INVEST IN SYNDICATE MORTGAGES

INVEST IN YOUR FUTURE

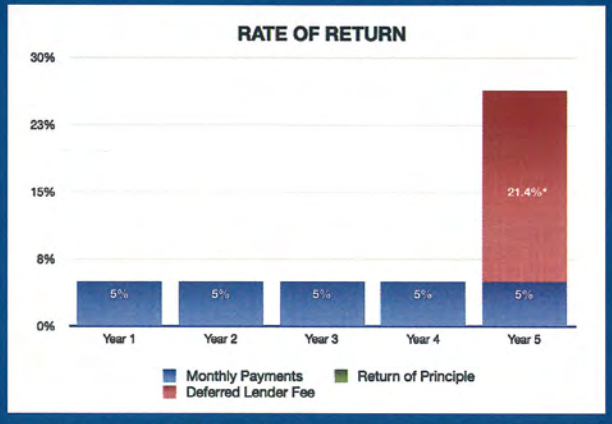
Through cash or RSP eligible syndicate mortgages, investors can invest in the secure and proven market of Canadian real estate by becoming a mortgage lender in projects of Urban Rise Development Inc. Your principal amount is fully secured as a mortgage on the property. You will enjoy steady interest on your principal and, when available, receive a deferred lender fee at the end of your term based on fair market value growth.

WHAT IS A SYNDICATE MORTGAGE?

A syndicate mortgage is where several investors combine funds together to create one instrument: a mortgage. The investment moves as one funding but each investor is individually registered and secured proportionally.

INVESTMENT STRUCTURE

- 5% annual return (non-compounded)
- 5 year term
- $50,000 minimum investment
- RSP, LIRA, LIF, RIF, RESP & TFSA eligible
- Secured by a charge against the subject property
- Deferred lender fee at the end of the term



* Based on FMV growth determined by an appraisal at the end of the 5 year term.

WHO ARE YOU INVESTING WITH?

Urban Rise Development Inc. is an Ottawa, Ontario real estate developer and builder. The Urban Rise team has more than 25 years of construction and real estate development experience. We strive to raise the standard for design and, in doing so, create unsurpassed value for our clients and investors. Our projects are strategically located in desirable and growing neighbourhoods. Our elegantly designed properties exude character and charm. We partner with award winning professionals who help us bring our passion for development to life.

URBAN RISE DEVELOPMENT

FREQUENTLY ASKED QUESTIONS

WHY INVEST IN REAL ESTATE?

Real estate can help diversify an investment portfolio and give investors the flexibility to hedge their risk based on specific markets and projects. Real estate investing provides a means to achieving financial rewards both short and long term, while investing in tangible assets. The Ottawa real estate market is one of the most secure markets in Canada and the world, historically providing solid returns with limited risk.

WHY INVEST THROUGH SYNDICATE MORTGAGES?

Syndicate mortgages allow you to have direct collateral for your investment and ongoing returns from the interest earned by the mortgage. Opportunities to invest in real estate development through syndicate mortgages provide investors the ability to earn higher returns through a deferred lender fee while still maintaining solid security and collateral on their principal investment.

WHAT IF THE DEVELOPER OR DEVELOPMENT FAILS?

A default would occur if the developer cannot pay back the funds by the maturity date of the contract. This can be proactively mitigated by the developer by offering payment to the investor in exchange for an extension or by obtaining an institutional refinance which can be used to buy out the investor. The last recourse in the event of default would be to sell the property and recover the investment principal. This is one of the advantages of being secured to a syndicate mortgage; recovery of your investment will take priority over all unsecured debts.

HOW DO I EARN PROFIT?

You'll earn profit through two different means. The first is through regular interest payments paid on your money throughout the 5 year term. The second is through a deferred lender fee (DLF) paid to you upon maturity of the 5 year investment term. The DLF is determined by calculating the growth between the post construction value of the project and the value of the apartment complex at the end of the 5 year investment term. This fair market value growth determines the percentage of the investor's return on their principal investment. Appraisals are used to determine both values in this process.

WHAT IS AN APPRAISAL AND WHY ARE THEY IMPORTANT?

