

The Potential for Downtown Revitalization

For

The City of Duncan

**G. P. Rollo & Associates Ltd.
Land Economists
July, 2007**

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Land Economists**

July 3, 2007

Cheryl Wirsz
City of Duncan
200 Craig Street
PO Box 820 V9L 3Y2

Dear Ms. Wirsz,

Re: Downtown Revitalization, Duncan, B.C.

Pursuant to your request, I have examined the potential for downtown revitalization in Duncan.

To complete these analyses I have toured downtown Duncan with you and the Mayor, help a focus group with Duncan stakeholders, discussed the downtown with local realtors and developers and assessed the economics of developing five downtown sites with different mixes and densities of development.

As a starting point, it is important to understand the forces that are at work shaping the potential for development in downtown Duncan. The major forces include:

- 1) The cost and difficulties involved in acquiring and redeveloping small downtown sites. Developers find it far more attractive to consider developing new commercial development outside of the downtown, in the City or Regional District. This is due to:
 - a) Ease of acquiring larger sites
 - b) More affordable land
 - c) Better visibility, accessibility and greater parking sought by customers
- 2) The potential to realize the high office and retail rents required to support new commercial construction is limited by lack of demand and tenants focus on new commercial development outside of the downtown.
- 3) Traffic congestion and lack of parking limits the demand for new commercial space in downtown Duncan.
- 4) Demand for multiple family residential construction in Duncan has not yet matured to a point where it can support the high sales prices required for new strata (low rise and especially mid-rise) development.

- 5) High construction costs, especially for concrete construction, limits market demand and developer interest in pursuing mid-rise or high rise construction in downtown Duncan. In addition, the high water table in downtown Duncan precludes developers building underground parking. This makes it much more difficult and challenging to develop residential development in downtown Duncan.
- 6) The City's focus on low-rise development causes developers to view mid and high-rise construction as being a too uncertain and risky development to pursue.
- 7) The Duncan residential market has not matured to a point where there is sufficient demand for the high prices that are necessitated in developing in such a market.
 - a) As the demand for multiple family housing moves north from the City of Victoria, this situation will change and downtown multiple family development become more viable.
 - b) However, it could take at least another 3-5 years before there is sufficient demand to support strata multiple family housing in downtown Duncan.
 - c) New low rise strata units located outside of downtown Duncan sell for \$200 to \$210 per sq.ft. of saleable area, far less than the \$300 to \$450 per sq.ft. required for new low-rise and mid-rise to be viable.

We have used a case study approach to examine the economics of downtown revitalization for five test sites chosen in with the City:

- 1) Rona site
 - a) Low-rise strata over retail (4 stories)
 - b) High-rise strata and retail (8 stories)
 - c) High-rise residential (7 stories)
- 2) Canada Avenue and Government
 - a) Office and retail (4 stories)
 - b) Low-rise strata and retail (4 stories)
 - c) Mid-rise strata and retail (6 stories)

- 3) Liquidation World:
 - a) Low-rise strata over retail (4 stories)
 - b) Mid-rise strata and retail (6 stories)
- 4) Jubilee + Second Streets
 - a) Townhouse (2 stories)
 - b) Low-rise residential (4 stories)
- 5) Station Street
 - a) Mid-rise strata (6 stories)
 - b) High-rise strata (8 stories)

Our financial analyses of these development scenarios are in the attached Appendices A to E.

Underlying assumptions of our analyses include:

- 1) Land acquisition costs: are based on 2007 assessed values increased by 20% to estimate current market values. We recognize the danger of using assessed values in estimating current market values. However, we have discussed our approach with BC Assessment and believe that our 20% adjustment factor is a reasonable approach for estimating current market value. While individual case study property owners may believe that market values are higher, our accompanying analyses will indicate if this is possible by displaying higher than sought after profitability (and this does not occur in any of the accompanying financial analyses).
- 2) Construction costs (include cost of above ground parking):
 - a) Office + retail: \$180 sq.ft. of gross building area
 - b) Townhouse: \$130 per sq.ft. of gross building area
 - c) Low rise residential: \$140 per sq.ft. of gross building area
 - d) Low rise mixed use: \$150 per sq.ft. of gross building area
 - e) Mid-rise and high-rise: \$220 per sq.ft. of gross building area
- 3) Development or soft costs: are market derived, i.e. include typical soft costs that developers pay for residential, commercial or mixed use development. Refer to individual appendices to view specific cost items included.

- 4) Strata selling prices:
 - a) Townhouse: \$300 per sq.ft. of saleable area
 - b) Low-rise: \$300 per sq.ft. of gross building area
 - c) Mid-rise and high-rise: \$400 per sq.ft. of gross building area
- 5) Commercial rental rates:
 - a) Office rental rates: \$20 per sq.ft. of rentable area
 - b) Retail rental rates: \$25 per sq.ft. of rentable area
- 6) Required profit:
 - a) For build to sell: 15% on project cost.
 - b) For build to hold as long term investment:
 - i) In the unlikely circumstance where a developer would build a mixed residential and commercial and project and use residential profit to lower commercial construction costs, holding the commercial space as a long term investment, viability would be measured by the developer achieving a 12% internal rate of return on cost.
 - ii) For a commercial office and retail project, either 15% on cost (unlikely to be achieved) or a 12% internal rate of return on cost (more likely to be achieved).

The highlights of our analyses are contained in the attached Table 1 and as follows:

- 1) The Rona site
 - a) Low-rise strata over retail: achieves a profit of 8.95% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$321 per sq.ft. or \$307,000 per unit for redevelopment to be viable.
 - b) High-rise strata and retail: achieves a profit of 4.30% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$446 per sq.ft. or \$404,000 per unit for redevelopment to be viable.
 - c) High-rise strata only: achieves a profit of 10.02% which is insufficient to justify redevelopment, but is closer to required profit. Average unit sales prices would have to be in the order of \$419 per sq.ft. or \$377,000 per unit for redevelopment to be viable.

**Table 1
Case Study Analyses
The Economics of Revitalization in Downtown Duncan, B.C.**

Case #	Scenario #	Site	Land Use	Land Area (SF)	FSR	GBA	Stories	Construction Costs per SF			Property Value	Profit and IRR at Existing FSR's		
								Residential	Retail	Office		Profit		IRR on Cost @Exist.FSR
												on Cost	on Equity	
1	1	Rona	Low Rise Strata + Retail	48,385	1.25	60,481	4	150	150	N/A	812,640	8.95%	33.65%	infinite return
1	2	Rona	Mid Rise Strata + Retail	48,385	2.00	96,770	8	220	220	N/A	812,640	4.30%	16.69%	infinite return
1	3	Rona	Mid Rise Strata	48,385	1.75	84,674	7	220	N/A	N/A	812,640	10.02%	38.76%	N/A
2	1	Canada Avenue + Government St.	Office & Retail	22,216	1.50	33,324	4	N/A	180	180	385,200	-14.63%	-57.00%	11.76%
2	2	Canada Avenue + Government	Low Rise Strata + Retail	22,216	1.30	28,881	4	150	150	N/A	385,200	4.92%	18.49%	infinite return
2	3	Canada Avenue + Government	Mid Rise Strata + Retail	22,216	1.90	42,210	6	220	220	N/A	385,200	1.74%	6.74%	infinite return
3	1	Liquidation World	Low Rise Strata + Retail	57,220	1.35	77,247	4	150	150	N/A	1,468,800	4.58%	16.87%	infinite return
3	2	Liquidation World	Mid Rise Strata + Retail	57,220	1.95	111,579	7	220	220	N/A	1,468,800	4.67%	17.87%	infinite return
4	1	Jubilee & Second Street	Townhouse	14,400	20 UPA	9,360	2	130	N/A	N/A	446,640	14.89%	54.91%	N/A
4	2	Jubilee & Second Street	Low Rise Strata	14,400	1.00	14,400	3	140	N/A	N/A	446,640	6.54%	24.94%	N/A
5	1	Station Street	Mid Rise Strata	26,686	1.75	46,701	6	220	N/A	N/A	303,360	10.48%	40.87%	N/A
5	2	Station Street	Mid Rise Strata	26,686	2.35	62,712	8	220	N/A	N/A	303,360	11.72%	46.01%	N/A

2) Canada Avenue and Government Street:

- a) Office and retail: achieves a 11.76% internal rate of return on cost. While this is an acceptable Internal Rate of Return to investors, the critical issue here is whether there would be sufficient demand for 33,000 sq.ft. of office and retail space. In our view it will be difficult to realize so much demand for office space at the rental rates we have assumed, hence we believe the potential for this redevelopment concept is very unlikely, at least for over the next 2-3 year period.
- b) Low-rise strata and retail: achieves a profit of 4.92% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$338 per sq.ft. or \$318,500 per unit for redevelopment to be viable.
- c) Mid-rise strata and retail: achieves a profit of 1.74% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$460 per sq.ft. or \$412,500 per unit for redevelopment to be viable.

3) Liquidation World Site:

- a) Low-rise strata over retail: achieves a profit of 4.58% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$340 per sq.ft. or \$323,000 per unit for redevelopment to be viable.
- b) Mid-rise strata and retail: achieves a profit of 4.67% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$443 per sq.ft. or \$402,500 per unit for redevelopment to be viable.

4) Jubilee and Second Streets:

- a) Townhouse: achieves a profit of 14.89% which is sufficient to justify redevelopment. Average unit sales prices in the order of \$300 per sq.ft. or \$468,000 per unit allow for viable redevelopment of this site.
- b) Low-rise residential: achieves a profit of 6.54% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$325 per sq.ft. or \$313,000 per unit for redevelopment to be viable.

5) Station Street:

- a) Mid-rise strata @ 6 stories: achieves a profit of 10.48% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$417 per sq.ft. or \$376,000 per unit for redevelopment to be viable.
- b) High-rise strata @ 8 stories: achieves a profit of 11.72% which is insufficient to justify redevelopment. Average unit sales prices would have to be in the order of \$412 per sq.ft. or \$372,000 per unit for redevelopment to be viable.

Based on these analyses I offer the following comments regarding the potential for downtown revitalization to occur.

- 1) The key factor shaping downtown revitalization is market demand, which is too limiting, at least for the short term or next 3-5 years.
 - a) Market demand is limited by a combination of low population growth, competition from increasing commercial development outside of the City, and a lack of parking (limits accessibility to and visibility of downtown businesses).
 - b) I do not believe there is sufficient market demand to support commercial economic rents (the rents required to create viable development) for the next 3-5 years at least. Furthermore, continuing suburban commercial development in the City and Regional District will attract the majority of new commercial demand in the City.
 - c) There is limited demand to pay the high sales prices required for low-rise and mid-rise development in downtown Duncan. At most there would be potential for one strata building over the next 2-3 years.
- 2) While there is not a critical parking problem yet in the downtown, it will worsen over the next several years and in the process limit downtown growth potential. To eliminate this potential constraint on growth, the City may wish to give consideration go building a parkade on the periphery of the downtown.

- 3) The potential for downtown revitalization could be higher than we have indicated in the unlikely even that case study property owners were willing to assume the cost of land is its historic acquisition cost rather than our estimate of current market value. This is not a prudent approach to development and we assume no property owners would proceed on this basis.
- 4) In the longer term, the key to downtown revitalization will be higher density of development associated with mid-rise buildings (6 to 8 stories) and high-rise buildings (10+ stories). We have analyzed only mid-rise buildings as we do not believe the City and its residents nor the market would support or be able to afford concrete units. However, over the next several years, market conditions to support higher priced units in the downtown will emerge.
- 5) Redevelopment as described above will occur principally on larger sites surrounding downtown Duncan, not on the smaller sites that comprise the downtown. Redevelopment should be thought of as working from the outside in to the core rather than on the core working towards the outside.
- 6) Today's high construction costs are a deterrent to downtown revitalization. It is expected, however, that over the next several years that the rate of construction cost increases will slow while sales prices will continue to increase at higher rates making projects more viable. The changing relationship between sales prices and construction costs will increase the opportunities for downtown revitalization to occur over the next several years.
- 7) While I believe that revitalization will eventually occur, I expect that it will not materialize to any significant extent for between 5 and 10 years, and even during this period it will be slow to occur. More than likely, revitalization will start to be more evident in 10+ years.

While revitalization is likely years away, an important first step in starting the process is the City sending a clear message through its OCP that it supports the higher density of development, i.e. at least mid-rise development, that will attract developers to downtown Duncan. Towards this end, it is hoped that the financial analyses undertaken in this Study will provide the technical support for Council and planning staff to support the case for such development.

Cheryl Wirsz
July 3, 2007
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I trust that our analyses will assist you in your planning for the revitalization of downtown Duncan. I look forward to discussing our analyses and findings with you.

Yours truly,

G. P. ROLLO & ASSOCIATES LTD.

A handwritten signature in dark ink that reads "G. Paul Rollo". The signature is written in a cursive style and is underlined with a single horizontal line.

G. Paul Rollo

GPR/ms

Appendix A
The Rona Site

RONA SITE DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
277 Government Street + 257 & 263 Kenneth Street + 262 Ingram Street

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	48,385 sq.ft. or	1.11 acres
Floor Space Ratio Excluding Parking	1.25	
Residential and Commercial Building Area	60,481 sq.ft.	16,935 Footprint
Building Efficiency	87 %	4 Stories
Useable Area	52,619 sq.ft.	
% Residential	80.00 %	42,095 sq.ft.
% Office Space	0.00 %	0 sq.ft.
% Retail Space	20.00 %	10,524 sq.ft.
		52,619 sq.ft.
Residential Parking Rqmt, spaces per unit	1.20 per unit	52.80 stalls
Office Parking Rqmt, one space per	377 sq.ft.	0.00 stalls
Retail Parking Rqmt, one space per	323 sq.ft.	32.58 stalls
		85.38 stalls

1.2 Value Assumptions--Residential

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/Sq.Ft.</u>	<u>Price/Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	44	957	42,095	300	287,011	12,628,485	0	378,855	12,249,630
Other	0	0	0	0	0	0	0	0	0
Total	44		42,095			12,628,485	0	378,855	12,249,630

Selling Period, Months	8.00 months
% Presales	0.00%

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0 sq.ft.
Rentable Area, Retail	10,524 sq.ft.
Office Rental Rate	0.00
Retail Rental Rate	25.00
Vacancy, Office	0.00 %
Vacancy, Retail	5.00 %
Operating Expenses, % NOI	1.00 %
Marketing Cost, %	2.50 %
Capitalization Rate	9.00 %

1.4 Construction Cost Assumptions

Off Site Costs	0
On Site Costs	50,000
Servicing connections	20,000
Residential Cost/sq.ft.	150.00
Office Cost/sq.ft.	0.00
Retail Cost/sq.ft.	150.00
Parking Cost/Stall	0
Office TI/sq.ft.	20.00
Retail TI/sq.ft.	50.00
Planning Time	6 months
Construction Time	10 months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50 %
Land Loan, Interest Rate	7.00 %
Construction Loan, Loan to Cost Ratio	75 %
Construction Loan, Interest Rate	7.00 %

Take out financing

Debt Service Coverage Ratio	1.30
Stated Annual Interest Rate	7.00 %
Amortization Period	25 years
Mortgage Constant	8.40
Take-out Advanced	10.00 months after completion of construction

