



# Opportunity Trust Update

Second Quarter 2021

## A Letter from Avenue Living Senior Management

To our valued Investors,

We are pleased to provide this investment update to the Unitholders and stakeholders of the Avenue Living Real Estate Opportunity Trust and appreciate this opportunity to share with you our outlook, as well as certain themes, for the journey ahead.

The Avenue Living platform is thriving. Over the course of 2021, the Avenue Living Group of Companies has grown total AUM by more than \$750 million and now approaches nearly \$3 billion in AUM across our five individual investment mandates (as at June 30, 2021). With a continued focus on our prime mandate of "Investing in the Everyday", we believe the best is still yet to come.

Now in its fifth year, the Opportunity Trust has surpassed \$175 million in assets under management and includes nearly 700 multi-family units and more than 420,000 square feet of commercial space. Since its inception in 2016, the Opportunity Trust has been an integral part of the Avenue Living Group of Companies' overall success and is, perhaps more than ever, ideally positioned to navigate the myriad changing themes that may lie ahead.

Central among these themes is our belief that the industry is presently undergoing a "changing of the guard", whereby legacy owner-operators and those with dormant assets (across asset classes) are increasingly being forced to cycle-out of passively managed properties, as residents' and tenants' growing demand of more from every dollar spent drives a trend toward active property management.

### Jason Jogia, MCF, MBA

*Chief Executive Officer – Opportunity Trust  
Chief Investment Officer – Asset Management*

For those legacy owners that must commit substantial capital expenditure to bring these dormant, passive assets up to the standard demanded by this new generation of resident and tenant, there is enhanced pressure to divest those assets deemed to be "non-core".

The Opportunity Trust, supported by the Avenue Living Group of Companies, has created a strategic, defensible position that is designed to operate and excel in this changing environment and possesses both the operational and capital investment pillars necessary to meet the increased value demands of residents and tenants to capitalize on this evolving trend.

As our Unitholders and stakeholders are aware, the Opportunity Trust is committed to an opportunistic strategy of acquiring assets below replacement value and exercising the necessary capital expenditure to reposition the asset for eventual market sale, upon reaching stabilization post-investment.

Demonstrating this success in action, the Opportunity Trust is pleased to highlight two repositioned asset portfolios recently divested for an aggregate \$59.2 million. Total capital investment committed across the 10 properties and 342 doors constituted approximately \$4.54 million and produced a combined \$10.2 million in net exit proceeds. Operationally, the Opportunity Trust was successful in improving weighted average occupancy across the portfolio assets from approximately 84% occupancy to more than 96% occupancy, upon reaching each portfolio's respective stabilization. Since its 2016 inception, the Opportunity Trust has harvested more than \$156.4 million in assets, totaling more than 1,150 multi-family units.

*As a result of this combination of success, the Opportunity Trust is pleased to report that NAV per Unit has improved to **\$1.35/Unit** (as at June 30, 2021).*

Note: This presentation does not constitute an offer to sell or a solicitation to buy any securities.

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# Feature Transactions

Asset Dispositions Fuel Future Growth Prospects

## 5-Property, 107-Unit Western Canadian Multi-Family Portfolio Investors Realize 3.8x Equity Multiple on Asset Disposition

The Avenue Living Real Estate Opportunity Trust LP (the "Op LP") acquired the 107-Unit, 5-Property asset portfolio between February 2017 and November 2019 for an aggregate C\$10,875,000. Following the acquisitions, the Op LP subsequently invested over C\$1,800,000 in capital expenditures to upgrade the overall quality of the portfolio, targeting common areas, suite finishes, and building system upgrades.

The Op LP entered into an asset transfer agreement ("ATA") with the Avenue Living (2014) LP ("Core LP") for a final purchase price of C\$14,540,000, confirmed by third-party appraisals. The asset disposition was successful in meeting the established criteria of the Op LP with the exit price represents a levered IRR of 60.1% and an equity multiple of 3.8x.



