

HOUSING RESEARCH REPORT

The Economics of New Purpose-Built Rental Housing Development in Selected Canadian Markets (2016)





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The Economics of New Purpose-Built Rental Housing Development in Selected Canadian Markets (2016)

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Executive Summary

Altus Data Solutions (Altus Group) was commissioned by Canada Mortgage and Housing Corporation (CMHC) to assess the economics of purpose-built rental apartment development in six of Canada's major markets:

- Vancouver
- Calgary
- Winnipeg
- Toronto
- Montréal
- Halifax

The study examined both private market rental unit development and non-profit buildings. The main report presents the results for the private market analysis, with the non-profit sector results presented in an appendix.

Approach

The analysis uses a pro forma framework to determine the economics of new purpose-built rental unit development. A total of 12 pro formas were developed for the private rental sector in each market. These 12 pro formas for each market were based on a combination of variables:

- Type of project/location—three options, based on a combination of quality, suite mix and location.
- Rents—two options (achievable market rents vs. required economic rent to make the project viable)
- Land costs—two options (market land costs vs. zero land costs).

All scenarios assume CMHC insurance with an 85% loan-to-value ratio.

Vacancy rate and real income growth assumptions are specific to each market.

Key Results

The table on the next page summarizes, across the various market areas, the 10-year cash-on-cash returns for the basic, medium and high-end private market projects under the "with land cost" and "without land cost" scenarios.

The 10-year average annual cash-on-cash returns are negative in most cases when land costs are included in the analysis. The exception is the basic project in Toronto. Toronto's relative advantage is due to a higher rent structure relative to costs, as well as relatively low property tax rates.

Even with land costs assumed at zero, most markets and project types still exhibit a negative 10-year return. The key exception is that 10-

year returns look reasonably favourable for the basic project in Vancouver and Toronto.

Overall, the economics of new private rental unit development in Canada's major markets are still challenged, but the increase in activity and interest in recent years suggests that at least some developers are making it work. Some may be discounting land value, others may have different criteria or objectives related to measuring investment performance, while others still may be expecting significant capital gains to offset meagre cash-on-cash returns.

Comparison of 10-Year Average Annual Cash-on-Cash Returns for New Private Market Purpose-Built Rental Housing

	Scenario ⁻	1: Market rent costs	w ith land	Scenario 2: Market rent w ithout land costs						
	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units				
Vancouver	-2.9%	-9.7%	-10.0%	11.0%	2.2%	3.7%				
Calgary	-9.6%	-6.8%	-8.3%	-5.1%	-2.4%	-3.9%				
Winnipeg	-4.6%	-9.2%	-10.5%	-2.5%	-7.6%	-8.3%				
Toronto	3.3%	-6.5%	-5.4%	10.6%	-0.8%	1.0%				
Montréal	-0.7%	-4.9%	-5.1%	1.3%	-3.0%	-3.0%				
Halifax	-5.5%	-11.3%	-11.4%	-0.6%	-7.9%	-7.7%				
Source: Altus Group										

Résumé

La Société canadienne d'hypothèques et de logement (SCHL) a demandé à Altus Data Solutions (Altus) d'évaluer les aspects économiques de l'aménagement d'immeubles d'appartements expressément destinés au marché locatif dans six grands marchés canadiens :

- Vancouver
- Calgary
- Winnipeg
- Toronto
- Montréal
- Halifax

L'étude a porté à la fois sur les immeubles locatifs du secteur privé et ceux du secteur sans but lucratif. Les résultats de l'analyse effectuée sur le marché privé sont présentés dans le corps du rapport, tandis que ceux obtenus pour le secteur sans but lucratif sont présentés en annexe.

Approche

L'analyse s'appuie sur un cadre pro forma pour déterminer les aspects économiques de l'aménagement d'immeubles expressément destinés au marché locatif. Au total, 12 cadres pro forma ont été élaborés pour les logements locatifs du secteur privé dans chacun des marchés, à partir des variables suivantes :

- Type d'ensemble/endroit trois options (ensemble de base, ensemble moyen et ensemble haut de gamme) obtenues en combinant plusieurs critères : qualité, mixité et endroit.
- Loyers deux options (loyer réaliste sur le marché et loyer nécessaire du point de vue économique pour assurer la viabilité de l'ensemble).
- Coût du terrain deux options (coût du marché et coût zéro).

Tous les scénarios supposent la souscription d'une assurance prêt hypothécaire de la SCHL, selon un rapport prêt-valeur de 85 %.

Les hypothèses relatives au taux d'inoccupation et au taux de croissance du revenu réel sont particulières à chaque marché.

Principaux résultats

Le tableau de la page suivante présente le sommaire du rendement en trésorerie de l'investissement sur 10 ans des ensembles dans les six grands marchés pour les types « ensemble de base », « ensemble moyen » et « ensemble haut de gamme » du marché privé, avec et sans le coût du terrain.

Sur 10 ans, les rendements annuels moyens en trésorerie de l'investissement sont presque toujours négatifs lorsque le coût du

terrain est inclus dans l'analyse. Toronto fait exception dans le type « ensemble de base ». Cette ville est avantagée par rapport aux autres, car le rapport entre les loyers et les coûts y est plus élevé et les taux d'impôt foncier y sont relativement bas.

Même avec un terrain de coût zéro, la plupart des marchés et des types d'ensembles obtiennent un rendement négatif sur 10 ans. La principale exception est le type « ensemble de base », dont le rendement sur 10 ans fait plutôt bonne figure à Vancouver et à Toronto.

Globalement, les aspects économiques de l'aménagement d'immeubles locatifs privés dans les grands marchés canadiens présentent toujours certains défis, quoique l'activité plus intense et l'intérêt plus marqué observés ces dernières années laissent croire que certains promoteurs y trouvent leur avantage. Il est possible que certains promoteurs actualisent la valeur du terrain, que d'autres mesurent le rendement de leur investissement en fonction de critères ou d'objectifs différents et que d'autres s'attendent encore à réaliser d'importants gains en capital qui compenseront la faiblesse du rendement en trésorerie de l'investissement.

Logements n	Logements neufs du secteur privé expressément destinés au marché locatif												
	Loyer du ma	arché avec le c	oût du terrain	Loyer du marché sans le coût du terra									
	Ensemble de base 50 unités	Ensemble moyen 100 unités	Ensemble haut de gamme 150 unités	Ensemble de base 50 unités	Ensemble moyen 100 unités	Ensemble haut de gamme 150 unités							
Vancouver	-2,90 %	-9,70 %	-10,00 %	11,00 %	2,20 %	3,70 %							
Calgary	-9,60 %	-6,80 %	-8,30 %	-5,10 %	-2,40 %	-3,90 %							
Winnipeg	-4,60 %	-9,20 %	-10,50 %	-2,50 %	-7,60 %	-8,30 %							
Toronto	3,30 %	-6,50 %	-5,40 %	10,60 %	-0,80 %	1,00 %							
Montreal	-0,70 %	-4,90 %	-5,10 %	1,30 %	-3,00 %	-3,00 %							
Halifax	-5,50 %	-11,30 %	-11,40 %	-0,60 %	-7,90 %	-7,70 %							
Source: Altus G	Group		-										

Comparaison sur 10 ans du rendement annuel moyen en trésorerie de l'investissement —



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1 Introduction

Altus Group was commissioned by Canada Mortgage and Housing Corporation (CMHC) to assess the economics of new purpose-built rental housing development in six of Canada's Census Metropolitan Areas (hereafter referred to as the six "major markets").

- Vancouver
- Calgary
- Winnipeg
- Toronto
- Montreal
- Halifax

The main body of this report examines mainstream private rental unit development. An appendix presents the results for a separate exercise related to non-profit rental unit development.

The research builds on three earlier analyses conducted by Clayton Research (acquired by Altus Group in 2007) for CMHC:

- An analysis undertaken in mid-1998 as part of the CMHC study Understanding Private Rental Housing Investment in Canada (Clayton Research and Fish Marks Jenkins). The economics of new private rental housing development were examined in that study for the same 6 major markets as the current study.
- A more extensive analysis conducted by Clayton Research in 2001 called *The Economics of New Private Rental Housing*

Development in Canada's Major Markets that examined the situation in early 2001 in what were then 26 census metropolitan areas, and Charlottetown CA.

 An update of the 2001 study conducted in 2007 by Clayton Research/Altus Group.

1.1 Caveat

The current analysis is not strictly comparable to the analysis undertaken in 2007 for the following reasons:

- In the current analysis, the information related to construction costs, land costs, operating costs and achievable market rents is based on work done by Altus Group on behalf of developers (in the 2007 study, with very little development activity underway, by necessity more assumptions were required).
- In 2007, separate analyses were done by number of bedrooms, at CMHC's request; in the current study, the projects reflect weightings of number of bedrooms based on CMHC information on projects developing in each market since 2000.
- In the current analysis, the unit sizes differ from those assumed in 2007.
- In the current analysis, the project is not expected to reach full rentup (excluding normal vacancy allowance) until Year 3 (in the 2007 analysis, full rent up, less the vacancy allowance was assumed in Year 1).

