



Investor Update

April 22nd, 2015

Greetings Investors. Just a quick update on project status and the market in general. Things are very buoyant at the moment, considering all the doom and gloom in the Alberta Economy. Our goal is to service you, the investor, and double your money in the shortest period of time as possible, as safely as possible. We set our timelines generally for 5 years with an exit strategy of 100% return or 5 years, whichever comes first.

Plazaview Manor - 11835 103rd Street Edmonton, AB (NAIT building)

15 suites Purchased October 2012 - \$1,395,000

Rent Roll at Purchase	\$11,775
Rent Roll Today!	\$13,575 (\$14,350 target)
Current Property Value	\$1,875,000

Plazaview Rents - We have just handed out major rental increases and more will be handed out at the end of the month. The rent roll is now \$13,575, an increase of over 15% from the rent roll of \$11,775 only 2.5 years ago. We believe the target rents at this point are \$850 for a bachelor, \$950 for a 1 BR, and \$1150 for 2 bedrooms totaling \$14,350 so we still have a ways to go. I have been working diligently with my property manager and mortgage broker to achieve maximum rent levels based on CMHC and comparison rents for the area. There is very strong demand at NAIT, and it will only grow when the LRT comes into service later this year.



Plazaview Expenses - We have also experienced a higher than normal amount of water usage which has had an impact on our expenses, and our insurance is a bit high as well. The goal is to maximize value over the next 2 years or so and then sell or refinance for significant profit. The good news with Plazaview is that the building is stabilized, and very little is required for improvements.

The mortgage is due September 2017 but we may consider a sale before then because with \$450,000 cash invested we are already close to our exit point of 100% return to investors. Generally we will sell the asset once the investors money is doubled in any given project, however CMHC money is available at 1.9% interest it might make more sense to refinance the asset and lock into another 5 year term.

Beaumont Place - 4902 50th Ave, Beaumont AB

14 suites + 8 commercial Purchased Dec 2014 - \$2,900,000

Residential Rent Roll at Purchase	\$14,850
Residential Rent Roll Today!	\$15,375 (\$20,300 Target)
Commercial Rent Roll at Purchase	\$11,225
Commercial Rent Roll Today!	\$12,162 (\$13,172 with signed leases)



Beaumont Rents (commercial/Residential) - Beaumont continues to smash expectations. We have targeted rents from \$1075 to \$1225 per month and will be giving increases to 10 of 14 units over the next two months. Our survey indicates rents for these 2 bedroom 'townhouse' style units will rent for \$1450 so we still have room for increases. We are also renegotiating the commercial leases to replace the old ones and incorporate our signage into them. The prior owner only did one year leases, however we are negotiating very good rates with 5 year terms for all tenants. Once the leases are signed the commercial rent roll will be \$13,172 from \$11,225 only four months ago, not bad! Once we have front lawn, side entrance, business and hanging signs installed the building will look very sharp and help us increase our rent levels even more.

Beaumont Expenses - Beaumont requires 2 forced air furnaces for the common areas of the building as per our original inspection. These are required for maintaining a positive air pressure in the common areas and control humidity in the boiler room. We are closely monitoring our utility costs as well during this 'break in' period of ownership

Beaumont Upgrades - 10 suites we will be given increases to will be getting new counter tops and new lighting. Minor upgrades costing about \$1500 per suite and gives us a \$30,000 value increase for each suite we do this! The signs have all been ordered and will be installed this summer so stop by and have a look!

I would calculate the upside of this building today to be \$5400/month rents on residential, and \$1947/month for commercial. \$7347 capitalized at 6% is \$1,469,400! We paid \$2,900,000 for the building 4 months ago, and it was appraised at \$3,050,000 which brings the value up to \$4,500,000 or a 56% increase, and that isn't counting the commercial leases past year one. This asset is a rock solid performer.