MORTGAGE FINANCING INVESTMENT SUMMARY

Property:

Front View

Back View

3025-3039, Rue de la Forest, Quebec, Quebec
36 Residential Units
3 Floors plus Basement
29 Outdoor Parking Spots
24 Underground Parking Spots

Attached Sections:

Section I : :Project Information
Section II : Loan Underwriting
Section III : Analysis Mortgage Loan details

SECTION I: PROJECT INFORMATION

Loan Type : Non-Revolving Demand Loan

Loan Amount : 4,000,000.00 First Ranking Hypothecary Loan

Purpose : **Acquisition**

Address : **3025-3039, Rue de la Forest, Quebec, Quebec**
("the property")

Property Description : The property is in the highly sought-after neighborhood of Sainte-Foy Sillery- Cap-Rouge. It is in close proximity to CHUL (Centre Hospitalier de l'Université Laval), Laval University, and two CEGEPs. This rapidly growing area is thriving both economically and as a tourist destination. It attracts a diverse population of students, families, and young professionals. Sainte-Foy is emerging as the next downtown of Quebec City, with its bustling commercial center and numerous businesses, making it a prime location for residential real estate investment.

Quebec City, Quebec : Balto Capital has decided to start opening their investment to acquisitions in Quebec City for the following reasons:

- **Balto Track Record in Quebec City:** Balto Capital has successfully lent out over $10,000,000 of loan in Quebec City and has been paid back in the past year
- Quebec City, along with the adjacent city of Lévis, has a combined population of over 800,000. This population is steadily growing, providing a robust market for rental properties.
- The city has a welcoming attitude towards immigrants, contributing to its cultural richness and economic vitality. The influx of new residents from various parts of the world fosters a dynamic community, ensuring a continuous demand for housing.
- The average salary in Quebec City is competitive, which supports a healthy standard of living. This economic stability attracts professionals and families, ensuring a stable rental market for high-quality apartment buildings
- Quebec City is home to several universities and colleges, drawing students and academics. This inflow creates a constant demand for rental properties, particularly in neighborhoods like Ste-Foy, which is evolving rapidly.
- **Ste-Foy: The Next Downtown:** Ste-Foy is positioning itself as the next downtown of Quebec City. With significant investments in infrastructure, commercial developments, and public amenities, this area is becoming a prime location for real estate investment. The proximity to major educational institutions and businesses makes it an attractive spot for both renters and buyers.

Borrower : **13467244 Canada Inc.**

(Referred to as the "Borrower")

Guarantor(s) : Marc Lemieux (Solidarily and collectively the "**Guarantor**").

Property / Security : **The Lenders under these facilities will receive the following securities:**

1. A **First Ranking** Immovable Hypothec on the lands and buildings municipally known as **"the property"** and all rents and insurance proceeds.
2. The personal guarantee of all borrowers (Jointly and Severally) for the full loan amount. The Guarantors shall be solidarily liable with the Borrower and any other Guarantors hereunder.
3. Clean environmental report and reliance letter
4. Title insurance
5. Insurance
6. Any other security documentation requested by the Notary.

Purpose / Status : The purpose of the loan contemplated herein is to assist the borrower with the acquisition of said property on a total consideration of $4,000,000.00 at a purchase price totaling $5,000,000.00. **Investors should note that we are financing at an 80% LTV given the client is purchasing said property at over $500,000 below evaluation value.** Our loan exposure per door will be of around **$111,111/door**.

Borrower has a company with a waitlist of buyers, mainly young doctors, to whom he offers turnkey services to purchases stabilized properties which he manages for them post sale. If, for any reason the sale wouldn't go through, we believe that given conservative market rents used in the pro-forma and the great need for housing in Quebec, we strongly believe this property will, once optimized, easily exit with a conventional bank loan at a significantly higher value than our loan. Given the borrowers experience doing these projects we are more than comfortable advancing funds. The borrower, Marc Lemieux, has a personal net worth value significantly above $20 million, is very well versed and experience in real estate acquisitions and optimizations.

Repayment Strategy: Client will increase economic value and exit via sale or conventional financing

Guarantor : **Marc Lemieux**

Marcs' real estate company boasts an internal management and construction team of six dedicated employees. This team is the backbone of his operations, ensuring that each project is executed with precision and excellence. Together, they have successfully managed and completed over 30 real estate projects, contributing to the growth and development of Quebec City's housing market

Mr. Lemieux has a net worth of over 24 million dollars and above 20 buildings in his position as of today. He is known for his expertise in turning low performing real estate assets into high performing assets as well as flipping properties he purchased once optimized to passive real estate investors. The borrower has completed and managed over 30 projects in Quebec City.

Marc Lemieux was born and raised in Quebec City, a place that has always held a special place in his heart. He graduated from the John Molson School of Business (JMSB), where he specialized in Finance and Real Estate.

While pursuing his degree, Marc gained valuable experience working for the Fiera Capital Opportunity Fund. This role provided him with a solid foundation in financial analysis and investment strategies, shaping his future career in real estate.

