

TRIVIRTUS

R E A L E S T A T E F U N D I L P

A TENANT DRIVEN APPROACH TO ATTRACTIVE INVESTMENT RETURNS



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OFFERING TERMS (CAD \$)

Structure	Limited Partnership distributed to “accredited investors”, initially under the “private issuer” exemption
Minimum investment	\$250,000
Management Fee	2.0% of NAV
Targeted Return	12%+ per annum
Hurdle	8.0%; Annual, No Reset
Cash Distributions	Quarterly, targeted @ 4.0% - 6.0% annualized
Incentive Allocation	Annual, 20% of net income above high water mark once 8.0% hurdle is met
Subscriptions	Quarterly
Redemptions	Quarterly; 30 days notice
Auditor	MNP LLP
Administrator	SS&C Technologies Canada Corporation
Legal Counsel	Stikeman Elliott LLP
Term	Open ended



INVESTMENT OVERVIEW

TriVirtus Real Estate Fund I LP (“Fund” or “TriVirtus”) will leverage management’s network, expertise + proprietary commercial real estate deal flow to:

- Identify lucrative, high traffic commercial development areas & opportunities for single and multi-tenant retail locations across Canada
- Acquire properties at attractive valuations
- Develop and provide value-added initiatives to maximize investor total returns

FUND OBJECTIVES

- Generate a full cycle net return of 12%+
- Provide quarterly cash distributions of 4% - 6%+ (annualized)
- Distribute tax advantages of Limited Partnership structure
- Assemble a portfolio of high quality, national brand, commercial real estate assets with minimal cyclical





COMBINING A POWERFUL & UNIQUE EXPERTISE

- TriVirtus was formed by the 3 Principals from Sovereign Asset Management (“SAM”) + Blue Deer Capital (“BDC”)
- Track record of success in real estate development, construction and investment management
- Significant expertise in acquisition, design, construction, leasing & property management
- Developed a \$75MM+ portfolio of high quality commercial real estate assets across eastern Canada
 - Acquired all assets ‘off market’
- To date, investments have collectively delivered:
 - 20% Internal Rate of Return (“IRR”) over 9 years
 - 40% growth in Net Operating Income (“NOI”) + 40% growth in rental sq.ft. since 2012
- 20 years of capital markets and fund management expertise
- Designed and launched 4 funds, including 2 Award Winning funds



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THE MANAGEMENT TEAM



DANIEL D. MCCLURE
Executive Chairman

- President of Blue Deer Capital, a capital advisory & strategy consulting firm
- Financial industry veteran, 20 years in capital markets
- Former CEO & CIO, alternative asset management company
- Leadership roles in investment research, portfolio management
- Managed \$3B of AUM, multiple sectors & geographies
- Designed + launched 4 investment funds, incl. 2 Lipper Award winners
- Former investment banker



CHARLES DYER
CEO & Co-Founder

- Co-Founder, Sovereign Asset Management, a vertically integrated retail property development company
- Seasoned real estate professional with wide ranging development experience
- Former Director of Design & Construction for Rexall/Pharma Plus, Katz Group Canada, managing >400 new store & renovation projects
- Director of Store Planning for Shoppers Drug Mart, converted 135 Big V Pharmacies
- Former Project Engineer, large municipal infrastructure projects

