THE BLUE BOOK OF REAL ESTATE SYNDICATION

PRESENTED BY

LEAGUE

Get a Hard Copy Free

If you would like to receive a hard copy of this book along with a current Investment Overview, please click this link.
or call: 1-877-772-8836

Thank you.

THE BLUE BOOK OF REAL ESTATE SYNDICATION

PRESENTED BY:
LEAGUE

WRITTEN BY
EMANUEL F. ARRUDA
EDITED BY ROSS W. SMITH

ISBN: 978-1-897175-11-8

IMPORTANT NOTE:

The statements herein are based on information that we believe to be reliable at the time of publication, but we cannot represent that they are complete or accurate. This document is subject to change without notice.

This document is for informational purposes only and shall not constitute an offer to sell or a solicitation to buy any securities.

Important and specific information about a particular investment will be set out in the applicable Offering Document. You should obtain and read the Offering Document before making your final investment decision.

No offering will be presented except in accordance with governing securities laws.

TABLE OF CONTENTS

CHAIRMAN'S INTRODUCTION

Dear fellow Investor,

Not since the Second World War has there been such uncertain and unstable times. Today, the threat of global terrorism and the effects of global warming make the recession of 2001, and the ensuing crash of the stock market seem trivial. And most recently, tax changes to the Canadian public sector injected even more uncertainty in the public markets. The announcement triggered massive selling, and left a trail of nervous investors in its wake. As for the skittish investors left still speculating in the public markets; you wouldn't want to partner with such reactionary Nervous Nellies in your business, so why would discerning investors like you and I "partner" with them in our investment portfolios?

It just doesn't make sense.

There is a better way, and it certainly isn't new. It is an extensively documented fact that investments in real estate have consistently produced wealth for more reasonable men and women and their families than any other investment in history. By the time you finish reading this booklet, you too will understand why.

This booklet will provide you with background information about real estate syndication and about how League operates. If you are satisfied with what you read here, please visit our website to download the Investment Overview for the IGW REIT, or call to request a hard copy.

Each acquisition made by League stands on its own merits and we encourage each new Member-Partner, to examine them for themselves. Our "transparent" disclosure method outlines the basis of our investment decisions and keeps Member-Partners fully informed during each step of the process. In essence, you see what we see in every opportunity so you can make a truly informed investment decision.

When you're through reading *The Blue Book of Real Estate Syndication* and our *Investment Overview*, I invite you to speak with us personally so we can answer any remaining questions or concerns before you consider investing.

I am pleased to provide you with this information and the opportunity to gain entry into this highly lucrative investment. I look forward to meeting and speaking with you personally.

Sincerely,

Emanuel F. Arruda
Chairman & Co-Founder
League Assets Corp.

LEAGUE

League Assets Corp.
1-877-772-8836
217-2187 Oak Bay Ave.
Victoria, BC V8R 1G1

league.ca

THE IMPORTANCE OF OWNING REAL ESTATE

It is no secret that the greatest wealth-builder in history has always been investment in real estate. Real estate is more than just a fallback investment during a bear market. And unlike the “paper” investments of the stock and bond markets, carefully selected income properties have real long-term value secured by physical assets. Additionally, they are not subject to the wide fluctuations common to stock markets and, when properly managed, they can continue providing a steady return on investment excess of 10% per annum even when the markets are flat. With mortgage rates near historic lows and vacancy rates in prime areas hovering at 1.5%, investing in high-income properties has never made more sense.

So, why isn’t everyone investing in real estate?

In a sense, most people already are. Tenants pay monthly rents or leases to the owners of income properties in exchange for the use of the space in which they live or conduct their business. In addition to rent, the tenants may pay property management fees, financing fees, mortgage fees, and a multitude of other fees for services that the owners choose to provide in exchange for these fees. All of these tenants (and in the case of commercial properties, all of the tenants’ clients) are trickling their money up (in the form of monthly rent, lease payments, or maintenance and strata/condo fees, etc.) to provide a return on the investments (R.O.I.) made by the owners of the property. So, although the tenants are receiving benefits from occupying the property, they are not realizing any residual income or tax-sheltering benefits from the ownership of the property itself.

A CASE STUDY

When asked what business McDonald’s is in, most people would immediately answer “selling hamburgers.” And although it’s true that McDonald’s has successfully sold billions of hamburgers for many many years, they are most definitely *not* just in the hamburger business.

The McDonald’s Corporation owns a great deal of the most valuable and coveted income properties all over the world. They in turn lease this property to their franchisees at a price that produces a profit every month well in excess of their cost of financing and maintaining the property, but not so much as to make leasing the property unattractive to the occupier. These same franchisees not only paid for their rights to operate their store from McDonald's, in most cases their franchise fees also pay for the investment real estate that they are now leasing from McDonald's as well. Wisely, McDonald's doesn't stop there. They also receive profits from the wholesale sales of food to the franchisee, as well as a portion of the profits of each location in the form of franchising, advertising, and marketing fees. We should all be so smart.

BIGGER BUILDINGS BIGGER PROFITS

Just like McDonald's restaurants, some of the most profitable income properties are extremely large and expensive investments that are leased to other businesses.

Office buildings, shopping centres, industrial parks and warehouses, lodging facilities, medical centres, and even power production facilities all fall under the category of *commercial* real estate. Under the right management, all of these can become excellent income properties.

A different form of large and lucrative income properties are occupied by residents rather than businesses. Types of *residential* investment properties include condominiums, rental apartment buildings, seniors' housing, etc. The cost to build or purchase desirable income properties like these can range from millions, to tens-of-millions, and sometimes even hundreds-of-millions of dollars, and requires an expert property management team to operate and maintain them profitably.

Indeed property management is something else again. It is one thing to have the funds required to purchase or build large investment properties, it is quite another to keep them profitably occupied, maintained, and managed, year after year. For this reason, many property owners choose to outsource their property management services to firms that specialize in operating income properties profitably for their owners. With the right mix of property, tenant, and property management, large income properties can be extremely profitable and worry-free investments.

BARRIERS? WHAT BARRIERS?

As noted earlier, large profits usually come at the price of large investments. This is fine for the builder or developer who has continually built and sold his developments for a profit and re-invested his earnings into increasingly larger projects. But what about the individual private investor? How can an investor with limited skills in real estate development, or less than a million dollars in cash, get in on such an attractive investment? Are these highly desirable opportunities reserved only for conglomerates, investment banks, and powerful "old money" families?

Thankfully, the answer is *no*.

SMALL INVESTMENTS BIG OPPORTUNITIES

There are already mechanisms and legal frameworks in existence that allow like-minded investors to band together to purchase and control substantial investment properties. Of course, each carries its own advantages and disadvantages.

A public newsletter published by BDO Seidman, LLP, Accountants and Consultants, asserts:

> *"The syndication process—aggregating capital from a group of investors to acquire property—is seeing new popularity as real estate increasingly is viewed as a fourth asset class in addition to stocks, bonds and cash. Real Estate Investment Trusts (REITs) are an attractive way to invest in real estate, but their* ***publicly traded shares*** *are subject to a significant degree of price volatility that many investors seek to avoid.*
>
> *By contrast, shares in a* ***private syndicate****, typically real estate limited partnerships (RELPs) or privately held REITs, are not priced to market on a daily basis and in addition offer the possibility of higher returns than publicly managed real estate. Finally, private syndicates offer some tax savings unavailable when investing in a public company."*

PRIVATE SYNDICATIONS: THE VEHICLE OF CHOICE

When you invest within a private real estate syndication, you are pooling your capital with that of other qualified investors for the purpose of investing in larger and more lucrative real estate projects. This affords the lone investor an opportunity to participate with an organized group of like-minded investors in the ownership of a piece of revenue property that is too much to handle singly or in a joint venture with just one or two others.

Real estate syndicates own income-generating residential or commercial real estate and are secured by tangible assets as collateral. This characteristic is untrue of many other investments and provides added security for your investment. Additionally, investing in private real estate syndications provides the individual investor the ability to achieve higher profits with lower risk than the average equity investment.

REAL ESTATE INVESTMENT TRUSTS: ONE FORM OF GROUP OWNERSHIP

Although a syndication's legal structure can take many forms, it is generally accepted that a "Private" Real Estate Investment Trust (or, REIT for short) is one of the best forms of group ownership of real estate investments.

Not to be confused with "Income Trusts"—which invest in businesses, not real estate—REITs offer investors all the rewards of a long-term investment (capital appreciation, reliable monthly income, and security), along with all the tax-saving benefits of individual ownership in real estate—but without the burden of management responsibilities, personal liability for debt or litigation, or the requirement of large individual cash investments. The combination of these characteristics makes REITs ideal vehicles for producing reliable income and building sustainable wealth.

A REIT's reliable income is derived from rents paid for the use of leased properties. REITs own and manage pools of income-producing properties on behalf of investors who subscribe for REIT "units." The net income is distributed to each investor in proportion to his or her share of the investment. The incomes are kept stable through the practice of signing stable, long-term tenants to strong leases, and staggering the lease renewal dates to prevent vacancies from occurring all at once.

Compared with the average equity investments, REITs provide higher yields and lower risk, as the tax advantages result in higher yields. The synergy produced by these traits make REITs a uniquely stable, reliable, and secure investment that can produce both income and growth.

PUBLIC vs PRIVATE: WHAT'S THE DIFFERENCE?

There are two kinds of REITs—public and private. Units in public REITs are traded on the stock exchanges and their values fluctuate constantly—just like any other stock. When investors purchase their units, they pay the daily market price, which is not necessarily the unit price based on the actual values of the properties.

Real estate on its own is distinct from other investments or commodities in that it is insulated from the fluctuations of the public markets. However, a public REIT brings volatility to this otherwise stable investment. Witness the sell-off that took place when the public markets reacted to the Finance Minister's October 31st, 2006 announcement of the changes to the rules for Canadian *Income Trusts* (which invest in businesses, not real estate). The result (though temporary) was that investors became confused and reacted fearfully, sold their units, and decimated the prices of the *completely unrelated* public REITs, which do not invest in businesses.

In contrast, units in a *private* REIT are offered directly to investors by the issuer. And unlike its public counterpart, a private REIT's unit price is not correlated to the stock markets, and therefore completely immune to its volatility.

With private REITs, the unit's purchase price is based on the most recent appraised values of the properties—so the price you pay is not affected by other investors entering or leaving the market. For investors in private REITS, this translates to greater cash distributions because a greater proportion of each investment dollar goes towards the purchase of income-producing real estate, rather than being diluted by the costs and fees associated with stock market listing and trading.

HOW IT WORKS

Basically, the setup is as follows: A REIT is established to allow a group of investors to purchase and control a diverse array of real estate assets—such as shopping centres, office buildings, apartment complexes, and warehouses—for the rental income they generate. As vacancies are filled and rents increased, so does the amount of net income disbursed to the unitholders.

In addition, each investor is entitled to his or her proportionate share of the equity that builds up as the values of the properties' increase and mortgages are paid down. Whenever the REIT sells or re-finances any of the properties, the equity increases result in higher unit values.

No large investments are required, so each investor contributes what he or she wishes toward the purchase, and receives Unit Certificates (which are registered with the various provincial securities commissions) documenting his or her proportion of ownership.

THE INVESTMENT LEADER

An *Asset Manager* provides executive leadership for the group. By virtue of his expertise, he is granted all decision-making responsibility. This includes the hiring of property managers to look after the individual properties on a day-to-day basis; project managers to handle new construction and re-development; and teams of acquisition specialists who keep the pool stocked with high-yield assets. The aim is to continually diversify the investment, increase cash flow, reduce expenses and tenant turn-over and, of course, increase the asset values—and thereby, increase *unit* values.

