

# *THE ENGLAND GROUP*



## **CYPRESS LAKE**

**HOUSTON, TEXAS**

**Luxury Apartments**

**\$69,450 AVERAGE PER UNIT**

**Another Quality Investment by The England Group**



## Our Mission

*The England Group's mission is to acquire high quality real estate in growth markets. We then aggressively manage these assets with a goal of maximizing the total cash return to investors upon resale. We believe that both cash flow and capital appreciation are important to our investors.*





# Reasons for Investing with The England Group

## THE GENERAL PARTNER

The England Group has established a proven track record in acquiring high quality properties. This 14-year track record includes over 4,000 units throughout North America. We currently manage a portfolio of real estate assets totaling over \$350 million in value and generating gross annual income in excess of \$47 million.

Kevin England, President and Garry England, Asset Manager, have personally been involved in all facets of real estate including acquisition, evaluation, management and disposition. The England Group's philosophy in acquiring real estate is to buy relatively new, high quality rental properties out of distress situations at discount prices. Kevin and Garry have successfully conducted the sale of a number of investment properties, resulting in substantial profits to investors.

"Manage the Managers" – professional independent management companies with expertise in specialized markets are hired to perform the on-site management for each of these investment properties. The England Group provides direct supervision and guidance on a daily basis through our dedicated Asset Manager. This strategy of aggressive management results in the maximization of profits to investors.

## THE OPPORTUNITY

An exciting growth opportunity exists in the Houston market to acquire high-quality real estate at excellent values.

Houston is the fourth largest city in the U.S. and one of the lowest-cost housing areas in North America. While it has always been extremely vibrant, the city is currently benefiting from high oil prices, a booming local high technology industry, and its position as a major NAFTA gateway to Latin America. Houston also has a very favourable business climate, including the absence of state income taxes in Texas.

Houston is experiencing extremely positive job growth and solid increases in population as the city's strengths continue to shine. Residential construction saw a sizeable jump in 1999 as companies raced to position themselves for the ongoing growth. As a result, Houston saw a temporary dip in class 'A' occupancy, creating the buying opportunity of which we are taking advantage. Cypress Lake was purchased from overseas owners who, as absentee managers, were unable to achieve the property's maximum potential, despite its excellent location. We see an excellent opportunity to apply the proven *England Group* formula.

*Cypress Lake* is located near two major hubs of economic activity - the airport and the new Greenspoint Technology Centre. Greenspoint is the first telecommunications park in Houston that is dedicated to telecom users. The Centre is situated atop the fibre optic pipeline that is the backbone of the internet. It contains 300,000 square feet of office space, is 90% occupied, and houses a dozen companies with global business connections.

*Cypress Lake* represents an opportunity to acquire an interest in a prime multi-family apartment complex with strong projected cash flow and the potential for significant upside.



## Houston Facts

- Is the fourth-largest city in the U.S., with a population of over 4.5 million
- Added 64,000 new jobs in 1999 and is expected to add another 51,000 jobs in 2000
- Saw population grow by 119,000 in 1999 and should see another 118,000 residents added in 2000
- Is home to eight of the world's ten leading energy companies
- Is home to the headquarters of thirteen Fortune 500 companies
- Has been ranked by Forbes in the top-ten best cities in the U.S. for conducting business
- Ranked sixth in the U.S. for manufacturing shipments at \$23 billion
- Is home to the U.S. port which is ranked first in the United States for foreign tonnage, second in total tonnage, and sixth-largest globally
- Houses the NASA/Johnson Space Centre, a focal point for the nation's manned flight program
- Is home to the Texas Medical Center, the largest and one of the most successful medical care and research facilities in the world, employing over 50,000 people
- Has a robust biotechnology industry which has doubled over the past three years, with more than \$1.1 billion in revenues
- Is a major international trade and finance centre which will continue to derive significant benefits from NAFTA
- Has a favourable business climate with no state corporate or personal income tax
- Ranked among the least expensive American cities by the ACCRA Cost of Living Index in 1998
- Was rated the third most desirable place to live in North America in 1996 and 1997 by the *Places Rated Almanac*
- Has two major airports
- Has more than 30 universities and colleges
- Texas has been ranked by top U.S. consultants as the best economic growth market for the next century



