



**77C CORNERSTONE**  
REAL ESTATE LP

Two Sevens Capital | Q3 Report | 2021

*As at September 30<sup>th</sup>, 2021*

*1282 Cornwall Road, Unit C  
Oakville, ON L6J 7W5*

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*(647) 812-7868*

Unit Type:	Class A
Unit Price:	\$100.00
Quarterly Distribution:	\$1.50
Equivalent Annual Yield:	6.0%

Message from The Manager

Period from July 1<sup>st</sup>, 2021 – September 30<sup>th</sup>, 2021

The Cornerstone Portfolio

This quarter saw active management initiate several improvement projects kick-off at the properties acquired in Q2. A total of 7 units are in-process across the portfolio in Q3.

The Cornerstone Fund

The Funds capital raising momentum continued in Q3 with an additional \$1.67M in subscriptions processed between July and September. The fund dispersed a record number of distributions (\$33,150), an increase of \$24,600 from Q2. Two Sevens Capital initiated its first ever quarter allowing partners to re-invest distribution proceeds back into the fund. If you would like to re-invest your Q4 distribution proceeds, please contact us at [invest@twosevenscapital.com](mailto:invest@twosevenscapital.com)

The Cornerstone Outlook

Despite the circumstance created by the pandemic, the Cornerstone business model remains positioned to thrive in times of economic uncertainty and volatility. The ability to turnover and reposition properties over the next few months will allow the fund to increase rents in lock-step with higher-than-expected inflation.

Looking ahead to Q4:

- Updates to 509 MacDonnell Street Ltd. loan information as we move towards CMHC financing
- Q4 distributions are scheduled to be dispersed on December 23<sup>rd</sup>, 2021
- Updates on CapEx Status

# 77C Cornerstone Real Estate LP

## Portfolio Level Metrics

### Q3 Report 2021

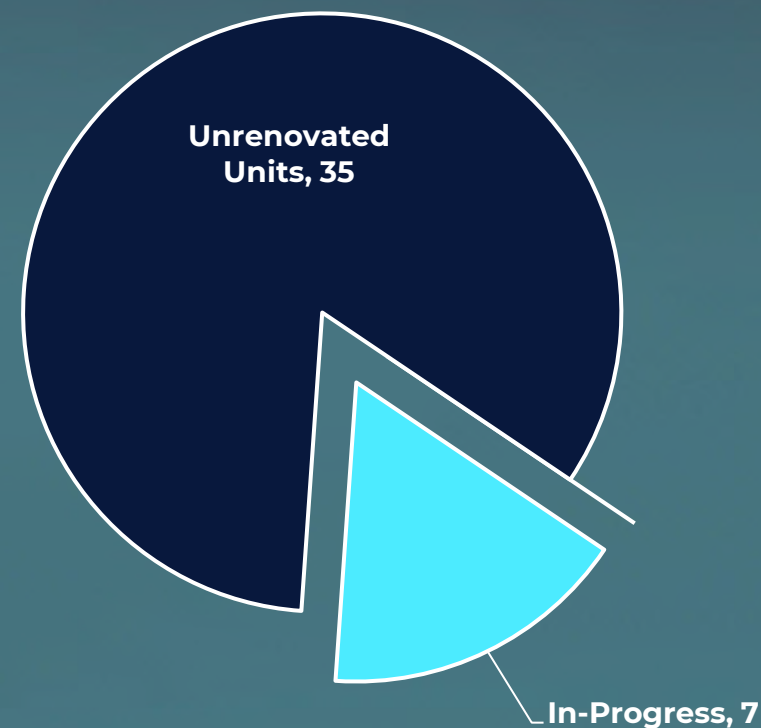
Unit Type: Class A  
Unit Price: \$100.00  
Quarterly Distribution: \$1.50  
Equivalent Annual Yield: 6.0%



### Portfolio Metrics – Since Q2\*

<b>\$7,970,000</b> Portfolio Assets Chg. +\$120,000	<b>\$5,188,900</b> Portfolio Debt No Chg.
<b>\$190,000</b> Price Per Door Chg. +\$5,000	<b>\$982</b> Avg. Monthly Rent No Chg.
<b>42</b> No. of Units No Chg.	<b>2</b> No. of Properties No Chg.

### CapEx Status



\* Figures are based on the aggregate of the individual assets and debt within the portfolio.

\*\* Figures have been rounded for simplicity.

### Summary of Activity

- Units #2 (1-Bed), and #21 (2-Bed) are vacant and ready to renovate.
- The building's hallways and stairways lights have been updated to LEDs.
- Landscaping cleaned up as the sightline was impeded by overgrown trees. These were pruned 7 feet from the ground to create a safer and more open path of travel from the sidewalk up to the front of the building.

