

COLLEGE PLACE

4311 Kendall Place, Port Alberni, B.C.

Goodman
report:

FOR SALE

A 16 unit apartment/
townhome complex

Near-new project @ 5 years old.
Best rental project in the City

Opportunity for the rare
purchase of a carefree
residential rental investment.
Designed in 4 buildings with 4
rental units in each building. All
exterior entrances made for
the townhome design.

Long-term lease to one
government agency for the
entire complex.

Exclusive Listing Agents:

David Goodman
T 604.714.4778
david@goodmanreport.com

Mark Goodman
T 604.714.4790
mark@goodmanreport.com

HQ Commercial
Real Estate Services Inc.
530-1285 West Broadway St.
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1-3179 Barons Road
Nanaimo, BC V9T 5W5

COLLEGE PLACE

A CAREFREE RENTAL INVESTMENT



Century21
COMMERCIAL[®]

HARBOUR REALTY LTD.

Goodman
report:

Executive Summary

Name of Building

College Place

Address

4311 Kendall Place
City of Port Alberni, B.C.
V9Y 8E3

Legal Description

Lot A, DL 92, Alberni District,
VIP 86344

PID

027 - 829 - 626

Tenure

Freehold

Zoning

RM2 - Residential Multi Family
See City of Port Alberni for details

Site Area

Irregular @ 31,478 sq ft

Location

College Place is located mid centre in the City of Port Alberni, on Kendall Avenue at the crossroad of Rogers Street. This neighbourhood area is home to the large Multiplex Recreation Centre, the newer North Island College Complex and other new adjacent single family housing. It will soon be home to a new 51 million dollar high school. It has a south west aspect with a view of the mountains across the Alberni Inlet, and will remain very open and very bright due to the neighbouring recreational facilities of integrated playing fields.

Suite Mix

15 - 2 bedroom units, 7 units the same floor plan and 8 units reversed plan.
1 - 1 bedroom unit

Improvements

The property is improved with 4 separate buildings, each containing 4 units. Overall the complex has 15 - 2 bedroom units and 1 - 1 bedroom unit for a total of 16 units. The gross building size is 12,000 sq. ft., which is almost all rentable area.

The common areas include a laundry room of 100 sq. ft., and an electrical room of 50 sq. ft. which was area taken out of the 1 - bedroom gross area allotment.

All units have exterior entrances facing onto a nicely landscaped courtyard and entrances to all suites are from this inner courtyard. All units have either a 600 sq. ft. balcony or a patio. There is open outside parking for 20 vehicles.

The 2 bedroom units have an open kitchen, dining, living room areas, one 4 - piece bath, and roughed-in laundry for those tenants wishing to have their own washer/dryer. Each unit has its own hot water tank, heat is electric baseboard, and each unit is individually metered.

The 16th unit is a 1- bedroom where the common areas have taken over the extra bedroom.

The College Place Complex has very well landscaped grounds, and is fenced with a fully finished courtyard.

Parking

20 outside parking stalls in a paved parking lot behind the building complex.

Taxes 2010

\$13,443

Existing Financing

Treat as Clear Title

2010 Proforma

Effective Gross Income	\$ 136,068.00
(As of October 2010)	
Expenses (budgeted)	\$ 22,677.00
NOI	\$113,391.00

Carefree Lease

Vancouver Island Health Authority (VIHA) for the past 5 years - October 2004 - October 2009.

The lease has just been extended and newly executed for a further 10 year term. The term is irrevocable or fixed until October 2013, at which time VIHA has the right to cancel giving 265 days notice. VIHA has the right to renew for another 5 year term if they complete this current 10 year term of the current lease agreement.

The first year rental rate, set on October 1, 2009, is \$133,400 per annum, and is increased by 2% over the next 10 years. The 2010 gross income will be \$136,068.00.

The uniqueness of this lease is that VIHA has onsite management to look after their clients and the property, which provides for limited management for this property investment. The only requirement of the owner is to inspect the property once a year with VIHA and to pay for the expenses as listed in the Expense Schedule.

Pricing

Asking Price	\$1,797,000.00
Price per unit	\$ 112,312.00
Expense Ratio	16.7%
Cap Rate on Asking Price	6.3%

Further Information

- 1) Contract lease agreement with Vancouver Island Health Authority (VIHA)

