

# AVENUE LIVING REAL ESTATE CORE TRUST

## Newsletter & 2019 Highlights

*Avenue Living was founded in 2006 and its core business is to acquire, renovate and operate multi-residential properties across the Canadian Prairies. The portfolio is currently comprised of 330+ properties, over 8,000 units and represents a value of over \$1.3B AUM (as of October 31, 2019). The Avenue Living Real Estate Core Trust invests in Avenue Living (2014) LP, the operating partnership of the core Avenue Living business.*

As at November 25, 2019

| AVENUE LIVING 2019 AQUISITIONS |              |       |
|--------------------------------|--------------|-------|
| City                           | Province     | Units |
| Edmonton                       | AB           | 195   |
| Calgary                        | AB           | 80    |
| Lethbridge                     | AB           | 96    |
| Red Deer                       | AB           | 84    |
| Medicine Hat                   | AB           | 183   |
| Regina                         | SK           | 164   |
| Saskatoon                      | SK           | 278   |
| Summary                        |              |       |
| Avg. Purchase Price            | \$11,577,917 |       |
| Avg. Appraised Value           | \$11,900,167 |       |
| Avg. Cap Rate                  | 5.26%        |       |
| Total Number of Units          | 1080         |       |

### AQUISITIONS

2019 was a busy & exciting year for Avenue Living with the acquisition of over 1000 units, valued at over \$142 million. It is anticipated that asset values will increase as cash flow is improved through rental increases and operational efficiency improvements.

Avenue Living's transaction pipeline consists of over 600 units under contract, which are primarily located in Edmonton and Calgary. In addition, over 2,500 units have been identified as potential acquisition targets that the team is working on underwriting.

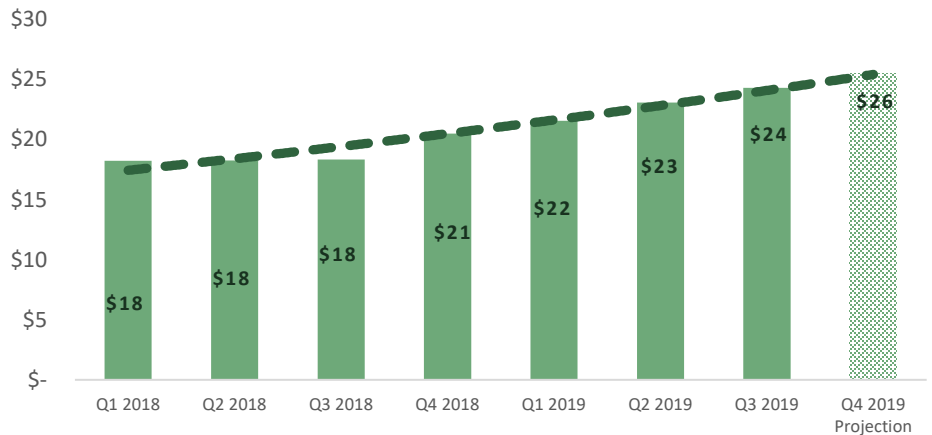
### AQUISITION THESIS: WORKFORCE HOUSING

Avenue Living has strategically aligned its multi-family residential assets to focus on Workforce Housing. Not to be confused with affordable housing or workcamps, Workforce Housing caters to a city's "essential workers" who are overqualified for affordable housing yet may not be able to afford higher class residences, whether for rent or purchase. Avenue Living has found there to be a pricing imbalance on Workforce Housing product in Western Canada's market. This provides an opportunity for Avenue Living to acquire assets below stabilized market values and then stabilize rents & increase the market value of the assets.

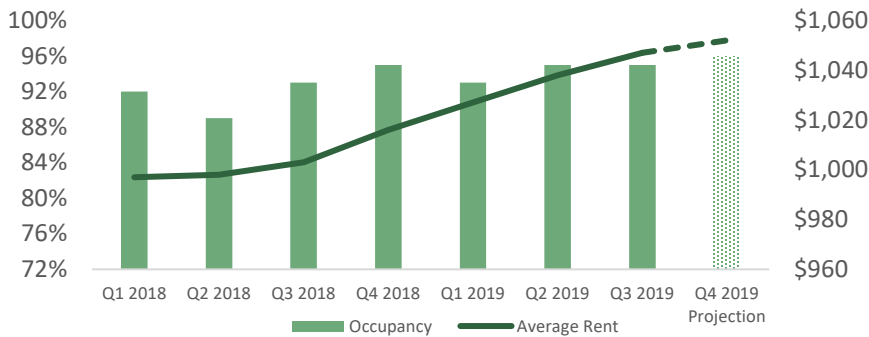
# ASSET RENOVATION & ANCILLARY REVENUE PROGRAMS

During 2019, Management focused on the \$100 million in-suite and common area renovation program which was initiated mid-2018. As a result of the program, Avenue Living was able to reduce the number of offline suites by 60%, achieve a record-breaking number of new leases in August and maintain a very strong retention rate in September. Occupancy improved overall in

