



HFB Benchmark, Inc. (HFBB)

Property Acquisition and Renovation Plan

Student Dedicated Rental Properties

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EXECUTIVE SUMMARY

HFBB Benchmark, Inc. (HFBB) is a property acquisition, development and distribution company with a focus on international asset management.

The company seeks capital appreciation by acquiring, developing, improving and managing diverse property assets with a focus on Smart Building and Smart Property technology.

HFBB will acquire severely discounted properties - fully refurbish the assets into modern flats - and generate a highly profitable revenue stream by renting the apartments to qualified university students. There is a growing imbalance in supply and demand for student housing across Europe with occupancy rates in student halls at 100% during the academic year.

The Company's Opportunity:

1. Capitalise on the growing supply/demand imbalance in student housing by creating a viable and lucrative student property rental business. Dedicating rentals to university students will produce a consistent revenue stream, regardless of economic conditions.
2. Long term growth from increased property value. Refurbishing debilitated assets into modern, sustainable revenue producing units. This will be achieved by leveraging depressed property values with the current lowered cost of labour and automated management technology.

The Business

HFBB views three business functions for success; developing a Digital Student Property Marketplace, Development of physical properties and Rental Management dedicated to the student market.

The business plan is therefore divided into three sections:

1. HFBB Digital Student Property Marketplace
2. HFBB Student Property Development
3. HFBB Student Property Management

This section of the plan will focus specifically on **Property Acquisition and Renovation** (information for **Smart Buildings and IoT** found in a separate section)

A targeted increase of 65-100% market value will be sought for each refurbished asset over a 3 year period.

HFBB will create a competitive business model to acquire debilitated properties at discount - fully refurbish the assets into modern flats - and generate a highly profitable revenue stream by renting rooms to qualified university students on a term basis.

The Company will acquire properties discounted between 30%-70% from current market value from targeted off- market resources to High Street Banks. The Company seeks to acquire between 10-15 properties per year, producing 8-12 furnished flats per asset, per year. Each flat will consist of a minimum of 3-4 units producing a target goal of 1,000 student housing units over a 3 year period, per market.

HFBB's strategy is to target niche properties, debilitated assets and off-market investment opportunities rather than broadly marketed broker packages. We possess the ability to pursue transactions which require creative structuring, recapitalisation or repositioning.

Such properties are frequently ignored by competitors who lack our capabilities for closing such transactions.

HFBB's principle is to oversee all aspects of each project including acquisition, finance, development, construction, leasing, operations and disposition for its portfolio properties. Our projects are selected from a list of 30-40 portfolio sites which meet all conditions and requirements. In order to assure the correct property profile, the portfolio is continually under analysis.



Vision

Provide university students with a choice of high-standard accommodations at an affordable price while providing investors fair and easy access to the student property ownership.

Our vision is to achieve long-term perpetual returns through consistent growth and profitability in real-estate development, rental revenues and asset holdings.

Mission

Quantified: 1,000 units (per Market) at 99% occupancy by year 5.

Maximise profits through smart corporate structure and ownership.

Our mission is to create stakeholder wealth through ethical business practice, long-term business relationships and Win-Win situations.

The Development Plan will focus on perpetual income growth through the purchase, development and rental of private and commercial properties. A targeted increase of 65-100% market value will be sought for each refurbished asset over a 3 year period.

The company seeks capital appreciation by acquiring, developing, improving and managing diverse property assets. The firm is nimble, enabling it to pursue various property types and locations that are out of reach or not feasible for larger firms.

Keys to Success

1. Successful initial financing
2. Successful investment identification
3. Successful strategy implementation
4. Maximum use of resources
5. Reaching return on assets targets
6. Continued improvement

Key Company Attributes

Company Structure – Minimal tax structure through use of zero-tax jurisdictions and utilisation of creative “Smart Structure” property purchases and use of Special Purpose Vehicles which allow both the buyer and purchaser of the asset to benefit.

Minimal Overhead – Outsourcing, automation and systemisation strategies lowers employee costs and give us the ability to make instant improvement and quick changes in corporate infrastructure, allowing us to take advantage of advancing technologies that further reduce overhead and general business costs.

Flexibility – Our nimble structure allows us to pursue transactions which are frequently ignored by competitors who lack our capabilities. We can provide for smooth, fast closings for transactions that require creative structuring, non-active management, recapitalisation or repositioning.

Rent or Sell Strategy – Renting properties during down or slow economic cycles when rental prices increase and selling properties during strong economic growth periods when sales and values are rising if necessary.

Patience – Long-term business psychology. Ability to “wait out” non-profitable situations due to market downturns and other uncontrollable events until further opportunities present themselves or the market cycles back to a positive return scenario.

Learning – Capitalising on knowledge gained through experience utilising an organisational learning plan.

Goals

1. Systemised operations
2. Long-term sustained profitability
3. Exponential asset growth
4. Smart tax structure

Short-Term

The first orders of HFBB will be spent dealing with the property owners, agents, legal advisors, inspectors and consultants to prepare for the asset acquisition. HFBB will focus on the development of strong partnerships with key real estate and property related professionals, i.e. sales brokers/agents, financial institutions, building trade contractors, real estate service firms and others.

During this period we will purchase, renovate and refurbish approximately 10 properties per year producing 330 units and increasing the number to 660 by end of year 2 and 1,000 units by end of year 3. We will begin generating short term revenues by renting the very first completed units under our rental company plan.

