Castlerock Canada GP

INITIATING COVERAGE

Strengths

- Stable distribution based on rental revenues
- National tenants with strong covenants
- Investments designed to minimize risk
- Stable Pricing
- 5 Pillar Core Strategy
- Highly experienced management team
- Private; Shielded from public market volatility

Weaknesses

- Leverage-free investment yield lower return in exchange for lower risk
- No secondary market for Units

Opportunities

- Low interest rate means lots of deal flow from highly leveraged investment groups
- High demand for cash flow generating assets
- Secondary markets growing in response to increasing industry and population
- Weak Canadian dollar attracting foreign investors

Threats

- Unexpected decline in secondary real estate market value

Aleck Beverly

Research Associate

Legacy Partners Wealth Strategies Inc.

647-499-8111

info@lpws.co

2016-04-11

Introduction

9532579 Canada Inc. operating as Castlerock Canada GP was created to purchase commercial real estate across Canada with the goal of finding and securing properties that will remain largely unaffected by both global and national economic forces. The management team consists of two parties, each with extensive experience in commercial real estate. The company will use a five pillar approach to minimize risk while providing a stable return to investors. To raise adequate funds, Castlerock Canada GP has engaged Legacy Partners Wealth Strategies Inc. to complete all fundraising activities.

For investors seeking stable investment opportunities, the publicly traded markets have yielded few options. Extreme price fluctuations coupled with investor fear and uncertainty has negatively affected virtually every sector. In Canada, oil and gas, which has traditionally been a growth industry, has suffered greatly. Prior to this report, many analysts had projected the price of oil to fall within the range of $20 to $30 per barrel (Barnato). Slowing growth in the Chinese economy and overproduction in the Arab regions plus shale oil production in the U.S. attributed to the crash. In addition, unrest between Shiites and Sunni Muslims in the Middle East has created fears of conflicts that will likely affect oil production and availability.

The latest indications coming out of the Chinese economy are signalling continued slowdowns in growth with no significant change in sight. Attempts at economic reform have been implemented, but improving an economy the size of China’s is a complicated and lengthy process that is unlikely to yield short-term improvement. As 2016 begins, early indicators suggest the public markets will continue to suffer in the wake of the many economic dilemmas worldwide. Consequently, many investors are looking to substantially increase their private holdings to better protect against uncertainty and speculation. Further, renewed deflation in the Eurozone has confirmed that growth continues to slow in many areas.

The Strategy

There are two strategies, value-added and core/core plus, most commonly employed by private equity real estate firms. The Value-Added strategy seeks to purchase undervalued properties, renovate or redevelop, then sell to a long-term holder. On the other end is a company employing a Core or Core Plus[1] strategy. These groups hold properties with the intention of collecting rental income over a long timeline. Castlerock Canada GP has developed a Core strategy that will earn steady revenues from anchored strip centers across Canada. Properties will be purchased from value-added private equity firms in turnkey condition and will be sold decades later to similar groups looking to “flip” properties. The funds amassed from the sales will be put towards newer properties with superior returns.

To fulfill this approach, the company has identified a Five Pillar Core Strategy that will allow the management team to select the best possible properties while compressing the overall risk of the venture. Specifically, the core strategy is best described as focusing on smaller commercial properties outside of the major metropolitan areas with a national anchor tenant signed to a long-term lease. This is broken down as such:

Pillar 1. Small to Medium sized Strip Centers

As opposed to purchasing large commercial properties like shopping malls, office buildings, and industrial sites, the company is focused on community supported strip centers anchored by a nationally recognizable tenant. This strategy secures long-term lease payments and minimizes risk. Preferable locations will have an automotive service center that specializes in fast warranty-approved maintenance to help extend the life of your vehicle such as oil changes, tire services, transmission fluid change, and windshield chip repairs among many others. This particular type of business is preferred because Castlerock Canada GP is partially owned by a group of business people who own and operate several of these for many years.

