

ALITIS

ASSET MANAGEMENT



ALITIS PRIVATE REIT

Alitis Investment Counsel Governance & Investment Committee



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Opportunistic¹

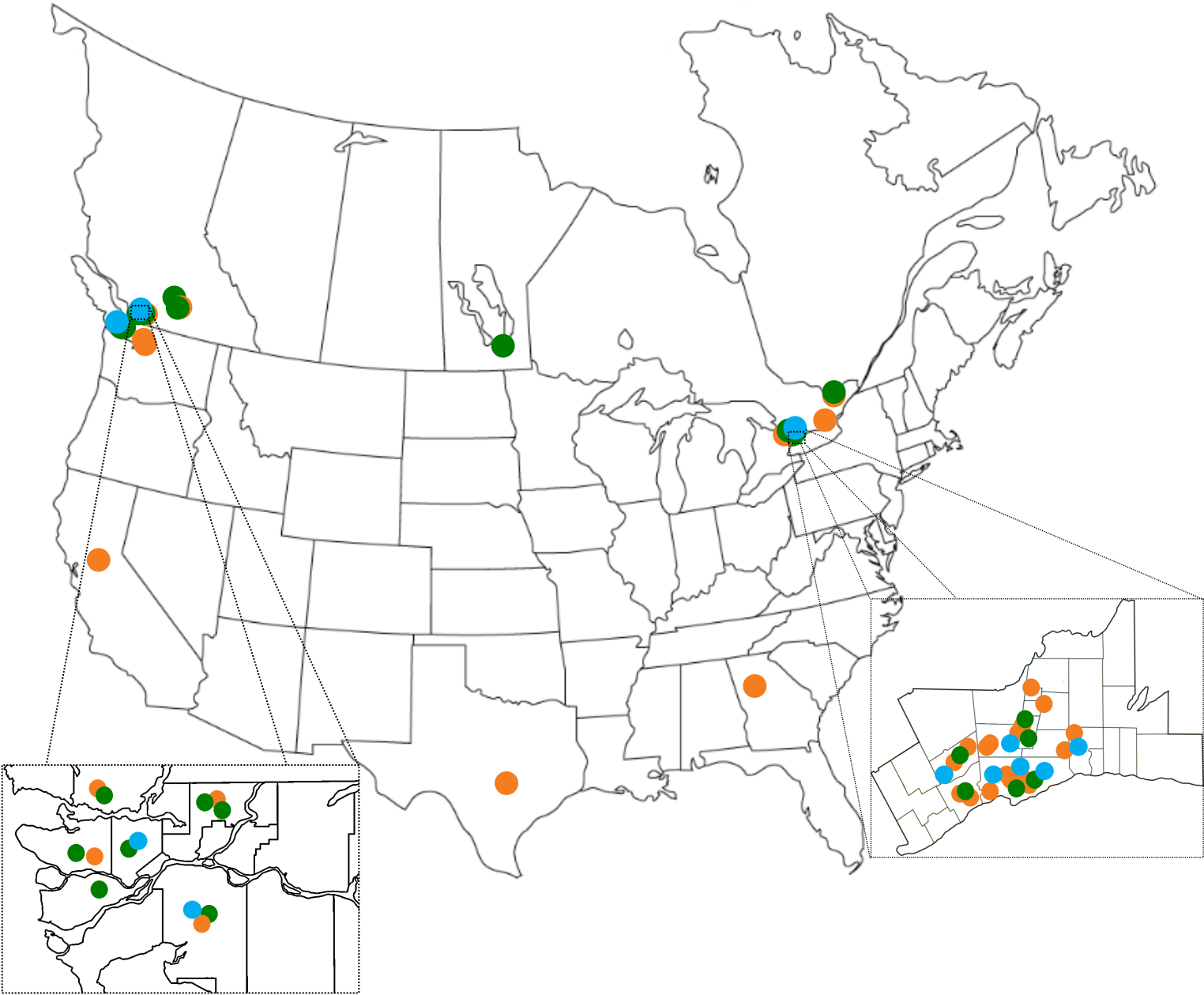
Metro Vancouver
Greater Toronto Area
Ottawa
Winnipeg
Greater Victoria
Kelowna
Vernon