Because of these modifications, it would be inappropriate to make any direct comparisons between the 2007 and 2016 studies.

1.2 Structure of the Report

The remainder of this report is divided into two main sections:

- Part I: Summary Results first explains the proforma framework used in the analysis, and reviews the types of projects and scenarios examined. This is followed by a summary of the key results across the six major markets examined and the range of scenarios.
- Part II: Analysis by Market Area presents an assessment of rental market conditions in each market, plus the detailed proforma results for the individual markets under the scenario of market rents and market land costs.

Appendix A contains the detailed proformas for the remaining private market scenarios:

- Market rent and zero land costs
- Economic rent and market land costs
- Economic rent and zero land costs

Appendix B presents the results for the analysis for the non-profit sector.

Appendix C provides supplemental information for the market rent and market land costs scenario including:

- a comparison of cap rates by market; and
- an extension of the cash-on-cash return analysis for a 25 year period.

PART I: SUMMARY RESULTS

2 The Proforma Framework

The approach typically used in the analysis of the economics of new purpose-built rental unit development is the construction of proformas. These proformas look at the key cost components of development and the relative importance of some of the key input assumptions in the overall economic feasibility of rental construction.

The proforma approach allows (to the extent possible) for comparisons to be made of the economics of private rental development between different centres. It also allows for "what if" types of analysis – that is, how do changes in any of the input assumptions affect the final outcome.

This section first explains the proforma framework and the underlying input assumptions. It then briefly outlines the various scenarios examined in the proforma analysis for the current study.

2.1 The Key Components of the Proforma

While developers may use a variety of approaches to assess the economic viability of building a particular project, there are certain factors that are critical to the assessment and would typically be incorporated into any proforma analysis.

These factors are shown on Table 1 that illustrates a hypothetical proforma of a high-rise rental apartment development. To facilitate comparisons, the proforma has been constructed to present the analysis on a per unit, rather than total project, basis.

It is assumed that the project is being built for the developer's own investment portfolio (rather than for sale to other investors). The key

components of the proforma framework are discussed below.

2.1.1 Key Input Assumptions

This section of the proforma summarizes the key input assumptions that will be used in the analysis, including:

- Mortgage interest rate the interest rate obtained for the financing. In all scenarios, a 10-year term is assumed (as was the case in the 2007 study). It is also assumed that the mortgage is insured by CMHC, and that the premium over 10-year bond rates is 100 basis points. As bond rates have been fluctuating in recent years, the average 10-year bond rate for the past 5 years of about 2.25% is used as a base; with a premium of 100 basis points; this results in an interest rate of 3.25% (250 basis points below the 5.75% interest rate assumption used in the 2007 study).
- Mortgage amortization period the total length of time over which the mortgage will be paid off; this is assumed in all scenarios to be 25 years.
- Loan-to-lending value ratio the ratio of the mortgage amount to the total development costs. This is assumed at 85% in all scenarios.
- Mortgage insurance premium (%) the rate payable to obtain high ratio insurance coverage. It is assumed that the rental achievement holdback is waived, therefore a 0.25% surcharge would apply to the 4.5% mortgage insurance premium for an 85% loan-to-value ratio (for a total premium of 4.75%).

							Mark	et Rent	; Marke	t Land	Valu
KEY INPUT ASSUMPTIONS			PROJECT DI	EVELOPMEN	IT COSTS A		NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%			I	Land		\$72,000	1	nitial cash ir	nvestment		\$35,5
Mortgage insur. premium 4.75%			(Constructior	1	\$156,000	I	Vortgage			\$201,1
Annual cost inflation 2.0%			5	Subtotal		\$228,000	-	Total costs			\$236,
Annual revenue growth 3.0%								% Equity			15.
Initial monthly rent per unit \$1,350				00T (= = 4)*		¢0 704		A			¢0.0
per sq. ft \$2.25 Stabilized Vacancy rate 1.5%			, i	GST (net)*		\$8,701		viorigage ins	sur. premium	1	\$9,5
Average unit size (net sq. ft.) 600			-	Total Costs		\$236,701	-	Total Financ	ing Require	d	\$210,7
Development profit assumption:	15%			minimum sa	ales price	\$272,206	to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.0%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year
Rental income	\$16,200	\$5,346	\$11,180	\$17,187	\$17,702	\$18,233	\$18,780	\$19,344	\$19,924	\$20,522	\$21,
Other income	\$415	\$137	\$287	\$441	\$454	\$468	\$482	\$496	\$511	\$526	\$5
Vacancy allowance Gross income	-\$249 \$16,366	-\$82 \$5,401	-\$172 \$11,294	-\$264 \$17,363	\$272- \$17,884	-\$281 \$18,420	-\$289 \$18,973	-\$298 \$19,542	-\$307 \$20,128	-\$316 \$20,732	-\$: \$21;
Operating Costs:											
Maintenance and operations	\$4,680	\$3,510	\$4,177	\$4,869	\$4,966	\$5,066	\$5,167	\$5,270	\$5,376	\$5,483	\$5,5
Property taxes	\$810	\$810	\$826	\$843	\$860	\$877	\$894	\$912	\$930	\$949	\$9
Total operating costs	\$5,490	\$4,320	\$5,003	\$5,712	\$5,826	\$5,943	\$6,061	\$6,183	\$6,306	\$6,432	\$6,
Net Operating Income	\$10,876	\$1,081	\$6,291	\$11,651	\$12,058	\$12,478	\$12,911	\$13,359	\$13,822	\$14,300	\$14,7
Calculated cap rate	4.6%										
Mortgage Payments: Principal	\$5,574	\$5,574	\$5,756	\$5,945	\$6,140	\$6,341	\$6,549	\$6,763	\$6,985	\$7,214	\$7,4
Interest	\$6,722	\$6,722	\$6,539	\$5,945 \$6,350	\$6,140 \$6,156	\$5,954	\$0,549 \$5,747	\$5,532	\$0,985 \$5,310	\$5,082	\$4,8
Total	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,2
Cash Flow	-\$1,419	-\$11,214	-\$6,004	-\$644	-\$238	\$182	\$616	\$1,064	\$1,527	\$2,004	\$2,4
Cash-on-Cash Return	-4.0%	-31.6%	-16.9%	-1.8%	-0.7%	0.5%	1.7%	3.0%	4.3%	5.6%	7
Average Annual	-4.0%	-31.6%	-24.2%	-16.8%	-12.7%	-10.1%	-8.1%	-6.5%	-5.2%	-4.0%	-2.
Principal Payments	\$5,574	\$5,574	\$5,756	\$5,945	\$6,140	\$6,341	\$6,549	\$6,763	\$6,985	\$7,214	\$7,
Cumulative Annual Cash Flow & Principal Payments	\$5,574 \$4,155	\$5,574 -\$5,641	\$11,330 -\$248	\$17,275 \$5,301	\$23,415 \$5,902	\$29,756 \$6.523	\$36,304 \$7,165	\$43,068 \$7,827	\$50,052 \$8,511	\$57,266 \$9,218	\$64,7 \$9 ,9
	¢.,	<i>vvvvvvvvvvvvvv</i>	<i>+-/0</i>	<i>vvvvvvvvvvvvvv</i>	¥0,001	<i>vvvvuuuuuuuuuuuuu</i>	<i></i>	<i></i>	¥0,011	<i>40,210</i>	ψ0,
Annual Cash Flow & Principal Payments as % of Initial Cash Investment	11.7%	-15.9%	-0.7% -8.3%	1 4.9%	16.6% 3.7%	18.4%	20.2% 8.9%	22.0% 10.8%	24.0%	26.0%	28 15.
Average Annual	11.7%	-15.9%	-8.3%	-0.6%	3.7%	6.7%	8.9%	10.8%	12.4%	13.9%	15.

Table 1

The Economics of New Purpose-Built Rental Housing Development in Selected Canadian Markets (2016) Altus Group

- Annual cost inflation this is the annual rate of increase assumed for operating costs; in all scenarios it is assumed to be the expected general rate of inflation of 2% (an analysis of historical average costs showed little variation over the longer-term by market).
- Nominal revenue growth this is the annual rate of increase assumed for rental and other income. It is assumed at the general rate of inflation of 2% plus a real revenue growth component for each market that reflects local vacancy rate conditions and historical real rent increases in relation to broad vacancy rates.
- Initial monthly rent per unit the average monthly rent expected to be achieved per unit in the first year of operation. The proformas take two approaches to this, in separate tables. The first is what the achievable market rent would be in the market place for the envisioned project. The second is the economic rent that would be necessary to return a 10-year average annual cashon-cash return of approximately 10%. For the proformas that address economic rent, an additional area is included to the right of the initial monthly rent to compare the economic rent to the market rent, and also shows the differential in dollar and percent terms.
- Stabilized vacancy rate the proportion of units in the building assumed to be vacant on average, which is then applied to the rental income stream on a unit basis to determine the amount of the vacancy allowance (as defined under "Revenues and Costs"). The vacancy rate is assumed to be constant in each year of the analysis, with the exception that full rent up (less the vacancy allowance) is not expected to occur until Year 3. In Year 1 the

vacancy is assumed to be 67% and in Year 2 vacancy is assumed at 33%. The stabilized vacancy rates used vary by market depending on local market conditions. They take into consideration that vacancy rates for new units will not necessarily be the same as those in the existing stock.