Objectives

1. Acquire 10 properties by the end of year 1
2. 65-100% Increased Asset Value by year 3
3. Full operations of 1,000 units rented by year 5

Strategies

1. Minimisation of costs through structure and outsourcing
2. Use of Special Purpose Vehicles for tax and price advantages
3. Niche market property purchases
4. Acquire, Refurbish and Rent through branded Rental Company
5. Systematic and streamlined processes
6. Use of strategic decision making models
7. Continual review, testing, evaluation and revision
8. Objective learning

Apartment Cluster Strategy

The Company will purchase properties with 'clusters' of 6-10 apartments, each containing 3-4 bedrooms, within the same property, with an average price of 50K euro "all in" (including all finished costs) per apartment. These 'clusters' are easier to manage and diversify the locations available to students seeking housing. Each 'cluster' is purchased through a separate SPV and all SPVs are owned by the investors through HFBB - Happy Flats Inc. This strategy provides significant risk protection – if anything happens to a unit, it can only affect a single asset or 'cluster'. This strategy also provides tax and efficiency benefits in case of liquidation – instead of selling the property, the company sell the SPV as passive income and free of capital gains taxation.

Segregated Cell Structure (SPV Strategy)

An SPV (Special Purpose Vehicle), which is a special company with limited liability, is created to hold each apartment cluster. HFBB is to be the parent holding company for ALL SPVs created and will be the beneficiary of all revenues generated by each SPV. This structure provides asset protection and also makes for a smooth sales transaction. In case of liquidation, the SPV can be sold rather than the property itself which may also provide significant tax advantages.

This unique strategy results in lower costs and sales can be made at a lower price increasing profit margin. This gives us a competitive price advantage and the benefit can then be passed on to the purchaser who is buying at a lower price. The SPV itself can be sold to the purchaser rather than the property, thus avoiding much of the paperwork and red tape involved in transfer of property title. This strategy is very attractive to buyers who are dealing with international properties and vacation homes. It is also highly beneficial to commercial purchasers and may be used by traditional individual buyers as well.

BUSINESS OPERATIONS

DEVELOPING KNOWLEDGE OF THE MARKETPLACE



Target Neighbourhoods

Note: The following examples make use of local currency (€) EURO.

Leading Acquisitions - Barcelona

HFBB's goal is to remain agile with the ability to make strategic business decisions quickly in an astute manner. Operations will initiate in Barcelona, Spain focusing on specific central districts which are prime locations for tourists. The city of Barcelona was chosen because of its tremendous student population and significant population of properties in our target price range of 50-100K € per apartment. Projections show that the current property prices are near the bottom of the property cycle and forecasts predict Barcelona will be one of the Top 5 Growth cities through 2034. Barcelona is one of the most popular student destinations in the world with over 250,000 students in 2014 and this trend is expected to continue upwards for the next 5 years. In addition, these areas are highly supported by expatriates and foreign investment, especially by U.K. residents who hold a favourable currency exchange rate, making these properties extremely affordable and easy to rent. We have significant familiarity with the market holding several strategic alliances and business relationships in these areas for over 10 years.

Selecting Properties

HFBB has developed a strategy around the purchase of properties in the 50,000 € to 100,000 € per apartment price range. This price represents properties on the lower mid-end of home values in the targeted neighbourhoods. A price differential of at least 30% between our purchase price and current market price is necessary for each purchase. This will allow us to absorb a renovation and acquisition expense of approximately €10,000 to €15,000 per apartment, for each project.

In order to comply with student, holiday and traditional rental regulations, these properties are strategically selected utilising a checklist which includes location prerequisites such as; title issues, survey issues, availability and access of utilities, accessibility of airport and public transportation, tourist attractions, landmarks and various amenities which are required for short term rental units. Initial purchases, in line with our short term goals, will focus on properties which will capture the interest of young students as well as established individuals and families.

Locating Flexible/Desperate Sellers

The target neighbourhoods are also well populated with sellers that are significantly motivated to be creative in the sale of their property. This "distressed" seller situation can be created for several reasons. The owner may be having trouble selling the property, or may be forced to move quickly to satisfy some pressing personal issue. We will attempt to locate sellers that fit one or more of the following profiles: under financed, estate sales, unemployment, property in disrepair, job transfer, property management problems, absentee ownership, investor washout, retirement, divorce or any other dissatisfaction with the property. It is anticipated that these property owners will be willing to negotiate on price, terms, or possibly both. Foreclosure situations may also be accepted after extreme due diligence and careful valuations.

Working with Real Estate Professionals

To be successful in real estate investing, a strong partnership must be built with many service providers that have an intimate knowledge of the neighbourhoods we have selected. This list of business contacts includes but is not limited to real estate brokers/agents, chamber of commerce, local investment clubs, financial institutions, utility company repair

personnel, title insurance companies, local government personnel, and others. Building long lasting strategic business relationships will be a key to our success.

PURCHASING PROPERTIES

DUE DILIGENCE:

Title Issues

Are there any clouds on the title? In other words, does the seller have clear title to the property? Review of all title reports and underlying documents affecting the property is crucial.

Survey Issues

Are there any encroachments from adjoining properties on your land or vice versa? Encroachments could be neighbouring buildings, utilities, easements, fences, water, etc. Are the property boundaries clearly marked and surveyed? If there are encroachments, understanding how to resolve the issues prior to closing is a necessity. Some issues may not be able to be resolved or resolved in a timely manner which affects decisions of whether or not to purchase the land despite the unresolved issue. It may be necessary for the seller to obtain what is called an easement from an adjoining property. An easement is a written document allowing one party use of another party's water, road, utility lines, parking spaces, driveway, etc. An easement is typically drawn up by the seller's attorney and reviewed by purchaser's attorney. It is important to resolve these issues immediately.

