CROWN REALTY
INCOME FUND
PLUS
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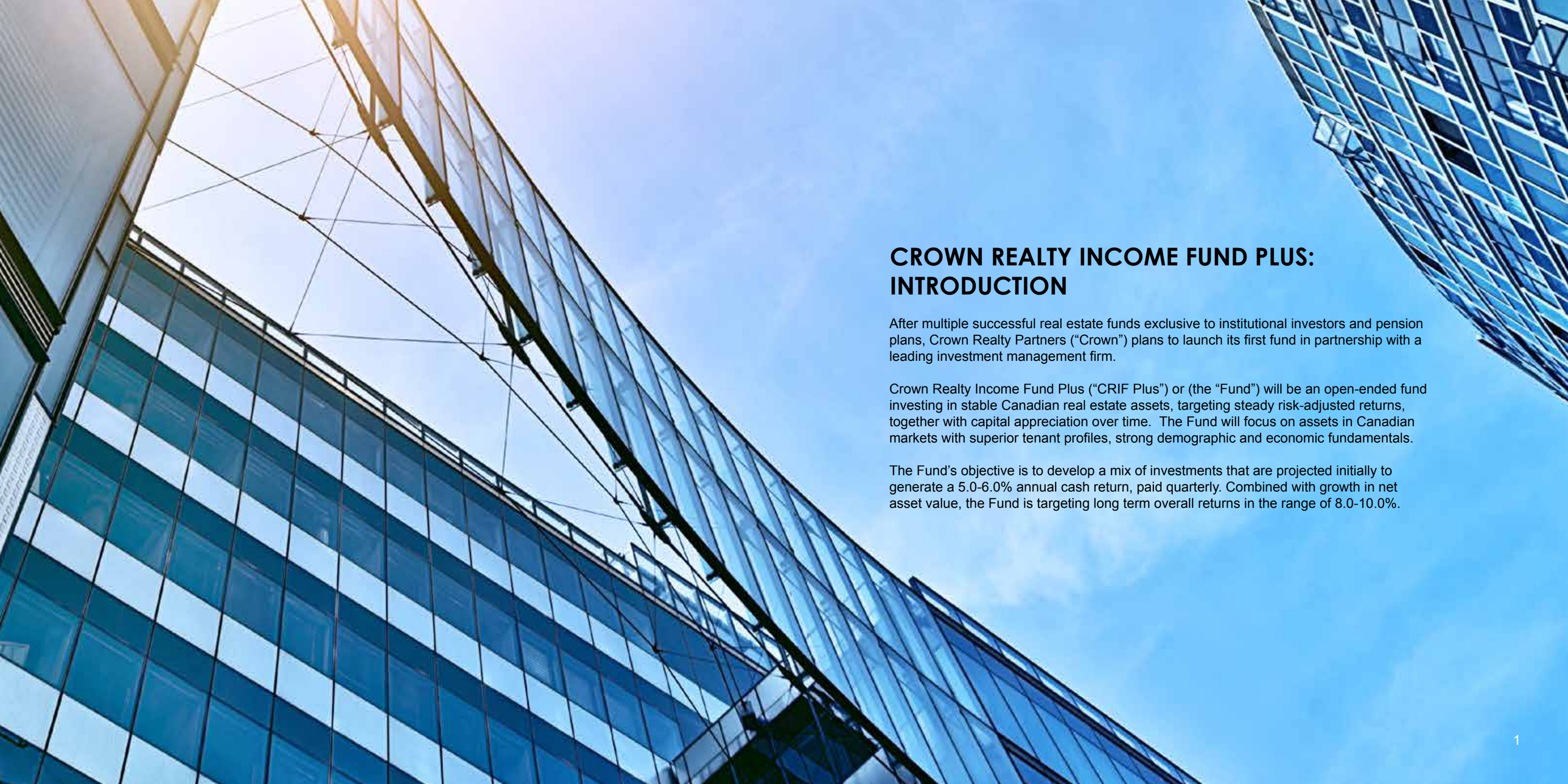
CROWN
REALTY PARTNERS



CROWN REALTY INCOME FUND PLUS: INTRODUCTION

After multiple successful real estate funds exclusive to institutional investors and pension plans, Crown Realty Partners (“Crown”) plans to launch its first fund in partnership with a leading investment management firm.