Appraisals are provided by AACI designated members. These professionals are tasked with providing hard, reliable valuations of land to banks. This baseline for value provides a key element to assess the current value of a project.

Appraisals are critical as they help assess the 'loan to value' ratio of a project. This is one of the tools used to help determine the degree of risk associated with an investment. Your investment is secured against the property and the property value is determined by the appraisal. Appraisals are also used to determine the DLF of a project.

WHY DO DEVELOPERS NEED ADDITIONAL FINANCING?

Developers work with an equity partner or mezzanine lender to get access to additional capital they need outside of the funds the bank provides to buy the land and finance the construction. Urban Rise also contributes cash in its own projects at prescribed intervals.

LINDENLEA APARTMENTS INC.

HOW MUCH CAN I EXPECT TO MAKE ON THIS PROJECT?

You'll earn profit through two different means. The first is regular interest payments paid on your money throughout the 5 year term. The annual interest rate is set at 5% for this project. The second is through a deferred lender fee (DLF) paid upon maturity of the 5 year investment term. A primary indicator of a project's DLF is the predicted growth in value over a project's term. Ottawa real estate has grown at a rate of 4.28% year over year since 2010. Using market growth census data we estimate a DLF of roughly 21.4% over a 5 year term.

WHAT ARE THE RISKS OF COST OVER-RUNS AND DELAYS?

Under normal circumstances projects can have delays or setbacks. Investors can rest easy knowing the apartment complex has received unconditional approval. Permits and financing for construction are in place. Lindenlea Apartments Inc. has owned the subject property since 2013.

OTTAWA VACANCY RATES DROP

Ottawa has a low overall vacancy rate of 2.6% so the demand for rentals is strong. Census data shows a Canadian vacancy rate of 3.1%. In the Spring 2015 Housing Market Outlook for Ottawa, the Canadian Mortgage and Housing Corporation expects Ottawa's vacancy rate to rise slightly in 2015 to 2.8% before dropping to 2.4% in 2016.

OTTAWA REAL ESTATE INVESTING

Real estate investing provides a means to achieving financial rewards, both short and long term. The Ottawa real estate market is one of the most secure markets in Canada, historically providing high returns with limited risk. Real estate investment is one of the top methods of wealth creation in the world. Multi-unit residential properties provide a unique and multifaceted investment opportunity. Your investment appreciates in value annually while renters pay down mortgage debt at a similar pace, resulting in rapid creation of equity and a steadily growing profit margin. Our investors can rest easy while we take care of all management responsibilities and together we can reap the rewards of real estate investment.

LINDENLEA APARTMENTS INC.

PROJECT FEATURES

Lindenlea Apartments Inc. is our newest downtown Ottawa project offering 20 exquisitely designed apartment units. It is ideally located in the heart of the Beechwood village. It is being purposely built as an apartment complex to meet the high demand for quality rental apartments in Ottawa.

- An independent post construction appraisal valued the completed property at $4,200,000.
- The project cost is estimated at $3,950,000.
- Projected growth from pre construction investment to post construction occupancy is estimated at $250,000.
- Thereafter, annualized rent roll is projected to be $318,880.

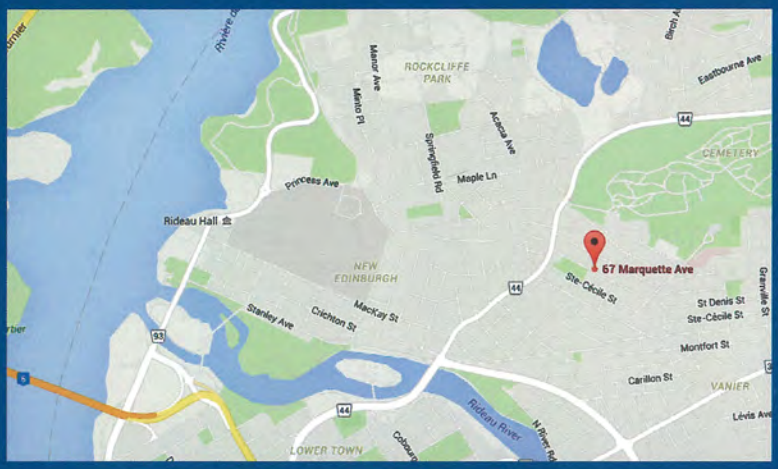
PROJECT UPDATES

- On October 6, 2015 the proposed 20 unit apartment complex was approved unconditionally.
- Permits are in place and construction is scheduled to start in April 2016.