[1] Core Strategies use equity while Core Plus strategies use a mix of debt and equity

A commercial strip center will typically have fewer than 20 businesses operating on the property with some of the buildings occupied by a national tenant. Examples of national tenants include; Tim Hortons, Tony Roma's, Mr. Lube, Jiffy Lube, Wendy's, A&W, McDonald's, Winner's, or a well-known gas station, grocery store, or Schedule Bank, etc. It is essential each location has at least one of these tenants to drive traffic and help the smaller businesses prosper. By seeking national tenants with decades of operating history as anchors, the company can minimize vacancy risk thus protecting the cash flow from disruption.

Pillar 2. Focus on Secondary Markets

Secondary markets are best described as regions outside of the major metropolitan areas. The company is seeking properties outside of the large urban centers to avoid over-inflated prices in hot markets, and to minimize exposure to price bubbles. Although the primary markets of Toronto, Vancouver, and Montreal are host to prime real estate, the property cap rates tend to be much lower, meaning the investor sees less cash flow relative to their investment.

Pillar 3. Anchor Tenant

The company is seeking anchor tenants with nationally recognizable brands, strong lease covenants, and are fiscal defensive in nature. Companies fitting these criteria include fast food chains, banks, pharmacies, automotive centers, and established casual dining restaurants. Regardless of economic conditions, these businesses will continue to generate revenue as they are all necessities. Focusing on nationally recognizable brands means the leases are generally in much longer terms than what might be signed by a smaller family run business. Both of these factors help to ensure the business is profitable and capable of meeting the requirements of the lease agreement.

Pillar 4. Equity-Focused

As previously mentioned, Castlerock Canada GP is utilizing a Core strategy that is funded by equity investments. By using equity rather than debt, the company is defending itself against public market fluctuations and restrictive debt-related covenants. After the financial crisis of 2008, fiscal conditions in Canada and the United States became significantly more onerous. For smaller investment groups, debt covenants are detrimental to the operation of the business and a hindrance to growth. By using private equity to purchase properties, the exposure to market fluctuations is considerably decreased, as the valuation of the company will be derived from the fair value of the managed assets rather than speculation.

Pillar 5. Buy/Hold for Cash Flow

With consideration to the previous four pillars of the core strategy, Castlerock Canada GP will be generating a stable cash flow for itself and its investors. The cash flow is supported by each managed asset's rental revenue and secured by the previously outlined risk mitigation strategies. Investors benefit from both regular cash flow, and the steady appreciation in value of the managed assets allowing a long-term multi-layered growth strategy to ensure the stability of expectations.

Management Team and Shareholder Summary

The management team consists of all holders of the Corporation's Common Shares. At creation, the management team consists of two parties each represented by a director:

2360854 Ontario Inc.

Matthew and Jonathan Sobol are the founders of the Ontario-registered holding company. They have extensive experience in commercial real estate that has originated from decades of operating their successful businesses. The brothers also operate JMJS Holdings, which owns several automotive service centers across Southern Ontario. Matthew serves as the Chief Executive Officer of JMJS Holdings. Matthew has led the transformation of their properties by establishing new strategic directions, improving operational performances, and enhancing facility value. Jonathan serves as President of JMJS Holdings and has years of experience performing site evaluations, lease negotiation including long-term renewals, and commercial property management. Collaboratively, they are responsible for the development and project management of new sites from inception to completion. Their locations are immersed in many secondary markets which has provided appropriate exposure and expertise in these Canadian markets.

LP Wealth Inc.

LP Wealth Inc. is the holding company of Legacy Partners Wealth Strategies Inc. ("LPWS"). The company is wholly owned by Douglas Haydock, CEO, and Director. Douglas Haydock has over three and a half decades of experience in virtually all facets of Canadian Financial Services. He has extensive experience with real estate negotiation and acquisition as well as thorough knowledge of Limited Partnership structures and execution.