 Average unit size – the square footage of each unit, on a net basis (i.e. not including common areas); this is the result of assumptions about the mix of units by number of bedrooms and the average size for each bedroom type.

2.1.2 Project Development Costs and Financing

This area of the proforma deals with the development costs of the project and the financing arrangements.

The project development costs include:

- Land the cost of a serviced block of land. Note that in the 2007 study, the land component included development cost charges; in the current analysis, these are included with the "soft cost" component of construction costs.
- Construction hard construction costs plus soft costs; the amount of the applicable provincial sales tax that applies to construction materials is included here (except for those provinces with harmonized systems). The soft costs are based on assessments for each local market.
- GST/HST/QST the amount of federal and provincial sales taxes that apply to land and construction costs. These are shown net of any rebates. The effective rate amounts will vary by market

depending on the type of tax and rebate available.

 Total costs – the sum of the land, construction costs and taxes, less any applicable local rebates (specific rebates in each market are discussed in the Part II results for that market).

The financing arrangements include:

- Initial cash investment the funds (equity) invested directly into the project by the developer. CMHC requested that a 15% equity assumption be used in all scenarios.
- **Mortgage** the difference between the total project costs and the initial cash investment.
- Total costs the sum of the initial cash investment and the mortgage amount which represents the total costs before the mortgage insurance premium.
- Mortgage insurance premium (\$) the dollar amount of the insurance premium, which is calculated based on applying the insurance premium rate to the total mortgage. It is assumed to be rolled into the mortgage rather than paid separately.
- **Total financing required** the sum of the mortgage amount plus the mortgage insurance premium.

Additional information provided on the proforma includes:

- Development profit assumptions this is an assumption of 15%, used to determine what the minimum sales price would need to be to return that degree of profit.
- Minimum sales price the resulting price from applying a 15% development profit assumption to the total development costs.

 Development cap rate – the net income in Year 0 divided by the minimum sales price to generate a 15% development profit. It can be used to assess how likely it is that there might be willing buyers to pay enough for a building to deliver the desired profit rate.

2.1.3 Revenues and Costs

This section of the proforma summarizes the on-going revenues and operating costs of the project over the first 10-years of operation.

Note that "Year 0" is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

The components of **revenues** include:

- **Rental income** the monthly rent multiplied by 12 months.
- Other income income received from parking (which is often charged separately), laundry facilities and the like. This assumption will vary by market based on input from Altus appraisers for each market.
- Vacancy allowance calculated by multiplying the assumed vacancy rate by the sum of rental and other income (expressed as a negative as it represents a reduction in income amounts).
- Gross income rental income plus other income plus the (negative) vacancy allowance.

The components of **operating costs** include:

Maintenance and operating costs - owner's on-going costs of

operating the unit (e.g. utilities, repairs, etc.); derived based on assumptions of monthly costs per gross sq. ft. The assumption can vary by market and project type.

- Property taxes annual dollar amount paid in property taxes.
 These will vary for each market area based on assessment practices and tax rates for the relevant central municipality.
- Total operating costs the sum of the maintenance and operations costs and property taxes.

Other information shown in this section includes:

- Net operating income (NOI) the difference between gross income and operating costs.
- Calculated cap rate the NOI divided by the project costs, expressed as a percentage.
- Mortgage payments the amount paid each year for the financing. The payments are assumed to be blended into equal payments over time and have a principal and interest component. The payments are based on the mortgage interest rate and amortization period listed in the input assumptions.
- **Cash flow** the gross income less operating costs and mortgage payments.
- Cash-on-cash return the cash flow divided by the initial cash investment, expressed as a percentage. It is also shown on an average annual basis.
- Principal payments the principal component of the total mortgage payment. Cumulative payments over time are also

shown.

Annual cash flow plus principal payments - the sum of the cash flow plus the principal payments. It is shown as it takes into account that equity is also being built up through the paydown of the mortgage. This is also expressed as a percentage of the initial cash investment.

2.2 Assumed Projects and Scenarios

This section looks at the private market projects selected for the analysis, and the assumptions underlying the various scenarios examined.

2.2.1 Project Characteristics

Three project types – basic, medium and high-end – were chosen to provide a range for the analysis. The projects are based on various combinations of the following factors:

- Structure type/size;
- Suite mix by number of bedrooms and size;
- Location within the market area; and
- Quality of materials/finishes.

The combinations of these factors used under each project type are summarized on the table below.

Table 2

General Characteri	stics, Private M	arket Rental Pr	ojects
	Basic Project	Medium Project	High-End Project
	50 Units	100 Units	150 Units
Project type/size	Walkup	Mid-rise	High-rise
Average suite size	Varies by market based on mix by bedroom type	Varies by market based on mix by bedroom type	Varies by market based on mix by bedroom type
Location	Fringe, but w ithin main municipality	Central, but not dow ntow n	Dow ntow n, but not "prime"
Quality of finishes	Basic	Medium	High
Source: Altus Group	·		

A brief discussion of each factor follows:

- Structure type/building size the basic project is assumed to be a small walkup project (50 units), with surface parking. The medium project is assumed to be a medium mid-rise (100 units) and the high-end project a large high-rise (150 units). Both the medium and high-rise projects have underground parking. The combination of project attributes for each project type is shown on the table below.
- Location in general, the market areas are comprised of a central municipality, and surrounding municipalities that are part of the broader labour and housing market. For all market areas, the location of the illustrative projects is assumed to be the main municipality in the market area (i.e. the "city" from which the

market area takes its name). The location for the high-end project is the downtown area – while the location is assumed to be "good", it is not assumed to be within the prime locations (where high-end condominium development would more likely occur). The location for the medium project is assumed to be centrally located, but not in the downtown area, while the location of the basic project is assumed to be on the fringe of the main municipality. Land prices for each project reflect these broad variations in location.

- Quality of finishes the quality of finishes is highest in the highend project (close to the finishes in a standard condominium unit) and lowest in the basic project (similar to a non-profit unit). While there is a price premium for higher quality of finishes, much of this additional construction cost is offset by economies achieved with the associated larger project size.
- Suite size the assumed suite sizes for each type of project and bedroom count are shown on the chart below. The review of each market and interviews conducted indicated that, for most markets, a range of unit sizes has been built or are being/would be contemplated. To facilitate comparisons among markets, suite sizes by each bedroom count have been kept the same in each market. However, the mix of bedroom types varies by market based on CMHC information on projects built since 2000; thus the overall average size will also vary.

Note that these project types are intended to be illustrative of the range of activities that might occur in a market area – they are by no means exhaustive in terms of the possibilities. For example, a project might be contemplated in the downtown area that has high quality

finishes, but small suites.

Table 3

Mix of Bedro	Mix of Bedrooms and Overall Average Suite Size											
	Bachelor	1 bedroom	2 bedroom	3 bedroom	Overall Average Size (Sq. Ft.)							
Size by Unit Type (Sq. ft.)	400	600	800	1000								
Vancouver	20%	60%	20%	0%	600							
Calgary	5%	45%	50%	0%	690							
Winnipeg	0%	20%	75%	5%	770							
Toronto	10%	40%	40%	10%	700							
Montréal	10%	30%	50%	10%	720							
Halifax	5%	25%	60%	10%	750							
Source: Altus Grou	ıp											

2.3 Sources of Information for Key Proforma Input Assumptions

The input assumptions used in the proforma analysis for each project type were derived based on a variety of sources. The information from these various sources was analyzed and assessed in terms of deriving what were considered to be the most realistic, and consistent, input assumptions for the proforma analysis.

In general, the key information on development costs, revenues and operating costs came from Altus economics, cost and valuation experts in each market. The inputs were derived from an analysis of actual proformas that Altus has worked on for developers – some of which resulting in actual projects, others where the decision was not to proceed.

Additional information was also considered for three key input assumptions as outlined below:

- Construction costs inputs were obtained from Altus' cost consultants in each market.
- Land prices where possible, transaction information for land acquired recently for apartment purposes was used. For Vancouver, Calgary and Toronto, Altus has proprietary information from our RealNet transactions platform. For Winnipeg, Montreal and Halifax, Altus experts in that market provided information based on their own data bases and project specific work.
- Initial achievable rents, operating costs and stabilized vacancy information was obtained from Altus economics and/or appraisal staff in each market, based on projects they have either appraised or conducted market/feasibility analysis on.

