

Daly Grove Medical Centre

4205 – 4259 23rd Avenue
Edmonton, Alberta

Real Estate Income Gain (REIG) Program

How does this investment work?

- REDEV Properties Ltd. shops for prime Real Estate in growing markets. This includes shopping, making offers, extensive due diligence, arranging financing and arranging legal work.
- REDEV invites investors to “partner” with them on individual projects in order to leverage their ability to purchase more product.
- You become a limited partner in the plaza by investing in units of \$25,000.
- You receive payment in 4 ways:
 1. Quarterly Income Distribution
 2. Tax Benefits
 3. Return of your capital by refinancing tax free in year 5
 4. Appreciation of Plaza, increasing your equity buildup and net worth

Investment Pays 4 Ways

First, you receive a tax deduction per \$50,000 invested.

\$7,735 deduction produces:

\$3,017 tax refund with a 39% MTR*	6.03%
\$2,321 with a 30% MTR	4.64%
\$1,934 with a 25% MTR	3.87%

*MTR – Marginal Tax Rate

Second, you receive a cash distribution on a quarterly basis:

	Net Payments	ATP	IER
Year one** -	\$5,547	11.09%	18.18%
Year two -	\$2,931	5.86%	9.61%
Year three -	\$2,929	5.86%	9.61%
Year Four -	\$2,928	5.86%	9.61%
Year Five -	\$2,928	5.86%	9.61%

TOTAL \$17,263

**Year one covers a 18 month period

**Year 2007 includes an additional \$225,000 cash return from holdback

**Year 2008 – 2012 includes \$205,000 cash return from holdback each year

ATP – After Tax Paid IER – Interest Equivalent Rate

Thirdly, you receive the principal pay down amount in year 5. The mortgage is paid down every year and you receive this money back at the end of the 5 year term.

Year one -	\$1,445	Year five -	\$1,204
Year two -	\$1,029		
Year three -	\$1,084		
Year four -	\$1,142		

TOTAL \$5,904

Fourthly, assuming a 2.5% appreciation rate there would be a further equity growth of approximately \$12,792 after 5 years which would be received when the plaza sells.

Total After Tax Paid Annualized Return

	After tax paid rates	Interest equivalent rates
Year One	18.67%	30.61%
Year two	8.34%	13.67%
Year three	8.74%	14.33%
Year four	9.23%	15.13%
Year five	9.77 %	16.02%
Year six	10.37%	17.00%
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AVERAGE*	13.02%	21.35%

Interest Equivalent Rates

In order to produce the rate of return that this investment returns – an average annual rate of 13.02% - you would have to make the following interest for your tax rate:

- 25% MTR** - **17.36 %** Interest Equivalent
- 30% MTR** - **18.60 %** Interest Equivalent
- 39% MTR** - **21.35 %** Interest Equivalent

Summary

- Assuming 2.5% appreciation rate per year, you would have a capital gain of \$12,792.00 after year 5
- You have the ability to enjoy significant tax benefits along with very significant, secure returns.
- You continue to collect ongoing income after year 5!

**MTR= "Marginal Tax Rates"

DALY GROVE MEDICAL CENTRE

PROPERTY	Daly Grove Medical Centre
ADDRESS	4205 – 4259 23 rd Avenue, Edmonton
EFFECTIVE DATE	PERFORMA RENT ROLL at Dec. 1, 2006

TENANT	LEASE TERM		MAIN AREA
	BEGINNING	END	SQ. FT.
1227348 Alberta Mini Mart	1-Sep-04	31-Aug-09	3,042
Daly Grove Medical Leaseholds ltd.	1-Dec-01	30-Nov-11	1,901
Dr. Gulnar Rahemtulla Prof. Corp.	1-Dec-01	30-Nov-16	1,657
Yip's Father & Son Enterprises Ltd.			
o/a Guardian Drugs	1-Dec-96	30-Nov-11	3,300
Liquor Stores Limited Partnership	1-Dec-96	30-Nov-11	2,228
Whitemud Rehab Centre Ltd.	1-Jan-03	31-Dec-08	1,451
1060228 Alberta Ltd.			
o/a All India Sweets	1-Apr-04	31-Mar-14	1,219
Daly Grove Day Care Ltd.	1-Aug-05	31-Jul-10	3,530
Movie Gallery Canada, Inc.	1-Nov-99	31-Oct-09	5,000
957000 Alberta Ltd.	1-Jun-06	31-Jul-09	850
957000 Alberta Ltd.	1-Sep-04	31-Aug-09	1,593
o/a All India Grocery & Movies			
*Millwoods East Vet Clinic Ltd.	1-May-97	30-Apr-07	1,300
346802 Alberta Ltd. (Bar-B Bar)	1-Sep-96	31-Aug-16	3,855
KFC Canada	1-Nov-86	31-Oct-11	2,385

TOTAL RENTED	<u>33,311 sq. ft.</u>	<u>100%</u>
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TOTAL RENTED AND VACANT	<u>33,311 sq. ft.</u>	<u>100%</u>
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