Interest on Development Equity	12.00 %
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**RONA SITE DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value

Gross Sales Income	12,628,485	
Less Commissions+GST	<u>378,855</u>	
Net Sales Income		12,249,630

2.1.2 Commercial Value

Gross Income	263,093	
Less Vacancy	<u>13,155</u>	
Equals Effective Gross Income	249,939	
Operating Costs	<u>2,499</u>	
Equals NOI	247,439	
Capitalization Rate	9.00 %	
Indicated Value on Completion	2,749,326	
Less Marketing Costs	<u>68,733</u>	
Equals Net Sales Proceeds		<u>2,680,593</u>

2.1.3 Total Value on Completion

14,930,224

3.0 Project Costs

3.1 Land

	<u>Area sf</u>	<u>Cost/sf</u>	
Purchase Price	48,385	16.80	<u>812,640</u>
Property Transfer Tax			14,253
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)			<u>50,000</u>
Total Land Cost			876,893

3.2 Construction Costs

Offsite Costs			0
On Site Costs			50,000
Servicing connections			20,000
Building			9,072,188
Parking			0
Tenant Improvement			526,187
Contingency (% Construction Costs)	5.00 %		<u>483,419</u>
Total Construction Cost			10,151,793

3.3 Development Costs

Construction Project Management	0.50 %		50,759
Development Project Management	0.50 %		68,518
Architect fees (% construction cost)	2.50 %		253,795
Engineering fees (% construction cost)	2.00 %		203,036
Other consultants	1.00 %		101,518
Research and Appraisal			<u>25,000</u>
Survey			<u>20,000</u>
Accounting			<u>3,000</u>
Legal (Cost per Unit)	1,000 per unit		44,000
Insurance			75,602
Financing Fees (% Project Costs)	1.00 %		137,037
Rezoning			<u>50,000</u>
Development permit fees			1,150
Building permit fees			51,059
City Development Cost Charges (Residential)			95,481
City Development Cost Charges (Commercial)			22,156
Amenity Contribution	0.00 per sq.ft. gba		0
Utilities During Construction			<u>5,000</u>
Property Taxes	12.08 tax rate		18,721
Advertising/Promotion/Show Suite			252,570
Lease Commission (% 1st year NOI)	20.00 %		49,488
New Home Warranty	1,750 per res. Unit		77,000
Post Construction Strata Fee	1,000 per res. Unit		44,000
Post Construction Customer Service	1,500 per res. Unit		66,000
Corporate Overhead	2.00 %		274,073
Miscellaneous Development Costs	1.00 %		19,890
Contingency (% Development Costs)	10.00 %		<u>200,885</u>
Total			2,209,737

3.4 Interest

Interest Cost, Land Financing			54,221
Interest Cost, Construction Financing			<u>411,021</u>
Total Interest Cost			<u>465,242</u>

3.2.4 Total Project Costs

13,703,665

**RONA SITE DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

<u>Profit on Total Project Costs</u>		→	<u>Profit on Development Equity</u>	<u>Project Cost</u>	<u>Equity %</u>	<u>Equity \$'s</u>
Value at completion	14,930,224		Land	876,893	50	438,446
Project Costs	13,703,665		Construction	<u>12,826,772</u>	25	<u>3,206,693</u>
Profit - \$'s	1,226,559		Total	13,703,665		3,645,139
Profit - %	8.95 %					
			Profit on Development Equity \$'s			1,226,559
			Profit on Development Equity %			33.65 %

3.2 Cash on Cash, investor holds

Total project costs	13,703,665
Less Condo Sales	12,249,630
Equals Net Project Cost, Commercial Component	1,454,035
Less Take Out Financing	<u>1,454,035</u>
Equals Net Equity Investment	0
Net Income	247,439
Less mortgage payments	<u>122,211</u>
Cash flow	125,228

Cash flow/equity (%) infinite rate of return %

4.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

4.1 Cash Flow Basis

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Operating Revenues	0	123,720	222,695	247,439	247,439	247,439	273,193	273,193	273,193
Capital Costs	<u>1,454,035</u>	0	0	0	0	0	<u>75,000</u>	0	0
Net Cash Flow	-1,454,035	123,720	222,695	247,439	247,439	247,439	198,193	273,193	273,193

Disc. Rate

4.2 Net Present Value 10% 1,300,684

4.3 Simple Internal Rate of Return 16.88%

5.0 Project Cash Flow, Leveraged Equity (equity and construction financing)

5.1 Revenues (5 year lease terms)

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Annual escalation, gross revenue	2.00 % per annum	1.0000	1.0200	1.0404	1.0612	1.0824	1.1041	1.1262	1.1487
Gross revenue potential, 100% occupancy	0	247,439	247,439	247,439	247,439	247,439	273,193	273,193	273,193
Less vacancy - %	0	50%	10%	0%	0%	0%	0%	0%	0%
- \$	0	<u>123,720</u>	<u>24,744</u>	0	0	0	0	0	0
Equals effective gross income	0	123,720	222,695	247,439	247,439	247,439	273,193	273,193	273,193
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0
Net Operating Income	0	123,720	222,695	247,439	247,439	247,439	273,193	273,193	273,193
Sale of Property @ Year 30, cap rate (%) =	7.00	0	0	0	0	0	0	0	0
Total revenues	0	123,720	222,695	247,439	247,439	247,439	273,193	273,193	273,193

5.2 Other Expenditures

Net Equity Investment, Commercial Component	0								
Mortgage payments (not automated)	0	122,211	122,211	122,211	122,211	122,211	122,211	122,211	122,211
Additional tenant improvements (at 5 year lease renewals)	0	0	0	0	0	0	<u>75,000</u>	0	0
Total other expenditures	0	122,211	122,211	122,211	122,211	122,211	197,211	122,211	122,211

5.3 Total Cash Flow

	0	1,508	100,484	125,228	125,228	125,228	75,982	150,982	150,982
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5.4 Net Present Value

Discount rate	10.00 %
Net present value	1,645,400

5.5 Internal Rate of Return

infinite return

**RONA SITE DEVELOPER PROFORMA FOR LOW I
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on]
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Net Operating Revenues	273,193	273,193	301,627	301,627	301,627	301,627	301,627	333,021	333,021	333,021
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0
Net Cash Flow	273,193	273,193	226,627	301,627	301,627	301,627	301,627	258,021	333,021	333,021

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Annual escalation, gross revenue	1.1717	1.1951	1.2190	1.2434	1.2682	1.2936	1.3195	1.3459	1.3728	1.4002
Gross revenue potential, 100% occupancy	273,193	273,193	301,627	301,627	301,627	301,627	301,627	333,021	333,021	333,021
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	273,193	273,193	301,627	301,627	301,627	301,627	301,627	333,021	333,021	333,021
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0
Net Operating Income	273,193	273,193	301,627	301,627	301,627	301,627	301,627	333,021	333,021	333,021
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0
Total revenues	273,193	273,193	301,627	301,627	301,627	301,627	301,627	333,021	333,021	333,021

5.2 Other Expenditures

Net Equity Investment, Commercial Component										
Mortgage payments (not automated)	122,211	122,211	122,211	122,211	122,211	122,211	122,211	122,211	122,211	122,211
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0
Total other expenditures	122,211	122,211	197,211	122,211	122,211	122,211	122,211	197,211	122,211	122,211

5.3 Total Cash Flow

	150,982	150,982	104,416	179,416	179,416	179,416	179,416	135,809	210,809	210,809
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

**RONA SITE DEVELOPER PROFORMA FOR LOW I
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on]
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Net Operating Revenues	333,021	333,021	367,682	367,682	367,682	367,682	367,682	405,951	405,951	405,951	405,951	5,915,279
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Net Cash Flow	333,021	333,021	292,682	367,682	367,682	367,682	367,682	330,951	405,951	405,951	405,951	5,915,279

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Annual escalation, gross revenue	1.4282	1.4568	1.4859	1.5157	1.5460	1.5769	1.6084	1.6406	1.6734	1.7069	1.7410	1.7758
Gross revenue potential, 100% occupancy	333,021	333,021	367,682	367,682	367,682	367,682	367,682	405,951	405,951	405,951	405,951	405,951
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	333,021	333,021	367,682	367,682	367,682	367,682	367,682	405,951	405,951	405,951	405,951	405,951
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	333,021	333,021	367,682	367,682	367,682	367,682	367,682	405,951	405,951	405,951	405,951	405,951
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	5,509.329
Total revenues	333,021	333,021	367,682	367,682	367,682	367,682	367,682	405,951	405,951	405,951	405,951	5,915,279

5.2 Other Expenditures

Net Equity Investment, Commercial Component												
Mortgage payments (not automated)	122,211	122,211	122,211	122,211	122,211	122,211	122,211	0	0	0	0	0
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Total other expenditures	122,211	122,211	197,211	122,211	122,211	122,211	122,211	75,000	0	0	0	0

5.3 Total Cash Flow

	210,809	210,809	170,470	245,470	245,470	245,470	245,470	330,951	405,951	405,951	405,951	5,915,279
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

RONA SITE DEVELOPER PROFORMA FOR HIGH RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
277 Government Street + 257 & 263 Kenneth Street + 262 Ingram Street

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	48,385 sq.ft. or	1.11 acres
Floor Space Ratio Excluding Above Ground Parking	2.00	
Maximum Gross Building Area Excluding Parking Area	96,770 sq.ft.	12,096 Footprint
Building Efficiency	85 %	8 Stories
Useable Area	82,255 sq.ft.	
% Residential	87.00 %	71,561 sq.ft.
% Office Space	0.00 %	0 sq.ft.
% Retail Space	13.00 %	10,693 sq.ft.
		82,255 sq.ft.
Residential Parking Rqmt, spaces per unit	1.20 per unit	94.80 stalls
Office Parking Rqmt, one space per	377 sq.ft.	0.00 stalls
Retail Parking Rqmt, one space per	323 sq.ft.	33.11 stalls
		127.91 stalls

1.2 Value Assumptions--Residential

Unit Type	Number	Size	Total Sq.Ft.	Price/Sq.Ft.	Price/Unit	Gross \$'s	GST Rebate	Sales Comm.	Net Sales Income
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	79	906	71,561	400	362,336	28,624,566	0	858,737	27,765,829
Other	0	0	0	0	0	0	0	0	0
Total	79		71,561			28,624,566	0	858,737	27,765,829

Selling Period, Months	8.00 months
% Presales	0.00%

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0 sq.ft.
Rentable Area, Retail	10,693 sq.ft.
Office Rental Rate	0.00
Retail Rental Rate	25.00
Vacancy, Office	0.00 %
Vacancy, Retail	5.00 %
Operating Expenses, % NOI	1.00 %
Marketing Cost, %	2.50 %
Capitalization Rate	9.00 %

1.4 Construction Cost Assumptions

Off Site Costs	0
On Site Costs	50,000
Servicing connections	20,000
Residential Cost/sq.ft.	220.00
Office Cost/sq.ft.	0.00
Retail Cost/sq.ft.	220.00
Parking Cost/Stall	0
Office TI/sq.ft.	20.00
Retail TI/sq.ft.	50.00
Planning Time	6 months
Construction Time	10 months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50 %
Land Loan, Interest Rate	7.00 %
Construction Loan, Loan to Cost Ratio	75 %
Construction Loan, Interest Rate	7.00 %

Take out financing

Debt Service Coverage Ratio	1.30
Stated Annual Interest Rate	7.00 %
Amortization Period	25 years
Mortgage Constant	8.40
Take-out Advanced	10.00 months after completion of construction

Interest on Development Equity 12.00 %

**RONA SITE DEVELOPER PROFORMA FOR HIGH RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value

Gross Sales Income	28,624,566	
Less Commissions+GST	<u>858,737</u>	
Net Sales Income		27,765,829

2.1.2 Commercial Value

Gross Income	267,327	
Less Vacancy	<u>13,366</u>	
Equals Effective Gross Income	253,961	
Operating Costs	<u>2,540</u>	
Equals NOI	251,421	
Capitalization Rate	9.00 %	
Indicated Value on Completion	2,793,568	
Less Marketing Costs	<u>69,839</u>	
Equals Net Sales Proceeds		<u>2,723,729</u>

2.1.3 Total Value on Completion

30,489,558

3.0 Project Costs

3.1 Land

	<u>Area sf</u>	<u>Cost/sf</u>	
Purchase Price	48,385	16.80	812,640
Property Transfer Tax			14,253
Other Closing Costs (environmental assessment, conveyancing, ply tax, legal, etc.)			<u>50,000</u>
Total Land Cost			876,893

3.2 Construction Costs

Offsite Costs		0	
On Site Costs		50,000	
Servicing connections		20,000	
Building		21,289,400	
Parking		0	
Tenant Improvement		534,654	
Contingency (% Construction Costs)	5.00 %	<u>1,094,703</u>	
Total Construction Cost			22,988,757

3.3 Development Costs

Construction Project Management	0.50 %	114,944	
Development Project Management	0.50 %	146,166	
Architect fees (% construction cost)	2.50 %	574,719	
Engineering fees (% construction cost)	2.00 %	459,775	
Other consultants	1.00 %	229,888	
Research and Appraisal		25,000	
Survey		20,000	
Accounting		3,000	
Legal (Cost per Unit)	1,000 per unit	79,000	
Insurance		120,963	
Financing Fees (% Project Costs)	1.00 %	292,333	
Rezoning		50,000	
Development permit fees		1,150	
Building permit fees		115,244	
City Development Cost Charges (Residential)		166,426	
City Development Cost Charges (Commercial)		22,411	
Amenity Contribution	0.00 per sq.ft. gba	0	
Utilities During Construction		5,000	
Property Taxes	10.82 tax rate	16,424	
Advertising/Promotion/Show Suite		572,491	
Lease Commission (% 1st year NOI)	20.00 %	50,284	
New Home Warranty	1,750 per res. Unit	138,250	
Post Construction Strata Fee	1,000 per res. Unit	79,000	
Post Construction Customer Service	1,500 per res. Unit	118,500	
Corporate Overhead	2.00 %	584,665	
Miscellaneous Development Costs	1.00 %	39,856	
Contingency (% Development Costs)	10.00 %	<u>402,549</u>	
Total			4,428,038

3.4 Interest

Interest Cost, Land Financing	53,147	
Interest Cost, Construction Financing	<u>886,419</u>	
Total Interest Cost		<u>939,566</u>

3.2.4 Total Project Costs

29,233,254

**RONA SITE DEVELOPER PROFORMA FOR HIGH RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

<u>Profit on Total Project Costs</u>		→	<u>Profit on Development Equity</u>	<u>Project Cost</u>	<u>Equity %</u>	<u>Equity \$'s</u>
Value at completion	30,489,558		Land	876,893	50	438,446
Project Costs	29,233,254		Construction	<u>28,356,361</u>	25	<u>7,089,090</u>
Profit - \$'s	1,256,304		Total	29,233,254		7,527,537
Profit - %	4.30 %					
			Profit on Development Equity \$'s			1,256,304
			Profit on Development Equity %			16.69 %

