

Capital Placement and Approach to Value Creation

Real Estate Strategy and Leasing
Conference



Industrial Property, Brampton ON

Adding Value Through Redevelopment & Excess Land Severance



Industrial Property, Brampton ON

Value Add Investment Summary

Investment Details

Property Type	Industrial
Year Built	1998
Size (sf)	250,581
Clear Height	24'
Acquisition Date	August, 2011
Project Start/Completion	October 2012/July 2013
Client Investment Strategy	Value-add Fund
Target Returns	18-22%



1 Spar Drive, Brampton ON

Collecting Income While Devising a Plan

Investment Strategy

- Acquired fully leased but knowing the tenant would likely vacate
- Included **13.5 acres of vacant land**
- Dysfunctional building was deemed unlikely to release in as-in condition
- Devised redevelopment plan while collecting income on balance of term
- Two-fold value add plan:
 - **Sever** excess land
 - ✓ Successfully severed
 - ✓ Sold to a user for \$830K/acre, well above pro-forma expectations
 - Major **renovation** of existing building
 - ✓ \$6M renovation completed
 - ✓ Added **40 truck-level doors** and dock-levelers
 - ✓ **Re-clad** the exterior to increase aesthetic appeal
 - ✓ Upgraded **heating**, replaced lighting with motion-detect **T5 lights**
 - ✓ **Refreshed** interior with white walls, columns and ceilings



Initial Rendering

1 Spar Drive, Brampton ON

Value Add Investment

0.2 Doors / 10,000 SF



Inefficient Lighting, Drab Interior



1 Spar Drive, Brampton ON

Adding Value Through Redevelopment

FEB 2013



MAR 2013



APR 2013



1 Spar Drive, Brampton ON

Value Added Through Redevelopment



1 Spar Drive, Brampton ON

Value Added Through Redevelopment



Thornton Road Development

Toronto, ON

Investment Description

- Located approximately 40 minutes east of Toronto.
- Industrial build-to-suit development located of 11.86 acres of land. The property was acquired to add quality and diversity to the fund's GTA industrial holdings.

Investment Details

Property Type	Industrial
Year Built	2004
Size (sf)	108,618
Acquisition Date	May 2004
Sale Date	September 2011
Sale Price	\$4.4 million
Target IRR	12%
Client Investment Strategy	Value-add Fund



Investment Strategy

- The land was acquired for the development of a 150,000 sf build-to-suit industrial facility, which was completed on schedule and under budget.
- During the hold period the tenant's contract with their client was terminated and they vacated the building early after paying a \$2.8M penalty. The building was left in excellent condition and ultimately sold vacant.

North Service Road Portfolio

Toronto, ON

Investment Description

- Two-part acquisition that included two industrial buildings on 101 acres and 72 acres of development land.
- The two existing buildings are located on Walker's Line in Burlington, offering excellent access to the US and S. Ontario markets.

Investment Details

Property Type	Industrial
Year Built	1966/1969/1971/1985
Size (sf)	1,317,955 (incl. UPS)
Acquisition Date	September/November 2004
Sale Date	Dec 2006/Apr 2007/Mar 2012/Jul 2013
Sale Price	\$121.4 million
Target IRR	12%
Client Investment Strategy	Value-add Fund



Investment Strategy

- The plan at acquisition was to sell the excess land to a developer, release and renovate 4151 NSR (acquired as a sale-leaseback with Maytag), expand 4141 NSR by 150,000 sf and complete a new build-to-suit warehouse of approximately 175,000 sf.
- During the hold period a new build-to-suit building was developed for Maytag, two buildings totaling 782,084 sf were developed on excess lands of 40 acres and sold to UPS, several pieces of land were severed and sold, and ultimately the original investments were sold.

70 University

Toronto, ON

Investment Description

- 13 storey Class A office building located in the financial core of downtown Toronto
- Rollover of large tenant resulted in 60% vacancy in June 2015
- Enhanced building amenity by reducing the size of lobby to accommodate on-site restaurant, Moxies' Canadian Flagship
- Invested in capital programs: lobby renovation, elevator modernization, exterior front entrance enhancement and new BAS system
- Released to large tenants to stabilize rent roll, increased committed occupancy to 92%

Investment Details

Property Type	Office
Year Built	1982
Size	244K SF
Occupancy	92%
Acquisition Date	November 2007



11 King Street West

Toronto, ON

Investment Description

- Class 'A' office building in Toronto's financial core
- Building's lead tenant occupying approximately 44% of the rentable area, vacated its premises in early 2010 as expected
- Added value through the lease-up of vacant space and through a targeted renewal program
- The small floor plates and boutique nature of the property proved to be attractive to smaller tenants
- Renovated podium, corridors & common area
- The building committed occupancy increased to 97% at time of disposition

Investment Details

Property Type	Office
Year Built	1964, 1997 (Renovated)
Size	166K SF
Acquisition Date	November 2007
Sale Date	February 2012

