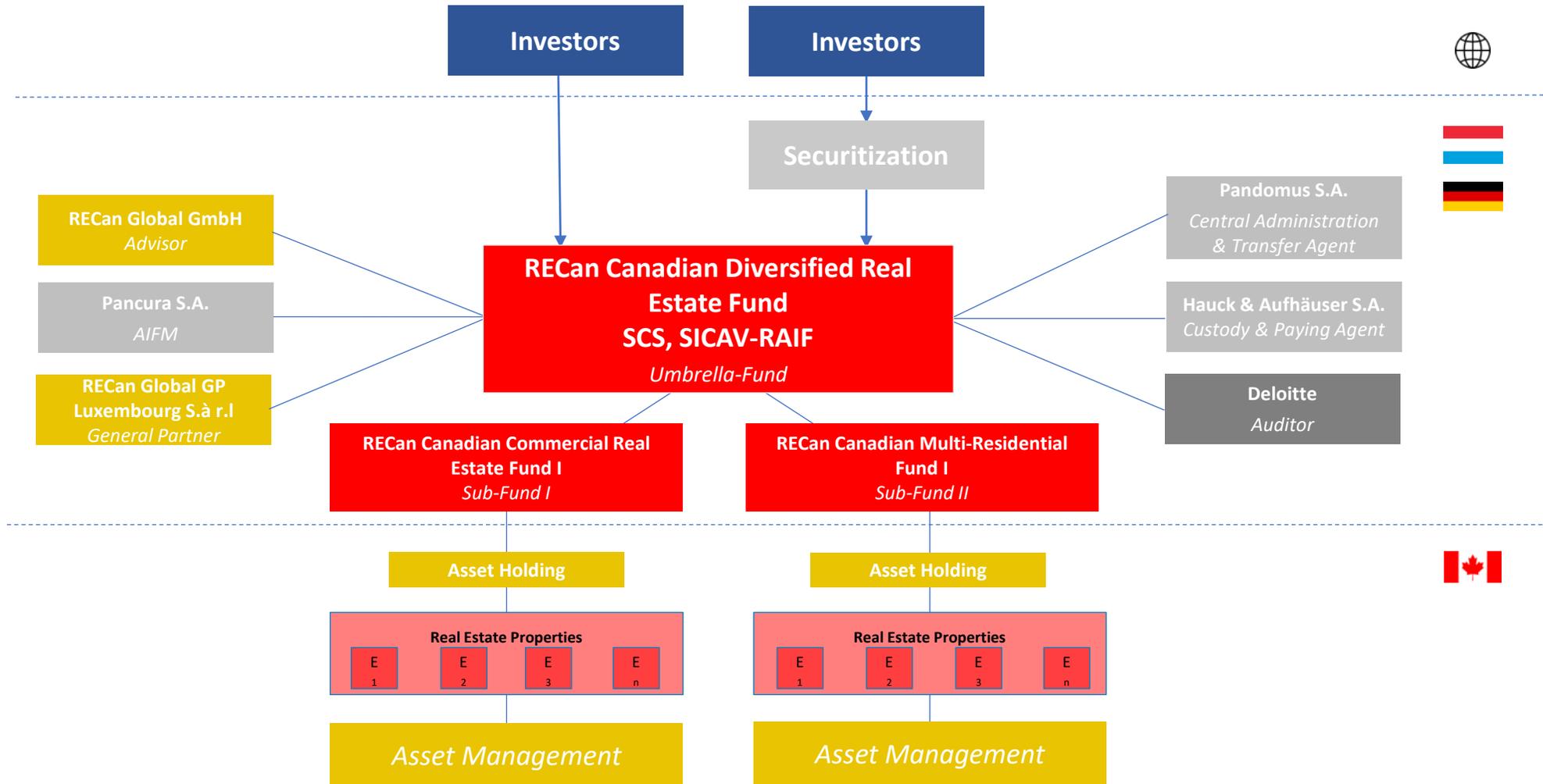
304
Heads

4
Locations



Fund Structure

Structure Chart RECan Canadian Diversified Real Estate Fund SCS, SICAV-RAIF



Structuring Solution: Implementation of a RAIF



Structure

- Alternative Investment Fund (AIF) pursuant to the Luxembourg Law of 12 July 2013 on Alternative Investment Fund Management ("AIFM Law") in the form of an Investment Company (SICAV) under the Luxembourg Law of 23 July 2016 on Reserved Alternative Investment Funds ("RAIF Law")
- Tax-transparent legal form in the form of a Luxembourg limited partnership (SCS), according to investors' (investment) taxation needs.
- Limited liability at the level of the general partner in the legal form of a limited liability company (société à responsabilité limitée - S.à r.l.).

