



Sarmaya  
Capital Corp.  
*Live Better*

sarmayacapital.com

*Live Better*  
at Delta Victory Lake



# Atlanta Multifamily Real Estate Opportunity

Sarmaya Capital Real Estate Fund II



## Live Better At Delta Victory Lake Investment Summary

Sarmaya Capital Real Estate Fund II Limited Partnership (the “Canadian Fund”) and Sarmaya Capital Real Estate Fund II (US), LP (the “US Fund”, and together with the Canadian Fund, the “Fund”) intend to present select investors with information regarding an opportunity to invest in a unique asset in Atlanta, Georgia, Delta Victory Lake Apartments. The offering consists of Class A Units in the Canadian Fund, offered to qualified investors resident in the Provinces of British Columbia, Alberta and Ontario, and Class A Units in the US Fund, offered to qualified investors resident in the United States. The business of the Fund will be to acquire and operate Delta Victory Lake Apartments, a multi-family residential apartment complex in Atlanta, Georgia. The Fund will invest in SCC Delta Victory Lake Holdings, LP (the “Property Partnership”), which has a contract to purchase Delta Victory Lake Apartments, subject to customary conditions of closing. Sarmaya Capital Corp. (“Sarmaya”) has been retained to act as asset manager for the Fund.

Home to nearly 6 million people and more than 150,000 businesses, metro Atlanta continues to be an attractive place for Fortune 500 and 1000 companies because of the region’s low cost of doing business, ease of travel around the world through Hartsfield-Jackson Atlanta International Airport, a thriving innovative ecosystem, a business-friendly environment and its reputation as a logistics hub.

Located in one of the highest rent growth submarkets in Atlanta, Delta Victory Lake presents a unique value-add opportunity in Forest Park. The 104-townhome community is located minutes away from Hartsfield-Jackson International Airport, I-285, and Atlanta’s central business district. The property is one of the closest townhouse-style communities to the Fort Gillem Logistics Center and The North American Porsche Headquarters.



## Live Better At Delta Victory Lake Value Creation Summary

If acquired, Sarmaya plans to improve the property’s operations and net operating income through an extensive capital improvement program that will bring fix/add/improve amenities, upgrade select units and enhance the property’s curb appeal. The four main components to Sarmaya’s planned value-add program at Delta Victory Lake are:

### Unit Upgrades

A well-executed renovation program can add up to an additional \$200/unit in rental income per month. In total, Sarmaya has the opportunity to increase revenue by nearly \$250,000 per annum. Sarmaya expects to budget approximately \$1.5 million in capital improvements, of which approximately \$850,000 is expected to be allocated to upgrade 60 units.

### Organic Rent Growth

Delta Victory Lake market rents trail its peer group average by \$0.34 per sqft (on a monthly basis). With organic rent growth, Delta Victory Lake can potentially increase its rents by \$0.11 per sqft per month without any renovations. The organic rent increase will close the rental gap to these properties with room to spare. A well-executed management program can boost revenue by up to \$145,000/year.

### Cosmetic Improvements

Coupled with the organic rent growth program, we believe that revenue can be further increased with minor cosmetic improvements. The current owner has already upgraded the playground, walking path, replaced/repainted the shutters, and freshly painted the doors and awnings. Rents could be potentially increased by another ~\$100/unit per month with cosmetic improvements like painting the buildings, updating the landscaping, updating the awnings, and adding more community amenities. Along with the minor cosmetic renovations, Delta Victory Lake has washer dryer connections in most units, and renting washer/dryers to tenants could result in an additional ~\$45/month.

### Community Betterment

As the cornerstone of Sarmaya Capital Corp’s investment mandate, we believe Doing Well while Doing Good also increases the bottom line. With approximately \$200,000 initially budgeted for improvements to the playground, dog park, grilling area, and building a brand new resident community centre and leasing office, improving the day to day lives of the tenants is expected to drive up occupancy rates and increase brand loyalty.



Sample Floorplan

	Projected Gross Annual Income Increase	Projected Gross Value Increase <sup>1</sup>
Organic Rent Growth	\$137,530	\$2,292,160
Unit Upgrades	\$237,120	\$3,952,000
<b>Totals</b>	<b>\$374,650</b>	<b>\$6,244,160</b>

<sup>1</sup> Value at a 6% cap rate

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No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Sarmaya Capital Real Estate Fund II Limited Partnership, Sarmaya Capital Real Estate Fund II (US), LP, SCC Delta Victory Lake Holdings, LP, Sarmaya Capital GP 2 Inc., Sarmaya Capital GP 2 (US), Inc., SCC Delta Victory Lake GP, Inc., Sarmaya Capital Corp. or any other person, as to the accuracy or completeness of the information contained herein.