Property Use Approvals

Zoning regulations, site plan approvals, building permit and approvals, lot size, setback issues, fire safety issues, environmental and health issues such as sewer, septic disposal, storm water management, streams, rivers, wetlands, etc. Use of environmental report to determine energy efficiency.

Availability and Access of Utilities

Access to utilities, water, electricity, gas and sewer/septic systems, telephone, cable and Internet is another concern that needs to be investigated. Are there any holds on utilities from the previous owner?

Accessibility of Transportation

Is there easy access to public transportation and is it cost effective for students to commute to their desired destinations?

Financial Analysis

Each property to be purchased will go through extensive financial analysis utilising computer software and strategic analysis models created for this purpose. This analysis will provide the decision making data to determine the appraisal value, appropriate purchase price, detailed estimates of potential renovation, acquisition costs, and potential sale price including anticipated profitability.

COST ANALYSIS:

Calculate and Understand the Total Costs

It is essential for any development project that all the costs are clearly understood before purchase or embarking on the build phase if the site is already owned.

Land/building Acquisition Price

This is the total cost of purchasing the building and/or land.

Build or Refurbishment Costs

The total cost of all materials and labour involved in the build or refurbishment phase.

Stamp Duty/Taxes

Evaluate stamp duty/tax that is payable to the government and develop strategies to lower or eliminate these costs.

Professional Fees

Professional fees include the services of a solicitor, architect and surveyor and possibly the services of a lender's quantity surveyor.

Finance costs (include the cost of any of the following);

- Equity and Debt financing required to purchase the development site
- Development finance required for the build
- Interest or fees and international bank transfers and exchanges rates
- Finance deposits required for acquisition and development finance
- Transfer fees, International exchange and other bank costs

Contingency Costs

Development project costs can very easily be underestimated or can escalate due to unforeseen problems. For this reason, we include a contingency cost that can be used if the worst happens. Contingencies estimates can vary between 5 and 15 percent of total project cost depending on the degree of complexity and risk involved with each project.

Total Costs

Until all of the above costs are known and accounted for it is impossible to accurately define the profit potential from a development project.

PROFIT ANALYSIS:

Assess the Profit Potential

Property development is crucially about adding value to a site and either selling at a higher price level or completing the site and holding for longer term investment purposes. Our methods make use of the following roles to assess potential profit that can be made from a development site or project.

Estate Agents

Estate agents play a useful role in assisting the developer to assess the profit potential from a completed project. It is important to note that the agent's opinion will not count toward finance raising or when your prospective purchaser is deciding whether to part with his hard earned cash. However they can be extremely useful in making quick assessments of the potential of a site before deciding to part with fees for professional valuers and surveyors.

Comparables

As well as working with the local estate agents it is important to do our own research so that we are very clear of our target market and the possible price our site could reach compared to similar property and location types.

Professional Valuations

Ultimately the finance that we are able to raise will depend upon the professional opinions of a valuer or surveyor. This helps us to protect ourselves from overinflated estimates and we will not provide development funding until we have an up to date valuation of the current site and an analysis of the post development valuation.

CREATIVE FINANCING TECHNIQUES:

One of the most difficult and critical components of our purchase strategy is the elimination or minimisation of the down payment required to obtain the property. Quite often, the down payment represents a significant portion of the out-of-pocket investment, which is used to calculate the overall rate of return of the transaction. That is, the less money invested to turn the property, the higher the rate of return on the purchase. Several strategies will be employed to take advantage of money that is available from traditional, as well as slightly more obscure sources of funding.

The following sources represent opportunities to purchase property with lower initial costs:

- The seller—quite often a seller will finance some portion if not all of the purchase transactions, especially if the interest rate is attractive and the term is short
- Equity in other homes or vacant land can be used as down payments or collateral for future payments
- Land contracts or private mortgages on other properties can be discounted and sold for cash; Wolfe Partners professional skills and services could be used as "sweat equity"
- Real estate brokers will sometimes take their concessions on a note or as an account receivable
- Investors could be used when larger amounts or quick cash is needed
- Tenants of rental properties could be enticed to convert their lease to a lease with option and apply some money down at the time of lease creation
- Existing loans on the property can sometimes be cashed out or leveraged

Banks and savings and loan institutions will typically be considered as a last resort. This is due to their high closing costs and long delays in processing mortgages. When a seller is not in a hurry to close, and the property will carry the added costs, conventional mortgages might be an option, especially in the current low interest market.

DEVELOPMENT PROCESS

Oversight

- Site search and evaluation
- Space/property needs assessment
- Strategic acquisition planning
- Zoning and annexation
- Site engineering and survey
- Environmental investigation
- Architecture and design coordination
- Project cost analysis

Building / Land Acquisitions

One of the most important aspects of real estate development is the acquisition of the land. HFBB realises that importance and uses a comprehensive research and analysis process. That process is structured to quickly and accurately determine the value of properties and all possible options related to their use. It is that due diligence that gives us a competitive advantage in negotiating the terms of the sale.

Architecture / Design

The design and flow of the property are what help set it apart. At HFBB we strive to create properties that are unique and functional. We will work with you on the initial design concept, the preliminary evaluation of the impact of building and zoning code requirements, and in establishing design alternatives. Once a design is approved we will assist in select the primary materials, lighting, mechanical systems, etc., and prepare the final construction documents.

Government Approvals

Timely management of the city zoning and permit process - services include, but not limited, to obtaining building permits, certificates, variances, rezoning land use, neighbourhood association approvals, and representation at Zoning Board of Adjustment hearings.

