



TVC PRIVATE  
REAL ESTATE TRUST

*Trust Real Estate*



TVCTRUST.COM | OCTOBER 2021



# DISCLAIMER

Certain statements contained herein as they relate to TVC Asset Manager Inc. ("TVC"), TVC Private Real Estate Trust (the "Trust") and related parties and their respective views or predictions about the possible future events or conditions and their business operations and strategy, are "forward-looking statements" within the meaning of that phrase under applicable Canadian securities law.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe", or "intends", or stating that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or achieved) are not statements of historical fact and may be "forward looking statements". Forward-looking statements are based on the current expectations, estimates and projections of the management of TVC, the Trust and related parties at the time the statements are made. They involve a number of known risks and uncertainties which would cause actual results or events to differ materially from those presently anticipated.

The forward-looking statements contained in this document are given as of the date hereof. Except as otherwise required by law, TVC or the Trust does not intend to and assumes no obligation to update or revise these or other forward-looking statements it may provide, whether as a result of new information, plans or events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements as there can be no assurance that the condition, events, plans and assumptions on which they were based will occur.

Please see the Offering Memorandum for a complete description of the risks associated with an investment in the Trust.

An investment in the Trust Units is highly speculative and involves a number of risk factors inherent in an investment in the Trust Units and in the activities of the Trust, including the following, which subscribers should carefully consider before subscribing for the Trust Units. Although investments made by the Trust will be carefully chosen by the Manager, there is no representation made by the Manager that such investments will have a guaranteed return to Unitholders nor that losses will not be suffered by the Trust from such investments. **This Offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.**

Risks Associated with the Offering: Reputation, Speculative Offering – No Guaranteed Return, Future Investments/Blind Pool, No Operating History, Risk of Real Estate Investments, Development Risks, Development is Seasonal, Builder Contract Risk, Government Regulation, Competition, Distributions, Dilution, Use of Property Appraisals, Leverage Applied to Investments, No Guarantee of Sale Proceeds at Disposition, Acquisition Risks, Environmental Matters, General Economic Conditions, Risks Associated with Operations in the US, Renovation Risks, Reliance on Manager, Allocation Risk, Conflicts of Interest, Reliance on the Trustee and the Manager, Laws Benefitting Disabled Persons, Insured and Uninsured Losses, General Litigation Risk, Less than Full Offering, Achievement of Investment Objective, Liability of Unitholders, Use of Available Cash, Limitation on Payment of Redemption Price in Cash, Termination of Trust as a Result of Redemption, Payment of Redemption Price – Issuance of Redemption Notes, Redemption Notes will be Unsecured, Payment of Redemption Notes, Priority Redemption Notes over Trust Units, Trust Units are Not Liquid, Status of the Trust, SIFT Trust Status, Risks Associated with the Level of Foreign Ownership, Changes in Applicable Law, No Independent Counsel, Canadian Tax Related Risk Factors, U.S. Withholding Tax Risk and Foreign Jurisdiction Tax Related Risk Factors.

Purchasers Rights Securities legislation in certain of the provinces and territories of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a "misrepresentation"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defenses and limitations contained under the applicable securities legislation. The following summary is subject to the express provisions of applicable securities legislation applicable and the regulations, rules and policy statements thereunder. Purchasers should refer to the securities legislation applicable in their province or territory along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The statutory rights of action described below are in addition to and without derogation from any other right or remedy that purchasers may have at law.

If you are subject to the laws of Ontario, Saskatchewan, Nova Scotia or New Brunswick, those laws provide, in part, that if there is a misrepresentation in an offering memorandum, which was a misrepresentation at the time that you subscribed for the securities, then you will be deemed to have relied upon the misrepresentation and will, as provided below, have a right of action against the issuer of the securities (and, in certain instances, other persons) in respect of the securities purchased by you for damages, or alternatively, while still the owner of any of the securities purchased, for rescission, in which case, if you elect to exercise the right of rescission, you will have no right of action for damages against the issuer of the securities, provided that: (1) no person or company will be liable if it proves that you purchased the securities with knowledge of the misrepresentation; (2) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; and (3) in no case will the amount recoverable in any action exceed the price at which the securities were purchased by you. In Ontario, Saskatchewan or New Brunswick, in the case of an action for rescission, no action may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action. In the case of any action other than an action for rescission, (A) in Ontario, no action may be commenced later than the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action, and (B) in Saskatchewan or New Brunswick, no action may be commenced later than the earlier of (i) one year after you first had knowledge of the facts giving rise to the cause of action; or (ii) six years after the date of the transaction that gave rise to the cause of action. In Nova Scotia, no action (for rescission or otherwise) may be commenced later than 120 days after the date on which payment was made for the securities.