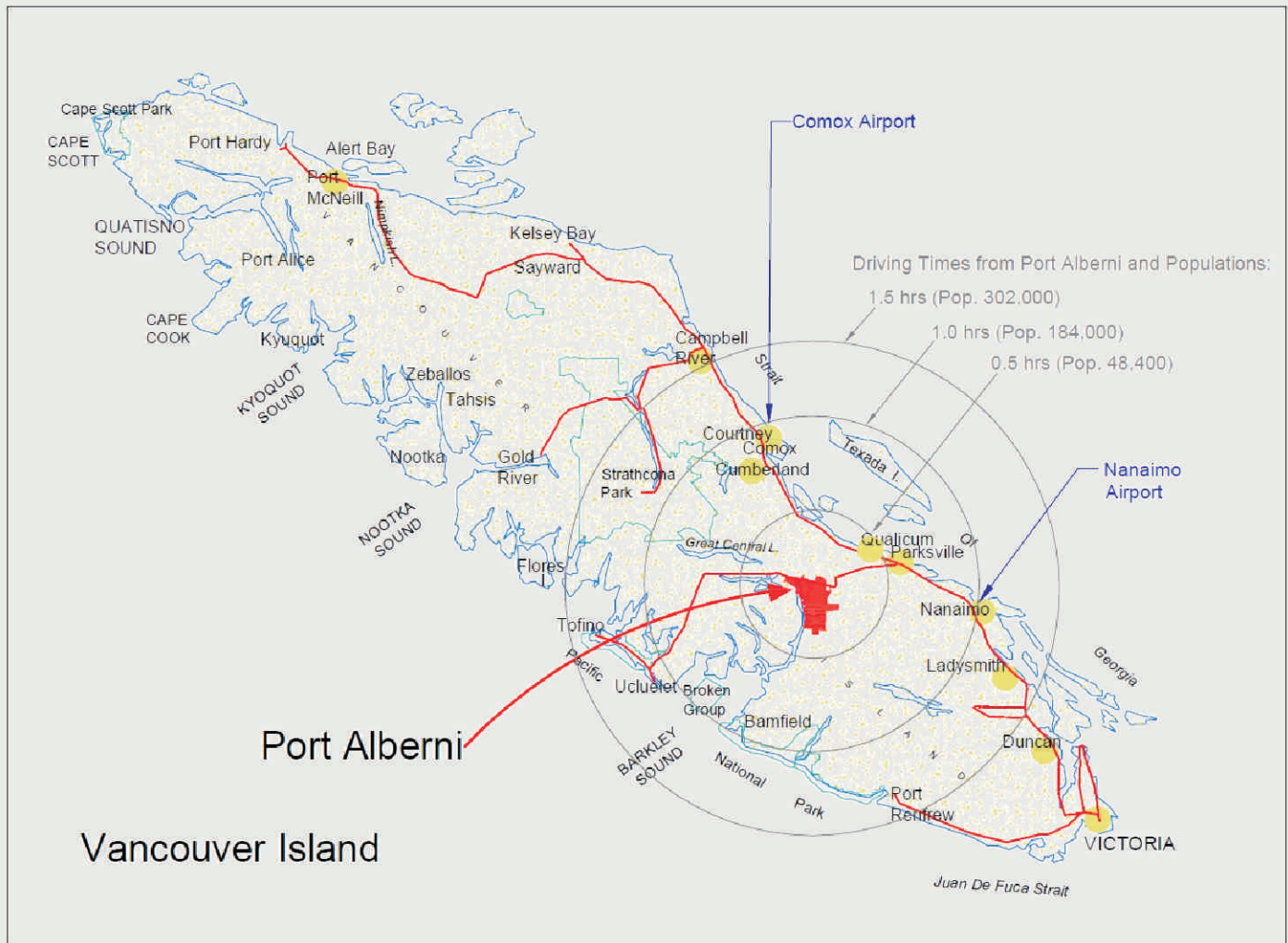


Side view of College Place

Location - Port Alberni

Overview

Situated roughly in the central interior of Vancouver Island at the end of a long narrow inlet, Port Alberni is one of the few ports on the West Coast that provides shelter against some of the most powerful Pacific weather systems. Blessed with a moderate climate, it harbours for both commercial fishing vessels and pleasure craft. The history of Port Alberni is linked to the forest industry, however in recent years tourism and high tech industries have played an increasingly important role in the economy. Recreational activities in the area include fishing, hiking, scuba diving, golfing, kayaking and windsurfing.



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Accessibility

Port Alberni is located in the mid-section of Vancouver Island on the shores of the Alberni Inlet. Highway 4 connects Port Alberni with the major centres of Nanaimo, a distance of 82 km (approx. 1 hour) and the provincial capital of Victoria, a distance of 195 km (3 hours), as well as smaller get-away towns like Tofino and Ucluelet on the west coast of the Island. Port Alberni is accessible by regular bus service and while there is a small local airport, the nearest commercial airport with regular flights is located in Nanaimo.



Aerial view of Port Alberni

History

The area was first occupied by the Tseshaht nation of the Nuu-Chah-Nulth (Nootka). Loggers arrived in 1860, and a sawmill was soon opened by James Thompson & Co. of England. It closed its doors after a few years and the area did not develop until miners and farmers settled in the 1880's. Its revival truly began in 1911, with the introduction of the railway to Nanaimo. Forestry took a foothold once again, and today remains the driving force of the economy. Originally there were two separate communities, Alberni and Port Alberni, which joined in 1967 to become Port Alberni.

Economy

Port Alberni is one of the principal forest industry centres in Western Canada. Thanks to recent environmental developments in the forestry sector, the town prides itself on having air quality that's the cleanest of any industry-based city in Canada. Tourism is a growing industry as more and more travellers discover that Port Alberni is a gateway to exploring the pristine Pacific Rim region.

