

QUARTERLY NEWS

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SPECIAL POINTS OF INTEREST:

- Earn Free Flights
- 2009 Looks Good for CEP
- Chicago Office Opens Full Time
- New Employees

NEW HAPPENINGS

We are please to announce the opening of our new Chicago office, now in full operation. This location will soon become the primary operating center for the Tax Lien Department and, over time, our Mid-West and Western Investor Relations Office.

In addition, we have opened our Denver, Colorado office on a part-time basis, and our Tax Deed Office for the State of Texas in Houston.

Finally, we are in the process of shutting down the Baltimore office for the Commercial Mortgage Department, and uniting it with our already-existing office in Washington, DC.

We are currently looking for office space in Vancouver, BC and hoping to open in May of this year. We are very excited about these current and future locations, and look forward to watching them develop.

Interested in free travel? We have a new program for clients that open a new account or refer a friend. You can now earn airline miles towards a free flight, purely though investing your own money or referring an additional investor.

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CURRENT FINANCIAL CONDITIONS

We are very pleased with our annual and quarterly progress, particularly during times of economic tumult.

During the fourth quarter, ending December 31, 2008 CEP generated revenues of \$1,442,681 compared to \$476,759 the same quarter of 2007. Net Income for the fourth quarter of 2008 is \$28,235.66 compared to -\$30,178,64 the same quarter of 2007.

For the year end of 2008 we did have a charge off of \$85,963 as a result from one foreclosure, of which we



Denver Office



Houston Office

were unable to recover of our principal loan amount.

Our current managed assets of commercial mortgage notes is \$27,298,000 with 86 outstanding commercial mortgage notes. We currently manage over \$5,700,000 in tax lien certificates and \$2,296,000 in multi-family properties consisting of 65 units. We currently have \$31,182,600 in investors funds as debt investment secured against our assets. As of December 31st, 2008 we have 962 investors.

YEAR FINANCIAL INFORMATION

At the close of 2008 we had revenues of \$4,015,679 as compared to \$1,317,822 in 2007. We earned a net income before taxes of \$282,099 compared to \$22,314 in 2007. This gives us a 7% profit margin for the year. Earnings for the year of 2008 were 11% of assets managed by the year end.

Thanks to the downturn in the economy and the tightening of credit markets, we were able to increase our fees for our Commercial Mortgage Bridge Loans. In 2007, our average points charged were 2.7 points compared to 5.35 points in 2008. In addition, our mortgage notes issued in 2007 were earning an average

of 12.11% compared to the notes issued in 2008 of an average of 14.78%.

The new revenue stream from tax liens is proving to be a nice addition to our bottom line.

We are indebted to our small investors who have afforded us the ability to put necessary funding in place and, allowed us to make moves on profitable real-estate transactions. Our current and future investors permit us to be in a position to capitalize on these current market conditions. The founders designed our company this way so that we would survey and prosper in a potential recession.



With up and downs in the US markets it was a positive year for CEP.

RISK AND RETURNS

After taking a beating in the markets last year, some investors are looking for alternative assets to diversify their holdings, while others need to rebalance their portfolios to account for changes in their asset allocation over time. One investment that might provide a productive vehicle for diversification and enhanced returns is Managed Futures funds. Several of these funds offer lower minimums for retirement accounts and are available through self-directed individual retirement accounts (IRAs).

The Managed Futures industry has been in existence for about 30 years. It is made up of commodity pool operators who form limited partnerships that provide investment vehicles for individuals and institutions. The fund's investment decisions are made by commodity trading advisers (CTAs) who generally use a proprietary system or theory to invest a portion of their assets in derivatives (futures, forwards and options) across a wide variety of segments. The remaining amount is put into Treasury bills or other extremely secure investments that essentially serve as collateral, ensuring the fund will have the capital to fulfill its obligations under the derivatives in which it invests.

Most Managed Futures funds invest across six major sectors: energy, precious and base metals, grains and other commodities, foreign currency, global fixed income, and stock indices. Because the reach is so broad, the correlation to the two main asset classes, stocks and bonds, is quite low, and therefore the varied funds can be expected to behave differently from those investments in most economic climates. These wide-ranging funds also tend to be extremely well-diversified, with investments in commodities, metals, and currencies, as well as securities. This diversification helps funds perform well in both up and down markets.