If you are subject to the laws of any other province or territory, reference should be made to the full text of the applicable provisions of the securities legislation in such provinces or territories or consultation should be undertaken with professional advisors.

**STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS**

# TriView & TVC Trust Chronology

TriView Capital Ltd begins as an Exempt Market Dealer: \$400 million in private and alternative investments since inception

2012



2018

TriView strategy: existing real estate assets that are less impacted by market corrections

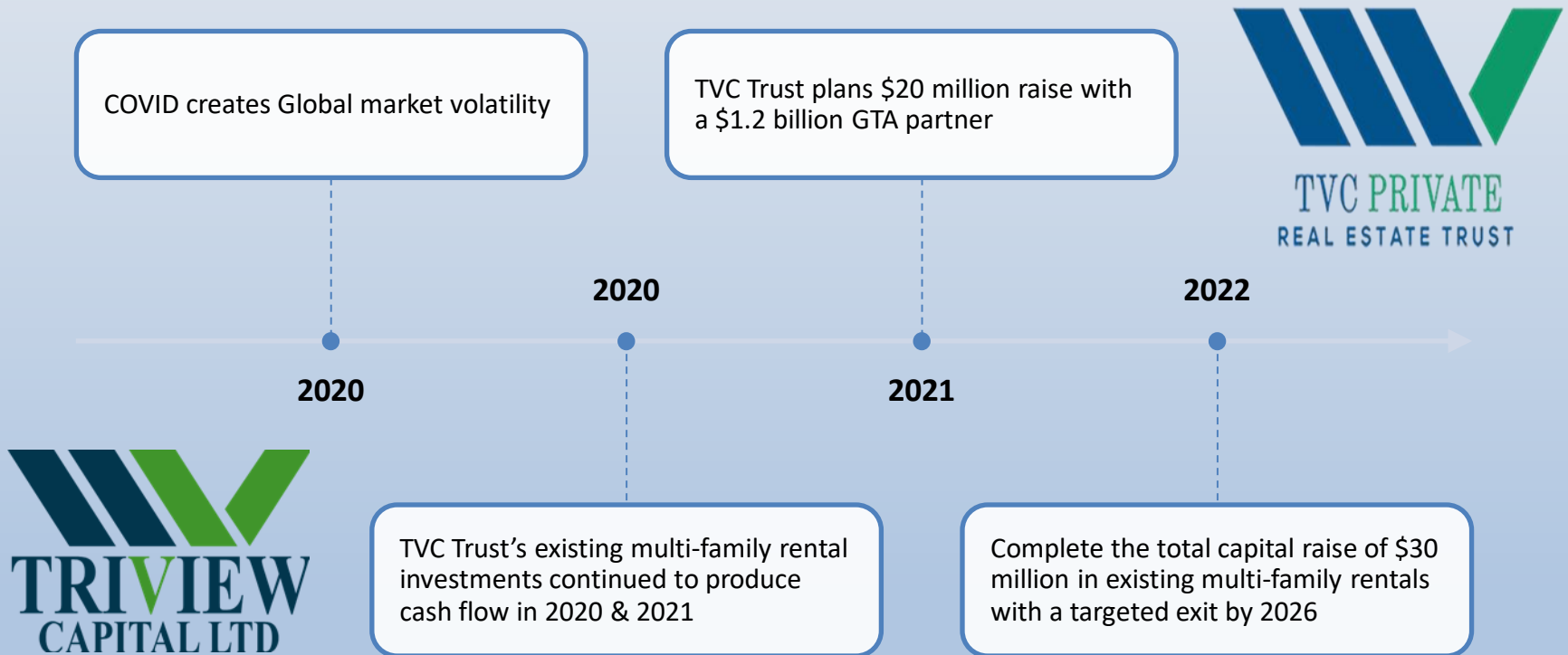
TVC Trust is created. Invested in US Multi-family rental partner in Phoenix, Dallas and Houston with a focus on existing cash flowing, value added properties

2019



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# TriView & TVC Trust Chronology



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# TVC Trust Mandate



---

Creating a diversified portfolio using real estate

---

---

Emphasis on capital preservation

---

---

Cash flowing Multi-Family investments

---

---

Key North American cities

---

---

Targeted exit of 2026

---





## TVC Trust Current Investments: Existing Cash Flow Apartments

Existing cash flowing investments in Phoenix, Dallas, Houston, Atlanta, Vancouver and Toronto.