Value Added¹

Metro Vancouver
Greater Toronto Area
Seattle
Austin
Atlanta
Global

Core Plus¹

Metro Vancouver
Greater Toronto Area
Greater Victoria



Opportunistic



Ducklow
Coquitlam, BC
69 Townhome Development
Start Date: March 2016
Estimated Completion: June 2022
\$1,000,000 Investment²
Projected Development Return³: 15%



Elliott
Kelowna, BC
193 Unit Apartment
Start Date: Nov 2018
Estimated Completion: Feb 2021
\$9,062,500 Investment^{2,5}
Projected Development Return³: 19%

Value Added



Starlight Canadian Residential Growth Fund
Across Canada
\$5,000,000 Investment^{2,5}
Projected Annualized Return³: 12 - 13%
Value-Add investment strategy focusing on multi-family residential apartments across Canada



Timbercreek US Multi-Residential Value-Add Fund
Southeast United States
\$3,487,257 Investment²
Projected Annualized Return³: 8 - 12%
Focus is to acquire and improve undervalued multi-unit residential assets in the southeast United States

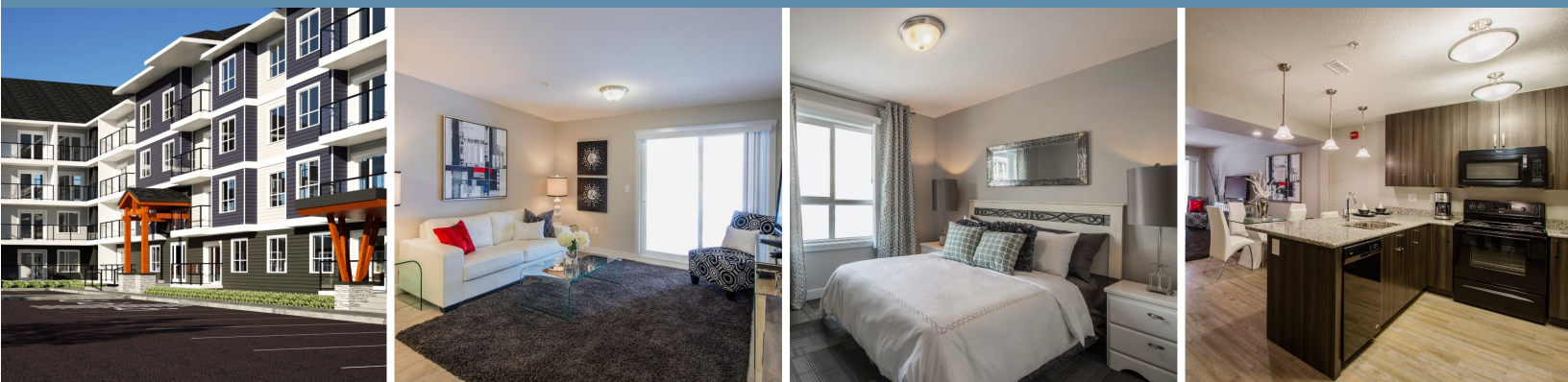
Core Plus Income



220 Bay
Victoria, BC
\$2,125,100 Investment²
Projected Development Return³: 14%³
Strategy is to hold the property for a period of 5 years as it offers an excellent opportunity for capital appreciation while providing stable holding income



Rise Properties Trust
Greater Seattle Area
\$6,172,231 Investment²
Annualized Rate of Return³: 10%^{3b}
Focus is to acquire and refurbish underperforming rental apartments in the greater Seattle area in order to improve their operations, cash flow and value



Winnipeg is Canada’s seventh largest city with 778,489⁶ people and is one of the country’s most diversified economies. In 2018, the economy grew close to 3.4% with average rents increasing 4.0% from the previous year⁷. Although Winnipeg has experienced an increase in rental construction, vacancy rates remained below 3.0% as increasing supply was offset by growing demand. For these reasons, Alitis views Winnipeg as a stable and mature market.