Marketing and distribution

- Managed by a licensed AIFM, the Fund has access to the EU Marketing Passport and thus the opportunity to obtain simplified distribution approval for global distribution

Structuring and founding

- Equipped with the characteristics of an investment fund, the fund can be structured with several sub-funds and share classes
- Foundation with the conclusion of a partnership agreement between at least one general partner and a limited partner (SCS)
- Deposit of the articles of association (SCS) and company registers (Registre de Commerce et des Sociétés - RCS)
- Registration in the RAIF Register of the Luxembourg Financial Supervision CSSF

Structuring Solution: Implementation of a RAIF as a SCS (1/2)



Characteristics

- The Luxembourg limited partnership (SCS) corresponds conceptually to the German KG.
- Partnership with legal personality.
- Tax transparent (also from a German tax perspective according to legal type comparison).
- Qualified Alternative Investment Fund ("AIF") within the meaning of the AIFM Law.
- RAIF requires the appointment of an alternative investment fund manager (AIFM = Alternative Investments Fund Manager) with the comparable permit pursuant to § 20 (1) KAGB.
- Frequently used investment structure for tangible assets.
- Mutual funds in the legal form of a partnership (in Luxembourg ie the SCS or SCSp) are not within the scope of the German Investment Tax Act (InvStG) 2018.

Advantages

- Limited liability of investors to their contribution (limited partners).
- Greater flexibility in the context of the formation of the articles of association than with corporations.
- Investments are qualifying infrastructure investments that meet the criteria set out in Delegated Regulation 2016/467 in accordance with Article 164a.

Structuring Solution: Implementation of a RAIF as a SCS (2/2)



Taxation of a Luxembourg Special Limited Company as an AIF

- ✦ Are not subject to the Luxembourg income tax or corporation tax.
- ✦ An SCS that qualifies as an AIF is not subject to Luxembourg trade tax unless its personally liable partners own 5% or more of the shares (trade tax analysis from a German perspective but required separately).
- ✦ No wealth tax or withholding tax in Luxembourg on payments to investors (dividends or interest payments).
- ✦ The taxation of investors for income from the assets of the Fund is governed by the respective national tax law of the registered office of the investors.
- ✦ Tax-neutral design possible (transfer of tax burden).
- ✦ Also a double-layer structure is optional available

Advantages

- ✦ Complete tax transparency.
- ✦ Fast structuring and implementation.
- ✦ No prior approval of the CSSF necessary.
- ✦ Full regulation at a later date always possible (opt-in option for special funds or SIF regulation).



Currency Hedging

Currency Hedging (7orca)



RECan has partnered with 7orca Asset Management to provide investors with optional Currency Overlay Management