3.2 Cash on Cash, investor holds

Total project costs	29,233,254
Less Condo Sales	27,765,829
Equals Net Project Cost, Commercial Component	1,467,425
Less Take Out Financing	<u>1,467,425</u>
Equals Net Equity Investment	0
Net Income	251,421
Less mortgage payments	<u>123,337</u>
Cash flow	128,084
Cash flow/equity (%)	infinite rate of retn %

4.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

4.1 Cash Flow Basis

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Operating Revenues	0	125,711	226,279	251,421	251,421	251,421	277,589	277,589	277,589
Capital Costs	<u>1,467,425</u>	0	0	0	0	0	<u>75,000</u>	0	0
Net Cash Flow	-1,467,425	125,711	226,279	251,421	251,421	251,421	202,589	277,589	277,589
	<u>Disc. Rate</u>								

4.2 Net Present Value

10% 1,333,253

4.3 Simple Internal Rate of Return

infinite rate of return

5.0 Project Cash Flow, Leveraged Equity (equity and construction financing)

5.1 Revenues (5 year lease terms)

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Annual escalation, gross revenue	2.00 % per annum	1.0000	1.0200	1.0404	1.0612	1.0824	1.1041	1.1262	1.1487
Gross revenue potential, 100% occupancy	0	251,421	251,421	251,421	251,421	251,421	277,589	277,589	277,589
Less vacancy - %	0	50%	10%	0%	0%	0%	0%	0%	0%
- \$	0	<u>125,711</u>	<u>25,142</u>	0	0	0	0	0	0
Equals effective gross income	0	125,711	226,279	251,421	251,421	251,421	277,589	277,589	277,589
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0
Net Operating Income	0	125,711	226,279	251,421	251,421	251,421	277,589	277,589	277,589
Sale of Property @ Year 30, cap rate (%) =	7.00	0	0	0	0	0	0	0	0
Total revenues	0	125,711	226,279	251,421	251,421	251,421	277,589	277,589	277,589

5.2 Other Expenditures

Net Equity Investment, Commercial Component	0								
Mortgage payments (not automated)	0	123,337	123,337	123,337	123,337	123,337	123,337	123,337	123,337
Additional tenant improvements (at 5 year lease renewals)	0	0	0	0	0	0	<u>75,000</u>	0	0
Total other expenditures	0	123,337	123,337	123,337	123,337	123,337	198,337	123,337	123,337

5.3 Total Cash Flow

0 2,374 102,942 128,084 128,084 128,084 79,252 154,252 154,252

5.4 Net Present Value

Discount rate **10.00** %
Net present value 1,681,144

5.5 Internal Rate of Return

infinite return

**RONA SITE DEVELOPER PROFORMA FOR HIGH RISK PROJECTS
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

Profit on Total
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Component
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All Cash

4.1 Cash Flow Basis

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Net Operating Revenues	277,589	277,589	306,481	306,481	306,481	306,481	306,481	338,380	338,380	338,380
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0
Net Cash Flow	277,589	277,589	231,481	306,481	306,481	306,481	306,481	263,380	338,380	338,380

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity only)

5.1 Revenues (5 year lease terms)

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Annual escalation, gross revenue	1.1717	1.1951	1.2190	1.2434	1.2682	1.2936	1.3195	1.3459	1.3728	1.4002
Gross revenue potential, 100% occupancy	277,589	277,589	306,481	306,481	306,481	306,481	306,481	338,380	338,380	338,380
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	277,589	277,589	306,481	306,481	306,481	306,481	306,481	338,380	338,380	338,380
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0
Net Operating Income	277,589	277,589	306,481	306,481	306,481	306,481	306,481	338,380	338,380	338,380
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0
Total revenues	277,589	277,589	306,481	306,481	306,481	306,481	306,481	338,380	338,380	338,380

5.2 Other Expenditures

Net Equity Investment, Commercial Component										
Mortgage payments (not automated)	123,337	123,337	123,337	123,337	123,337	123,337	123,337	123,337	123,337	123,337
Additional tenant improvements (at 5 year lease renewal)	0	0	75,000	0	0	0	0	75,000	0	0
Total other expenditures	123,337	123,337	198,337	123,337	123,337	123,337	123,337	198,337	123,337	123,337

5.3 Total Cash Flow

	154,252	154,252	108,144	183,144	183,144	183,144	183,144	140,043	215,043	215,043
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

**RONA SITE DEVELOPER PROFORMA FOR HIGH RISK PROJECTS
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

Profit on Total
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Component
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All Cash

4.1 Cash Flow Basis

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Net Operating Revenues	338,380	338,380	373,599	373,599	373,599	373,599	373,599	412,483	412,483	412,483	412,483	6,010,468
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Net Cash Flow	338,380	338,380	298,599	373,599	373,599	373,599	373,599	337,483	412,483	412,483	412,483	6,010,468

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity only)

5.1 Revenues (5 year lease terms)

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Annual escalation, gross revenue	1.4282	1.4568	1.4859	1.5157	1.5460	1.5769	1.6084	1.6406	1.6734	1.7069	1.7410	1.7758
Gross revenue potential, 100% occupancy	338,380	338,380	373,599	373,599	373,599	373,599	373,599	412,483	412,483	412,483	412,483	412,483
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	338,380	338,380	373,599	373,599	373,599	373,599	373,599	412,483	412,483	412,483	412,483	412,483
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	338,380	338,380	373,599	373,599	373,599	373,599	373,599	412,483	412,483	412,483	412,483	412,483
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	5,597,984
Total revenues	338,380	338,380	373,599	373,599	373,599	373,599	373,599	412,483	412,483	412,483	412,483	6,010,468

5.2 Other Expenditures

Net Equity Investment, Commercial Component												
Mortgage payments (not automated)	123,337	123,337	123,337	123,337	123,337	123,337	123,337	0	0	0	0	0
Additional tenant improvements (at 5 year lease renewal)	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Total other expenditures	123,337	123,337	198,337	123,337	123,337	123,337	123,337	75,000	0	0	0	0

5.3 Total Cash Flow

	215,043	215,043	175,262	250,262	250,262	250,262	250,262	337,483	412,483	412,483	412,483	6,010,468
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

RONA SITE DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT
277 Government Street + 257 & 263 Kenneth Street + 262 Ingram Street

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area: **48,385** sq.ft. or **1.11** acres
 Floor Space Ratio Excluding Parking **1.75**
 Residential and Commercial Building Area **84,674** sq.ft. **12,096** Footprint
 Building Efficiency **85** % **7** Stories
 Saleable Area **71,973** sq.ft.
 Parking Rqmt, spaces per unit **1.20**

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm. %</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	80	900	71,973	400	359,863	28,789,075	0	863,672	27,925,403
Other	0	0	0	0	0	0	0	0	0
Total	80		71,973			28,789,075	0	863,672	27,925,403

1.2 Marketing Assumptions

Selling Period, Months **12.00** months
 % Presales **0.00**%

1.3 Construction Cost Assumptions

Off Site Costs **0**
 On Site Costs (demolition, site prep, landscaping) **50,000**
 Servicing connections **20,000**
 Construction Cost/Sq.Ft. **220.00**
 Parking Stalls Required 96
 Construction Cost/Stall **0**
 Furniture and Equipment **0**
 Landscaping, signage, lighting **0**
 Planning Time **8** months
 Construction Time **12** months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio **50** %
 Land Loan, Interest Rate **7.00** %
 Constuction Loan, Loan to Cost Ratio **75** %
 Construction Loan, Interest Rate **7.00** %

1.5 Interest on Equity (opportunity cost of equity)

12.00 %

**RONA SITE DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT
CONTINUED....**

2.0 Project Value and Costs

2.1 Value on Completion

Gross Sales Income		28,789,075	
Less Commissions+GST		<u>863,672</u>	
Net Sales Income			27,925,403

2.2 Construction + Development Costs

	Per Unit	Per SF Land	PER GBA	
2.2.1 Land				
Purchase Price	10,158	16.80	9.60	812,640
Property Transfer Tax				14,253
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				<u>50,000</u>
Total Land Cost				876,893

2.2.2 Construction Costs

Offsite Costs				0
On Site Costs				50,000
Servicing connections				20,000
Building				18,628,225
Parking				0
Furniture and Equipment				0
Landscaping, signage, lighting				0
Contingency (% construction costs)		5.00 %		<u>934,911</u>
Total Construction Cost				19,633,136

2.2.3 Development Costs

Construction Project Management		0.50 %		98,166
Development Project Management		0.50 %		126,906
Architect fees (% construction cost)		2.50 %		490,828
Engineering fees (% construction cost)		2.00 %		392,663
Other Consultants		1.00 %		196,331
Research and Appraisal				10,000
Survey				20,000
Accounting				5,000
Legal (Cost per Unit)		1,000 per unit		80,000
Insurance				105,842
Finance Fee (% Project Costs)		0.80 %		203,049
Rezoning				50,000
Development permit fees				1,150
Building permit fees				98,466
City Development Cost Charges				168,453
Amenity Contribution		0.00 per sq.ft. gba		0
Utilities During Construction				5,000
Property Taxes		8.46 tax rate		16,075
Advertising/Promotion/Show Suite				575,782
New Home Warranty, Homeowner Protection		1,750 per unit		140,000
Post Construction Strata Fee		1,000 per unit		80,000
Post Construction Customer Service		1,500 per unit		120,000
Corporate Overhead		2.00 %		507,624
Miscellaneous Development Costs		1.00 %		34,913
Contingency (%development costs)		10.00 %		<u>352,625</u>
Total Development Costs				3,878,872

2.2.4 Interest Costs

Interest Cost, Land Financing				66,498
Interest Cost, Construction Financing				<u>925,785</u>
Total Interest Costs				<u>992,283</u>

2.2.5 Total Project Costs

25,381,185

**RONA SITE DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT
CONTINUED....**

3.0 Profit

Profit - \$'s		2,544,218
Profit - % of Project Cost		10.02 %

4.0 Return to Equity Investment

4.1 Total Profit		2,544,218
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4.2 Equity Investment

	<u>% Equity</u>	<u>\$ Cost</u>	<u>\$ Equity</u>
Land	50.00	876,893	438,446
Construction+development (soft) costs	25.00	24,504,292	<u>6,126,073</u>
Total			6,564,519

4.3 Return to Equity Investment		38.76 %
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5.0 Purchaser's Perspective

Purchase Price, including GST @	6 %	381,455
Down Payment @	20 %	<u>76,291</u>
Price remaining for financing		305,164
Mortgage Insurance, legal, inspection		<u>10,918</u>
Amount of Mortgage		316,082
Annual mortgage payment		23,152
Plus property tax, strata fee and utilities		<u>6,227</u>
Annual Housing Costs		29,379
 Equals annual income required with 33% Housing Costs		 89,028

Mortgage Terms:

Stated Annual Interest Rate	5.50 %
Amortization Period	25 years
Mortgage Constant	7.32

Appendix B

The Canada Avenue and Government Site

CANADA AVE DEVELOPER PROFORMA FOR OFFICE AND RETAIL DEVELOPMENT DEVELOPMENT

25 Canada Avenue

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	22,216 sq.ft. or	0.510 Acres
Floor Space Ratio Excluding Parking	1.50 FSR	
Commercial Building Area	33,324 sq.ft.	
Office Building Footprint	8,500	
Number of Stories	4 stories	
Building Efficiency	87 %	
Total Rentable Area	28,992 sq.ft.	
Office Space @	75 % , or	21,744 sq.ft.
Retail Space @	25 % , or	7,248 sq.ft.
Office Parking Rqmt, one space per	377 sq.ft.	28,992 sq.ft.
Retail Parking Rqmt, one space per	323 sq.ft.	
Number Parking Stalls	80	

1.2 Assumptions Underlying Value

Rentable Area, Office	21,744 sq.ft.
Office Rental Rate	20.00 /sq.ft.
Rentable Area, Retail	7,248 sq.ft.
Retail Rental Rate	25.00 /sq.ft.
Vacancy, Office	5.00 %
Vacancy, Retail	2.00 %
Monthly Income per Office Parking Stalls	250 per stall
Rentable Space Operating Costs per sq.ft.	10.00 /sq.ft.
Owner's Structural Reserve, % EGI	1.00 %
Parking Operating Expenses , % Gross Revenue	10.00 %
Disposition (sale) Costs, % Gross Value	3.00 %
Capitalization rate, end of lease-up	9.00 %

1.3 Land Acquisition

Land (SF)	Land Value Per		385,200
	Sf Land	SF GBA	
22,216	17.34	11.56	

1.4 Construction Cost Assumptions

Off Site Costs	0
On Site Costs (demolition and site preparation)	50,000
Servicing connections	20,000
Building Cost/sq.ft.	180.00
Parking Cost/Stall	0
Office TI/sq.ft.	25.00
Retail TI/sq.ft.	50.00
Planning Time	6 months
Construction Time	15 months

1.5 Financing Assumptions

Construction Financing

Land Loan, Loan to Value Ratio	60.00 %
Land Loan, Interest Rate	7.00 %
Constuction Loan, Loan to Cost Ratio	75.00 %
Construction Loan, Interest Rate	7.00 %

Take out financing

Debt Service Coverage Ratio	1.25
Stated Annual Interest Rate	7.00 %
Amortization Period	25 years
Mortgage Constant	8.40499
Take Out Financing Advanced	8 months after completion of construction

Interest on Development Equity

12.00 %

**CANADA AVE DEVELOPER PROFORMA FOR OFFICE AND RETAIL DEVELOPMENT DEVELOPMENT
CONTINUED....**

2.1 Value on Completion			
Office		434,878	
Retail		181,199	
Parking		<u>240,347</u>	
Potential Gross Income			856,425
Less Vacancy			<u>25,368</u>
Equals Effective Gross Income			831,057
Less Investor's Operating Costs on Vacant Space			12,322
Less Structural Reserve			8,311
Less Parking Expenses			24,035
Equals NOI			786,390
Capitalization Rate			<u>9.00</u> %
Indicated Value on Completion, Investor Holds			8,737,664
Less Sales Costs @ 3.00 %			<u>262,130</u>
Indicated Value on Completion, Investor Sells at Completion of Lease-up			8,475,535
3.0 Project Cost			
3.1 Land Cost			
Purchase Price		385,200	
Property Transfer Tax		5,704	
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)		<u>50,000</u>	
Total Land Acquisition Cost			440,904
3.2 Construction Costs			
Offsite costs			0
On Site Costs (demolition and site preparation)			50,000
Servicing connections			20,000
Building			5,998,320
Parking			0
Tenant Improvements			905,996
Contingency @ 5.00 %			<u>348,716</u>
Total Construction Cost			7,323,032
3.3 Development Costs			
Construction Project Management	0.50 %		36,615
Development Project Management	0.50 %		49,640
Architect fees (% construction cost)	2.50 %		183,076
Engineering fees (% construction cost)	2.00 %		146,461
Other consultants (plan., traffic, testing, soils, envir, etc.)	1.00 %		73,230
Research and Appraisal			<u>40,000</u>
Survey			<u>20,000</u>
Accounting			<u>3,000</u>
Legal			<u>40,000</u>
Insurance			41,655
Financing Fees (% Construction Costs)	0.80 %		79,424
Rezoning			<u>50,000</u>
Development permit fees			1,150
Building permit fees			36,915
City Development Cost Charges (Commercial)			44,807
Amenity Contribution	0.00 per sq.ft. gba		0
Utilities during construction			<u>15,000</u>
Taxes During Construction @ 26.580 tax rate			24,743
Marketing and promotion			<u>250,000</u>
Lease Commission (% 1st year NOI)	20.00 %		166,211
Corporate Overhead	2.00 %		198,561
Miscellaneous development costs	1.00 %		15,005
Contingency	10.00 %		<u>151,549</u>
Total Development Costs			1,667,043
3.4 Interest			
Interest Cost, Land Financing			44,752
Interest Cost, Construction Financing			<u>452,313</u>
Total Interest Cost			<u>497,065</u>
3.5 Total Project Costs			
			9,928,044