Ideally, the Asset Manager is an experienced acquisition specialist. He knows the market and can locate and negotiate the right investments for the group. Through his negotiation with sellers, lenders, and tenants, as well as innovative reorganization of the properties' uses—be it seeking re-zoning, or changes to the tenant mix—it is his responsibility to create extra value for the investors. This is most effective if his remuneration is tied to the investment's performance.

To shield investors from liability, all decisions are at the sole discretion of the Asset Manager. He decides when to buy or sell, and negotiates the purchase or selling prices. Because he is bound by his fiduciary duty as well as the terms of the REIT's *Declaration of Trust* and the *Asset Management Agreement*, advancing the group's interests is his highest priority.

THE INVESTORS AND INVESTMENTS

Investors in the group are called *beneficiaries* or *unitholders*, and their financial obligation is limited only to their initial investment.

Which raises the question, "*What are the chances of an investor losing any capital?*"

First, the likelihood of a properly selected and managed property going bad is remote. REITs, are designed to succeed, and there are many safeguards—including the REIT's Declaration of Trust. This defines the obligations and restrictions adopted by the REIT, specifies the buying criteria for assets, and sets out the REIT's maximum debt capacity. Furthermore, the REIT must adhere to stringent regulatory requirements set by the provincial securities commissions. These are designed to protect investors from loss due to misconduct or negligence, and to keep them informed of management decisions and results.

INVESTMENT STABILITY

A REIT is designed to create diversity, which secures the investor's capital and keeps the income steady. By combining a number of diverse properties in a single pool, the cash flow of each property is stabilized by the combined incomes of the other properties. Thus, one tenant moving out of one property has little impact when spread among, say, twenty other properties.

INVESTMENT PERFORMANCE

It cannot be overstated that the Asset Manager's motivation plays a key role in the success of the REIT. If a REIT is properly structured, the manager's compensation will be tied directly to his performance. Thus, it is in his own best interest to make the venture as profitable as possible.

PROFIT DISTRIBUTION

As established in the REIT's trust declaration, the Asset Manager must distribute all of the net income generated from rents, minus a prudent amount to maintain a reserve fund, to keep the distributions stable and to accommodate tenant turn-over. Because REITs must distribute so much of their earnings, they tend to pay yields ranging from 5% to 10% derived from the properties' cash flows alone. Additionally, as the properties appreciate in value over time, they can be either sold or re-financed, and the profit from the extracted equity is reflected in every investor's unit value. This increase in unit value is tax deferred until the units are sold—and at that time the profit is treated as a capital gain, and therefore 50% shielded from taxation.

But that's not all...

TAX ADVANTAGES FOR THE INVESTOR

One of the greatest advantages of any REIT—whether public or private—is its tax-efficiency. Unlike stock-issuing corporations, where tax is paid on net income prior to distribution and again in the hands of the investor, REITs pay no tax on the income before distribution—which amounts to more being received by unitholders. Of course, the income is eventually taxed in the hands of the unitholder, but (fortunately) it's not just the profits that flow through to investors, the REIT's special tax treatment does too.

Regardless of the size of your investment, your marginal tax rate, your country of origin, or whether you pay tax as an employee or business owner, as a unitholder you enjoy favoured tax treatment on the income you receive from the REIT. As far as the Canada Revenue Agency is concerned, it's just as if you owned the property solely. (The government calls trusts "*flow-through entities*" for that reason.) This means that individual unitholders are entitled to the same "flow-through" income benefits and tax deductions that direct owners of real estate enjoy—but without the drawbacks, such as liability for debt and litigation, and responsibility for day-to-day management of the properties.

Thus, if you are a unitholder of a private REIT, significantly more income will flow through to you at each disbursement, and less will be taxed in your hands.

INVESTING: A CASE STUDY

For example, a unitholder who invests 10% of the capital needed to purchase the property(ies) becomes a 10% owner of the REIT. Each month, she receives her proportionate share (10%) of the total net distributable income.

For tax purposes, at the end of each year, she is issued a T3 Supplementary slip from the accountant for the group. And, just as is the case with traditional property ownership, she is able to shelter 40% or more of the income she receives by claiming the Capital Cost Allowance (CCA) and deduct 10% of any of the REIT's total cash expense amounts attributed to her share of ownership (this is done automatically for all unitholders). Thereby, significantly reducing her tax obligation.

In addition to her monthly income and flow-through deductions, she also enjoys a separate and completely *tax-deferred* component of profit: the increase in the value of the property owned by the REIT. When the values of the properties increase, so does the value of her REIT units. This increase in unit value above the original purchase price is un-taxed for as long as she holds her units.

The best scenario is to be a long-term investor, because if she never sells, the tax obligation on this gain is deferred indefinitely. And, if some personal emergency forced her to sell some of her units earlier than she planned, the percentage of the income that was tax-deferred by claiming CCA is not treated as re-capture, but as capital gains—so only 50% is taxed.

In short, she has additional tax advantages over those of direct real estate ownership, and also benefits from higher yields, and greater diversity, stability, and security, combined with the advantages of a professionally selected and managed investment.

SELLING YOUR SHARE

REITs offer yet another benefit; they have *redemption rights*, which—unlike direct real estate ownership—provide liquidity. To allow for this, the REIT sets aside a prudent amount of cash on a period-by-period basis to buy back units if an investor wishes to have them redeemed.

WHY CONSIDER GROUP INVESTMENTS?

There are two primary reasons for considering any group form of investing:

First, there's no minimum investment requirement, so lone investors can take part in large high-yield property investments that would be impossible by themselves. This offers individuals with limited capital the opportunity to enjoy all the benefits of owning real estate—like cash flow, and the potential for substantial capital appreciation—as well as the preferential tax treatment, that is inaccessible to other types of investments such as mutual funds and mortgages.

The second reason for joining a larger group is to rid yourself of the task of locating, analyzing, purchasing and managing your real estate investment. The syndicate/REIT does it all for you. And, since control is in the hands of the Asset Manager, the chance of painful disagreements among the investors is eliminated, and the overall stability of the investment is enhanced.

Use this chapter as a background in the basics of real estate syndication, and REITs in particular. That's all it was intended to be. Your accountant or lawyer, as well as the leader of the syndication, will be able to answer specific questions about how investment in a private REIT will benefit your portfolio.

PRIVATE REITS

20 KEY BENEFITS

How They Create Wealth for Investors

20 KEY BENEFITS OF PRIVATE REITS

PERFORMANCE AND PREDICTABILITY

BENEFIT #1: PREDICTABLE REVENUE

A REIT's reliable income is derived from rents paid for the use of leased properties. A strong property management team can focus on attracting only the most reliable of suitable occupants to the properties, and binding them to carefully structured lease agreements, contracted for long periods of time, and having staggered renewal dates. These practices in turn generate consistent cash flows for the unitholders.

BENEFIT #2: CAPITAL APPRECIATION

Most REITs operate along this straightforward business model:

1) By making improvements, the property's value is increased;
2) By increasing rents or occupancy rates, higher levels of stable monthly income is generated;
3) At regular re-appraisal periods, increases in property values will increase the value of the REIT units.

BENEFIT #3: STEADY INCOME

REITs are structured to generate steady, strong cash flows, and distributions to investors are intended to remain steady or increase over time. To maintain exemption from taxation, REITs, by law, must pay out all their distributable earnings (as defined in its Declaration of Trust) to unitholders each year. This mandatory distribution of earnings means that the REIT's cash flow alone (i.e. not including unit price appreciation) can generate incomes for the unitholders ranging from 5% to 12% of their original investment annually.

BENEFIT #4: TAX-EFFICIENCY

All of a REIT's distributable income flows through to unitholders un-taxed at the source, so unitholders continually benefit from maximized monthly cash flows. When the distributed income is eventually taxed in the hands of the unitholders, it will be treated more favourably than other investments. Furthermore, the capital appreciation is deferred from taxation until the units are sold—and even then, they are treated as a capital gain, saving 50% from tax. At tax time, the REIT issues each unitholder a tax reporting form to simplify tax preparation.

BENEFIT #5: TOTAL RETURN

A REIT's combination of stable income (from rents), capital gains (resulting from increased property values), and tax savings (thanks to the investment's special *flow-through* structure) can provide very healthy overall returns.

BENEFIT # 6: BACKED BY TANGIBLE ASSETS

Unlike investments in stocks and bonds, a unitholder's ownership is secured by insured, tangible assets as collateral. They are not subject to the wide fluctuations of the stock market and can provide a steady return on investment of 15% (including income and appreciation) even when the real estate market is flat. Taken together, these attributes mean unparalleled security for every investor.

BENEFIT #7: ENGINEERED FOR SUCCESS

Not surprisingly, a REIT's economies of scale benefit the investors as much as the investments: The legal and tax advice of professionals are built into the REIT from its inception, and protect the group continually. (Arguably, this is one of the most difficult factors for lone investors to replicate, because the costs of retaining professional talent is beyond the resources of most individuals.) Moreover, investors benefit from a combination of specialized financing techniques, management acumen, and operational expertise.

BENEFIT #8: POWERED BY MOTIVATION

A REIT's ultimate performance is largely determined by one important factor: *Management Incentives.* The REIT's *Offering Documents* explicitly disclose the motivating factors that drive the executives to achieve steadily increasing distributions and capital appreciation. How the executives get paid for their role in nurturing the investment as well as at what stage that compensation is paid are important motivating factors. What's in it for them ultimately determines what's in it for you.

BENEFIT #9: BALANCED BY CONTROLS

Like all trusts, REITs are governed by stringent investment safeguards. A *Declaration of Trust* sets out the definition of distributable income, prohibits investment in certain assets or activities, restricts the percentage of the REIT's marketable securities that can be invested or loaned, defines borrowing limitations and limits recourse of its lenders and major service providers to the assets of the REIT—thereby protecting the unitholders from liability. The Declaration of Trust also sets out a maximum debt capacity for the REIT. This protects unitholders from over-leveraging of the REIT's assets when acquisitions are made. Additionally, REITs are subject to more stringent regulations in areas such as leverage and financial reporting. Annual audits are conducted by public accounting firms who produce certified financial statements. This assures that unitholders receive unbiased information and thus, an added layer of security.

BENEFIT #10: REGULATED TRANSPARENCY

Similar to public companies, private REITs must comply with all applicable securities legislation and adhere to stringent financial reporting criteria. And, just like public companies, earnings are reported per unit on the basis of Generally Accepted Accounting Principles (GAAP). That way you can easily compare the results of your various investments.

BENEFIT #11: SHIELDS FROM LIABILITY

Steady income does not have to come at the expense of growth, or being saddled with personal liability or speculative risk. In addition to the higher-than-average yields and all the tax minimizing benefits of owning real estate, unitholders receive the further advantage of having *absolutely none* of the personal liability risks associated with personal ownership of real estate. Thanks to the REIT's legal structure, the risk rests solely with the Asset Manager; the net income and proportional share of the equity belong to the unitholder. No matter what happens on or to the properties, the unitholder is shielded from litigation or liability for debt. Beyond the amount you originally invested, you and your family's personal assets are protected.

BENEFIT #12: OWNING REAL ESTATE

Investors desiring a regular income, with minimal risk, generally will prefer real estate to short-term investments. The working capital of a corporation is constantly changing; whereas, the real estate, consisting of land, buildings and fixed equipment, changes slowly and does not frequently pass from one owner to another. Moreover, the supply of land is limited and of fairly stable (though generally increasing) value. Real estate, therefore, is widely considered the best ultimate security and a solid basis for building lasting wealth.