Population Profile

The population of Port Alberni is 17,548 and is part of a total catchment population of 25,396. The median age is 40.9, compared to 38.4 in BC as a whole. While the population has remained stable over the years, growth is anticipated.



Cathedral Grove - world-renowned park



Sunset over "the hump"

Climate

The moderate climate of Port Alberni afford the opportunity to enjoy the great outdoors year-round. Located at the end of the Alberni Inlet, the coastal town experiences sunny and mild summers with temperatures between 10 and 24 degrees Celsius, and winters with little or no snow and temperatures between 0 and 4 degrees Celsius. The average annual rainfall in Port Alberni is 1797 mm and the annual snowfall, 114 cm.



View of city with snow on Mt. Arrowsmith



The world - ready to dock in Port Alberni

Housing

Living accommodations in Port Alberni include apartments, condominiums, town homes, duplexes, and single-family homes (some with acreages and views), both for rental and for purchase.

The average cost of a single-family home in Port Alberni is in the \$250,000 range. Rentals in apartments range about \$750 per month.



Aerial view of Port Alberni and the Inlet



Winery

Education/Daycare

The Alberni Valley has six elementary schools (kindergarten to grade 5), two middle schools (grades 6 to 8), and one secondary school, soon to be replaced (grades 9 to 12). Daycare is widely available.

North Island College has a strong presence in Port Alberni, offering a diverse range of academic, career/technical upgrading and vocational programs.

Recreation

Fishing enthusiasts are common in Port Alberni, reputed to be the Salmon Capital of the World. All five species of Pacific salmon can be found in the area's waters. One of the many spots for fishing - as well as swimming, camping, and waterskiing - is Sproat Lake Provincial Park. Park visitors frequently have the opportunity to see the Mars Flying Tankers, the world's largest water bombers, which are instrumental in fighting forest fires.



Lady Rose on the Alberni Inlet



Mars water bomber on Sproat Lake

Among the park's many attractions is a prehistoric petroglyph, named K'ak'awin, thought to represent ancient monsters of the lake.

Port Alberni is home to Della Falls, the highest waterfall (444 meters) in North America, whose beauty awaits hikers at the end of a 22 kilometer trek. The vast recreational opportunities in Port Alberni, and the fact that it provides easy access to explore the region, draw outdoor enthusiasts of all kinds. From boaters to kayakers, golfers to bird watchers, there's something for everyone.

There are numerous recreational facilities in Port Alberni, from fitness centres and playing fields, to skating rinks and bowling alleys, to local golf courses. The community has hosted numerous games and sporting events, and has hosted the 2004 BC Winter Games.



Interior of Multiplex- ice rink



Exterior Multiplex

Culture

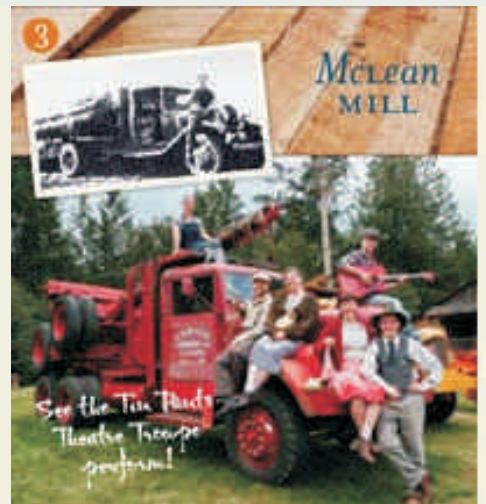
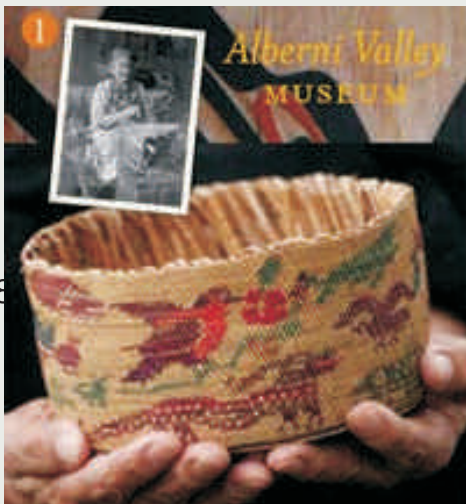
Port Alberni has a rich cultural life. Visual and performing arts are represented through various organizations, including the Songsmiths Childrens' Choir, the Port Alberni Orchestra and Chorus Society and the Community Arts Council of the Alberni Valley.

The Alberni Valley Museum, a great place to discover the heritage of Port Alberni, features First Nations art, historic photographs, and unique folk art.



Film crew at work in the Alberni Valley

A look back in time is also offered at the McLean Mill National Historic Site, the only steam-operated sawmill in the country. The Maritime Discovery Centre tells the story of the community as seen through its fascinating maritime history.