### Portfolio Metrics – From Last Quarter

**\$4,590,000**  
 Est. Assets Value<sub>1</sub>  
 Chg. +\$40,000

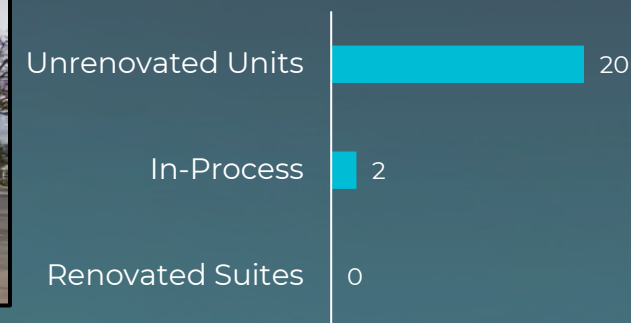
**\$2,713,900**  
 Property Debt<sub>2</sub>  
 No Chg.

**\$210,000**  
 Price Per Door<sub>1</sub>  
 Chg. +\$3,000

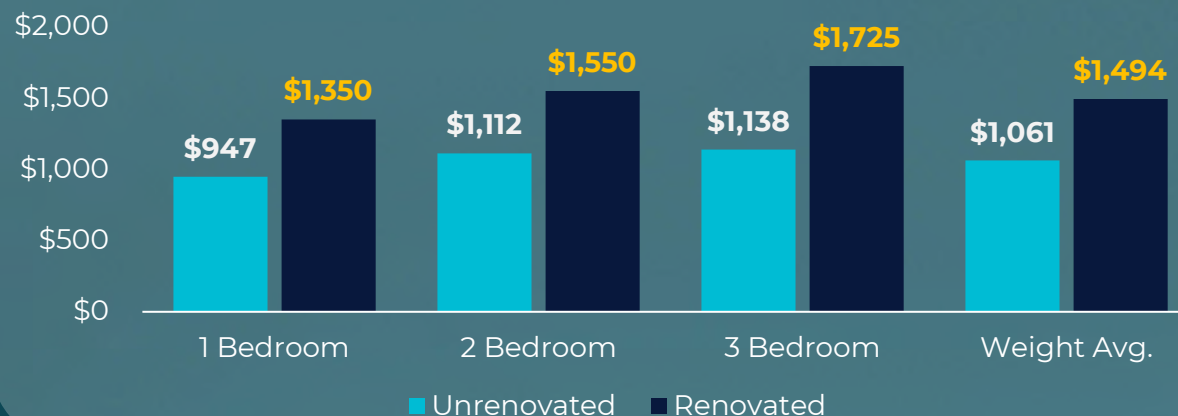
**\$1,061**  
 Avg. Monthly Rent<sub>2</sub>  
 No Chg.



### Capex Status<sub>2</sub>



### Monthly Revenue Upside<sub>2</sub>



1. Estimated of Asset value is based on the direct capitalization method (Income Approach) MacDonnell Avenue Ltd. annualized NOI / Terminal cap rate of 4.5%.

2. Consolidated Asset Management Report for 509 MacDonnell Avenue Ltd. (September, 2021)

\*\* Figures have been rounded for simplicity.

### Summary of Activity

- New mailboxes and intercoms have been ordered.
- Safety hazard resolved by installing railing to the landing at back entrance.
- Spindles fixed on stairway railings.
- Parking lot lines and asphalt patches fixed.
- Boiler room and office emptied and organized.
- Replacement windows ordered for 25% of the building.

### Portfolio Metrics – From Last Quarter

**\$3,380,000**  
 Est. Assets Value<sub>3</sub>  
 +\$80,000

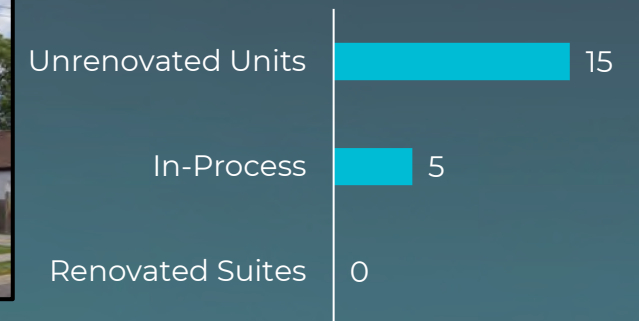
**\$2,475,000**  
 Property Debt<sub>4</sub>  
 No Chg.