Renovations

Every stage of the renovation process from acquisition to the final trim work and painting - we see the refurbishment through, to the city's final approved inspection.

Project Management

A unique advantage in selecting HFBB is that we will serve as a single point of contact for all aspects of the project, and over the entire life of the project, from its very inception to the final finished product or sale.

Furthermore, because HEBB's primary business is real estate holdings, we understand what it takes to be successful in executing a project. We understand what a client wants, a project completed on time, in scope, at

cost, and with the utmost quality.

RENOVATION PROCESS

The initial investment strategy for HFBB expects a renovation for every property purchased. Obviously, properties that can be purchased well below market value with very little development or repair required are optimum investments, but difficult to find. It is anticipated that every property will require at least cosmetic improvements to bring the property up to maximum value and allow it to be rented quickly.

To perform these renovations, HFBB will enlist the help of purchasing agents and building trade contractors to perform each of the tasks needed. HFBB will act as the general oversight and manage each rehab according to rigorous project management and timeline processes. We expect to reach our goal of 40 units by the end of year 2. Each project is expected to be completed over a 4-6 month period, depending on the complexity of the renovation. Because we are able to outsource to several strategic alliances, multiple renovations can take place at the same time.



During the last several years, extensive research has yielded seven specific cosmetic improvements that significantly increase the desirability of an asset. The seven tasks and corresponding estimated costs for a typical 65-100 mt² flat are:

SEVEN TASKS TO INCREASE PROPERTY VALUE	
Kitchen cabinet and counter tops—cosmetic improvements are usually adequate but on occasion a complete replacement is necessary	€1,000- €3,000
All vinyl and carpeted floors will be replaced or overlaid	€1,500- €2,000
Bathroom fixtures (including vanities) will be replaced	€1,000
Entire interior will be repainted	€1,500
Siding can be applied to any interior that is lacking in modern appeal	€3,000- €4,000
Landscaping (seasonal) to improve lawn, trim shrubbery, plant flowers	€500
Misc. "polishing"	€500

Again, each asset will be evaluated on its own merits but the renovation costs are expected to range from 10,000€- 20,000€ per apartment.

The HFBB renovation process model assumes that the above 7 tasks represent the key renovations to be done on the property. This assumption will be validated prior to purchase, due to a thorough inspection of the home to ensure mechanical and structural integrity. On occasion, however, an asset will be available that represents a larger purchase—resale differential opportunity, but requires structural or other major remodelling expenses. These could be flats that are in terrible disrepair, natural disaster damage, or simply a small asset that is surrounded by larger flats in an affluent neighbourhood. These cases do not meet our typical investment strategy, but could be considered, depending on the capital needed and the longer time that the capital will be tied up during the completion of the project.

Performing Appraisals

Appraisal tools and databases are available through the Internet which capture and report the sale price of all properties in specified target neighbourhoods for the past 12 months and more. Data from these appraisal tools are available from 3 main sources and are used to estimate market values and create budgets for renovation investments. Data sources include: the Internet, which provides a cost effective method of

obtaining a broad range of *real time* and archived information. The second source is off-market listing books available through local real estate brokers. The third source of properties sold in the area is the county courthouse and/or other legal publications and newspapers offered by High Street Banks. Listings from any publication can be downloaded and scanned into our computer into the appropriate sections of our database. Strategic use of these information sources creates an effective tool that is critical in our efforts to properly estimate the upside and downside potential of each of our projects.

Rental Properties

As previously mentioned, careful attention will be made during the purchase process to locate properties that could be entered into our long-term investment portfolio of rental flats. To meet our standards for inclusion in the rental portfolio the property must pass three performance measures. First, we must be able to buy and prepare the unit with very little cash outlay. Second, the flat must be located in a desirable area that will ensure better than average appreciation, which we define as twice the inflation rate. Thirdly, and most importantly, maintenance costs, operational expenses and income stream must be favourable to net a positive cash flow of at least €18,000 per year. Since our intention is to hold these houses in our portfolio for 7-8 years, the combination of appreciation and cash flow will yield an estimated 31% return on our investment per year when in full operations. In addition, all properties in the portfolio will be managed by a professional property management and rental company, which is included in the operational expense.

MANAGING THE BUSINESS

HFBB will oversee the entire acquisition and refurbishment as set forth in this Student Property Development plan and all operating agreements. Once the debilitated assets are renovated and refurbished to a rentable state, the branded rental agency will follow through as set forth in the Student Property Management plan.

Timeline

HFBB sets operations of the Acquisition and Refurbishment to start in September 2017. The first year will be a period of organisation, preparation and acquisition of the first 10 assets to be completed by Q3

2018 and ready for rental. Following the timeline identified throughout the HFBB business development plan, we would expect to purchase another 10 assets by the end of Q2 2019 and complete the remaining 10 assets by the end of 2020. Using this progressive scale we will ramp up to our fully operational level of 30 assets for the fiscal year 2020.

Organisational Learning Plan

The purpose of the organisational learning plan is to learn from the results of our marketing, operational and finance plans and we will seek to consolidate this information to gain future strategic advantages.

The company will use a “strategic staircase” approach, focusing on the strategic planning and success of a single venture, evaluating successes and failures, and then re-evaluating the venture to accumulate and build further competencies for the success of the next venture. The company will diversify to take on multiple ventures at the same time.

FINANCIAL INFORMATION

Obligations

HFBB has current liabilities of less than 25,000.00 EUR.