Culture in the City (courtesy City of Port Alberni website)

Each Labour Day, Port Alberni hosts the annual Salmon Festival, which attracts participants from around the world. Following on the heels of the Salmon Festival is the annual Fall Fair - 4 days of fun, rides, farm animals, crafts and more. There is also "Thunder in the Valley", a popular event that draws hundreds of people to watch drag races and a car show.

Services and Amenities

Port Alberni offers the modern conveniences of a larger city in a small town setting. Accessible shopping centres, a local transit system and a core business area make for easy day-to-day living. Harbour Quay on the Alberni Inlet is a vibrant waterfront development featuring restaurants, art galleries and gift shops, as well as a marina. A wide range of professional services (doctor, lawyer, veterinarian, accountant etc.) as well as high speed internet service is available there.



Harbour Quay Market



P.A. waterfront park and cruise ship



Brew pub on the waterfront

Places of worship serve the following faiths: Presbyterian, Evangelical Lutheran, Christian Reformed, Anglican, Baptist, Roman Catholic, United, and Seventh Day Adventist.

Health Authority

Port Alberni is part of the Central Island health service delivery areas of Vancouver Island Health. Vancouver Island Health Authority (VIHA) provides healthcare services that include acute care facilities, mental health & addictions, environmental and public health, home, and community care. For comprehensive information on Vancouver Island Health Authority, visit their website (see Internet References on the next page)

Internet References

BritishColumbia.com

<http://www.britishcolumbia.com/regions>

Alberni Valley Chamber of Commerce

<http://www.avcoc.com>

City of Port Alberni

<http://www.city.port-alberni.bc.ca>

Statistics Canada (Community demographic information)

<http://www.statcan.ca>

Vancouver Island Health Authority

<http://www.viha.ca>

Alberni Valley Heritage Network

<http://www.alberniheritage.com>

Neighborhood

The subject property is located in a relatively new neighbourhood in the centre of Port Alberni. This neighbourhood lies between the 2 major gulley and stream systems that separate North and South Port Districts. It is accessed off either Redford Road or off 3rd Street and Wallace Road.



The neighbourhood is unique in that some of it represents the newest part of Port Alberni and further that it shares the immediate area with the major complex of North Island College, the Multiplex having 2 Ice Arenas and major integrated outdoor athletic fields. There is new residential single family housing in this neighbourhood and there are plans for a 51 million dollar High School to be built close to the Multiplex. The new school auditorium is designed to be larger than normal to accommodate public use. The public library is also close by this neighbourhood. The name of this neighbourhood is taken after the large North Island College and is called COLLEGE PLACE, the same name given to the subject investment property.



This subject neighbourhood will provide for a good number of long term tenancies for rental accommodation. There is no other location that has access to as many amenities as are offered in this immediate area. Further, there is no other area with newer rental apartment properties in all of Port Alberni.

There is a long term plan to provide an arterial connector road from Johnson Road (HWY 4) through to Rogers Street. The subject Property is located only 1/2 block from the intersection of Kendall and Rogers Streets.



North Island College

The Site

The subject site has an irregular configuration as given in the site plan below. It was subdivided off a larger site, the balance being 4305 Kendall which remains an active development site planned for townhouse designed units where the first of the 2 phases has a DP for 8 units and the balance remaining will accommodate another 20 units over a marketable time period. This neighbouring development site will be strata titled but would also do well as rental given its size. This development property is also available for sale. See the listing agents for further information. If a developer/investor likes the first 16 units of development design, the City will consider a change in the DP to build more of the same.

The site has an over all topography of gently sloping to fairly flat. It is comprised of soils to a clay undersurface. The total site has been completed and finished with fencing and excellent landscaping.



Topography back of College Place



South side of subject property showing topography

COLLEGE PLACE - The Investment Property for Sale

Overall Project Description:

The Multi Family Project that is being offered for sale is uniquely designed for a rental project and is usually only found in other Island Communities as strata title townhome styled units, due to all units having exterior entrances with little common area.