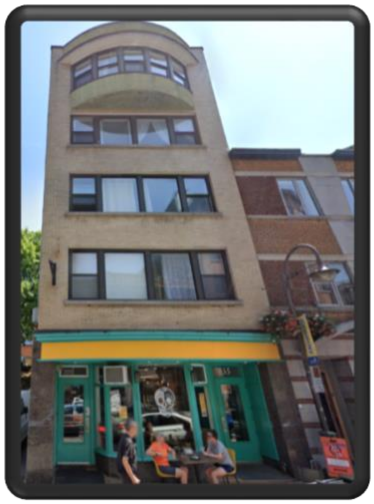
After completing his studies, Marc joined Leyad as an Acquisition Manager. Over the next three years, he honed his skills in property acquisition, market analysis, and negotiation. His time at Leyad was instrumental in developing his expertise and confidence in the real estate industry.

In December 2023, Marc took a significant step by founding his own real estate investment company in Quebec City. With a vision to transform and enhance properties in his hometown, Marc quickly established himself as a prominent local investor.

<u>Borrower's Track Record of Recent Properties he Optimized and Sold to his Doctor Clients</u>:

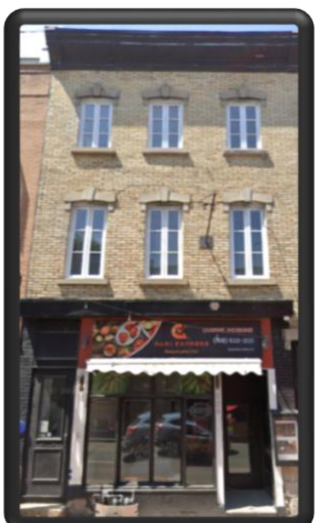
<u>2788 rue de Rouen, Montreal</u>; 6 units

- Purchased: $875,000 in December 2021
- Sold: $2,050,000 in March 2023
- Cost: $1,350,000



<u>635 rue St-Jean, Quebec</u>; 7 units & 1 commercial

- Purchased: $1,100,000 in July 2023
- Sold: $3,200,000 in Feb 2024
- Cost: $1,850,000



<u>510 rue St-Jean, Quebec</u>: 8 units & 1 commercial

- Purchased: $1,020,000 in January 2024
- Sold: $2,400,000 in September 2024
- Cost: $1,500,000 (Financing approved, closing in September)

<u>315 rue St-Paul, Quebec</u>; 18 units & 3 commercial

- Purchased: $4,385,000 in February 2024
- Sold: $6,450,000 in July 2024
- Cost: $4,800,000 (COI Obtained, closing is next weeks)

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SECTION II: LOAN UNDERWRITING

Income Statement:

Income Statement - 3025 rue de la Forest

Building Size:	40,286	**Apartments**	36
Storage:	36	Outdoor Parking	29
		U/G Parking	24

As-is

Revenue	Assumption	Total
Residential		401,868
Gross Income		**401,868**
Vacancy/Bad debt Residential	3.00%	($12,056)
Net Effective Rent		**389,812**

Expenses	%		Unit	Total
Management	4.00%	$	433	15,592 $
Municipal Tax	13.94%	$	1,509	54,336 $
School Tax	1.02%	$	110	3,968 $
Utilities	12.83%	$	1,389	50,000 $
Insurance	4.73%	$	513	18,450 $
Maintenance & Repairs	5.08%	$	550	19,800 $
Salaries	3.23%	$	350	12,600 $
Total Operating Expenses	**44.83%**	**$**	**4,854**	**174,746 $**
Net Operating Income				**215,066 $**

Actual Rent Roll

Unit	Size	Layout	Rent	$/sf
1	900	4.5	895	0.99
2	900	4.5	806	0.90
3	900	4.5	890	0.99
4	900	4.5	910	1.01
5	900	4.5	900	1.00
6	900	4.5	900	1.00
7	1,050	5.5	1,044	0.99
8	900	4.5	905	1.01
9	1,050	5.5	1,070	1.02
10	900	4.5	890	0.99
11	1,050	5.5	900	0.86
12	900	4.5	900	1.00
13	900	4.5	885	0.98
14	1,050	5.5	925	0.88
15	900	4.5	780	0.87
16	1,050	5.5	1,095	1.04
17	900	4.5	900	1.00
18	1,050	5.5	1,105	1.05
19	1,050	5.5	1,100	1.05
20	900	4.5	885	0.98
21	1,050	5.5	1,075	1.02
22	900	4.5	725	0.81
23	1,050	5.5	1,115	1.06
24	900	4.5	895	0.99
25	900	4.5	910	1.01
26	1,050	5.5	1,175	1.12
27	900	4.5	900	1.00
28	1,050	5.5	990	0.94
29	900	4.5	870	0.97
30	1,050	5.5	1,050	1.00
31	900	4.5	894	0.99
32	900	4.5	900	1.00
33	900	4.5	840	0.93
34	900	4.5	665	0.74
35	900	4.5	900	1.00
36	900	4.5	900	1.00
Total	**34,200**		**33,489**	**0.98**