## Community Betterment with Sarmaya Capital

The cornerstone of Sarmaya Capital Corp.'s investment strategy is that of Community Betterment. This concept, of creating additional amenities, structures or services for the communities of people living in Sarmaya buildings, is based on the notion of doing well while doing good.

Clean, safe, well managed communities should not be a privilege, but a right and are not mutually exclusive to investor returns.

The Sarmaya Community Betterment platform is based on 6 key metrics:



### Affordability

- » Sarmaya Capital will not exceed **96% of current market rents** in order to keep units affordable.
- » **Internally audited and reviewed annually** to ensure Sarmaya stays within its mandate.



### Charity

- » **1.5% of NOI** will be allocated to local charities, food banks and community projects



### Events

- » **Back to School BBQ** – a resident's BBQ at the end of the summer to introduce the Backpack Program annually
- » **Christmas Meal Program**



### Amenities

- » **Pool** and pool areas (where applicable) are renovated and made safe for use
- » **Playgrounds** are built, cleaned, and made safe for use
- » **Grilling Stations** will be built and made accessible for all tenants to use
- » **Computer Stations** - See below
- » **Dog Parks**



### Education

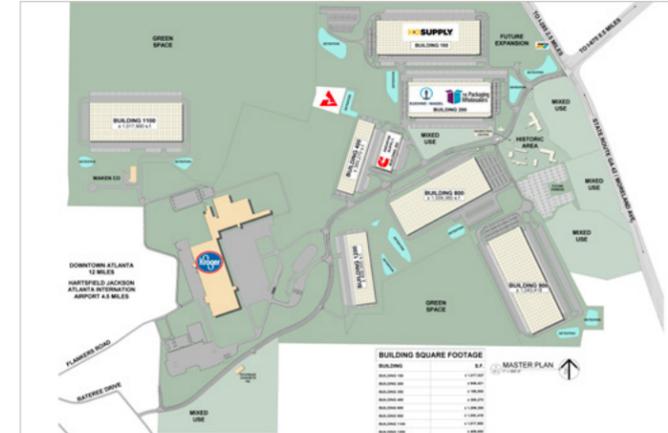
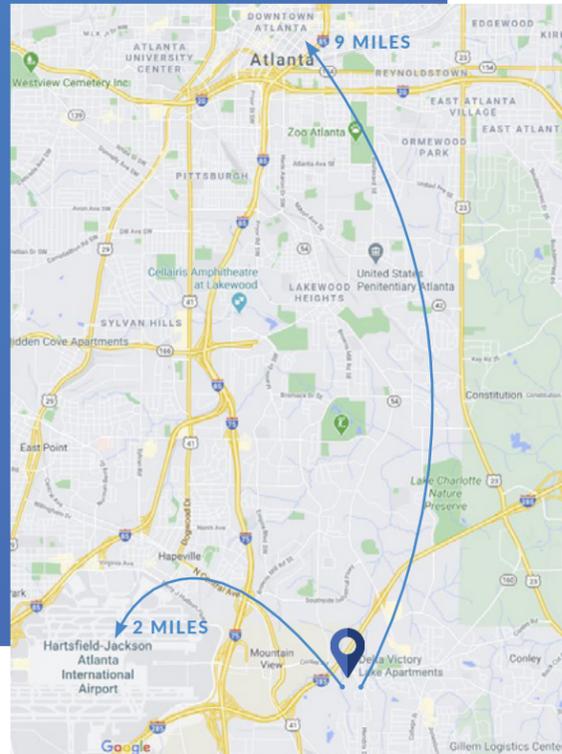
- » Up to 1/3 of Leasing Offices will be dedicated "**Education Zones**" with computer stations and work areas focusing on allowing youth residents to use them for educational purposes
- » 1.5% of NOI will be allocated to an annual **Residents Scholarship Program**. Residents will be able to apply annually for a scholarship to fund Post-secondary Education
- » **Backpack Program** – at the beginning of every school year, residents enrolled in school (K-12) will be provided with Backpacks and school supplies



### Safety

- » **Gates** will be installed at property entrance
- » **Security Cameras** are installed on the properties
- » **Security Lighting** is installed on the properties
- » **On-site Security** will begin all rehabilitation projects, followed by a **Community Police Unit** – 1 unit will be provided at no cost to a member of the local police where possible and desired by local City Hall





## Gillem Logistic Center

Delta Victory Lake Apartments are less than 6 miles from the Fort Gillem redevelopment in Forest Park. Fort Gillem was an Army Military base founded in 1941, that was selected by the BRAC Commission for closure in 2005. The 1,168 acre site was purchased by the city of Forest Park that can accommodate over 8 million square feet of industrial space and one-half million square feet of mixed-use buildings. The Local Redevelopment Authority finished Phase 1 of a three phase development plan estimated for completion in approximately 10 years. In addition to construction jobs, the business park is estimated to facilitate 3,000 to 4,000 jobs. The Southern Crescent of Atlanta continues to draw major investment illustrated by the recent opening of the Porsche North America headquarters in Hapeville and the return of MARTA to Clayton County.