Side of Courtyard



Looking through Courtyard

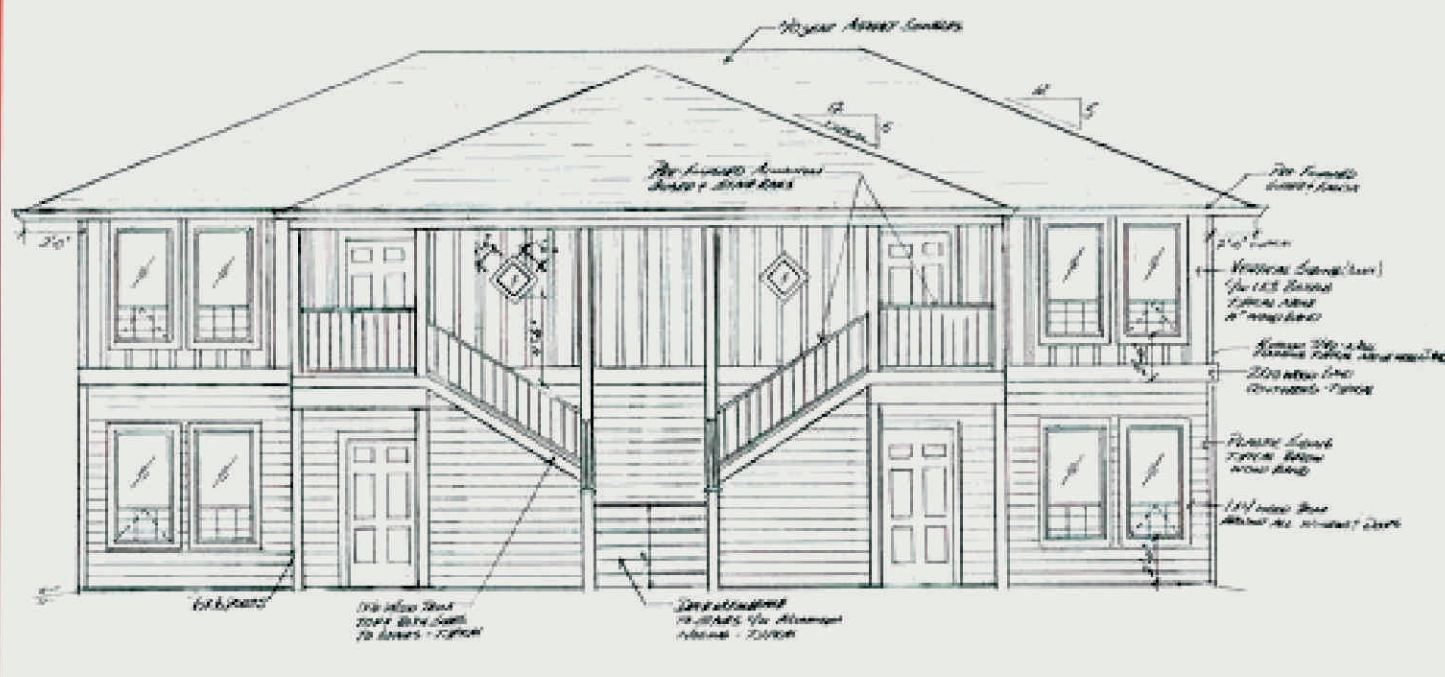
Design:

The design of College Place has 4 separate building structures housing 4 residential units each for a total of 16 units. The design further allows for all the separate entrances to come off an interior courtyard thereby leaving the front view to the road, for example, clean, tidy and resembling a townhouse styled project. The same is true for the rear portion of the project facing the parking lot and the further development that will take place on the adjoining lot.



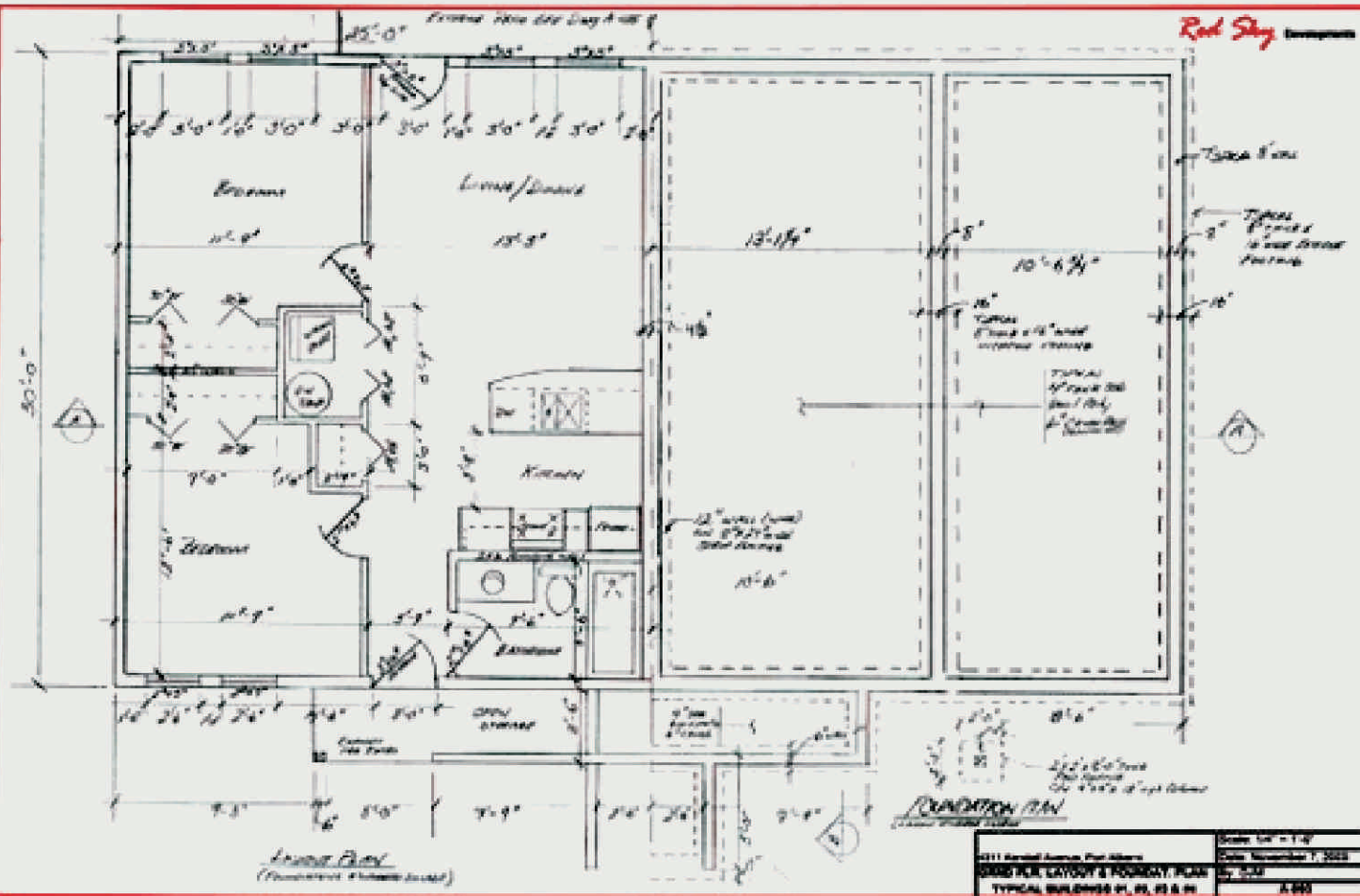
15 of the 16 - 2 bedroom units are all of the same interior design and size of 753.5 square feet with some being the reverse plan of the other. One unit is slightly smaller in having to take in the electrical and common laundry room and is therefore a 1 bedroom unit at 555 sq. ft. Each of the 15 units are 2 bedroom, both being of a decent size, 1 full 4 piece bathroom, an open kitchen, dining and living area, and a roughed in laundry for personal laundry if the tenant wanted to install it themselves.