Addison Square was 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 Milestones:



At A Glance:

General Information

Size:	139 Units
Date Purchased:	March 2016
Construction Completed:	July 2017
Full Occupancy:	October 2017
Sold Date:	April 2019
Current Status:	Sold

Investment Highlights

Original Investment:	\$5,472,250
Ownership:	25%
Development Period:	1.4 years
Development IRR:	23.9% ⁸

Total Project Statistics

Total Gain:	\$2,246,375
Full Investment IRR:	18.8%
Total Return:	41.1%
Investment Period:	3.1 years ⁹

Q: How long has Alitis been in business?

A: Alitis Asset Management is a division of Alitis Investment Counsel Inc., which was established in 2009.

Q: Development is risky. Why should I consider an investment with development exposure?

A: Real estate development offers higher potential returns than other real estate investment strategies. A number of the REIT's development investments are made with the intention of retaining the property as a long-term income producing investment. The Alitis Private REIT has a long-term strategic asset allocation of 40% Core Plus Income, 25% Value-Added and 35% Opportunistic.

Q: What is the REIT's AUM?

A: As of July 31st, 2019, the Alitis Private REIT has \$41,255,200 in fund assets.

Q: Does Alitis hold other real estate investments?

A: Yes. As of June 30th, 2019, Alitis had total real estate holdings of \$102,845,154.

Q: Is the REIT meant to be an Income Product?

A: The Alitis Private REIT is designed to be a total return investment and does not focus on yield. The REIT targets a total return of 8 - 12% for F class units per annum.

Q: Is Canadian real estate in bubble territory?

A: People will always need places to live. Although there are pockets of over-valuation, we are careful to invest in resilient geographic areas that demonstrate high and stable market demand.

Q: How are the properties in the REIT valued?

A: Investments are valued on a regular basis using industry-standard approaches including the direct capitalization method for residential income properties to ensure that monthly NAVs are accurate. Please refer to the Alitis Valuation Policy Details document for more information.

Q: Why use the Alitis Private REIT instead of a Public REIT?

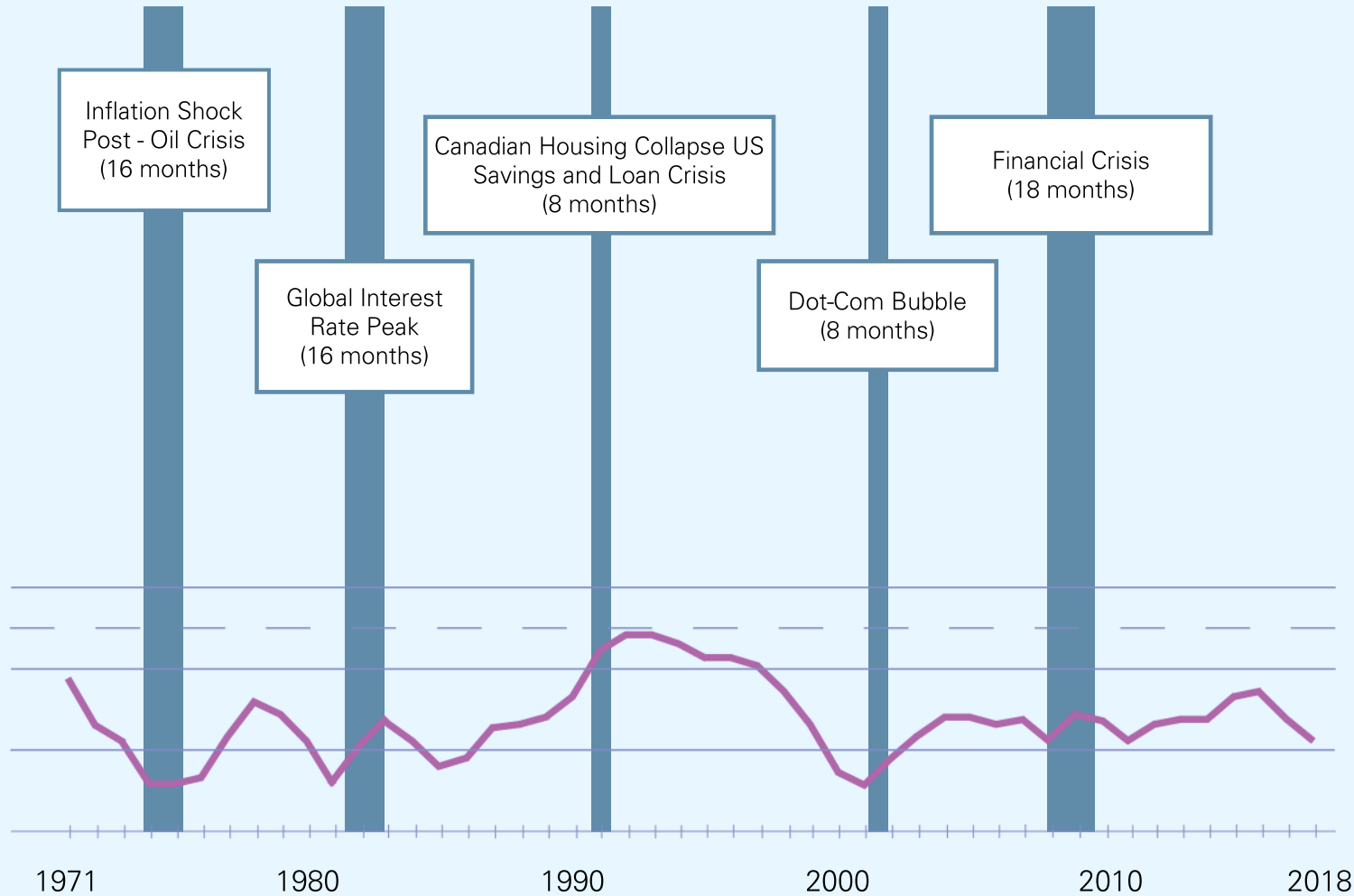
A: For stable and non-correlated investment return. Designed as a private, tax-efficient, total return real estate fund, the Alitis Private REIT can reduce your client's portfolio volatility, deliver solid returns and deliver a modest income which is paid quarterly.

