

ALITIS  
ASSET MANAGEMENT

ALITIS  
PRIVATE  
REIT

Q1 2024



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# Alitis Asset Management

- Investment division of Alitis Investment Counsel, founded in 2009, is a BC-based PM, IFM, and EMD.
- We operate in three areas: private client, institutional, and third-party distribution.
- AUM is approximately \$465 million.
- We operate our business by almost exclusively utilizing the six investment products we manage: Alitis Private REIT, Alitis Private Mortgage Fund, Alitis Strategic Income Pool, Alitis Dividend Growth Pool, Alitis Growth Pool, Alitis Income and Growth Pool
- We utilize alternative investments extensively. Over 50% of our private clients' investments are in alternatives.



# Alitis' Investment Philosophy

- Provide investors with access to a broad range of asset classes and investment styles to generate solid returns with a lower level of risk.
- The inclusion of alternative asset classes (real estate, mortgages) to a traditional investment portfolio increases diversification, which is usually the easiest way to lower risk.
- Our view is that alternative investments are fundamental to a portfolio.
- We work to add incremental value at each step of the investment process.

# The AAM Portfolio Management Team



**Mitchell Prothman**, CFA, CFP  
Senior Portfolio Manager & Head of Real Assets

Mitchell is the lead Portfolio Manager for the Alitis Private REIT, Alitis Private Real Estate Limited Partnership, and Alitis Private Mortgage Fund with responsibility for the real estate and mortgage strategy of the firm.



**Thomas Nowak**, CFA  
Portfolio Manager

Thomas is a member of the Investment Committee and participates in the due diligence, monitoring, and research processes that go into the management of the Alitis Pools.



**Ryan Patterson**, BComm.  
Senior Real Estate Strategist

Ryan specializes in market rental analysis feasibility studies, multi-family and commercial real estate valuations, including portfolio assessment reviews for large holdings of private and public organizations.



**Kevin Kirkwood**, CFA  
Chief Investment Officer

Kevin is the head of Alitis' Investment Committee, the lead manager of the Alitis Growth Pool and the Alitis Income & Growth Pool, with responsibility for the equity strategy for the firm.

# Types of Real Estate

## Residential



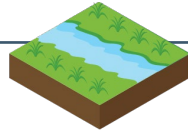
- Houses
- Condos
- Townhomes
- Apartments or multi-family

## Commercial



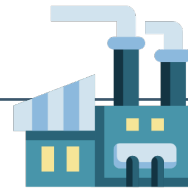
- Office
- Hotels
- Seniors Housing
- Retail