Photo: Meredith Road – Calgary, AB

## 235-Unit Red Deer Townhome Portfolio Trust Completes Disposition Totaling C\$44.69 million

The Op LP acquired the 235-Unit townhome portfolio on May 15, 2018 for an aggregate C\$36,912,825. Following the acquisition, the Op LP subsequently invested over C\$2,740,000 in capital expenditures to upgrade the overall quality of this portfolio, targeting common areas, suite finishes, and building system upgrades.

The Op LP entered into an ATA with the Core LP for a final purchase price of C\$44,690,000, confirmed by third-party appraisals. The asset disposition was successful in meeting the established criteria of the Op LP. The exit price represents a levered IRR of 20.7% and produced approximately C\$2.64 million in net exit proceeds for the Op LP.



Photo: Kitson Close – Red Deer, AB

# Trust Overview

Opportunistic Strategy Continues to Produce Results

**C\$175M+**

ASSETS UNDER  
MANAGEMENT

**C\$55M+**

EQUITY  
MANAGED

**698**

MULTI-FAMILY  
UNITS OWNED

**420,000+**

COMMERCIAL  
SQUARE FEET

**12**

CURRENT  
MARKETS

Notes: Avenue Living internal data provided as at June 30, 2021.

Established in 2016, the Avenue Living Real Estate Opportunity Trust (the "Op Trust"), through its investment in the Avenue Living Real Estate Opportunity Limited Partnership (the "Op LP"), provides investors with exposure to a diversified portfolio of multi-family and commercial real estate assets located in secondary markets across Western Canada. The Op Trust seeks to generate returns for investors via capital appreciation through asset improvements and enhanced leasing revenues generated by the operations of the Op LP, and through the sale of optimized assets.

## FUND DETAILS

|                               |  |                            |  |
|-------------------------------|--|----------------------------|--|
| <b>Fund Type</b>              | Closed-end Mutual Fund Trust                 | <b>Fund Inception</b>      | November 2016                              |
| <b>Registered Eligible</b>    | Yes  | <b>Highlights</b>          | 698 multi-family units – 420,000+ comm. sf |
| <b>Purchases</b>              | Closed                                       | <b>Current NAV</b>         | \$1.35/Unit                                |
| <b>Fee Structure</b>          | 1.75% NAV + 1.00% per transaction            | <b>Current LTV</b>         | 56.6%                                      |
| <b>Target Distribution</b>    | \$0.08/Unit p.a. (Implied Yield: 5.92% p.a.) | <b>Total Target Return</b> | 10 – 15% p.a., net of fees                 |
| <b>Sunset Date</b>            | December 31, 2022 (Subject to ext. option)   | <b>Exemption</b>           | Accredited Investors                       |
| <b>Distribution Treatment</b> | Return of capital                            | <b>Auditor</b>             | Ernst & Young LLP                          |

## RETURN HISTORY

|                                    |        |
|------------------------------------|--------|
| <b>Since Inception<sup>†</sup></b> | 15.43% |
| <b>3-Month</b>                     | 1.48%  |
| <b>1-Year</b>                      | 7.70%  |
| <b>3-Year<sup>†</sup></b>          | 13.65% |
| <b>YTD</b>                         | 4.53%  |
| <b>2020</b>                        | 12.94% |
| <b>2019</b>                        | 19.99% |
| <b>2018</b>                        | 25.17% |

**Note:** Annualized figures denoted by †; Figures shown are past results and are not indicative of future results; Current and future results may be lower or higher than those shown; Figures presented as at June 30, 2021.

## MANAGER SUMMARY

|                      |                                     |
|----------------------|-------------------------------------|
| <b>Asset Manager</b> | Avenue Living Asset Management Ltd. |
| <b>Manager AUM</b>   | \$2.80 billion                      |
| <b>Fund AUM</b>      | \$175.5 million                     |
| <b>Fund Manager</b>  | Invico Capital Corporation          |