Crown Realty Income Fund Plus (“CRIF Plus”) or (the “Fund”) will be an open-ended fund investing in stable Canadian real estate assets, targeting steady risk-adjusted returns, together with capital appreciation over time. The Fund will focus on assets in Canadian markets with superior tenant profiles, strong demographic and economic fundamentals.

The Fund’s objective is to develop a mix of investments that are projected initially to generate a 5.0-6.0% annual cash return, paid quarterly. Combined with growth in net asset value, the Fund is targeting long term overall returns in the range of 8.0-10.0%.

CROWN REALTY PARTNERS
ABOUT

Founded in 2001, Crown Realty Partners acquires, manages and develops commercial real estate assets in Canada. Crown is committed to generating exceptional returns for its investors while providing quality premises and excellent service to businesses that operate within Crown buildings.

- Crown creates value through its integrated approach to real estate investing.
- Crown has completed over $3 billion in real estate transactions and has generated an average annual IRR for its investors of 21.0%.[1]
- The offering being contemplated is designed to produce stable income and growth and mitigate capital risk.

DISCIPLINED ORIGINATION & APPROPRIATE FINANCING

ONGOING MANAGEMENT AND VALUE CREATION

TIMELY DISPOSITION

CROWN REALTY PARTNERS
TRACK RECORD

The majority of Crown's institutional investor base has continued to re-invest with Crown in ongoing fund offerings.

SINCE 2005, CROWN HAS SPONSORED FOUR VALUE-ADD FUNDS ON BEHALF OF INSTITUTIONAL INVESTORS:

Crown Realty Limited Partnership (CR LP)
Created 2006; Fully divested;
$74M of equity; $188M in assets acquired;
Net IRR 16.3%[1]

Crown Realty II Limited Partnership (CR II LP)
Created 2009; One asset remaining;
$142M of equity; $260M in assets acquired;
Net IRR 20.8%[1]

Crown Realty III Limited Partnership (CR III LP)
Created 2013; Fully invested;
$165M of committed capital;
$410M in assets

Crown Realty IV Limited Partnership (CR IV LP)
Created 2017; Investment period;
$234M in committed capital

CROWN ALSO MANAGES INDIVIDUAL ACCOUNTS AND A FUND OF CORE ASSETS:

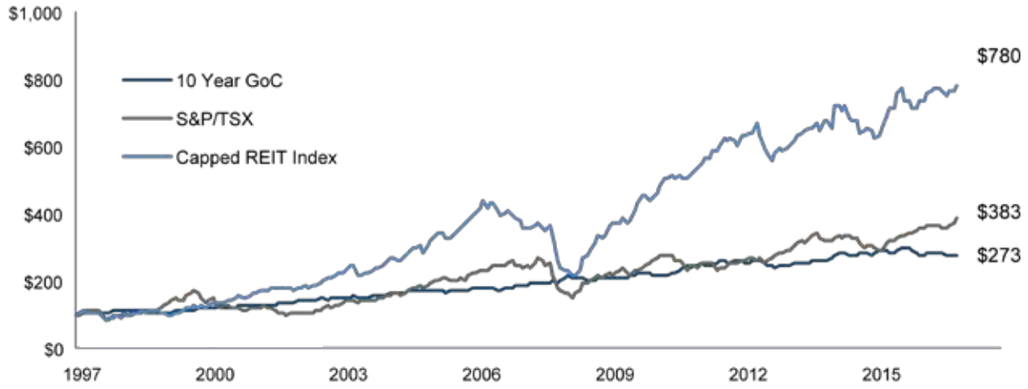
Crown Realty II Core Fund (CORE)
Created 2015;
$335M in assets

[1] These returns are achieved against target IRRs of 11.0-12.0% per annum and were achieved across both core and value-add investment strategies. All returns based on sale prices/appraised values as at Q4, 2017; net IRR refers to IRR net of fees to Crown as the Manager/General Partner.