## Land



- Agricultural
- Vacant Land
- Ranches
- Farms

## Industrial

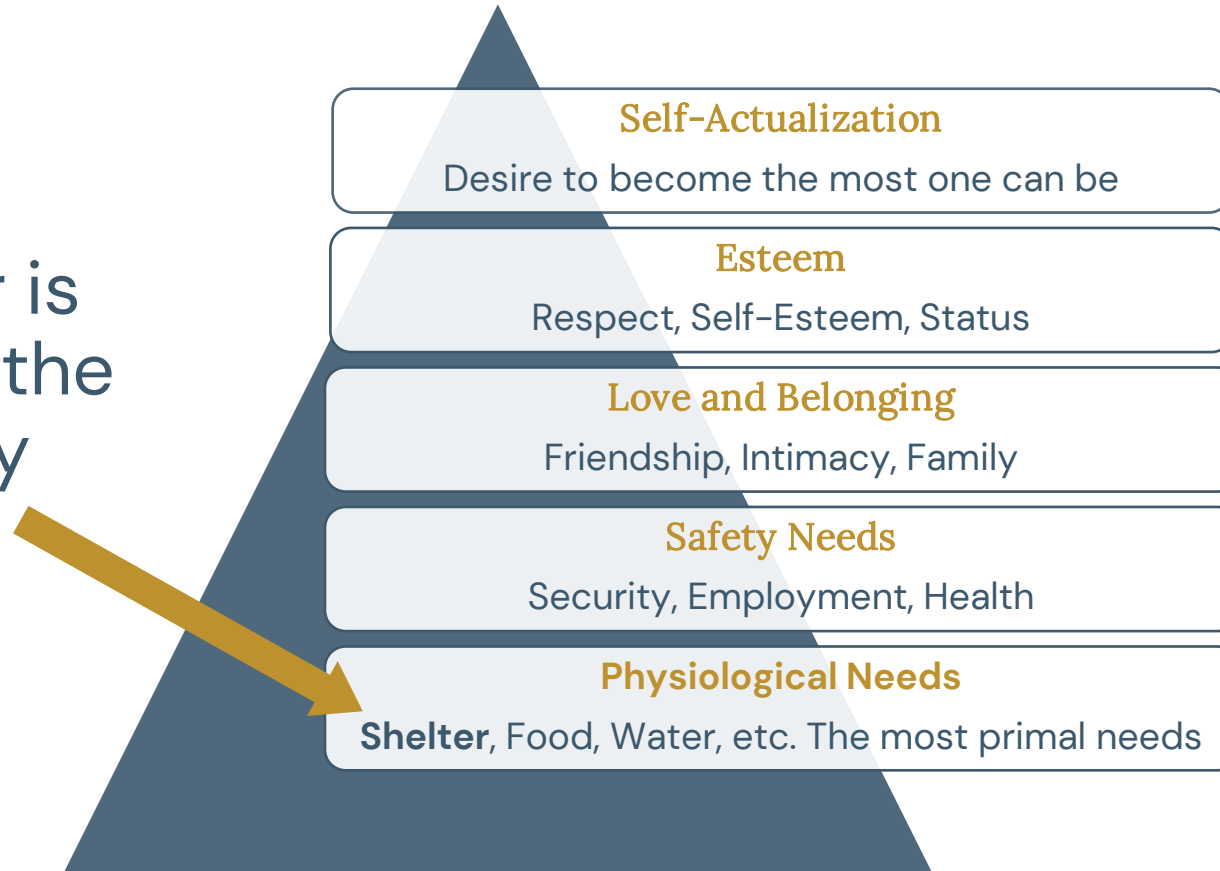


- Warehouses
- Factories
- Distribution Centres
- Self-Storage Facilities

- The Alitis Private REIT focuses on Residential.
- May invest in other types of real estate as well.

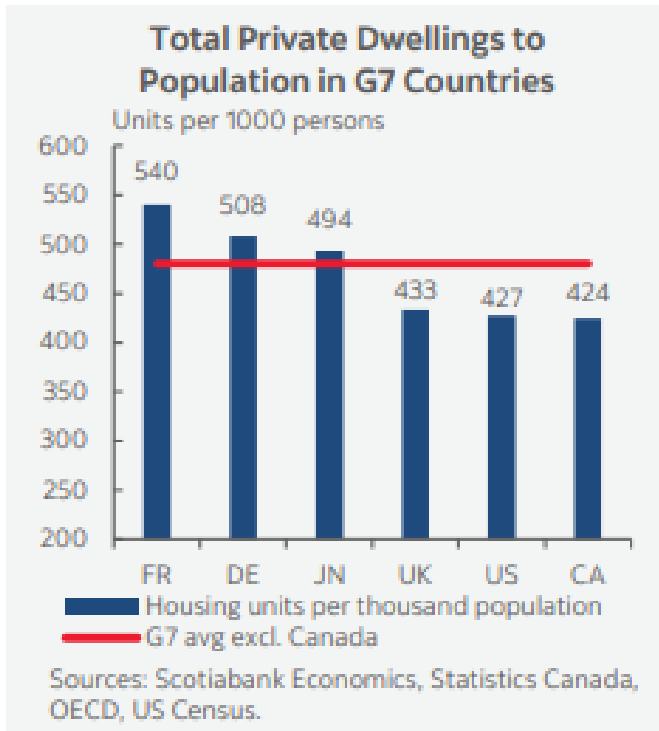
# Why Residential? Maslow's Hierarchy of Needs

Shelter is one of the primary needs



<https://www.simplypsychology.org/maslow.html>

# Canada's Structural Housing Shortage



Source: Scotiabank – Housing Note,  
January 12, 2022

- It would take an additional 1.8 million homes in Canada to achieve the average level of supply (471) of housing relative to population.
- Simply catching up to the UK(433) would require roughly an additional 250 thousand homes in Canada.
- Catching up to the US, we would require another 99 thousand units.
- Canada has averaged 188 thousand home completions in the last 10 years.



