



2 ELENA COURT, CHARLOTTETOWN

JEM REAL ESTATE
VENTURES INC.
Distinctive Properties. Optimized Results.

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Background

Elena Court Developments Ltd. is pleased to present an incredible opportunity to invest in an 18-unit condominium project in Charlottetown, PEI. Meadowbrooke is a brand-new, superior-built rental property that is being purchased from a well-known and established lifelong PEI builder.

Meadowbrooke is a true jewel in that it has all the characteristics of a condominium (superior construction, extra-large suites, Social Room, office, large storage areas, indoor car wash bay), so it is a natural candidate for conversion. All suites are rented and come equipped with 6 appliances including washer/dryer, individual hot water heaters, and air-exchange units.

Why Invest in Meadowbrooke

*Prices Below Appraised Value**

*Based upon a sample of 5 appraisals conducted by McQuaid & Associates.

Price per Square Foot - lowest in the Market

- Virtually no entry level condominium housing is being built below \$300-\$550,000 (\$750,000 for penthouse), which are the prices for luxury condominiums along the waterfront. The only other area of town with condominiums is in downtown Charlottetown.
- Meadowbrooke is on the edge of the city, in a new subdivision area with lots of open space and easy access to transportation routes in all directions. Meadowbrooke will provide a sought-after alternative to living in the city's downtown.
- Selling prices in this project will be between \$97,500 - \$172,900, which equates to approximately \$100-150 per square foot. Excellent entry product and pricing for first time homebuyers and investors. Rental rates in the project run from \$650 for a 1BR suite, to \$1,195 per month for the top floor 3BR suite.

Emerging Condominium Market

- The condominium market in PEI has only been established in the last 20 years so it is a fairly undeveloped real estate sector. Once more PEI resident become familiar with the convenience of condominium living, we believe there will be an increase in demand for this style of real estate.

Extra Large Suites with a great deal of Amenities

- All suites come with storage room, generous closet space, personal insuite washer/dryer, some suites have extra-large bathrooms with both a bathtub as well as extra shower stall.
- Resident Amenities = Resident Retention!! Meadowbrooke has a Social Room with kitchenette/washroom/office, indoor car wash bay, and in future, rentable storage lockers.
- Rental Residents pay for all utilities for their suite (all electricity, heat and hot water).

Superior Construction

- Meadowbrooke is a woodframe with ICF (Insulating Concrete Foam) structure, resulting in an exceptional insulation rating to combat heat loss during the colder winter months.

Economic Highlights

Prince Edward Island

Prince Edward Island has a progressive workplace focussing on the “new green generation” industries; this combined with the stability of government institutions and advances in transportation and infrastructure gives the area sustainable long term growth.

July 27, 2011 “With an increase in Gross Domestic Product and total investment, as well as population and employment growth, we’re seeing continued signs of resilience in the Prince Edward Island economy,” says Finance and Municipal Affairs Minister Wes Sheridan.

- Aerospace is one of the fastest growing sectors of the PEI economy, representing 25 percent of total provincial exports. Employment growth in aerospace is at over 15% per year with over 800 employees and export sales approaching \$300 million yearly.
- The Bioscience and information technology sectors have combined annual sales of almost \$100 million, and provide over 2,000 jobs.
- Wind Energy - 18% of the province's electrical needs are furnished through a combination of provincially owned and private wind developments.
- A new \$1 billion 500 MW big wind development is planned to take place over the next four years.
- The value of building permits increased 39.5 per cent in 2010. Non-residential permits increased 67.1 per cent during the year, while residential permits increased 24.2 per cent.
- PEI offers generous tax and labour rebates which support the Island economy.
- The Airport Terminal expansion will enable PEI to capitalize on economic growth opportunities and will facilitate increased traffic through the airport. Total Investment: \$3.5 million.
- The Confederation Bridge (between PEI and NB) will be upgraded with “Intelligent Transportation Systems” to increase efficiency, safety and reliability. Total Investment: \$2.68 million.
- Trans-Canada Highway improvements include the realignment of certain localities to improve safety, efficiency and access control. Total Investment: \$16 million.