CANADIAN COMMERCIAL REAL ESTATE:
A COMPELLING INVESTMENT

CANADIAN FUNDAMENTALS ARE STRONG

Value of $100 Invested
1997 to 2017

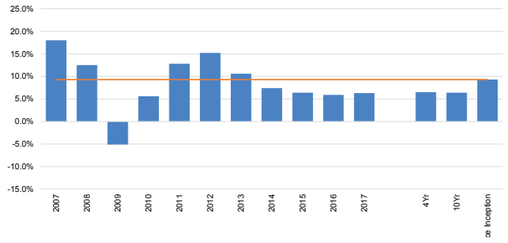


- Fueled by strong economic and employment growth, a stable political environment and a strong institutional presence, real estate investment and financial markets continue to thrive.

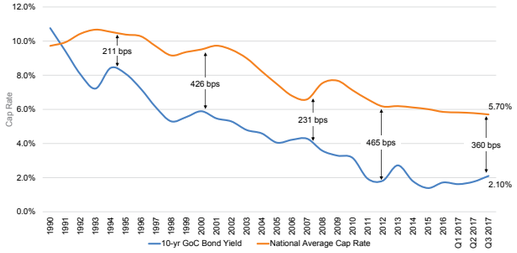
Source: Haver Analytics, RBC Capital Markets and Thomson One

CROWN BELIEVES THERE IS THE OPPORTUNITY TO ACHIEVE STABLE RETURNS BY FOCUSING ON ASSETS WITH GOOD FUNDAMENTALS BUT OUTSIDE THE "TROPHY" ASSET CLASS.

REALPAC/IPD Canada Property Fund
Index Total Returns | 2007 – 2017



National Cap Rate Vs. GoC
10 Yr Bond Yield | 1990 – 2017



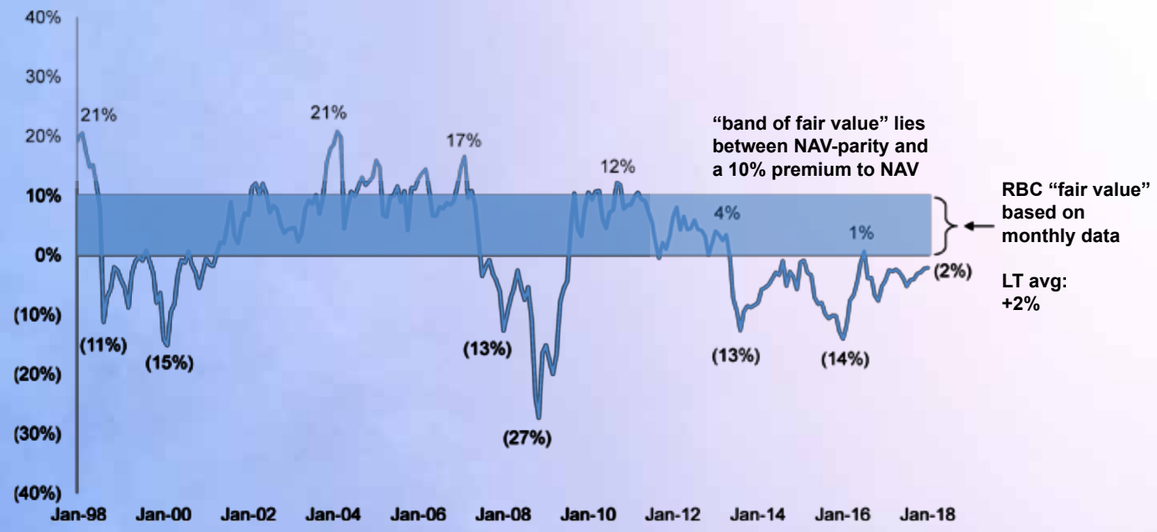
- Commercial real estate has historically shown both consistency and exceptional performance, with positive returns for the last 10 years.
- Commercial real estate has out-performed other comparable investment classes in the long-term.