**2021: Target 5% distribution as ROC in Q4 2021.**

STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# 2021 Emerging Trends in Real Estate

## Recap PWC & ULI 2021 Report

Real estate investment prospects for 2021:

**Multi-family (Top 3 sectors)**

Best City in Canada for job, population and economic growth:

**Toronto (GTA)**

TVC Trust strategy on point



# Need for Rental Housing in Canada

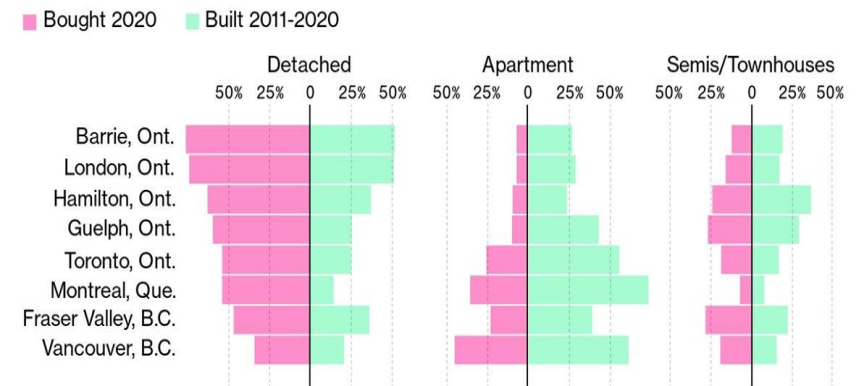
“The country has a shortage of homes ... posting the lowest number of homes among Group of Seven (G7) countries.”

“Rather than land constraints, the main obstacle to building more apartments in Canada’s cities is local zoning regulations.”

Source: Bloomberg “The second-largest country in the world is running out of land” May 18/21

## Law of Supply and Demand

Canadians spent 2020 buying one kind of house, but the previous decade building another.



Sources: Statistics Canada, Canadian Real Estate Association, Quebec Professional Association of Real Estate Brokers

**Bloomberg**



# Why Greater Toronto Area (GTA)?

Current 200,000 rental unit shortage over next 10 years\*

Canadian immigration policy over next 5 years\*\*

**Toronto 4<sup>th</sup> largest city in North America\*\*\***

\*RealTrends podcast interview January 31, 2021 with Tony Irwin, President of Federation of Rental Housing Providers of Ontario

\*\*[www.wsj.com/articles/canada-looks-to-immigration-to-boost-economic-recovery-11617105739](https://www.wsj.com/articles/canada-looks-to-immigration-to-boost-economic-recovery-11617105739)

\*\*\* Based on City populations in USA and Canada  
<https://beef2live.com/story-top-ten-largest-cities-north-america-0-110884>



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# Toronto Lack of Affordability

- Average detached house in Toronto June 2021: \$1,400,000\*
- The average cost of a new home: 60% – 80% of monthly paychecks\*\*
- **#6 Most Expensive International City**

\*<https://www.thestar.com/business/2021/07/06/home-prices-climb-in-a-less-fevered-june-market.html>

\*\*<https://www.theglobeandmail.com/opinion/article-big-finance-money-isnt-the-cause-of-our-housing-emergency-its-just-a/>



# Our GTA Partner



## Background

- TVC Trust partner created in 2001
- 38 properties (~3,000 suites) \$1.2 billion in valuation



## Values

- Targets value-add mismanaged multi-family properties
- Focused on GTA market



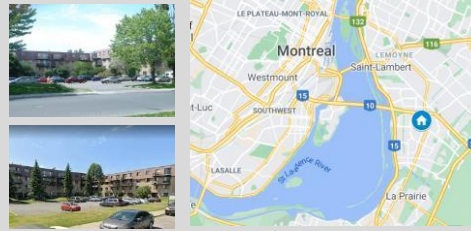
## Growth Plan

- Identified multiple off-market portfolios at below replacement cost
- The goal: 5,000 units with over \$2 billion in assets in 2 years