BENEFIT #13: DIVERSIFICATION

Not many investors can acquire a shopping mall, hotel, apartment complex or industrial property on their own. The major advantage of syndicating is that it allows an individual investor to join with others in acquiring a number of different properties. The combined strength of the properties in the pool provides a permanent stream of steady income that is virtually unaffected by variances in individual vacancy rates—without sacrificing security, liquidity, or potential for capital growth.

BENEFIT #14: CASH RESERVES

It is well known that an investment's staying power is the single most important factor to building wealth. Yet the need for cash reserves is often overlooked when inexperienced investors buy real estate. Syndication assures that sufficient capital is available to give the investment the ability to withstand economic downturns or temporary shortfalls.

BENEFIT #15: EFFICIENT AND SYNERGISTIC

By pooling the investment capital of a number of investors, even a small real estate syndicate can achieve cost savings unattainable to an individual investor. REITs also have the extra advantage of bringing synergies and economies of scale to the properties in the pool, and thereby add value to the portfolio that would not exist if the properties were owned separately. Additionally, all else being equal, larger properties are more cost-efficient than smaller ones. The combination of savings and synergy can translate into significantly more profit being available for distribution.

BENEFIT #16: INDEPENDENTLY ASSESSED

Ownership of real estate via a private REIT does more than bring stability to an investor's portfolio: it also relieves stress! Because the returns are based on the properties' actual incomes and not on the ups and downs of the speculative markets, unitholders in a private REIT don't have to check their computer or the daily paper to see how their investments are doing: They already know!

BENEFIT #17: LIQUIDITY

REITs bridge the gap between investment security and liquidity. Because they offer redemption rights to unitholders, even the most cautious of investors can participate in this investment without worrying about being locked in when they need the money most—for an emergency or an unexpected major expense.

BENEFIT #18: FLEXIBILITY

For investors taking a conservative approach, REITs are a perfect fit. Since there are no minimum investment requirements, investors can start participating at their own comfort level, and perhaps purchase additional units as their confidence grows. The small investment size also allows for investments to be made on a regular basis to make sure all of one's savings is put to profitable use as soon as possible. REIT units can be held personally, by a corporation or a holding company you own, or your family trust—regardless of what country you reside in.

BENEFIT #19: REGISTRED RETIREMENT SAVINGS PLAN ELIGIBILITY

REITs are 100% eligible as Canadian content for registered portfolios—which allows you to put the stabilizing, income-producing, and appreciating benefits of real estate ownership to work for your registered funds too.

BENEFIT #20: AUTOMATIC RE-INVESTMENT

With most REITs, investors have the option to re-invest distributions automatically through a Distribution Re-Investment Plan (or, "*DRIP*" for short), thus compounding the growth of their investment and effectively "self-funding" the purchase of additional income-producing units.

For a REIT with a three-month re-valuation cycle, it could work like this: Every three months, the properties are re-appraised and a new unit price determined. Based on the net income generated by the properties at that time, the monthly distribution amount is recalculated and set for the next three-month cycle.

For those participating in the DRIP, the distribution that they normally would have received for that three-month period is held back in reserve to purchase additional trust units the day before the new unit value is announced. This allows those investors to buy their additional units at the old (i.e. *lower*) value and get an immediate boost when the units increase in value. Additionally, some REITs provide discounted pricing on automatically purchased units. This allows unitholders to further accelerate the growth of their investment.

This process could continue indefinitely, or until they decided to start receiving their regular distributions again—but now on a greater number of units. For those wanting to grow their wealth as quickly as possible, (say, in preparation for early retirement) this method can get you to your goal faster.

THE BOTTOM LINE

REITs, over time, have demonstrated a consistent track record of providing the benefits of regular income, tax-efficient earnings, and the potential for long-term appreciation as the value of the properties increase. They are equities that derive their value from tangible assets and they have proven to bring balance, diversification, and greater risk/reward efficiency to a broad range of investment portfolios.

So, whether your investment style is income-driven or growth-oriented, individual or institutional, REIT ownership can clearly be of benefit. The only question still left unanswered: "Why League?"

CHOOSING YOUR INVESTMENT LEADER

Even more important than your decision to leverage the power of your investment within a professionally managed real estate syndicate, is deciding which property company to invest with:

Is the syndication team you are considering, experienced in construction? Finance? Negotiating contracts? Buying and selling properties?

Does the team have the contacts, skills and experience necessary to bring your project to completion on time and on budget?

Is there a proven system in place by which they select the best investment properties and minimize risk?

Do they have a management system in place to enhance profitability, as well as the expertise to maximize the investment's potential?

And most importantly: Do they have a track-record for success?

All of these questions must be answered in the affirmative before you invest. You must feel absolutely certain that the team with whom you are investing, is both experienced and talented. If either of these elements is missing, it could mean the difference between taking home a big profit every period, or just breaking even.

Lucky for you, you've dialled the right number...

4 BIG REASONS

TO JOIN LEAGUE'S PRIVATE REIT

WHY INVEST WITH LEAGUE?

Serious investing is best done with professionals who can shield you from personal liability and exposure to taxation. So, with that said, if you're still wondering whether to join in a syndication with League, here are four big reasons:

1. ACCESS TO REAL ESTATE SKILLS

Real estate investment is far more complicated than might at first appear: Are you skilled in determining values, negotiating favourable purchase agreements, financing the purchase, negotiating leases and managing the property? If not, then the obvious advantage is that the knowledge and skills of our team of professionals—whom you'll meet, starting on page 30—are available to you.

Our investment team and business partners are all specialists in their respective fields. Together, we know just what to do, and equally important, what *not* to do. Our collective experience results in the acquisition of the very best in real estate investment vehicles.

2. THE BEST LEGAL COUNSEL

Are your current investment assets vulnerable to a legal attack? Why bother making more money if doing so is going to leave you wide open to litigation? We live in an era when no investor should be without protection from legal liability. No matter what one's financial situation, no one can afford to make even the smallest mistake.

That's why we've taken steps to set up an advisory committee of legal specialists. As a result, anyone participating in a League syndication is completely protected from liability for principal debt.

3. AND THEN THERE'S TAX RELIEF

Are your investments costing you more than they should? Without professional guidance, investors can suffer serious tax repercussions.

With this in mind, League engaged a team of accounting experts to provide us with an array of profit-maximizing, and tax-minimizing strategies for the REIT. They succeeded, in doing so, and they will benefit every one of League's REIT unitholders.

4. TAILOR-MADE INVESTMENTS

Are your current investments of the “off-the-rack” variety? Do they still fit you as snugly as they once did?

There’s nothing more embarrassing—or more costly—than finding out you’re still sporting last-year’s investment styles. To remedy that situation, we’d like to introduce you to our investment tailors.

If you have a complicated holding structure for your investments (like a family trust or a corporation), we want to help ensure that you derive the maximum benefit from your investment. At your request, League ask our tax consultants to custom-tailor an investment strategy just for you. This would be done in a confidential, one-on-one consultation.

These talented professionals will provide the information you need to put our unique profit-maximizing and tax-minimizing strategies to work for you—before you invest. During this private review, the accountant will present up-to-date information with respect to making use of capital or income losses, setting up family trusts for business owners, or working with multiple family members as subscribers. With this information at hand, you can easily choose the investment option that best suits you.

10 THINGS

YOU NEED TO KNOW ABOUT LEAGUE

HELLO.
MY NAME IS...

If this is your first time meeting us, there are some things you'd probably like to know, like: *"Just what makes you guys so special, anyway?"*

We're glad you asked...

#10. WE KNOW REAL ESTATE

League's specialty is to offer syndicated ownership of income properties—retail, medical, residential, and office—to private investors. It is our special knowledge of local market conditions, and the very diversity of our tenant mix, that make us confident of our ability to continually drive the business forward.

Every member of our team has been chosen for their specialized knowledge and skill. Before we acquire a property, our team examines every detail, from materials and access, to parking and space allocation. Once our *Closed-Loop Management*™ program is in place, we keep in close contact with our the tenants (our clients), in order to provide for their individual needs.

#9. WE OWN AND MANAGE ASSETS ACROSS THE CONTINENT

As specialists in property investment, development, and asset management, as well as in the syndication of residential and commercial properties, League manages real estate assets across the country. All are jointly owned by League's Member-Partners—private investors like yourself.

Our portfolio consists of various sizes of commercial and retail and office buildings, industrial complexes, and apartment buildings. The number of property locations we own and manage has grown continuously, providing the consistent growth of League and the confidence of its clients in our management.

#8. WE LOVE TENANTS

One of League's most important partners is Gateway Property Management Corporation. It's experienced staff oversee the day-to-day operations of all our commercial and residential properties across Canada. It's a lot of ground to cover, but with customer service teams dedicated to each property, and their 24/7 telephone helpdesk, Gateway encourages dialogue aimed at providing our occupiers with cost-effective and efficient working and living environments. Our experience shows that occupiers who are happy and effective in their property are more likely to stay put, take more space, or recommend us to others—and that's a good result for everyone.

#7. WE'RE VERY ATTRACTIVE

In the drive to maximize income and value, a property company is only as good as the occupiers that populate its buildings. League makes itself attractive to occupiers by providing high-quality buildings in prime locations, on terms which suit their needs. In addition, we take an active approach to attracting prime tenants for our current properties, and use our waiting lists to identify prime targets for future additions to our real estate portfolio.

#6. WE'RE VERY CONSISTENT

Our approach to keeping our occupier base resilient is straight forward: First, we attract strong businesses and reliable residents, and retain them with attractive lease agreements that give them what they need, and at the same time protects the investment's value. Then, we keep our occupiers happy with the service they are getting, and the way in which their property works. It's a simple approach that works consistently for everyone.

#5. WE WORK NIGHT & DAY

Problems don't stick to working hours and since we want to keep our properties occupied by happy tenants, Gateway is there to help. Their telephone "helpdesk" is available to handle calls around the clock. Sometimes they're calls for help ("*My roof's leaking,*" "*My drain's blocked*") and sometimes they're calls for advice ("*Can I make some alterations?*" or, "*I'm thinking of leasing more space*"). Whatever the enquiry, Gateway's "helpdesk"—and the Customer Service Teams dedicated to each property—can either solve the problems or put tenants in touch with someone who can.

#4. WE LOVE GOOD PARTNERSHIPS

In any successful partnership, each side brings something to the party. Shared resources, contacts and information provide some of the biggest benefits and opportunities for our syndication partners.

As a result of our experience and track record, League has a huge resource of knowledge in the residential and commercial property sectors. The relationships we have cultivated in these sectors allow our investors access to this market expertise, and provide us with opportunities which match expertise with solid financial backing. It is this synergy that allows us to produce and deliver above-average returns for our investor-partners.

#3. WE DESIGN TO SUIT

League recognizes that businesses are becoming more and more specialized in their needs. Buildings have to either fit precisely the purpose for which they will be used, or be adaptable to the needs of the occupants. Whether it's a new building or refurbishment of an existing one, our approach is to ensure that tenants get the space they need, or make sure the development has built-in flexibility.

We take into account everything from parking and elevator access, to landscaping and interior design. We maintain a close dialogue with occupiers, and because of this, we keep on top of what businesses are looking for. The results of this designed-to-suit approach can be seen in the quality of properties we develop and the tenants we attract.

#2. WE'RE TRANSPARENT

A well-explained business plan and accurate data are the lifeblood of any successful enterprise, and clear financial information is one of the most important qualities by which the best companies are judged. League is committed to delivering accurate and comprehensive information about our company.

We provide our investors with a complete picture of how their syndication investment is performing via comprehensive quarterly statements, and what we're doing to further enhance that performance, through timely newsletters. As expected, our management teams are also available to discuss any issues with our Member-Partners and occupiers.

#1. ALL FOR ONE AND ONE FOR ALL

The most important thing to know about the people who work for League is the way in which we work: Our integration with the external partners that support our operations is crucial to delivering service to customers and value to our investors.