Source: CBRE Research, November 2017

CROWN REALTY INCOME FUND PLUS:
ADVANTAGE

VALUATIONS

Average Premium / (Discount) to NAV for REITs



- Trading of REITs fluctuates widely above and below NAV.

CRIF PLUS OFFERS INVESTORS THE FOLLOWING:

- returns and valuations that are ***tied directly to the underlying value*** of the real estate and are not subject to the fluctuations of public markets.
- exceptional ***transparency, governance and reporting from a proven institutional investment manager.***
- greater ***autonomy*** as decisions are not driven by regulations and public market influences.
- the opportunity to ***partner with a first class manager*** *whose interests are aligned.*

Source: RBC Capital Markets estimates and Thomson One

CROWN REALTY INCOME FUND PLUS:
INVESTMENT STRATEGY

The “Income Plus” nature of this Fund extends beyond a simple core investment strategy, capitalizing on Crown’s hands-on asset and property management experience. The Fund will not just focus on aggregating income-producing assets but will actively work to ***mitigate risk*** and ***maximize value to investors***.

- The objective is to create a ***balanced portfolio*** of commercial real estate investments that delivers ***reliable cashflow and growth***.
- Apply the thoughtful model of leading institutional real estate investment managers.
- Provide investors with quarterly distributions.[2]
- Apply conservative levels of leverage to acquisitions within acceptable limits employed by prudent investors.

CRIF Plus will act as a long-term investment vehicle that provides investors the flexibility to rebalance their exposure periodically.[3]

[2] Distributions to commence upon the end of the first full fiscal quarter after which an investment is made.

[3] Liquidity is provided through regular valuations and annual openings.

TERM SHEET

Crown Realty Income Fund Plus (“CRIF Plus” or “the Fund”) is an open-ended property investment fund. [NTD: TBD based on the nature of investors] formed under the following terms and conditions:

Manager: CRIF Plus is sponsored and managed by Crown Realty Partners (“Crown”). Where appropriate, Crown will act as the property, construction and leasing manager on market terms and conditions which will be documented in a form of property management agreement (provided as a schedule to the Fund Documentation Agreement). Crown will disclose to an advisory board all related party fees and services provided to the Fund.

Advisory Board: The Manager shall present investment proposals to the Fund’s advisory board (the “Advisory Board”). The Advisory Board is intended to provide oversight, advice and counsel to the Manager. It shall consist of two representatives from the General Partner and three appointed independent representatives. Together, the members of the Advisory Board shall possess real estate, finance, legal and investment experience.

Nature of Offering: The available net proceeds of the Fund will be used to purchase a diversified portfolio of revenue-producing commercial real estate assets. The specific properties in which the net proceeds will be invested have not yet been determined. Registered title to each property will be held by a separate, single-purpose entity. Debt, securities, as well as real estate development and capital improvements may also be included.

Investment Focus: CRIF Plus will start as a $250 million open-ended property investment fund and will acquire, own and actively manage real estate assets. The Fund will not invest more than 20% of its capital in any single investment unless approved by the Advisory Board. The Fund will be focused on opportunities across Canada and may invest in conjunction with a local partner when appropriate.

Distribution Objectives: The Manager is targeting an annual yield to investors of 5.0-6.0%, paid out on a quarterly basis (net of all fees) with an internal rate of return target of 8.0-10.0%.

Offering: $250 million of capital commitments.Subsequent capital closings may be solicited after initial commitments have been funded.

Units: The offering consists of [NTD: TBD based on structure of fund]

Closing Date: TBD

Schedule of Capital Calls: Minimum of 5% of capital commitments shall be drawn at closing with the balance drawn over a period of up to 24 months to fund investments.