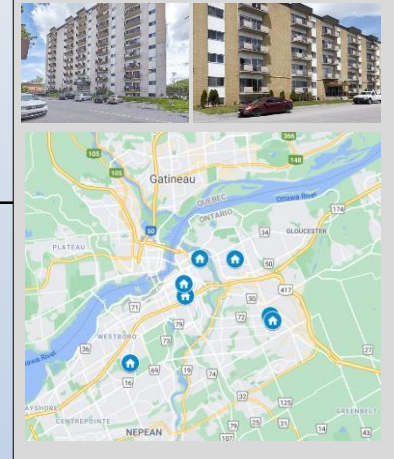
# Local Expertise



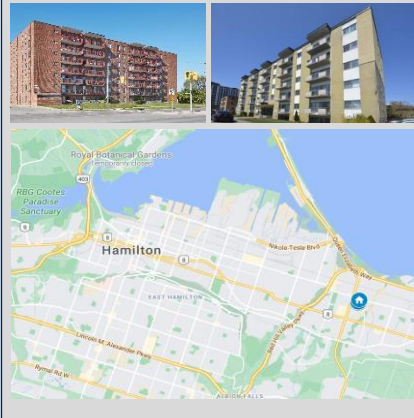
## Montreal, QC



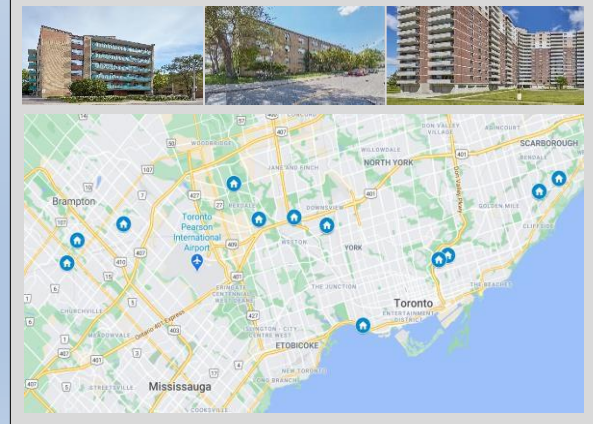
## Ottawa, ON



## Hamilton, ON



## Toronto, ON



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS



# Partner Portfolio Mix

| Portfolio:        | Hamilton | GTA   | Ottawa | Montreal | Total/ Avg |
|-------------------|----------|-------|--------|----------|------------|
| Suites:           | 295      | 1,933 | 706    | 68       | 3,002      |
| (%) of Portfolio: | 9.8%     | 64.4% | 23.5%  | 2.3%     | 100%       |
| Average Age:      | 51       | 48    | 50     | 44       | 48         |
| Occupancy:        | 99%      | 99%   | 98%    | 100%     | 99%        |