Each unit has either an approximate 40 square foot balcony or patio, depending on if it is an upper or lower unit.

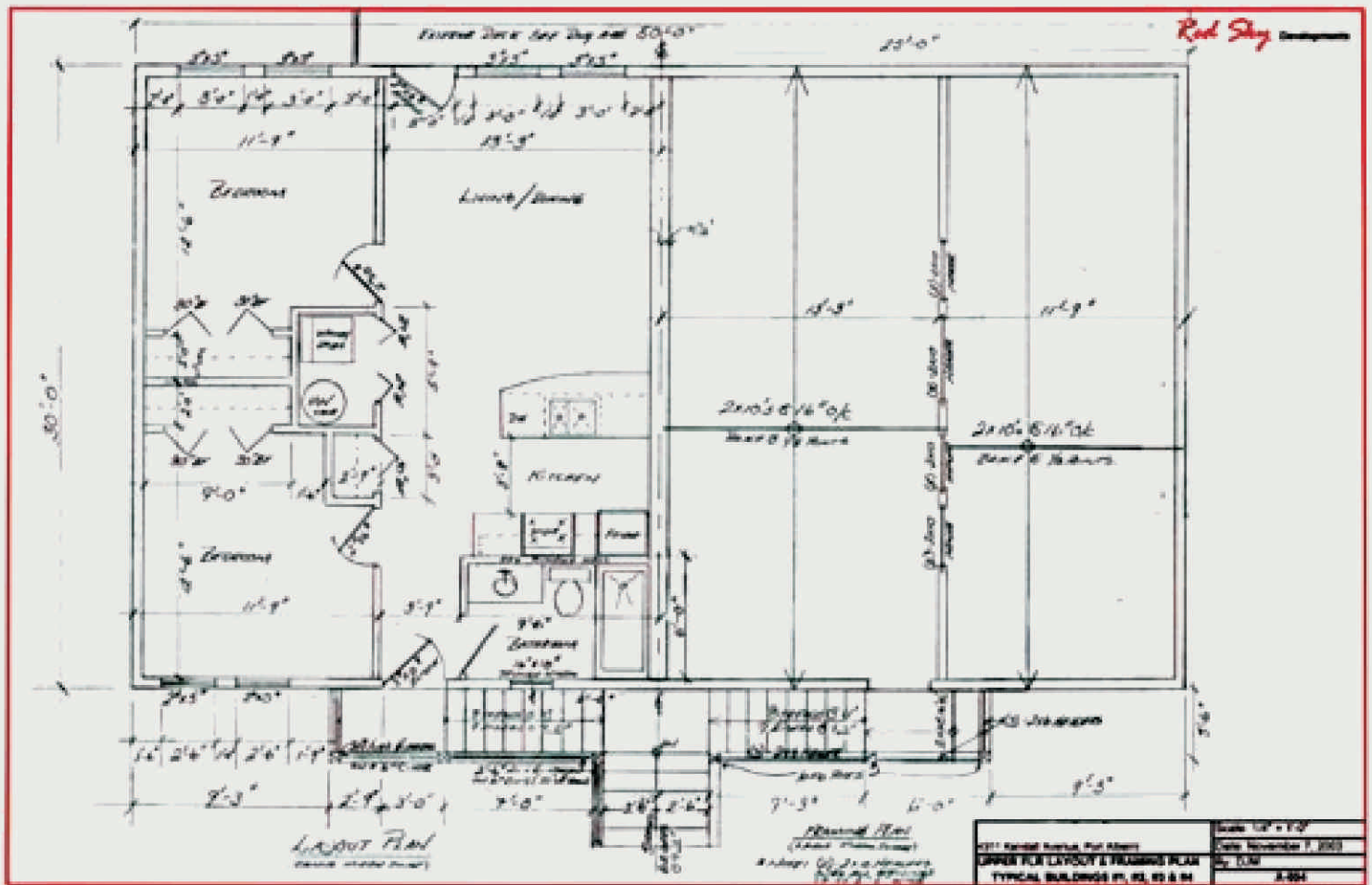


4211 Barwell Avenue, Port Allen	Scale: 1/4" = 1'-0"
EAST ELEVATION	Date: November 7, 2003
TYPICAL BUILDINGS 01, 02, 03 & 04	By: DJM
	ASD

Revised: March 1, 2004



4211 Barwell Avenue, Port Allen	Scale: 1/4" = 1'-0"
FLOOR PLAN	Date: November 7, 2003
TYPICAL BUILDINGS 01, 02, 03 & 04	By: DJM
	ASD



