

September 5<sup>th</sup> 2013

Dear Jeffrey

Further to your conversations with Julian I would like to summarise the information previously sent on our company background as well as add more concise detail and explanation.

Our business model is to acquire distressed/foreclosed property in Michigan. The market segment we target is that of properties valued between \$45,000 and \$65,000. This segment returns the highest net rental yields and also has the largest capital appreciation prospect in proportion to value.

Once properties are rehabbed and tenanted they are sold to investors at a profit. Typically our profit margin ranges between 25-30% per property sold. The process and profit can be illustrated in the following typical example of our modus operandi:

1. RTI Team in Michigan sources properties
2. RTI Directors screen the properties and purchases are made
3. RTI Team in Michigan rehabs the properties, places tenants
4. RTI sells properties to investors as turnkey, cash flowing properties, with full property management in place and a 2 year rental guarantee of 12%.

To illustrate our profit again, I have quantified the above steps based on our averages.

- (2) Our average cost of acquisition is \$36,000
- (3) Our average cost for rehab is \$9,000
- (4) Our average sale price to investor is \$62,000

Total cost of producing a turnkey property is \$45,000; which against a sale price of \$62,000 equates to a profit margin of 27% or ROI of 38%.

A few notes on the above:

- We do not currently purchase properties in the City of Detroit, but rather in the neighbouring suburban cities (e.g. Royal Oak, Redford, Southfield, Oak Park and Eastpointe).
- We continue to monitor the desirable residential areas of Detroit City and if, as we foresee, property taxes decrease in the city we will be open to purchasing units there.
- The whole cycle of buying a portfolio of properties, rehabbing, tenanting and selling to an investor takes between 8 and 12 weeks.
- Properties we purchase are about a third of the prices of what they were at Peak Prices in 2005/2006
- Properties we purchase are about 50% of the cost to rebuild
- Property Management is carried out by an external company with whom we have a mutually exclusive agreement. i.e. they only manage our properties. This ensures they are as dependant on us as we are on them
- Tenant demand is extremely buoyant in the areas we invest in. On average we normally have 3 to 5 tenant application per property during the rehab stage and we always have a tenant in place before the rehab is finished
- Our collection rate for 2012 was circa 95% which is why we felt comfortable introducing the 12% net rental guarantee
- ALL our clients/investors to date are fully satisfied with the purchases they have bought and are enjoying the returns we have quoted them with. References available upon request.



Real Time Investments started operating in the US Property market in 2008 producing its first sales to investors in 2009. Since then we have sold in excess of 200 properties, the bulk of which have been sold in the last 24-36 months as sales levels have grown exponentially year on year.

We have the staff capacity to deliver 25 fully stabilized properties per month (ie. refurbished and tenanted). This would equate to monthly capital expenditure of \$1, 125,000 on acquisition and refurbishment. Existing stock levels also remain high, despite the recent demand increase, and we continue to monitor numerous acquisition targets.

Sales activity continues to grow and having recently penetrated the S.E. Asian investor market, the demand we currently have far outstrips our financial ability to deliver on it. With one Company in Malaysia having pledged to sell \$1 million worth of property per month and another in Singapore soon to start delivering the same sales volume, we are keen to attract capital investment so we can fulfil these orders.

Our business model is quite unique in that we focus mainly on the satellite suburban cities outside Detroit. Most newcomers to this business purely concentrate on purchasing within the city of Detroit, attracted by the even lower prices on offer there. However most areas within Detroit are fraught with problems. Our product is designed for a longer term approach which, we believe, makes it far more attractive than anything else on offer.

I will be delighted to offer any further information or references required for your continuing consideration of our proposal.

Yours sincerely

Javier Valiente  
Managing Director