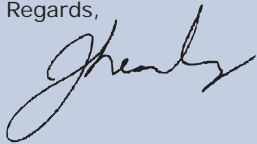


Intellectual Property

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Welcome to the first edition of Intellectual Property, Millennium III's quarterly newsletter. In this and future volumes we will inform you of new developments in the commercial real estate markets in Western Canada, keep you up to date on some of MIII's projects, and feature other news related to your real estate investment portfolio. We hope that you will find this newsletter helpful in making informed and successful investment decisions, and we look forward to producing future editions.

Regards,



Everett Kearley, P.Eng.

Chairman, Millennium III Group of Companies

The Facts

- The oil sands of Alberta cover over 140,000 sq. km - an area larger than England - and hold a resource of 1.75 trillion barrels of bitumen, roughly equivalent to the total of all current world reserves of conventional oil.
- Alberta has major infrastructure project investments of over \$262 billion planned for the next 10 years. Of this, \$170 billion is already actively committed to projects that are underway or about to start.
- At over 6,000 acres, Nisku, which is adjacent to Edmonton International Airport, is Canada's largest industrial park.

To receive future editions of this newsletter electronically, please advise us via e-mail to: dawnh@millennium3.ca

Saskatoon and Edmonton – A Tale of Two Cities

Over 28 years ago we began telling people about the potential of investing in Saskatchewan. In the last two years global economies have fallen into recession, while the economy in Saskatchewan leads growth in Canada, and Canada leads growth throughout the western world.

For two decades, on behalf of the over 1,000 investors who understood the potential of this market, the Millennium III Group of Companies built a portfolio of 60 properties in Saskatoon and area. For the past five years, however, we have concentrated our acquisition efforts primarily in Edmonton and surrounding municipalities, acquiring and syndicating 11 properties.

Why did we switch locations?

Our investment model is based upon acquiring properties that have significant long term growth potential. The best acquisition targets are always well located yet undervalued. If we consider the potential of the Edmonton market over the next two decades, we see that it fits these criteria.

Not only is Edmonton's commercial property market more than five times larger than Saskatoon's, offering a multitude of buying opportunities, but as the principal supply and support base for the huge oil sands resources to the north, Edmonton has phenomenal growth and acceleration of property values ahead of it.

Businesses in Edmonton are optimistic about the future. They understand the need to be strategically positioned in order to take advantage of the anticipated economic growth over the next twenty years. We have been fortunate to acquire a number of properties in these locations at well below market and replacement cost which have already seen significant rent and value increases. For new leases and renewals we have been able to achieve rents that are well above what were

formerly charged, at times increasing by more than 50% over a five year term.

The reason for this is simple. Edmonton sits on the threshold of the Alberta oil sands, a huge reservoir of petroleum with proven reserves that are second only in the world to Saudi Arabia. Much progress has been made in dealing with the technological and environmental aspects of the development of this resource. What many who speak of the "boom and bust" economy of the Alberta of the past 100 years fail to recognize is that this old model no longer applies. World demand for oil is increasing at rates previously never seen as emerging markets such as China and India create new wealth and new middle classes. With these phenomenal increases in demand for a limited supply of this necessary commodity, Alberta and Edmonton are poised to become the next great producer of oil for the new millennium.

How are properties in Saskatoon doing?

In the late 1970s and early 1980s, Saskatoon experienced a building boom, which was then followed by a period of about 20 years when the economy performed well below its

Our current project

Introducing Centre 137, our latest commercial real estate syndication.



Strategically located at one of the principal intersections in northeast Edmonton, this project offers outstanding potential for income and value growth.

Contact your investment advisor, or our Saskatoon office, for more details of the project.



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In Alberta, MIII operates through Northumberland Capital Corporation, a member of the Millennium III Group of Companies, an associated company.

potential. Throughout those years, we were able to acquire many strategically located properties at well below their replacement value.