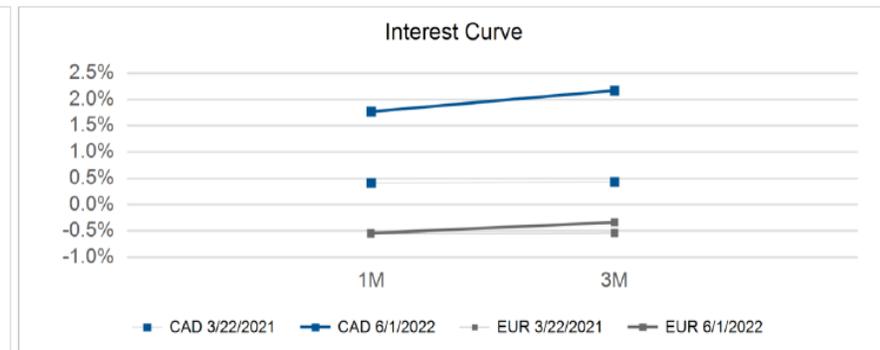
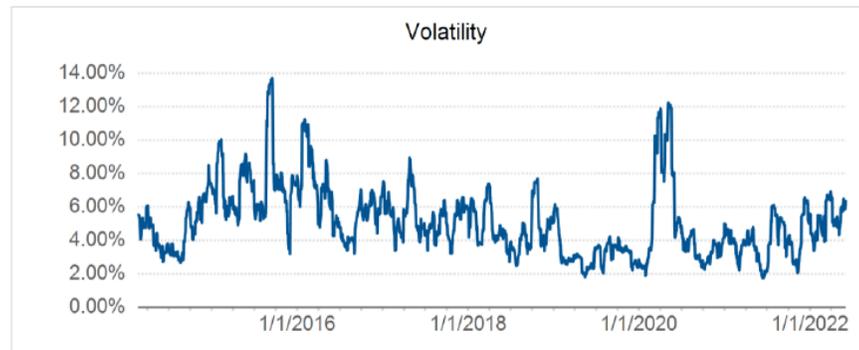
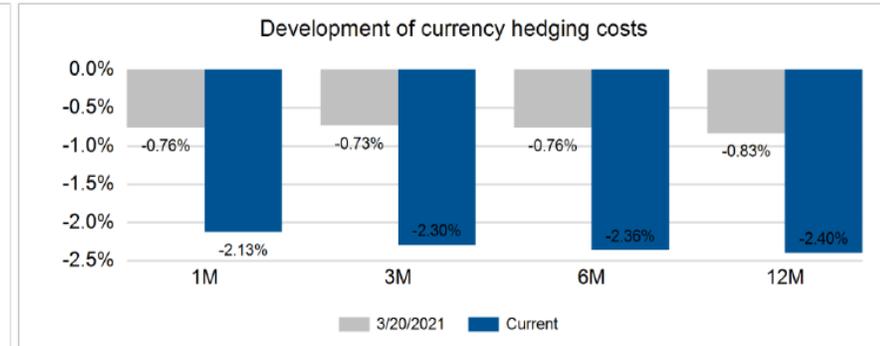
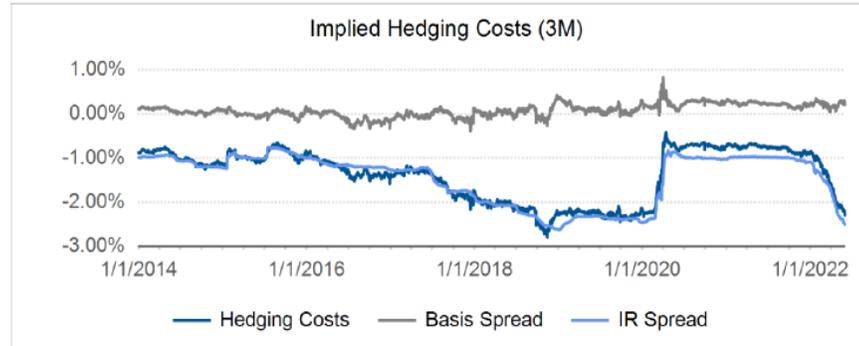
7orca will work with investors to design customized currency hedging options.

“We are the partner of institutional investors when it comes to currency risks. According to their individual specifications, we hedge these for them in tailor-made active and passive currency overlay solutions.

Investors who want to diversify their portfolio with an alternative risk premium benefit from our short volatility strategies, which invest globally and multi-asset in the underlyings equities, bonds and currencies. www.7orca.com”

Overview: EUR/CAD Hedging Costs, Volatility, Interest Rates

(12/30/2013 - 6/1/2022)



Source: 7orca Asset Management AG, Bloomberg.

Currency Hedging (7orca)



Status Update

Hedging costs have widened in 2022 as the Bank of Canada (BoC) is moving more aggressively than the European Central Bank at combating rising inflation.

Hedging costs are expected to decline in the 2nd half of 2022 as the European Central Bank catches up to the BoC's rate hikes.

Costs are expected to settle in the range of the 10-year (2011-2020) average of 140 – 150 bps.

EUR/CAD – Recent Events

- The BoC recently announced a further rate-hike in the magnitude of 50 basis points amounting to currently 1.5%. This meets the expectations. The central bank is now only 25 basis points away from its pre-Corona level.
- Due to this rate increase, the yield difference widens compared to the Eurozone at the shorter tenors. This also meets the expectations. The yield curve structure differential at the longer tenors reduces now, since a sequence of rate hikes from the ECB is now priced in, especially at a later point in time.
- The BoC acts traditionally in accordance with the FED, which implies further rate adjustments as long as there are no recessionary tendencies.
- The basis spread as an indicator of the supply and demand situation for two currencies continued to develop positively. This aspect has a compensatory effect on the higher hedging costs.