INVESTMENT SUMMARY

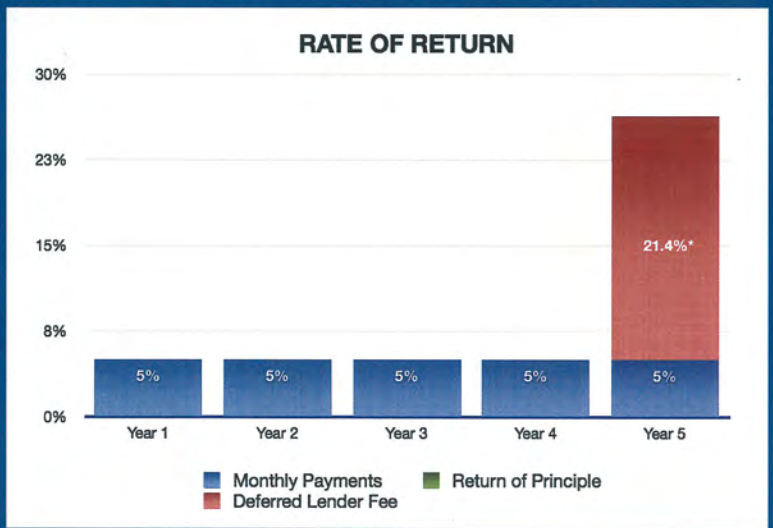
- Current Raise: $500,000
- Estimated Returns: 46.4%
- Investment Term: 5 years
- Minimum Subscription: $50,000
- Annual Fixed Distribution: 5% (paid quarterly)
- DLF based on FMV growth over the 5 year term (estimated at 21.4%)
- Developer: Urban Rise Development Inc.

URBAN RISE DEVELOPMENT



INVESTMENT FEATURES

- The principal amount of your investment is fully registered and secured via a charge against the property.
- Your investment has a defined term and fixed return.
- Available for purchase through cash, RRSP, LIRA, LIF, RIF, RESP& TFSA to residents of Ontario.



Investment Example

Principle $100,000	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Monthly Payments	$5,000	$5,000	$5,000	$5,000	$5,000	$25,000
Return of Principle						$100,000
Deferred Lender Fee					21.4%*	$21,400
Total Inflow						$146,400

* Will be based on FMV growth determined by an appraisal at the end of the 5 year term.

Primary Rental Market Statistics — Ottawa

Number of Private Apartment Units				
	Oct-13	Apr-14	Oct-14	Apr-15
Bachelor	5,128	5,242	5,231	5,204
1 Bedroom	28,450	28,223	28,177	28,424
2 Bedroom	24,050	24,025	24,000	24,162
3 Bedroom +	2,571	2,626	2,678	2,726
Total	60,199	60,116	60,086	60,516

Private Apartment Vacancy Rates (%)								
	Oct-13		Apr-14		Oct-14		Apr-15	
Bachelor	1.9	a	1.8	b	1.8	a	1.8	c
1 Bedroom	3.0	a	3.2	a	2.3	a	2.4	a
2 Bedroom	3.0	a	3.5	b	2.9	a	3.3	b
3 Bedroom +	4.1	b	4.3	c	5.5	b	4.2	c
Total	2.9	a	3.2	a	2.6	a	2.8	a

Private Apartment Average Rents ($)								
	Oct-13		Apr-14		Oct-14		Apr-15	
Bachelor	766	a	776	a	780	a	785	a
1 Bedroom	932	a	930	a	936	a	941	a
2 Bedroom	1,132	a	1,136	a	1,132	a	1,159	a
3 Bedroom +	1,396	a	1,407	a	1,415	a	1,482	a
Total	1,015	a	1,013	a	1,021	a	1,037	a