**\$170,000**  
 Price Per Door<sub>4</sub>  
 +\$5,000

**\$903**  
 Avg. Monthly Rent<sub>4</sub>  
 No Chg.



### Capex Status<sub>4</sub>



### Monthly Revenue Upside<sub>4</sub>



<sup>3</sup> Estimated of Asset value is based on the direct capitalization method (Income Approach) 385 Melvin Street Ltd. annualized NOI / Terminal cap rate of 3.0%.

<sup>4</sup> Consolidated Asset Management Report for 385 Melvin Street Ltd. (September, 2021)

\*\* Figures have been rounded for simplicity.

# 77C Cornerstone Real Estate LP

## Fund Level Metrics

### Q3 Report 2021

Unit Type: Class A  
Unit Price: \$100.00  
Quarterly Distribution: \$1.50  
Equivalent Annual Yield: 6.0%



### Fund Metrics – Since Q2\*

**\$2,217,000**  
Limited Partners Equity  
Chg. +\$1,647,000

**\$2,655,000**  
Equity Deployed  
Chg. +\$347,000

**\$22,170**  
No. Units Issued  
Chg. +16,470

**15**  
No. Limited Partners  
Chg. +9

**6.0%**  
Current Annual Yield  
No Chg.

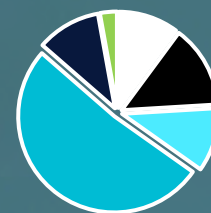
**\$33,150**  
Distributions Paid  
Chg. +\$24,600

### About The Fund

- The 77C Cornerstone Real Estate LP (the "Fund") will invest directly in value-add and core-plus multi-family real estate assets.
- Primarily the fund will acquire mid-cap apartment buildings that are 20–100 doors in size, inefficiently managed, and well-maintained yet aesthetically outdated.
- The manager will acquire, revitalize and turnover rental units to increase asset growth and asset income.
- The fund objective is to provide meaningful growth and income to investors.

### Investment Universe

The opportunity in Ontario for mid-cap multi-family assets is expansive with approximately \$45 Billion worth of mid-cap assets. The fund has leveraged empirical data to select 22 cities among 6 regions that exhibit the highest probability of supporting the funds objectives.



- Kitchener, Waterloo, Guelph - \$3.2B
- South Western Ontario - \$4.4B
- Hamilton Region - \$3.4B
- GTA Region - \$16.3B
- Capital Region (Kingston, Ottawa) - \$3.4B
- Northern Region (Sudbury, North Bay) - \$0.9B

\* Two Sevens Capital Management Unitholder Registry & Summary of Transactions (September 2021)

\*\* Figures have been rounded for simplicity.

77C Cornerstone Real Estate LP  
Firm Level  
Q3 Report 2021

Unit Type: Class A  
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Quarterly Distribution: \$1.50  
Equivalent Annual Yield: 6.0%



Assets (Acquired Date)	No. Units	Acquisition Value	Est. Market Value (Sept 21)
<b>Two Sevens Capital RLP I</b> 125 Limeridge Rd, Hamilton (Apr 19)	19	\$6,615,659	\$8,870,000
<b>Total Limited Partners' Equity</b>		<b>\$2,350,805</b>	<b>\$3,158,000</b>
<b>Two Sevens Capital RLP II</b> 977 Mohawk Rd, Hamilton (Apr 19)	66	\$10,150,000	\$18,157,000
<b>Total Limited Partners' Equity</b>		<b>\$6,736,737</b>	<b>\$8,224,000</b>
<b>77C Cornerstone Real Estate LP</b> 385 Melvin Avenue, Hamilton (Jun 21)	20	\$3,300,000	\$3,378,000
508 MacDonnell Street, Hamilton (Jun 21)	22	\$3,700,000	\$4,589,000
<b>Total Limited Partners' Equity</b>		<b>\$2,217,000</b>	<b>\$2,779,000</b>
<b>Total Asset Value</b>	<b>127</b>	<b>\$23,765,659</b>	<b>\$34,994,000</b>
<b>Total Limited Partners' Equity</b>		<b>\$11,395,578</b>	<b>\$14,161,000</b>

**Our Mission:**

*Transform Access To Wealth Creation.*

**Our Vision:**

*Provide significant and sustainable wealth creation for individuals and families by simplifying access to direct private investment.*

**Our Goal:**

*To create \$1 billion in wealth for our clients and partners by 2030.*

**Our Core Values**

- Create & Contribute to Community
- Expand Boundaries
- Client Obsessed
- Operate with Care & Diligence
- Deliver Excellence
- Execute with Urgency & Intent
- Stay Curious

**Contact Us**

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