



# Addison Square

East Kildonan, Winnipeg, MB

**Size:** 139 Units

**Date Purchased:** March 2016

**Construction Completed:** July 2017

**Full Occupancy:** October 2017

**Current Status:** Retained, Income Producing

## INVESTMENT HIGHLIGHTS

**Original Investment:** \$5,472,250

**Ownership:** 25%

**Development Period:** 1.6 Years

**Development IRR:** 25.7%

## CURRENT METRICS

**Building Value:** \$30,760,000

**Capitalization Rate:** 5.0%

**Loan to Value:** 73%

**Average Rent per Sq. Ft:** \$1.51

**Net Operating Margin:** 66%

**Current Vacancy Rate:** 1.0%

**Current Yield:** 9.2%

## MULTI-FAMILY / RESIDENTIAL / CORE PLUS

### THE DRIVER OF HIGHER RETURNS: Featured Case Study

**ALITIS**  
ASSET MANAGEMENT

#### Overview:

Winnipeg is Canada's seventh largest city with 778,000 people (2016 census) and is one of the country's most diversified economies. In 2015, the economy grew close to 3.5% and generated almost 15,000 new jobs. Although Winnipeg has experienced an increase in rental construction, vacancy rates remain below 3.0% and average rents increased 3.3% in 2015.<sup>1</sup> For these reasons, Alitis views Winnipeg as a stable and mature market.

Addison Square is the third development partnership between Alitis Investment Counsel and Ironclad Developments, and the second in Winnipeg. The site is located in East Kildonan municipality of Winnipeg just north of Regent Ave West at the corner of Peguis Street and El Tassi Drive. At 139 units, it was the largest development partnership between Alitis and Ironclad at the time. Similar to previous Ironclad Development projects, the development already had proper zoning and a development permit at the time of funding. This contributed to a clearly defined timeframe and minimized the risk of the development.

#### Project Expenses and Revenues:

Alitis committed to invest \$5.47MM over four capital calls in exchange for a 25% ownership in the development.

Alitis' initial investment was made in March of 2016 and the construction was completed (occupancy permit) in July of 2017. It took roughly 3 months to fully rent-up the building and long-term CMHC financing (5-year term at 2.50%, 30 year amortization) was placed on the building in October 2017.

Alitis Asset Management is a division of Alitis Investment Counsel Inc.

Images are for illustration purposes only and may not be an exact representation. Current yield is defined as the net operating income less mortgage interest divided by current equity. Development Return is calculated by multiplying Alitis' proportionate share of a project by the difference between the current fair market value of the property and the total cost of its development. The property is deemed to be completed once construction has been completed to 98% and the property is 90% leased and/or rented.

1. Data provided by Altus Group in a prospective appraisal as of November 17, 2015.

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