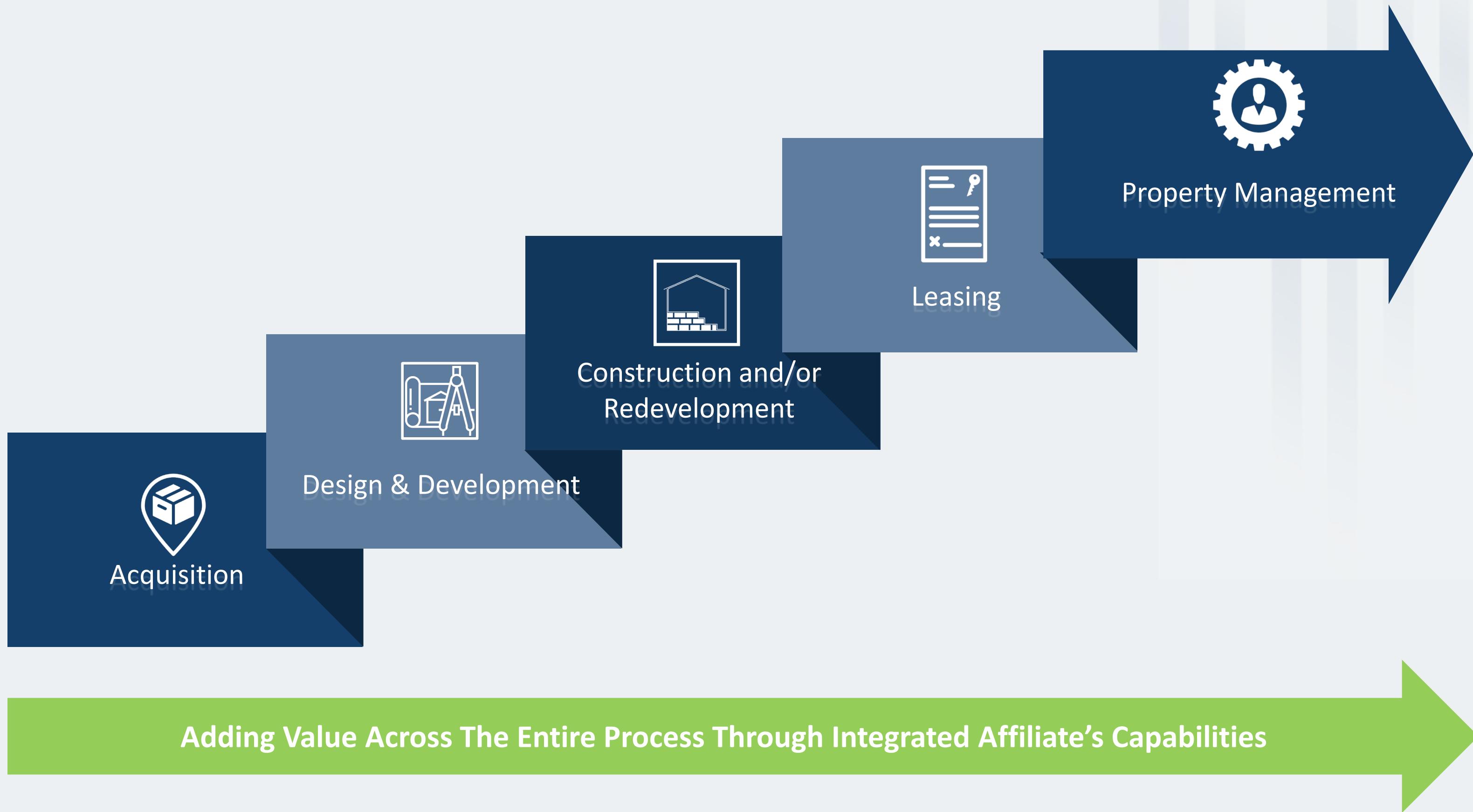


ROGER FERREIRA
CDO & Co-Founder

- Co-Founder, Sovereign Asset Management, a vertically integrated retail property development company
- CEO & Founder of NAGC, a leading full service general contractor in the Canadian retail real estate industry with > 500 successful projects since 1998
- Seasoned commercial real estate professional with expertise covering: Quick Service Restaurants, Pharmacy, Grocers, Medical Offices, Gas Stations and Municipal Projects
- Recipient of the FPCBP Business Excellence Award



PROVIDE FULL CYCLE VALUE ADD





TRIVIRTUS FUND I – A COMPELLING OPPORTUNITY



Seasoned management team

- Proprietary deal flow from extensive network + preferred developer status with national brands
- Ability to bid and acquire assets 'off-market'
- Add value to investments from in-house design, construction, leasing and property management