# Rental Shortage: Supply Constraints



- Historically, higher density suburban housing and high-rise condos have been favoured by investors and developers.
- Rent controls in certain provinces have caused developers to focus on other types of development.
- The legacy of this is an overall shortage of multi-family rental units and an inventory of dated buildings.

# Rental Shortage: Demand from population growth

For the first nine months of 2023 Canada's population grew by 1,030,378.\*

- Immigration added 371,299 net new residents in 2023 (Jan – Sep).\*
- Largest increase was from non-permanent residents (work & study permit holds and, to a lesser extent, refugee claimants)

This is expected to increase to 485,000 in 2024.\*\*

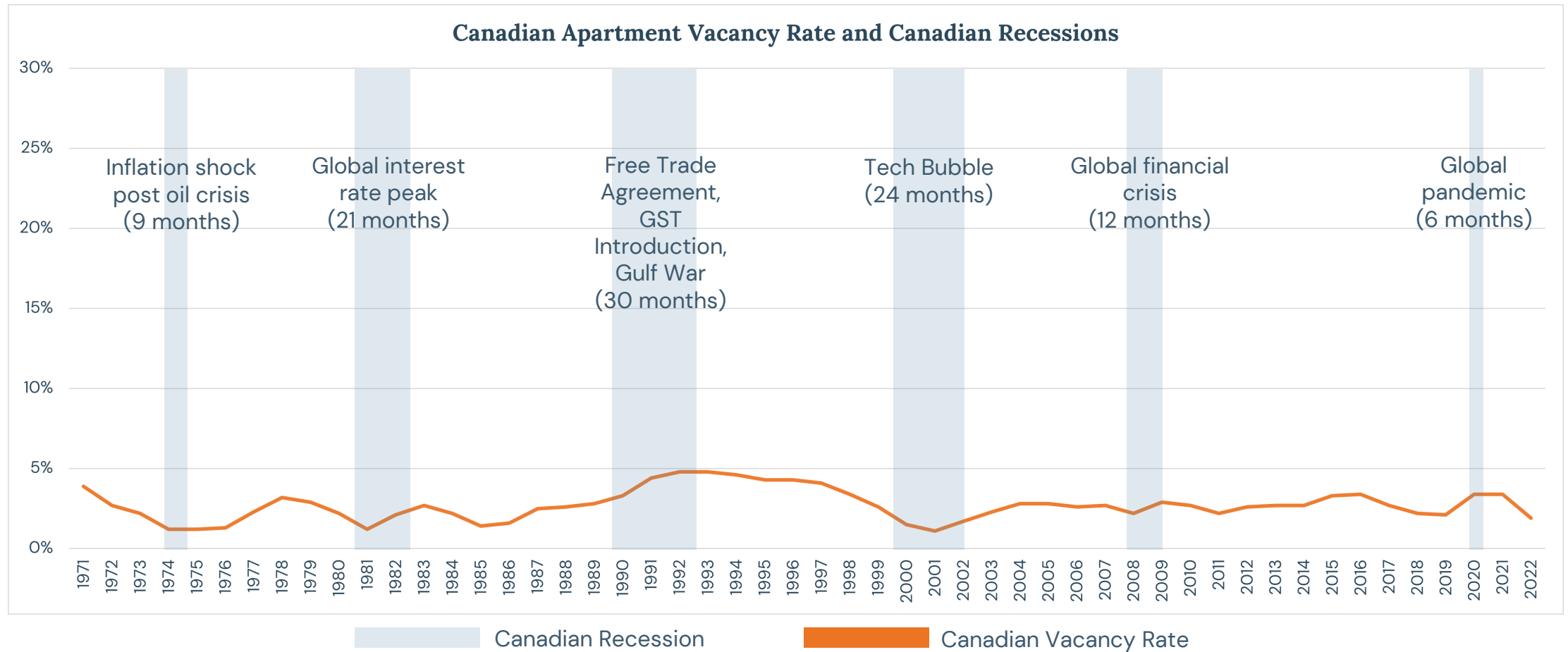
Immigrant Category		2024			2025 <sup>11</sup>			2026 <sup>11</sup>		
		Target	Low Range <sup>12</sup>	High Range <sup>12</sup>	Target	Low Range <sup>12</sup>	High Range <sup>12</sup>	Target	Low Range <sup>12</sup>	High Range <sup>12</sup>
	<b>Overall Planned Permanent Resident Admissions</b>	<b>485,000</b>	430,000	532,500	<b>500,000</b>	442,500	550,000	<b>500,000</b>	442,500	550,000