Charlottetown

- With over 58,600 people in Charlottetown, the population is expected to grow to 66,690 by 2021.
- KPMG's Guide to International Business Locations for Atlantic Canada - Charlottetown ranked 4th in terms of business competitiveness.
- Charlottetown enjoys a strong public sector and affordable housing. The city also hosts the University of PEI, which supports the Atlantic Veterinary College and Holland Colleges.
- Charlottetown's central location in the province makes it a natural transportation hub. Within 4 hours drive there are 2.4 million people, 18 cities, 19 universities and 27 community colleges.
- By air, the airport has daily return flights to Montreal, Halifax, Toronto, Ottawa, and Boston, which results in 280,000 passengers per year.
- Charlottetown's tourism is a significant economic driver - generating 10% of its GDP.

Property Details

Suite Mix:

Style	# Units	Avg sq.ft.	Price Range	Avg. Price/sq.ft.
1-Bedroom	3	698	\$97,500 - \$101,900	\$140-146
2-Bedroom+1Bath	2	856	\$130,900	\$153
2-Bedroom+2Bath	1	1,064	\$142,900	\$134
3-Bedroom+2Bath	12	1,234 – 1,558	\$149,900 - \$172,900	\$98 - 133
Total	18	22,410 sq.ft.	\$97,500 - \$172,900	\$124 Average

Builder Profile / Warranty:

- Meadowbrooke was completed in late 2010. First occupancy on November 1, 2010.
- One year builder’s warranty from date of first occupancy, November 1, 2010-2011.
- Built by Elwin Jay Holdings Inc. Mr. Jay is a lifelong PEI builder (as well as his two brothers) who has completed hundreds of multi-family apartment units in Charlottetown during his career.

Structure:

- A wood-frame, 4-storey, ICF construction under vinyl siding; double-paned thermal windows and patio sliding doors; surface parking lot (ratio of over 1.5 stalls per unit).
- This property is of superior construction. The structure is encompassed with Insulating Concrete Form (ICF) which is a foam block construction filled with rebar and concrete with an R value of 40. The ceilings, hallway walls, and dividing walls between the units are all equipped with isolation clips, resilient channel, dense sound proof insulation and double fire-proof drywall. The exterior walls on the upper floors are covered in rigid insulation to prevent thermal bridging. This insulation has an R value of 6 and the wall cavity insulation has an R value of 26. This is a total R value of 32 on the exterior walls. The attic has an R value of 50.

Insuite Finishes and Appliances:

- Extra-large floorplans, most suites with extra-large washrooms with full tub and separate upright shower stall. Some bathrooms have “his & her” double sinks. Insuite storage rooms and linen closets.
- Six appliances - fridge, stove, dishwasher, microwave/hoodfan, and full-size washer & dryer. (Stacking W/D in 1Bedroom-1Bath suites 2, 5, & 10, as well as the 2Bedroom-1Bath suites 7 & 13).
- Wood cabinets in kitchen, ceramic tile in bathrooms; engineered laminate flooring in balance of living areas. Most kitchens have cork flooring.
- Raised-panel interior doors and bifolds with brushed nickel hardware. Tasteful mouldings, two-tone paint in living/dining areas. Ceiling fans in kitchen. Steel entry suite doors.
- Electric baseboard convection heating (higher efficiency), individual hot water heaters (electric), Individual air exchange units (electric). Tenant pays for all in-suite power consumption.

Resident Amenities:

- 1,100 square feet of common area amenities: Social Room complete with a kitchenette (fridge, stove, microwave and dishwasher) a 2-piece washroom, and an Office.
- An indoor car wash bay is accessible via an overhead garage door. Hot water is available for washing and rinsing vehicles, and the floor is equipped with a drain.
- There is also a large area of roughly 1,000 square feet on the ground floor where the condominium corporation could create a secure bike room, and/or custom storage lockers for larger items.