**Absolute Annual  
Population Growth Projected:  
2000 - 2004**

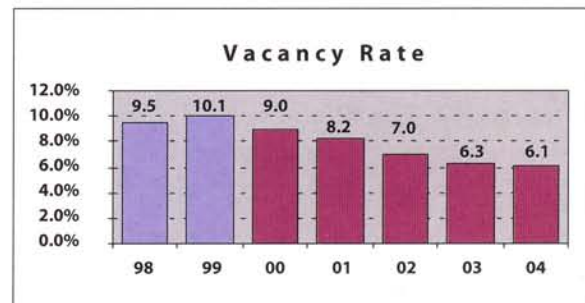
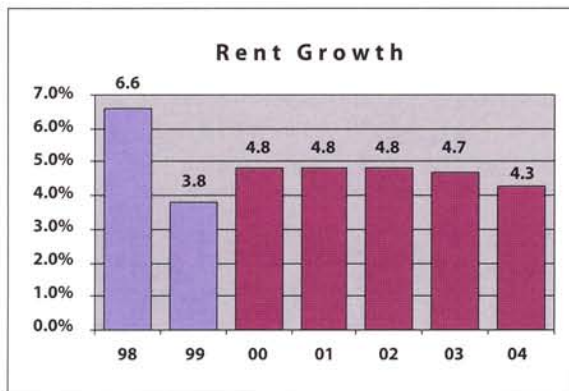
1. Atlanta
2. **Houston**
3. Phoenix
4. Dallas/Fort Worth
5. San Diego
6. Washington, DC
7. Tampa
8. Orlando
9. Denver
10. Minneapolis

Source: NPA Data Services, Inc., compiled by Integra Realty Resources

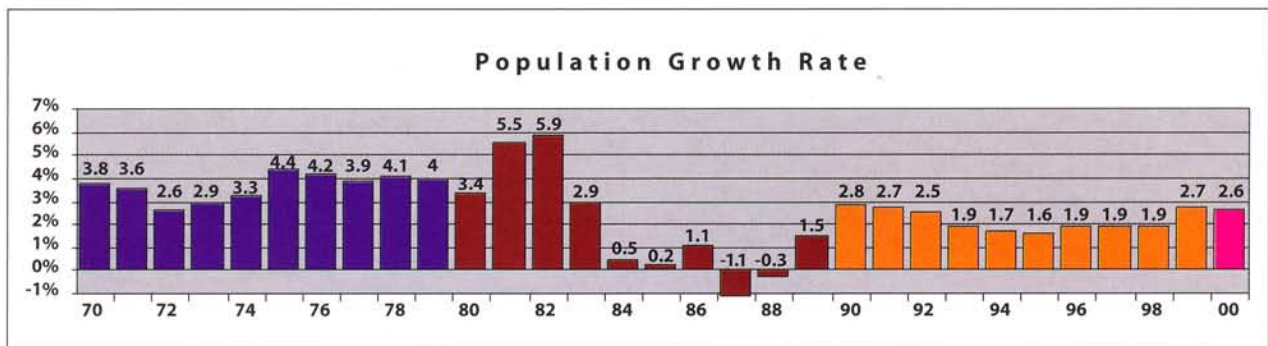
**Absolute Annual  
Employment Growth Projected:  
2000 - 2004**

1. Dallas/Fort Worth
2. Atlanta
3. **Houston**
4. Phoenix
5. Washington, DC
6. Orange County, CA
7. Los Angeles
8. Chicago
9. Seattle
10. San Diego

Source: NPA Data Services, Inc., compiled by Integra Realty Resources



Source of graphs: Hendricks & Partners "Vision 2000"



The above graphs illustrate that as the population of Houston continues to grow and the vacancy rate falls, the city is expected to see strong annual rates of growth in rental income.

# Investment Highlights

## CYPRESS LAKE

### EXCELLENT INVESTMENT TIMING

Cypress Lake provides an opportunity to acquire U.S. real estate at an excellent price. Houston is seeing very strong population growth and employment growth in all areas of the local economy. As a result, rental vacancies are projected to fall and rental rates are expected to rise significantly.

### POSITIVE CASH FLOW

Although the investment is made primarily for capital appreciation, it is projected to produce a net positive cash flow paid to investors on a quarterly basis.

### 5 YEAR PRO FORMA RIGHT OF OFFSET

The financial projections are backed up by a right of offset on the General Partners carried interest in the project. For additional investment safety, the General Partner has provided a cash reserve totalling \$250,000.

### EXCELLENT LOCATION

Cypress Lake is located in a prestigious white-collar, upper-income neighbourhood in northwest Houston. Northwest Houston is also home to the new Greenspoint Technology Centre, which will be a major source of jobs for the area.