Government of Canada:

\* <https://www150.statcan.gc.ca/n1/daily-quotidien/231219/dq231219c-eng.htm>

\*\* <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2024-2026.html>

# Stability of Multi-Family



Vacancy Rate: This table displays the results of Canada Mortgage and Housing Corporation, vacancy rates, apartment structures of six units and over, privately initiated in census metropolitan areas. (<https://www150.statcan.gc.ca/t1/tbl/en/tv.action?pid=3410012701>). Canadian Recession Dates: from C.D. Howe Institute Business Cycle Council (<https://www.cdhowe.org/council/business-cycle-council>).

# Cap Rate Spreads



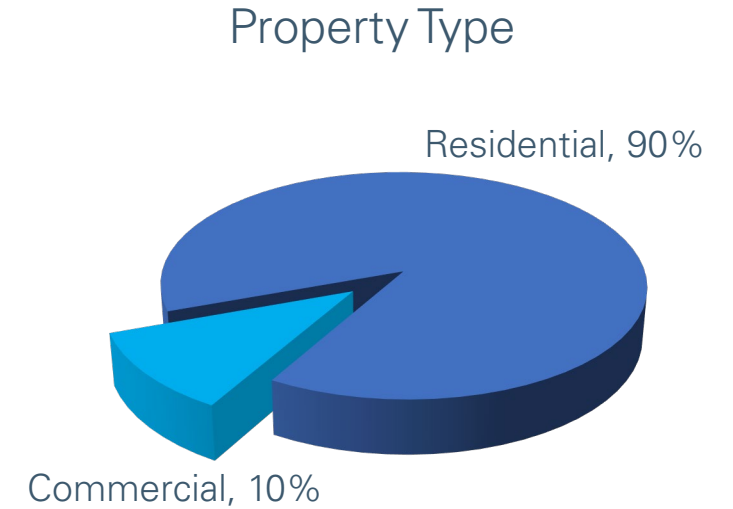
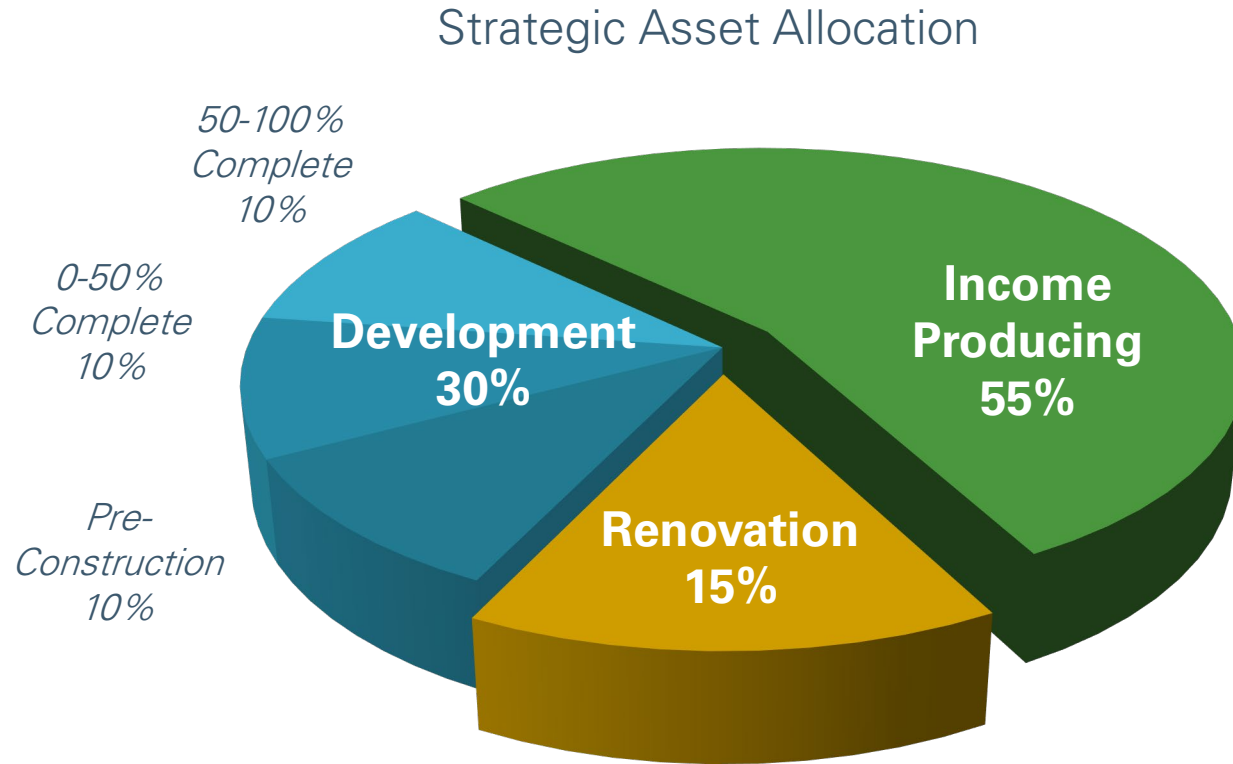
Source: CBRE Q4 2023 Cap Rate Report; [Canada Cap Rates & Investment Insights Q4 2023 | CBRE Canada](#)