- Heating/Ventilation:** Electric baseboard convection heating in common hallways, electric baseboard convection heating in every suite. Individual air exchange units in every suite (responsibility of the owner of the condominium unit).
- Hot Water Supply:** One hot water heater is installed in each suite. One common hot water heater for the Social Room plus an “on demand” hot water heater for the indoor car wash bay.
- Utilities:** Each unit is separately metered for electricity, cablevision, telephone and high-speed internet access. These utilities are the responsibility of the resident. Condominium Corporation is responsible for water/sewer charges, and common electricity (equipment, hallways, exterior lights, social room, storage areas, etc).
- Fire Safety:** Enunciator panel, individual hard-wired smoke/heat detectors in each suite.
- Parkade:** One stall is assigned per suite (18 stalls) in the surface parking lot (please see Bylaws for parking plan). There are 11 additional parking stalls that could be rented out by the Condominium Corporation in the future.
- Four parking stalls are shared with the property next door at 6 Elena Court. These stalls are designated for visitor on the basis of short-term stay.
- Allocation of parking stalls will be at the discretion of the Condominium Board of Directors.
- Roof:** Asphalt shingle roof, 25-year warranty on materials.

Condominium Details

- Reserve Fund Study:** A 25-year Reserve Fund Study for the Condominium Corporation has been completed by Ergil and Jackson Appraisals Ltd. The report was commissioned to calculate the required annual contributions to the Reserve Fund through the Operating Budget.
- This Study is not a requirement of the PEI Condominium Act, however, it is prudent practice to manage the Reserve Fund to avoid unnecessary funding shortfalls in the Corporation.
- The Developer will contribute \$14,000 to make up the initial opening balance of the Reserve Fund for the Corporation.
- Contingency Fund:** The equivalent of 2 months’ of each unit’s Condominium Fee Assessment will be collected by the Condominium Corporation to establish a Contingency Fund. Under the PEI Condominium Act, such Fund can be used to cover any deficits in the Operating Budgets going forward, and can be used to assist in day-to-day cashflow.
- Environmental Report:** A Phase 1 Environmental Report has not been required for construction, conversion, or mortgage financing. A Phase 1 Environmental Report for the adjacent property indicates that the area was agricultural land from at least 1935 to early 2000’s; from the early 2000’s to 2008, the land was vacant. The land had been subdivided and pursuant to the new zoning of Medium and Low Density Residential, the development of new apartment buildings and duplexes began in 2008.
- Shared Easement:** The entry driveway is shared between 2 Elena Court and 6 Elena Court and there is a registered easement for the mutual use of the driveway for vehicle and pedestrian access. The cost of maintaining the easement area will be borne equally by each party.
- Property Manager:** GroundFloor Property Management have been retained to act as the Property Manager of the Condominium Corporation.

Rental Market Overview

Rental Income: The property is fully rented to a tenant mix comprising professionals, semi-retirees, retirees and some students. Suites are currently being rented on a yearly lease basis. Security deposits of the equivalent of 1/2 month's rent in place.

Rental Market: In the CMHC October 2010 report, Charlottetown's rental vacancy rate on income producing residential properties dropped to 2.3%.

Residential rental vacancy rates declined in 2010 as fewer new units were added to the local market and in-migration remained strong. It is expected this trend will reverse with the market hitting 4.0 percent in 2011 then decline to 3.5 percent in 2012.

The CMHC Spring 2011 Rental Market Report for PEI indicated an increase in the Charlottetown vacancy rate to 4.9% overall, which is up from 2.3% reported in the CMHC Fall 2010 Rental Market Report.

Lower vacancy rates exist in newer, purpose-built rental properties that offer better appliance packages and storage facilities. Higher vacancies exist in the older rental apartments that no longer meet the lifestyle needs of today's renters.

PEI Tenancy Act: Allows for rent increases once per 12 month period, with 3 calendar months notice. Maximum allowable rent increase of 2% for 2011 (it was also 2% for 2010).