Revenues based on adjusted rental rate of 550 €, 90% occupancy. 26M € includes 3% interest rate. With a 72% pay-down ratio, project financing will be paid in Year-9 and the assets will be owned outright by the SPV.

Based on adjusted revenues of rental rates of 550 € per month, 90% occupancy and completion rate of 333 units end year 1, 666 units end year 2 and full 1,000 units end year 3. Dividends based on a 72% project financing pay-down rate for 26M € (20M + 3% int.), fully paid in Year-9.

RISK ANALYSIS

Assess the Development Risks

This relates to any risks involved in the delivery of the project and lenders will want to get the maximum level of confidence as to the developer’s

ability to complete a project on time and on budget. A solid track record in delivering similar projects will be necessary as well as demonstration of sufficient financial strength in the event of an escalation in costs. Lenders will almost certainly require a cost overrun guarantee (and evidence of the developer's ability to make good on such guarantee). Some lenders will accept a cap on such guarantees, but others may not.

Assess the Market Risks

This relates to the risk of not being able to find a buyer or tenant for a completed project. Development lenders expect their facilities to be repaid on completion of the construction project and will want to get comfort that there is a valid exit (sale or let). Any delay in the exit will entail further interest charges and erosion of the profitability. A lender will therefore rely heavily on the views of valuers and agents and seek assurance that the Gross Development Value is realistic and that there is demand for the properties to be built at those values. It is possible to Minimise market risk by way of forward sale or forward let provided the forward purchaser or tenant is a credible and creditworthy party.

Risk Evaluation

Financing Risk – Investor pull-out, Lack of follow-up funding to complete project

Managerial Risk – Start-up Company risks, contractor fault

Risk Management Plan

All new ventures are inherently risky. We defend against this risk using a simplified smart corporate structure and a highly strategic approach to management of the company and related assets.

Non-Risk Averse Ownership – Owners initial capital made available through disposable income. Risk/Reward is clearly recognised by all parties involved and full loss is tolerable. (Important to us and our business values that no party involved is at personal financial risk whereas loss or failure of this company or its assets would have a substantial negative effect on their respective current life-styles.)

Risk Strategies

- Ownership in a start-up company in the field of Real Estate Development Utilising a Lower Cost market penetration strategy to yield long-term returns.
- Minimisation of company related costs Utilising the latest communication technology and automation. (Lowest employee related costs – Single member ownership structure, lowest communication costs including web site, telephone, fax, secretarial and other related costs through new cost effective suppliers and automation.)

Contingency Plan

Long-term success will depend greatly on the success of our primary subsidiary, the Rental Company. Failure of this subsidiary will result in a full re-evaluation of our business strategy. Only after this evaluation will a strategy is decided upon for HFBB. This new strategy would focus on the following; seek out a new venture, sell the company, or dissolve the company. It is our intention to succeed and only dire circumstances would cause a final closing and dissolving of the company. In the case of sale or closure, profits or costs related will be the benefit or responsibility of the owners.

Contingency Strategies

1. Limit operations to absolute bare necessities until revenues are generated
2. Cut operations leaving only basic communication and seek new venture strategy
3. Sell company and assets
4. Fully dissolve company and dispose of assets

ADDITIONAL COMPANY INFORMATION

COMPANY PHILANTHROPY AND CHARITABLE ORGANISATIONS

As successful members of the community, we have a responsibility to help those that are less fortunate and contribute to the common good.

It is not always just about monetary needs. Giving time, volunteering with local organisations and making full use of individuals skills as a collective can prove to be highly effective and extremely helpful to those in need.

Purpose:

- Relief for the poor, the distressed or the underprivileged.
- To help special situation, underprivileged kids in the field of education to give opportunities for advancement.
- To help feed and clothe the homeless with a direct “hands-on” approach by asking these people for their current needs and delivering on the spot.

Methods:

Organise volunteers from within the company and the local community.

Use proper utilisation of donations, time, effort and skills of participants.

Keeping a small, “hands-on” approach gives our participants the intangible benefit of giving.

Ask first policy – maximise resources by asking the people in need exactly what it is that would best further their situation.

Looking ahead:

Create a plan to collaborate and to partner with others.

Extra Tangible Benefits:

There are tangible benefits to giving back to the community, too. For one thing, significant donations can be used as a charitable deduction on your income tax. For another, giving back to the community can raise the business' profile and even bring more customers or clients.

Local newspapers and Internet articles are filled with photos of business people presenting checks to the directors of charitable organisations,

which is great publicity. Many businesses even include their charitable work in their advertisements, adding copy such as "5 percent of sales will be donated to (specific charity)", or sponsor particular charitable events. Potential customers like the sense of being able to combine their pleasure in patronising a business with the pleasurable sense of helping others.

Philanthropic Mission:

At HFBB and our affiliate companies, we feel we have a responsibility to help those that are less fortunate and contribute to the common good.

Charitable Resources Plan:

HFBB will donate a small portion of profits (1-2%) which will further be determined on the success of the company at the time of distribution. This number will also depend on the participation of members and outside contributions. We will encourage members to participate in either a monetary capacity or a donation of time, skills or other contribution they will help with the given cause.

This will start as an annual event and progress to a more frequent occurrence.

ANNUAL COMPANY OWNERS GETAWAY

Stakeholder's Ball! / Weekend Meet and Greet Convention

Annual Meet & Greet for Founders, Owners, Investors and Strategic Partners

Schedule of events:

Informative Activities - Discuss Progress, Outlook, Guest Speakers, Workshops and more.

Recreational Activities - Golfing, Shopping, Fine Dining, Nightlife, Concert, Theatre, Cruises and more.