Investor Liquidity: The fund will have limited liquidity and should only be purchased by investors with a long term view. Beginning two years from initial closing and each anniversary thereafter, investors may, with 60 days’ notice, require that the fund buy back all or any portion of its investment. Based on an independent evaluation of NAV (Net Asset Value), the Fund’s independent committee may choose to restrict redemptions.

Leverage: The Fund shall use leverage however at no time shall the aggregate portfolio leverage be greater than 65% of NAV.

Distributions: Distributable cash flow shall be paid quarterly in arrears and shall be calculated from cash earnings of investments, subject to withholding of reserves as the Manager may deem prudent. Distributions will commence upon the end of the first full fiscal quarter after which an investment is made. Excess cash flow, if any, may be distributed annually via a special distribution. Proceeds from asset sales shall be used to repay debt, be reinvested or fund redemptions.

Disclosure: Crown also manages other pooled real estate investment vehicles and acquires properties on behalf of other investors and partnerships. Such vehicles have different investment objectives. Crown may acquire properties on behalf of such vehicles where Crown deems the acquisition inappropriate for the Fund without the consent of the Fund. To ensure full transparency, Crown will report on any such acquisitions to the Advisory Board in the quarter in which they are completed.

TERM SHEET

TYPE OF FEE: AMOUNT AND DESCRIPTION

- Acquisition Fees: None
- Disposition Fees: A disposition fee in the amount of 0.25% of the gross selling price for any investment sold by the Fund.
- Financing Fees: In connection with any debt refinancing of an investment, a debt financing fee in the amount of 0.25% of the principal amount of all refinancing proceeds will be payable by the Fund to the Manager. In the event that a third party broker is engaged in connection with any such debt refinancing transaction, the applicable financing fee will be reduced by 50%.
- Asset Management: In consideration of providing asset management services, the Manager will be entitled to receive an annual asset management fee equal to 1% of the NAV of the Fund, net of any capital returned to investors on the sale of the real estate in which it has invested. This will be paid on a monthly basis.
- Property Management, Leasing and Construction Fees: For all properties acquired by the Fund, Crown, or if deemed appropriate, a third party will provide property management, leasing and/or construction management services based upon market terms and conditions. These will be charged to the operations of the property and to the maximum extent possible recovered from the tenants. The fee schedule shall be set out in a schedule to the limited partnership agreement.
- Expenses: All third party costs of the Fund, including appraisal, audit, legal, leasing, construction, due diligence and investigative costs will be paid by the Fund.

APPENDIX A: CROWN TEAM

Crown is a proven fund manager, asset manager, property manager and co-investor and delivers a blend of competence and experience. Together, the team possesses capital markets and transaction experience and strong relationships in the finance and real estate communities.

LES MILLER
Managing Partner

MICHAEL PITTANA
Co-Founder and Chair

JAMIE CHRISTIE
Managing Partner

EMILY HANNA
Partner, Investments

SCOTT WATSON
Partner, Leasing & Marketing

APPENDIX B: CASE STUDIES

On stabilizing a number of value add assets, Crown created a longer-term vehicle for its institutional investors. The fund consist of assets that demonstrated a combination of desirable location, strong tenant base and balanced lease expiry profile.

4.7% average yield since conversion March, 2015.

CORE FUND ASSETS

901 King Street West, Toronto

90 Sheppard Avenue East, Toronto

400 University Avenue, Toronto

APPENDIX B: CASE STUDIES

VALUE-ADD ASSETS

Crown is skilled at repositioning office buildings to best-in-class assets. Some examples of the Crown value-add approach include:

Strategic capital programs: Crown oversees large-scale capital and leasing programs to attract tenants and stabilize buildings.

Brand repositioning: Crown rebrands building on acquisitions, re-introducing them to the tenant and brokerage communities. Crown leverages building amenities, sustainability initiatives and unique building features.

Best-in-class management: Crown creates communities that tenants demand to increase cash flow and lease term resulting in institutional-quality assets.

Timely disposition: Crown identifies opportunities to extract value from sites which may include severing excess land, identifying additional density for sale, and partnering strategically.

To learn more, visit crownrealtypartners.com/investors

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