The Organizational Structure is designed to easily accommodate additional investors in addition to the two founding parties. The company's share structure is divided into two classes of shares; Common Shares intended for management and voting purposes, and Class A Special Shares, which facilitate dividend distributions. Castlerock Canada GP may issue an unlimited number of either share class as investors join the venture. Common Shares, however, are issued in special circumstances where the incoming investor provides valuable management experience to Castlerock Canada GP. Class A special shareholders are not eligible to participate in the voting matters of the corporation. These shareholders receive a dividend distribution at a target rate determined by the Common Shareholders and outlined in the Universal Shareholder's Agreement. Common Shares do not receive a dividend nor do their shares hold a value exceeding $1.00 in aggregate.

The Corporation's capitalization is as follows:

	Common Shares	Class A Special
2360854 Ontario Inc.	500,000/1,000,000 (50%)	700,000/1,000,000 (70%)
LP Wealth Inc.	500,000/1,000,000 (50%)	300,000/1,000,000 (30%)

Property Summary: Winnipeg

Castlerock Canada GP is currently evaluating a property in Winnipeg, Manitoba located near the Polo Park shopping center on the west end of the city. The property is fully leased by three active tenants on the lot including a very popular auto service center, an American fast-food restaurant, and a sit-down style casual dining restaurant. The property is accessed by two driveways located on a major North-South artery and directly across from the Polo Park retail site. The property is highly visible from the road, and well located in relation to residential areas and arterial roadways. All leases are triple net land leases and the tenants are responsible for maintenance and repair of their particular lot. One of the tenants must provide notice to the landlord of any major capital repairs, which the landlord will amortize over the useful life at 10% interest and charge back to the tenant on a monthly basis.

Polo Park is Canada's 12th largest shopping center according to the gross leasable area and is host to 187 retail stores. The mall's food court is the only source of competition that impacts the restaurants operating within the property. The restaurants benefit from lower lease rates versus those in the food court but still benefit from the high traffic generated by the mall. Moreover, since the restaurants are not within the mall's plaza, they can benefit from the flow of traffic moving from other retail plazas to the arterial roadways.

According to the previous owners, the area's average annual daily traffic (AADT) is 23,700 vehicles. The high-rate of vehicles is largely attributable to the site's proximity to the Trans-Canada highway, which is roughly 100 meters from the plaza's southern-most entrance. Moreover, the plaza is adjacent to a larger square containing a very recognizable grocery store, drug store, men's clothier, and dollar store.

The information below is the demographics of the area surrounding the property.

2013 Estimates	3KM Radius	5KM	10KM
Population	61524	170239	522222
Projected 2018 (Pop.)	60438	173345	544564
2013-'18 Pop Growth	-1.8%	1.8%	4.3%
Households	25693	77524	215620
Median Age	38.5	37.9	38.3
AVG Household Income	$92276	$74446	$76210
AVG Person per House	2.35	2.13	2.37

From this data, we can infer that the majority of households are middle-aged families that most likely consist of two adults and a single child. The immediate surrounding area probably consists of two working adults per household each making on average $45,000 per annum. Disposable incomes in the area are likely quite reasonable as Winnipeg's consumer price index as of 2014 is 124.9 versus the mean of 126 across Canada's major cities and housing is significantly less expensive than similar cities in Canada. MLS listing data shows the current average list price for homes in West Winnipeg to be $274,541 which is up 4% from 2014 numbers. This indicates that housing costs, which tend to be the largest factor in a household budget, are comparatively small versus similar sized cities like Ottawa and North York (Ontario) where average house prices are $366,145 and $377,205 respectively. Higher disposable income increases the likelihood of residents owning a vehicle. Thus, subsequently increasing the likelihood they will visit the auto service shop and dine at the restaurants located on the property.

A dynamic competitive environment exists for both the retailers who operate on the property, and for the partnership. Smaller retail centers tend to be more susceptible to competition from larger "power centers" like malls and large regional centers. These locations tend to draw more foot and vehicular traffic as the vast number of stores creates a "one stop shop" with easy access from the street and often connections to the local public transit network. Additional competition comes from new commercial developments, however, new builds are unlikely to affect established strip centers in built-up communities as the municipal zoning and permitting process creates an unrewarding barrier to entry.