## Clayton State University

Delta Victory Lake Apartments are in close proximity to Clayton State University. Founded in 1969, Clayton State has just over 7,000 students enrolled and employs roughly 300 full time faculty. Given the steadily growing student body the property is ideally situated to appeal to students and faculty. The campus is set on 163 acres and while it offers some student housing, a majority of the students live off campus. Currently only 14% of the students live in college owned housing and 84% percent live off campus. There are high barriers to entry for new development and minimal student furnished "rent by the bedroom" housing facilities in the vicinity of the school.



Glen Abbey, a nearby comparable, given the all townhouse style floor plans and unit sizes, as well as location, is under contract for \$83k/unit

## The comparable sales in the area show the true underlying value in the asset

Delta Victory compares well to recent sale comps with a per door cost of \$67.5K, which is approximately \$1,500 less per unit than the average sales comp, representing a 2.1% discount.

## Sales Comparables

Property Name	Year Built	Class	Acres	Sale Date	Distance (miles)	Sale Price	Units	\$/Unit	Cap
Delta Victory Lake	1965	C	9.68	TBD	—	\$7,020,000	104	\$67,500	8.32%
1 Terraces at Highbury	1969	C		Sep 19	3.2	\$11,250,000	172	\$65,407	N/A
2 The Park at Gallaway	1970	C		Sep 19	9.9	\$32,562,000	486	\$67,000	N/A
3 Ascent at Riverdale	1972	C		July 19	6.7	\$13,500,000	180	\$75,000	N/A
4 Greenbriar Mill	1969	C		July 19	12.0	\$5,400,000	79	\$68,354	N/A
<b>Comp Set Averages</b>					<b>7.4</b>	<b>\$15,804,576</b>	<b>229</b>	<b>\$68,940</b>	<b>N/A</b>
<b>Prem/(Disc) to Subject</b>								<b>2.1%</b>	<b>N/A</b>

## Asset Summary

**Current NOI:**  
**\$410,492**

**Building Size:**  
**110,080 SF**

**Number of Units:**  
**104**

**Lot Size:**  
**9.68 Acres**

**Parking Spaces:**  
**200**

**Occupancy:**  
**97.40%**

Delta Victory Lake apartments were built in 1965 and represent an opportunity to acquire one of the only townhouse-style apartment complexes in Forest Park. Tenants enjoy large One, Two and Three-bedroom floor plans in a quiet lakeside community on a 9.68 acre lot.

The townhomes have maintained strong occupancy and collections with average rents just below \$0.64 per foot which is below the market average \$0.93 per foot. In addition to the ability to organically raise rents, there is an additional upside opportunity to raise rents by an additional \$100/unit through minor cosmetic improvements to the property. Combining the organic rent increase and the rent increase with cosmetic improvements can potentially increase the gross potential income by \$270,000. Given Delta Victory Lake has washer/dryer connections in most units, an investor could rent washer & dryers for an additional \$45/month. Recent upgrades to the property include a walking path, playground area, and freshly painted doors and awnings. Delta Victory Lake is the perfect stabilized value-add investment that is well below market rents with tremendous upside.



## Atlanta, Georgia



Atlanta ranks third in the U.S. for metropolitan population growth



2019 job growth was 2.1%, well above the national average of 1.4%



Atlanta is home to 15 Fortune 500 companies including; The Home Depot, Coca-Cola, and Turner Broadcasting Systems



Due to the more than 30 colleges and universities located in the city, Atlanta is considered a centre for higher education



### Industrial Powerhouse

The large number of industrial and commercial parks located near the airport and/or interstates are major economic drivers for the south side. In south Fulton County near Hartsfield Airport, Majestic Airport Centre II is a 600-acre industrial park that distribution centres for Costco, Kellogg's, General Electric, Newell Rubbermaid, Del Monte, and Caterpillar. The nearby Majestic Airport Centre IV is anchored by a 1.2 million SF Walmart distribution centre.

In southwest Fulton County, the Fulton Industrial District is the largest industrial corridor in the eastern United States. Stretching for nine miles along Fulton Industrial Boulevard near Interstate 20, the district boasts 48 million SF of warehouse space, 522 industrial buildings, 20,000 workers and close to \$1 billion in payroll. First developed in the 1960s, this area attracts industry due to its ease of access and close proximity to I-20, I-285, downtown Atlanta, two intermodal rail yards, and Hartsfield Airport's cargo facilities.

## The Team

The principals of Sarmaya are experienced in the execution of a "bought right" and financed correctly approach which leads to:

- » Return of Initial Capital
- » Maintain Equity in Each of the Properties
- » Enjoy the Free Cashflow Produced by the Properties
- » Improve the Properties and thereby Increasing the Value of the Investments and Bettering their Tenants' Lives

With the Head Office in Vancouver, BC and an office in Atlanta, GA, Sarmaya Capital Corp. is comprised of a team of experienced managers and operators. Individually or collectively, the team has transacted over \$54,000,000 in Multifamily Real Estate Deals in the last three years.