The cost and income parameters developed are intended to be illustrative in broad terms of the economics of developing new private rental housing in each market area. Individual circumstances, with varying characteristics and for which step-by-step, detailed cost estimates are prepared, could produce results that vary from those illustrated here.

3 Overview of the Economics of New Private Rental Housing Development in Selected Canadian Markets

This section presents an overview of the results of the proforma analysis across the 6 major markets examined. More detailed results by individual market area, including specific circumstances that may apply in each market that help to explain variation in results, are provided in Part II.

On the next several pages, a series of tables summarize key aspects of the analysis across the various markets and scenarios:

- Development costs
- Initial rents (market achievable and economic)
- Average annual 10-year cash-on-cash returns (note that in previous analyses conducted by Clayton Research/Altus Group for CMHC on rental investment, the initial cash on cash return was also considered, however given the assumption for this analysis of rent up not occurring until Year 3, the initial cash-on-cash return has not been highlighted here, although an approximation would be the "Year 0" situation on the detailed proformas).

Highlights of the comparative results are discussed below.

3.1 Development Costs

Table 4 summarizes the development costs across the various markets and project types.

In general, increased development costs of the medium and high-end projects over the basic project reflect higher land costs associated with the more central locations, different quality of finishes and surface vs. underground parking.

Development costs including land range from a low of about \$174,000 for an average basic project unit in Montreal to a high of about \$404,000 for an average high-end unit in Vancouver. Given smaller average sizes in Vancouver, the differentials on a per sq. ft. basis are even more marked in the with land cost scenario, but vary much less in the without land cost scenario.

Note that total development costs in each market reflect the combination of land and construction costs, GST/HST/QST and are net of any rebates or incentives provided by local or provincial governments. Specific local circumstances that impact development costs are discussed in the individual market sections.

3.2 Initial Rents

Table 5 summarizes the initial achievable rents across the various markets and project types.

Expected achievable rents are highest on a per sq. ft. basis in Vancouver and Toronto.

3.3 Cash-on-Cash Returns

Table 6 summarizes the 10-year average annual cash-on-cash returns.

The 10-year average annual cash-on-cash returns are negative in most cases when land costs are included in the analysis. The exception is the basic project in Toronto. Toronto's relative advantage is due to a higher rent structure relative to costs, as well as relatively low property tax rates.

Even with land costs assumed at zero, most markets and project types still exhibit a negative 10-year return. The key exception is that 10year returns look reasonably favourable for the basic project in Vancouver and Toronto.

Note that by design, the cash-on-cash returns for Scenario 3 and Scenario 4 are near 10%.

3.4 Conclusion

The generally poor economics of new rental unit development in most major markets does not mean that no rental unit development will take place in the current investment environment. And in fact, purpose-built rental unit development has been exhibiting some increase in recent years, although still well below demand levels in key markets.

The analysis here is meant to be illustrative of the "typical" situation that an investor would face, given prevailing market conditions. As has been the case in the past, individual investors may find rental investment attractive under specific circumstances. For example:

- If they have land acquired years earlier that they are willing to develop, rather than sell at market value, or they have a site that can be intensified (e.g. a retail site, or excess land on an existing rental site).
- If they are small investors who are willing to build very small projects using much of their own labour, and value this below market value.
- If they opt for a higher initial investment than the 15% used here, which due to lower financing costs improves the return on investment.
- If they have different criteria/objectives related to measuring investment performance other than cash-on-cash-returns.

However, the analysis does illustrate that in general the economics of new rental unit development is still challenged except in special circumstances.

Comparison of Development Costs for New Private Market Purpose-Built Rental Housing

	V	/ith land cost	is	Without land costs						
	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units				
			To	tal*						
Vancouver	\$236,500	\$335,500	\$403,000	\$164,500	\$227,500	\$259,000				
Calgary	\$216,000	\$304,000	\$346,000	\$183,000	\$263,000	\$296,000				
Winnipeg	\$217,500	\$299,000	\$330,500	\$203,500	\$281,000	\$302,500				
Toronto	\$211,000	\$300,500	\$370,000	\$177,000	\$250,500	\$303,000				
Montréal	\$174,000	\$243,500	\$287,000	\$164,000	\$228,500	\$268,000				
Halifax	\$190,000	\$285,000	\$329,000	\$163,000	\$249,000	\$284,000				
			Per Sau	uare Foot						
Vancouver	\$394	\$559	\$672	\$274	\$379	\$432				
Calgary	\$313	\$441	\$501	\$265	\$381	\$429				
Winnipeg	\$282	\$388	\$429	\$264	\$365	\$393				
Toronto	\$301	\$429	\$529	\$253	\$358	\$433				
Montréal	\$242	\$338	\$399	\$228	\$317	\$372				
Halifax	\$253	\$380	\$439	\$217	\$332	\$379				
* Rounded to nearest \$500 Source: Altus Group										

Table 5

Comparison of Initial Rents for New Private Market Purpose-Built Rental Housing (Market Vs. Economic)

	Scenario ²	1: Market rent costs	t w ith land	Scenario 2:	Market rent o costs	w ithout land	Scenario 3:	Economic re costs	nt w ith land	Scenario 4: Economic rent w ithout land costs				
	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units		
						To	tal*							
Vancouver	\$1,350	\$1,500	\$1,750	\$1,350	\$1,500	\$1,750	\$1,725	\$2,325	\$2,775	\$1,325	\$1,725	\$1,950		
Calgary	\$1,250	\$1,650	\$1,750	\$1,250	\$1,650	\$1,750	\$1,850	\$2,350	\$2,625	\$1,650	\$2,100	\$2,325		
Winnipeg	\$1,275	\$1,475	\$1,575	\$1,275	\$1,475	\$1,575	\$1,725	\$2,300	\$2,550	\$1,650	\$2,175	\$2,375		
Toronto	\$1,575	\$1,675	\$2,025	\$1,575	\$1,675	\$2,025	\$1,750	\$2,325	\$2,800	\$1,550	\$2,025	\$2,400		
Montréal	\$1,250	\$1,450	\$1,625	\$1,250	\$1,450	\$1,625	\$1,525	\$1,975	\$2,225	\$1,450	\$1,875	\$2,100		
Halifax	\$1,125	\$1,325	\$1,500	\$1,125	\$1,325	\$1,500	\$1,575	\$2,250	\$2,550	\$1,400	\$2,000	\$2,250		
							are Foot**							
Vancouver	\$2.25	\$2.50	\$3.00	\$2.25	\$2.50	\$3.00	\$3.00	\$4.00	\$4.75	\$2.25	\$3.00	\$3.25		
Calgary	\$1.75	\$2.50	\$2.50	\$1.75	\$2.50	\$2.50	\$2.75	\$3.50	\$3.75	\$2.50	\$3.00	\$3.25		
Winnipeg	\$1.75	\$2.00	\$2.00	\$1.75	\$2.00	\$2.00	\$2.25	\$3.00	\$3.25	\$2.25	\$2.75	\$3.00		
Toronto	\$2.25	\$2.50	\$3.00	\$2.25	\$2.50	\$3.00	\$2.50	\$3.25	\$4.00	\$2.25	\$3.00	\$3.50		
Montréal	\$1.75	\$2.00	\$2.25	\$1.75	\$2.00	\$2.25	\$2.00	\$2.75	\$3.00	\$2.00	\$2.50	\$3.00		
Halifax	\$1.50	\$1.75	\$2.00	\$1.50	\$1.75	\$2.00	\$2.00	\$3.00	\$3.50	\$1.75	\$2.75	\$3.00		
* Rounded to neare Source: Altus Grou		ounded to ne	arest \$0.25											

Comparison of 10-Year Average Annual Cash-on-Cash Returns for New Private Market **Purpose-Built Rental Housing** Scenario 4: Economic rent without Scenario 1: Market rent with land Scenario 2: Market rent without land Scenario 3: Economic rent with land land costs costs costs costs Basic Medium High-End Basic Medium High-End Basic Medium High-End Basic Medium High-End Proiect Proiect Project Project Proiect Project Proiect Project Project Project Project Project 50 Units 150 Units 150 Units 100 Units 150 Units 100 Units 150 Units 50 Units 100 Units 50 Units 100 Units 50 Units -9.7% -10.0% 11.0% 2.2% 3.7% 9.8% 9.9% 10.0% 9.8% 10.1% 9.8% Vancouver -2.9% Calgary -9.6% -6.8% -8.3% -5.1% -2.4% -3.9% 10.1% 9.9% 9.9% 10.4% 10.0% 10.1% -4.6% -9.2% -10.5% -2.5% -7.6% -8.3% 9.7% 9.9% 9.9% 10.2% 9.7% 10.0% Winnipeg Toronto 3.3% -6.5% -5.4% 10.6% -0.8% 1.0% 9.6% 9.8% 10.3% 9.6% 9.7% 10.3% 9.7% Montréal -0.7% -4.9% -5.1% 1.3% -3.0% -3.0% 10.2% 10.3% 10.2% 10.2% 10.0% Halifax -5.5% -11.3% -11.4% -0.6% -7.9% -7.7% 9.6% 9.7% 9.7% 10.1% 9.6% 9.7% Source: Altus Group

PART II: DETAILS BY MARKET AREA

4 Vancouver

4.1 Rental Market Conditions

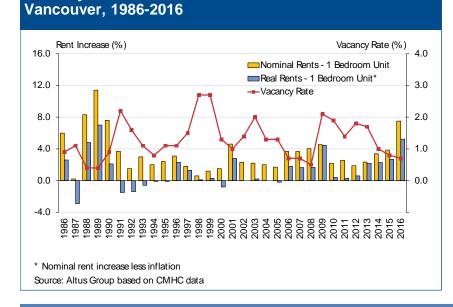
Vacancy Rates and Rent Increases

The rental apartment vacancy rate in Vancouver has been declining since 2012, and stood at 0.7% in October 2016, below the long term average rate of 1.3%.