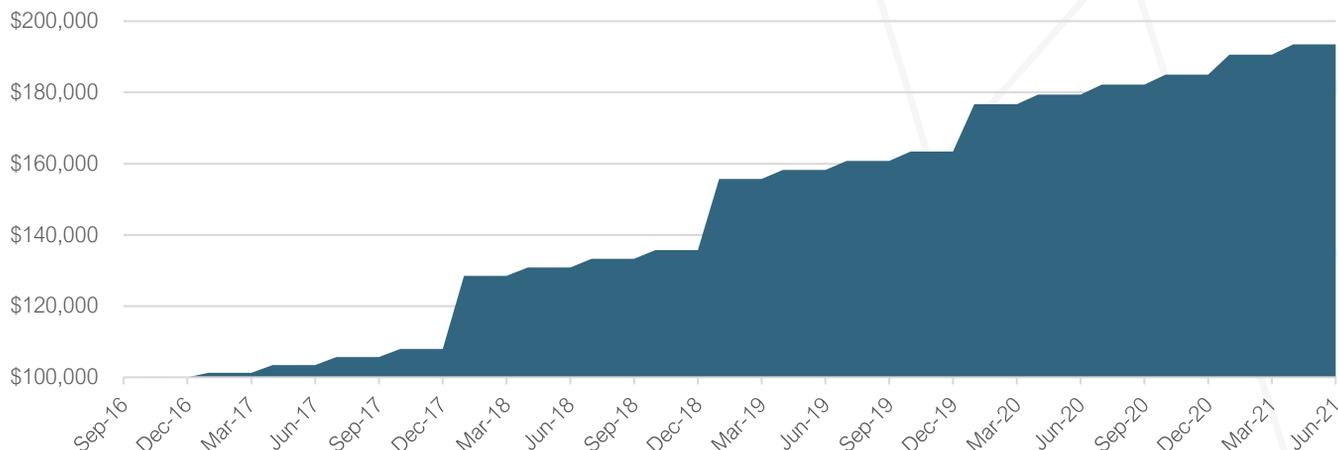
## MONTHLY RETURN SUMMARY

|             | JAN    | FEB | MAR   | APR | MAY | JUN   | JUL | AUG | SEP   | OCT | NOV | DEC   |
|-------------|--------|-----|-------|-----|-----|-------|-----|-----|-------|-----|-----|-------|
| <b>2018</b> | 16.55% | --  | 1.80% | --  | --  | 1.80% | --  | --  | 1.80% | --  | --  | 1.80% |
| <b>2019</b> | 12.61% | --  | 1.60% | --  | --  | 1.60% | --  | --  | 1.60% | --  | --  | 1.60% |
| <b>2020</b> | 6.40%  | --  | 1.50% | --  | --  | 1.50% | --  | --  | 1.50% | --  | --  | 1.50% |
| <b>2021</b> | 1.50%  | --  | 1.48% | --  | --  | 1.48% |     |     |       |     |     |       |

**Note:** Reporting is completed quarterly unless otherwise indicated; Monthly Return Summary figures presented in the table above are a function of a fixed (\$) distribution per Unit; Figures are presented ex-DRIP, but inclusive of any period NAV adjustments; Figures shown are past results and are not indicative of future results; Current and future results may be lower or higher than those shown; Figures presented as at June 30, 2021.

## PERFORMANCE HISTORY

GROWTH OF \$100,000 INVESTED SINCE CLASS INCEPTION (DRIP)



**Note:** Returns based on an initial \$0.95 NAV and consider DRIP; Figures shown are past results and are not indicative of future results; Current and future results may be lower or higher than those shown; Figures presented as at June 30, 2021.

## A PART OF THE AVENUE LIVING GROUP OF COMPANIES

Founded on the principles of "Investing in the Everyday", the Avenue Living Group of Companies ("**Avenue Living**") focuses on opportunities that are often overlooked by others. Established in 2006 with an initial purchase of 24 suites in Brooks, Alberta, Avenue Living has grown to over \$2.80 billion in AUM across five private real estate investment mandates with assets in Canada and the United States. Avenue Living's team includes top-tier investment and asset management professionals, with expertise in real estate operations and transactions, property management, research, investment origination, and capital markets, as well as a suite of subject matter experts to support Avenue Living's growing portfolio of multi-family residential, commercial, agricultural land, and self-storage assets.

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