# Cap Rate Spreads



Source: CBRE Q4 2023 Cap Rate Report; [Canada Cap Rates & Investment Insights Q4 2023 | CBRE Canada](#)

# Long-term Target Asset Mix



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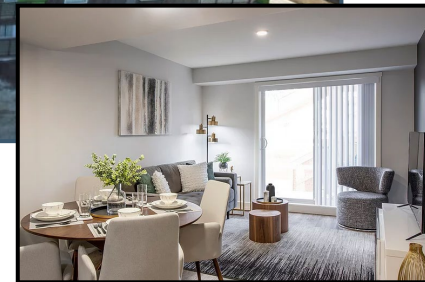
# OUR MAIN STRATEGIES

- INCOME PRODUCING
- DEVELOPMENT
- RENOVATION



# Income Producing

- Newly constructed modern pet-friendly apartments, generally located in secondary markets.
- Properties generally offer amenities including gym, business center, games room and an outdoor patio as well as private balconies and in-suite laundry.





# Onyx

1792 Pembina Highway  
Winnipeg, MB



*282-unit rental apartment building with extensive amenities and excess land for future development opportunities.*



# Onyx II (Future Development)



# Treanor Terrace

711 Treanor Terrace  
Langford, BC

*95-unit mixed-use development  
with ground-floor office space.*



# Development – With Intent to Retain

- Alitis teams up with long trusted and proven development partners to create desirable multifamily income producing properties.
- Development risk is reduced by both partners' experience and LP structures which may give Alitis cost guarantees and reduce the amount of time that Alitis' capital is at work.



# The Mercury Annex

10138 & 10144 123 St NW  
Edmonton, AB

*166-unit mixed-use development adjacent to Mercury Block. This project is in the initial phases of construction with expected completion in 2025.*



# Opportunistic Development (Intent to sell)

- Alitis partners with trusted and experienced developers to build and sell highly sought after residential and commercial properties.
- Past investments have included smaller-scale residential townhome developments, large pre-sold condominium projects, and purpose-built rentals.



# Tenth Line

2190 Tenth Line Road  
Orleans, ON



*251-unit mixed-use development. Newly constructed and currently in the lease-up process. The property is comprised of four independent buildings with shared underground and surface parking. The property features abundant on-site parking, luxury amenities, and nearby retail and parks.*