COMPANY VALUES

Key Values

Honesty – Good business through honest corporate value system.

Privacy – Keeping records, numbers, and other personal information private.

Environment – Treating everyone as an equal, indifferent of position.

Long-term business relationships – Through Win-Win situations and enterprises.

Taking Calculated Risks! – Not being afraid to take a risk to obtain rewards. Using risk-free capital, disposable income.

Physical Values

Maximum Utilisation of Resources – to improve company performance by full utilisation of current resources.

Orderliness – In office; drawers, file cabinets, shelves, paperwork, files, phone numbers, priority of work, daily and weekly planning, etc.

Organisational Values

Standardisation – Forms, files, procedures, reports, performance evaluations, equipment, orientations, communications.

Integration – Smooth operation vertically between different levels of the organisation in terms of plans, decisions, and priorities

Systemisation – In customer service, analysis, research, estimating, communications, coordination, reporting,

Psychological Values

Continuous Improvement - The desire and ability of the company to strategically develop and incorporate ways to improve itself.

Innovation - The desire and ability of the company to venture into new, breakthrough areas of opportunity.

Integrity - Keeping to one's word, promises, agreements, being truthful, non-deceitful etc. with employees, customers, vendors, government, etc. Not to mislead or misinform intentionally.

Appendices

SCHEDULE

Task Schedule													
Year 1 Tasks													
Month	R&D stage	1	2	3	4	5	6	7	8	9	10	11	12
Task 1	Investment Identification and Valuations												
Task 2	Parent Company Subsidiary SPV Agreement												
Task 3	Subsidiary Membership Formation / Funding												
Task 4					Subsidiary Formation								
Task 5						Seure Assets							
Task 6						Acuire Assets							
Task 7						Transfer Titles							
Task 8									Schedule Contracting Refurbish and Upgrade				
Task 9									Final Inspection Furnish-Decor				
Task 10									Web Site Development SEO, Launch, Adv. Reserves				
Task 11									Rental Office Payment-Set-up Hire Manager Hire Assist.				
Task 12													Strategy Analysis
Task 13													Asset Maintenance
Task 14													Adverts and Marketing
													SEO, Heavy Peak Season
													1 Yr. Evauation

S.W.O.T.

Internal	External
<p><u>Strengths:</u></p> <ul style="list-style-type: none"> · Strategic Approach · Flexibility · Structure · Adaptability · Objective Learning · Minimal Operating Costs 	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> · Fluctuating Markets · Risk Markets · Private Ventures · MBA Student Niche · Tourist Rentals · IPO (REIT)/Acquisition
<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> · Limited Company History · Future Funding Needs · New Venture Failure 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> · Global “Crisis” Economy · Well-Known Distributors

11 KEY STEPS OF A RISK CONSCIOUS PURCHASE STRATEGY

<p>1. Buy a property that is suitable for both resale and rental (even if you only intend to rent it or just sell it on after doing it up). You will find that the market for renting and the market for property sales move in opposite directions.</p>
<p>As the market for property sales declines so rental markets pick up. If the rental returns decline then the market for selling the property is buoyant.</p>
<p>When the sale of properties is at a standstill, rental prices are on the increase – when sales increase, rental prices fall. Renting to tourists gives a higher return.</p>
<p>If you invest in a property that can be **easily resold or let** - then your investment is secure regardless of how the market turns.</p>
<p>2. Buy a property for location - well located properties sell even in bad markets. Finding this type of property may be difficult if the 'better'</p>

locations are expensive. However, look for a property that has - say - good access to transport - although in a poorer area, as this will increase its resale ability. Remember that different people value location in different ways - young professionals want to be able to get to the centre of town quickly - families prefer facilities for children.

3. Buy at a price 30%-70% below current market value. This is crucial. This not only gives a decent return, but also protects against a fall in the market. If we can't achieve this kind of margin we move on to find a different property.

4. Buy flexibility into your buy-to-let/ finance package - things go wrong, builders don't turn up, people lose their jobs. We make sure finance allows flexibility with the payments if necessary.

5. Don't rush into the first property available- taking time to find the right property.

6. When we've found the property we want - move very quickly.

7. Renovate for maximum profit - not for personal taste. Neutral is best - white bathrooms and plain kitchens. We can always offer to emulsion the rooms according to the purchaser's preference once they've agreed to buy.

8. Control builder's costs - set out an agreement and hold back the payments until we are satisfied that each stage of the work is complete.

9. Stay on top of the builders and the quality of their work.

10. Quickly let the property - begin selecting and set up of marketing strategy well before the work is completed.

11. Don't be greedy on the sale or rental price - accept mid prices.

Managing to conquer these 11 key points will give our investments maximum potential for success.

Barcelona Real Estate Market Data

The real estate market in Barcelona

The city of Barcelona has a total surface of 100 square kilometres, situated between the Mediterranean sea and the Collserola hills on one side, and the Llobregat river and the Besos river on the other side. This delimitation creates a relatively small size territory which accommodates around 1.6 million people, which implies a high density rate of population, especially if we consider the large number of temporal visitors that arrive throughout the year to Barcelona.

The province of Barcelona forms the centre of an extensive metropolitan region of more than 217 municipalities in which 4.3 million people live. It is the economic, cultural and administrative capital of Catalonia, situated in the northeast of Spain, on the shores of the Mediterranean Sea.