**CANADA AVE DEVELOPER PROFORMA FOR OFFICE AND RETAIL DEVELOPMENT DEVELOPMENT
CONTINUED....**

4.0 Short Term Yield Indicators

4.1 Profit on Sale of Project at Completion of Construction

	<u>Profit on Costs</u>	<u>Profit on Equi</u>	<u>Cost</u>	<u>Equity %</u>	<u>Equity \$'s</u>
Value at completion	8,475,535	Equity - Land	440,904	40	176,362
Project Costs	9,928,044	Equity - Construction	9,487,140	25	2,371,785
Profit - \$'s	-1,452,510	Total Equity			2,548,147
Profit - %	-14.63 %	Profit-\$'s			-1,452,510
		Profit-% to Equity Investment			-57.00 %

4.2 NOI/Project Cost

NOI	786,390
Project Cost	9,928,044
NOI/Cost (%)	7.92 %

4.3 Cash on Cash, investor holds

Project Cost	9,928,044
Take Out Financing	7,484,981
Equity	2,443,063

Net income	786,390
Less mortgage payments	629,112
Cash flow	157,278

Cash flow/equity (%) 6.44 %

5.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

5.1 Cash Flow

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Revenues	0	423,930	763,074	805,467	805,467	805,467	789,301	889,301	889,301
Capital Costs	-9,430,979	0	0	0	0	0	0	0	0
Net Cash Flow	-9,430,979	423,930	763,074	805,467	805,467	805,467	789,301	889,301	889,301

Disc. Rate
10.00%

5.2 Net Present Value

-446,558

5.3 Simple Internal Rate of Return

9.57%

6.0 Project Cash Flow, Leveraged Equity (equity and construction financing)

6.1 Revenues

Annual escalation, gross revenue 2 % per annum

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Gross revenue potential, 100% occupancy	0	856,425	856,425	856,425	856,425	856,425	945,562	945,562	945,562
Less vacancy - %	0	50%	10%	5%	5%	5%	5%	5%	5%
- \$	0	428,212	85,642	42,821	42,821	42,821	47,278	47,278	47,278
Equals effective gross income	0	428,212	770,782	813,603	813,603	813,603	898,284	898,284	898,284
Investor's Operating Costs (structural reserve)	0	4,282	7,708	8,136	8,136	8,136	8,983	8,983	8,983
Net Operating Income	0	423,930	763,074	805,467	805,467	805,467	889,301	889,301	889,301
Sale of Property @ Year 30, cap rate (%) =	9.00	0	0	0	0	0	0	0	0
Total revenues	0	423,930	763,074	805,467	805,467	805,467	889,301	889,301	889,301

6.2 Other Expenditures

Equity Investment	2,443,063	0	0	0	0	0	0	0	0
Mortgage payments (not automated)		629,112	629,112	629,112	629,112	629,112	629,112	629,112	629,112
Additional tenant improvements (at 5 year lease renewals)		0	0	0	0	0	100,000	0	0
Total other expenditures	2,443,063	629,112	629,112	629,112	629,112	629,112	729,112	629,112	629,112

6.3 Total Cash Flow

-2,443,063 -205,182 133,962 176,355 176,355 176,355 160,189 260,189 260,189

6.4 Net Present Value

Discount rate 10.00 %
Net present value 830,885

6.5 Internal Rate of Return

11.76%

**CANADA AVE DEVELOPER PROFORMA FOR OF
CONTINUED....**

4.0 Short Term Yield Indicators

4.1 Profit on Sale of Project at Completion of Co

Value at completion
Project Costs
Profit - \$'s
Profit - %

4.2 NOI/Project Cost

NOI
Project Cost
NOI/Cost (%)

4.3 Cash on Cash, investor holds

Project Cost
Take Out Financing
Equity

Net income
Less mortgage payments
Cash flow

Cash flow/equity (%)

5.0 Project Viability, Discounted Cash Flow, All I

5.1 Cash Flow

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
Net Revenues	889,301	889,301	881,860	981,860	981,860	981,860	981,860	984,053	1,084,053	1,084,053	1,084,053	1,084,053
Capital Costs	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	889,301	889,301	881,860	981,860	981,860	981,860	981,860	984,053	1,084,053	1,084,053	1,084,053	1,084,053

5.2 Net Present Value

5.3 Simple Internal Rate of Return

6.0 Project Cash Flow, Leveraged Equity (equity

6.1 Revenues

Annual escalation, gross revenue

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
Gross revenue potential, 100% occupancy	945,562	945,562	1,043,977	1,043,977	1,043,977	1,043,977	1,043,977	1,152,635	1,152,635	1,152,635	1,152,635	1,152,635
Less vacancy - %	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
- \$	47,278	47,278	52,199	52,199	52,199	52,199	52,199	57,632	57,632	57,632	57,632	57,632
Equals effective gross income	898,284	898,284	991,778	991,778	991,778	991,778	991,778	1,095,003	1,095,003	1,095,003	1,095,003	1,095,003
Investor's Operating Costs (structural reserve)	8,983	8,983	9,918	9,918	9,918	9,918	9,918	10,950	10,950	10,950	10,950	10,950
Net Operating Income	889,301	889,301	981,860	981,860	981,860	981,860	981,860	1,084,053	1,084,053	1,084,053	1,084,053	1,084,053
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues	889,301	889,301	981,860	981,860	981,860	981,860	981,860	1,084,053	1,084,053	1,084,053	1,084,053	1,084,053

6.2 Other Expenditures

Equity Investment	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage payments (not automated)	629,112	629,112	629,112	629,112	629,112	629,112	629,112	629,112	629,112	629,112	629,112	629,112
Additional tenant improvements (at 5 year lease re	0	0	100,000	0	0	0	0	100,000	0	0	0	0
Total other expenditures	629,112	629,112	729,112	629,112	629,112	629,112	629,112	729,112	629,112	629,112	629,112	629,112

6.3 Total Cash Flow

	260,189	260,189	252,748	352,748	352,748	352,748	352,748	354,941	454,941	454,941	454,941	454,941
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6.4 Net Present Value

Discount rate
Net present value

6.5 Internal Rate of Return

**CANADA AVE DEVELOPER PROFORMA FOR OF
CONTINUED....**

4.0 Short Term Yield Indicators

4.1 Profit on Sale of Project at Completion of Co

Value at completion
Project Costs
Profit - \$'s
Profit - %

4.2 NOI/Project Cost

NOI
Project Cost
NOI/Cost (%)

4.3 Cash on Cash, investor holds

Project Cost
Take Out Financing
Equity

Net income
Less mortgage payments
Cash flow

Cash flow/equity (%)

5.0 Project Viability, Discounted Cash Flow, All I

5.1 Cash Flow

	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Net Revenues	1,096,882	1,196,882	1,196,882	1,196,882	1,196,882	1,221,454	1,321,454	1,321,454	1,321,454	15,270,140
Capital Costs	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	1,096,882	1,196,882	1,196,882	1,196,882	1,196,882	1,221,454	1,321,454	1,321,454	1,321,454	15,270,140

5.2 Net Present Value

5.3 Simple Internal Rate of Return

6.0 Project Cash Flow, Leveraged Equity (equity

6.1 Revenues

Annual escalation, gross revenue

	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Gross revenue potential, 100% occupancy	1,272,602	1,272,602	1,272,602	1,272,602	1,272,602	1,405,055	1,405,055	1,405,055	1,405,055	1,405,055
Less vacancy - %	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
- \$	63,630	63,630	63,630	63,630	63,630	70,253	70,253	70,253	70,253	70,253
Equals effective gross income	1,208,972	1,208,972	1,208,972	1,208,972	1,208,972	1,334,802	1,334,802	1,334,802	1,334,802	1,334,802
Investor's Operating Costs (structural reserve)	12,090	12,090	12,090	12,090	12,090	13,348	13,348	13,348	13,348	13,348
Net Operating Income	1,196,882	1,196,882	1,196,882	1,196,882	1,196,882	1,321,454	1,321,454	1,321,454	1,321,454	1,321,454
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	13,948,685
Total revenues	1,196,882	1,196,882	1,196,882	1,196,882	1,196,882	1,321,454	1,321,454	1,321,454	1,321,454	15,270,140

6.2 Other Expenditures

Equity Investment	0	0	0	0	0	0	0	0	0	0
Mortgage payments (not automated)	629,112	629,112	629,112	629,112	629,112	0	0	0	0	0
Additional tenant improvements (at 5 year lease re	100,000	0	0	0	0	100,000	0	0	0	0
Total other expenditures	729,112	629,112	629,112	629,112	629,112	100,000	0	0	0	0

6.3 Total Cash Flow

	467,770	567,770	567,770	567,770	567,770	1,221,454	1,321,454	1,321,454	1,321,454	15,270,140
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6.4 Net Present Value

Discount rate
Net present value

6.5 Internal Rate of Return

CANADA AVE DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING

25 Canada Avenue

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	22,216 sq.ft. or	0.510 acres
Floor Space Ratio Excluding Parking	1.30	
Residential and Commercial Building Area	28,881 sq.ft.	7,776 Footprint
Building Efficiency	87 %	4 Stories
Useable Area	25,126 sq.ft.	
% Residential	75.00 %	18,845 sq.ft.
% Office Space	0.00 %	0 sq.ft.
% Retail Space	25.00 %	6,282 sq.ft.
		25,126 sq.ft.
Residential Parking Rqmt, spaces per unit	1.20 per unit	24.00 stalls
Office Parking Rqmt, one space per	377 sq.ft.	0.00 stalls
Retail Parking Rqmt, one space per	323 sq.ft.	19.45 stalls
		43.45 stalls

1.2 Value Assumptions--Residential

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0	0	0
Average Unit	20	942	18,845	300	282,671	5,653,417	0	169,602	5,483,814
Other	0	0	0	0	0	0	0	0	0
Total	20		18,845			5,653,417	0	169,602	5,483,814

Selling Period, Months	8.00 months
% Presales	0.00%

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0 sq.ft.
Rentable Area, Retail	6,282 sq.ft.
Office Rental Rate	0.00
Retail Rental Rate	25.00
Vacancy, Office	0.00 %
Vacancy, Retail	5.00 %
Operating Expenses, % NOI	1.00 %
Marketing Cost, %	2.50 %
Capitalization Rate	9.00 %

1.4 Construction Cost Assumptions

Off Site Costs	0
On Site Costs	50,000
Servicing connections	20,000
Residential Cost/sq.ft.	150.00
Office Cost/sq.ft.	0.00
Retail Cost/sq.ft.	150.00
Parking Cost/Stall	0
Office TI/sq.ft.	20.00
Retail TI/sq.ft.	50.00
Planning Time	6 months
Construction Time	10 months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50 %
Land Loan, Interest Rate	7.00 %
Construction Loan, Loan to Cost Ratio	75 %
Construction Loan, Interest Rate	7.00 %

Take out financing

Debt Service Coverage Ratio	1.30
Stated Annual Interest Rate	7.00 %
Amortization Period	25 years
Mortgage Constant	8.40
Take-out Advanced	10.00 months after completion of construction

Interest on Development Equity	12.00 %
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**CANADA AVE DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value

Gross Sales Income	5,653,417	
Less Commissions+GST	<u>169,602</u>	
Net Sales Income		5,483,814

2.1.2 Commercial Value

Gross Income	157,039	
Less Vacancy	<u>7,852</u>	
Equals Effective Gross Income	149,187	
Operating Costs	<u>1,492</u>	
Equals NOI	147,696	
Capitalization Rate	9.00 %	
Indicated Value on Completion	1,641,061	
Less Marketing Costs	<u>41,027</u>	
Equals Net Sales Proceeds		<u>1,600,035</u>

2.1.3 Total Value on Completion

7,083,849

3.0 Project Costs

3.1 Land

	<u>Area sf</u>	<u>Cost/sf</u>	
Purchase Price	22,216	17.34	385,200
Property Transfer Tax			5,704
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)			<u>50,000</u>
Total Land Cost			440,904

3.2 Construction Costs

Offsite Costs			0
On Site Costs			50,000
Servicing connections			20,000
Building			4,332,120
Parking			0
Tenant Improvement			314,079
Contingency (% Construction Costs)	5.00 %		<u>235,810</u>
Total Construction Cost			4,952,009

3.3 Development Costs

Construction Project Management	0.50 %		24,760
Development Project Management	0.50 %		33,757
Architect fees (% construction cost)	2.50 %		123,800
Engineering fees (% construction cost)	2.00 %		99,040
Other consultants	1.00 %		49,520
Research and Appraisal			25,000
Survey			20,000
Accounting			3,000
Legal (Cost per Unit)	1,000 per unit		20,000
Insurance			36,101
Financing Fees (% Project Costs)	1.00 %		67,514
Rezoning			50,000
Development permit fees			1,150
Building permit fees			25,060
City Development Cost Charges (Residential)			43,430
City Development Cost Charges (Commercial)			12,358
Amenity Contribution	0.00 per sq.ft. gba		0
Utilities During Construction			5,000
Property Taxes	12.99 tax rate		10,262
Advertising/Promotion/Show Suite			113,068
Lease Commission (% 1st year NOI)	20.00 %		29,539
New Home Warranty	1,750 per res. Unit		35,000
Post Construction Strata Fee	1,000 per res. Unit		20,000
Post Construction Customer Service	1,500 per res. Unit		30,000
Corporate Overhead	2.00 %		135,027
Miscellaneous Development Costs	1.00 %		10,124
Contingency (% Development Costs)	10.00 %		<u>102,251</u>
Total			1,124,761

3.4 Interest

Interest Cost, Land Financing	27,648
Interest Cost, Construction Financing	<u>206,040</u>
Total Interest Cost	<u>233,689</u>

3.2.4 Total Project Costs

6,751,362

**CANADA AVE DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

	<u>Profit on Total Project Costs</u>	→	<u>Profit on Development Equity</u>	<u>Project Cost</u>	<u>Equity %</u>	<u>Equity \$'s</u>
Value at completion	7,083,849		Land	440,904	50	220,452
Project Costs	6,751,362		Construction	<u>6,310,458</u>	25	<u>1,577,615</u>
Profit - \$'s	332,486		Total	6,751,362		1,798,067
Profit - %	4.92 %					
			Profit on Development Equity \$'s			332,486
			Profit on Development Equity %			18.49 %