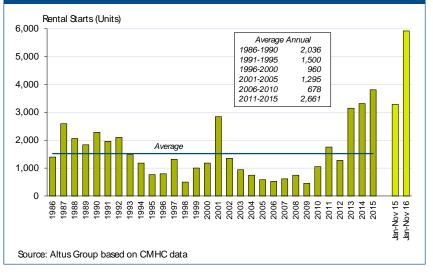
Low vacancy rates have allowed real rent increases to be achieved in recent years – similar to the situation in the later 1980s (when a decline in vacancy rates from above 2% in 1985 to 0.4% in 1988 ultimately spurred higher rent increases).

Purpose-built rental starts were subdued in Vancouver over the period from the mid 1990s to the early 2010s.

However, Vancouver has had relatively more rental unit construction in recent years, averaging over 2,600 units a year in the 2011-2015 period, with the number of rental starts increasing in each of the last 4 years to the 6,000 unit range in 2016.



New Purpose-Built Rental Unit Development Vancouver, 1986-2016



The Economics of New Purpose-Built Rental Housing Development in Selected Canadian Markets (2016) Altus Group

4.2 Proforma Analysis

The vacancy rate assumption used for Vancouver for all scenarios is 1.5%. Based on this rate, and a consideration of the past relationship in Vancouver between vacancy levels and real rent increases, a 1% real rent increase per year assumption is used (for a nominal increase of 3.0% per year).

A development charge fee of \$13.31 per square foot of gross floor area applies in the City of Vancouver. Average unit sizes were grossed up by a factor of 1.2 to obtain gross areas.

This market is subject to GST, and the rebate available.

The development costs per rental unit including land costs range from about \$237,000 per unit for the basic project to about \$404,500 for a the high-end project. Under Scenario 1 (which is based on market rents, and includes land costs), the 10-year cash-on-cash returns are all negative. To achieve a 10-year cash-on-cash average return of 10%, rents would need to be roughly one-quarter (basic project) to more than 50% (medium and high-end project) higher than they currently are.

Given the cost of land in Vancouver, taking land out of the analysis does significantly improve the financial performance, and the basic project starts to look somewhat viable.

The Economics of New Private Rental Housing Development (Per Unit) Vancouver

	Scenario [,]	1: Market rent costs	t w ith land	Scenario 2: Market rent without land costs			Scenario 3:	Economic re costs	nt with land	Scenario 4: Economic rent w ithout land costs		
	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project
Key Input Assumptions:												
Vacancy Rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Initial Rent	\$1,350	\$1,500	\$1,750	\$1,350	\$1,500	\$1,750	\$1,725	\$2,325	\$2,775	\$1,325	\$1,725	\$1,950
Average Development Costs Per Unit	\$236,700	\$335,350	\$403,100	\$164,700	\$227,350	\$259,100	\$236,700	\$335,350	\$403,100	\$164,700	\$227,350	\$259,100
Net Annual Operating Income	\$10,875	\$12,125	\$14,400	\$10,875	\$12,125	\$14,400	\$15,200	\$21,550	\$25,975	\$10,600	\$14,700	\$16,650
Financing Assumptions:												
Initial Cash Investment	\$35,500	\$50,300	\$60,475	\$24,700	\$34,100	\$38,875	\$35,500	\$50,300	\$60,475	\$24,700	\$34,100	\$38,875
Financial Performance (10-Year Avg.): Annual Cash-on-Cash Return	-2.9%	-9.7%	-10.0%	11.0%	2.2%	3.7%	9.8%	9.9%	10.0%	9.8%	10.1%	9.8%
Annual Cash Flow & Principal Payments	-2.970	-9.7 /0	- 10.0 %	11.076	2.270	5.7 /0	9.076	9.970	10.076	9.070	10.176	9.07
as % of Initial Cash Investment	15.4%	8.6%	8.3%	29.2%	20.4%	22.0%	28.0%	28.1%	28.2%	28.0%	28.3%	28.0%

Pro Forma for Development of New Private Rental Apartment Building Per Unit Vancouver

Project type: Basic Fringe Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT DE	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs	•		Financ	•			
Loan-to-lending value ratio 85%				and		\$72,000		nitial cash ir	nvestment		\$35,505
Mortgage insur. premium 4.75%				Construction		\$156,000		Nortgage			\$201,196
Annual cost inflation 2.0%			ç	Subtotal		\$228,000	-	Fotal costs			\$236,701
Annual revenue growth 3.0%								% Equity			15.0%
Initial monthly rent per unit \$1,350											
per sq. ft \$2.25			(GST (net)*		\$8,701	ſ	Mortgage ins	sur. premium	ו	\$9,557
Stabilized Vacancy rate 1.5%											
Average unit size (net sq. ft.) 600			٦	Fotal Costs		\$236,701	-	Fotal Financ	ing Require	d	\$210,753
Development profit assumption:	15%		i	minimum sa	les price	\$272,206	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.0%	implied if ac	hieved 15%	developme	nt profit]	
	v a1						× -				
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$16,200	\$5,346	\$11,180	\$17,187	\$17,702	\$18,233	\$18,780	\$19,344	\$19,924	\$20,522	\$21,137
Other income	\$415	\$137	\$287	\$441	\$454	\$468	\$482	\$496	\$511	\$526	\$542
Vacancy allowance	-\$249	-\$82	-\$172	-\$264	-\$272	-\$281	-\$289	-\$298	-\$307	-\$316	-\$325
Gross income	\$16,366	\$5,401	\$11,294	\$17,363	\$17,884	\$18,420	\$18,973	\$19,542	\$20,128	\$20,732	\$21,354
		<i>\\</i> 0,401	ψ11, 2 04	<i></i>	ψ11,00 4	\$10,420	<i><i></i></i>	\$10,042	<i>\</i> \\\\\\\\\\\\\	<i>\\\\\\\\\\\\\</i>	Ψ 1 ,004
Operating Costs:											
Maintenance and operations	\$4,680	\$3,510	\$4,177	\$4,869	\$4,966	\$5,066	\$5,167	\$5,270	\$5,376	\$5,483	\$5,593
Property taxes	\$810	\$810	\$826	\$843	\$860	\$877	\$894	\$912	\$930	\$949	\$968
Total operating costs	\$5,490	\$4,320	\$5,003	\$5,712	\$5,826	\$5,943	\$6,061	\$6,183	\$6,306	\$6,432	\$6,561
Net Operating Income	\$10,876	\$1,081	\$6,291	\$11,651	\$12,058	\$12,478	\$12,911	\$13,359	\$13,822	\$14,300	\$14,793
Calculated cap rate	4.6%										
Mortgage Payments:											
Principal	\$5,574	\$5,574	\$5,756	\$5,945	\$6,140	\$6,341	\$6,549	\$6,763	\$6,985	\$7,214	\$7,450
Interest	\$6,722	\$6,722	\$6,539	\$6,350	\$6,156	\$5,954	\$5,747	\$5,532	\$5,310	\$5,082	\$4,845
Total	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295	\$12,295
Cash Flow	-\$1,419	-\$11,214	-\$6,004	-\$644	-\$238	\$182	\$616	\$1,064	\$1,527	\$2,004	\$2,498
Cash-on-Cash Return	-4.0%	-31.6%	-16.9%	-1.8%	-0.7%	0.5%	1.7%	3.0%	4.3%	5.6%	7.0%
Average Annual	-4.0%	-31.6%	-24.2%	-16.8%	-12.7%	-10.1%	-8.1%	-6.5%	-5.2%	-4.0%	-2.9%
Principal Payments	\$5,574	\$5.574	\$5,756	\$5,945	\$6.140	\$6,341	\$6.549	\$6,763	\$6,985	\$7,214	\$7,450
Cumulative	\$5,574	\$5,574	\$11,330	\$17,275	\$23,415	\$29,756	\$36,304	\$43,068	\$50,052	\$57,266	\$64,716
Annual Cash Flow & Principal Payments	\$4,155	-\$5,641	-\$248	\$5,301	\$5,902	\$6,523	\$7,165	\$7,827	\$8,511	\$9,218	\$9,948
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	11.7%	-15.9%	-0.7%	14.9%	16.6%	18.4%	20.2%	22.0%	24.0%	26.0%	28.0%
Average Annual	11.7%	-15.9%	-8.3%	-0.6%	3.7%	6.7%	8.9%	10.8%	12.4%	13.9%	15.4%
 Year 0 is used for the purpose of calculating inflation on revenues and costs. Source: Altus Group 	g net HST, assi	umed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	ıdes

