

SOLD

The
England
Group



MAPLE LEAF QUAY

The England Group is a real estate investment company specializing in multi-family residential complexes in Canada and the United States

Property Performance

Acquired: 1996

Sold: 2013

Original Syndication Price: CDN\$42,650,000

Final Sale Price: **CDN\$150,500,000**

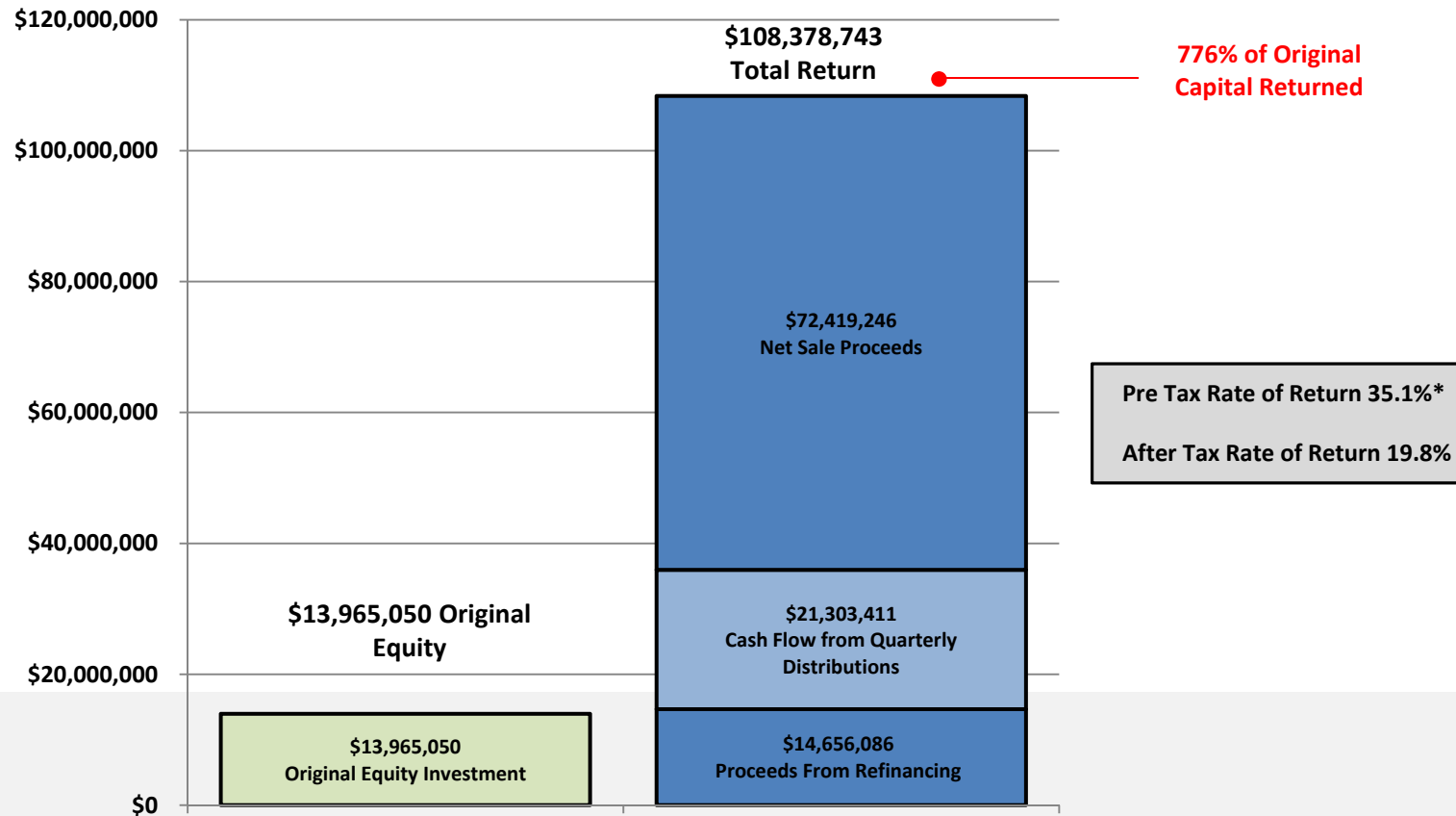
Return on Original Investment (ROI): **776%**

Internal Rate of Return (IRR): **35.1%**

Property Performance

A world-class real estate asset, **Maple Leaf Quay** was unquestionably the premier landmark multi-residential complex in the City of Toronto at time of sale. Located along the shores of Lake Ontario and only minutes from Canada's financial centre, it offered a truly unique combination of waterfront location, premium condominium amenities, and immediate access to the downtown core. The property was a mixed-use development consisting of two 21-storey buildings, a 3-storey low-rise structure, and a five level above grade parking structure, consisting of 502 residential suites and 21 office and retail units situated on 2.82 acres of land. Originally syndicated in 1996 for \$42.6 million – with a cash equity component of \$14 million – **Maple Leaf Quay's** appraised value had risen to \$118M by 2012. After serious consideration we felt that, although the potential for further asset appreciation over the long-term remained, the opportunity to sell in a premium market, return the sale proceeds to investors and wind up the project on a high note was in the best interest of the Partnership. At that time, significant economic headwinds were prevailing, including a choppy U.S. recovery from the Great Recession, European debt crisis, a weakened economy in China, and high energy prices. All of which added heavy doses of uncertainty to the global outlook. Upon receiving overwhelming support for the resolution to sell at the 2012 AGM from the limited partners, the General Partner retained the top multi-residential real estate broker in Canada to oversee the marketing and sale of **Maple Leaf Quay** – David Montessoro, head of CBRE's National Apartment Group since 1987. The property was subsequently offered on an "as is, where is basis" utilizing a non-priced bid process, supported by a 100-page hardcover *Confidential Information Memorandum & Due Diligence Materials* package. As a result, over 20 tours of the property were scheduled with interested buyers during late August and September of 2012, and several letters of interest in excess of \$115 million were received on the bid date of September 28, 2012. A select few of those parties were then asked to submit a "best and final" proposal. Ultimately, the sale closed at the end of March 2013 and we were successful in achieving an exceptional sale price of \$150.5 million for the property. During the course of the investment, through a combination of cash flow, tax savings and capital appreciation, **investors realized a 776% return on original capital, which translates into a 35.1% pre-tax internal rate of return on an annualized basis!**

Property Performance



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Internal Rate of Return (IRR)

Maple Leaf Quay generated an after-tax Internal Rate of Return of 19.8%. The IRR represents the after-tax annual yield of the investment. The calculation uses the initial investment, the series of year-to-year after-tax cash flows, and the after-tax proceeds from the sale of the property to establish a return on investment. Taxes are calculated at 43.7%, using the top combined marginal tax rates.

Maple Leaf Quay generated a grossed-up Internal Rate of Return of 35.1%. This represents the annual return an investor in the 43.7% tax bracket would have had to earn from an interest-bearing security, before taxes, in order to match the performance of this investment.