# Anthem – High Rise Fund



## Jinju

533 Cottonwood Avenue  
Coquitlam, BC  
42 storey tower  
467 residential units



## Form

1530 West 6th Avenue  
Vancouver, BC  
11 storey tower  
51 residential units



## The Standard

6444 Willingdon Avenue  
Burnaby, BC  
43 storey tower  
516 residential units



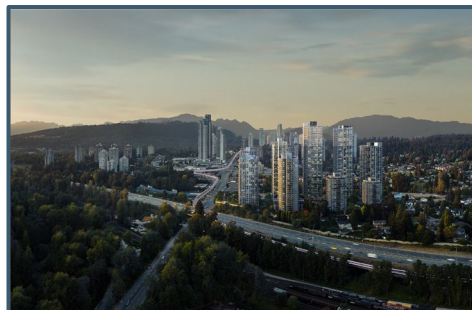
## Park

1698 West Georgia St  
Vancouver, BC  
31 storey tower  
126 residential units



## Nuvo at Central Park

6075 Wilson Avenue  
Burnaby, BC  
44 storey tower  
444 residential units

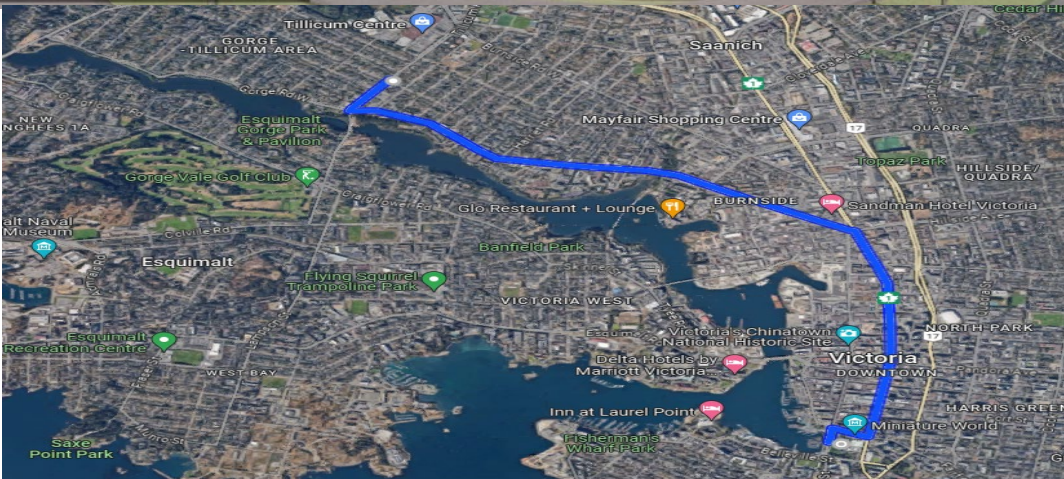


## SOCO One

319 North Road  
Coquitlam, BC  
South Tower: 28 storey, 222 residential units  
North Tower: 32 storey, 272 residential units



# Actively Raising Capital (New Opportunities)



# Renovation

- Repositioning the properties through heavy value-add upgrades to the common areas (lobby, elevator, exterior, etc.) as well as in-suite remodeling, generating a significant uplift in rents.
- Included in the Alitis Private REIT is Starlight's Canadian Residential Growth Fund and Starlight's Canadian Residential Growth Fund II.

Before



After



Some investments in the Starlight Canadian Residential Growth Fund

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# ALITIS PRIVATE REIT DETAILS

AS OF MARCH 31, 2024



# Alitis Valuation Policy

1. Cost
2. Preferred Return Accrual
  - Used during Pre-Construction Phase
3. Monthly Valuation
  - I. Income Properties
    - Desktop valuation (actual results with cap rates from appraisal or cap rate reports)
  - II. Development
    - Desktop valuation with percentage of completion methodology
      - Cost + Percent complete X Fair market value increase upon completion
      - Percentage of completion determined by independent Quantity Surveyor
4. Annual Appraisal
  - Independent appraisals obtained for income producing properties, usually towards the end of the year
5. Updated NAV or FMV provided by Investment Manger

# Annualized Returns

Class D & E Units are only available to clients of Alitis Investment Counsel. In order to illustrate the historical performance of the REIT, Class E Units will be shown as these units have a slightly higher management fee than the Class F Units that are being offered to dealers.

## Returns to March 31, 2024

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	Since Inception*	Mgmt. Fee**	Performance Fee
Class F	1.16%	2.14%	5.80%	9.90%	6.72%	9.59%		10.17%	1.6%	None
Class A	1.05%	1.87%	5.22%	8.67%	5.53%	8.37%		9.48%	2.6%	None
Class E	1.16%	2.15%	5.81%	9.92%	6.74%	9.64%	10.41%	10.58%	1.7%	None

\* Inception Dates - Class E: April 2016, Class F: November 2019, Class A: October 2020

\*\* Management fees changed on July 1st, 2022. Previously, management fees were lower, and a performance fee was charged. All returns prior to this date are net of all fees.