Above all, we view our staff as our most essential asset and are committed to their advancement. We continually offer specialized training and professional development programs to everyone in our organization. We view their growth as essential to ours.

When hiring or outsourcing, we choose to associate only with like-minded professionals. Whether they be internal managers and staff, external suppliers, or syndication partners, all our relationships are personal.

We simply wouldn't have it any other way.

A TEAM OF EXPERTS

Real Estate Syndication is a superior investment vehicle than can only be made more profitable with the right team of investment leaders at the helm. When you participate in a syndicated real estate investment in partnership with League, you can be sure that your investment is in experienced and reliable hands.

Want proof? Read on.

THE TEAM LEADERS

ADAM DOUGLAS GANT
Chief Executive Officer & Co-Founder

Adam Gant is an experienced real estate asset manager, an accomplished entrepreneur, and a valuation specialist with specific expertise in the financial aspects of real estate investment. He has been a board member and part owner of a number of corporations offering diverse products and services. Among these are a private investment development company, a high-tech firm, and the Quality of Life program of the Victoria Real Estate Board.

Gant co-founded League (with Emanuel Arruda, see next page) and serves as its CEO. He has a wide range of management experience—in office, light industrial, retail, and residential developments. Within 24 months of League's incorporation, Adam Gant and his partner have acquired on behalf of their Member-Partners some 50 individually-titled properties worth in excess of $200 million. Canadian.

Relevant Talents and Character Traits include:

• **Talent he's known for:**	Putting the deal together.
• **Key strengths:**	Creative problem solving.
• **At work, he smiles:**	"When I put together unbeatable investments."

Areas of Expertise and Responsibility

As League's CEO, Gant oversees all aspects of the company's acquisition process. These include due diligence, financial and risk analysis, management reporting, as well as all facets of corporate and regulatory compliance.

Adam Gant possesses an intuitive expertise with mathematical models that allows him to detect opportunities in the numbers, quantify them, and ensure that appropriate action is taken until their profit potentials materialize.

Gant is also the architect of the company's management compensation structure. This is League's performance-driven system of compensation that aligns the interests of investors with those of management. (See page 44.)

EMANUEL FURTADO ARRUDA

Chairman & Co-Founder

Emanuel Arruda is an accomplished entrepreneur and communications specialist with wide experience in advertising, marketing, art direction, and copywriting. For 10 years he was president of his own marketing and design firm, and four more years in the field of business consulting.

Arruda co-founded League Assets Corp. — with his partner Adam Gant. He has served as Chairman and Chief Operations Officer since its inception. In the first 36 months following League's incorporation, he made it possible for League to purchase over $280 million worth of real estate by putting the equity capital of more than 1,000 Member-Partners' to work.

Relevant Talents and Character Traits include:

- **Talent he's known for:** Big picture thinking and small detail doing.
- **Key strengths:** Innovation and communication.
- **At work, he smiles:** "When everyone is well informed."

Areas of Expertise and Responsibility

Arruda's success in attracting millions in equity from hundreds of member-partners (as noted above) has been accomplished without the aid of a investment brokers or an outside investment bank. Instead, he wrote The Blue Book of Real Estate Syndication so that every potential Member-Partner would be able to make fully informed decisions before participating in any League investment, and built a support system around them.

To ensure that League's daily operations will be guided by the same principles in perpetuity, Arruda introduced the company's Credo (See page 48). This simple declaration is a model for the private investment industry. League's Coat of Arms, granted by the Heraldic Authority of Canada under the authority of the Governor General, is the iconic reminder of the company's values.

Currently, Arruda is responsible for the writing, design and production of print, web and digital communications distributed to Member-Partners, prospective new members, clients (tenants), and the media.

He also initiates new and innovative processes at League. His build-from-scratch investor relations and information systems are responsible for internal and external communications that are so vital to League's operation and continued growth.

GATEWAY PROPERTY MGMT.

League's Main Property Management Provider

League has contracted with Gateway Property Management Corporation to manage the properties that League acquires.

Gateway consists of a team of 480 on-site staff, 80 corporate personnel, and 30 professional property managers. Each day it provides management services to some 240 residential and commercial properties totalling 27,000 units. These include managing the properties League acquires.

For more than 40 years Gateway has remained committed to effectively and profitably managing each of its client's properties. Its client base has grown from a few high-end rental projects on Vancouver's West Side, to an extensive portfolio of rental apartments, condominium complexes, and commercial space. Its client properties extend from British Columbia to Nova Scotia in 13 cities across Canada. It has offices in Vancouver, Toronto, Calgary, Montreal and Victoria.

Gateway believes its greatest resource is its people, many of whom are long-term employees. Every property manager has achieved accreditation and licensing in their respective provinces. Financial and accounting expertise is provided by Gateway's own chartered accountant and certified management accountant, together with a host of experienced support staff.

Clients are offered individual contracts and can choose the level of involvement they want to retain with their properties. Gateway then allocates the resources to administer the property on the client's behalf. At minimum, every property is assigned a property manager and an administrative assistant.

By maintaining memberships in no fewer than 16 professional organizations, Gateway keeps up to date with issues that affect the real estate industry and ultimately the properties it manages. Their staff also volunteer their our own time in many of these organizations to ensure they play a leading role towards improving the industry through education, being the catalysts for legislative changes and promoting ethical business practices.

League is pleased to partner with such a dedicated group of professionals.

ALTUS HELYAR

League’s Third-Party Asset Valuation Provider

Altus Group is Canada's leading provider of independent real estate consulting and advisory services. Services provided include real estate valuation, preparation of developers cash flow projections and detailed land residual analysis using Argus Developer Software, property purchase due diligence, expropriation and litigation support, insurance appraisals, construction cost consulting (estimating, planning, monitoring), assessment/realty tax consulting, land surveying, and Urban and Real Estate Economic Studies. Altus has over 1,200 employees and a national network of 30 offices in 23 cities throughout Canada and 8 offices throughout the UK

League Assets has retained Altus Group Limited to provide appraisal, property tax, and cost consulting services. Additionally, on an annual basis beginning in 2009, Altus’ reports, in conjunction with the audit supplied by KPMG, will be used to determine the Unit Value of the IGW REIT. Thse strategic partnerships bring significant industry expertise and valuation experience to bear for the League’s Member-Partners and assures current and potential members that a single trusted, specialized, and *completely independent* party is providing the annual NAV calculation and reviewing all our quarterly unit re-valuations.

Essential services
For each asset, Altus provides independent property value assessment services including:

- **Annual appraisal reports:** Annually, all properties will be analyzed using a consistent valuation method—replacement cost, income approach, market comparison—and all of the reports will be consolidated into a single report, along with a summary and commentary as to the total aggregate value of the entire portfolio as well as commentary as to the fair value of the entire REIT. In addition, Altus will continue League’s practice of re-valuing the properties selected for that quarter’s unit re-valuation.
- **Replacement cost estimates for insurance purposes:** This will ensure that our assets are never under-insured, and that the tenants are always charged exactly what is needed to fully recoup insurance costs.
- **Property tax assessment reviews:** The aim being to reduce property taxes payable. This is good both for the tenants and League, as it decreases operating costs for both parties. (More on this below.)
- **Summary of the total aggregate value of all assets:** This is the actual Net Asset Value (NAV) calculation. It provides the total value for the portfolio as a going concern. Using this value, in conjunction with the financial statements audited by KPMG, the IGW REIT’s unit value can be independently certified.

What these services cost
The net cost to Member-Partners is *zero*. Tenants pay for these services. Because the valuations include replacement cost and property tax assessments for the tenants, appraisal costs are “fully-recoverable expenses”, and the cost of these services flow through to the commercial tenants as Cost of Area Maintenance (CAM) charges.

A TEAM OF EQUALS

Ask any member of any of League's teams what attracted them to League, and they'll tell you they joined because League's values—friendship, honour, and co-operation—align with their own.

All of us here at League operate daily by the tenets of Our Credo. Since League's inception we have begun each staff meeting by reading the tenets of our Credo in turn (round-robin) before getting down to the day's business. Our Credo dictates how we make our decisions daily. It reminds us of who we are, what we're here to do, and why we do things the way we do.

THE TEAM PLAYERS

ACQUISITIONS & DEVELOPMENT

League has four Acquisitions & Development specialists (including CEO Adam Gant), and a full-time in-house Project Manager. Each is responsible for acquiring and developing quality commercial real estate properties throughout Canada and the United States and for performing the due diligence, financial and risk analysis required to acquire and develop the best-yielding investment properties for League and its Member-Partners. Together, they ensure the IGW REIT is well-stocked with qualified properties and, together with League's project manager, they help keep their development on track, and on budget.

ACQUISITIONS & DEVELOPMENT PARTNERS

JAY LIN

Jay is a seasoned real estate executive. As Acquisition & Development Partner, Jay brings to League a wide range of expertise, including development and construction management, acquisition, real estate leasing and financial modeling, to League.

Jay has a B.A. from The University of Waterloo and an Urban Land Economics Diploma from the University of British Columbia. Prior to joining League's real estate acquistions team, Jay was Real Estate Manager for companies such as MacDonald's Restaurants, Boston Pizza and Loblaws Properties, where he acquired & developed real estate worth in excess of $50 million. Most recently Jay was a development consultant and equity partner in two real estate development projects in Vancouver with combined value in excess of $30 million.

DAVID FULLBROOK

David is an expert in retail, office, light industrial, and mixed use commercial real estate. He is responsible for the investment, operation, leasing and value optimization of League Assets' property portfolio. David participates in the property acquisition, due diligence and development of a value-creation strategy and then leads its implementation. He is responsible for assembling and overseeing the team assigned to execute the strategic plan for each asset.

David was formerly President of Pacific 1 Properties Inc., where he managed the growth of a real estate management services portfolio valued in excess of $100 million.

DAVID ROBINSON

David Robinson is a strategic and entrepreneurial manager and recognized leader in the real estate investment services industry, showcasing a diverse skill set in construction management, real estate development, deal structuring and negotiations, and strategic business planning. At League Assets Corp. he is responsible for acquisitions, dispositions, real estate development and asset management.

David has a MBA from New York University's Leonard N. Stern School of Business, maintaining an academic focus on finance and strategic management and a BA in Political Science and Sociology from the University of Victoria.

Prior to joining League, David grew and managed his own real estate investment services firm. Prior to this he served in multiple roles at Ledcor, a privately held construction services firm with offices throughout North America.

DEVELOPMENT MANAGEMENT

JAMES WALLACE

Jim Wallace is League's unflappable Operations Manager. He works with the Executive to ensure operational effectiveness through the development and implementation of organizational strategies, policies and practices. It is his job to make sure League's outside contractors are doing what they should be, when they should be and for the price quoted.

Jim is an experienced and skilled manager who began his career in construction in the 1970s, working on numerous projects that required innovative team work and management to finish on time and on budget.

Prior to joining League, Jim was a partner at the Red Viking Group, consulting on worldwide business operations for several large international firms.

ACCOUNTING

League has recently re-doubled its accounting staff and invested significantly in state-of-the-art real estate asset management and accounting software and systems, all in preparation for greater accounting control and transparency. We consider each member of our current accounting team vital to the organization because of the skills they possess, but especially because of the personal commitment to excellence they bring to their work each day and their dedication to helping League achieve its business goals.

RYAN DUNLOP
VICE PRESIDENT, FINANCE

Ryan Dunlop is an experienced chartered accountant with extensive business experience gained from over eight years of working in a dynamic public practice accounting firm in Vancouver, BC, where he completed his Chartered Accountancy education and articling requirements. While there, he moved through progressive levels of responsibility, from Staff Accountant to Manager of Assurance Services.