### TAX ADVANTAGES

*Nothing beats tax deferred growth.* The limited partnership structure permits tax deductions to flow to investors resulting in a large portion of their equity being recovered through personal income tax savings.

### 100% EQUITY FINANCING

Various financing packages have been arranged, including 100% financing of the equity down payment.

### ASSET IMPROVEMENT

The complex is only four years old and in good condition. However, due to the absentee management, the asset does require some deferred maintenance work. The General Partner is providing a \$350,000 reserve for refurbishment to ensure that the asset is restored and operates in peak condition.

### ASSET MANAGEMENT INCENTIVE

The General Partner has a vested interest in the management and successful operation of the project through a carried interest participation. Upon sale investors will receive all of their original funds invested plus a priority return of 10% per annum. Additional profits are shared; 80% investors, 20% General Partner. The Management Company also has a performance incentive to exceed projections.







## **Cypress Lake**

Cypress Lake enjoys an excellent location in an affluent, multi-family and single-family neighborhood conveniently located 20 minutes from downtown Houston, and 10 minutes from the George Bush Intercontinental Airport. In this prestigious Champions/Cypress Station area, residents enjoy convenient access to numerous major shopping outlets, schools, recreational and commercial enterprises. The strong location and quality of construction should bode well for its continued economic growth in the dynamic Houston market.

Houston is a mecca for arts enthusiasts, and has permanent companies in the performing arts: The Houston Ballet, The Houston Grand Opera Association, and The Houston Symphony. The city boasts many theatrical companies and countless museums. Houstonians also love their professional sports teams, which include Major League Baseball's Astros and the Rockets of the NBA. Houston's expansion NFL team will begin play in 2002 in a new stadium built next to the Astrodome.

For shopping enthusiasts, Houston offers two of the largest shopping malls in Texas – The Galleria and the Willowbrook Mall. At the centre of the downtown shopping district is Foley's, Houston's oldest department store. The Park Shops in Houston Centre house many trend-setting stores. World Class architecture and public art make downtown shopping delightful.

The region's temperate climate combined with over 530 city and county parks, beaches, area lakes and golf courses provide residents with a wide range of outdoor activities. Houston has also retained its enthusiasm for Texan traditions like the Houston Livestock Show and Rodeo.

Cypress Lake has an outstanding Northwest Houston location. The beautiful "Class A" property is situated on Butterfield Road, one block west of the I-45 North and one block south of FM 1960, which is a major link between east and west Houston.

## Cypress Lake

Cypress Lake is a luxury gated apartment community consisting of 216 stylish and contemporary one, two, and three-bedroom units overlooking a picturesque lake.

The unit interiors are consistent with the rest of the complex, offering high-quality craftsmanship throughout. Interior amenities include nine-foot ceilings with ceiling fans and crown moldings, french doors, spacious walk-in closets, built-in bookshelves, intrusion alarms, wood burning fireplaces (in most units) and sunken jacuzzi-style tubs with phones in the master baths. In addition, all units include six appliances with large kitchens featuring stylish, European cabinets, built-in range hood microwaves, dishwashers, large double porcelain sinks and washers & dryers. The project also features a gated entrance, 24-hour business resource room, and a fitness centre with sauna. A luxurious exterior amenities package includes a sparkling swimming pool with a sensational sundeck and spa, a large private lake with fishing pier, some detached garages, reserved covered parking, and valet trash removal. This high level of services and amenities affords residents a prestigious lifestyle.

Cypress Lake offers a quiet community atmosphere with beautiful lake views and attractive landscaping.





## **THE EASE OF INVESTMENT**

The England Group specializes in providing successful “armchair” investment opportunities that are geared for easy participation. Our philosophy is to provide both positive cash flow and capital appreciation to our investors. The majority of The England Group’s projects pay non-taxable positive cash distributions to investors on a quarterly basis. Additionally, Canadian tax benefits enable investors to acquire a unit in Cypress Lake with virtually no after-tax expense. The England Group has built an excellent track record of acquiring only high-quality, well located Class “A” properties in growth markets. We then use our management expertise to improve the performance of each asset and increase its value for our investors. Cypress Lake provides you with the opportunity to participate.

## **PROPERTY STATUS**

Cypress Lake units are currently 86% leased. Residential apartment occupancy in the Northwest Houston area is currently at 92% and is projected to tighten further.

