



The  
England  
Group

# MILANO

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

## Milano

Original Syndication Price: US\$30,610,559

Estimated Current Value: US\$27,500,000

### Return on Original Investment

As at January 1, 2013 a unit holder in *Milano Investments Limited Partnership* has received cash distributions, refinancing distributions and tax savings equal to 46.7% of the initial cash amount invested.

# Performance Results

## Average Unit (CDN\$)

<b>Original Equity Investment</b>	<b>\$25,294</b>
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Cash Flow to Date	3,399
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Tax Savings – Note 1	8,406
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<b>Total Received By Investors</b>	<b>\$11,805</b>
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<b>% of Original Capital Returned:</b>	<b>46.7%</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, a partnership unit in *Milano Investments Limited Partnership* would have a Residual Equity of \$6,528. 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 Unit Estimate (CAD\$)

Cash Distribution Upon Sale	8,151
<u>Tax Payable (1)</u>	<u>(1,622)</u>
<b>Net After-tax Proceeds</b>	<b>\$6,528</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.

# Per Unit (CDN\$)

46.7% of Original  
Capital Returned

\$11,805

Cash Investor  
Per Unit  
Original Equity  
Investment  
\$25,294

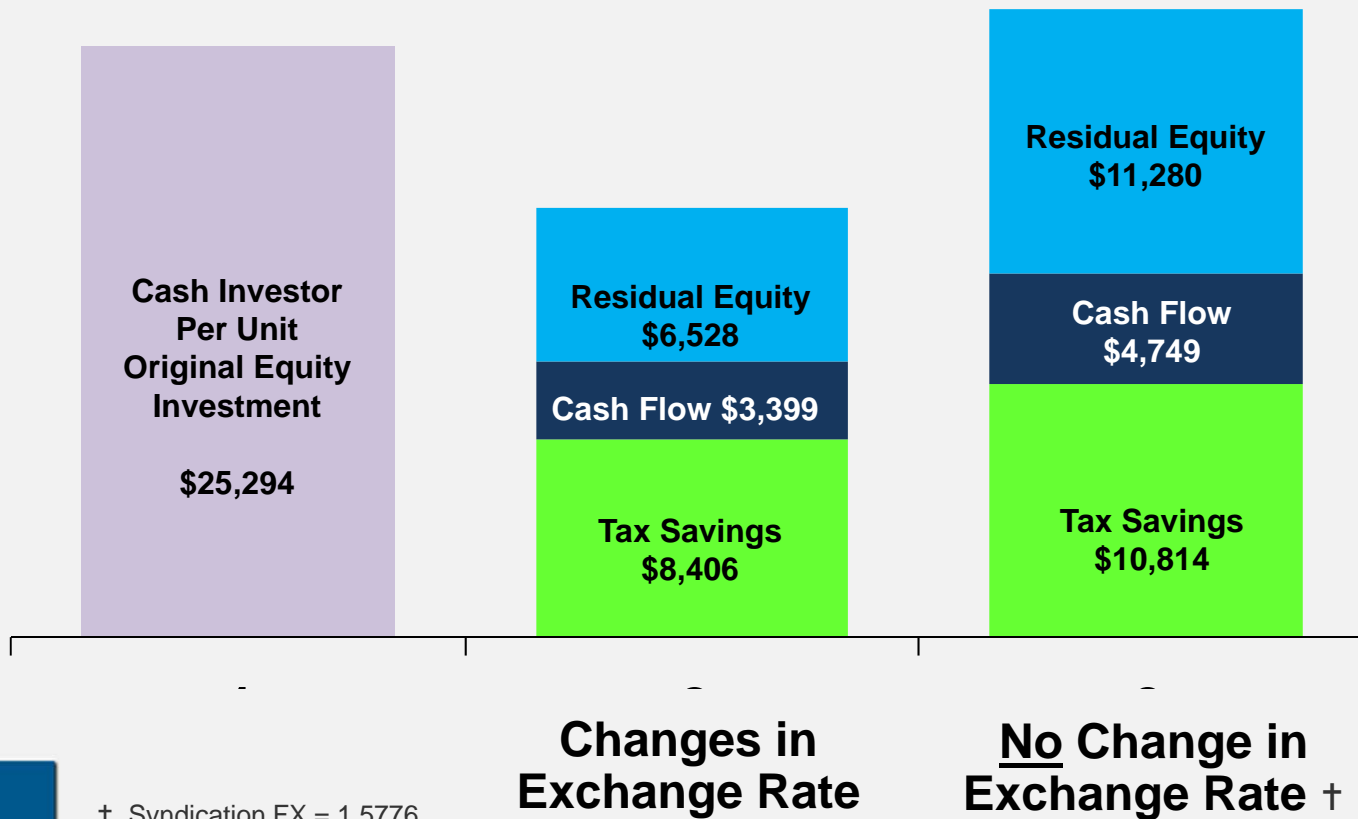
Residual Equity  
\$6,528

Tax Savings \$8,406

Cash Flow to Date \$3,399

# Effect of Exchange Rate

Per Unit (CDN\$)



# Property Performance

## Internal Rate of Return (IRR)

Milano is generating an after-tax Internal Rate of Return of -5.4%. 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.

Milano is generating a grossed-up Internal Rate of Return of x.x%. 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.