Ryan has also had the opportunity to develop a keen business sense from over ten years of working at a family-owned lumber and hardware operation.

At League, Ryan is responsible for the overall financial reporting requirements of the various entities under management. Ryan also assists in the preparation of regulatory filings with securities commissions and compliance filings with Canada Revenue Agency.

MONIQUE TOLEN
CONTROLLER

Monique is responsible for maintaining and overseeing League's accounting records and functions, monitoring financial information provided by the property management company. She manages cash flow, payroll, and bank reconciliations, and monthly cash distributions to investors. She also monitors financial information provided by the property management company to detect and correct any significant variances.

She is currently enrolled in level five of the BC CGA Program of Professional Studies. Prior to joining League she was an accountant for a marketing firm and an investigation services firm.

ASHLEY EMERSON
ACCOUNTING ASSISTANT

Ashley's focus at League is on saving time, money, and resources. She is responsible for entering invoices, processing payments, budgeting, filing and communicating with property managers.

Ashley completed the Office Administration Certificate Program at Camosun College in 2006. Immediately after graduating from the program, she was hired as a Co-op student at League Assets as a receptionist. After a short time in this role, she was promoted to Accounting Assistant. She is currently working towards a Bachelor of Business Administration degree with a major in accounting at Camosun College.

ANDREA SANDERS
ACCOUNTING ASSISTANT

Andrea has a background in the sciences, but a fondness for numbers drew her to accounting. Her responsibilities at League include: credit card reconciliations, entering accounts payable, filing invoices, making adjusting entries, and related tasks in the accounting department.

She has a Bachelor of Science degree from the University of British Columbia, and spent seven years working as an analytical chemist in laboratories in Vancouver and Sidney. After moving to Vancouver Island, Andrea discovered that the sciences did not offer the career opportunities she desired. She went back to school and completed the Professional Accounting Certificate at Camosun College.

ADMINISTRATION

CAMILLA WORSLEY
ADMINISTRATIVE ASSISTANT

Camilla Worsley is likely the first voice you'll hear when you contact anyone at League. She's the communication conduit between the outside world and the League team. Camilla brings many years of business support experience to League. Having operated two small businesses of her own, she has a personal appreciation and understanding of the importance that access to immediate and personal contact plays in operating a successful business.

Before joining the League family — where she couldn't be happier — Camilla worked for a number of big name companies, including Century 21 Real Estate, Terrasen Gas and Freedom 55. She is currently responsible for several key duties that facilitate the company's smooth operation, such as client reception, office equipment management and office supply inventory control. Camilla is known for getting things done efficiently and for responding gracefully and competently to a large workload.

PATRICIA MINOGUE
SENIOR MEMBERSHIP ADMINISTRATOR

Pat loves paperwork. We don't ask why, we're just glad she does. Pat handles all incoming subscriptions and is always available to walk new and alumni members through the subscription process. She works closely with League's lawyer and trust company contacts to ensure the timeliness and accuracy of everything having to do with a Member-Partner's investments.

Pat says she started working before most of our office staff was born. Her first job was at Metropolitan Life Insurance Company in Ottawa, Ontario. Since then she has worked with Great West Life, Saanich Peninsula Chamber of Commerce, Movers International and the federal government. She has worked in a variety of positions, such as Executive Assistant, System Administrator and Marketing Coordinator.

JESSICA CHUDY
MEMBERSHIP ADMINISTRATOR

Jessica is smart, friendly, and detail-oriented. She works with Pat Minogue in the production and delivery of investment certificates and in liaising with current and potential Member-Partners to address last-minute questions or concerns during the member registration and investment subscription processes with League.

Jessica graduated from the University of Victoria in 2005 with a Bachelor of Arts, major in English, minor in Greek and Roman Studies. Since then she has worked at developing her customer service skills in a retail environment, rapidly moving from a sales support to management within a major department store, before coming to League.

Jessica holds a first aid certificate from St. John's ambulance (which we proudly display in League's foyer). A strong believer in community values, Jessica donates her time to efforts that strengthen community bonds by volunteering at seniors homes and elementary schools.

DARLENE GLENCROSS
EXECUTIVE ASSISTANT

Darlene is the executive liaison between the CEO and lenders, vendors, brokers, appraisers, insurance agents, architects, engineers and, city councillors. She is currently enrolled in the Canadian Securities Course.

Since joining League, Darlene has had many roles: construction worker, taxi driver, babysitter, receptionist, accountant, office janitor, investor relations person — all while in the capacity of her best and most challenging role to date: as Executive Assistant to the CEO. Darlene considers herself especially fortunate to have been League's first employee.

SHANI MACDOUGALL
EXECUTIVE ASSISTANT

Shani's role is to assist the Chairman and the Member Services Managers, which she does with diligence and intelligence. Her previous experience includes assisting executives, scientists, physicians and project managers in the investment and pharmaceutical industries; she knows how to work with perfectionists.

She has performed progressively more complex and responsible office administration duties for some 12 years, and is known for the communication, computer and organizational skills she brings to any venture she's involved with. In addition she has experience planning and executing the logistics for special and corporate events. Watch for these skills to come into play at League Member-Partner meetings planned for the future.

MEMBER SERVICES

The Member Services team is committed to helping League's Member-Partners achieve and maintain Intergenerational Wealth™ for their families. Each team member has different skills and resources they can bring to bear. They are not commissioned salespeople, so there will be no fee or commission charges for consultations. They will supply straight, unbiased information to help you make an informed decision. To ensure that League's Members always receive the the same level of care care and one-on-one personal attention that League's earliest alumni members have grown accustomed to from the founders themselves, the Member Services team is led by League's Co-Founder, Emanuel Arruda. He leads from the belief that everyone has equal value, even if they don't have equal wealth.

BRAD STOKES
MEMBER SERVICES MANAGER

Brad considers the key strengths he brings to League to be connecting corporate core values and corporate action to creating enduring relationships with Member-Partners. He has a BA in Humanities from the University of Victoria, is currently studying Project Management as part of League's career development program and is working part-time towards a MBA at Royal Roads University.

Brad Stokes is one of the founding members of the Extreme Kindness Crew and is co-author of two inspiring best-sellers: Cool to be Kind and Call to Arms.

Brad has helped inspire millions of people across the world to perform acts of community service. With an impressive track record in creating "corporate social responsibility" programs, Brad and the Kindness Crew have been featured on CNN Headline News, Good Morning America, Canada AM, CBC Newsworld, the BBC, and profiled in the Globe and Mail, Macleans and the National Post.

CRAIG BUCHOLZ
MEMBER SERVICES MANAGER

Craig attaches great importance to bringing extraordinary energy and commitment to his work as a member of the League team. His background combines strong academic credentials with extensive field experience in the real estate and hospitality industries. He has also been enrolled by League in Royal Roads University's Project Management program. Craig speaks French and welcomes queries from Francophone investors.

After graduation from Capilano College in Vancouver, Craig went on to complete his MBA studies in Paris. Formerly a licensed realtor in Vancouver, Craig has put together an impressive international portfolio of successful ventures, including projects in France and Central America, as well as in Canada.

SCOTT CHAN
MEMBER SERVICES MANAGER

Scott Chan puts his experience to work by providing League's Member-Partners with key insights and information they can leverage when making strategic investment decisions. Scott is a Registered Retirement Savings Plan specialist. He brings to League 17 years of Credit Union experience in Registered Plans, Employee Training and Development. Scott is fluent is Cantonese.

Upon graduating from Camosun College in Victoria, BC with an Associate of Arts in Finance, Scott began his career working for one of the largest Credit Unions in Canada. While there he also received a Business Administration Diploma and Fellow of the Credit Union distinction from the Credit Union Institute of Canada and Dalhousie University.

Prior to joining League on the Fall of 2007, Scott was the Financial Officer for Business Development at Greater Victoria Savings Credit Union.

JASON GIOVANNETTI
MEMBER SERVICES MANAGER

Jason Giovannetti has a knack for conveying complex issues in every day language. To him, communications and relationship-building go hand-in-hand.

Jason is a practiced investor relations specialist with experience in corporate and private financial institutions, management/new venture consulting, and the hospitality and healthcare industry. He was born and raised in Nova Scotia where he lived and attended university until he chose to move to Victoria, BC to explore an opportunity with League.

Jason attended Saint Mary's University in Halifax, Nova Scotia, where he obtained his MBA degree. Prior to completing his MBA, Jason held the position of Investor Relations Agent with a multinational commercial and investment bank and has experience in management and new venture consulting, along with work and volunteer experience in the healthcare industry.

REFERRAL PARTNER MANAGEMENT

Due to continued demand from a variety of financial professionals, League has introduced a new department and with it, the new role of *Manager of Referral Partners*.

League is in the process of interviewing hundreds of potential referral partners. Once approved and certified by League, professional investment and finance firms and individual practitioners from across North America will be able to refer their clients to League.

Each potential member referred will go through the same process every other member has experienced since League's inception. They will first read the Blue Book and Investment Overviews to become fully informed about League, its values, and its investment services. They will be invited to speak to League's team members personally to ask any questions and allay all concerns. Only then will their subscription be processed.

LISA LAMARRE
MANAGER OF REFERRAL PARTNERS

Lisa Lamarre is the point person for Leagues's network of referral agents. Lisa is skilled at training finance professionals to help clients achieve their goals. She makes complex financial information easy to understand so that truly informed decisions can be made. Her approach with League's Referral Partners consists of supplying comprehensive materials and support so that referrals can be made with the level of care and attention to detail that reflects the overall League investment experience.

Lisa began her career in financial services in 1999, having held positions with several highly regarded companies in the industry. She is no stranger to the special frustrations andwell-acquainted with the information and training needs requirments of independent agents and is happy to address those requirments in a variety of formats, including individual consultations or group training sessions. Not everyone is comfortable speaking in front of large groups. Upon request (and schedule permitting), Lisa will be happy to conduct an investment lecture or class on behalf of her Referral Partners.

THE GAME PLAN

How We Run Our Syndications

THE GAME PLAN

OUR OBJECTIVE: INTER-GENERATIONAL WEALTH

The Company's main goal is to help create and foster the "Intergenerational Wealth" of our Member-Partners' families through the acquisition and management of high-yield real estate properties with significant "up-side potential." As a part of this regime, League advocates *super long-term* planning and the use of *family trusts* to help safely and efficiently transfer wealth from one generation to the next in order to create and maintain perpetual familial wealth.

League's investments are designed to create long-term and sustainable returns for our investment partners and our company through our property investment, development and management activities. Through our proven system of total asset management (i.e. the League *Closed-Loop Management*™ program), both the cash flow and the assessed values of these properties will be increased.

Our aim is to generate and continually increase the net income to be distributed back to our investors in monthly payments while continually increasing the value of their units. When properties are re-financed or sold, the equity will be used to acquire additional income-producing properties for the portfolio in order to further increase distributable income and unit values for the investors.

OUR CORPORATE STRATEGY

League pursues a twofold strategy in the sphere of real estate syndication: Our first priority is to manage our current property portfolio in an optimal manner. Secondly, we concentrate on improving the portfolio by undertaking selective property acquisitions and disposals, and by developing new opportunities—including construction of new buildings as well as the renovation of older ones, and improving financing structures and lease agreements.

OUR ACQUISITION STRATEGY

Our acquisition and value-adding strategy is straight-forward: We target high yielding investment opportunities in a range of residential, industrial, and commercial sectors in key geographical areas. Once acquired, new financial targets are set, the existing management personnel are augmented or replaced, and then managed by League's partners at Gateway Property Management Corp. to further ensure meeting our stringent financial targets.