Excerpt from CMHC Rental Market Report for Charlottetown October 2010

As mentioned above, the influx of international immigration remained strong in 2009 due to the popularity of the province's programs with new immigrants. Results for 2010 are expected to be similar, though possibly muted from the high levels of a year ago. This will benefit the capital region as the majority of people are settling in the area. This trend will continue to provide support to the local housing market, and specifically the rental market, in the coming years assuming an extension of provincial programs.

Excerpts from CMHC Rental Market Report for PEI Spring 2011

In Charlottetown, the overall vacancy rate rose to 4.9 per cent this spring from 2.7 per cent during the same period last year. In terms of unit types, the vacancy rate for two-bedroom units, which make up the vast majority of the rental market, increased to 4.6 per cent in April 2011 from 2.7 per cent in the spring of 2010. The Charlottetown housing market recorded a significantly higher than average level of rental unit construction during both 2009 and 2010. Rental starts reached 255 and 191 units in 2009 and 2010, respectively. This is well above the ten-year average of 110 units for rental unit starts.

With the majority of these units coming to market in 2010 and early 2011, the vacancy rate has begun to rise in the Charlottetown area. This most recent cycle of residential rental construction was encouraged mainly by low interest rates, positive migration, and low vacancy rates. Migration has played a large role, as the area has been attracting around 1,500 new international immigrants on an annual basis.

... New units continue to record the highest average rent at \$885, well above the overall average of \$683. Generally, the key reason that the newest units are so popular with renters is the amenities offered. These units tend to offer more square footage, in-unit laundry hook-ups, five appliances and modern touches such as ceramic and hardwood floors. It is also interesting to note that most of these new units are unheated, yet still command the highest rents.

Location Details

City Information: The property is located in Sherwood, an outlying neighbourhood of Charlottetown, Prince Edward Island, which has a total population of approximately 60,000 people.

Neighbourhood: Sherwood is a new and growing neighbourhood on the edge of Charlottetown city that has sprung up just off the main loop bypass road that circles Charlottetown. The area is expanding with brand new subdivisions featuring spec duplexes and houses, with some multi-family properties along Elena Court.

Meadowbrooke is built in an area that was formerly farmland which has now been subdivided and forms part of the Zoning Development plan for Charlottetown (see zoning map on page 9). Multi-family low-rise apartment blocks, brand new duplexes, and single-family homes mark the neighbourhood.

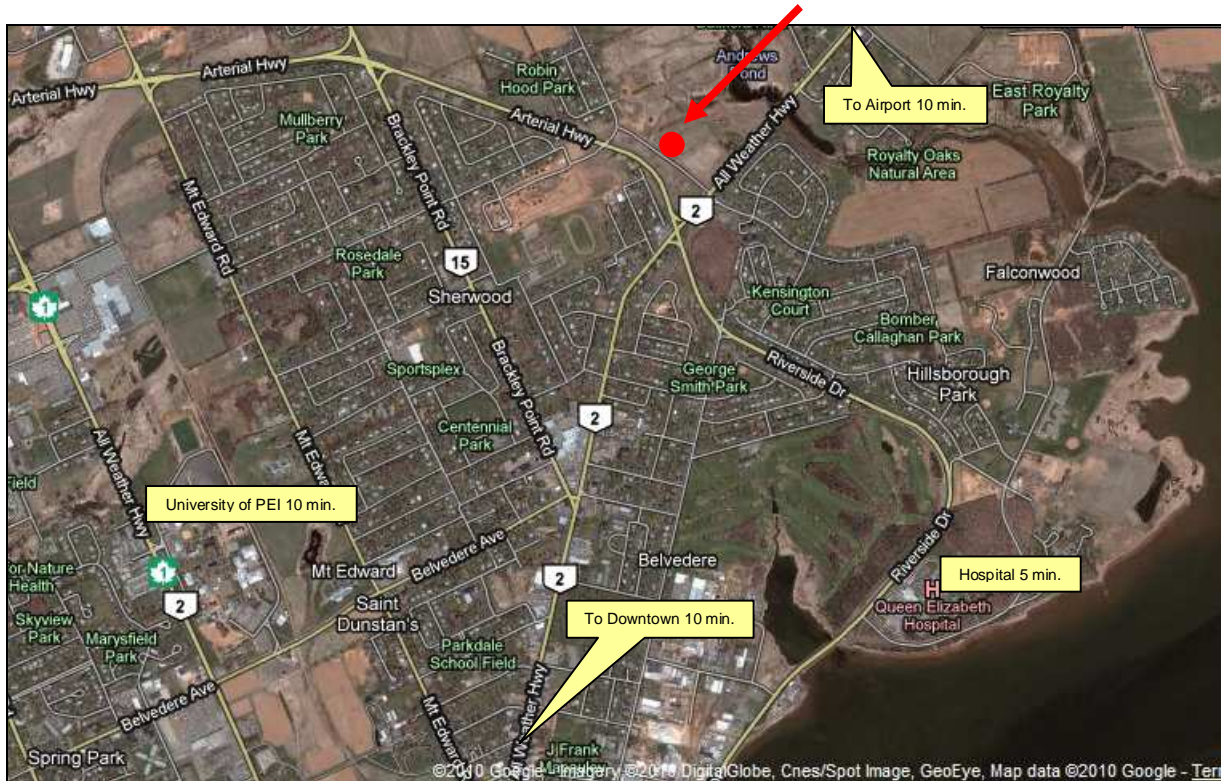
This property is located just off the Charlottetown Arterial Highway (6 lanes) that wraps around the oldest sections of Charlottetown and connects to the bridge to Stratford, as well as Highway 1 that leads west toward the Confederation Bridge to New Brunswick.