**Historically high occupancy throughout COVID-19 and 98% of rents collected**



Private and Confidential: For Discussion Purposes Only

**STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS**

# Partner Track Record: \$1.2B+ in assets



**Case Study:** Markham Rd, Scarborough, Toronto

**Purchase Price:** \$33,000,000

**Units:** 251 apartments

**Purchase Date:** July 2015

**NOI at closing:** \$1,430,000

**Current NOI:** \$3,290,000

**Current Value:** \$85,000,000

**Value Increase:** 157%

# Case Study: Markham Rd, Scarborough

## Reduce Costs + Increase Revenue = Profit

|                             | (vendor)<br><u>Dec 31, 2014</u> | <u>Dec 31, 2015</u> | <u>Dec 31, 2016</u> | <u>Dec 31, 2017</u> | <u>Dec 31, 2018</u> | <u>Dec31, 2019</u> |
|-----------------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| <b>REVENUE</b>              |                                 |                     |                     |                     |                     |                    |
| Residential Rent            | 2,870,069                       | 3,030,252           | 3,235,932           | 3,478,584           | 3,751,368           | 4,109,796          |
| Parking                     | 66,866                          | 136,700             | 139,122             | 144,674             | 149,220             | 169,245            |
| Laundry Income              | 48,553                          | 76,476              | 79,177              | 81,696              | 82,446              | 84,663             |
| Locker Rental               | 2,106                           | 1,920               | 6,990               | 8,620               | 8,892               | 9,240              |
| Rogers cable                | 857                             | 934                 | 1,105               | 5,080               | 5,335               | 6,015              |
| Bell Fibe Income            | 6,149                           | 8,210               | 8,664               | 12,446              | 15,371              | 18,185             |
| Bell Antennae Revenue       | 30,876                          | 34,357              | 34,880              | 38,799              | 39,224              | 39,224             |
| Rogers Antennae Revenue     | 28,000                          | 31,156              | 31,458              | 31,622              | 31,938              | 31,938             |
| Air Conditioning - Recovery | 0                               | 0                   | 37,445              | 41,227              | 42,668              | 43,624             |
| Advertising & Vending       | 0                               | 1,100               | 1,596               | 2,243               | 2,496               | 2,654              |
| Misc Revenue                | 3,184                           | 3,184               | 3,345               | 3,582               | 3,420               | 3,580              |
| Less: Vacancy               | -43,051                         | -45,454             | -45,303             | -36,177             | -38,264             | -37,810            |
|                             | <b>\$3,013,609</b>              | <b>\$3,278,835</b>  | <b>\$3,534,411</b>  | <b>\$3,812,396</b>  | <b>\$4,094,114</b>  | <b>\$4,480,354</b> |
| <b>EXPENSES</b>             |                                 |                     |                     |                     |                     |                    |
| Realty Taxes                | 362,988                         | 360,068             | 356,539             | 361,495             | 381,266             | 389,722            |
| Insurance                   | 47,500                          | 27,500              | 27,660              | 31,560              | 31,936              | 37,342             |
| Gas                         | 247,360                         | 164,128             | 150,365             | 147,114             | 143,924             | 135,294            |
| Hydro                       | 306,345                         | 209,178             | 184,119             | 144,338             | 138,272             | 116,136            |
| Water                       | 295,973                         | 202,260             | 191,653             | 174,588             | 177,349             | 176,639            |
| Repairs & Maintenance       | 138,050                         | 134,285             | 132,912             | 129,688             | 132,493             | 137,493            |
| Salaries / Janitor          | 91,000                          | 65,000              | 65,000              | 54,000              | 58,500              | 62,500             |
| Management                  | 115,401                         | 114,759             | 123,704             | 114,372             | 122,823             | 134,411            |
| <b>Total Expenses</b>       | <b>\$1,604,616</b>              | <b>1,277,178</b>    | <b>1,231,952</b>    | <b>1,157,155</b>    | <b>1,186,563</b>    | <b>\$1,189,537</b> |
| <b>Net Operating Income</b> | <b>\$1,408,993</b>              | <b>\$2,001,657</b>  | <b>\$2,302,459</b>  | <b>\$2,655,241</b>  | <b>\$2,907,551</b>  | <b>\$3,290,817</b> |
| <b>Debt Payments</b>        | <b>\$1,179,750</b>              | <b>\$1,179,750</b>  | <b>\$1,179,750</b>  | <b>\$1,787,500</b>  | <b>\$1,787,500</b>  | <b>\$1,787,500</b> |
| <b>CapEx</b>                | <b>\$350,000</b>                | <b>\$350,000</b>    | <b>\$350,000</b>    | <b>\$350,000</b>    | <b>\$350,000</b>    | <b>\$350,000</b>   |
| <b>Cash Flow</b>            | <b>-11,550,000</b>              | <b>-120,757</b>     | <b>471,907</b>      | <b>772,709</b>      | <b>517,741</b>      | <b>770,051</b>     |
|                             |                                 |                     |                     |                     |                     | <b>1,153,317</b>   |
|                             |                                 |                     |                     |                     |                     | <b>55,250,000</b>  |
|                             |                                 |                     |                     |                     | <b>IRR:</b>         | <b>27.2%</b>       |

STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# How do they do it?



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS



# Rent Control in Ontario

---

Rent Control in Ontario means units often rent below market

---

Rent control means apartments are valued less due to reduced NOI

---

On average, according to Wyse Metering Systems, 10% - 18% turnover of tenants each year

