



The  
England  
Group

# ARBOR VALLEY

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

## Arbor Valley

Original Syndication Price: US\$10,465,992

Estimated Current Value: US\$13,000,000

## Return on Original Investment

As at January 1, 2013 the average unit holder in *Arbor Valley Project Limited Partnership* has received cash distributions, refinancing distributions and tax savings equal to 175.5% of the initial cash amount invested.

# Performance Results

## Average Unit (CDN\$)

Original Equity Investment	\$17,757
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Proceeds From 2001/2005/2012 Refinancing	20,869
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Cash Flow to Date	5,596
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Tax Savings – Note 1	4,705
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<b>Total Received By Investors</b>	<b>\$31,171</b>
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<b>% of Original Capital Returned:</b>	<b>175.5%</b>
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# 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, the average partnership unit in *Arbor Valley Project Limited Partnership* would have a Residual Equity of \$4,951. 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	\$2,617
<u>Tax Credit (1)</u>	<u>\$2,334</u>
<b>Net After-tax Proceeds</b>	<b>\$4,951</b>

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.

# Average Unit (CDN\$)

**175.5% of Original  
Capital Returned**

**\$31,171**

**Cash Investor  
Average Unit  
Original Equity  
Investment**

**\$17,757**

**Residual Equity  
\$4,951**

**Tax Savings  
\$4,705**

**Cash Flow to Date  
\$5,596**

**Refinancing  
2001/2005/2012  
\$20,869**

# Property Performance

## Internal Rate of Return (IRR)

Arbor Valley is generating an after-tax Internal Rate of Return of 11.7%. 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.

Arbor Valley is generating a grossed-up Internal Rate of Return of 20.9%. 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.