## Location Summary

### Hartsfield-Jackson Atlanta International Airport

The northern part of Clayton County is dominated by Hartsfield- Jackson Atlanta International, the world's busiest passenger airport (104 million passengers in 2016). More than 64,000 people are employed by various entities on its 4,700-acre campus, making it Georgia's largest employment hub. Its annual economic impact in 2014 was estimated at \$64 billion. "Hartsfield" recently completed a \$9 billion expansion

of its passenger and cargo capacity. This five-year project added a \$1.5 billion international terminal, North America's tallest control tower, and a 9,000-foot fifth runway, among many other upgrades. A new \$6 billion master plan calls for a sixth runway, new parking decks, and new or renovated terminals and concourses. Delta Airlines is headquartered near the airport, its primary hub, and employs

30,000+ Atlantans. In 2008, the merger of Delta with Northwest created the one of the world's largest airlines. Other prominent employers near the airport include a major FedEx air cargo hub, Wells Fargo's Operations Center, the Georgia International Convention Center, and large facilities for Sysco Food Services and Coca-Cola Bottling.



# Pro Forma Financial Summary†

†In considering the financial information contained in this document, prospective investors should bear in mind that targeted or projected results are not necessarily indicative of actual results, and there can be no assurance that the targeted or projected results will be achieved by the Fund. Figures include Return of Capital. This is not an offer to purchase or transact in any securities.

## Delta Victory Lake - 4241 Hendrix Drive, Forest Park, Georgia

Investment Breakdown	
Purchase Price	\$ 7,020,000
Mortgage	\$ (5,933,200)
Capital Improvements & Reserves	\$ 2,078,504
Closing Costs	\$ 223,964
Legal, Compliance & Marketing	\$ 111,000
Financing Arrangement Fee	\$ 59,332
Manager Fees	\$ 140,400
<b>Total Equity Required</b>	<b>\$ 3,700,000</b>

Class A Limited Partner Net Cash Flows	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Property Net Cash Flows	(\$3,700,000)	\$221,760	\$3,421,616	\$221,156	\$221,198	\$219,811	\$240,013
Estimated Class A Limited Partners Cash Distributions***		\$222,000	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000
Cash Out ‡		\$0	\$2,398,173	\$0	\$0	\$0	\$0
<b>Investor Net Cash Flow</b>	<b>(\$3,700,000)</b>	<b>\$222,000</b>	<b>\$2,621,712</b>	<b>\$222,000</b>	<b>\$222,000</b>	<b>\$222,000</b>	<b>\$235,510</b>
Limited Partners Net Cash Flows		6.0%	6.0%	17.0%	17.0%	16.9%	18.1%
Return of Capital		6.0%	70.9%	6.0%	6.0%	6.0%	5.1%
LP Levered IRR		15.3%					
Average Cash on Cash		14.9%					
WDP***		\$4,207,530					
Multiple		2.14x					

\*\* General Partner intends to distribute 100% of annual cashflow attributable to the Class A Limited Partners 75% interest in the asset

\*\*\* Based on 10 year projection

‡ Assuming asset value at time of refinancing is at least \$11,307,447 USD

## Targeted Investment Returns

77%

Projected return of Capital after 2 years\*

100%

Projected return of Capital after 6 years\*

15.3%

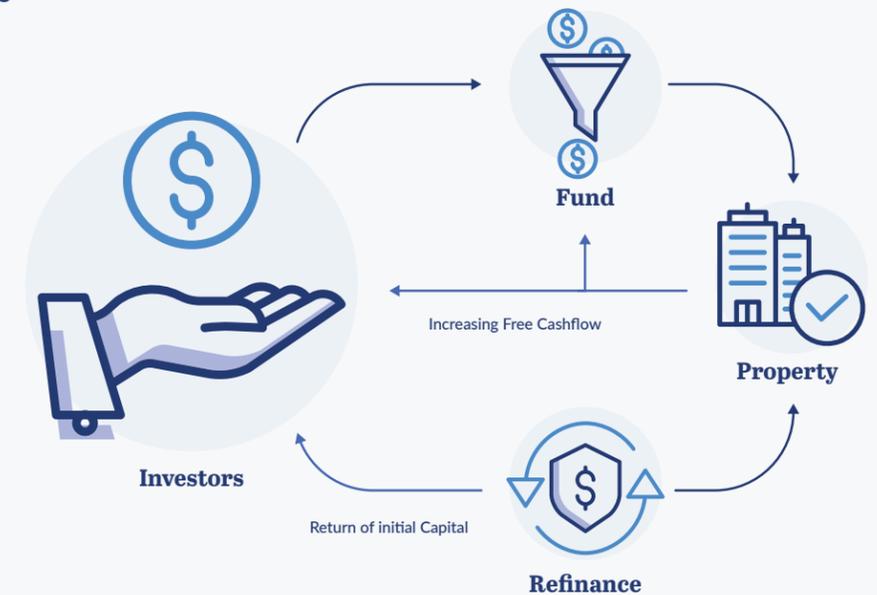
Projected annualised return (including return of capital)\*\*