Solid Fundamentals

48 years and **5 recessions** have not seen vacancy rates exceed 5 percent.

Multi-residential rental demand has persevered through recessions, double digit interest rates, and inflation.

Vacancy rates for apartment structures of 6 units and over in Canadian metropolitan areas



Data Source: Canadian Mortgage and Housing Corporation & US Business Cycle Expansions and Contractions, National Bureau of Economic Research, <https://www.nber.org/cycles.html>



Intelligently Built,
Easily Recommended.

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ASSET MANAGEMENT

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1. Categories of real estate: Core real estate is considered to be the least risky because they often target stabilized, fully leased, secure investments in major core markets. Core Plus Income real estate, is similar to Core, but not quite as high quality as the property might be in the suburbs or a secondary metropolitan area, the tenants may not be quite as high quality, or it may involve a property type that is not one of the four main property types. A newly-built property may also be classified as Core Plus if the leverage is in the 40% to 70% range. Value Added real estate investments typically target properties that have in-place cash flow but seek to increase that cash flow over time by making improvements to or repositioning the property. Opportunistic strategies involve the development of raw land into residential or commercial properties. It may also involve the conversion of properties or target highly distressed properties that require major renovations.
2. Represents the total Alitis investment in the project, not specifically the investment made by the Alitis Private REIT.
3. The return quoted is the Internal Rate of Return (IRR) of the investment's cash flows during the development phase. The Completed value of the investment will be calculated using Alitis' real estate valuation policy and may be used as the final cash flow for the investment. Real estate developments will be deemed to be complete once construction is 98% complete and the property is 90% leased, rented or sold.
- 3b. 2018 return (Class F): The \$CAD return was 9.9% and the USD depreciated 8.48% for a total return of 18.38% USD.
4. Current yield is defined as the net operating income less mortgage interest divided by current equity.
5. Committed investment amount, not yet fully invested.
6. Statistics Canada. 2017. Winnipeg [Census metropolitan area], Manitoba and Manitoba [Province] (table). Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E> (accessed June 4, 2019).
7. "Housing Marketing Information." Rental Market Report: Winnipeg CMA, CMHC, Fall 2018.
8. From March 2016 to July 2017
9. From March 2016 to April 2019

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