3.2 Cash on Cash, investor holds

Total project costs	6,751,362
Less Condo Sales	5,483,814
Equals Net Project Cost, Commercial Component	1,267,548
Less Take Out Financing	<u>1,267,548</u>
Equals Net Equity Investment	0
Net Income	147,696
Less mortgage payments	<u>106,537</u>
Cash flow	41,158
Cash flow/equity (%)	infinite rate of retn %

4.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

4.1 Cash Flow Basis

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Operating Revenues	0	73,848	132,926	147,696	147,696	147,696	163,068	163,068	163,068
Capital Costs	<u>1,267,548</u>	0	0	0	0	0	<u>75,000</u>	0	0
Net Cash Flow	-1,267,548	73,848	132,926	147,696	147,696	147,696	88,068	163,068	163,068
	<u>Disc. Rate</u>								

4.2 Net Present Value

10% 335,868

4.3 Simple Internal Rate of Return

12.16%

5.0 Project Cash Flow, Leveraged Equity (equity and construction financing)

5.1 Revenues (5 year lease terms)

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Annual escalation, gross revenue	2.00 % per annum	1.0000	1.0200	1.0404	1.0612	1.0824	1.1041	1.1262	1.1487
Gross revenue potential, 100% occupancy	0	147,696	147,696	147,696	147,696	147,696	163,068	163,068	163,068
Less vacancy - %	0	50%	10%	0%	0%	0%	0%	0%	0%
- \$	0	<u>73,848</u>	<u>14,770</u>	0	0	0	0	0	0
Equals effective gross income	0	73,848	132,926	147,696	147,696	147,696	163,068	163,068	163,068
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0
Net Operating Income	0	73,848	132,926	147,696	147,696	147,696	163,068	163,068	163,068
Sale of Property @ Year 30, cap rate (%) =	7.00	0	0	0	0	0	0	0	0
Total revenues	0	73,848	132,926	147,696	147,696	147,696	163,068	163,068	163,068

5.2 Other Expenditures

Net Equity Investment, Commercial Component	0								
Mortgage payments (not automated)	0	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537
Additional tenant improvements (at 5 year lease renewals)	0	0	0	0	0	<u>75,000</u>	0	0	0
Total other expenditures	0	106,537	106,537	106,537	106,537	106,537	181,537	106,537	106,537

5.3 Total Cash Flow

	0	-32,690	26,389	41,158	41,158	41,158	-18,470	56,530	56,530
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5.4 Net Present Value

Discount rate	10.00 %
Net present value	636,373

5.5 Internal Rate of Return

infinite return

**CANADA AVE DEVELOPER PROFORMA FOR LOI
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on Tot
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Net Operating Revenues	163,068	163,068	180,040	180,040	180,040	180,040	180,040	198,779	198,779	198,779
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0
Net Cash Flow	163,068	163,068	105,040	180,040	180,040	180,040	180,040	123,779	198,779	198,779

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Annual escalation, gross revenue	1.1717	1.1951	1.2190	1.2434	1.2682	1.2936	1.3195	1.3459	1.3728	1.4002
Gross revenue potential, 100% occupancy	163,068	163,068	180,040	180,040	180,040	180,040	180,040	198,779	198,779	198,779
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	163,068	163,068	180,040	180,040	180,040	180,040	180,040	198,779	198,779	198,779
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0
Net Operating Income	163,068	163,068	180,040	180,040	180,040	180,040	180,040	198,779	198,779	198,779
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0
Total revenues	163,068	163,068	180,040	180,040	180,040	180,040	180,040	198,779	198,779	198,779

5.2 Other Expenditures

Net Equity Investment, Commercial Component										
Mortgage payments (not automated)	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537	106,537
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0
Total other expenditures	106,537	106,537	181,537	106,537	106,537	106,537	106,537	181,537	106,537	106,537

5.3 Total Cash Flow

	56,530	56,530	-1,497	73,503	73,503	73,503	73,503	17,241	92,241	92,241
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

**CANADA AVE DEVELOPER PROFORMA FOR LOI
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on Tot
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Net Operating Revenues	198,779	198,779	219,468	219,468	219,468	219,468	219,468	242,310	242,310	242,310	242,310	3,530,805
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Net Cash Flow	198,779	198,779	144,468	219,468	219,468	219,468	219,468	167,310	242,310	242,310	242,310	3,530,805

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Annual escalation, gross revenue	1.4282	1.4568	1.4859	1.5157	1.5460	1.5769	1.6084	1.6406	1.6734	1.7069	1.7410	1.7758
Gross revenue potential, 100% occupancy	198,779	198,779	219,468	219,468	219,468	219,468	219,468	242,310	242,310	242,310	242,310	242,310
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	198,779	198,779	219,468	219,468	219,468	219,468	219,468	242,310	242,310	242,310	242,310	242,310
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	198,779	198,779	219,468	219,468	219,468	219,468	219,468	242,310	242,310	242,310	242,310	242,310
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	3,288,495
Total revenues	198,779	198,779	219,468	219,468	219,468	219,468	219,468	242,310	242,310	242,310	242,310	3,530,805

5.2 Other Expenditures

Net Equity Investment, Commercial Component												
Mortgage payments (not automated)	106,537	106,537	106,537	106,537	106,537	106,537	106,537	0	0	0	0	0
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Total other expenditures	106,537	106,537	181,537	106,537	106,537	106,537	106,537	75,000	0	0	0	0

5.3 Total Cash Flow

	92,241	92,241	37,930	112,930	112,930	112,930	112,930	167,310	242,310	242,310	242,310	3,530,805
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

CANADA AVE DEVELOPER PROFORMA FOR MID RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
25 Canada Avenue

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	22,216 sq.ft. or	0.510 acres
Floor Space Ratio Excluding Parking	1.90	
Residential and Commercial Building Area	42,210 sq.ft.	6,665 Footprint
Building Efficiency	85 %	6 Stories
Useable Area	35,879 sq.ft.	
% Residential	85.00 %	30,497 sq.ft.
% Office Space	0.00 %	0 sq.ft.
% Retail Space	15.00 %	<u>5,382</u> sq.ft. 35,879 sq.ft.
Residential Parking Rqmt, spaces per unit	1.20 per unit	40.80 stalls
Office Parking Rqmt, one space per	377 sq.ft.	0.00 stalls
Retail Parking Rqmt, one space per	323 sq.ft.	<u>16.66</u> stalls 57.46 stalls

1.2 Value Assumptions--Residential

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0	0	0
Average Unit	34	897	30,497	400	358,788	12,198,806	0	365,964	11,832,841
Other	0	0	0	0	0	0	0	0	0
Total	34		30,497			12,198,806	0	365,964	11,832,841

Selling Period, Months	8.00 months
% Presales	0.00%

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0 sq.ft.
Rentable Area, Retail	5,382 sq.ft.
Office Rental Rate	0.00
Retail Rental Rate	25.00
Vacancy, Office	0.00 %
Vacancy, Retail	5.00 %
Operating Expenses, % NOI	1.00 %
Marketing Cost, %	2.50 %
Capitalization Rate	9.00 %

1.4 Construction Cost Assumptions

Off Site Costs	0
On Site Costs	50,000
Servicing connections	20,000
Residential Cost/sq.ft.	220.00
Office Cost/sq.ft.	0.00
Retail Cost/sq.ft.	220.00
Parking Cost/Stall	0
Office TI/sq.ft.	20.00
Retail TI/sq.ft.	50.00
Planning Time	6 months
Construction Time	10 months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50 %
Land Loan, Interest Rate	7.00 %
Construction Loan, Loan to Cost Ratio	75 %
Construction Loan, Interest Rate	7.00 %

Take out financing

Debt Service Coverage Ratio	1.30
Stated Annual Interest Rate	7.00 %
Amortization Period	25 years
Mortgage Constant	8.40
Take-out Advanced	10.00 months after completion of construction

Interest on Development Equity	12.00 %
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**CANADA AVE DEVELOPER PROFORMA FOR MID RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value

Gross Sales Income	12,198,806	
Less Commissions+GST	<u>365,964</u>	
Net Sales Income		11,832,841

2.1.2 Commercial Value

Gross Income	134,546	
Less Vacancy	<u>6,727</u>	
Equals Effective Gross Income	127,818	
Operating Costs	<u>1,278</u>	
Equals NOI	126,540	
Capitalization Rate	9.00 %	
Indicated Value on Completion	1,406,002	
Less Marketing Costs	<u>35,150</u>	
Equals Net Sales Proceeds		<u>1,370,852</u>

2.1.3 Total Value on Completion

13,203,693

3.0 Project Costs

3.1 Land

	<u>Area sf</u>	<u>Cost/sf</u>	
Purchase Price	22,216	17.34	385,200
Property Transfer Tax			5,704
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)			50,000
Total Land Cost			440,904

3.2 Construction Costs

Offsite Costs			0
On Site Costs			50,000
Servicing connections			20,000
Building			9,286,288
Parking			0
Tenant Improvement			269,091
Contingency (% Construction Costs)	5.00 %		<u>481,269</u>
Total Construction Cost			10,106,648

3.3 Development Costs

Construction Project Management	0.50 %		50,533
Development Project Management	0.50 %		64,887
Architect fees (% construction cost)	2.50 %		252,666
Engineering fees (% construction cost)	2.00 %		202,133
Other consultants	1.00 %		101,066
Research and Appraisal			25,000
Survey			20,000
Accounting			3,000
Legal (Cost per Unit)	1,000 per unit		34,000
Insurance			52,763
Financing Fees (% Project Costs)	1.00 %		129,775
Rezoning			50,000
Development permit fees			1,150
Building permit fees			50,833
City Development Cost Charges (Residential)			71,808
City Development Cost Charges (Commercial)			11,002
Amenity Contribution	0.00 per sq.ft. gba		0
Utilities During Construction			5,000
Property Taxes	11.18 tax rate		8,584
Advertising/Promotion/Show Suite			243,976
Lease Commission (% 1st year NOI)	20.00 %		25,308
New Home Warranty	1,750 per res. Unit		59,500
Post Construction Strata Fee	1,000 per res. Unit		34,000
Post Construction Customer Service	1,500 per res. Unit		51,000
Corporate Overhead	2.00 %		259,549
Miscellaneous Development Costs	1.00 %		18,075
Contingency (% Development Costs)	10.00 %		<u>182,561</u>
Total			2,008,170

3.4 Interest

Interest Cost, Land Financing			26,877
Interest Cost, Construction Financing			<u>394,867</u>
Total Interest Cost			<u>421,744</u>

3.2.4 Total Project Costs

12,977,467

**CANADA AVE DEVELOPER PROFORMA FOR MID RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

Profit on Total Project Costs		→	Profit on Development Equity	Project Cost	Equity %	Equity \$'s
Value at completion	13,203,693		Land	440,904	50	220,452
Project Costs	12,977,467		Construction	<u>12,536,563</u>	25	<u>3,134,141</u>
Profit - \$'s	226,227		Total	12,977,467		3,354,593
Profit - %	1.74 %					
			Profit on Development Equity \$'s			226,227
			Profit on Development Equity %			6.74 %

3.2 Cash on Cash, investor holds

Total project costs	12,977,467
Less Condo Sales	11,832,841
Equals Net Project Cost, Commercial Component	1,144,625
Less Take Out Financing	<u>1,144,625</u>
Equals Net Equity Investment	0
Net Income	126,540
Less mortgage payments	<u>96,206</u>
Cash flow	30,335
Cash flow/equity (%)	infinite rate of ret%

4.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

4.1 Cash Flow Basis

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Operating Revenues	0	63,270	113,886	126,540	126,540	126,540	139,711	139,711	139,711
Capital Costs	<u>1,144,625</u>	0	0	0	0	0	<u>75,000</u>	0	0
Net Cash Flow	-1,144,625	63,270	113,886	126,540	126,540	126,540	64,711	139,711	139,711
	<u>Disc. Rate</u>								

4.2 Net Present Value

10% 214,604

4.3 Simple Internal Rate of Return

11.55%

5.0 Project Cash Flow, Leveraged Equity (equity and construction financing)

5.1 Revenues (5 year lease terms)

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Annual escalation, gross revenue	2.00 % per annum	1.0000	1.0200	1.0404	1.0612	1.0824	1.1041	1.1262	1.1487
Gross revenue potential, 100% occupancy	0	126,540	126,540	126,540	126,540	126,540	139,711	139,711	139,711
Less vacancy - %	0	50%	10%	0%	0%	0%	0%	0%	0%
- \$	0	<u>63,270</u>	<u>12,654</u>	0	0	0	0	0	0
Equals effective gross income	0	63,270	113,886	126,540	126,540	126,540	139,711	139,711	139,711
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0
Net Operating Income	0	63,270	113,886	126,540	126,540	126,540	139,711	139,711	139,711
Sale of Property @ Year 30, cap rate (%) =	7.00	0	0	0	0	0	0	0	0
Total revenues	0	63,270	113,886	126,540	126,540	126,540	139,711	139,711	139,711

5.2 Other Expenditures

Net Equity Investment, Commercial Component	0								
Mortgage payments (not automated)	0	96,206	96,206	96,206	96,206	96,206	96,206	96,206	96,206
Additional tenant improvements (at 5 year lease renewals)	0	0	0	0	0	0	75,000	0	0
Total other expenditures	0	96,206	96,206	96,206	96,206	96,206	171,206	96,206	96,206

5.3 Total Cash Flow

	0	-32,936	17,681	30,335	30,335	30,335	-31,495	43,505	43,505
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5.4 Net Present Value

Discount rate **10.00** %
Net present value 485,966

5.5 Internal Rate of Return

infinite return

**CANADA AVE DEVELOPER PROFORMA FOR MID
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on Tot
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Net Operating Revenues	139,711	139,711	154,252	154,252	154,252	154,252	154,252	170,306	170,306	170,306
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0
Net Cash Flow	139,711	139,711	79,252	154,252	154,252	154,252	154,252	95,306	170,306	170,306

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Annual escalation, gross revenue	1.1717	1.1951	1.2190	1.2434	1.2682	1.2936	1.3195	1.3459	1.3728	1.4002
Gross revenue potential, 100% occupancy	139,711	139,711	154,252	154,252	154,252	154,252	154,252	170,306	170,306	170,306
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	139,711	139,711	154,252	154,252	154,252	154,252	154,252	170,306	170,306	170,306
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0
Net Operating Income	139,711	139,711	154,252	154,252	154,252	154,252	154,252	170,306	170,306	170,306
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0
Total revenues	139,711	139,711	154,252	154,252	154,252	154,252	154,252	170,306	170,306	170,306

5.2 Other Expenditures

Net Equity Investment, Commercial Component										
Mortgage payments (not automated)	96,206	96,206	96,206	96,206	96,206	96,206	96,206	96,206	96,206	96,206
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0
Total other expenditures	96,206	96,206	171,206	96,206	96,206	96,206	96,206	171,206	96,206	96,206

5.3 Total Cash Flow

	43,505	43,505	-16,954	58,046	58,046	58,046	58,046	-899	74,101	74,101
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

