



The
England
Group

TALLOWS

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

Tallows

Original Syndication Price: US\$11,188,800

Estimated Current Value: US\$14,500,000

Return on Original Investment

As at January 1, 2013 the average unit holder in *Tallows Project Limited Partnership* has received cash distributions, refinancing distributions and tax savings equal to 186.9% of the initial cash amount invested.

Performance Results

Average Unit (CDN\$)

Original Equity Investment **\$20,187**

Proceeds From 1999/2012 Refinancing 20,823

Cash Flow to Date 15,041

Tax Savings – Note 1 1,874

Total Received By Investors **\$37,738**

% of Original Capital Returned: 186.9%

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 *Tallows Project Limited Partnership* would have a Residual Equity of \$8,592. This amount represents the estimated proceeds that an investor in the 43.7% tax bracket would receive after paying all applicable taxes.

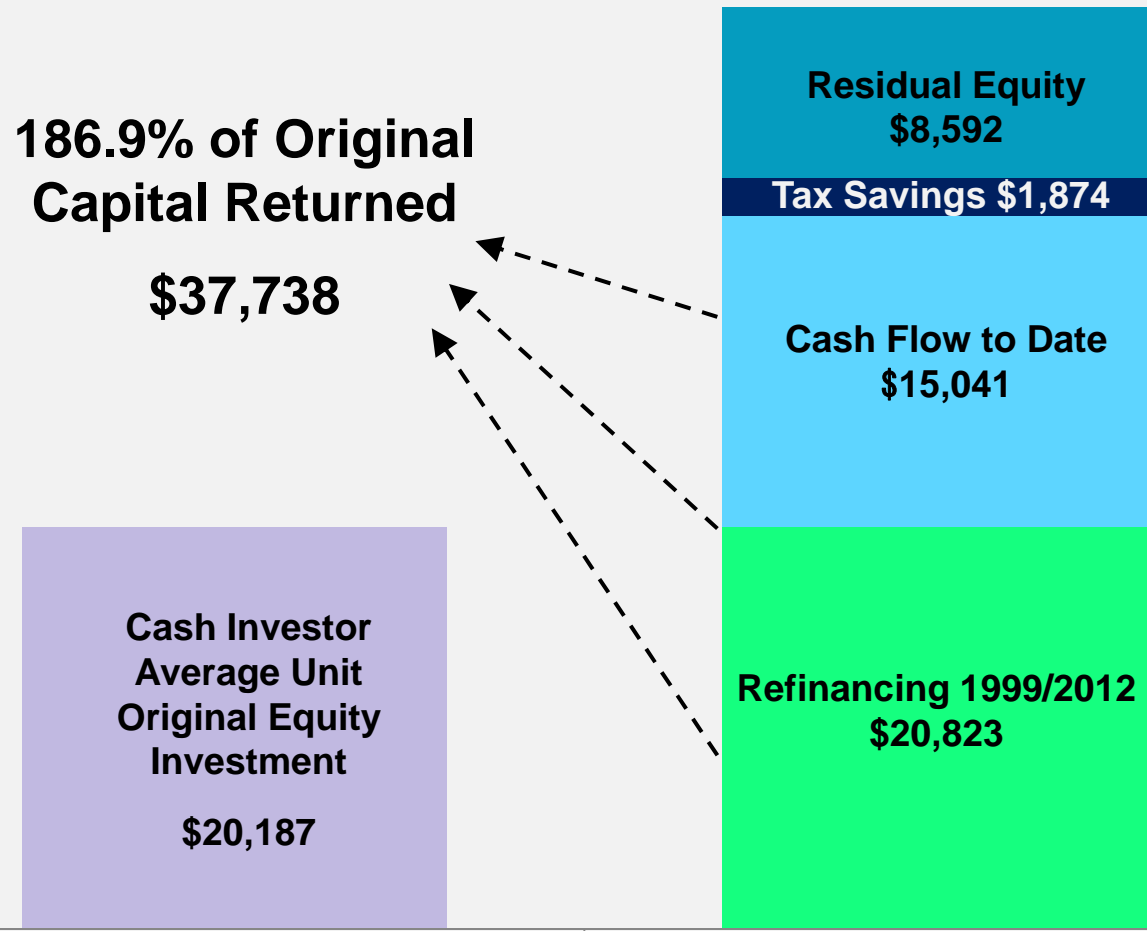
Residual Equity Analysis as at January 1, 2013 Average Unit Estimate (CAD\$)

Cash Distribution Upon Sale	4,758
<u>Tax Credit (1)</u>	<u>3,834</u>
Net After-tax Proceeds	\$8,592

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\$)



**186.9% of Original
Capital Returned**

\$37,738

Cash Investor
Average Unit
Original Equity
Investment

\$20,187

Residual Equity
\$8,592

Tax Savings \$1,874

Cash Flow to Date
\$15,041

Refinancing 1999/2012
\$20,823

Property Performance

Internal Rate of Return (IRR)

Tallows is generating an after-tax Internal Rate of Return of 12.7%. 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.

Tallows is generating a grossed-up Internal Rate of Return of 22.6%. 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.