Meadowbrooke is within a five minute drive to Queen Elizabeth Hospital, within ten minutes to the Airport heading north, 10 minutes to the University of PEI to the south, and approximately 10 minute drive to downtown Charlottetown. Quick access to highways in all directions.

Google Earth Street View (Note: satellite imagery is at least 2 years old)



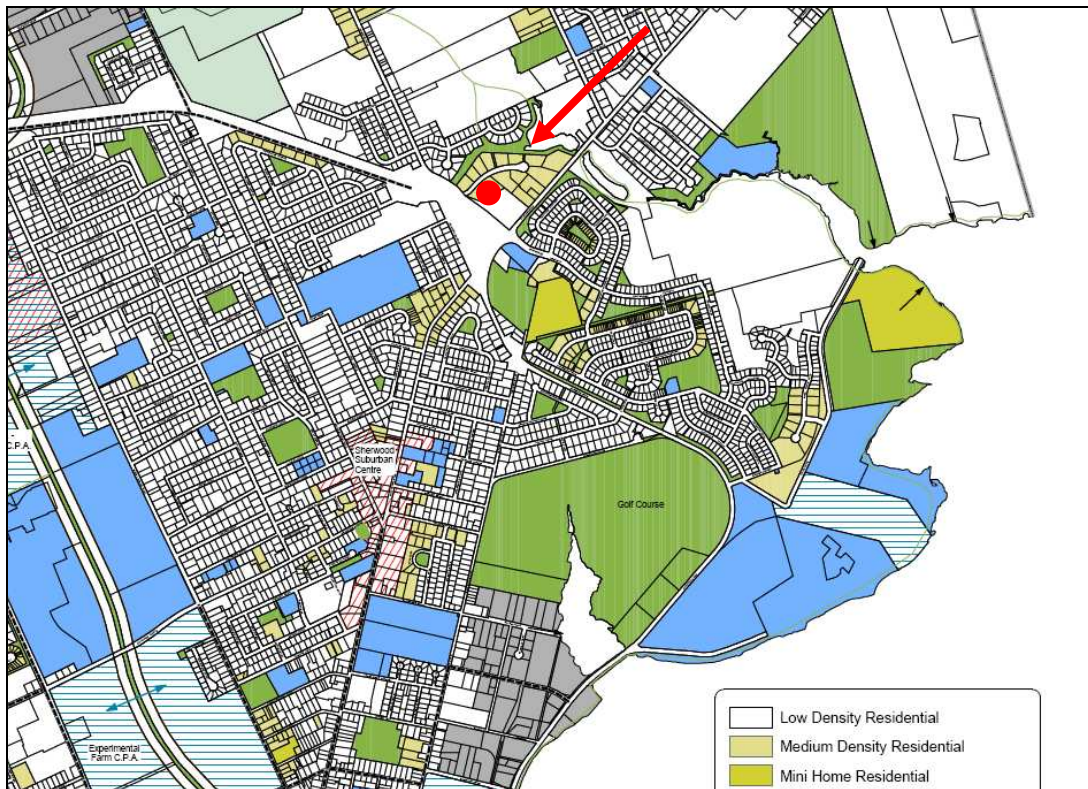
Locator Map



Locator Map - Close Up

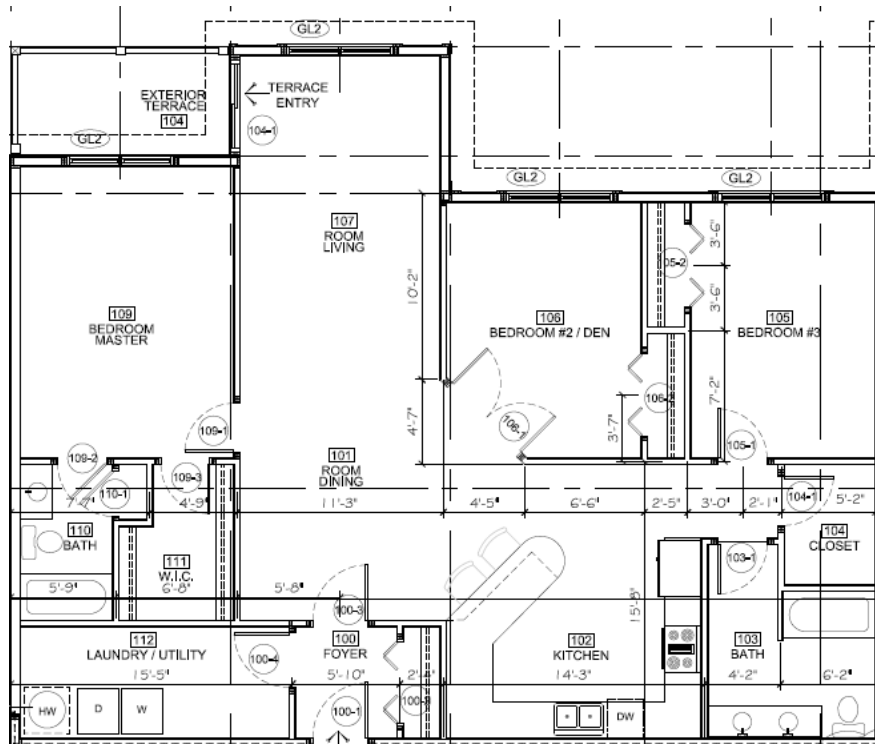


Charlottetown Zoning Map



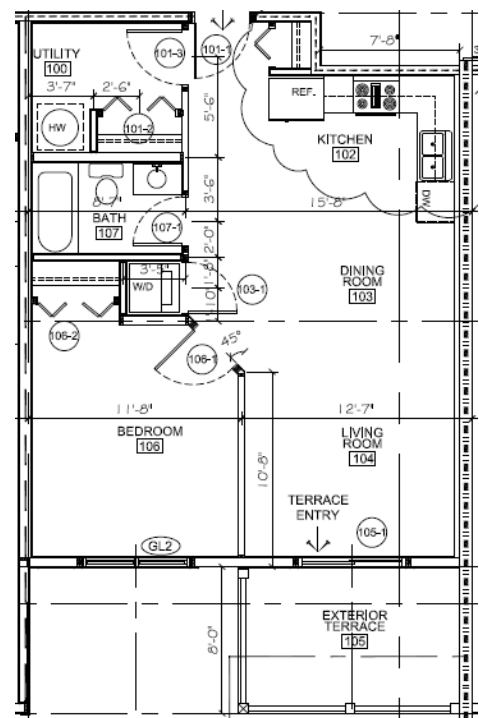
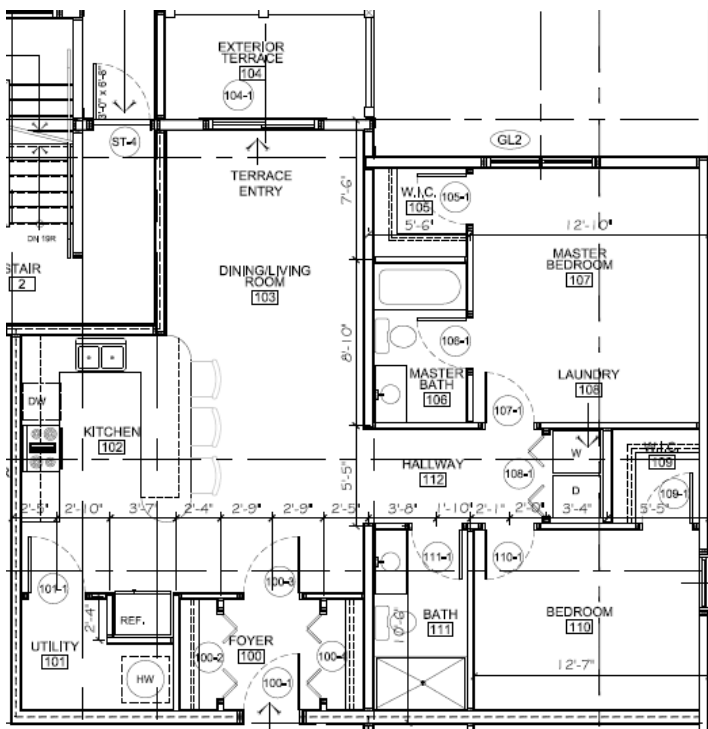
Sample Floorplans

Suite #18, 1,558 square feet, 3-Bedroom + 2 Full Bathrooms



#12, 1,064 square feet, 2-Bedroom + 2 Full Bathrooms

#10, 698 square feet, 1-Bedroom + 1 Bathroom



Property Photos



ICF Construction (concrete wrap under siding)



Common Hallways



Social Room - Kitchenette and 2-piece washroom



Indoor Car Wash Bay



Typical Kitchen Designs