**CANADA AVE DEVELOPER PROFORMA FOR MID
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on Tot
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Net Operating Revenues	170,306	170,306	188,032	188,032	188,032	188,032	188,032	207,603	207,603	207,603	207,603	3,025,066
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Net Cash Flow	170,306	170,306	113,032	188,032	188,032	188,032	188,032	132,603	207,603	207,603	207,603	3,025,066

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Annual escalation, gross revenue	1.4282	1.4568	1.4859	1.5157	1.5460	1.5769	1.6084	1.6406	1.6734	1.7069	1.7410	1.7758
Gross revenue potential, 100% occupancy	170,306	170,306	188,032	188,032	188,032	188,032	188,032	207,603	207,603	207,603	207,603	207,603
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	170,306	170,306	188,032	188,032	188,032	188,032	188,032	207,603	207,603	207,603	207,603	207,603
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	170,306	170,306	188,032	188,032	188,032	188,032	188,032	207,603	207,603	207,603	207,603	207,603
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	2,817,464
Total revenues	170,306	170,306	188,032	188,032	188,032	188,032	188,032	207,603	207,603	207,603	207,603	3,025,066

5.2 Other Expenditures

Net Equity Investment, Commercial Component												
Mortgage payments (not automated)	96,206	96,206	96,206	96,206	96,206	96,206	96,206	0	0	0	0	0
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Total other expenditures	96,206	96,206	171,206	96,206	96,206	96,206	96,206	75,000	0	0	0	0

5.3 Total Cash Flow

	74,101	74,101	16,826	91,826	91,826	91,826	91,826	132,603	207,603	207,603	207,603	3,025,066
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

Appendix C
Liquidation World Site

**LIQUIDATION WORLD DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
102-127 Ingram Street**

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	57,220 sq.ft. or	1.314 acres
Floor Space Ratio Excluding Parking	1.35	
Residential and Commercial Building Area	77,247 sq.ft.	20,027 Footprint
Building Efficiency	87 %	4 Stories
Useable Area	67,205 sq.ft.	
% Residential	75.00 %	50,404 sq.ft.
% Office Space	0.00 %	0 sq.ft.
% Retail Space	25.00 %	16,801 sq.ft.
		67,205 sq.ft.
Residential Parking Rqmt, spaces per unit	1.20 per unit	63.60 stalls
Office Parking Rqmt, one space per	377 sq.ft.	0.00 stalls
Retail Parking Rqmt, one space per	323 sq.ft.	52.02 stalls
		115.62 stalls

1.2 Value Assumptions--Residential

Unit Type	Number	Size	Total Sq.Ft.	Price/Sq.Ft.	Price/Unit	Gross \$'s	GST Rebate	Sales Comm.	Net Sales Income
Other	0	0	0	0	0	0	0	0	0
Average Unit	53	951	50,404	300	285,304	15,121,100	0	453,633	14,667,467
Other	0	0	0	0	0	0	0	0	0
Total	53		50,404			15,121,100	0	453,633	14,667,467

Selling Period, Months	8.00 months
% Presales	0.00%

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0 sq.ft.
Rentable Area, Retail	16,801 sq.ft.
Office Rental Rate	0.00
Retail Rental Rate	25.00
Vacancy, Office	0.00 %
Vacancy, Retail	5.00 %
Operating Expenses, % NOI	1.00 %
Marketing Cost, %	2.50 %
Capitalization Rate	9.00 %

1.4 Construction Cost Assumptions

Off Site Costs	0
On Site Costs	50,000
Servicing connections	20,000
Residential Cost/sq.ft.	150.00
Office Cost/sq.ft.	0.00
Retail Cost/sq.ft.	150.00
Parking Cost/Stall	0
Office TI/sq.ft.	20.00
Retail TI/sq.ft.	50.00
Planning Time	6 months
Construction Time	10 months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50 %
Land Loan, Interest Rate	7.00 %
Construction Loan, Loan to Cost Ratio	75 %
Construction Loan, Interest Rate	7.00 %

Take out financing

Debt Service Coverage Ratio	1.30
Stated Annual Interest Rate	7.00 %
Amortization Period	25 years
Mortgage Constant	8.40
Take-out Advanced	10.00 months after completion of construction

Interest on Development Equity	12.00 %
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**LIQUIDATION WORLD DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value

Gross Sales Income	15,121,100	
Less Commissions+GST	<u>453,633</u>	
Net Sales Income		14,667,467

2.1.2 Commercial Value

Gross Income	420,031	
Less Vacancy	<u>21,002</u>	
Equals Effective Gross Income	399,029	
Operating Costs	<u>3,990</u>	
Equals NOI	395,039	
Capitalization Rate	9.00 %	
Indicated Value on Completion	4,389,319	
Less Marketing Costs	<u>109,733</u>	
Equals Net Sales Proceeds		<u>4,279,586</u>

2.1.3 Total Value on Completion

18,947,054

3.0 Project Costs

3.1 Land

	<u>Area sf</u>	<u>Cost/sf</u>	
Purchase Price	57,220	25.67	<u>1,468,800</u>
Property Transfer Tax			27,376
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)			<u>50,000</u>
Total Land Cost			1,546,176

3.2 Construction Costs

Offsite Costs			0
On Site Costs			50,000
Servicing connections			20,000
Building			11,587,050
Parking			0
Tenant Improvement			840,061
Contingency (% Construction Costs)	5.00 %		<u>624,856</u>
Total Construction Cost			13,121,967

3.3 Development Costs

Construction Project Management	0.50 %		65,610
Development Project Management	0.50 %		90,589
Architect fees (% construction cost)	2.50 %		328,049
Engineering fees (% construction cost)	2.00 %		262,439
Other consultants	1.00 %		131,220
Research and Appraisal			25,000
Survey			20,000
Accounting			3,000
Legal (Cost per Unit)	1,000 per unit		53,000
Insurance			96,559
Financing Fees (% Project Costs)	1.00 %		181,177
Rezoning			50,000
Development permit fees			1,150
Building permit fees			65,910
City Development Cost Charges (Residential)			114,873
City Development Cost Charges (Commercial)			32,768
Amenity Contribution	0.00 per sq.ft. gba		0
Utilities During Construction			5,000
Property Taxes	12.99 tax rate		35,987
Advertising/Promotion/Show Suite			302,422
Lease Commission (% 1st year NOI)	20.00 %		79,008
New Home Warranty	1,750 per res. Unit		92,750
Post Construction Strata Fee	1,000 per res. Unit		53,000
Post Construction Customer Service	1,500 per res. Unit		79,500
Corporate Overhead	2.00 %		362,354
Miscellaneous Development Costs	1.00 %		25,314
Contingency (% Development Costs)	10.00 %		<u>255,668</u>
Total			2,812,345

3.4 Interest

Interest Cost, Land Financing		96,958
Interest Cost, Construction Financing		<u>540,273</u>
Total Interest Cost		<u>637,231</u>

3.2.4 Total Project Costs

18,117,719

LIQUIDATION WORLD DEVELOPER PROFORMA FOR LOW RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

	Profit on Total Project Costs	→	Profit on Development Equity	Project Cost	Equity %	Equity \$'s
Value at completion	18,947,054		Land	1,546,176	50	773,088
Project Costs	18,117,719		Construction	<u>16,571,543</u>	25	<u>4,142,886</u>
Profit - \$'s	829,335		Total	18,117,719		4,915,974
Profit - %	4.58 %					
			Profit on Development Equity \$'s			829,335
			Profit on Development Equity %			16.87 %

3.2 Cash on Cash, investor holds

Total project costs	18,117,719
Less Condo Sales	14,667,467
Equals Net Project Cost, Commercial Component	3,450,252
Less Take Out Financing	<u>3,450,252</u>
Equals Net Equity Investment	0
Net Income	395,039
Less mortgage payments	<u>289,993</u>
Cash flow	105,045
Cash flow/equity (%)	infinite rate of return %

4.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

4.1 Cash Flow Basis

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Operating Revenues	0	197,519	355,535	395,039	395,039	395,039	436,155	436,155	436,155
Capital Costs	<u>3,450,252</u>	0	0	0	0	0	<u>75,000</u>	0	0
Net Cash Flow	-3,450,252	197,519	355,535	395,039	395,039	395,039	361,155	436,155	436,155

4.2 Net Present Value

<u>Disc. Rate</u>	10%	1,008,145
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4.3 Simple Internal Rate of Return

12.38%

5.0 Project Cash Flow, Leveraged Equity (equity and construction financing)

5.1 Revenues (5 year lease terms)

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Annual escalation, gross revenue	2.00 % per annum	1.0000	1.0200	1.0404	1.0612	1.0824	1.1041	1.1262	1.1487
Gross revenue potential, 100% occupancy	0	395,039	395,039	395,039	395,039	395,039	436,155	436,155	436,155
Less vacancy - %	0	50%	10%	0%	0%	0%	0%	0%	0%
- \$	0	<u>197,519</u>	<u>39,504</u>	0	0	0	0	0	0
Equals effective gross income	0	197,519	355,535	395,039	395,039	395,039	436,155	436,155	436,155
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0
Net Operating Income	0	197,519	355,535	395,039	395,039	395,039	436,155	436,155	436,155
Sale of Property @ Year 30, cap rate (%) =	7.00	0	0	0	0	0	0	0	0
Total revenues	0	197,519	355,535	395,039	395,039	395,039	436,155	436,155	436,155

5.2 Other Expenditures

Net Equity Investment, Commercial Component	0								
Mortgage payments (not automated)	0	289,993	289,993	289,993	289,993	289,993	289,993	289,993	289,993
Additional tenant improvements (at 5 year lease renewals)	0	0	0	0	0	0	75,000	0	0
Total other expenditures	0	289,993	289,993	289,993	289,993	289,993	364,993	289,993	289,993

5.3 Total Cash Flow

0	-92,474	65,542	105,045	105,045	105,045	71,161	146,161	146,161
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5.4 Net Present Value

Discount rate	10.00 %
Net present value	1,826,117

5.5 Internal Rate of Return

infinite return

**LIQUIDATION WORLD DEVELOPER PROFORMA F
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con:

Profit on Tol
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compone
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C:

4.1 Cash Flow Basis

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Net Operating Revenues	436,155	436,155	481,550	481,550	481,550	481,550	481,550	531,670	531,670	531,670
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0
Net Cash Flow	436,155	436,155	406,550	481,550	481,550	481,550	481,550	456,670	531,670	531,670

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity a

5.1 Revenues (5 year lease terms)

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Annual escalation, gross revenue	1.1717	1.1951	1.2190	1.2434	1.2682	1.2936	1.3195	1.3459	1.3728	1.4002
Gross revenue potential, 100% occupancy	436,155	436,155	481,550	481,550	481,550	481,550	481,550	531,670	531,670	531,670
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	436,155	436,155	481,550	481,550	481,550	481,550	481,550	531,670	531,670	531,670
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0
Net Operating Income	436,155	436,155	481,550	481,550	481,550	481,550	481,550	531,670	531,670	531,670
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0
Total revenues	436,155	436,155	481,550	481,550	481,550	481,550	481,550	531,670	531,670	531,670

5.2 Other Expenditures

Net Equity Investment, Commercial Component										
Mortgage payments (not automated)	289,993	289,993	289,993	289,993	289,993	289,993	289,993	289,993	289,993	289,993
Additional tenant improvements (at 5 year lease renew	0	0	75,000	0	0	0	0	75,000	0	0
Total other expenditures	289,993	289,993	364,993	289,993	289,993	289,993	289,993	364,993	289,993	289,993

5.3 Total Cash Flow

	146,161	146,161	116,557	191,557	191,557	191,557	191,557	166,677	241,677	241,677
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

**LIQUIDATION WORLD DEVELOPER PROFORMA F
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con:

Profit on Tot
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C:

4.1 Cash Flow Basis

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Net Operating Revenues	531,670	531,670	587,007	587,007	587,007	587,007	587,007	648,103	648,103	648,103	648,103	9,443,786
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Net Cash Flow	531,670	531,670	512,007	587,007	587,007	587,007	587,007	573,103	648,103	648,103	648,103	9,443,786

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity a

5.1 Revenues (5 year lease terms)

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Annual escalation, gross revenue	1.4282	1.4568	1.4859	1.5157	1.5460	1.5769	1.6084	1.6406	1.6734	1.7069	1.7410	1.7758
Gross revenue potential, 100% occupancy	531,670	531,670	587,007	587,007	587,007	587,007	587,007	648,103	648,103	648,103	648,103	648,103
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	531,670	531,670	587,007	587,007	587,007	587,007	587,007	648,103	648,103	648,103	648,103	648,103
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	531,670	531,670	587,007	587,007	587,007	587,007	587,007	648,103	648,103	648,103	648,103	648,103
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	8,795,683
Total revenues	531,670	531,670	587,007	587,007	587,007	587,007	587,007	648,103	648,103	648,103	648,103	9,443,786

5.2 Other Expenditures

Net Equity Investment, Commercial Component												
Mortgage payments (not automated)	289,993	289,993	289,993	289,993	289,993	289,993	289,993	0	0	0	0	0
Additional tenant improvements (at 5 year lease renev	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Total other expenditures	289,993	289,993	364,993	289,993	289,993	289,993	289,993	75,000	0	0	0	0

5.3 Total Cash Flow

	241,677	241,677	222,014	297,014	297,014	297,014	297,014	573,103	648,103	648,103	648,103	9,443,786
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

**LIQUIDATION WORLD DEVELOPER PROFORMA FOR MID RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
102-127 Ingram Street**

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area:	57,220 sq.ft. or	1.314 acres
Floor Space Ratio Excluding Parking	1.95	
Residential and Commercial Building Area	111,579 sq.ft.	17,166 Footprint
Building Efficiency	85 %	7 Stories
Useable Area	94,842 sq.ft.	
% Residential	91.00 %	86,306 sq.ft.
% Office Space	0.00 %	0 sq.ft.
% Retail Space	9.00 %	8,536 sq.ft. 94,842 sq.ft.
Residential Parking Rqmt, spaces per unit	1.20 per unit	114.00 stalls
Office Parking Rqmt, one space per	377 sq.ft.	0.00 stalls
Retail Parking Rqmt, one space per	323 sq.ft.	26.43 stalls 140.43 stalls

1.2 Value Assumptions--Residential

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0	0	0
Average Unit	95	908	86,306	400	363,395	34,522,543	0	1,035,676	33,486,866
Other	0	0	0	0	0	0	0	0	0
Total	95		86,306			34,522,543	0	1,035,676	33,486,866

Selling Period, Months	8.00 months
% Presales	0.00%

1.3 Value Assumptions--Office + Retail

Rentable Area, Office	0 sq.ft.
Rentable Area, Retail	8,536 sq.ft.
Office Rental Rate	0.00
Retail Rental Rate	25.00
Vacancy, Office	0.00 %
Vacancy, Retail	5.00 %
Operating Expenses, % NOI	1.00 %
Marketing Cost, %	2.50 %
Capitalization Rate	9.00 %

1.4 Construction Cost Assumptions

Off Site Costs	0
On Site Costs	50,000
Servicing connections	20,000
Residential Cost/sq.ft.	220.00
Office Cost/sq.ft.	0.00
Retail Cost/sq.ft.	220.00
Parking Cost/Stall	0
Office TI/sq.ft.	20.00
Retail TI/sq.ft.	50.00
Planning Time	6 months
Construction Time	10 months