Private Apartment Availability Rates (%)								
	Oct-13		Apr-14		Oct-14		Apr-15	
Bachelor	3.8	a	5.0	b	3.2	a	4.6	b
1 Bedroom	5.2	a	6.4	a	4.4	a	4.8	a
2 Bedroom	5.2	a	7.0	a	5.1	a	5.9	a
3 Bedroom +	5.9	b	8.9	b	6.6	b	8.1	b
Total	5.1	a	6.6	a	4.7	a	5.4	a

Private Apartment Estimate of Percentage Change (%) of Average Rent								
	Oct-13		Apr-14		Oct-14		Apr-15	
Bachelor	1.9	a	2.3	c	1.2	a	1.2	a
1 Bedroom	1.3	a	++		0.6	a	2.4	a
2 Bedroom	2.0	a	1.3	a	++		1.7	b
3 Bedroom +	1.9	c	++		1.4	d	3.1	c
Total	1.6	a	0.9	a	0.5	a	2.1	a

Source: CMHC Rental Market Survey

Notes:
The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
- No units exist in the universe for this category
n/a: Not applicable
++ - Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.
The information contained in this document is a printable version of information originally contained on CMHC website application https://www03.cmhc-schl.gc.ca/hmiportal/. CMHC makes considerable effort to ensure that the information and analysis on this application is reliable, but cannot guarantee that it is accurate or complete. The content of the application is general in nature and is not intended as a substitute for professional advice when making significant financial decisions. You understand and agree that by using this document and the information it contains, you will be bound by the terms of use of the CMHC website (http://cmhc.ca/en/imno/imno_003.cfm), and in particular, you agree that you may not hold CMHC liable for any consequences that arise if you choose to rely on this information and analysis to make a financial decision.

Canada

©2014 CMHC-SCHL

CMHC SCHL

CITY OF OTTAWA HOUSING AND RENTAL MARKET

THE CANADIAN MORTGAGE AND HOUSING CORPORATION 2013

Ottawa is one of the most beautiful capital cities in the world. A thriving business and government centre, Ottawa is also rich in culture and heritage with its many national institutions, parklands, waterways and historic architecture.

Ottawa is home to a large number of foreign embassies and is a recognized centre for both academics and professional training. The city offers an open and welcoming environment to cultures from around the world, providing service in English, French, and many other languages.

Ottawa features:

- Home to Canada's Federal Government with over 110,000 government jobs
- Over 1,800 advanced technology companies employing more than 76,000 people
- One of Canada's top sites for research and development
- Highest number of residents with post-secondary education in Canada
- More engineers, scientists and PhDs per capita than any other city in Canada
- forty four percent of residents speak both English and French
- It is North America's least expensive major city in which to live (Mercer)
- One of the greenest capitals in the world, surrounded by 532 square kilometres of parks, forests and wetland

Ottawa is a safe, clean city in which to raise a family, with a wide variety of neighbourhoods. It also offers a wide mix of houses and small and large apartment buildings.

Apartment hunters have a good range of choices, and local agencies assist with a variety of services specifically for immigrants. Rents are lower than Vancouver and Toronto, but higher than most other centres.

AVERAGE RENTS

The average monthly rent for a one bedroom apartment in Ottawa in April 2013 was $922 and a two bedroom apartment was $1,130. The average monthly rent for a three bedroom apartment in Ottawa was $1,377.

VACANCY RATES AND AVAILABILITY

In Ottawa, the vacancy rate for one bedroom rental apartments was 4.3 percent and for two bedroom apartments was 3 per cent. The vacancy rate of three bedroom rental apartments was 3.7 percent. This was the proportion of rental apartments that are vacant and ready for move-in in April 2013.

URBAN RISE
DEVELOPMENT

ADVANTAGES OF INVESTING IN SYNDICATE MORTGAGES

There are various ways to invest your money in real estate. One of the more secure and lucrative ways is through participating in a syndicated mortgage investment. A syndicate mortgage investment is where a group of many investors come together to fund one, high-quality real estate development project with a defined exit date.

Syndicated mortgages provide investors fixed annual returns paid out monthly or quarterly. As this is the foundation of the investment return, there is an interest reserve fund set aside to assure that investors are paid in a timely and consistent fashion.