Within a 1 kilometer radius of the property, there are two auto repair shops that compete directly with the automotive service tenant. Fortunately, the larger of the two shops is a well-known Canadian retailer that is an automotive shop with a poor reputation. The second shop is a small family run operation that has been operating for over 75 years. The national tenant attracts more business due to a stronger brand name and more attractive signage.

In that same radius, there are several restaurants in direct competition with the fast-food and sit-down tenants. The food court in Polo Park has roughly 15 restaurants offering a variety of foods for shoppers. The property's tenant is burger-joint themed and directly competes with a similarly themed restaurant in the food court. On the other hand, the sit-down restaurant is a steak and rib house that competes directly with a similar restaurant located in the mall, across the street, and roughly 500 meters up the road. Fortunately, the tenant has highly favorable reviews across social media websites; providing a boost in traffic. The tenant's brand is also highly recognizable in sit-down style restaurant chains and is known for providing a superior level of quality and service versus its competitors.

Property Summary: Guelph

The property under review by Castlerock Canada GP is located on the north-west side of Guelph Ontario. It is a larger plaza with approximately 20 retail establishments. The anchor tenants include an automotive service centre, a very well branded department store, and several fast food and specialty shops. The plaza is conveniently located in-between the main arterial roadway of Guelph and a second major parkway that is host to hundreds of retail stores and high-density housing.

The plaza is highly accessible from the major parkway. There are three entrances in total, one of which is located near the off ramp for the main arterial road. Additionally, the property is linked to the adjacent lot, which provides two additional entrances.

The area surrounding the Guelph plaza consists of low-income households. The retail stores in the area are targeted towards this economic group. For example, the grocery store chains located on the main parkway are No Frills and Food Basics, both of which are the discount brand of their respected conglomerate. Moreover, there are three thrift stores within 1 kilometer of the plaza and a couple of second-hand specialty shops.

The largest employer in the region is Linamar, which operates dozens of plants that manufacture automotive components and industrial machinery. The property is linked to the Guelph Transit bus network that services the 120,000 residents in the north end of the city.

Real Estate Opportunities in a down Market

A low-interest rate environment has encouraged real estate developers to make use of leverage to accelerate growth and magnify profits. Debt covenants create an added risk for investors, as asset managers must continually struggle to satisfy the demands of their creditors. This creates an opportunity for the company as highly leveraged investment groups are often required to hastily liquidate portions of their portfolio to satisfy debt conditions. To close a deal quickly, the investment group may offer discounts on the purchase price of a property with the goal of obtaining quick cash; these types of transactions are of great interest to the company as rates rise.

Castlerock Canada GP has focused its business strategy on purchasing and holding community-supported retail centers across Canada with the goal of generating a stable cash flow for it's participants. The financial industry has been severely affected by poor market conditions worldwide, and many investment firms have fallen due to their inability to cover overhead expenditures and necessary operating costs. The company's marketing strategy is to contact institutional investors in need of low-risk cash generating assets. This may include pension funds, investment funds, and high net-worth individuals. Although several competitive products are in existence, such as REITs and blue-chip stocks, this is a diversification strategy that is considered stable with less volatility. The underlying assets are strategically purchased in high-growth secondary markets that will create value as they become more desirable and the surrounding population grows.

Sources of Market Draw

Privately conducted transactions will minimize a large portion of market draw in which the company is exposed. Fortunately for the company, much of the market's focus has been on large residential complexes, specifically condo developments, and large retail centers containing enormous warehouse-sized facilities. Castlerock Canada GP will specifically avoid these sectors in favour of the neighbourhood supported and anchored striped centers as they are far less prone to vacancy risk and are less expensive to manage. Moreover, this strategy focuses on diversification by finding assets capable of weathering economic cycles, thus reducing risk but limiting the boom. Investment groups with a similar strategy may represent a source of competition, but these groups help to increase the number of transactions in the market, thus encouraging property owners who may be hesitant to sell.