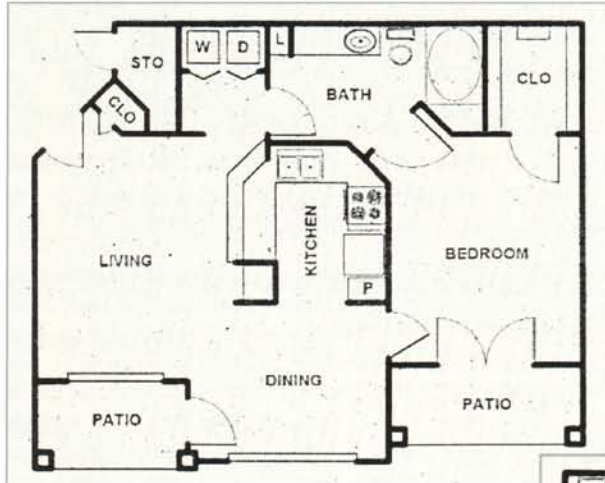
## **PROFESSIONAL ADVISORS**

The General Partner has retained the services of a select team of professional advisors: BDO Dunwoody Accountants and Project Auditors; Fasken Martineau DuMoulin, legal advisors; Thorsteinssons, Canadian/International tax law specialists, and Moran Ozbirn, U.S./International tax law specialists.



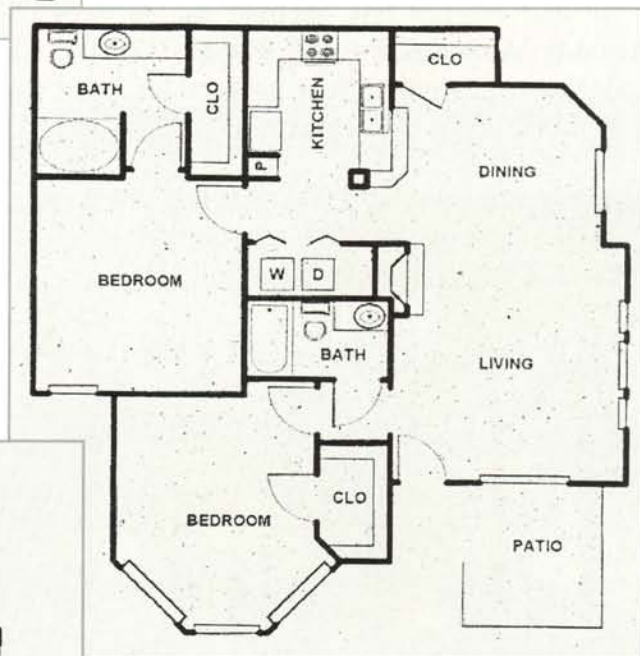
# Cypress Lake

## TYPICAL FLOOR PLANS



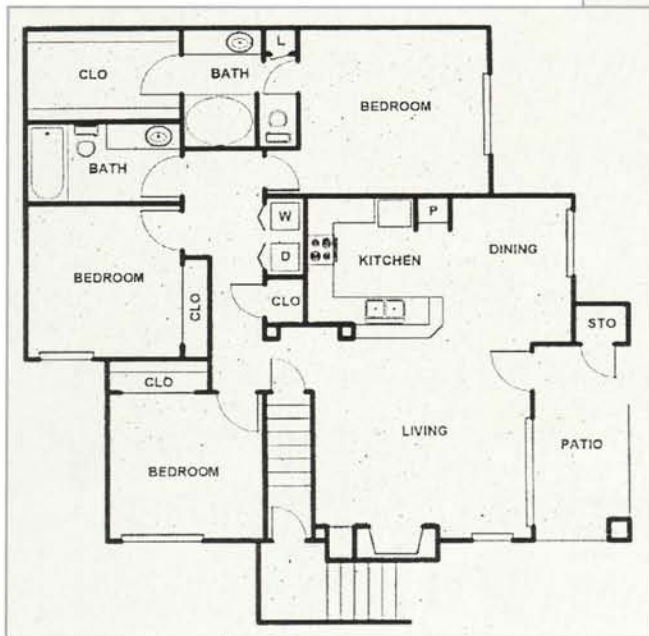
### ONE BEDROOM UNIT

Average 727 Sq.Ft.



### TWO BEDROOM UNIT

Average 1,124 Sq.Ft.



### THREE BEDROOM UNIT

Average 1,320 Sq.Ft.









## *THE ENGLAND GROUP*

**PROVIDING POSITIVE CASH FLOW AND CAPITAL APPRECIATION TO OUR INVESTORS**

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