3

7orca



Securitization Note (optional / single or double layer)

Platform for Securitizations (proposal)



Full range of securitization services

For initiators and investors

- Compliance
- Substance
- Business services

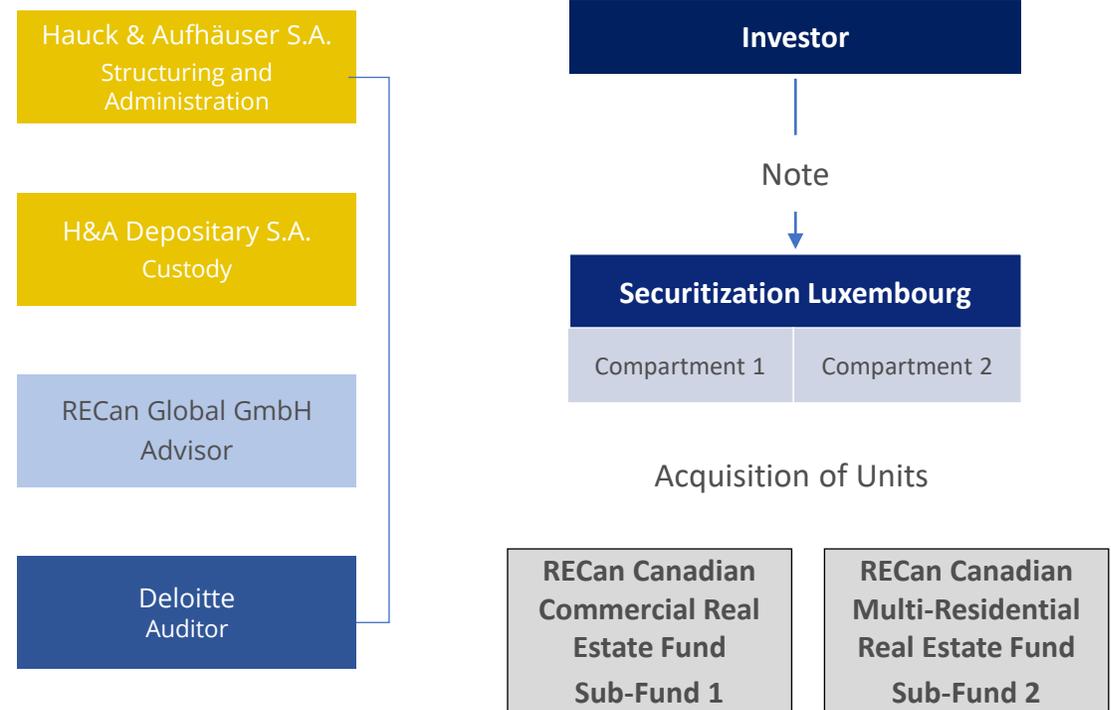
For insurances/pensions/funds

- Requalification of assets according to preferred asset classes in accordance with the German Investment Regulation (AnIV)
- Avoidance of balance sheet consolidation
- Optimization with regard to the capital charge (SCR)

For offshore managers

- Obtaining an EU distribution pass in accordance with AIFMD
- Access to new types of investors through the securitization of offshore funds
- Acting as feeder / parallel structure for unregulated offshore funds (Cayman, Delaware)

Providing of a securitisation platform based in Luxembourg



Securitization solution proposal



Structure

- ✦ Issue of a new compartment within Hauck & Aufhäuser Securitization S.A. Platform.
- ✦ Delta-1 securitization under the Luxembourg law of 22 March 2004 on securitizations (“Securitization Law”).
- ✦ In the form of a coupon bond that replicates the performance of the underlying fund (value and distributions).
- ✦ Stock exchange listing on the Luxembourg Stock Exchange (LuxSE / EuroMTF) and rating agency rating if required.

Advantages

- ✦ The bonds issued by the securitization platform may, if appropriately structured, be regarded as bonds within the meaning of section 2 (1) no. 7 or 8 AnIV (bonds).
- ✦ Interest and dividend payments to investors by a securitization company are not subject to Luxembourg withholding tax.
- ✦ The most common investment solution for expanding the asset value exposure of institutional investors.



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Brian Toole, Partner bt@recanglobal.com

Ian Stanley , Partner, CFO is@recanglobal.com

Disclaimer



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