Risk Profile

Castlerock Canada GP has taken steps to reduce risk exposure through the development of a conservative business strategy and partnerships with experienced professionals. However, some risks are inherent in the real estate business and private equity. Foremost, Castlerock Canada GP may not be able to raise adequate capital to purchase the properties it desires. Global economic conditions have been harmful to the confidence of accredited and institutional investors who are the primary audience for this type of investment. Market forces driven by slow overseas growth and the poor performance of commodities have pummelled public markets. The markets are unlikely to regain their stability for many years and will likely continue to yield unfavorable results. For this reason, Castlerock Canada GP has decided to operate as a private entity. This decision limits the impact of public markets and allows the company to operate at a lower cost versus a publicly traded company. The company will still be impacted by worsening conditions, but far less severely.

The Real Estate business is also susceptible to environmental risks such as fire, flooding, and natural disaster. Meteorologists and climatologists argue that increasing temperatures caused by global warming over the last century have caused a four to five-time increase in extreme weather events (Mathiesen). In Canada, the risk of damage to properties by winter snow and ice storms along with fires caused by hot and dry conditions in the summer are a principle concern. To offset this risk, the company requires all properties under management to be fully insured against the most likely weather events to occur in each respective region.

Vacancy is another type of risk that is inherent in the real estate business. In poor economic conditions, it may be difficult for Castlerock Canada GP to find tenants for its properties. For this reason, the company is seeking smaller strip centers with smaller footprints to simplify management and leasing. The number of firms capable of leasing large centres is dwindling in Canada as retailers increasingly move to small format locations or exit the market entirely. The year 2015 proved to be tough for big-box retailers in Canada with several high-profile stores closing locations. Stores like Future Shop and Best Buy, Target Canada, Staples Canada, Rona, Grand and Toy, Chapters/Indigo, and the remnants of Zellers have all closed brick and mortar locations in favour of shifting support to online platforms (Fitzpatrick). This has left many property owners with empty warehouse style stores with limited tenants available to lease them. CBRE Research has reported that core retail sales have increased 2.2% versus the year-over-year average of 4.0%. The increase in sales is largely attributed to the purchase of essential products and a decrease in superfluous items.

Castlerock Canada GP is sticking to it's conservative business plan by purchasing small to medium sized commercial centres that do not contain large-format storefronts. Part of the strategy is only to acquire property that is anchored by a well-known national tenant like McDonalds, Tim Horton's, Mr. Lube, A&W, Tony Roma's, The Beer Store, Dollarama, etc. Although highly unlikely, in the minuscule chance one of the businesses fails, it is less arduous to find a replacement in the same sector; therefore, quickening the time it takes to redevelop the storefront and become operational. The second layer of defence is the focus on secondary markets that exhibit strong economic growth and stable population growth in the long-term.

The company will acquire real estate assets. Decades of experience in real estate, finance, property management, and negotiations; all skills that are crucial to the launch and operation of this Real Estate Limited Partnership will be provided by the founding partners. Jonathan and Matthew Sobol are represented as 2360854 Ontario Inc., and Douglas Haydock is represented as LP Wealth Inc. The Sobol brothers own and operate several successful Automotive franchises across Southern Ontario, with many years of exposure to multiple secondary markets. The family has operated the business for many decades, which has allowed the brothers to learn the proper execution of a commercial transaction from beginning to end. Moreover, they have developed a strong competence in the negotiation of real estate and lease agreements that will prove invaluable to Castlerock Canada GP. Douglas Haydock is a three-and-a-half-decade veteran of the financial services industry with vast experience including corporate finance, syndication, mergers & acquisitions, business development, regional management, retail branch management, compliance, securities operations, treasury and recruitment. Mr. Haydock brings the experience necessary to build, fund, and operate a successful Limited Partnership.