The legal and disclosure process associated with syndicated mortgages is robust, as is the research and due diligence that is completed before the syndicate mortgage is approved. By the time you are feeling comfortable moving ahead with your investment you should be as well-versed in the project as any other member of the team, from the engineers to the municipal planners to the developers themselves. Before investing it is highly recommended that you seek independent legal advice in order to ensure that all of your questions are answered in an unbiased manner.

Syndicated mortgages are regulated by the Financial Services Commission of Ontario (FSCO), which adds additional security to this investment vehicle. Another upside is that FSCO has less restrictive regulations on who can invest and how much. The minimum investment for a syndicated mortgage is generally $25,000. Many Canadians have more than $25,000 sitting in their RSP fund gathering dust. Why not put this money to work for you?

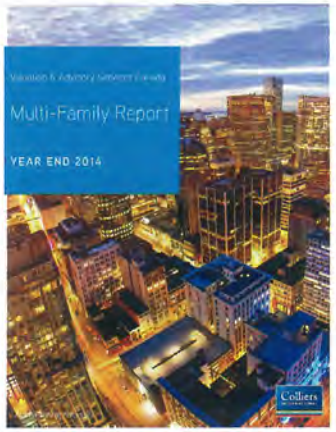
One of the unique features of the syndicated mortgage investment structure is what is called the Deferred Lender Fee (DLF). DLFs provide investors with an opportunity to share in the profits from individual real estate developments; the very same development projects that you have an opportunity to research and vet prior to investing a dime. This type of control is highly valued and equally rare in the investment world and is just one more way that the syndicated mortgage investment vehicle provides an advantage over other ways to invest.

The vast majority of Canadians do not have much disposable income, but many have a monetary equivalent that they may not think about and can be leveraged to increase the size of their nest egg: RSPs, liquid cash and non-registered investment funds are all eligible for re-investment in syndicated mortgages. Since you do not have to cash out your RSPs, there are no tax implications and all returns go directly back to your RSP account. This is why many Canadians are investing their hard earned savings in syndicate mortgages.

URBAN RISE
DEVELOPMENT

OTTAWA BOASTS MOST STABLE RENTAL AND VACANCY RATES IN CANADA

Ottawa, March 10, 2015 – The Colliers International 2014 Multi-Family Real Estate Report shows that Ottawa has one of the most stable and sought after multi-family markets in Canada.



This report published by Colliers International is a bi-annual multi-family report that covers eight Canadian cities, including: Calgary, Edmonton, Montreal, Ottawa, Toronto,Vancouver and Victoria.

Despite the total value of all commercial real estate transactions in Ottawa being down by 11 percent in 2014, the total dollar value of transactions of multi-family assets (properties in which more than one family resides), rose 33 percent during the last year, with Ottawa also seeing 61.54 percent growth in the number of sales transactions.

"The multi-family asset class in Ottawa remains one of the most sought-after of the major Canadian markets," said Oliver Tighe, Director of the Valuation and Advisory Services and Multi-Family Practice Groups for Colliers International in Ottawa. "This is due to very stable rental and vacancy rates. Owners are attracted to the stability and lower relative price of apartment buildings in Ottawa versus other major markets."

The Colliers International Multi-Family Report also unveiled an emerging trend in ownership that is moving away from private owners to more national owners across the country. The sale price per door (sale price of the multi-family asset divided by the number of livable units) has increased by five percent nationally.

Rental vacancy rates in major Canadian markets stayed relatively stable in 2014, with Montreal being the exception, experiencing the largest increase in vacancy of any major Canadian market at 3.9 percent. Montreal also has the lowest average rental rates among major Canadian markets and, while the city had the largest total number of sales transactions, its total transaction value in 2014 was 42 per cent less than in 2013.

Capitalization rates for multi-family properties continue to hold at the lowest level of all commercial real estate asset classes due to continuing and significant demand for well-located, high-rise multi-family assets.

The Colliers International Multi-Family Report also predicts that 2015 will remain consistent with these current trends.

URBANRISE
DEVELOPMENT