The character of the Barcelona real estate market is determined to a great extent by its great cultural and economic diversity, which creates a unique mixture between residential and commercial properties. In most of the city neighbourhoods and districts people live, work and shop at once. There is very little separation between the residential dimension and the commercial dimension and there is easy access within the same district to most of the important services: medical, cultural, leisure, sport etc. The great diversity of the city makes it extremely dynamic. The high density of the city as well as its vitality, mixture of uses, balanced climate and Mediterranean spirit convert the streets and the squares of Barcelona into meeting points which facilitate social cohesion.

The open and receptive character of the city's habitants attracts many foreigners and many of them decide to establish their permanent residency in Barcelona, enjoying its quality of life and its cosmopolitan atmosphere. As a result, the population of Barcelona is becoming more and more diverse, with more than 150 different nationalities represented.

In terms of its real estate evolution, in recent decades Barcelona experienced a great transformation, especially after the Olympic Games in 1992. The spectacular organization of this emblematic event brought worldwide fame and recognition to Barcelona and for the first time brought the unique quality of the city and its magical character to the attention of millions.

The smart and extremely efficient management of Barcelona's City Hall and the "Generalitat de Catalunya" (the local authorities) have contributed greatly to the city's worldwide fame and to the positioning of Barcelona as one of Europe's major metropolis. By simplifying the entrance to the local market for international investors and multinational companies, the city has experienced huge growth, which continues until today.

Evolution of the demography of Barcelona: years 1991 – 2004

Nationality by countries:	1991	1996	2001	2003	2004
TOTAL	1.643.542	1.508.805	1.503.884	1.582.738	1.578.546
Espanya	1.620.140	1.479.746	1.408.528	1.415.515	1.390.173
Alemanya	1.914	1.604	2.381	3.439	3.799
França	1.994	2.011	3.587	5.342	5.963
Itàlia	1.803	1.697	4.139	7.363	9.107
Regne Unit	1.027	944	1.864	2.784	3.140
Resta UE	1.159	1.529	3.116	4.847	-
Resta Europa	1.302	894	5.689	11.402	19.232
Marroc	1.727	3.332	7.426	11.955	12.432
Resta Àfrica	601	1.069	3.258	4.945	5.138
Estats Units d'Amèrica	708	581	1.130	1.861	2.142
Argentina	2.170	1.548	3.963	9.756	10.803
Perú	726	2.911	7.593	11.190	12.447
Chile	854	704	1.965	3.522	4.161
Resta Amèrica	3.632	5.144	35.303	62.018	71.638
Filipines	1.253	2.040	3.479	5.244	5.348
Resta Àsia i Oceania	2.459	3.035	10.455	21.555	23.023
Apàtrides	37	16	8	-	-
No consta	36	-	-	-	-

Real estate ROI in Barcelona residential and commercial market

The expected return over a real estate investment in Catalonia from rental income is quite similar to the rest of Spain and represents around 5% over the net value of the property. Investments in commercial properties,

especially in prime locations, can generate higher returns, but those become more and more difficult to find (and they are also very expensive). However, in the last 15 years the average increase in value of residential and commercial properties was around 7% annually, and during the last 7 years has been over 15% annually. Our experience from the last ten years shows that after removing the speculation factor, a smart investment could generate a ROI of more than 7% annually, calculated over a minimum time period of 5 years. We also believe that for commercial properties in the centre of the city the future prospects are very positive and even higher returns can be obtained, over a time period of 7 years.

The rental market in Barcelona

The real estate rental market for residential and commercial properties in Barcelona is very strong and characterized by its large and steady demand. In residential properties the reason for that is mainly the fact that most locals prefer purchasing their residence over renting them. Based on general publications more than 90% of local residencies in Catalonia are full ownership residencies while the offer of apartments for rent is very limited. In fact in recent years Barcelona has become famous among European residents visiting the city for its rented accommodation facilities and sometimes the price of a single bedroom for rent in the city centre can reach up to 600 Euros per month.

Spanish Student Housing Market

Why is Spain so popular with students?

Spain offers a uniquely relaxed experience, a Siesta culture allowing students to pursue their academic interests at a different pace. However, this doesn't mean that Spain should be treated less seriously academically speaking! Spain is particularly known for its foreign language courses, with Spanish universities being world famous for their foreign language centres. The country also offers students a uniquely diverse cultural experience, the historic sense of regionalism allowing students to

experience widely varying languages, cultures and traditions all within one country.

Erasmus Sets a New Record for Study Abroad Funding

Erasmus is one of the largest and most successful programs for study abroad funding in the world.

The latest Erasmus statistics released by the European Commission today reveal that nearly 270 000 students - a new record - benefitted from EU grants to study or train abroad in 2012-2013. While studying at another university continues to be the most popular choice, one in five students (55 000) opted for Erasmus job placements in companies. The three most popular destinations for Erasmus students in 2012-2013 were Spain, Germany and France.

Department of Statistics / Barcelona city hall

This important immigration flow has significantly affected the growing real estate market in Barcelona until 2007 in a way that prices have been on the rise for almost a decade now. In the end of 2007 and the beginning of 2008 we have witnessed a change of tendency though and prices started to go down again as the international economy affected the Spanish property market as well.

Here are some official numbers about prices of second hand residential apartments in Barcelona, between 1999 and 2009. The prices are divided by the different areas of Barcelona and are cited in Euros per square meter.

As can be seen in the tables below, prices of properties in Barcelona have experienced a spectacular growth during the last decade. However, as from 2007 we see a clear slowdown and prices during 2008 and 2009 are dropping by an average of 10%, as can be seen clearly below.