The company is exposed to interest rate risk and upwards fluctuations in bank target rates. The business strategy does not call for the use of leverage, and the company is not planning to hold debt positions. Therefore, the interest rate risk has been isolated to alternative investments that may be able to provide a similar rate of return with the same consistency and stability that is offered by Castlerock Canada GP. The likelihood of this risk coming to fruition is small as economic conditions in Canada remain modest, and interest rates are stagnant at 50 basis points with the possibility of them falling further (Evans). In the very long-term, the interest rates will eventually increase, but this will have minimal impact on the company, as its strategy does not depend upon debt for financing.

Strategic Analysis

Threat of New Entrants

Commercial real estate is a high-barrier industry to enter. It requires enormous amounts of capital in addition to years of training in negotiation, leasing, and management. Larger institutions that have resources to purchase commercial assets are unlikely to participate directly as the time investment, greatly exceeds that of passive investments such as stocks or bonds. It is common for commercial real estate to change hands as groups with buy-and-flip strategies purchase properties from buy-and-holders, and vice versa. In many respects, new entrants are a benefit to the company, as they will increase the availability of fully renovated properties. Economies of Scale is an important aspect of the industry because increasing revenue can only be accomplished through leasehold improvements that justify higher rents, or the acquisition of more properties. Both options are very capital intensive and discourage low-calibre groups from participating.

Threat of Substitute Products

Substitute products that are in competition include government bonds, guaranteed income certificates, money market funds, and Treasury bills. These products have a level of risk comparable to that of Castlerock Canada GP, but with a much lower return. Investors also have the option to purchase blue-chip stocks, Real Estate Investment Trusts, or other Limited Partnerships, but are exposing their portfolios to much higher degrees of risk. Investors must be cognisant of investment funds using heavy leverage to purchase assets as the measurable risk increases substantially.

Bargaining Power of Customers

The company's client base consists of high-net-worth individuals and institutional investors. These investors have a strong degree of bargaining power when seeking to become partners with the company. However, before entry, they have minimal bargaining power over the business conducted by the company, and zero power once brought in. For a Limited Partner to keep their limited liability, they must not participate in the management of the business.

Bargaining Power of Suppliers

Suppliers are best described as the owners of small to medium sized commercial centres the company wishes to purchase. As long as interest rates remain low, there will be a steady flow of properties being "flipped" by investment groups with value-add strategies. It is painless to switch to another supplier with virtually no cost and no barriers; if a supplier attempts to exert power over the company, it is a simple process to cut negotiations and move on.

Intensity of Competitive Rivalry

Rivalries are not expected to be a concern as the company will typically only deal in private transactions rather than participate in public bidding wars. The business strategy in use by the company is anchored by a low-risk business model developed in respect to traditions of the past with a long-term time horizon. As such, Castlerock Canada GP believes its competition does not employ a strategy that aims to preserve and protect capital through financially responsible investments and traditional business models, therefore yielding a clear competitive advantage in the eyes of fiscally responsible asset managers.

SWOT Analysis (Front Page)

Strengths

- Stable distribution based on rental revenues
- National tenants with strong covenants
- Investments designed to minimize risk
- Stable Pricing
- 5 Pillar Core Strategy
- Highly experienced management team
- Private; Shielded from public market volatility and uncertainty

Weaknesses

- Leverage-free investment yield lower return in exchange for lower risk
- Limited secondary market for Units

Opportunities

- Low interest rate means lots of deal flow from highly leveraged investment groups
- High demand for cash flow generating assets
- Secondary markets growing in response to increasing industry and population
- Weak Canadian dollar attracting foreign investors

Threats

- Unexpected decline in secondary real estate market value

Summary

Castlerock Canada GP is looking to raise capital to purchase small to medium sized community supported strip centres in secondary real estate markets in Canada. The purpose of these properties is to generate a stable and reliable cash flow that will continue to earn revenues regardless of the global or national economic conditions. Each acquired property will be fully renovated and in turnkey condition, allowing the company to operate the asset right from the acquisition date. All properties will have a well established positive cash flow.

Each property must satisfy several requirements before acquisition. They must have a nationally recognized tenant that will help drive traffic to the site. An additional strength will be the “triple net” leases, meaning all of the property’s expenditures are passed down to the tenant in exchange for a lower rental fee.