Real Estate is an attractive asset class with low cyclical risk

- Competitive historical returns vs. stock market, with much lower volatility
- Asset class is a hedge against inflation with a low correlation to equities
- Portfolio will consist of nationally branded stores and creditworthy tenants
- Proven investment model with historical acquisitions having limited cyclical risk through last recession



Strong track record of growth & performance

- 20%+ IRR on management team's historical portfolio at SAM
- 40% growth in NOI and rental sq. ft. since 2012 at SAM



Attractive quarterly cash distributions

- Targeted 4% to 6% per annum: 1.0% - 1.5% quarterly cash distribution plus year-end top up
- 12%+ per annum targeted returns, inclusive of capital gains
- Tax advantages distributed through the Limited Partnership structure



REAL ESTATE IS AN ATTRACTIVE ASSET CLASS

- Very competitive returns compared to the stock market with lower volatility
- Provides portfolio diversification (low correlation with the stock market) + effective hedge against inflation
- A substantive portion of return comes from income vs. capital appreciation
- Hard assets that can be leveraged

	1 Year	5 Years	10 Years	20 Years	Avg. Return	Volatility	Sharpe Ratio	Max. Drawdown
Real Estate (REALPAC/IPD Canada Property Index)	5.4%	8.8%	8.8%	11.1%	9.4%	7.2	0.54	13.0% (1990 to 1993)
Equities (SP/TSX Index)	21.1%	8.2%	4.7%	7.3%	9.4%	15.7	0.28	33.0% (2007 to 2008)
Bonds (FTSE TMX Canada Universe Bond Index)	1.7%	3.2%	4.8%	5.8%	7.9%	5.9	0.64	4.3% (1993 to 1994)

Notes:

- Compound annual returns for years 1 through 20, 1986 – 2016.
- All returns are total returns and in C\$.
- Average annual returns are arithmetic, 1986 – 2016 and in C\$.
- Sharpe ratio calculated as average excess return above one year Treasury yield, divided by volatility of excess return.
- Maximum drawdown is greatest peak-to-trough loss experienced over 1986-2018.