\* The financial information presented herein pertains to both the Canadian resident Class A limited partners of the Canadian Fund, who will participate indirectly in the Fund through the Canadian Fund, and the US resident Class A limited partners of the US Fund, who will participate indirectly in the Fund through the US Fund. Class A limited partners in each of the Canadian Fund and the US Fund will participate on a pro-rata basis, based on the amount invested that Class A limited partner compared to the aggregate amounts invested by Class A limited partners of the Fund on a combined basis.

## How It Works

The investment allows an investor to participate in the following cycle:

Furthermore, investors can enjoy the ability to maintain their ownership position in the property, should the assets remain within the fund.



## Purpose of this Document

This document is being furnished to you solely for informational purposes in considering an investment in Sarmaya Capital Real Estate Fund II Limited Partnership (the "Canadian Fund"), if you are an eligible investor resident in the Provinces of British Columbia, Alberta and Ontario, or Sarmaya Capital Real Estate Fund II (US), LP (the "US Fund", and together with the Canadian Fund, the "Fund"), if you are an eligible investor resident in the United States. All information included in this document is current as of the date hereof and is subject to change, completion or amendment without notice.

This document does not purport to contain all the information necessary to evaluate an investment in the Fund, and it is understood that you will make your own independent investigation of the merits and risks of the proposed investment.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Fund, SCC Delta Victory Lake Holdings, LP (the "Property Partnership"), Sarmaya Capital GP 2 Inc. (the "Canadian General Partner"), Sarmaya Capital GP 2 (US), Inc. (the "US General Partner"), SCC Delta Victory Lake GP, Inc. (the "Property General Partner", and collectively with the Canadian General Partner and the US General Partner, the "General Partners") or Sarmaya Capital Corp. (the "Manager"), as to the accuracy or completeness of the information contained herein. There are certain risks inherent in an investment in the securities of the Fund that prospective investors should carefully consider before investing in the securities of the Fund. An investment in the Fund is highly speculative and involves significant risks, including the possible loss of the entire amount invested.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, an interest in the Fund. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities of the Fund. No securities commission or similar authority in Canada or the United States has reviewed or in any way passed upon this document or the merits of an investment in the Fund and any representation to the contrary is an offence.

Certain information contained herein includes market and industry data that has been obtained from or is based upon estimates derived from third party sources, including industry publications, reports and websites. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance or guarantee as to the accuracy or completeness of included data. Although the data is believed to be reliable, none of the Fund, the Property Partnership, the General Partners, the Manager or any of their respective agents have independently verified the accuracy, currency or completeness of any of the information from third party sources referred to in this document or ascertained from the underlying economic assumptions relied upon by such sources. The Fund, the Property Partnership, the General Partners, the Manager and their respective agents hereby disclaim any responsibility or liability whatsoever in respect of any third party sources of market and industry data or information. This information obtained from third-party sources in this document has not been independently verified and any liability with respect to such information is expressly disclaimed by the Fund, the Property Partnership, the General Partners and the Manager.

All references to \$ or USD\$ in this document are to US dollars.

## Confidentiality

Your receipt of this document constitutes your agreement with the Fund: (a) to maintain the confidentiality of this document, as well as any supplemental information provided to you by the Fund, the Property Partnership, the General Partners, the Manager or their respective representatives, either orally or in written form; (b) that any reproduction or distribution of this document, in whole or in part, or disclosure of any of its contents to any other person or its use for any purpose other than to evaluate the Fund is strictly prohibited; and (c) to return promptly to a General Partner this document, as well as other materials that subsequently may be provided to you by and on behalf of the Fund, the Property Partnership, the General Partners, the Manager or their respective agents if you decide not to proceed with an investment in the Fund.