**Gross Revenue (Millions \$)**



**Occupancy % & Average Rent \$**



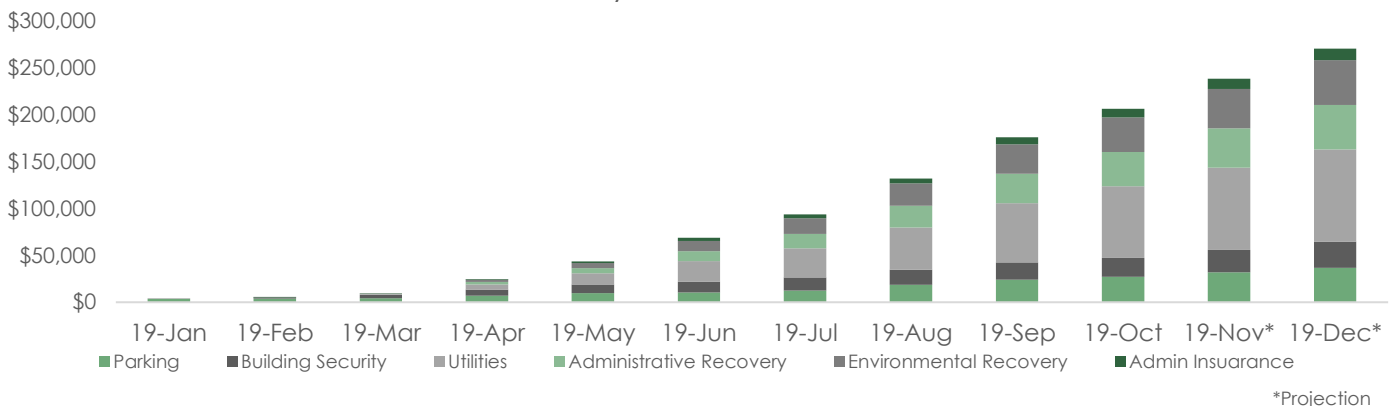
\*Occupancy based on natural vacancy. That is, suites under renovation ("offline") are not included.

The investment in the renovation program is expected to yield accretive results for the organization in the short and long term.

Avenue Living's Ancillary Revenue Program introduced mandatory and optional monthly charges in addition to the base monthly rent by offering residents additional features such as insurance, premium suites, increased building security and parking. When

the program was fully rolled out, recurring revenue increases averaged \$32,000 month-over-month. Avenue Living estimates additional monthly revenue of \$270,657 at year-end 2019 which is attributable to the program.

**Ancillary Revenue Breakdown**



\*Projection

## PARTNERSHIPS

In April, Avenue Living launched a strategic partnership with Home Depot to create a more efficient scalable platform to optimize resident experience. Efficiency is improved in three main ways: (i) prompt delivery of materials which decreases time spent on suite turns, (ii) elimination of the need to store and stock renovation materials and (iii) increased product quality.

Additionally, Avenue Living has focused on outsourcing other operational activities to local businesses. Landscaping, cleaning, maintenance, waste management and internet services are some of the services outsourced to local companies in order to decrease operating costs and support local economies throughout Avenue Living's portfolio.

## COMMUNITY INVOLVEMENT

As one of the largest property rental companies in Western Canada, Avenue Living believes that in order to grow, our communities need to grow too. This is why Avenue Living is committed to engaging with not-for-profits, social agencies and other institutions that strive to have a positive impact within the community.

| Partnerships with Community-Focused Organizations  | 2019 Community Events & Campaigns   |
|--|---|
| <ul style="list-style-type: none"><li>• Canadian Mental Health Association's (CMHA)</li><li>• EPIC Hockey</li><li>• Moose Jaw Bantam Ice Girls Softball</li><li>• HIV Community Link</li><li>• Medicine Hat Food Bank</li><li>• Western Hockey League</li><li>• Boys &amp; Girls Club Canada</li></ul> | <ul style="list-style-type: none"><li>• #FeedingFriends Foodbank Campaign</li><li>• Brown Bagging for Calgary Kids</li><li>• Resident Appreciation BBQs</li><li>• Build Love</li><li>• Wetaskiwin Coat Drive</li><li>• Alberta Culture Day: Connect 4, Indigenous Art Exhibit</li><li>• Water Conservation Project</li><li>• Dress to Impress: Grad Dress Program</li></ul> |

## 2020: CONTINUED SUCCESS

Avenue Living intends to complete the asset renovation program prior to year-end. We anticipate a strong start to 2020 due, in large part, to this optimization of our assets. Avenue Living anticipates continued benefit of positive absorption from the newly renovated inventory. The investment in the renovation program is expected to yield accretive results for the organization in the short and long term. The Ancillary Revenue program will be continued in 2020, as this program, which allows us to tailor the resident experience, has been positively received by both investors and residents. In an effort to grow community outreach, revenues and improve resident experience, Avenue Living will continue to fulfill its mission: *to provide value and quality communities that everyone deserves.*

Avenue Living looks forward to a strong finish to 2019 and continued success and growth in the new year.

## FOR MORE INFORMATION

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