Revised: 11/11/09

Landscaping

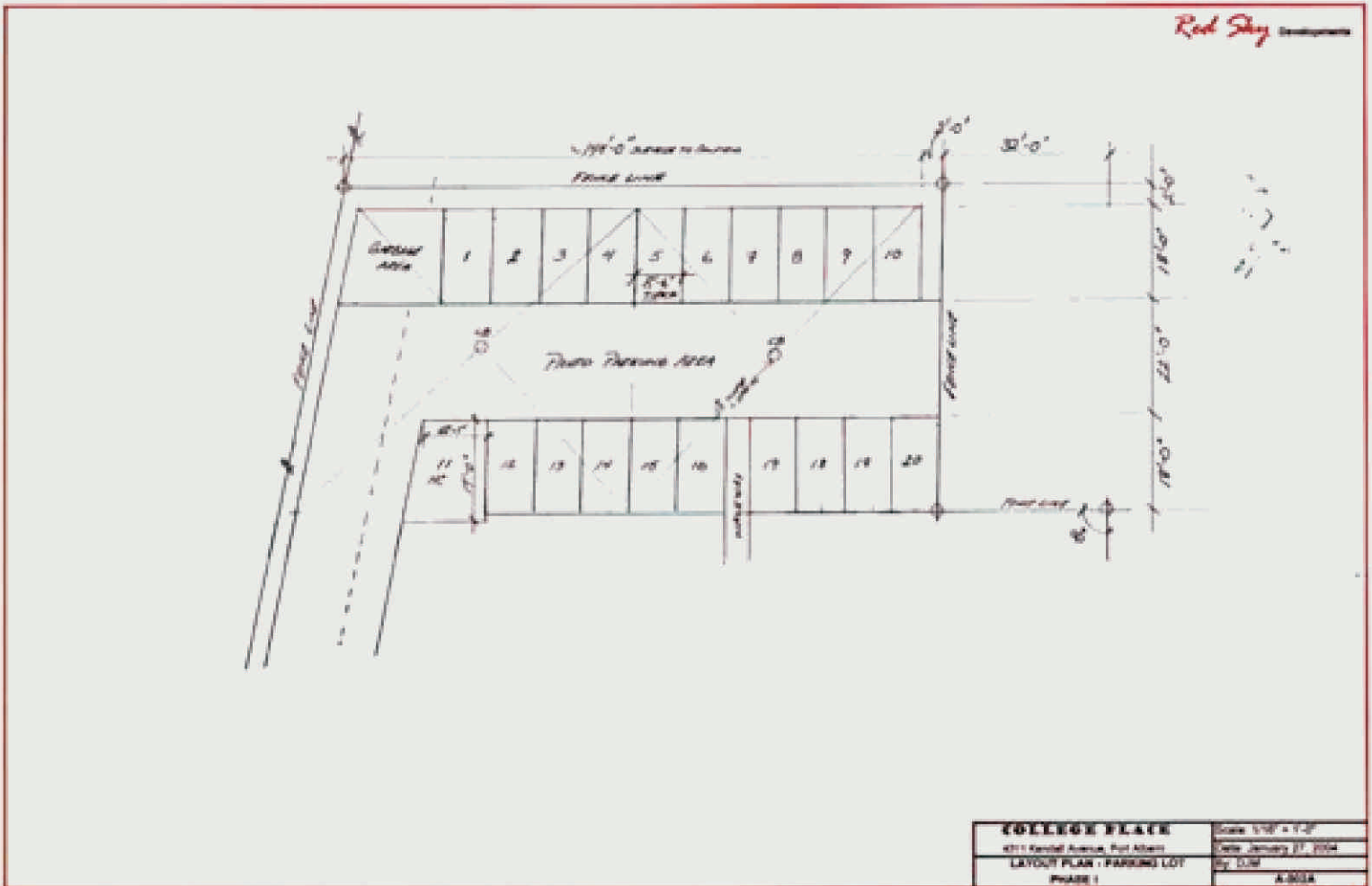
The property is fully landscaped with an inner courtyard of sidewalks and grass to accommodate the entrances to all of the 16 units. The exterior perimeters of the property are landscaped and fenced with the front portion facing Kendall having even the boulevard in front of the project landscaped. It has been well maintained over the approximate 5 years in age of this project.