1.5 Financing Assumptions

Land Loan, Loan to Value Ratio	50 %
Land Loan, Interest Rate	7.00 %
Construction Loan, Loan to Cost Ratio	75 %
Construction Loan, Interest Rate	7.00 %

Take out financing

Debt Service Coverage Ratio	1.30
Stated Annual Interest Rate	7.00 %
Amortization Period	25 years
Mortgage Constant	8.40
Take-out Advanced	10.00 months after completion of construction

Interest on Development Equity	12.00 %
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**LIQUIDATION WORLD DEVELOPER PROFORMA FOR MID RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

2.0 Developer Investment Analysis

2.1 Value on Completion

2.1.1 Residential Value

Gross Sales Income	34,522,543	
Less Commissions+GST	<u>1,035,676</u>	
Net Sales Income		33,486,866

2.1.2 Commercial Value

Gross Income	213,395	
Less Vacancy	<u>10,670</u>	
Equals Effective Gross Income	202,725	
Operating Costs	<u>2,027</u>	
Equals NOI	200,698	
Capitalization Rate	9.00 %	
Indicated Value on Completion	2,229,976	
Less Marketing Costs	<u>55,749</u>	
Equals Net Sales Proceeds		<u>2,174,227</u>

2.1.3 Total Value on Completion

35,661,093

3.0 Project Costs

3.1 Land

	<u>Area sf</u>	<u>Cost/sf</u>	
Purchase Price	57,220	25.67	1,468,800
Property Transfer Tax			27,376
Other Closing Costs (environmental assessment, conveyancing, ply tax, legal, etc.)			50,000
Total Land Cost			1,546,176

3.2 Construction Costs

Offsite Costs			0
On Site Costs			50,000
Servicing connections			20,000
Building			24,547,380
Parking			0
Tenant Improvement			426,790
Contingency (% Construction Costs)	5.00 %		<u>1,252,208</u>
Total Construction Cost			26,296,378

3.3 Development Costs

Construction Project Management	0.50 %		131,482
Development Project Management	0.50 %		170,350
Architect fees (% construction cost)	2.50 %		657,409
Engineering fees (% construction cost)	2.00 %		525,928
Other consultants	1.00 %		262,964
Research and Appraisal			25,000
Survey			20,000
Accounting			3,000
Legal (Cost per Unit)	1,000 per unit		95,000
Insurance			139,474
Financing Fees (% Project Costs)	1.00 %		340,699
Rezoning			50,000
Development permit fees			1,150
Building permit fees			131,782
City Development Cost Charges (Residential)			200,007
City Development Cost Charges (Commercial)			20,309
Amenity Contribution	0.00 per sq.ft. gba		0
Utilities During Construction			5,000
Property Taxes	10.09 tax rate		26,707
Advertising/Promotion/Show Suite			690,451
Lease Commission (% 1st year NOI)	20.00 %		40,140
New Home Warranty	1,750 per res. Unit		166,250
Post Construction Strata Fee	1,000 per res. Unit		95,000
Post Construction Customer Service	1,500 per res. Unit		142,500
Corporate Overhead	2.00 %		681,399
Miscellaneous Development Costs	1.00 %		46,220
Contingency (% Development Costs)	10.00 %		<u>466,822</u>
Total			5,135,042

3.4 Interest

Interest Cost, Land Financing		92,629
Interest Cost, Construction Financing		<u>999,716</u>
Total Interest Cost		<u>1,092,344</u>

3.2.4 Total Project Costs

34,069,940

**LIQUIDATION WORLD DEVELOPER PROFORMA FOR MID RISE MIXED RESIDENTIAL (strata) + COMMERCIAL (rental) BUILDING
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Construction

<u>Profit on Total Project Costs</u>		→	<u>Profit on Development Equity</u>	<u>Project Cost</u>	<u>Equity %</u>	<u>Equity \$'s</u>
Value at completion	35,661,093		Land	1,546,176	50	773,088
Project Costs	34,069,940		Construction	<u>32,523,764</u>	25	<u>8,130,941</u>
Profit - \$'s	1,591,153		Total	34,069,940		8,904,029
Profit - %	4.67 %					
						Profit on Development Equity \$'s 1,591,153
						Profit on Development Equity % 17.87 %

3.2 Cash on Cash, investor holds

Total project costs	34,069,940
Less Condo Sales	33,486,866
Equals Net Project Cost, Commercial Component	583,074
Less Take Out Financing	<u>583,074</u>
Equals Net Equity Investment	0
Net Income	200,698
Less mortgage payments	<u>49,007</u>
Cash flow	151,691
Cash flow/equity (%)	infinite rate of ret%

4.0 Project Viability, Discounted Cash Flow, All Cash Equity (Unleveraged)

4.1 Cash Flow Basis

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Operating Revenues	0	100,349	180,628	200,698	200,698	200,698	221,587	221,587	221,587
Capital Costs	<u>583,074</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>0</u>
Net Cash Flow	-583,074	100,349	180,628	200,698	200,698	200,698	146,587	221,587	221,587

4.2 Net Present Value

<u>Disc. Rate</u>	10%	1,632,126
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4.3 Simple Internal Rate of Return

		30.16%
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5.0 Project Cash Flow, Leveraged Equity (equity and construction financing)

5.1 Revenues (5 year lease terms)

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Annual escalation, gross revenue	2.00 % per annum	1.0000	1.0200	1.0404	1.0612	1.0824	1.1041	1.1262	1.1487
Gross revenue potential, 100% occupancy	0	200,698	200,698	200,698	200,698	200,698	221,587	221,587	221,587
Less vacancy - %	0	50%	10%	0%	0%	0%	0%	0%	0%
- \$	0	<u>100,349</u>	<u>20,070</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Equals effective gross income	0	100,349	180,628	200,698	200,698	200,698	221,587	221,587	221,587
Operating Costs (structural reserve)	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Operating Income	0	100,349	180,628	200,698	200,698	200,698	221,587	221,587	221,587
Sale of Property @ Year 30, cap rate (%) =	7.00	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	0	100,349	180,628	200,698	200,698	200,698	221,587	221,587	221,587

5.2 Other Expenditures

Net Equity Investment, Commercial Component	0								
Mortgage payments (not automated)	0	49,007	49,007	49,007	49,007	49,007	49,007	49,007	49,007
Additional tenant improvements (at 5 year lease renewals)	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>0</u>
Total other expenditures	0	49,007	49,007	49,007	49,007	49,007	124,007	49,007	49,007

5.3 Total Cash Flow

	0	51,342	131,621	151,691	151,691	151,691	97,579	172,579	172,579
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5.4 Net Present Value

Discount rate	10.00 %
Net present value	1,770,359

5.5 Internal Rate of Return

infinite return

**LIQUIDATION WORLD DEVELOPER PROFORMA I
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on Tot
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Net Operating Revenues	221,587	221,587	244,650	244,650	244,650	244,650	244,650	270,113	270,113	270,113
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0
Net Cash Flow	221,587	221,587	169,650	244,650	244,650	244,650	244,650	195,113	270,113	270,113

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>
Annual escalation, gross revenue	1.1717	1.1951	1.2190	1.2434	1.2682	1.2936	1.3195	1.3459	1.3728	1.4002
Gross revenue potential, 100% occupancy	221,587	221,587	244,650	244,650	244,650	244,650	244,650	270,113	270,113	270,113
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	221,587	221,587	244,650	244,650	244,650	244,650	244,650	270,113	270,113	270,113
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0
Net Operating Income	221,587	221,587	244,650	244,650	244,650	244,650	244,650	270,113	270,113	270,113
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0
Total revenues	221,587	221,587	244,650	244,650	244,650	244,650	244,650	270,113	270,113	270,113

5.2 Other Expenditures

Net Equity Investment, Commercial Component										
Mortgage payments (not automated)	49,007	49,007	49,007	49,007	49,007	49,007	49,007	49,007	49,007	49,007
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0
Total other expenditures	49,007	49,007	124,007	49,007	49,007	49,007	49,007	124,007	49,007	49,007

5.3 Total Cash Flow

	172,579	172,579	120,642	195,642	195,642	195,642	195,642	146,106	221,106	221,106
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

**LIQUIDATION WORLD DEVELOPER PROFORMA I
CONTINUED....**

3.0 Short Term Yield Indicators

3.1 Profit on Sale of Project at Completion of Con

Profit on Tot
Value at completion
Project Costs
Profit - \$'s
Profit - %

3.2 Cash on Cash, investor holds

Total project costs
Less Condo Sales
Equals Net Project Cost, Commercial Compon
Less Take Out Financing
Equals Net Equity Investment

Net Income
Less mortgage payments
Cash flow

Cash flow/equity (%)

4.0 Project Viability, Discounted Cash Flow, All C

4.1 Cash Flow Basis

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Net Operating Revenues	270,113	270,113	298,226	298,226	298,226	298,226	298,226	329,266	329,266	329,266	329,266	4,797,877
Capital Costs	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Net Cash Flow	270,113	270,113	223,226	298,226	298,226	298,226	298,226	254,266	329,266	329,266	329,266	4,797,877

4.2 Net Present Value

4.3 Simple Internal Rate of Return

5.0 Project Cash Flow, Leveraged Equity (equity :

5.1 Revenues (5 year lease terms)

	<u>Year 19</u>	<u>Year 20</u>	<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
Annual escalation, gross revenue	1.4282	1.4568	1.4859	1.5157	1.5460	1.5769	1.6084	1.6406	1.6734	1.7069	1.7410	1.7758
Gross revenue potential, 100% occupancy	270,113	270,113	298,226	298,226	298,226	298,226	298,226	329,266	329,266	329,266	329,266	329,266
Less vacancy - %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
- \$	0	0	0	0	0	0	0	0	0	0	0	0
Equals effective gross income	270,113	270,113	298,226	298,226	298,226	298,226	298,226	329,266	329,266	329,266	329,266	329,266
Operating Costs (structural reserve)	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	270,113	270,113	298,226	298,226	298,226	298,226	298,226	329,266	329,266	329,266	329,266	329,266
Sale of Property @ Year 30, cap rate (%) =	0	0	0	0	0	0	0	0	0	0	0	4,468.611
Total revenues	270,113	270,113	298,226	298,226	298,226	298,226	298,226	329,266	329,266	329,266	329,266	4,797,877

5.2 Other Expenditures

Net Equity Investment, Commercial Component												
Mortgage payments (not automated)	49,007	49,007	49,007	49,007	49,007	49,007	49,007	0	0	0	0	0
Additional tenant improvements (at 5 year lease rene	0	0	75,000	0	0	0	0	75,000	0	0	0	0
Total other expenditures	49,007	49,007	124,007	49,007	49,007	49,007	49,007	75,000	0	0	0	0

5.3 Total Cash Flow

	221,106	221,106	174,219	249,219	249,219	249,219	249,219	254,266	329,266	329,266	329,266	4,797,877
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5.4 Net Present Value

Discount rate
Net present value

5.5 Internal Rate of Return

Appendix D
Jubilee and Second Streets Site

JUBILEE & 2ND DEVELOPER PROFORMA FOR TOWNHOUSE PROJECT
560 Jubilee Street & 176 Second Street

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area: **14,400** sq.ft. or **0.33** acres
 Floor Space Ratio: **0.65**
 Maximum Gross Building Area: 9,360 sq.ft.
 Building Efficiency: **100** %
 Saleable Area: 9,360 sq.ft.
 Parking Rqmt, spaces per unit: **2.00**

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.=%</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0	0	0
Average Unit	6	1,560	9,360	300	468,000	2,808,000	0	84,240	2,723,760
Other	0	0	0	0	0	0	0	0	0
Total	6		9,360			2,808,000	0	84,240	2,723,760

1.2 Marketing Assumptions

Selling Period, Months: **12.00** months
 % Presales: **0.00%**

1.3 Construction Cost Assumptions

Off Site Costs: **0**
 On Site Costs (site prep, landscaping): **50,000**
 Servicing connections: **20,000**
 Construction Cost/Sq.Ft.: **130.00**
 Parking Stalls Required (in building costs): 12
 Construction Cost/Stall (in construction cost/sq.ft.): **0**
 Planning Time: **6** months
 Construction Time: **10** months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio: **60** %
 Land Loan, Interest Rate: **7.00** %
 Constuction Loan, Loan to Cost Ratio: **75** %
 Constuction Loan, Interest Rate: **7.00** %

1.5 Interest on Equity (opportunity cost of equity)

12.00 %

**JUBILEE & 2ND DEVELOPER PROFORMA FOR TOWNHOUSE PROJECT
CONTINUED.....**

2.0 Project Value and Costs

2.1 Value on Completion

Gross Sales Income		<u>2,808,000</u>	
Less Commissions+GST		<u>84,240</u>	
Net Sales Income			2,723,760

2.2 Construction + Development Costs

2.2.1 Land

	<u>Per Unit</u>	<u>SF Land</u>	<u>Per GBA</u>	
Purchase Price	74,440	31.02	47.72	446,640
Property Transfer Tax				6,933
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				50,000
Total Land Cost				503,573

2.2.2 Construction Costs

Offsite Costs				0
On Site Costs				50,000
Servicing connections				20,000
Building				1,216,800
Parking (in building construction costs)				0
Contingency		5.00 %		<u>64,340</u>
Total Construction Cost				1,351,140

2.2.3 Development Costs

Construction Project Management		0.50 %		6,756
Development Project Management		0.50 %		11,853
Architect fees (% construction cost)		2.50 %		33,779
Engineering fees (% construction cost)		2.00 %		27,023
Other Consultants		1.00 %		13,511
Research and Appraisal				5,000
Survey				10,000
Accounting				5,000
Legal (Cost per Unit)		400 per unit		2,400
Insurance				16,380
Finance Fee (% Project Costs)		1.00 %		23,707
Rezoning				50,000
Development permit fees				1,150
Building permit fees				7,056
City Development Cost Charges				18,343
Amenity Contribution		0.00		0
Utilities During Construction				5,000
Property Taxes		8.46 tax rate		7,811
Advertising/Promotion/Show Suite				56,160
New Home Warranty		1,750 per unit		10,500
Post Construction Strata Fee		1,000 per unit		6,000
Post Construction Customer Service		1,500 per unit		9,000
Corporate Overhead		2.00 %		47,413
Miscellaneous Development Costs		1.00 %		3,738
Contingency (% development costs)		10.00 %		<u>37,758</u>
Total Development Costs				415,337

2.2.4 Interest Costs

Interest Cost, Land Financing				38,775
Interest Cost, Construction Financing				<u>61,827</u>
Total Development Costs				<u>100,602</u>

2.2.5 Total Project Costs

2,370,652

**JUBILEE & 2ND DEVELOPER PROFORMA FOR TOWNHOUSE PROJECT
CONTINUED.....**

3.0 Profit

Profit - \$'s	353,108
Profit - % of Project Cost	14.89 %

4.0 Return to Equity Investment

4.1 Total Profit 353,108

4.2 Equity Investment

Land	201,429
Construction+development (soft) costs	<u>441,619</u>
Total	643,048

4.3 Return to Equity Investment 54.91 %

5.0 Purchaser's Perspective

Purchase Price, including GST @	6 %	496,080
Down Payment @	20 %	<u>99,216</u>
Price remaining for financing		396,864
Mortgage Insurance, legal, inspection		<u>13,898</u>
Amount of Mortgage		410,762
Annual mortgage payment		30,087
Plus property tax, strata fee and utilities		<u>7,197</u>
Annual Housing Costs		37,284

