



The
England
Group

TALL TIMBERS

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

Tall Timbers

Original Syndication Price: US\$9,373,580

Estimated Current Value: US\$12,400,000

Return on Original Investment

As at January 1, 2013 the average unit holder in *Tall Timbers Project Limited Partnership* has received cash distributions, refinancing distributions and tax savings equal to 170.2% of the initial cash amount invested.

Performance Results

Average Unit (CDN\$)

Original Equity Investment	\$24,389
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Proceeds From 1998/2005/2012 Refinancing	25,984
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Cash Flow to Date	8,820
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Tax Savings – Note 1	6,708
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Total Received By Investors	\$41,513
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% of Original Capital Returned:	170.2%
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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 *Tall Timbers Project Limited Partnership* would have a Residual Equity of \$7,251. 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	4,912
<u>Taxes (Payable) or credit (1)</u>	<u>2,339</u>
Net After-tax Proceeds	\$7,251

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

Average Unit (CDN\$)

**170.2% of Original
Capital Returned**

\$41,513

**Cash Investor
Average Unit
Original Equity
Investment**

\$24,389

**Residual Equity
\$7,251**

**Tax Savings
\$6,708**

**Cash Flow to Date
\$8,820**

**Refinancing
1998/2005/2012
\$25,984**

Property Performance

Internal Rate of Return (IRR)

Tall Timbers is generating an after-tax Internal Rate of Return of 13.2%. 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.

Tall Timbers is generating a grossed-up Internal Rate of Return of 23.4%. 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.