Our opportunistic but risk-averse strategy seeks to achieve long-term growth in investment value by:

- **Focusing** on prime assets in the residential and commercial sectors;
- **Creating** exceptional long-term investments with strong covenants, long lease terms, and growth potential;
- **Enhancing** returns through active management and development;
- **Maximizing** equity returns through optimal financing strategies.

By exploiting the strong local market knowledge of our experienced team, and through our strategic alliances and partnerships with various professionals and private individuals, League is able to acquire, maintain, and dispose of strategic assets optimally. This practice enables us to maintain a consistently profitable portfolio, which is carefully balanced by sector and by geography.

OUR INVESTMENT STRATEGY

Our policy is first to acquire high yield properties, and then spread the risk by balancing a portfolio of diverse properties across asset class and geographical location.

We concentrate on the fundamentals. The key to a property's attraction to occupiers is its suitability, location, and efficiency for the tenants and their customers. League's team of professionals understands this and can anticipate the needs, expectations, and technical requirements to keep our occupants happy.

Leverage gives real estate an advantage over other forms of investments, but it can also create some risk. But with prudent use of leverage, we maximize gains while protecting our Member-Partners from capital loss. Our standard ratio of debt to equity on any League syndication qualifies us for the lowest rate of interest on our mortgages. This is because we work within the most stringent parameters of our institutional lenders. This results in much better terms. As a result of the lower interest rate attained, we receive the highest spread on the yield from the property and are able to provide our Member-Partners the best cash distributions possible.

In line with our acquisition policy, we always aim to keep our portfolio of properties balanced across the commercial, retail, and residential sectors (See below). This strategy underpins our ability to beat the shorter-term trends and sustain year on year growth in the long-term.

USE OF PROCEEDS

Regardless of the specific business line, League acquires and develops properties primarily to actively manage and operate them as income producing, ongoing businesses for the long-term. Concurrently with managing our current assets, we are regularly exploring opportunities for additional income growth from new acquisitions or development, as well as from providing income-producing leasing or tenant services.

With a very diverse profile, League offers investors many alternatives across a broad range of real estate sectors, including:

- Shopping centres and malls;
- Industrial parks and warehouses;
- Apartment communities;
- Renewable energy power production Centres.

RISKS, AND OUR CONTROLS

League syndications generate profits for our investors through long-term investment decisions that will enhance both income and capital appreciation. These decisions include exploiting opportunities arising out of natural market volatility with respect to supply and demand in the following areas:

- Alternative use for buildings (particularly redevelopment);
- Premium pricing for prime locations and buildings;
- Price differentials for capital to finance the properties;
- Demand for rental space vs. supply;
- Legislative incentives, including tax credits;
- Economic cycles, including their impact on tenant covenant quality, interest rates and inflation;

These opportunities can also represent certain risks. Demand for property and the ability of tenants to pay rent can be influenced by general economic conditions. Excessive supply can lead to falling rents. Rising interest rates may affect rental occupancy. Property values are also affected by changes in zoning, taxes, technology, and lease agreements.

INTERNAL CONTROL SYSTEMS

In anticipation of such circumstances, League has undertaken a comprehensive assessment to identify the risks that affect the syndicate. We have processes and procedures for identifying, evaluating and managing the significant risks faced by the investments, and we regularly review and update them.

We apply two fundamental control principles:

- A defined schedule of matters reserved for decision;
- An authorization process that ensures that no commitments are entered into without competent and proper authorization by at least two approved executives.

We continually review the effectiveness of our system of internal control. The responsibility for each key risk has been delegated to a specific member of the team.

To provide relevant information to the executives with responsibility for managing risks, the team uses the following systems:

- Regular working capital reports and forecasts;
- Reporting on property purchases, sales and portfolio management;
- Regular reports on financial matters.

The team considers the risk implications of all business decisions as well as the way each is managed. We re-assess these risks on a regular basis to ensure that any that arise from internally or externally are identified and appropriately managed. The individual risks are set out as follows:

- Property investment and management;
- Property development;
- Taxation;
- Internal management and operations;
- Financing.

The nature of the specific risk areas and related controls are as follows:

PROPERTY INVESTMENT AND MANAGEMENT

PRINCIPAL RISKS

Property values may decline and returns follow suit; uneconomic investments may be made or under-performing properties retained; significant tenant defaults may reduce income and property values; and property insurance may be inadequate.

OUR PRINCIPAL CONTROLS

These include regular reviews of market conditions; reviews of each property semi-annually; considering values and yield prospects as the basis of sell or hold decisions; benchmarking portfolio performance against other REITs using CMHC statistics; re-consideration of lease rates, tenant mix, and covenant strength; and reviewing insurance coverage.

PROPERTY DEVELOPMENT

PRINCIPAL RISKS

Leasing risk for speculative developments; construction cost and time overruns; and adverse changes in planning which may cause delay and affect profitability.

OUR PRINCIPAL CONTROLS

These include limiting the amount of speculative development; assessing leasing potential and prospective profitability of developments prior to commencement of construction; on-going assessment of development expenditure by quantity surveyors with regular comparisons of costs against budget; and ensuring executives are kept up to date with planning policies and construction deadlines.

TAXATION

PRINCIPAL RISKS

The investment may be exposed to financial risks from increases in tax rates and changes to the basis of taxation, including corporate tax, capital gains tax, GST, and PST.

PRINCIPAL CONTROLS

These include regular monitoring of legislative proposals and participation in discussions with government directly and through trade bodies to understand and, mitigate the potential impact of changes.

MORTGAGE RATES

PRINCIPAL RISKS

Changes in interest rates can affect the net income that we distribute.

PRINCIPAL CONTROLS

Since the average term on our mortgages is about four years, it would take at least four years for the REIT to feel the full impact of any rate change. Moreover, when interest rates are likely to go up, management arranges hedging instruments as needed to ensure that our mortgage renewal rates remain virtually unchanged. Of course, the REIT pays a premium for this "safety blanket", but we think it's worth the expense to protect the intergenerational wealth of our Member-Partners and preserve the stability of the pool by preventing panic selling when rumours of interest rate increases begin circulating.

MANAGEMENT

PRINCIPAL RISKS

The team is reliant on its small, high calibre team of executives.

OUR PRINCIPAL CONTROLS

These include the assurance that knowledge of all processes and projects is shared by at least two employees; that the team recruits and develops high calibre employees; and considers succession-planning issues. With regard to day-to-day management of the properties, we have retained the services of Gateway Property Management Corp.—whose staff exceeds 350 in-house and on-site specialists across Canada—to maintain consistent high-level attention to all our real estate assets.

FINANCING

Since we never borrow at a greater loan-to-value ratio than our lenders are comfortable with, we often have different lending institutions competing for our business.

Our prudent operating debt levels and loan-to-value ratios allow us to qualify for the very best mortgage rates and terms from a variety of credit unions and banks. This ensures we have a number of lending institutions competing for our business. Thus, financing risk is spread by using a range of financial institutions, as well as a variety of finance instruments. The maturity of debt is also managed by staggering the repayment dates.

NET RESULTS

To date, these policies and practices have proven most successful for League and our Member-Partners. Individual investment summaries and property updates are available on League's website: www.league.ca

LEAGUE'S INVESTMENT GUARANTEE

How We Earn Our Share

LEAGUE'S INVESTMENT GUARANTEE

You've probably heard of syndicates where the Asset Managers demand an immediate 15% to 20% ownership stake in the property. And that's on top of his acquisition and management fees. League syndications are structured very differently.

Typically, other syndicators will do such things as pad the purchase price, buy the property personally and sell it to the investment pool at a profit, or take a substantial ownership bite out of the property as compensation for putting the investment together. They do this to secure "front end" fee for putting the deal together, and at the same time eliminate their risk almost completely. They'll tell you that this is simply the "cost of doing business." As we see it, these are the tell-tale signs of greedy, or short-sighted Asset Managers with a poorly designed syndication plan.

There are a number of reasons we feel this way. To begin with, since the investor's slice of the pie is now 15% to 20% smaller, so are all the monthly income payouts. That means, all the investors suffer an immediate dilution of their unit value, and this in turn reduces their overall return on investment. Even worse, the rate at which the value of their investment appreciates is also stunted by the same 15% to 20%.

By contrast, League syndications are structured to *increase* in value 15% to 20%—doubling every five years or less.

The most significant danger for investors involved in these sort of syndications, however, is that there is no incentive for the Asset Manager to aggressively manage and enhance the property after the deal is done. So, rather than continuously working to increase the value of their investment beyond the normal appreciation of real estate values, the Asset Manager remains content with the status quo. So, from day one, the investment is hobbled.

BUCKING THE TREND

Rather than taking value before adding any, League *earns* its share by increasing the value of your investment. We earn just 20% of the increase we create in net rents and property value (relative to the levels established at the time of purchase). Thus, since our compensation is dependent on our performance, you can be certain that we choose each property very carefully, and that your investment and your returns have our attention at all times—that's what the "League Investment Guarantee" is all about.

YOUR R.O.I.

How does this affect your return on investment? Depending on the investment, our way of doing things—not taking ownership or cash flow up front—can translate to a savings (and therefore, additional profits for distribution) of 15% to 20% of the initial monthly profit payouts you receive, as well as an additional 15% to 20% of the increase in equity compounded annually from the first day the investment is purchased. So, the value of your investment grows larger, faster.

So, what's to keep us from inflating the value of the property or its income? The checks and balances that prevent this from happening are built into our unique investment structure and philosophy, and it simultaneously creates liquidity for your investment too.

YOUR LIQUIDITY

We understand that unforeseen personal situations can sometimes require that an investor liquidate his investment. To provide for such instances, League's REIT maintains a redemption reserve equal to two percent of the value of the subscribed units, which is replenished on a semi-annual basis. If for some reason that amount is insufficient in any one period, *additional* redemptions are secured by guaranteed bonds.

To ensure that you are receiving an accurate price for your units, we use third-party appraisals to determine current market value of our assets every three months. Additionally, an independent audit of our financial statements is conducted annually. These mechanisms keep your investment transparent, accurately priced, and remarkably liquid. You won't find that anywhere else.

OUR CREDO

Our Core Values and Beliefs

OUR CREDO

A concise statement of our core values and operating principles

PERFORMANCE & LEADERSHIP

1 **WE BELIEVE** in the primacy of the "Golden Rule" and will adhere to it in all our pursuits. In all our intentions and activities we will espouse this tenet: *We will do for others, as we would have them do for us.*

2 **WE BELIEVE** that in all things we should be the leaders and not the followers. We should set the standard against which all others are measured, continually evolving and seeking to surpass our latest levels of accomplishment. To lead effectively we must be bold, proud, and above all, free from the fear of making an honest mistake. When mistakes are made we will acknowledge them openly, correct them immediately, and look upon each as an opportunity to gain valuable lessons from the experience.

3 **WE BELIEVE** that as leaders we must be right-thinking women and men of inviolable integrity and sound precepts. It is for every one of us to make absolutely sure that whatever we do, that our words and deeds are rooted in the foremost precepts of ethics—even when we are our only witness. Let us always go by our word: Let our yes be yes, let our no be no, and let us make no offer nor promise that lies outside our domain, or which we know we cannot fulfill.

4 **WE BELIEVE** that our word is our bond; it must always be worthy of trust. Any person who does not keep their word, even though they have given it only by telephone; one who seeks to evade a contract because of some technicality; or who willfully misrepresents or outright lies, is reprobate and should be shunned. Such persons will not be tolerated, and once found out, we will have nothing more to do with them.

5 **WE BELIEVE** that it is our ethical obligation as well as our lawful duty to protect our interests and the investments we administer. We will prosecute to the fullest extent of the law any whose willful lies, misrepresentations, acts of omission, or misconduct cause harm to our Member-Partners, our company and its associates, or the investments in our care. We will vigorously defend our concerns on behalf of all those who depend on us, and when doing so, we will retain the best-qualified professional counsel and legal representation required to guarantee a just result.