Equals annual income required with 33% Housing Costs 112,982

Mortgage Terms:

Stated Annual Interest Rate	5.50 %
Amortization Period	25 years
Mortgage Constant	7.32

JUBILEE & 2ND DEVELOPER PROFORMA FOR LOW RISE APARTMENT PROJECT
560 Jubilee Street & 176 Second Street

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area: 14,400 sq.ft. or 0.33 acres
 Floor Space Ratio: 1.00
 Residential Building Area: 14,400 sq.ft. 5,040 Footprint
 Building Efficiency: 87 % 3 Stories
 Saleable Area: 12,528 sq.ft.
 Parking Rqmt, spaces per unit: 1.20

Unit Type	Number	Size	Total Sq.Ft.	Price/Sq.Ft.	Price/Unit	Gross \$'s	GST Rebate	Sales Comm.%=	Net Sales Income
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	13	964	12,528	300	289,108	3,758,400	0	112,752	3,645,648
Other	0	0	0	0	0	0	0	0	0
Total	13		12,528			3,758,400	0	112,752	3,645,648

1.2 Marketing Assumptions

Selling Period, Months: 12.00 months
 % Presales: 0.00%

1.3 Construction Cost Assumptions

Off Site Costs: 0
 On Site Costs (site prep, landscaping): 50,000
 Servicing connections: 20,000
 Construction Cost/Sq.Ft.: 140.00
 Parking Stalls Required: 16
 Construction Cost/Stall: 0
 Planning Time: 6 months
 Construction Time: 10 months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio: 60 %
 Land Loan, Interest Rate: 7.00 %
 Constuction Loan, Loan to Cost Ratio: 75 %
 Construction Loan, Interest Rate: 7.00 %

1.5 Interest on Equity (opportunity cost of equity)

12.00 %

**JUBILEE & 2ND DEVELOPER PROFORMA FOR LOW RISE APARTMENT PROJECT
CONTINUED...**

2.0 Project Value and Costs

2.1 Value on Completion

Gross Sales Income				3,758,400	
Less Commissions+GST				<u>112,752</u>	
Net Sales Income					3,645,648

2.2 Construction + Development Costs

2.2.1 Land

	<u>Per Unit</u>	<u>SF Land</u>	<u>PER GBA</u>		
Purchase Price	34,357	31.02	31.02	446,640	
Property Transfer Tax				6,933	
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				<u>50,000</u>	
Total Land Cost					503,573

2.2.2 Construction Costs

Offsite Costs				0	
On Site Costs				50,000	
Servicing connections				20,000	
Building				2,016,000	
Parking				0	
Contingency		5.00 %		<u>104,300</u>	
Total Construction Cost					2,190,300

2.2.3 Development Costs

Construction Project Management		0.50 %		10,952	
Development Project Management		0.50 %		17,110	
Architect fees (% construction cost)		2.50 %		54,758	
Engineering fees (% construction cost)		2.00 %		43,806	
Other Consultants		1.00 %		21,903	
Research and Appraisal				5,000	
Survey				10,000	
Accounting				5,000	
Legal (Cost per Unit)		750 per unit		9,750	
Insurance				18,000	
Finance Fee (% Project Costs)		1.00 %		34,220	
Rezoning				50,000	
Development permit fees				1,150	
Building permit fees				11,252	
City Development Cost Charges				28,224	
Amenity Contribution		0.00		0	
Utilities During Construction				5,000	
Property Taxes		8.46 tax rate		7,811	
Advertising/Promotion/Show Suite				75,168	
New Home Warranty		1,750 per unit		22,750	
Post Construction Strata Fee		1,000 per unit		13,000	
Post Construction Customer Service		1,500 per unit		19,500	
Corporate Overhead		2.00 %		68,439	
Miscellaneous Development Costs		1.00 %		5,328	
Contingency (% development costs)		10.00 %		<u>53,812</u>	
Total Development Costs					591,931

2.2.4 Interest Costs

Interest Cost, Land Financing				38,775	
Interest Cost, Construction Financing				<u>97,378</u>	
Total Interest Costs					<u>136,153</u>

2.2.6 Total Project Costs

3,421,957

**JUBILEE & 2ND DEVELOPER PROFORMA FOR LOW RISE APARTMENT PROJECT
CONTINUED....**

3.0 Profit		
Profit - \$'s		223,691
Profit - % of Project Cost		6.54 %
4.0 Return to Equity Investment		
4.1 Total Profit		223,691
4.2 Equity Investment		
Land		201,429
Construction+development (soft) costs		<u>695,558</u>
Total		896,987
4.3 Return to Equity Investment		24.94 %
5.0 Purchaser's Perspective		
Purchase Price, including GST @	6 %	306,454
Down Payment @	20 %	<u>61,291</u>
Price remaining for financing		245,163
Mortgage Insurance, legal, inspection		<u>8,968</u>
Amount of Mortgage		254,131
Annual mortgage payment		18,614
Plus property tax, strata fee and utilities		<u>5,593</u>
Annual Housing Costs		24,207
Equals annual income required with 33% Housing Costs		73,355
<hr/>		
Mortgage Terms:		
Stated Annual Interest Rate		5.50 %
Amortization Period		25 years
Mortgage Constant		7.32

Appendix E
Station Street Site

DEVELOPER PROFORMA FOR MID RISE APARTMENT PROJECT
55 Somenos Street & 262 Station Street

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area: **26,686** sq.ft. or **0.61** acres
 Floor Space Ratio: **1.75**
 Residential Building Area: **46,701** sq.ft. **8,006** Footprint
 Building Efficiency: **85** % **6** Stories
 Saleable Area: **39,695** sq.ft.
 Parking Rqmt, spaces per unit: **1.20**

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.%=</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	44	902	39,695	400	360,868	15,878,170	0	476,345	15,401,825
Other	0	0	0	0	0	0	0	0	0
Total	44		39,695			15,878,170	0	476,345	15,401,825

1.2 Marketing Assumptions

Selling Period, Months: **12.00** months
 % Presales: **0.00%**

1.3 Construction Cost Assumptions

Off Site Costs: **0**
 On Site Costs (demolition, site prep, landscaping): **50,000**
 Servicing connections: **20,000**
 Construction Cost/Sq.Ft.: **220.00**
 Parking Stalls Required: **53**
 Construction Cost/Stall: **0**
 Furniture and Equipment: **0**
 Landscaping, signage, lighting: **0**
 Planning Time: **8** months
 Construction Time: **12** months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio: **50** %
 Land Loan, Interest Rate: **7.00** %
 Constuction Loan, Loan to Cost Ratio: **75** %
 Construction Loan, Interest Rate: **7.00** %

1.5 Interest on Equity (opportunity cost of equity)

12.00 %

**DEVELOPER PROFORMA FOR MID RISE APARTMENT PROJECT
CONTINUED....**

2.0 Project Value and Costs

2.1 Value on Completion

Gross Sales Income		15,878,170	
Less Commissions+GST		<u>476,345</u>	
Net Sales Income			15,401,825

2.2 Construction + Development Costs

2.2.1 Land

	<u>Per Unit</u>	<u>Per SF</u> <u>Land</u>	<u>PER GBA</u>	
Purchase Price	6,895	11.37	6.50	303,360
Property Transfer Tax				4,067
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				50,000
Total Land Cost				357,427

2.2.2 Construction Costs

Offsite Costs				0
On Site Costs				50,000
Servicing connections				20,000
Building				10,274,110
Parking				0
Furniture and Equipment				0
Landscaping, signage, lighting				0
Contingency (% construction costs)		5.00 %		517,206
Total Construction Cost				10,861,316

2.2.3 Development Costs

Construction Project Management		0.50 %		54,307
Development Project Management		0.50 %		69,705
Architect fees (% construction cost)		2.50 %		271,533
Engineering fees (% construction cost)		2.00 %		217,226
Other Consultants		1.00 %		108,613
Research and Appraisal				10,000
Survey				20,000
Accounting				5,000
Legal (Cost per Unit)		1,000 per unit		44,000
Insurance				58,376
Finance Fee (% Project Costs)		0.80 %		111,528
Rezoning				50,000
Development permit fees				1,150
Building permit fees				54,607
City Development Cost Charges				92,659
Amenity Contribution		0.00 per sq.ft. gba		0
Utilities During Construction				5,000
Property Taxes		8.46 tax rate		6,552
Advertising/Promotion/Show Suite				317,563
New Home Warranty, Homeowner Protection		1,750 per unit		77,000
Post Construction Strata Fee		1,000 per unit		44,000
Post Construction Customer Service		1,500 per unit		66,000
Corporate Overhead		2.00 %		278,820
Miscellaneous Development Costs		1.00 %		19,636
Contingency (%development costs)		10.00 %		198,328
Total Development Costs				2,181,603

2.2.4 Interest Costs

Interest Cost, Land Financing				27,105
Interest Cost, Construction Financing				513,565
Total Interest Costs				<u>540,670</u>

2.2.5 Total Project Costs

13,941,015

**DEVELOPER PROFORMA FOR MID RISE APARTMENT PROJECT
CONTINUED....**

3.0 Profit

Profit - \$'s	1,460,809
Profit - % of Project Cost	10.48 %

4.0 Return to Equity Investment

4.1 Total Profit	1,460,809
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4.2 Equity Investment

	<u>% Equity</u>	<u>\$ Cost</u>	<u>\$ Equity</u>
Land	50.00	357,427	178,714
Construction+development (soft) costs	25.00	13,583,588	<u>3,395,897</u>
Total			3,574,611

4.3 Return to Equity Investment	40.87 %
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5.0 Purchaser's Perspective

Purchase Price, including GST @	6 %	382,520
Down Payment @	20 %	<u>76,504</u>
Price remaining for financing		306,016
Mortgage Insurance, legal, inspection		<u>10,946</u>
Amount of Mortgage		316,961
Annual mortgage payment		23,216
Plus property tax, strata fee and utilities		<u>6,236</u>
Annual Housing Costs		29,453
Equals annual income required with 33% Housing Costs		89,251

Mortgage Terms:

Stated Annual Interest Rate	5.50 %
Amortization Period	25 years
Mortgage Constant	7.32

DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area: **26,686** sq.ft. or **0.61** acres
 Floor Space Ratio Excluding Parking **2.35**
 Residential Building Area 62,712 sq.ft. 8,006 Footprint
 Building Efficiency **85** % 8 Stories
 Saleable Area 53,305 sq.ft.
 Parking Rqmt, spaces per unit **1.20**

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.%=</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	59	903	53,305	400	361,392	21,322,114	0	639,663	20,682,451
Other	0	0	0	0	0	0	0	0	0
Total	59		53,305			21,322,114	0	639,663	20,682,451

1.2 Marketing Assumptions

Selling Period, Months **12.00** months
 % Presales **0.00%**

1.3 Construction Cost Assumptions

Off Site Costs **0**
 On Site Costs (demolition, site prep, landscaping) **50,000**
 Servicing connections **20,000**
 Construction Cost/Sq.Ft. **220.00**
 Parking Stalls Required 71
 Construction Cost/Stall **0**
 Furniture and Equipment **0**
 Landscaping, signage, lighting **0**
 Planning Time **8** months
 Construction Time **12** months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio **50** %
 Land Loan, Interest Rate **7.00** %
 Constuction Loan, Loan to Cost Ratio **75** %
 Construction Loan, Interest Rate **7.00** %

1.5 Interest on Equity (opportunity cost of equity)

12.00 %

**DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT
CONTINUED....**

2.0 Project Value and Costs

2.1 Value on Completion

Gross Sales Income		21,322,114	
Less Commissions+GST		<u>639,663</u>	
Net Sales Income			20,682,451

2.2 Construction + Development Costs

2.2.1 Land

	<u>Per Unit</u>	<u>Per SF Land</u>	<u>PER GBA</u>	
Purchase Price	5,142	11.37	4.84	303,360
Property Transfer Tax				4,067
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				50,000
Total Land Cost				357,427

2.2.2 Construction Costs

Offsite Costs				0
On Site Costs				50,000
Servicing connections				20,000
Building				13,796,662
Parking				0
Furniture and Equipment				0
Landscaping, signage, lighting				0
Contingency (% construction costs)		5.00 %		<u>693,333</u>
Total Construction Cost				14,559,995

2.2.3 Development Costs

Construction Project Management		0.50 %		72,800
Development Project Management		0.50 %		92,560
Architect fees (% construction cost)		2.50 %		364,000
Engineering fees (% construction cost)		2.00 %		291,200
Other Consultants		1.00 %		145,600
Research and Appraisal				10,000
Survey				20,000
Accounting				5,000
Legal (Cost per Unit)		1,000 per unit		59,000
Insurance				78,390
Finance Fee (% Project Costs)		0.80 %		148,096
Rezoning				50,000
Development permit fees				1,150
Building permit fees				73,100
City Development Cost Charges				123,064
Amenity Contribution		0.00 per sq.ft. gba		0
Utilities During Construction				5,000
Property Taxes		8.46 tax rate		6,552
Advertising/Promotion/Show Suite				426,442
New Home Warranty, Homeowner Protection		1,750 per unit		103,250
Post Construction Strata Fee		1,000 per unit		59,000
Post Construction Customer Service		1,500 per unit		88,500
Corporate Overhead		2.00 %		370,240
Miscellaneous Development Costs		1.00 %		25,929
Contingency (%development costs)		10.00 %		<u>261,887</u>
Total Development Costs				2,880,762

2.2.4 Interest Costs

Interest Cost, Land Financing				27,105
Interest Cost, Construction Financing				<u>686,730</u>
Total Interest Costs				<u>713,835</u>

2.2.5 Total Project Costs

18,512,019

**DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT
CONTINUED....**

3.0 Profit

Profit - \$'s	2,170,432
Profit - % of Project Cost	11.72 %

4.0 Return to Equity Investment

4.1 Total Profit	2,170,432
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4.2 Equity Investment

	<u>% Equity</u>	<u>\$ Cost</u>	<u>\$ Equity</u>
Land	50.00	357,427	178,714
Construction+development (soft) costs	25.00	18,154,591	<u>4,538,648</u>
Total			4,717,361

4.3 Return to Equity Investment	46.01 %
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5.0 Purchaser's Perspective

Purchase Price, including GST @	6 %	383,075
Down Payment @	20 %	<u>76,615</u>
Price remaining for financing		306,460
Mortgage Insurance, legal, inspection		<u>10,960</u>
Amount of Mortgage		317,420
Annual mortgage payment		23,250
Plus property tax, strata fee and utilities		<u>6,241</u>
Annual Housing Costs		29,491
Equals annual income required with 33% Housing Costs		89,367

Mortgage Terms:

Stated Annual Interest Rate	5.50 %
Amortization Period	25 years
Mortgage Constant	7.32