The evolution of prices per square meter for residential properties for sale in Barcelona - Eixample district

DISTRICT	YEAR	TRIMESTER	PRICE Euros / m2
Eixample	1999	Diciembre	2.224,00
Eixample	2000	Junio	2.404,00
Eixample	2000	Diciembre	2.536,00
Eixample	2001	Junio	2.705,00
Eixample	2001	Diciembre	2.885,00
Eixample	2002	Junio	3.035,00
Eixample	2002	Diciembre	2.930,00
Eixample	2003	Junio	3.168,00
Eixample	2003	Diciembre	4.001,00
Eixample	2004	Junio	4.014,00
Eixample	2004	Diciembre	4.259,00
Eixample	2005	Junio	4.269,00
Eixample	2005	Diciembre	4.427,00
Eixample	2006	Junio	4.705,00
Eixample	2006	Diciembre	4.930,00
Eixample	2007	Junio	5.368,00
Eixample	2007	Diciembre	5.384,00
Eixample	2008	Junio	5.397,00
Eixample	2008	Diciembre	5.300,00
Eixample	2009	Junio	5.281,00

Source: Sociedad de Tasación SL, Spain's main evaluation agency (<http://web.st-tasacion.es/html/index.php>).

The evolution of prices per square meter for residential properties for sale in Barcelona - Gracia district

DISTRICT	YEAR	TRIMESTER	PRICE Euros / m2
Gracia	1999	Diciembre	1.803,00
Gracia	2000	Junio	1.923,00
Gracia	2000	Diciembre	2.086,00
Gracia	2001	Junio	2.164,00
Gracia	2001	Diciembre	2.404,00

Gracia	2002	Junio	2.554,00
Gracia	2002	Diciembre	2.517,00
Gracia	2003	Junio	3.004,00
Gracia	2003	Diciembre	3.135,00
Gracia	2004	Junio	3.503,00
Gracia	2004	Diciembre	3.662,00
Gracia	2005	Junio	3.810,00
Gracia	2005	Diciembre	3.845,00
Gracia	2006	Junio	4.504,00
Gracia	2006	Diciembre	4.364,00
Gracia	2007	Junio	4.520,00
Gracia	2007	Diciembre	4.444,00
Gracia	2008	Junio	4.463,00
Gracia	2008	Diciembre	3.992,00
Gracia	2009	Junio	4.033,00

Source: Sociedad de Tasación SL, Spain's main evaluation agency (<http://web.st-tasacion.es/html/index.php>).

The evolution of prices per square meter for residential properties for sale in Barcelona: Sarria - Sant Gervasi

DISTRICT	YEAR	TRIMESTER	PRICE Euros / m ²
Sarria - Sant Gervasi	1999	Diciembre	2.584,00
Sarria - Sant Gervasi	2000	Junio	3.005,00
Sarria - Sant Gervasi	2000	Diciembre	3.065,00
Sarria - Sant Gervasi	2001	Junio	3.245,00
Sarria - Sant Gervasi	2001	Diciembre	3.576,00
Sarria - Sant Gervasi	2002	Junio	3.666,00
Sarria - Sant Gervasi	2002	Diciembre	3.382,00

Sarria - Sant Gervasi	2003	Junio	3.798,00
Sarria - Sant Gervasi	2003	Diciembre	3.655,00
Sarria - Sant Gervasi	2004	Junio	4.505,00
Sarria - Sant Gervasi	2004	Diciembre	4.848,00
Sarria - Sant Gervasi	2005	Junio	4.980,00
Sarria - Sant Gervasi	2005	Diciembre	5.040,00
Sarria - Sant Gervasi	2006	Junio	5.587,00
Sarria - Sant Gervasi	2006	Diciembre	5.771,00
Sarria - Sant Gervasi	2007	Junio	6.772,00
Sarria - Sant Gervasi	2007	Diciembre	6.737,00
Sarria - Sant Gervasi	2008	Junio	7.160,00
Sarria - Sant Gervasi	2008	Diciembre	5.863,00
Sarria - Sant Gervasi	2009	Junio	6.729,00

Source: Sociedad de Tasación SL, Spain's main evaluation agency (<http://web.st-tasacion.es/html/index.php>).

The evolution of prices per square meter for residential properties for sale in Barcelona: Sants Montjuic

DISTRICT	YEAR	TRIMESTER	PRICE Euros / m ²
Sants - Montjuic	1999	Diciembre	1.563,00
Sants - Montjuic	2000	Junio	1.713,00

Sants - Montjuic	2000	Diciembre	1.833,00
Sants - Montjuic	2001	Junio	1.947,00
Sants - Montjuic	2001	Diciembre	2.164,00
Sants - Montjuic	2002	Junio	2.146,00
Sants - Montjuic	2002	Diciembre	2.171,00
Sants - Montjuic	2003	Junio	2.359,00
Sants - Montjuic	2003	Diciembre	2.813,00
Sants - Montjuic	2004	Junio	3.149,00
Sants - Montjuic	2004	Diciembre	3.301,00
Sants - Montjuic	2005	Junio	3.329,00
Sants - Montjuic	2005	Diciembre	3.437,00
Sants - Montjuic	2006	Junio	3.780,00
Sants - Montjuic	2006	Diciembre	4.066,00
Sants - Montjuic	2007	Junio	4.373,00
Sants - Montjuic	2007	Diciembre	4.416,00
Sants - Montjuic	2008	Junio	4.264,00
Sants - Montjuic	2008	Diciembre	3.678,00
Sants - Montjuic	2009	Junio	3.862,00

Source: Sociedad de Tasación SL, Spain's main evaluation agency (<http://web.st-tasacion.es/html/index.php>).

Investment Risk Warning

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