TRIVIRTUS CAPITAL

A PORTFOLIO OF QUALITY TENANTS

Extensive and preferred relationships with marquee national brands



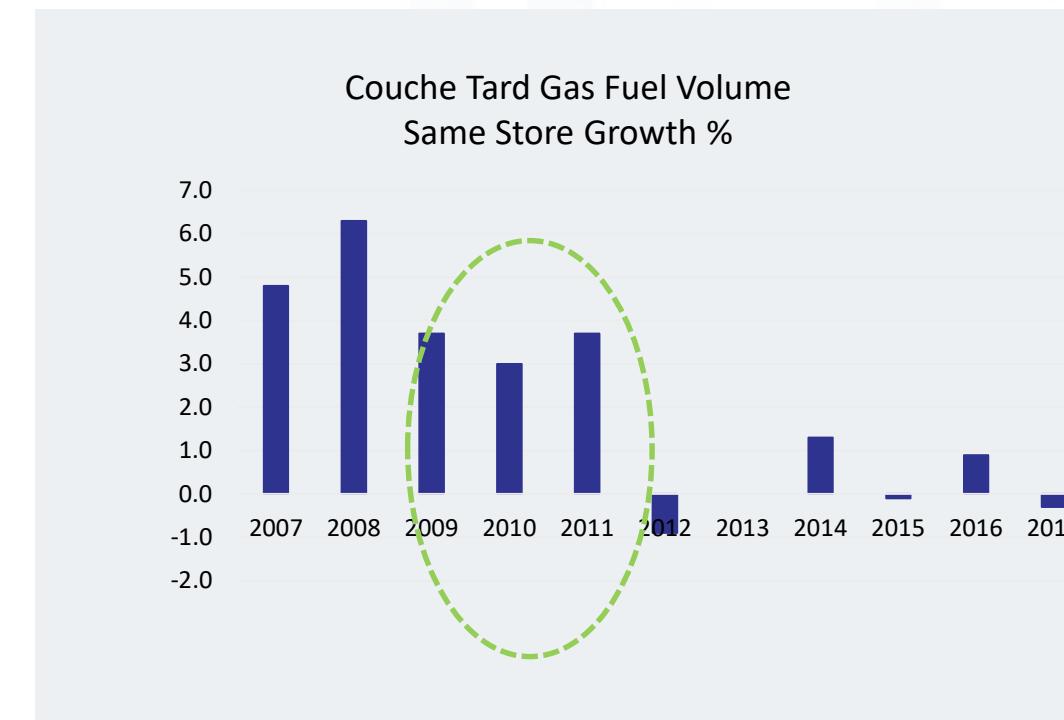
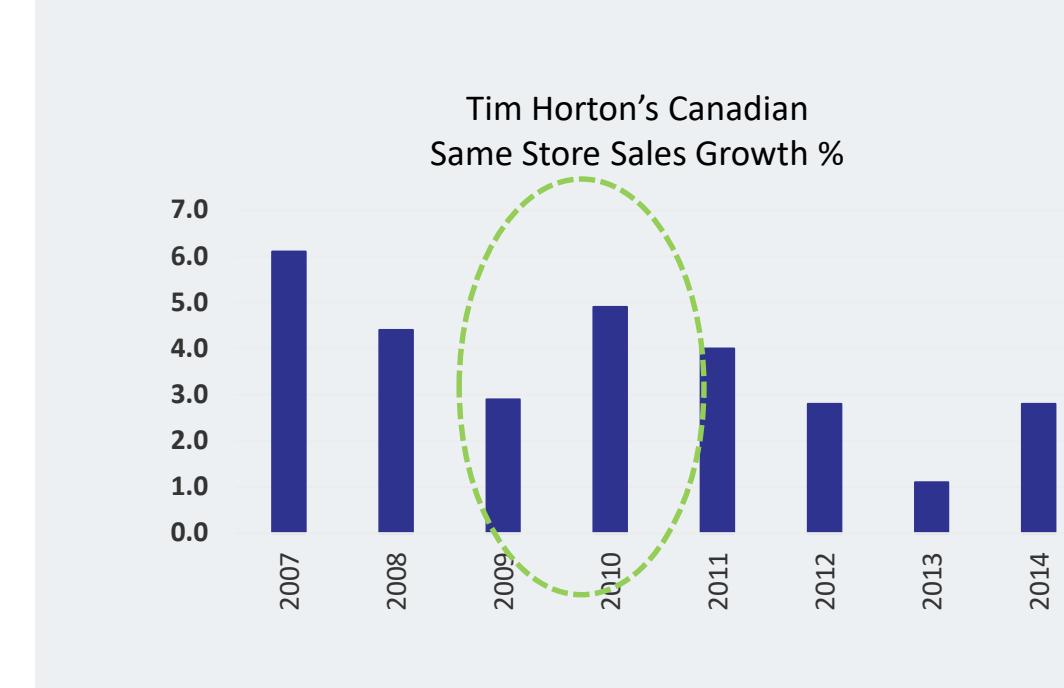
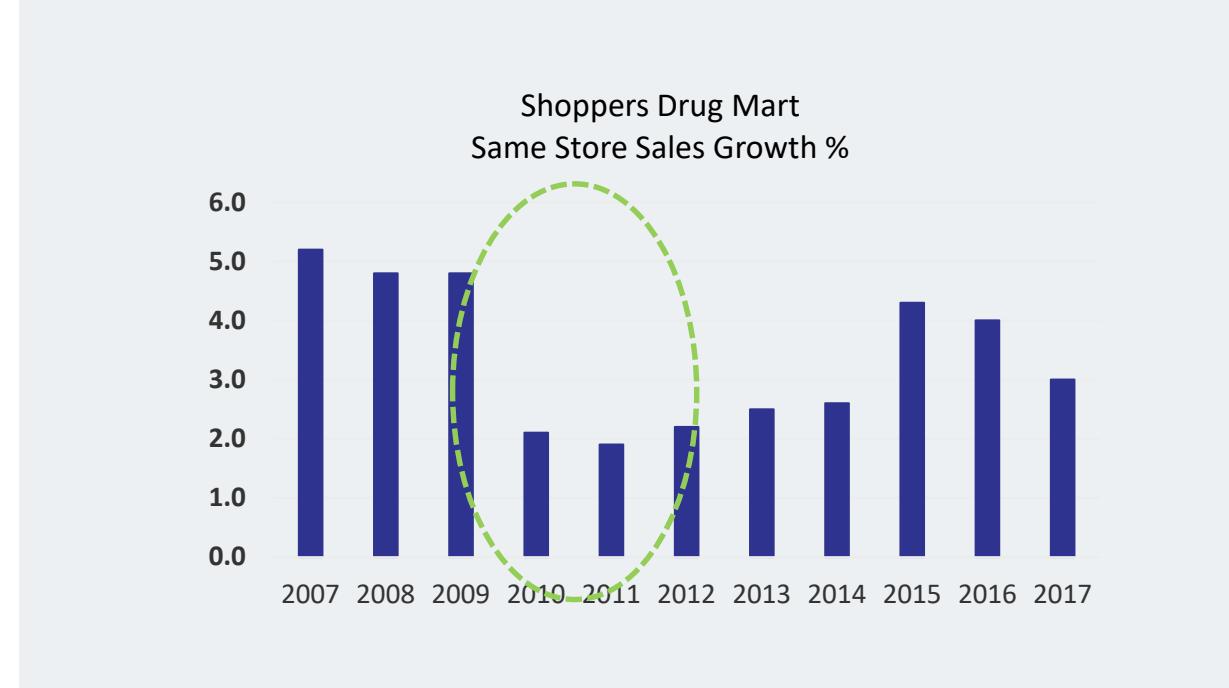
Tim Hortons.