# Monthly & Calendar Year Returns

## Class F

	2021	2022	2023	2024
January	1.26%	1.11%	0.07%	0.49%
February	1.37%	1.84%	-0.22%	0.48%
March	1.24%	1.45%	-0.08%	1.16%
April	1.82%	0.90%	0.37%	
May	1.35%	0.87%	0.87%	
June	0.80%	0.28%	-0.41%	
July	1.20%	0.51%	0.61%	
August	0.66%	0.32%	1.66%	
September	0.83%	0.10%	0.73%	
October	1.17%	0.31%	0.37%	
November	0.99%	0.11%	1.46%	
December	1.37%	0.43%	1.72%	
<b>Total</b>	<b>14.99%</b>	<b>8.52%</b>	<b>7.35%</b>	<b>2.14%</b>

## Class A

	2021	2022	2023	2024
January	1.19%	1.02%	-0.01%	0.41%
February	1.28%	1.75%	-0.30%	0.39%
March	1.16%	1.37%	-0.19%	1.05%
April	1.71%	0.79%	0.29%	
May	1.27%	0.78%	0.76%	
June	0.70%	0.18%	-0.52%	
July	1.11%	0.42%	0.53%	
August	0.57%	0.24%	1.57%	
September	0.69%	-0.01%	0.62%	
October	1.06%	0.22%	0.29%	
November	0.90%	0.03%	1.37%	
December	1.27%	0.32%	1.60%	
<b>Total</b>	<b>13.71%</b>	<b>7.33%</b>	<b>6.14%</b>	<b>1.87%</b>

## Class E

	2019	2020	2021	2022	2023	2024
January	0.11%	-0.49%	1.28%	1.12%	0.08%	0.49%
February	0.48%	0.36%	1.38%	1.86%	-0.22%	0.48%
March	0.74%	0.17%	1.25%	1.47%	-0.08%	1.16%
April	0.90%	0.01%	1.84%	0.90%	0.38%	
May	0.92%	-0.49%	1.37%	0.87%	0.85%	
June	0.51%	1.11%	0.81%	0.27%	-0.41%	
July	0.81%	1.10%	1.21%	0.51%	0.62%	
August	0.90%	1.25%	0.66%	0.33%	1.66%	
September	0.67%	1.47%	0.78%	0.10%	0.73%	
October	0.50%	2.90%	1.18%	0.31%	0.38%	
November	1.18%	1.97%	1.00%	0.12%	1.46%	
December	0.89%	1.52%	1.38%	0.44%	1.72%	
<b>Total</b>	<b>8.97%</b>	<b>11.38%</b>	<b>15.07%</b>	<b>8.59%</b>	<b>7.37%</b>	<b>2.15%</b>

# Risk & Correlation

As of March 31, 2024

## Annualized **Standard Deviation** of Returns

	1 Year	2 Years	3 Years	5 Years	Since Inception*
Class F	2.14%	1.90%	2.03%		2.35%
Class A	2.14%	1.90%	2.03%		2.09%
Class E	2.14%	1.90%	2.05%	2.25%	2.28%

## **Correlation** Class E Returns to Other Indices and Investments

	Cdn Stocks	US Stocks	Real Estate	Cdn Bonds
1 Year	0.15	-0.01	0.45	0.45
3 Years	0.18	-0.01	0.26	0.05
5 Years	0.14	-0.01	0.24	-0.08

\* Inception Dates –Class E: April 2016, Class F: November 2019, Class A: October 2020

Indexes referred to in order of Cdn Stocks, US Stocks, Real Estate and Cdn Bonds are: S&P/TSX Capped Composite TR Index, S&P 500 TR Index (\$C), S&P/TSX Capped Real Estate TR Index, and FTSE Canada Universe Bond Index.

# Reasons to Own the Alitis Private REIT

- Tax efficient, total return mandate
- Reduce client portfolio correlation to the stock and bond market indices
- Reduce recession impact in portfolios
- Relatable and tangible investment
- Focus on an essential need in life
- Differentiation from advisor peer group asset mix



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QUESTIONS?



# Contact Information



Chris Kyer, CIM<sup>®</sup>

Senior Manager, Distribution

[ckyer@alitis.ca](mailto:ckyer@alitis.ca)

416-938-4490