Each property should be located in a secondary real estate market. These markets are outside of the large metropolitan areas like Toronto, Vancouver, Edmonton, and Calgary. Moreover, commercial centres in secondary markets are community supported as locals are more likely to visit their nearby strip-mall as opposed to driving across town, or elsewhere to visit a large commercial centre. This becomes more pronounced in an economic downturn. The tenants of these properties benefit because they will have a consistent customer flow regardless of economic conditions and new development activity in the region.

The management team has fine-tuned the strategy to minimize specific risks to the business and safeguard investor capital. The company and its partners are dedicated to using strong corporate values that are firmly anchored in successful industry business models of the past, while integrating modern systems that will create efficiencies. This strategy will allow Castlerock Canada GP to provide a generous return on capital for the investor.

Works Cited

Avison Young. "2015 Forecast Commercial Real Estate Canada, US and UK." 2015.

Barnato, Katy. "Could oil prices really shrink to… $20 per barrel?" *CNBC Oil and Gas* 6 08 2015. Website.

Bryden, Joan and Jordan Press. *Expedited infrastructure spending considered*. News Article. Ottawa: Cambridge Times, 2016. Web.

CBRE Group, Inc. *Office Occupiers Have Dwindling Options in the Face of Difficult Office Space Markets*. Press Release. Toronto: CBRE Canada, 2015. Web.

Economic Development Division: City of Cambridge. *A Summary of Cambridge's Economic and Social Features*. Cambridge, ON, 2015.

Evans, Pete. *Bank of Canada holds key interest rate steady at 0.5%*. Web. Toronto: CBC News Business, 2016.

Fitzpatrick, David. *With Future Shop and Target Closing, do Big Box Stores have a Future in Canada?* Web. Toronto: Retail Insider, 2015.

Graveland, Bill. "Falling Canadian Dollar A Major Boost To Resort Real Estate." News. 2016. Web.

Investopedia. "Triple Net Lease." n.d. *Invesopedia*. http://www.investopedia.com/terms/n/netnetnet.asp.

Mathiesen, Karl. *Extreme weather already on increase due to climate change, study finds*. NewsPaper. London, UK: the Guardian, 2015.

Morguard. "History." 2016. *Cambridge Centre*.

PRAJAPATI, BHAVIN. *Can tech companies thrive outside major cities?* Web'. Stratford: Globe and Mail, 2015.

Regional Municipality of Waterloo. *Regional Municipality of Waterloo Traffic Counts*. Cambridge, ON: Waterloo Region, 2015.

DISCLAIMERS AND DISCLOSURES

Disclaimer

The opinions, estimates and projections contained in this Report are those of Legacy Partners Wealth Strategies ("LPWS") as of the date hereof and are subject to change without notice. LPWS makes every effort to ensure that the contents have been compiled or derived from sources believed to be reliable and that contain information and opinions that are accurate and complete; however, LPWS makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors or omissions which may be contained therein and accepts no liability whatsoever for any loss arising from any use of or reliance on this Report or its contents. Information may be available to LPWS that is not included herein.

LPWS is registered as an exempt market dealer in Ontario, Alberta and British Columbia. In British Columbia, LPWS operates as LPWS Legacy Partners Wealth Strategies Inc. This Report is provided for general informational purposes only to investors and clients of LPWS, who qualify as accredited investors and whom LPWS is permitted to deal with and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such an offer or solicitation would be prohibited, or to whom it is unlawful to make such an offer or solicitation. This Report is not intended to provide specific investment, financial, legal, accounting, and/or tax advice. This Report is approved for distribution to accredited investors in Ontario, Alberta and British Columbia.

Associate certification

The research associate whose name appears on this document hereby certifies that the opinions and recommendations expressed herein accurately reflect his personal views about the securities, issuers or industries discussed herein.

The information contained in this report is not for public dissemination. No part of this report in its entirety or in part is to be used without the expressed written authorization of Legacy Partners Wealth Strategies Inc.