"Sovereign Asset Management has played a key role in the expansion of our company. Their level of experience, professionalism, and sense of urgency were critical to the successful roll-out of our retail program."
Travis Allan, President & CEO Pro Oil Change



A PORTFOLIO OF TENANTS WITH LIMITED CYCLICALITY



Source: Annual Reports; Company websites; Regulatory documents filed on SEDAR.

Denotes period of Great Recession of 2008 – 2010.





A TRACK RECORD OF SUCCESS IN REAL ESTATE DEVELOPMENT

SAM INITIAL VALUE	CURRENT SAM HOLDINGS
 PORTFOLIO 0	21 properties operating @ 99.5% occupancy 7 properties in development
 PORTFOLIO VALUE \$40MM	\$75 MM (\$25MM in development)
 EQUITY VALUE \$10MM	\$27MM (including distributions)
 EQUITY MULTIPLE 1.0x	2.6x
 CASH YIELD % NA	7.6 %
 INTERNAL RATE OF RETURN % (IRR) NA	20.3 %+ June 2009 to June 2018

CONSISTENT + STRONG GROWTH & PERFORMANCE

Profile of TriVirtus' target commercial retail assets (SAM current holdings)

- Creditworthy tenants that are national and international brands
- Long-term leases
- Limited cyclical
- Specialty retailer focused → better positioned to compete in e-commerce environment





INVESTMENT GOALS

Construct a high quality, commercial real estate portfolio of national retail brands with limited cyclical and immune from the “Amazon effect”



Target 1

Deliver a tax efficient internal rate of return of 12%+ per annum



Target 2

Deliver quarterly cash distributions totalling 4% - 6%+ (annually)



Target 3

Maintain a strong balance sheet with optimal leverage





INVESTMENT STRATEGY

Purchase and reposition underperforming retail properties in mid to large Canadian markets with some or all of the below characteristics:

-  Rents below market value with opportunistic renewal terms
-  Additional land that can be developed
-  Vacancy that can be leased with a lift in rental rates
-  Well positioned real estate in major retail corridors
-  Convenience oriented centers that are immune to the “Amazon effect”
-  Income producing properties to minimize carrying costs and reduce development risk (while being repositioned)





INVESTMENT METHODOLOGY

Leverage proprietary relationships with developers, leading national retail brands & financial institutions

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Utilize TriVirtus' vertically-integrated property development expertise

AQUIRE

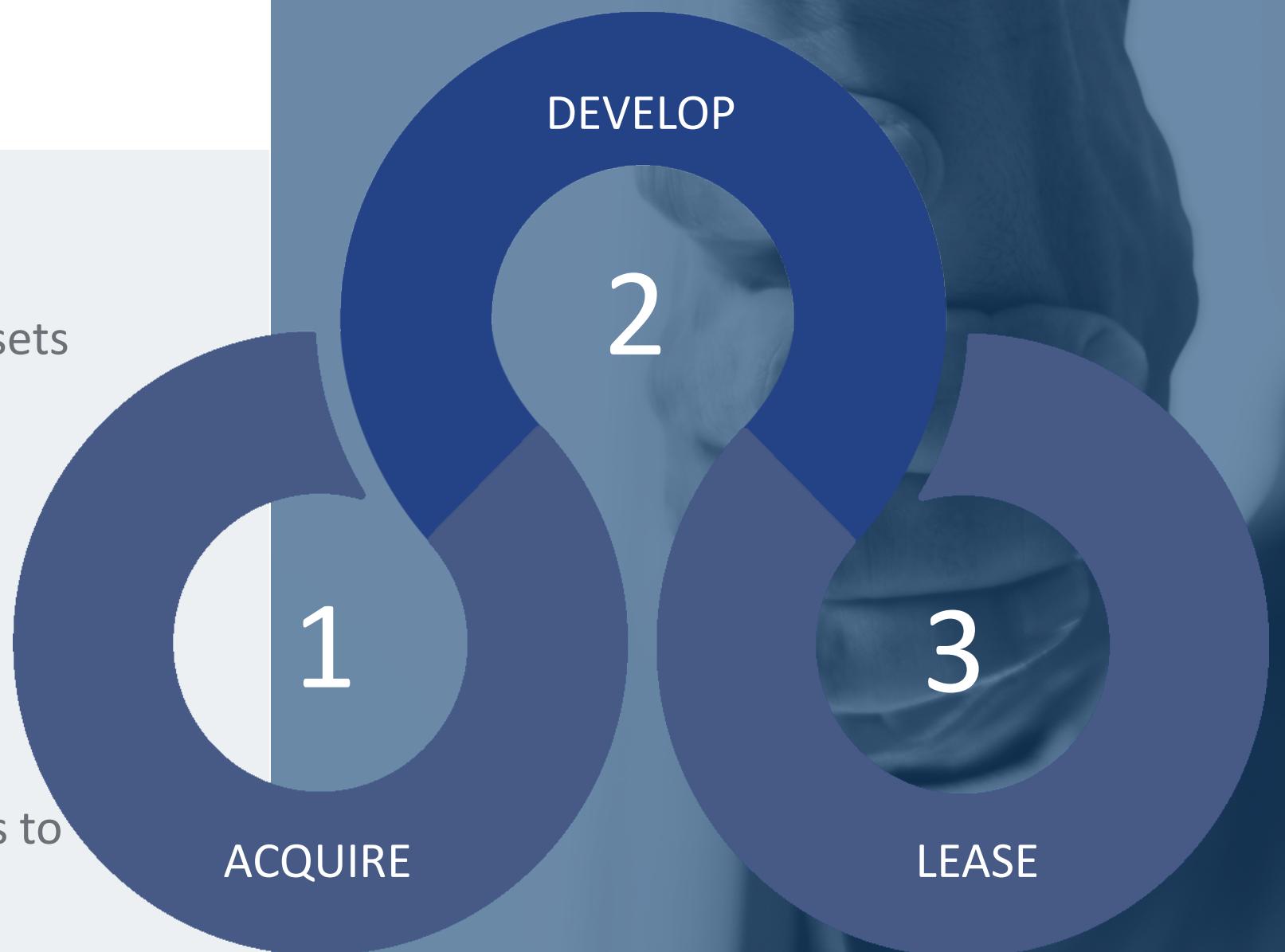
Leverage 25-year industry relationships & network to source and secure assets that meet our financial criteria (generally 'off market')