INVESTMENTS & SERVICES

6 **WE BELIEVE** that investments in real estate are the surest means of creating lasting wealth, and that the safest and most direct route of achieving this goal is through syndicated investments in high-return properties.

7 **WE BELIEVE** that through our syndicated investments we enable our Member-Partners to secure enduring Intergenerational Wealth. We will continually provide our Member-Partners with an organized system for managing their wealth across generations—a framework that will protect and maximize their wealth through each succeeding generation of their families.

8 **WE BELIEVE** that for our Member-Partners to reach their highest goals, we must offer them the advice and services of in-house and third-party consultants of the highest calibre. Respected professionals equipped with special knowledge and experience, will provide our Member-Partners with specific solutions to their individual needs quickly, objectively, and with complete integrity.

9 **WE BELIEVE** that every investment project we initiate must succeed. Accordingly, we will not engage in any activities that lie outside the competence of our acquisition and management teams, nor will we begin acquisition procedures until we are fully confident in our abilities to negotiate, acquire, and continuously manage the property profitably.

10 **WE BELIEVE** that in the sphere of professional investing there is no place for speculation. Ever mindful of our fiduciary duty to our lenders and to our many Member-Partners who have committed significantly large portions of their net worth to our care, we will never risk losing either their invested capital, or their confidence in us.

11 **WE BELIEVE** that compensation should be linked to results. Thus, our remuneration will be linked to the increase in profit and value we create in our Member-Partners' investments, the resources we invest in preparing the projects for acquisition, and the level of risk we endure or alleviate from our Member-Partners by our active management of the investment.

MEMBER-PARTNERSHIP & FRIENDSHIP

12 **WE BELIEVE** that Member-Partnership and friendship with our investors brings incalculable rewards to all. By inviting new friends to become members with us in League, and in turn partnering with them by re-investing our capital alongside theirs, our interests are always aligned. United by this philosophy of *positive inter-dependence*, we will reach ever greater goals, confident that we share the same concerns, interests and aspirations.

13 **WE BELIEVE** that with each investment we initiate and each new Member-Partner that we help to achieve Intergenerational Wealth, we add strength to the fabric of our free society. Through such proliferation of enduring familial wealth, society as a whole may be improved as future generations of our families are afforded the freedom to devote their time and unique talents to vocations or pursuits that they enjoy, provide personal fulfillment, and through which they may contribute to the betterment of humanity; and, take it upon themselves to purposefully train up their children and grand-children to do the same.

14 **WE BELIEVE** that investing together with a harmonious group of experts and friends, makes our investments all the more stable, secure, and, just as importantly, enjoyable. As long as we remain a private institution, we shall reserve the right to select, accept and retain only like-minded, like-tempered, and well-reputed individuals into our group, whose characters and ideals harmonize with our own. We will do this with the aim of constantly cultivating a harmonious environment in which to achieve, while avoiding distractions or interruptions to our ongoing business operations. When making our selections we shall not discriminate against any person because of age, race, gender, disability, religious or spiritual beliefs, familial status, or national origin.

15 **WE BELIEVE** that all our Member-Partners have equal value, even if they don't have equal wealth.

16 **WE BELIEVE** our membership is comprised of extraordinary individuals who are deserving of respect. We respect them foremost for the effort, care, and constraint it took to produce, accumulate, and save their investment capital. Having their capital entrusted to our care, we will manage it with exceptional ability on their behalf. If the day ever comes that we cannot find a profitable place to invest their capital, we shall pay those Member-Partners out, so that they may deploy their own funds as best they can. When the time comes that suitable opportunities once again present themselves, they shall be offered the first option to invest, ahead of all others.

OUR COMMITMENT

Fulfilling Our Vision Through Ethical Standards and Practices

OUR COMMITMENT

A brief statement of our standards and practices

INFORMATION & COMMUNICATION

17 **WE BELIEVE** that as leaders in the investment community we must operate our business affairs with transparency, and in the light of accurate knowledge. We will continually keep our Member-Partners informed of all matters that affect the value of their investment, and do so in a manner that is clear, fair, truthful, timely, and complete.

18 **WE BELIEVE** that along with a foundation of unshakable trust and accurate data, strong Member-Partnerships require ongoing up-to-date information and education. To aid both new and alumni Member-Partners, we will continually create, provide, and recommend materials, systems, and services that will help them understand and differentiate the investment opportunities we offer.

19 **WE BELIEVE** that informed Member-Partners can be relied upon to make their investment decisions quickly and independently when they are presented with all the necessary facts. To that end, we will present all our investment opportunities factually, plainly and free of conjecture, opinion, and rhetoric. In this light, Member-Partners can weigh for themselves the merits of each investment.

CONSCIENTIOUS INVESTING

20 **WE BELIEVE** that an honest profit should rest as comfortably on the conscience as it does on the pocketbook.

21 **WE BELIEVE** that having a safe and pleasant place to live, work, shop, and relax is a form of wealth that no human being should be denied. It is the very foundation of a vibrant, healthy society, and nothing could be more worthy of our attention. Therefore we will continually strive to make the properties under our care, rate best in their class. It is our aim to effect significant improvements to the properties and thus enhance the lives and businesses of the clients that occupy them; in the surrounding communities; and, on the environment in which these communities co-exist.

22 **WE BELIEVE** that there are certain tasks that no conscientious investor may shirk. We must endeavour gradually to bring about such a reconstruction of society that poverty and its attendant evils shall cease to exist. We must all do our part to ensure that future generations inherit from us a world that is cleaner, safer, and happier than the one we know now. To these ends, we will continually invest a portion of our time,

our expertise, and our capital in the improvement of human civilization by partnering with select individuals and organizations whose mission and values align with our own, whose financial motives and practices are sound, and whose mission is to sustainably improve the quality of human life. We will empower and encourage our Member-Partners to do the same.

FREQUENTLY ASKED QUESTIONS

FREQUENTLY ASKED QUESTIONS

Do you require a minimum investment?

No. League was founded on the belief that our relationship with our Member-Partners is *much* more important than any principal amount they choose to invest with us in any one project. We have never set minimum investment requirements for any of our syndications, nor do we intend to in the foreseeable future.

Am I required to be an "Accredited Investor"?

No, unless you are a resident of the United States, or the Provinces of Ontario or Quebec. At present, investors residing in Ontario or Quebec are subject to different securities regulations than those living in the rest of Canada. For instance, a resident of Ontario or Quebec who is not an accredited investor must invest a minimum of $150,000 to participate in a syndication. Elsewhere in Canada, there is no minimum investment requirement.

To qualify as an accredited investor, the Securities Commissions allows you to select from several criteria, but the most common are these:

a) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000, or
b) an individual whose net income before taxes exceeded $200,000 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent years and who, in either case, reasonably expects to exceed that net income level in the current year, or
c) an individual with certain professional designations in the fields of accounting, law, or finance. (See link below for more detail.)

A checklist of accredited investor qualifications can be found at:
www.league.ca/pdf/aichecklist.pdf

How can you offer such high returns?

We have constructed our organization from the ground up to do the following things better than anyone else: To find, acquire, improve, and manage the most profitable real estate properties anywhere, and to offer those opportunities directly to other like-minded investors in Member-Partnership. By combining the skill and experience of our team leaders and staff, we are able to accomplish greater results faster than any other investment group.

But perhaps the simplest reason is that, unlike most syndicators, we at League roll up our sleeves and start rejuvenating tired properties that have unrealized potential. (See: *League's Investment Guarantee,* Page 43).

Why do you call your investors, "Member-Partners"?

We invite new friends to become our *members*, and we in turn *partner* with them by investing our capital alongside theirs in REIT units. All units owned by League directors or staff have the same rights and restrictions as any of our Member-Partners.

League itself purchases REIT units, and the income received from that investment goes toward our office overhead. We hope one day to be 100% sustainable from our own investments.

What are your criteria for membership?

Because syndications are group investments, we believe that the more our members have in common, the more stable the investment will be. So, before we invite you on as a Member-Partner, we'd very much like speak to you personally and even meet with you face-to-face if possible. If we all agree that our interests align, you will be welcomed as a new Member-Partner. This may seem a little out of the ordinary, but ours is a *private* investment firm, and being so allows us to be as old-fashioned (and selective) as we wish.

As a unitholder, what do I actually own?

In a REIT form of syndication, your interest in the properties is an indirect one. This legal structure protects every unitholder from liability. Title to the property is registered at the Land Titles office in the region in which the property is located, and in the name of the entity that holds title in trust for the Partnership. The *Declaration of Trust* and the names of the subscribers are registered with the Securities Commission in their province. Shortly after closing the purchase of the property, our lawyers provide each Member-Partner with a copy of their unit certificates for their records.

Do I invest in one property, or all of them?

Although each of our Investment Summaries introduces you only to our latest acquisition, as a Member-Partner and unitholder you share proportional ownership in all the properties currently in the asset pool, as well as all properties acquired in the future for that pool. So, as the portfolio takes on new acquisitions, your investment is continually being diversified.

Can I invest using funds from my RRSP?

Yes. Please call to request a transfer kit.

How large is your territory?

At present we are focusing on real estate within Canada. We believe that Canada's strong economy, stable political system, and its abundance of natural resources, make it the best place in the world to invest in real estate. In addition, we eliminate any risk due to currency fluctuations.

What are your criteria for choosing properties to syndicate?

Every prospective syndication project must share all of these traits:

1. The property must pass our rigorous due-diligence process that not only discloses all manner of potential risk, but also determines the maximum price we can offer with the objective of maintaining the 15% returns.
2. There must be no foreseeable risk of loss of capital.
3. The property must provide regular income that is partially or completely sheltered from taxation, as well as preferential tax treatment on capital value increase.
4. Prior to making an offer to purchase, the property must already show a cash flow that achieves a net income yield at least 3% greater than the interest rate of the first mortgage.
5. The property must demonstrate the potential for a significant increase in capital value in the first year. This increase potential must be directly attributable to improvements made by our management team—*not* speculative market factors. Rather than hoping the market will do the work, we do it ourselves.
6. The property must have un-realized profit potential (commonly called, *Upside*). This can take many forms. For example: zoning that allows for further development or redevelopment; filling of vacancies; rent increases; aesthetic or structural improvements; and, improvements in management controls or personnel.

Who manages the properties?

Every property we acquire is under the monitoring and managerial direction of League at all times. After all, our compensation depends on it. (See: "League's Investment Guarantee" page 40). On a micro-level, our friends at Gateway Property Management Corp. manage the day-to-day operations of the properties and make sure our tenants are happy and the properties are kept in top condition.

What is the nature of the relationship between League and Gateway?

Gateway is League's main supplier of property management services. They were chosen because of their reputation for excellence and their reach across Canada. League owns no shares in Gateway, nor does it receive bonuses or inducements of any kind to retain their services. It is an arms-length, third-party contract.

What is the "Closed-Loop Management™" system?

Every property presents opportunities for more profit. We look at every possible way to reduce expenses, raise incomes and increase your unit value. From the day-to-day management of the properties, to co-operative marketing programs with tenants that increase traffic and business for them, and rental income for the pool, to innovative programs that bring income from parking lot space such as bazaars. Or other community events. What others might see as "waste" space, we re-cycle back into the system to generate profit.

How "liquid" is my investment?

Unforeseen personal situations may require an investor to liquidate his holdings. To allow for this, the REIT has funds set aside to allow investors to redeem their units when unforeseen circumstances arise. For more information, see *League's Investment Guarantee* (pg. 43).

Who decides the value of the unit when an investor wants out?