## Forward-Looking Statements

This document includes "forward-looking information", "future-oriented financial information" and "financial outlooks" (collectively, "forward-looking information") within the meaning of applicable securities laws. All statements other than statements of historical facts included in this document, including, without limitation, statements regarding the future financial position, targeted or projected investment returns, business strategy, budgets and projected costs and plans and objectives of the Fund, the Property Partnership, the General Partners or the Manager for further operations, are forward-looking statements or financial outlook. In addition, forward-looking information generally can be identified by the use of forward-looking terminology such as "may," "can," "could," "will," "expect," "intend," "forecasted," "projected," "estimate," "anticipate," "believe," or "continue" or the negative usages thereof or variations thereon or similar terms, although not all forward-looking information contain these identifying words. The forward looking information contained in this document is based on certain assumptions of the General Partner and the Manager including, without limitation, those assumptions listed under heading "Assumptions" below and other assumptions regarding market trends and conditions, results of operations, performance and business prospects and opportunities (collectively, the "Assumptions"). While the General Partners and the Manager consider these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Forward-looking information is subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the General Partner and the Manager currently expect. These risks, uncertainties and other factors include, but are not limited to: competition, interest rate fluctuations, availability of debt financing and refinancing, restrictive covenants, credit, environmental matters, litigation, capital expenditures, general economic, market or business conditions, uninsured losses, reliance on key personnel, operational matters, changes in legislation and administrative policies, and other factors that are beyond the control of the General Partners, the Manager or the Fund (collectively, the "Risks"). The Risks may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, readers are cautioned that forward-looking information contained herein are not guarantees of future performance; accordingly, readers should not place undue reliance on forward-looking information. To the extent any forward-looking statements in this document constitute "future-oriented financial information" or "financial outlooks" within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Fund and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on the

Assumptions and subject to the Risks. Actual results may differ materially from what the General Partners and the Manager currently expect and what is projected in this document. Such information is presented for illustrative purposes only. Prospective investors are therefore cautioned not to place undue reliance on any such forward-looking information as of any date and are advised that none of the General Partners, the Manager or the Fund is under any obligation to update such information. All forward-looking information contained in this document, and all subsequent written and oral forward-looking information attributable to the Fund, the General Partners or the Manager, or persons acting on behalf or any of them, are expressly qualified in its entirety by this cautionary statement.

In considering the performance information contained in this document, prospective investors should bear in mind that targeted or projected performance is not necessarily indicative of future results, and there can be no assurance that the targeted or projected results will be achieved by the Fund.

## Fees and Expenses

Prospective investors are solely responsible for their own fees, costs, and expenses incurred in their investigation of the Fund, regardless of whether or not a transaction is consummated including without limitation: travel; accounting fees; due diligence costs; legal fees; disbursements; and taxes.

## Private Placement Terms

### For residents of British Columbia, Alberta and Ontario:

Issuer: Sarmaya Capital Real Estate Fund II Limited Partnership, a limited partnership formed under the laws of British Columbia and will be governed by the terms of a Limited Partnership Agreement between Sarmaya Capital GP 2 Inc. SCC Property Holdings 2 Inc. (the "Initial Limited Partner") and any party who from time to time is accepted as a limited partner in the Canadian Fund.

General Partner – Sarmaya Capital GP 2 Inc.

Manager – Sarmaya Capital Corp.

### For resident of the United States:

Issuer Will Be: Sarmaya Capital Real Estate Fund II (US), LP, a limited partnership formed under the laws of the State of Delaware and governed by the terms of a Limited Partnership Agreement between Sarmaya Capital GP 2 (US), Inc. the Initial Limited Partner and any party who from time to time is accepted as a limited partner in the US Fund.

General Partner – Sarmaya Capital GP 2 (US), Inc.

Manager – Sarmaya Capital Corp.

## Offering

The offering consists of an offering of, for residents of British Columbia, Alberta and Ontario, Class A Units of Sarmaya Capital Real Estate Fund II Limited Partnership ("Canadian Fund Units"), and, for residents of the United States, Class A Units of Sarmaya Capital Real Estate Fund II (US), LP ("US Fund Units", and collectively with the Canadian Fund Units, the "Fund Units").

Minimum Subscription per Investor: USD\$100,000. (100 Partnership Units at \$1,000 per Fund Unit)

## Property

The Fund intends, indirectly through the Property Partnership, to acquire Delta Victory Lake Apartments in Atlanta, Georgia (the "Property"). There can be no assurance that the Fund will complete the acquisition of the Property. If the Property has not been acquired by the Fund, whether directly or indirectly, within a year of the formation of the Fund (unless extended by the General Partners in accordance with the terms of the limited partnership agreements governing the Fund), the Fund will be dissolved and all funds remaining after payments of all debts, liabilities and obligations of the Fund will be distributed to the partners of the Fund. There can be no assurance that, upon dissolution of the Fund, any investor in the Fund will receive the full return of their investment.