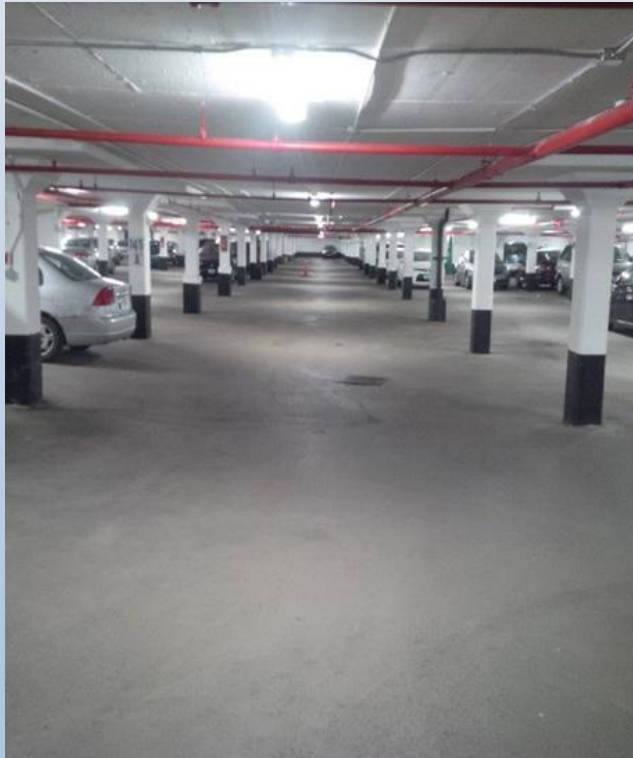
---

Typical rent increase is \$400 - \$800 per month once unit is renovated with new tenant



# Capital Improvements

Improve quality of building for tenants = increased rent



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# Reduce Costs through Metering



Utility metering installed to reduce operating costs



Reduces carbon footprint by using less energy



HE boilers to reduce overall energy costs of the building



Tenants become more responsible for the energy they use



# Multiplier Effect of Cap Rates



For every \$1 dollar / month increased or saved, increased value \$400\*



Typical rent increase is \$400 - \$800 per month after renovated with new tenant



Average \$600 increase per door per month = \$240,000 increased value of the property



Based on GTA market 3.0 Cap Rate

\*\$(1x12 months)/3% Cap = \$400 \*\*\$600x12 / 3% Cap = \$240,000

STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS



# Buy Below Replacement Costs\*

Location: Oshawa, Ontario

162 units at ~\$170,000 per door

\$28 million (\$10 million down payment)

Similar apartments in the area selling for \$369,000 per door\*\*

Invest \$30,000 per door for capital improvements

Target profit: \$150,000 per door

Total target profit: \$24.3 million

~250% ROE on original investment in 3 years\*\*

\* Targeted forecasts for illustrative purposes based on previous results. Past performance is no certainty for future performance

\*\*<https://www.searchhomesindurhamregion.ca/homes/131-E-Taunton-Rd/Oshawa/ON/L1G-3T8/121640768/?regformcomplete=propform>



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# TVC Trust GTA Multi-Family Strategy

---

***Investment: Convertible  
Debenture Note***

---

***Controlled exit: 3 years***

---

***Minimum hurdle rate: 12%  
per year annually***

---

***Targeted 3-year Equity  
Return: 67.5% ROI at  
refinance***



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# 1<sup>st</sup> TVC Partnership Investment

## 30% ROC delivered in 14 months\*

**Purchased \$22.4m July 2020**

80 units (~\$280,000 per door)

Comparable in the area sold \$400,000 per door\*\*

**As of May 1, 2021:**

**Gross Rent +12%, 100% occupied**

**TVC Targeted Exit: July 2023: 67.5% ROI**

\* Based on completion of refinancing first mortgage for October 1, 2021

\*\*Based on property sold in Etobicoke at 165 La Rose Ave sold for \$85M (\$402,843 per door and a 2.7 cap). It was sold to RealStar. Broker Cushman Wakefield.



Islington Ave, North York

STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# 2<sup>nd</sup> TVC Partnership Investment

**+25% on ROE before taking possession\***

7 Storeys, 77 Units, built 1961



Kennedy Road, Scarborough

3 buildings, 131 units, built 1958



Wilson Avenue, North York

Transaction Closed April 2021: \$56 million

**\*Appraised Value February 2021: \$59m (Cushman Wakefield)**

STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS



# Next TVC Trust Investment Deal

## Oshawa 162 units



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# 2021 TVC Trust Summary

**Targeted Price increase of 6.25% in unit price by November 2021**

**Current unit price: \$8.00 (~\$2m remaining)**

Next \$10 million raised at \$8.50 per unit

Last \$10 million: \$9.00 per unit

Accept Registered Funds (minimum of \$10,000)