Typical Living Room and Separate Dining Areas



Bathroom Layouts



Bedroom



Hallway ♦ Washer/Dryer ♦ Hot Water Heater/Air Exchange Unit



Neighbourhood Photos



Development Team

Elizabeth (Betty) Jakus

Betty Jakus is the founder of *JEM Real Estate Ventures Inc.*, a boutique real estate company that creates joint-ventures and other syndications for investing in multi-family properties located in established real estate markets across Canada, and in select areas of the United States. Over the past two years alone, JEM Real Estate Ventures, under Betty's expert guidance, has syndicated four multi-family properties totalling 86 suites through joint venture partnerships in Saskatchewan, New Brunswick and PEI.

Betty has over 20 years' experience in various facets of commercial real estate. Most recently, as President of *Signature Service*, she was involved with 24 condominium conversion projects located across Canada (1,782 units). Betty also co-founded *Finepoint Resort Group Limited*, created to provide vacation rental management services to owners of recreational property in the Okanagan. Betty holds a Bachelor of Science degree in Mathematics from the University of British Columbia.

Jason Pender

Jason Pender has over 20 years of real estate experience that includes 10 condominium conversion projects encompassing 500+ units located in Canada and the US where he was responsible for acquisitions and sales exit strategies. His background also includes the completion of several property developments, various residential subdivisions in the Greater Vancouver area and a land assembly of six single-family residential properties rezoned to a multi-family development site.

As an institutional mortgage development manager, Jason has also completed over \$175 million in mortgage finance transactions, representing more than 1000 residential and investor mortgage transactions.