## Fees Paid To The Manager And The General Partner

The Manager will be entitled to:

- an Acquisition Fee of 2.0% of the total purchase price of the Property, payable by the Fund or the Property Partnership upon the completion of the direct or indirect purchase of the Property;
- an Asset Management Fee annually equal to \$300USD Per Apartment Unit of the Property Per Year, subject to an annual increase of 3.0%, such fee to be payable by the Fund or the Property Partnership semi-annually in advance on June 30 and December 31 of each calendar year, except that the first such payment shall be made on the first Subscription Closing Date to occur after formation of the Fund and shall be in respect of the period from such date until the earlier of the next to occur of June 30 and December 31 of any calendar year. The fee is payable until the Fund is dissolved.
- a Debt Arrangement Fee, in respect of any debt financing of the Fund after the formation of the Fund, subject to applicable law. Such Debt Financing Fee will be up to 1.0% of the aggregate gross proceeds of such financing (assuming full drawdown of all available amounts), with the percentage of such fee within such range for any particular financing to be determined by the General Partners, acting reasonably, taking into account the amount of funds raised in connection with the applicable financing and the ease or difficulty of arranging such financing.
- a Legal, Marketing and Compliance Fee equal to 3.0% of the subscription price of each Fund Unit issued by the Fund, payable by the Fund or the Property Partnership to the Manager, from time to time, on each date that a subscription for Fund Units closes.
- a Divestiture Fee equal to 2.0% of the gross proceeds received by the Property Partnership on a sale of the Property, which is payable by the Fund or the Property Partnership to the Manager.

In addition, if the General Partners, the Manager or any of their respective related parties provides any guarantee, indemnity or other security in connection with any acquisition loan, financing or refinancing in connection with the Property or any other assets of the Fund, such person will be entitled to a Guarantee Fee equal to 1.0% of the amount so guaranteed, indemnifiable or secured, payable upon the completion of such acquisition, financing or refinancing.

## Fees Paid For Capital Raising

Capital raising fees, in addition to the Legal, Marketing and Compliance Fee described above, may be paid to individuals or companies who qualify under the relevant securities legislation in an amount up to 5% of the funds raised through the sale of Fund Units referred by such individuals or companies, subject to applicable laws. Any such capital raising fees will be paid upon closing of the subscription for Fund Units.

## Distributions

The Fund may make distributions at any time and from time to time as follows, provided that such reserves as are prudent for the Fund's business are retained.

- Class A Limited Partners of the Fund will be paid an aggregate of 75% of the distributions.
- SCC Property Holdings 2 Inc., an affiliate of Sarmaya Capital Corp. and the Class B Limited Partner of each of the Canadian Fund and the US Fund, will receive 20% of the distributions.
- The General Partners will then receive an aggregate of 5% of the distributions.
- Currently, distributions of approximately 75% of net cash flows to Class A Limited Partners of the Fund are anticipated to occur annually on November 30 of each calendar year.

## Assumptions

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements and financial outlook contained herein include that: building upgrade plans and related expenses will proceed as anticipated; the Fund will remain in good standing with respect to its obligations to any senior lenders; the general economy is stable; local real estate conditions are stable; interest rates are relatively stable; equity and debt markets continue to provide access to capital; and that the Fund's expenses will not be materially greater than anticipated. These factors and assumptions should be considered carefully by readers. Readers are cautioned not to place undue reliance on the forward-looking statements or financial outlook or the assumptions on which the forward-looking statements and financial outlook are based on. Investors are further cautioned that the foregoing list of factors and assumptions is not exhaustive. In addition, information regarding targeted returns is based on the following principles and assumptions: the Fund will maintain a consistent level of cash flow and indebtedness and will not materially incur additional indebtedness, other than with respect to ordinary operating costs or as disclosed herein; the consumer price index, property taxes, operating expense growth, and market rent growth will be as anticipated; existing tenants will fulfill their current contractual lease obligations and remain in occupancy and pay rent for the term of their leases; upon expiry of their leases, the number of retained tenants will meet historical retention experience; and the Fund will maintain cash reserves as anticipated.

Other assumptions used by Sarmaya Capital Corp to model the costs and create the worksheets laid out in this document include:

- Up to 85% of the purchase price for the initial acquisition of the Property is financed by way of debt
- 8% financing rate for first 2 full calendar years followed by 3.15% thereafter
- "Reserves" to be redistributed as Return on Capital
- Occupancy remains at an average of 94% per year upon stabilization
- Asset value at time of refinancing is at least \$11,307,447 USD

## Risk Factors

**There Are Risks Involved In An Investment In The Fund Units And The Subscriber May Lose His, Her Or Its Entire Investment.**

