

Prestigious Properties Closes Large \$8.5M Apartment Building Acquisition in Abbotsford, BC

CANMORE, ALBERTA--(Press Release May 8, 2009) - Prestigious Properties has completed the acquisition of a 108 suite apartment building in Abbotsford, from TransGlobe, with a CMHC insured mortgage at a record low interest rate of only 3.5%. This benefits the cash-flow in an impressive portfolio of revenue-generating rental properties which now exceeds 1,250 units, \$90 million in asset value and over \$45 million in equity in Western Canada and the U.S.

A rising player in the North American rental real estate market, Prestigious Properties has developed a highly successful investment strategy which has drawn an enthusiastic response from over 400 satisfied investors. Prestigious Properties invites investors to participate in the syndicated purchase of rental properties, which are carefully examined and selected for their ability to generate reliable quarterly cash flow after adequate renovations, with the potential for significant equity appreciation.

Company president Thomas Beyer is bullish on the company’s business model and pleased by its surging growth profile. “In any economy, and especially in a recessionary environment like right now, there is a need for reasonably priced, well situated and appropriately renovated apartments,” Beyer explains his investment philosophy. “Renting is becoming the economic choice of many because owning a house doesn’t mean automatic equity accumulation anymore, because renting is usually far cheaper than owning and because the threat of rising interest rates remains with us,” he adds. “This presents an enormous opportunity for investors who seek stable, long term investments with cash-flow and equity growth, whether the economy is strong or weak.”

TransGlobe CEO Daniel Drimmer, who shares a German heritage with Mr. Beyer (both hail from Berlin actually) states: “This transaction has been very smooth, we closed on time and to our mutual satisfaction. We are looking forward to working with Prestigious Properties on more potential deals as we strategically divest in non-core markets like Nanaimo, Abbotsford or Lethbridge and re-focus on our core strength of larger urban centers.”

Valuations of apartment buildings remain high, unlike commercial real estate like office towers or shopping centres whose underlying financing costs have soared and rents have weakened considerably since 2008 and as such now command much lower valuation multiples than apartment buildings.

In a nutshell, Prestigious Properties buys undervalued apartment buildings in sub-urban markets. The company renovates, manages and eventually re-finances these properties while both equity values and rents increase over time. Under terms of a pre-arranged exit strategy, syndicates may ultimately dispose of the asset for ROIs which have historically ranged in the double or triple digits over a number of years.

Prestigious Properties has also forged strong business relationships with a number of Canadian banks and lending institutions. “We have worked with Prestigious Properties for more than nine years. It is fascinating to see them grow from only 15 suites in 2000 to well over 1,250 units now,” says Dennis Aitken, VP Mortgages & Regional Manager-Prairie, of People’s Trust, a leading Canadian provider of financial services. “We have quite a few mortgages with the group and we think they run a great business,” adds Aitken.

Scotty Grubb, VP Business Development and COO for Prestigious Properties, adds: “Echo-boomer demand, in-migration, tightening credit requirements, higher down payments for would-be home owners translate to stronger demand for rental accommodation, rising rents and lower vacancies. We can currently buy apartment buildings for less than 50% of replacement cost, with relatively predictable rental growth and with very inexpensive financing. We focus on growth markets like the BC Lower Mainland with its new infrastructure investments such as the widening of highway 1 and the twinning of the Port Mann bridge. This represents an enormous opportunity for us and our co-investors. “

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Prestigious Properties is a privately owned, Alberta-based company which creates wealth for investors by offering well selected real estate investments that provide positive cash flow, tax free equity growth, and hassle-free management, for the benefit of tenants, communities and investors.

For more information, please contact:

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