Pro Forma for Development of New Private Rental Apartment Building Per Unit

Project type: Medium Central, Not Downtown ket Rent: Market Land Value

KEY INPUT ASSUMPTIONS		1	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25% Amortization period (yrs) 25 Loan-to-lending value ratio 85% Mortgage insur. premium 4.75% Annual cost inflation 2.0% Annual revenue growth 3.0% Initial monthly rent per unit \$1.500		Construction			\$108,000 \$217,000 \$325,000 <i>1.5%</i>	n	ing: nitial cash ir Mortgage Total costs % Equity	nvestment		\$50,301 \$285,038 \$335,339 <i>15.0%</i>	
per sq. ft \$2.50 Stabilized Vacancy rate 1.5%				GST (net)*		\$10,339	r	Vortgage ins	sur. premium	ı	\$13,539
Average unit size (net sq. ft.) 600				Total Costs		\$335,339	٦	Total Financ	ing Require	d	\$298,577
Development profit assumption:	15%			minimum sa	les price	\$385,640	to generate	a 15% deve	lopment pro	fit]	
				cap rate		3.1%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues: Rental income Other income Vacancy allowance Gross income	\$18,000 \$462 -\$277 \$18,185	\$5,940 \$152 -\$91 \$6,001	\$12,422 \$319 -\$191 \$12,549	\$19,096 \$490 -\$294 \$19,292	\$19,669 \$504 -\$303 \$19,871	\$20,259 \$519 -\$312 \$20,467	\$20,867 \$535 -\$321 \$21,081	\$21,493 \$551 -\$331 \$21,713	\$22,138 \$568 -\$341 \$22,365	\$22,802 \$585 -\$351 \$23,036	\$23,486 \$602 -\$361 \$23,727
Operating Costs: Maintenance and operations Property taxes Total operating costs Net Operating Income	\$5,040 \$1,029 \$6,069 \$12,116	\$3,780 \$1,029 \$4,809 \$1,192	\$4,498 \$1,049 \$5,547 \$7.002	\$5,244 \$1,070 \$6,314 \$12,978	\$5,348 \$1,092 \$6,440 \$13,431	\$5,455 \$1,113 \$6,569 \$13.898	\$5,565 \$1,136 \$6,700 \$14,381	\$5,676 \$1,158 \$6,834 \$14.879	\$5,789 \$1,182 \$6,971 \$15,394	\$5,905 \$1,205 \$7,110 \$15,925	\$6,023 \$1,229 \$7,253 \$16,474
Calculated cap rate	3.6%	ψ1,132	ψ1,002	ψ12,570	ψ1 3 , 4 31	\$13,030	φ1 4 ,501	φ1 4 ,075	ψ1 5 ,554	ψ10,020	\$10,474
Mortgage Payments: Principal Interest Total	\$7,896 \$9,523 \$17,419	\$7,896 \$9,523 \$17,419	\$8,155 \$9,264 \$17,419	\$8,422 \$8,997 \$17,419	\$8,698 \$8,721 \$17,419	\$8,983 \$8,436 \$17,419	\$9,278 \$8,141 \$17,419	\$9,582 \$7,837 \$17,419	\$9,896 \$7,523 \$17,419	\$10,220 \$7,199 \$17,419	\$10,555 \$6,864 \$17,419
Cash Flow	-\$5,303	-\$16,227	-\$10,417	-\$4,441	-\$3,988	-\$3,521	-\$3,038	-\$2,540	-\$2,025	-\$1,494	-\$945
Cash-on-Cash Return Average Annual	-10.5% -10.5%	-32.3% -32.3%	-20.7% -26.5%	-8.8% -20.6%	-7.9% -17.4%	-7.0% -15.3%	-6.0% -13.8%	-5.0% -12.5%	-4.0% -11.5%	-3.0% -10.5%	-1.9% -9.7%
Principal Payments Cumulative	\$7,896 \$7,896	\$7,896 \$7,896	\$8,155 \$16,052	\$8,422 \$2 <i>4,</i> 474	\$8,698 \$33,172	\$8,983 \$42,155	\$9,278 \$51,433	\$9,582 \$61,015	\$9,896 \$70,910	\$10,220 \$81,130	\$10,555 \$91,685
Annual Cash Flow & Principal Payments	\$2,593	-\$8,330	-\$2,262	\$3,982	\$4,710	\$5,462	\$6,239	\$7,042	\$7,870	\$8,726	\$9,610
Annual Cash Flow & Principal Payments as % of Initial Cash Investment Average Annual	5.2% 5.2%	-16.6% -16.6%	-4.5% -10.5%	7.9% -4.4%	9.4% -0.9%	10.9% 1.4%	12.4% 3.2%	14.0% 4.8%	15.6% 6.1%	17.3% 7.4%	19.1% 8.6%
Year 0 is used for the purpose of calculating inflation on revenues and costs. Source: Altus Group	net HST, assu	umed value I	pased on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	ized occupar	ncy but exclu	ıdes

Source: Altus Group

Pro Forma for Development of New Private Rental Apartment Building Per Unit

Project type: High-End Downtown, Not Prime Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING												
Mortgage interest rate 3.25												
	25		•	ment Costs	:		Financ	5				
0	%			_and		\$144,000		nitial cash ir	nvestment		\$60,467	
Mortgage insur. premium 4.75				Construction		\$241,000 \$385,000	I	Vlortgage			\$342,644	
Annual cost inflation 2.0		Subtotal					-	\$403,110				
Annual revenue growth 3.0	%							15.0%				
Initial monthly rent per unit \$1,7	50											
per sq. ft \$2.	92		(GST (net)*		\$18,110	1	Mortgage ins	ur. premiun	ו	\$16,276	
Stabilized Vacancy rate 1.5	%											
Average unit size (net sq. ft.) 6	00	Total Costs				\$403,110	-	d	\$358,919			
Development profit assumption:	15%		minimum sales price				\$463,577 [to generate a 15% development profit]					
			cap rate			3.1%						
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Rental income	\$21,000	\$6,930	\$14,492	\$22,279	\$22,947	\$23,636	\$24,345	\$25,075	\$25,827	\$26,602	\$27,400	
Other income	\$538	\$178	\$372	\$571	\$588	\$606	\$624	\$643	\$662	\$682	\$703	
Vacancy allowance	-\$323	-\$107	-\$223	-\$343	-\$353	-\$364	-\$375	-\$386	-\$397	-\$409	-\$422	
Gross income	\$21,215	\$7,001	-φ223 \$14,641	\$22,507	\$23,183	\$23,878	\$24,594	\$25,332	\$26,092	\$26,875	-⊕422 \$27,681	
Gloss income	φ 2 1,213	\$7,001	\$14,041	φ 22, 307	φ 2 3,103	<i>\$</i> 23,070	\$24, 354	\$23,332	\$20,0 <u>5</u> 2	φ20,075	\$27,00T	
Operating Costs:												
Maintenance and operations	\$5,400	\$4,050	\$4,820	\$5,618	\$5,731	\$5,845	\$5,962	\$6,081	\$6,203	\$6,327	\$6,453	
Property taxes	\$1,425	\$1,425	\$1,454	\$1,483	\$1,512	\$1,543	\$1,573	\$1,605	\$1,637	\$1,670	\$1,703	
Total operating costs	\$6,825	\$5,475	\$6,273	\$7,101	\$7,243	\$7,388	\$7,535	\$7,686	\$7,840	\$7,997	\$8,157	
Net Operating Income	\$14,390	\$1,526	\$8,368	\$15,407	\$15,940	\$16,490	\$17,059	\$17,646	\$18,252	\$18,878	\$19,525	
Calculated cap rate	3.6%	• • •	•••	, .	• • • •	• • • • • •		. ,	, .	,	,	
Mortgage Payments:												
Principal	\$9.492	\$9.492	\$9.803	\$10.124	\$10.456	\$10,799	\$11,153	\$11.518	\$11.895	\$12,285	\$12,688	
Interest	\$11.447	\$11,447	\$11,136	\$10.815	\$10,483	\$10,141	\$9.787	\$9.421	\$9.044	\$8,654	\$8,252	
Total	\$20,939	\$20,939	\$20,939	\$20,939	\$20,939	\$20,939	\$20,939	\$20,939	\$20,939	\$20,939	\$20,939	
Cash Flow	-\$6,549	-\$19,413	-\$12,572	-\$5,533	-\$5,000	-\$4,449	-\$3,880	-\$3,293	-\$2,687	-\$2,061	-\$1,415	
Cash-on-Cash Return	-10.8%	-32.1%	-20.8%	-9.2%	-8.3%	-7.4%	-6.4%	-5.4%	-4.4%	-3.4%	-2.3%	
Average Annual	-10.8%	-32.1%	-26.4%	-20.7%	-17.6%	-15.5%	-14.0%	-12.8%	-11.7%	-10.8%	-10.0%	
Principal Payments	\$9,492	\$9,492	\$9,803	\$10,124	\$10,456	\$10,799	\$11,153	\$11,518	\$11,895	\$12,285	\$12,688	
Cumulative	\$9,492	\$9,492	\$19,296	\$29,420	\$39,876	\$50,675	\$61,828	\$73,346	\$85,241	\$97,526	\$110,214	
Annual Cash Flow & Principal Payments	\$2,943	-\$9,921	-\$2,768	\$4,592	\$5,457	\$6,350	\$7,272	\$8,225	\$9,208	\$10,224	\$11,273	
Annual Cash Flow & Principal Payments												
as % of Initial Cash Investment	4.9%	-16.4%	-4.6%	7.6%	9.0%	10.5%	12.0%	13.6%	15.2%	16.9%	18.6%	
Average Annual	4.9%	-16.4%	-10.5%	-4.5%	-1.1%	1.2%	3.0%	4.5%	5.9%	7.1%	8.3%	
 Year 0 is used for the purpose of calcuinflation on revenues and costs. Source: Altus Group 	lating net HST, assu	umed value l	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but excli	ldes	