After the millennium year, Saskatoon's economy began to turn around due to strengthening commodities markets as well as progress in our high-tech and manufacturing sectors. As a result of this economic growth, demand increased for commercial and industrial property, rents picked up and vacancies dropped. The price of existing buildings started to rise sharply. This was excellent news for our earlier acquired properties, but the market for under-priced acquisition targets virtually dried up.

The long period of slow growth in the Saskatoon market in the 80's and 90's led to a lack of new construction. Finally, when vacancies became so low that new construction became inevitable, the increased cost of building forced tenants to pay correspondingly higher rents – often double the amounts being charged for older facilities, particularly for industrial space. This trend gave a boost to commercial and industrial rents throughout the city.

The current economic downturn so far has had relatively minimal impact on Saskatoon's economy. Demand for our basic commodities; fertilizer, food, oil, gas and uranium, remains strong. Accordingly, holdings in Saskatoon commercial real estate continue to be profitable investments.

The few properties in Saskatoon that we have sold in recent years bear witness to this, with returns to investors of 200% to 500% over their after tax cost. In the meantime, rents and property values in the city continue their upward trend.

Future Prospects

The Saskatoon real estate market continues to grow in value. We watch this market closely, but in recent years, there has been little property on offer that satisfies our criteria for maximum growth. However, recently there has been some industrial overbuilding in the north end of the city. With significant initial vacancies, some builders, under financial pressure, may be motivated to sell at bargain prices.

In spite of the recent temporary shock to oil

prices, Edmonton's commercial real estate market continues to perform well. As well, lower oil prices in the short term often translate into more advantageous acquisition opportunities over the long term.

Going forward, we will concentrate our efforts in Edmonton. In addition to providing logistical support for the oil sands and bitumen upgrading infrastructure development in the Alberta Industrial Heartland to the northeast, Edmonton has much more going for it:

- **Port Alberta**, which includes the Edmonton International Airport and its road and rail links, is being developed as a major forwarding point to Prince Rupert, the closest west coast port to many Asian destinations. As well, Enbridge has a major gas and oil pipeline to Prince Rupert in the planning stages, which will lessen dependence on the North American market.
- **The Edmonton Light Rail Transit (LRT)** system is being extended to the north and northeast. This, along with the completion of the ring road around the north and east of the city, will intensify growth in these areas. Our newest project, Centre 137, is located in the heart of this growth sector.
- **Nisku** and other adjacent industrial parks support Edmonton's significant role in supplying the conventional oil and gas industry throughout the rest of Alberta.

Two Cities

Located along Canada's major northern prairie transportation corridor, both Saskatoon and Edmonton are vital links in controlling access to this country's vast northern resources. As well as being on the main routes to North Pacific Ports, with well

diversified economies strongly based upon delivering strategic commodities to the world market, a real estate investment strategy including properties in both cities can always be considered to be a wise and balanced one.

Healthy Retail Sales Growth in Saskatoon for 2009

- Saskatchewan topped national retail sales growth in 2008 at 11.2% and is forecasted to lead the nation in 2009.
- The current overall retail vacancy rate in Saskatoon is 2.4%, which is a decrease from 2.83% and 3.74% in Q2 of 2008 and 2007, respectively.
- Despite the current global conditions, the forecast for retail growth in Saskatchewan for 2009 remains healthy at 3.8%, with the national level forecasted at 1.6%.

Edmonton Airport Expansion

Edmonton International Airport, Canada's fastest growing major airport three years in a row, is continuing its \$1 billion expansion to keep pace with economic development in Alberta and Canada's northwest. The project includes a new control and office tower, a terminal expansion adding 13 new bridges, and an increase in the apron capacity by 2 million sq. ft.

Our Data Security Policy

You can be assured that all investor information required by the Millennium III Group is kept secure in accordance with the provisions of The Privacy Act, The Personal Information Protection and Electronic Documents Act, and protected by the confidentiality policies in place within our organization. Please note that all limited partnerships are registered, as per government filing requirements, in order to protect investors from any liability associated with the project. Names and addresses of the limited partners are therefore accessible in the public domain.

Coming soon ... our new website at
www.millennium3.ca