DEVELOP & POSITION

Develop & add value to the properties through experienced team of design professionals and vertically integrated organizational structure

LEASE

Utilize extensive relationships with major Canadian & International retailers to lease vacant space, upgrade tenants and develop excess land with national brands





RESTRICTIONS

What we will minimize or avoid

- ⊗ Limited “big box” investments
- ⊗ No land speculation
- ⊗ No minority ownership
- ⊗ No investments outside of Canada
- ⊗ Limited residential



USE OF PROCEEDS - INVESTMENT EXAMPLE (CAD \$)

Pro Forma		Typical Retail Development	
Development Area		1.0	Acres
Restaurant		5,000	sq.ft
Retail		5,000	sq.ft
Office		0	sq.ft
		10,000	Total sq.ft.
Income	Rent per sq.ft.	Expenses	Net Cash Flow
Restaurant	\$14,583	\$35.00	Financing \$16,602
Retail	\$12,500	\$30.00	LOC \$0
Office	\$0	\$0.00	Taxes \$0
			Utilities \$0
			Maintenance \$0
			Insurance \$0
			Miscellaneous \$0
			Property Mgmt \$1,354
Totals	\$27,083		\$17,956 \$9,127
Yearly	\$325,000		\$215,470 \$109,530



USE OF PROCEEDS - INVESTMENT EXAMPLE (CAD \$)

Capital Required	Build Cost per sq.ft				
Land Acquisition	\$165	\$1,000,000	Cap Rate	<i>Yearly income / Total Investment</i>	8.05
Site Work		\$500,000	Potential Sale Cap Rate		6.00
Building	\$165 x 10,000 sq.ft.	\$1,650,000	Potential Sale Value	<i>Yearly income / Sale Cap Rate</i>	\$5,416,667
Commissions		\$143,000	Potential Profit	<i>Sale value less Total Investment</i>	\$1,379,507
Consultants and Soft Costs		\$100,000	Required Equity For Project	<i>LP Investor contribution</i>	\$1,522,160
Development Charges, Legal etc		\$150,000	Bank Interest Rate		4.50%
Carrying Costs		\$50,000	Amortization in Years		20
Tenant Allowance		\$200,000	Mortgage Loan To Value		65.00%
Contingency		\$165,000	Cash on Cash Return		7.20%
Development Fee (2%)		\$79,160	Paydown of Principal		5.44%
Total Investment		\$4,037,160	Total ROI		12.64%

BEFORE FEES:

Increase in property value = \$5,416,667 - \$4,037,160 = **\$1,379,507**

Gain on property = \$1,379,507 / \$4,037,160 = **34%**

Gain on equity = \$1,379,507 / \$1,522,160 = **90%**

911 Fort William Rd, THUNDER BAY, ON



INVESTMENT THESIS

- Prime location in central retail corridor across the street from InterCity Mall with approximately 200 feet of frontage in Thunder Bay's primary regional shopping node
- Multi-tenant asset with existing cash flow presents value creation opportunity with downside protection due to the strength of the commercial location and surrounding area
- Traffic of approximately 22,500 vehicles/day on Fort William Road
- Development's existing tenants include The Beer Store, a dentist and one unit available for lease, with additional lands providing approximately 16,000 s.f. of future retail and restaurant space in a multi-unit building
- This area would typically be a priority locale for new retailers and QSR entering the Thunder Bay market and we have received positive tenant interest in the course of our due diligence.