5 Calgary

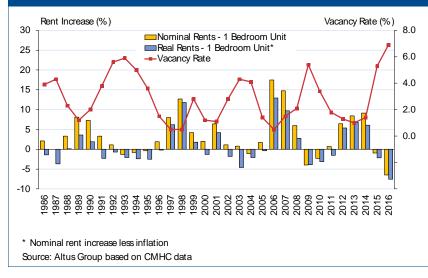
5.1 Rental Market Conditions

The overall rental apartment vacancy rate in Calgary has historically had a roller coaster pattern of ups and downs. The vacancy rate climbed to 6.9% in 2016, the highest level since the global financial crisis period and more than double the long-term average of 2.9%.

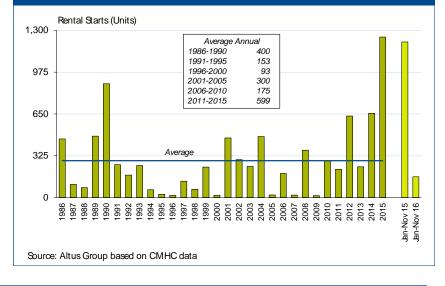
Excess supply has resulted in rent declines over the past two years, both in real and nominal terms.

On the development side, purpose-built rental starts picked up in recent years, averaging just under 600 units per year in the 2011-2015 period, well above the average level of the preceding 25 years. However starts in 2016 have fallen back dramatically again.

Vacancy Rates and Rent Increases Calgary, 1986-2016



New Purpose-Built Rental Unit Development Calgary, 1986-2016



5.2 Proforma Analysis

The vacancy rate assumption used for Calgary for all scenarios is 3.5%. Based on this rate, and a consideration of the past relationship in Calgary between vacancy levels and real rent increases, a 0% real rent increase per year assumption is used (for a nominal increase of 2.0% per year).

This market is subject to GST, and the rebate available.

The development costs per rental unit including land costs range from about \$216,000 per unit for the basic project to about \$346,000 for a the high-end project.

Under Scenario 1 (which is based on market rents, and includes land costs), the 10-year cash-on-cash returns are all negative. To achieve a 10-year cash-on-cash average return of 10%, rents would need to be roughly 40-50% higher than they currently are.

Given the cost of land in Calgary, taking land out of the analysis does not significantly improve the financial performance.

The Economics of New Private Rental Housing Development (Per Unit) Calgary

		Scenario 1: Market rent with land costs			Scenario 2: Market rent w ithout land costs			Scenario 3: Economic rent with land costs			Scenario 4: Economic rent without land costs		
Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project		
3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%		
\$1,250	\$1,650	\$1,750	\$1,250	\$1,650	\$1,750	\$1,850	\$2,350	\$2,625	\$1,650	\$2,100	\$2,325		
\$216,100	\$304,000	\$345,925	\$183,100	\$263,000	\$295,925	\$216,100	\$304,000	\$345,925	\$183,100	\$263,000	\$295,925		
\$8,600	\$13,275	\$14,250	\$8,600	\$13,275	\$14,250	\$15,100	\$21,025	\$23,875	\$12,925	\$18,250	\$20,575		
\$32,425	\$45,600	\$51,900	\$27,475	\$39,450	\$44,400	\$32,425	\$45,600	\$51,900	\$27,475	\$39,450	\$44,400		
-9.6%	-6.8%	-8.3%	-5.1%	-2 4%	-3.9%	10.1%	9.9%	9.9%	10.4%	10.0%	10.1%		
0.070	0.070	0.070	0.170	2.170	0.070	.0.170	0.070	0.070	10.170	.0.070	10.170		
8.6%	11.5%	9.9%	13.1%	15.8%	14.4%	28.4%	28.2%	28.1%	28.7%	28.2%	28.3%		
-	3.5% \$1,250 \$216,100 \$8,600 \$32,425 -9.6%	3.5% 3.5% \$1,250 \$1,650 \$216,100 \$304,000 \$8,600 \$13,275 \$32,425 \$45,600 -9.6% -6.8%	3.5% 3.5% 3.5% \$1,250 \$1,650 \$1,750 \$216,100 \$304,000 \$345,925 \$8,600 \$13,275 \$14,250 \$32,425 \$45,600 \$51,900 -9.6% -6.8% -8.3%	3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,251 \$1,250 \$1,251 \$	3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% \$1,650 \$1,750 \$1,250 \$1,650 \$1,650 \$1,250 \$1,650 \$1,250 \$1,250 \$1,650 \$1,250 \$1,250 \$1,650 \$1,650 \$1,250 \$1,250 \$1,650 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,250 \$1,275 \$39,450 \$1,275 \$39,450 \$27,475 \$39,450 \$21,24% -9.6% -6.8% -8.3% -5.1% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% -2.4% <td>3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% \$1,750 \$1,250 \$1,650 \$1,750 \$2295,925 \$13,275 \$14,250 \$38,600 \$13,275 \$14,250 \$39,450 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 \$44,400 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3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% 3.5% \$1,250 \$1,250 \$1,650 \$1,750 \$1,850 \$2,350 \$2,350 \$2,350 \$2,350 \$2,350 \$2,350 \$2,350 \$2,350 \$2,350 \$2,16,100 \$304,000 \$2,1,025 \$32,425 \$304,000 \$21,025 \$32,425 \$45,600 \$21,025 \$33,450 \$44,400 \$32,425 \$45,600 \$44,600 \$32,425 \$45,600 \$30,99% \$30,99% \$30,99% \$30,99% \$30,99% \$30,99% \$30,99% \$30,99% \$30,99% \$30,99% <t< 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Pro Forma for Development of New Private Rental Apartment Building Per Unit Calgary