- Investment in the Fund involves a high degree of risk and is suitable only for sophisticated investors who can withstand the loss of their entire investment and requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in the Fund. No assurance, representation or warranty can be given that the Fund's investment objectives will be achieved or that investors will receive a return of their capital.
- An investment in Fund Units is subject to risk. Standard risks applicable to investments of this nature include:
  - No market for Fund Units: There is currently no resale market for the Fund Units and it is not guaranteed that any market will develop. The Fund Units are not transferable without the approval of the General Partner of the Canadian Fund or the General Partner of the US Fund, as applicable, and in compliance with applicable securities laws and regulations.
  - There are inherent risks with real estate investments: Equity investments in real estate assets are subject to various inherent risks including, but not limited to, the burdens of ownership of real property, general and local economic conditions, adverse local market conditions, the financial condition of tenants, changes in building, environmental, zoning and other laws, changes in real property tax rates and/or assessed values, change in interest rates and the availability of debt financing, changes in operating costs, negative developments in the local, national or global economy, risks due to dependence on cash flow, environmental liabilities, uninsured casualties, unavailability or increased costs of certain types of insurance coverage, inflation, increases in energy costs, in ability to attract and retain tenants, acts of God, acts of war, hostilities, terrorist acts, strikes and other factors that are beyond the control of the Fund, the General Partners and the Manager.
- The Property Partnership has yet to obtain the Property: The Property has not yet been acquired by the Property Partnership. The purchase and sale agreement under which the Property Partnership expects to acquire the property is subject to the satisfaction or waiver of a number of conditions precedent, some of which are beyond the control of the Property Partnership, the General Partner and the Manager. There can be no assurance that the Property Partnership will acquire the Property.
- The Fund and Property Partnership have yet to obtain the debt and equity financing that it requires to acquire Property: The pro forma financial information provided in this document assumes that up to 85% of the purchase price for the initial acquisition of the Property is financed by way of acquisition loan. There can be no assurance that the Fund and/or the Property Partnership will obtain an acquisition loan or, if obtained, that it will be obtained on favourable or currently projected terms. In addition, there are currently no binding commitments or agreements with third parties

to invest in equity to provide the remainder of the funds required for the acquisition. Further, the Fund and Property Partnership intend to significantly leverage the Property. This leverage may subject the Property to various operating covenants and no assurance can be given that these covenants will be met or that they will not limit the Property Partnership and the Fund's flexibility to respond to changing business and economic conditions. In addition, leverage will increase the Fund's exposure to adverse economic downturns or deteriorations in the condition of the Property or its market. If a default occurs under the debt financing, investors may lose their entire investment.

- Vacancy Rates: The apartment building business relies on a steady supply of good quality tenants. A shortage of quality tenants due to an economic downturn or job losses in a given marketplace could result in higher than expected vacancy and lower than expected revenue.
- No guaranteed return: The projected returns described in this Investment Summary are not guaranteed. An investment in Fund Units is not suitable for investors who cannot afford to assume significant risks in connection with their investments.
- Lack of Diversification: The Fund will be a single property investment.
- Competition: The Property will compete with surrounding residential rental properties. The competitive properties may reduce demand for the Property and adversely affect the Fund's business and financial results.
- Insurance: The Fund's insurance coverage may not be adequate to cover all possible losses the Fund could suffer. The Fund will attempt to maintain insurance coverage in respect of the property against liability to third parties and property damage as is customary for similarly situated properties. However, there can be no assurance that insurance will be available or sufficient to cover any or all such risks. Insurance against certain risks may be unavailable or available only at a very high cost, available in amounts that are less than the full market value or replacement cost of the Property or subject to a large deductible. In addition, inflation, changes in building costs and ordinances, environmental consideration and other factors may also make it infeasible to use insurance proceeds to replacement the improvements at the Property if they are damaged or destroyed.
- Tax matters: Prospective investors are not to construe the contents of this document as investment, financial, business, legal, regulatory, accounting, tax or other advice. Prospective investors should make their own investigation of the merits and risks of an investment in the Fund. The General Partners and the Manager also strongly recommend that each prospective investor consult its own advisors as to legal, business, tax, accounting and other related matters concerning an investment in the Fund.
- Reliance on key personnel of the Manager: The success of the Fund is largely dependent upon the continued efforts of certain key personnel of the Manager. The unexpected loss or departure of any of the key personnel of the Manager could adversely affect the Fund and the Property.
- Ownership Structure: Each of the Canadian Fund and the US Fund intends to acquire and own units in the Property Partnership, pro rata based on the percentage of funds contributed by Canadian investors and US investors, respectively. In the event of a refinancing of the property, the Partners will be entitled to participate in the net proceeds of the refinancing on a pari passu basis.
- Investors are advised to review the limited partnership agreement and the subscription agreements for the Canadian Fund or the US Fund, as applicable, carefully.

# About Sarmaya Capital Corp.

## Mission And Vision

The Vision of Sarmaya Capital Corp. is to revolutionize the Real Estate Investment and Residential Tenant experience simultaneously, by aligning the interests of investors with those of tenants to do well and to do good at the same time. With the belief that safer, nicer and better managed communities improve lives but also improve returns in the long run, Sarmaya Capital Corp. strives to be on the forefront of active investment and to change the landscape of Residential Real Estate. We are custodians of our clients' investments, while allowing our clients to become custodians of better, safer, thriving communities that will transform neighbourhoods and cities in which they exist. Sarmaya Capital Corp. will set the standard for what the essence of Real Estate investing should be.

## Contact

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