Pro-Forma Statement:

Projected

Revenue		
	Assumption	Total
Residential		612,000
Parking		33,480
Storage		10,800
Gross Income		**656,280**
Vacancy/Bad debt Residential	3.00%	($19,688)
Net Effective Rent		**636,592**

Expenses				
	%		Unit	Total
Management	4.00%	$	707	25,464 $
Municipal Tax	10.68%	$	1,889	68,000 $
School Tax	0.79%	$	139	5,000 $
Utilities	1.41%	$	250	9,000 $
Insurance	3.37%	$	596	21,450 $
Maintenance & Repairs	3.11%	$	550	19,800 $
Salaries	1.98%	$	350	12,600 $
Total Operating Expenses	**25.34%**	**$**	**4,481**	**161,314 $**
Net Operating Income				**475,278 $**

Projected Rent Roll

Unit	Size	Layout	Rent	$/sf
1	900	4.5	1,350	1.50
2	900	4.5	1,350	1.50
3	900	4.5	1,350	1.50
4	900	4.5	1,350	1.50
5	900	4.5	1,350	1.50
6	900	4.5	1,350	1.50
7	1,050	5.5	1,550	1.48
8	900	4.5	1,350	1.50
9	1,050	5.5	1,550	1.48
10	900	4.5	1,350	1.50
11	1,050	5.5	1,550	1.48
12	900	4.5	1,350	1.50
13	900	4.5	1,350	1.50
14	1,050	5.5	1,550	1.48
15	900	4.5	1,350	1.50
16	1,050	5.5	1,550	1.48
17	900	4.5	1,350	1.50
18	1,050	5.5	1,550	1.48
19	1,050	5.5	1,550	1.48
20	900	4.5	1,350	1.50
21	1,050	5.5	1,550	1.48
22	900	4.5	1,350	1.50
23	1,050	5.5	1,550	1.48
24	900	4.5	1,350	1.50
25	900	4.5	1,350	1.50
26	1,050	5.5	1,550	1.48
27	900	4.5	1,350	1.50
28	1,050	5.5	1,550	1.48
29	900	4.5	1,350	1.50
30	1,050	5.5	1,550	1.48
31	900	4.5	1,350	1.50
32	900	4.5	1,350	1.50
33	900	4.5	1,350	1.50
34	900	4.5	1,350	1.50
35	900	4.5	1,350	1.50
36	900	4.5	1,350	1.50
Total	**34,200**		**51,000**	**1.49**

Loan to Value Ratio (LTV) Based on Purchase Price and Evaluation:

Purchase Price	:	$5,000,000.00
Loan	:	$4,000,000.00
LTV	**:**	**80%**

Evaluation Report	:	$5,522,000.00
Loan	:	$4,000,000.00
LTV	**:**	**72.44%**

Loan to Value Ratio (LTV) Based on Future Economic Value:

Based on Projected Revenues
Projected NOI: $475,278
Cap Rate: 5%
Value: $9,505,560.00
LTV: 42.08%

Loan to Value Ratio (LTV) Per Door:

Purchase Price	:	$5,000,000.00
Loan	:	$4,000,000.00
Doors	:	36
LTV per Door	**:**	**$111,111.11**

SECTION IV: MORTGAE LOAN DETAILS
TOTAL REQUIRED MORTGAGE FINANCING:

The following $4,000,000.00 total loan is required

Loan Amount	**:**	**$4,000,000.00 First Ranking Hypothecary Loan**
Interest Rate	**:**	**12.25% Per Annum**
Net to Investor	**:**	**11.25% Per Annum**
Term	**:**	12 Months, 3 Months Closed
Amortization	**:**	0, Interest Only
Prepayment Privileges:		After Three (3) Months
Interest Reserves	**:**	NONE
Closing Date	**:**	August 14th 2024

Loan Participant:

Balto Capital Inc.	**$4,000,000.00**	**100%**

Documents reviewed by Balto Capital Inc. are accessible upon request via OneDrive:

1) Evaluation Report
2) Clean Environmental Report
3) A Copy of Guarantor Net worth Statement

Pre-Disbursement Conditions:

1. Clean environmental report reliance letter to lenders name
2. Insurance to lender name
3. Site visit
4. Final accepted offer to purchase
5. LOI of sale at $9,500,000

PLEASE BE ADVISED THAT BALTO CAPITAL INC ARE ONLY ACTING AS A NOMINEE FOR THE SUBJECT MORTGAGE INVESTMENT AND EACH INVESTOR IS SOLELY RESPONSIBLE WITH THE ASSISTANCE OF THEIR PROFESSIONALS FOR EVALUATING THE SUBJECT MORTGAGE INVESTMENT AND DETERMINING WHETHER OR NOT THEY WISH TO INVEST.