Every three months we use a third-party appraisal to determine the current fair market value of the properties. This mechanism keeps your investment secure, accurately priced, and liquid.

How much of my investment stake is diluted by management?

League takes neither ownership nor a share of the income up front, so all your money is working for you from day one. We provide full disclosure of our incentive fees and commissions in the Offering Memorandum.

Do you ever demand cash-calls that require unitholders to invest more money?

No. There will be no cash-calls. If the project requires additional funds at a later stage, we will offer a new block of REIT units. Alumni members would be offered the first option to purchase them.

What happens to my income if the property burns down and the zoning changes?

All our properties have income and by-law insurance coverage—which is paid for by the tenants. If fire or an earthquake destroyed the property and by-law changes prevented the same type of structure to be re-built, the income insurance would replace the full gross rent. The by-law insurance would pay out the value of the building.

Have you ever suspended distribution of cashflow to the unitholders?

No. We have a contingency fund to prevent such an occurrence. This three-month reserve is enough to smooth out any inconsistencies in cashflow that arise—say, if a tenant leaves and is not immediately replaced.

How often do you keep in touch with your Member-Partners?

We keep members informed of all new developments by timely newsletters, announcements, and audited annual statements. In short, we keep you abreast of all significant events that affect your investment.

What will my accountant need to do?

Not much. At tax time, we will provide you with your tax slip. You or your accountant will transfer the information from the slip to the appropriate space on your tax return and process it as usual.

It sounds too good to be true.

Although this is technically not a "Frequently Asked *Question*," we hear this comment often enough that it makes sense to address it here.

First of all, thank you for the compliment! However, we respectfully disagree. We believe that there is no such thing as being "too good." "Too good" should be the standard for the marketplace—not the exception.

We at League live by Our Credo (page 47 and operate our affairs following the principles of *positive inter-dependence*. Meaning, what's good for you, is good for us, and vice versa. So, if you're still thinking "it sounds too good to be true," ask for a copy of our current Investment Overview and see for yourself.

How do I do my due diligence on a League investment?

Complete disclosure regarding the investment is provided in the Offering Memorandum in accordance with all securities commission regulations. A copy will be sent to you upon receiving your Notice of Interest (the last page of the Investment Overview). Property and project-specific updates are always available on League's website at www.league.ca/updates.html

How do I become a Member-Partner in League?

The first step is to read this Blue Book—so you're already halfway there. If then you feel that a League syndication fulfils your investment needs, and you also share our values, the next step is to download (or call to request) a copy of the *Investment Overview* of our latest project. In it, the project is clearly explained and you will be introduced to the newest acquisition target. You will learn our plans for the property, the returns it provides, and how to become a Member-Partner.

At this point you may still have some questions. This is your chance to get them answered and get to know us at the same time. On page 65, there is a space to list your questions and concerns. When you're ready, call our office to arrange a time to speak or meet in person. League employs no salespeople, so Mr. Arruda or Mr. Gant will answer your questions personally.

SPEAK WITH US PERSONALLY

We thank you for investing your time to acquire and study this information.

If you are interested in learning more about joining one of our syndications, you can begin by visiting League's website at www.league.ca to download the current Investment Overview, or by calling to request a free hard-copy.

If after reviewing the Investment Overview you still have questions or wish to join us in Member-Partnership, your inquiry is invited with the assurance that it will receive prompt and expert attention. Our team of experts is ready and able to assist you in achieving your highest personal investment goals.

To reach us, call 1-877-772-8836 between 8:30am and 4:30pm Pacific Time.

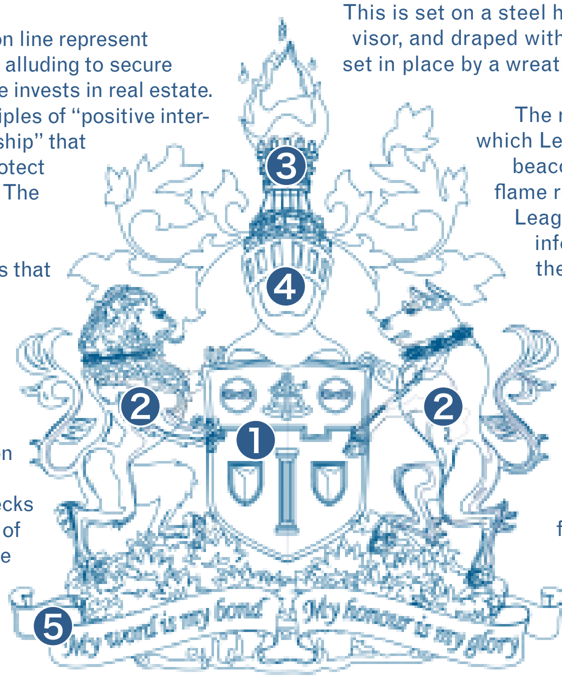
With best wishes for your financial future, we are:

Emanuel F. Arruda
Chairman & Co-Founder

Adam D. Gant
CEO & Co-Founder

HERALDIC DESCRIPTION

The blazon, or description in heraldic language, of the full armorial bearings is:



❶ Arms:
The shield is silver and on it is a gold column of the Doric order flanked on either side by a gold shield.

The classical column and the division line represent security and a strong structure, thus alluding to secure investments and the fact that League invests in real estate. The two shields symbolize the principles of "positive inter-dependence" and "Member-Partnership" that League's founders put in place to protect League's investors and investments. The discs represent coins and therefore intergenerational wealth, while the sextant, a navigational tool, indicates that League exists to seek out good properties for its investors and to provide expert direction.

❷ Supporters:
On the (viewer's) left is a lion, and on the right is an ox. Both are upright, coloured yellow, and around their necks is a blue collar, on which is a length of anchor chain in white and yellow. The supporters stand on a base of grass and earth, which represents the value of land and real estate. The lion represents courage and leadership, while the ox represents hard work, strength, and persistence. The chain links around their collars refer to the linking of investors in common goals, for which reason the name "League" was chosen for the firm. They are shown as anchor links, which are particularly strong.

❸ Crest (above the shield and helmet):
A rock on which is a blue beacon (a metal "basket" placed on a pole with supports and a ladder) with yellow flames. This is set on a steel helmet facing forward with an open visor, and draped with cloth mantling in blue and yellow, set in place by a wreath of twisted cloth in these colours.

The rock indicates a firm foundation on which League's investments are based. The beacon connotes several meanings: the flame refers to the light of knowledge and League's commitment to educating and informing its Member-Partners, while the beacon itself, which was a way to show travellers the way to a safe destination, represents the service League offers to investors.

❹ The helmet with visor open suggests transparency of information, and that League's operations are dependent upon following its core principals, rather than any single leader.

❺ Motto:
The motto is "My word is my bond, my honour is my glory" and indicates the importance League places on trust and honourable conduct.

French: Ma parole me lie. Ma foi fait ma gloire.

Latin: Meum Pactum Dictum. Mea Gloria Fides

League takes pride in its traditions and hallmarks.

The granting of a Coat of Arms is a significant honour, one that is bestowed on select Canadian institutions by the Heraldic Authority of Canada, under the authority of the Governor General. The Chief Herald has the responsibility of determining if a grant can be made, and in the case of a corporate body this generally means that its finances are in order and its activities are "responsible."

League's Coat of Arms is the iconic representation of the principles espoused in "Our Credo," and by which League promotes intergenerational wealth for its Member-Partners' families.

Just as the name "League" was chosen to reflect the company's principles of positive inter-dependence and Member-Partnership, each element in the design of the Coat of Arms embodies an aspect peculiar to League.

It is both a seminal statement of values and a declaration of what the founders wish League to accomplish.

INVESTMENT HIGHLIGHTS

League Assets Corporation is a private investment institution with a portfolio of high-yield retail, commercial and residential real estate properties with assets currently totalling more than $200 million. Now acquiring properties at the rate of about one a month, the Company focuses on creating stable, tax-efficient, "extra-high" income and capital growth for its investors, while at the same time incorporating risk-reduction strategies that protect their capital from loss.

League's investors share ownership in a portfolio of commercial and residential real estate properties and earn a proportionate share of the profits—paid out as tax-efficient monthly distributions—and tax-deferred equity that builds up in the properties as they appreciate in value.

League was founded on the principle of Positive Inter-Dependence (The "Golden Rule" with an entrepreneurial twist). The company only shares in a portion of the increase in income and value it creates relative to the values established at the time of acquisition. While operating its properties, the Company endeavours to create compounding positive effects on the properties acquired, the residents or businesses occupying them, and the communities where they're located.

STABLE MONTHLY CASH DISTRIBUTIONS

- Attractive yields relative to other income funds with a cash distribution targeted to pay out 9% to 15% per annum;
- Distributed cash is paid monthly and is expected to increase every year;
- Overall return on investment is more tax efficient than most other investments;
- Undiluted returns (See, "League's Investment Guarantee," pg. 44).

EXPERIENCED INVESTMENT MANAGER WITH ESTABLISHED TRACK RECORD

- The Investment Manager is an experienced developer of real estate income properties;
- The Investment Manager is experienced in all areas of the construction industry and knowledgeable in all areas of property improvement and rehabilitation;
- The Investment Manager is a licensed real estate agent in British Columbia;
- The Investment Manager is a member in good standing of the Victoria Real Estate Board;
- The Investment Manager owns a significant number of REIT units.

TAILOR-MADE INVESTMENT POSITIONS

- Upon request, an independent tax professional will meet with the investor to answer questions pertaining to the individual's personal circumstance;
- This consultation will be at the expense of League, and not the investor.

EXPERIENCED TEAM OF SPECIALISTS

- See "The Team Leaders" beginning on page 30.

HIGHER RETURN AND LOWER RISK

- Total returns, including appreciation and distribution, are in the range of 15% plus;
- Investments are secured by insured tangible assets as collateral;
- Investors are shielded from liability for principal debt;
- Rigorous due-diligence process includes mandatory third-party appraisals, and, where appropriate, environmental and engineering assessments;
- Yields are enhanced through prudent use of leverage;
- All acquisitions or disposals are subject to unanimous approval of League's directors;
- Generally, the real estate sector is relatively free from the fluctuations of stocks and of bonds, and yet still produces an attractive return of tax-favoured income and capital appreciation.

TAX SAVINGS

- Investments are Registred Savings/Pension Plan eligible;
- Distributions are paid out in a form that is not taxed as heavily as interest or dividends;
- Due to the REIT's tax-efficiency, a 10% return from League is equivalent to a 16.5% interest return;
- Investors can write off a share of the expenses and depreciation of the property to further reduce their tax.

BENEFITS SHARED BY ALL MEMBER-PARTNERS

- Membership in an organization of like-minded investors, bound by an ethical and sustainable investment philosophy (see "Our Credo").
- Ownership in properties secured by insured tangible assets (real estate) that will likely increase in value indefinitely;
- Holdings are diversified in a portfolio of several separate properties in desirable locations;
- The Asset Manager arranges hedging instruments to offset changes in interest-rates whenever prudent to do so;
- Dependable capital appreciation through our planned program of property improvement and re-development;
- Every three to five years, the properties—as they appreciate in value—will be re-financed (mortgages re-negotiated and renewed) and the equity released will be realized by the investors as increased unit values;
- Tax-efficient cash flow distributions (net income) are paid monthly;
- Distributions can be automatically re-invested for compounding returns;
- Long term stability (not subject to market volatility as are stocks, and mutual funds);
- Long term reliability (we foresee no reason to ever miss a monthly payout);
- Long term security of initial investment (we do not risk our Member-Partners' capital);

NOTES

NOTES

LEAGUE

League Assets Corp.
2187 Oak Bay Avenue
Suite 217
Victoria, BC V8R 1G1

1-877-772-8836

League.ca