

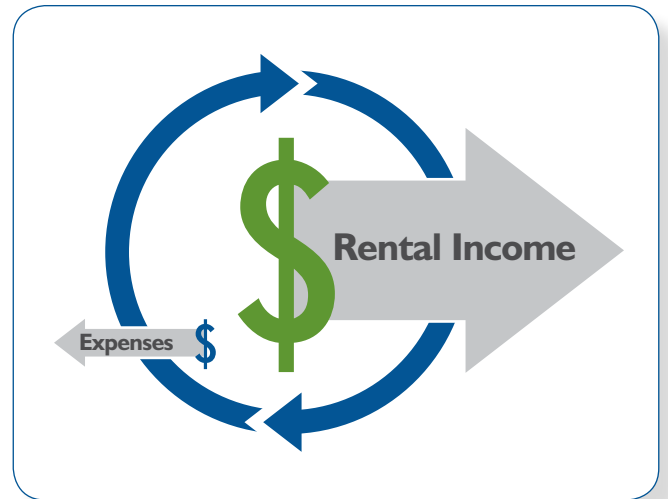
# HOW WE GROW OUR INVESTMENTS

## Positive Cash-flow (Rents)

Rental income is what allows Parkhurst REIT to hold properties long-term, regardless of market conditions and economic cycles. Rents generally increase in two ways:

- A. With current cost of living (rent is higher now than it was 10 years ago).
- B. Through improvements to the property and management practices.

We only acquire properties that produce a positive cash-flow, meaning rental income exceeds expenses. We look for opportunities to increase rents over time while maintaining and improving vacancy rates.



## Mortgage Pay-down

As mortgages get smaller, your investment gets bigger. A portion of rental income is used to reduce mortgage balances each month. The result is increased equity in the REIT portfolio, and a larger account value for you.



## Market Value Growth

If the value of REIT properties increases, so does the value of your investment. Values can increase two ways:

- A. **Passively:** the average price of real estate increases over time.
- B. **Actively:** we increase property value through renovations, changing use/zoning, improving management, or other strategies. Even if the general market is flat or declining, increased value can still be realized.

