



The
England
Group

ABBAY AT VISTA RIDGE

2013 Annual General Meeting

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

Property Performance

Abbey at Vista Ridge

Original Syndication Price: US\$28,235,000

Estimated Current Value: US\$26,800,000

Return on Original Investment

As at January 1, 2013 a unit holder in *Abbey Vista Ridge Limited Partnership* has received cash distributions, refinancing distributions and tax savings equal to 45.3% of the initial cash amount invested.

Performance Results

Average Unit (CDN\$)

Original Equity Investment	\$22,908
-----------------------------------	-----------------

Cash Flow to Date	4,824
-------------------	-------

Tax Savings – Note 1	5,555
----------------------	-------

Total Received By Investors	\$10,379
------------------------------------	-----------------

% of Original Capital Returned:	45.3%
--	--------------

Property Performance

Residual Equity Analysis

We are often asked by investors what the remaining equity in their investment is worth.

Assuming the property was disposed of on January 1, 2013, a partnership unit in *Abbey Vista Ridge Limited Partnership* would have a Residual Equity of \$14,011. This amount represents the estimated proceeds that an investor in the 43.7% tax bracket would receive after paying all applicable taxes.

Residual Equity Analysis as at January 1, 2013 Average Unit Estimate (CAD\$)

Cash Distribution Upon Sale	18,297
<u>Tax Payable (1)</u>	<u>(4,286)</u>
Net After-tax Proceeds	\$14,011

Note: Exchange rate of 0.9966 as at January 1, 2013

- (1) Canadian taxes calculated at top marginal tax rates assuming Limited Partner is a BC resident and able to make full use of foreign tax credits created on disposition.

Per Unit (CDN\$)

**45.3% of Original
Capital Returned**

\$10,379

**Cash Investor
Average Unit
Original Equity
Investment
\$22,908**

**Residual Equity
\$14,011**

**Tax Savings
\$5,555**

**Cash Flow to Date
\$4,824**

Property Performance

Internal Rate of Return (IRR)

The Abbey is generating an after-tax Internal Rate of Return of 1.1%. The IRR represents the after-tax annual yield of the investment if the project was disposed of on January 1, 2013. 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.

The Abbey is generating a grossed-up Internal Rate of Return of 2.0%. 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.