



The
England
Group

LAKEVIEW PLACE

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

Lakeview Place

Original Syndication Price: US\$11,975,000

Estimated Current Value: US\$35,600,000

Return on Original Investment

As at January 1, 2013 the average unit holder in *Lakeview Place Project Limited Partnership* has received cash distributions, refinancing distributions and tax savings equal to 311.6% of the initial cash amount invested.

Performance Results

Average Unit

Original Equity Investment	\$20,024
Proceeds from 2001/2006 Refinancing	39,608
Cash Flow to Date	18,625
<u>Tax Savings – Note 1</u>	<u>4,154</u>
Total Received by Investors	\$62,387
% of Original Capital Returned:	311.6%

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 *Lakeview Place Project Limited Partnership* would have a Residual Equity of \$33,217. 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

Cash Distribution Upon Sale	63,789
<u>Tax Payable (1)</u>	<u>(30,572)</u>
Net After-tax Proceeds	\$33,217

(1) Calculated using top combined Federal and BC marginal tax rates (43.7%).

Average Unit

**311.6% of Original
Capital Returned**

\$62,387

**Cash Investor Average Unit
Original Equity Investment
\$20,024**

**Residual Equity
\$33,217**

**Tax Savings
\$4,154**

**Cash Flow to Date
\$18,625**

**2001/2006
Refinancing
\$39,608**

Property Performance

Internal Rate of Return (IRR)

Lakeview Place is generating an after-tax Internal Rate of Return of 25.0%. 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.

Lakeview Place is generating a grossed-up Internal Rate of Return of 44.4%. 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.