Front and side view of College Place with fencing and extensive landscaping

Parking

There are 20 outside parking spaces to the rear of the project to accommodate all tenants and visitors. This is fully paved with a long driveway off Kendall. It does not detract at all from the look of the project as it is difficult to see from the public road systems.



Structure

Being a newer 5 year old building, it is built on strip footings with a concrete slab forming the base of the main floor, wood frame structure for the first and second floor and a 5/12 trussed roof system with a 2'10" overhang. The roof is completed with long life 40 year asphalt shingles. The exterior finish is vinyl based with the upper floor a board and batting look and the lower floor is a horizontal design. A 2 x 10 fascia board separates the 2 floors for a more polished look. The eaves trough system is a pre-finished gutter and fascia combined which gives the roof a better profile. The windows are thermo pane with 1 x 4 wood trim around each window. Every window is 2 feet in height off the floor. There are outside doors to the patios or balconies, in a half window design, not glass sliding doors. The railings and banisters are all aluminum.

The total exterior of all the buildings has been built for a long lasting and maintenance free period.

PROFORMA - COLLEGE PLACE

4311 KENDALL PLACE, PORT ALBERNI, B.C.

Proforma 2010

Note: Proforma 2010 has a 12-month period from October 2010 thru September 30 2011. Given that the Offer for Sale is in this term of the lease, this proforma developed uses the same period.

REVENUE

Gross rents from lease 2010	\$136,068
Laundry - minimum as individual units have rough-in services for private laundry (common laundry has no charge)	\$ 0
Parking - free	\$ 0
Subtotal	\$136,068
Less Vacancy - none as if is a total lease agreement	\$ 0

EFFECTIVE GROSS INCOME	<u>\$136,068</u>
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EXPENSES

Property Taxes (2010)	\$ 13,443
Snow Removal	\$ 500
Insurance	\$ 2,257
City Water charges 2010	\$ 1,877
Repairs and Maintenance (Estimated)	\$ 3,000
Repairs to exterior (New)	\$ 0
Landscaping (50% of budget)	\$ 1,600
Contingency	\$ 0

TOTAL EXPENSES	<u>\$ 22,677</u>
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NET OPERATING INCOME (Projected)	<u>\$113,391</u>
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NOTES:

Income

This is a carefree lease where the gross payment escalates at 2% per year for the term of the lease. The lease has a 10 year term beginning October 2009 and has a term date after the 4th year where the lessee can exercise an option to cancel the lease with 365 days notice. If the lessee does not exercise this right, then the lease carries on for another 5 years with the same terms and conditions.

Expenses

1) This carefree lease has the expenses as given above. In the lease agreement, there are expense items that the Owner has responsibility for, but they are mostly considered capital expenses. The lease document outlines in detail those exact responsibilities in repairs and maintenance, capital expenditures, exterior structure, etc. This will be provided to a Buyer during the due diligence period.

2) The lessee is responsible for all metered Hydro for the complex, garbage, 50% of landscaping maintenance, and general replacement of day-to-day items.

3) The property is new at 6 years old. The Owner inspects the total property once per calendar year with the Lessee for problems and items that have exceeded normal wear and tear.

16-unit rental unit investment, and 28-unit potential development site, can be purchased individually or together



OTHER ITEMS

Available from the Listing Agents

1) Vancouver Island Health Authority Lease -- 12 pages.

PROCESS

Until such time as there is an accepted Offer to Purchase, there will not be any prior showings of the property on the outside or the interiors of the suites. At the time a Buyer's Building Inspector inspects the buildings, will be the same time the Buyer inspects the premises as well. This condition has been put into place due to the more sensitive nature of the tenants and respect to the Lessee of the entire complex. Since the subject property is only 5 years old, and most everything about the project is chronicled in this presentation, this stipulation should not interfere with a Buyer's initial offer and subsequent due diligence.

EXPANDING THE COLLEGE PLACE DEVELOPMENT

There is a portion of the original property remaining undeveloped after the 16 unit College Place was built out. It is adjacent to the subject property at 4305 Kendall Avenue and is a separate legal parcel @ 1.15 acres (0.466 ha). It can be developed in a similar manner to College Place or a developer can look at a slightly different approach and build townhomes. There is currently a D.P. for 8 townhomes in Phase One out of a total 28 to be built on this site. The plans and drawings have been done and are available with a copy of the current D.P. If an Investor is interested in this adjacent development site, please contact the Commercial Realtors listed for the College Place Offering for Sale for a separate detailed brochure on this development site. Price \$350,000.