911 Fort William Rd, THUNDER BAY, ON

SITE PLAN



Targeted Date of Acquisition: July 2019

Initial Investment	\$4.7 MM with \$4.0 MM follow-on
Equity Required	\$1.8 MM with follow-on TBD
Financing	Term Sheet from Cdn Bank signed for \$6.0 MM
Anchor Tenant	Beer Store with 15 year lease
Cap Rate	Initial NOI plus additional tenants = 6.0%+ ; post follow-on investment and value-add build out = 8.0% +

EXISTING TRIVIRTUS FUND I – TARGETED POTENTIAL VEND-INS



67 McNaughton, Wallaceburg

- Main commercial corridor in town
- 20 year triple net rent with very strong corporate brand (A & W)
- Above average rent escalations built into contract
- Newly constructed in 2018, no further material capital required
- Leased for ten years with two five year extensions



1610 Brookdale Avenue, Cornwall

- Well located at a single intersection on the main traffic artery of Cornwall
- Strong brands with Pro Oil Change and Gino's Pizza
- Above average rent escalations built into contract
- Five year old construction
- Leased for ten years with two five year extensions



SAM INVESTMENT EXAMPLES - 685 QUEENSTON RD, HAMILTON, ON



Investment Thesis

- 685 Queenston Road is a new 38,000 ft² specialty grocery store located in the Stoney Creek (near Hamilton, ON)
- Originally operating as a car dealership, the 2.5 acre site was purchased and redeveloped as a specialty grocery store



Outcome

- Lease secured with anchor tenant, high end grocery chain Starsky's

Date of Acquisition: June 2012

Purchase Price	\$7.5 MM
Occupancy:	Car Dealership
NOI:	Nil
Lease Term:	Nil

Operating Performance

IRR	27.2%
NOI:	\$550,000
Cash Yield:	7.3%

Today

Value:	\$10.5 MM
Cap. Rate:	5.7%
Occupancy:	100%
Lease Term:	5 years



SAM INVESTMENT EXAMPLES - 4 HIGH STREET, COLLINGWOOD, ON



Investment Thesis

- 1 acre site purchased as surplus retail land from adjacent hotel
- Shadow anchored by a Metro grocery store and adjacent Home Depot
- Located in the major retail node of Collingwood, Ontario

Outcome

- Lease secured with Dollar Tree, Tim Horton's, Little Caesars, Sport Clips
- Utilized our vertically integrated management team to design and construct the 12,000 sq. ft. development
- Produces a stabilized NOI of approximately \$240,000 per annum

Date of Acquisition: October 2012

Purchase Price:	\$3,200,000
Occupancy:	Vacant Land
Yield:	Nil
Lease Term:	Nil

Operating Performance

IRR:	18.0%
NOI:	\$240,000
Cash Yield:	7.5%

Today

Value:	\$4,300,000
Cap. Rate:	5.6%
Occupancy:	100%
Lease Term:	5.3 Years

SAM INVESTMENT EXAMPLES - 480 BAYFIELD STREET, BARRIE, ON



Investment Thesis

- Remediated 0.7 acre site purchased from Suncor
- Shadow anchored by Walmart and a regional shopping centre
- Property was redeveloped as a multi tenant shopping centre anchored by Starbucks, Sally Beauty and Pro Oil Change



Outcome

- Leveraged our R/E network relationships to secure national tenancies
- Utilized our vertically integrated management team to design and construct the 7,000 ft development
- Produces a stabilized NOI of approximately \$240,000 per annum

Date of Acquisition: June 2012

Purchase Price:	\$3,100,000
Occupancy:	Suncor
NOI:	Nil
Lease Term:	Nil

Operating Performance

IRR:	16.9%
NOI:	\$240,000
Cash Yield:	7.8%

Today

Value:	\$4,200,000
Cap. Rate:	5.7%
Occupancy:	100%
Lease Term:	5 years



OUR SERVICE PROVIDERS

TRIVIRTUS CAPITAL



Stikeman Elliott



BLUE DEER
CAPITAL



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