The diversification and miscorrelation that Managed Futures funds bring to a portfolio results in lowering the overall risk of that portfolio. Studies have shown that, when adding risk into the mix, a portfolio with 10 percent of its assets invested in managed futures, 55 percent in equities, and 35 percent in fixed income can be expected to have higher risk-adjusted returns than assets invested 60 percent in stocks and 40 percent in bonds.

We had a net profit before taxes of \$282,099 compared to \$22,314 in 2007



CANADIANS IN BETTER SHAPE?

The Canadian housing market may be slowing, but it is not facing a meltdown as severe as the one in the U.S., according to PricewaterhouseCoopers (PwC). Over the past several years, Canadian banks and regulators have kept a close eye on mortgage lending practices, resulting in a less dramatic degeneration than that of the United States' sub-prime mortgage crisis.

"U.S. housing woes haven't extended to Canada," said PwC partner Frank Magliocco in a recent press release. "Property markets, including housing, track at or near equilibrium with high occupancies and controlled development. We always get caught up in U.S. trends, but given our strong fundamentals they shouldn't affect us to the same magnitude."

General Canadian property trends

Mortgage rates are beginning to rise, according to the fourth quarter report recently released by Canada Mortgage and Housing Corporation. However, they are still low in

the historical context and are expected to remain as such.

Canadians are presently employed in record numbers, with 194,000 hires in the first quarter of this year alone. The growing demand for qualified employees is expected to drive up individual salaries which, in turn, will increase demand for housing.

Net migration, defined as the number of people who immigrate into Canada minus those who leave the country, is also expected to increase by 9.2 percent. This adds some 261,000 people to the rolls in 2008 and is expected to put upward pressure on housing demand. In addition, net migration numbers are expected to remain roughly the same in 2009. However, an aging population and declining birthrate will continue to temper demand in the residential sector in the medium and long term.



For \$5,000,000 I can run your bank in to the ground also. At least that is a saving of \$5,000,000 over the other guys, making you a profit the day I am hired.



Diversification is a smart, secure and lucrative plan for protecting your investment

US MARSHALL & DEPARTMENT OF JUSTICE

While some investors and fund managers are on the run from the DOJ or the US Marshall, CEP has found a potentially highly-lucrative niche market.

The U.S. Marshals Service (USMS) offers the public a wide variety of property for auction, which has been forfeited or ordered sold by federal court order under laws enforced or administered by the United States Department of Justice and

its investigative agencies. We have found that not many people are aware of or attend these auctions, and plan to look into it further.

In addition, the Department of Treasury holds sales of seized properties; We are evaluating both of these methods acquiring at below a 50% market value.



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***Our mission** is to help all investors reach their objectives. Commercial Equity Partners seeks superior rates of return by investing in Commercial Mortgage Notes, Property Tax Liens and multi-family properties. We aim to aid investors in earning double-digit interest! At CEP we take pleasure and pride in working with our investors and helping them find solutions.*

The Chicago office has hired three new Account Managers. Each one brings unique skills to our company and will be instrumental in the expanding of the Chicago office, boosting our profits from the Tax Lien/Deed Division.

Welcome Aboard

Darrin Bursick, Maggie Montiel, and Mike Spirovski

Continued from page 1 New Happenings

Currently, we are established with American Airlines and over the next few months we will add United and US Airways to our list. To learn more about this program, please visit the following website: <http://www.commercialep.com/earnairlinemiles.html>

We feel this a perfect gift for new and current clients in these trying economic times. Who couldn't use a reinvigorating weekend getaway this Spring?

ABOUT US

Commercial Equity Partners believes that in both profitable and tumultuous economic climates, small investors need a smart and secure home for their money. We at CEP can and will help you weather any financial storm, and since 2006, we have found great reward in helping clients maximize investment leverage, and ultimately their returns.

By using different investment strategies based on the current economic conditions we are able to offer inimitable options for those looking to invest in high-yielding investments. We offer four different type of investments schemes for

the client who needs steady growth and returns.

- Tax Lien Certificates
- Commercial Mortgage Certificates
- Self-Directed Retirement Accounts
- Commercial Real Estate Investments

CEP was established to assist those in the United States, United Kingdom, and around the world who are looking for an alternative to the low rates offered by most domestic bank and risky investment schemes with the large investment companies.