**Provide a Tax Efficient return of capital (ROC)**

**Distribution 5% annually\* paid out Q4 of each calendar year**

**Next Distribution: November 2021**



**TVC PRIVATE**  
REAL ESTATE TRUST

**Total Return Goal 14.4% IRR\***

**Targeted Exit: 2026**

\* projection only

**STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS**

# Accountable Corporate Governance

Ian Stewart - Trustee



John Campbell B.Comm, MBA, CFA, CA, CPA, CPA (USA) - Chairman

Tamara Macdonald B.Comm., ICD.D - *Independent Trustee*



Craig Burrows BA, ICD.D – President & CEO

Malcolm Logan P.Eng, MBA - *Independent Trustee*



Lorne Morozoff, CA, CPA - Chief Financial Officer

Jeffrey Shaul, CFA, FCSI - Investment Review Committee Advisor



STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS

# INVESTOR DISTRIBUTION WATERFALL



## Investor Distributions in Order of Priority:

- **100% Return of Capital**
- **Asset Manager must achieve 7% annual returns for investors prior to any profit sharing with Unitholders**
- **Targeted Return for Investors: 14.4% IRR at Exit (net of fees) based on 70/30 split**

Distribution and priority payment based on Amended Offering Memorandum as of May 4, 2021



# TVC TRUST FEES



- Dealer Fees
  - **Series B Units: 4% commission**
  - **Series F Units: 0% Managed Accounts**
- TVC Trust available on:
  - **FundSERV codes RBS 1601 (Series B), 1603 (Series F2), 1605 (Series F3-Institutional)**
  - **NEO Exchange “TVCRE” (Series B)**
- Asset Management Fee – **1.85%** per annum
- Acquisition Fee – **0%**
- Disposition Fee – **2%** on exit of investments



# To learn more about TVC Trust

## Contact Information

- **Craig Burrows,**  
**President**  
[cburrows@tvctrust.com](mailto:cburrows@tvctrust.com)  
(403) 818-4650
- **General Inquiries**  
[invest@tvctrust.com](mailto:invest@tvctrust.com)  
(403) 984-6570
- **[www.TVCtrust.com](http://www.TVCtrust.com)**



# RISK DISCLOSURE

Investment in TVC Trust involves a high degree of risk and is suitable only for those investors who can withstand the loss of their entire investment

The investor requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in the Trust.

No assurance, representation or warranty can be given that the Trust's investment objectives will be achieved or that investors will receive a guarantee of return of their capital.

"Strong Management" is qualified due to the breadth of the education, work experience, and designations held by Craig Burrows (BA, ICD.D), Lorne Morozoff (CA, CPA), and John Campbell (B.Comm, CA, CPA, MBA, CFA), and two trustees holding their ICD.D designations. "Strong Governance" is qualified due to the Issuer having two out of its five trustees sitting as independents, and that the independent trustees must unanimously approve all conflict-of-interest matters. "Strong Results" is intended to be an overarching goal of the Issuer and is in no way a guarantee of success or performance.

## **Conflict of Interest**

TVC Trust is considered a "related issuer" to Tri View Capital Ltd., which operates as a registered Exempt Market Dealer and offers units of TVC Trust for purchase through its network or registered dealing representatives. TriView Capital Ltd. is registered in BC, AB, SK, MB< ON, QC and NS.

An issuer distributing securities is a "related issuer" of a registered firm if the issuer and the registered firm are owned, directed, or controlled by the same third persons.

For full details on TVC Trust and a complete description of the risks associated with an investment in the Trust, please contact a TriView Capital registered Dealing Representative or Investment Advisor who can discuss this offering with you and provide you with the current TVC Trust Offering Memorandum dated May 4, 2021.

## **Investment Risks (such as and not limited to):**

Ability of management to identify and value investments correctly, ability to continue to raise funds to pursue investment opportunities.

Limited ability to redeem investment, risks of real estate investing including changing economic conditions, government legislation, taxation, interest rates, competition, rent collection, occupancy etc., and COVID 19.

**STRONG MANAGEMENT + STRONG GOVERNANCE = STRONG RESULTS**



**TVC PRIVATE**  
REAL ESTATE TRUST

#604, 734 – 7<sup>th</sup> Ave SW  
Calgary, Alberta, T2P 3P8  
403.984.6570



TVCTRUST.COM | OCTOBER 2021