Project type: Basic Fringe Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS		F	ROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs	:	Financing:					
Loan-to-lending value ratio 85%				Land			Initial cash investment				\$32,417
Mortgage insur. premium 4.75%			Construction			\$177,000	Mortgage				\$183,695
Annual cost inflation 2.0%				Subtotal \$210,00							\$216,112
Annual revenue growth 2.0%								% Equity			15.0%
Initial monthly rent per unit \$1,250											
per sq. ft \$1.81				GST (net)*		\$6,112		Mortgage ins	ur. premium	1	\$8,726
Stabilized Vacancy rate 3.5%							_				
Average unit size (net sq. ft.) 690				Total Costs		\$216,112	Ţ	Fotal Financ	ing Required	d	\$192,421
Development profit assumption:	15%		minimum sales price				to generate				
		cap rate				3.5% [implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	Teal 0	Tear I	ieai z	Teal 5	ieal 4	lear 5	Tear o	ieal /	ieal o	ieal 5	Teal TO
Rental income	\$15,000	\$4,950	\$10,251	\$15.606	\$15,918	\$16,236	\$16,561	\$16,892	\$17.230	\$17,575	\$17,926
Other income	\$385	\$127	\$263	\$400	\$408	\$416	\$425	\$433	\$442	\$451	\$460
Vacancy allowance	-\$538	-\$178	-\$368	-\$560	-\$571	-\$583	-\$595	-\$606	-\$619	-\$631	-\$644
Gross income	\$14,846	\$4,899	\$10,146	\$15,446	\$15,755	\$16,070	\$16,391	\$16,719	\$17,054	\$17,395	\$17,743
Operating Costs:											
Maintenance and operations	\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes	\$1,283	\$1,283	\$1,309	\$1,335	\$1,362	\$1,389	\$1,417	\$1,445	\$1,474	\$1,503	\$1,534
Total operating costs	\$6,251	\$5,009	\$5,743	\$6,504	\$6,634	\$6,767	\$6,902	\$7,040	\$7,181	\$7,324	\$7,471
Net Operating Income	\$8,595	-\$110	\$4,403	\$8,942	\$9,121	\$9,303	\$9,490	\$9,679	\$9,873	\$10.070	\$10,272
Calculated cap rate	4.0%		. ,	. ,	. ,		. ,	. ,	. ,	. ,	
Martes de David antes											
Mortgage Payments: Principal	\$5,089	\$5.089	\$5.256	\$5.428	\$5.606	\$5.789	\$5.979	\$6.175	\$6.377	\$6.586	\$6.802
Interest	\$5,089	\$5,089 \$6.137	\$5,256 \$5,970	\$5,428 \$5,798	\$5,600 \$5,620	\$5,789 \$5,436	\$5,979 \$5,247	\$5,051	\$0,377 \$4,849	\$0,580 \$4,640	\$0,802 \$4,424
Total	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226
Cash Flow		-\$11,336		-\$2,284		-\$1,922		. ,	-\$1,353		-\$954
Cash How	-\$2,631	-\$11,330	-\$6,823	-\$2,284	-\$2,105	-\$1,922	-\$1,736	-\$1,546	-\$1,333	-\$1,155	-\$954
Cash-on-Cash Return	-8.1%	-35.0%	-21.0%	-7.0%	-6.5%	-5.9%	-5.4%	-4.8%	-4.2%	-3.6%	-2.9%
Average Annual	-8.1%	-35.0%	-28.0%	-21.0%	-17.4%	-15.1%	-13.5%	-12.2%	-11.2%	-10.4%	-9.6%
Principal Payments	\$5,089	\$5,089	\$5,256	\$5,428	\$5,606	\$5,789	\$5,979	\$6,175	\$6,377	\$6,586	\$6,802
Cumulative	\$5,089	\$5,089	\$10,345	\$15,772	\$21,378	\$27,167	\$33,146	\$39,321	\$45,699	\$52,285	\$59,087
Annual Cash How & Principal Payments	\$2,458	-\$6,247	-\$1,567	\$3,144	\$3,501	\$3,867	\$4,243	\$4,628	\$5,024	\$5,431	\$5,848
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	7.6%	-19.3%	-4.8%	9.7%	10.8%	11.9%	13.1%	14.3%	15.5%	16.8%	18.0%
Average Annual	7.6%	-19.3%	-12.1%	-4.8%	-0.9%	1.7%	3.6%	5.1%	6.4%	7.5%	8.6%

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

The Economics of New Purpose-Built Rental Housing Development in Selected Canadian Markets (2016) Altus Group

Project type: Medium Central, Not Downtown arket Rent; Market Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT DI	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%				and		\$41,000	I	nitial cash ir	vestment		\$45,600
Mortgage insur. premium 4.75%			(Construction		\$253,000	I	Nortgage			\$258,401
Annual cost inflation 2.0%				Subtotal		\$294,000	-	Fotal costs			\$304,001
Annual revenue growth 2.0%						1.7%		% Equity			15.0%
Initial monthly rent per unit \$1,650											
per sq. ft \$2.39			(GST (net)*		\$10,001	I	Mortgage ins	ur. premium	n	\$12,274
Stabilized Vacancy rate 3.5%											
Average unit size (net sq. ft.) 690			-	Total Costs		\$304,001	-	Fotal Financ	ing Required	1	\$270,675
Development profit assumption:	15%			minimum sa	les price	\$349,601 [to generate	a 15% deve	lopment pro	fit]	
				cap rate		3.8%	implied if ad	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	¢40.000	C C C A	¢40.504	¢00.000	¢04.040	¢04 400	¢04.004	¢00.000	¢00.744	¢00.400	¢00.000
Rental income	\$19,800	\$6,534 \$344	\$13,531 \$712	\$20,600 \$1,084	\$21,012	\$21,432 \$1,128	\$21,861	\$22,298 \$1,174	\$22,744	\$23,199	\$23,663 \$1,245
Other income Vacancy allowance	\$1,042 -\$729	\$344 -\$241	-\$499	\$1,084 -\$759	\$1,106 -\$774	¢1,128 -\$790	\$1,151 -\$805	۵۱,174 -\$822	\$1,197 -\$838	\$1,221 -\$855	\$1,245 -\$872
Gross income	\$20,113	-φ241 \$6,637	- ₉₄₉₉ \$13,745	\$20,925	- _φ , 74 \$21,344	\$21,771	\$22,206	- _{φ022} \$22,650	-\$030 \$23,103	-φουυ \$23,565	- _{φ072} \$24,036
Gross income	\$20,113	\$0,037	φ13,745	\$20,925	⊅ 21,344	φ 21, 771	\$22,200	\$22,050	\$23,103	\$23,30 5	\$24,030
Operating Costs:											
Maintenance and operations	\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes	\$1,863	\$1,863	\$1,900	\$1,938	\$1,977	\$2,016	\$2,056	\$2,098	\$2,140	\$2,182	\$2,226
Total operating costs	\$6,831	\$5,589	\$6,334	\$7,107	\$7,249	\$7,394	\$7,542	\$7,692	\$7,846	\$8,003	\$8,163
Net Operating Income	\$13,282	\$1,049	\$7,411	\$13,819	\$14,095	\$14,377	\$14,664	\$14,958	\$15,257	\$15,562	\$15,873
Calculated cap rate	4.4%										
Mortgage Payments:											
Principal	\$7,158	\$7,158	\$7,393	\$7,635	\$7,885	\$8,144	\$8,411	\$8,686	\$8,971	\$9,265	\$9,568
Interest	\$8,633	\$8,633	\$8,398	\$8,156	\$7,906	\$7,647	\$7,381	\$7,105	\$6,820	\$6,526	\$6,223
Total	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791
Cash Flow	-\$2,509	-\$14,743	-\$8,380	-\$1,972	-\$1,696	-\$1,414	-\$1,127	-\$833	-\$534	-\$229	\$82
Cash-on-Cash Return	-5.5%	-32.3%	-18.4%	-4.3%	-3.7%	-3.1%	-2.5%	-1.8%	-1.2%	-0.5%	0.2%
Average Annual	-5.5%	-32.3%	-25.4%	-18.3%	-14.7%	-12.4%	-10.7%	-9.5%	-8.4%	-7.5%	-6.8%
Principal Payments	\$7,158	\$7,158	\$7,393	\$7,635	\$7,885	\$8,144	\$8,411	\$8,686	\$8,971	\$9,265	\$9,568
Cumulative	\$7,158	\$7,158	\$14,552	\$22,187	\$30,072	\$38,216	\$46,627	\$55,313	\$64,283	\$73,548	\$83,116
Annual Cash Flow & Principal Payments	\$4,649	-\$7,584	-\$987	\$5,663	\$6,189	\$6,730	\$7,284	\$7,853	\$8,437	\$9,036	\$9,650
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	10.2%	-16.6%	-2.2%	12.4%	13.6%	14.8%	16.0%	17.2%	18.5%	19.8%	21.2%
Average Annual	10.2%	-16.6%	-9.4%	-2.1%	1.8%	4.4%	6.3%	7.9%	9.2%	10.4%	11.5%
1 Year 0 is used for the purpose of calculating r	HST accu	umod valuo k	ased on as	sumed con	rate calcul	ated can rate	and is bas	ad on stabili	zed occupar	ocy but evel	Ides

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Calgary

Per Unit

Calgary

KEY INPUT ASSUMPTIONS

Project type: High-End Downtown, Not Prime Market Rent; Market Land Value

PROJECT DEVELOPMENT COSTS AND FINANCING

RET INFOT ASSUMPTIONS			ROJECT DI		11 COS13 A		NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%			I	_and		\$50,000	I	nitial cash ir	vestment		\$51,889
Mortgage insur. premium 4.75%			(Construction		\$284,000	1	Mortgage			\$294,036
Annual cost inflation 2.0%			5	Subtotal		\$334,000	-	Total costs			\$345,924
Annual revenue growth 2.0%								% Equity			15.0%
Initial monthly rent per unit \$1,750											
per sq. ft \$2.54			(GST (net)*		\$11,924	1	Mortgage ins	ur. premiun	า	\$13,967
Stabilized Vacancy rate 3.5%											
Average unit size (net sq. ft.) 690			-	Total Costs		\$345,924		Total Financi	ing Require	d	\$308,002
Development profit assumption:	15%			minimum sa	les price	\$397,813 [to generate	a 15% deve	lopment pro	fit]	
				oon roto		3 6%	implied if or	biound 1EW	davalanma	nt profit]	
				cap rate		3.0% [implied li ad	hieved 15%	develophie	ntprontj	
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$21,000	\$6,930	\$14,351	\$21,848	\$22,285	\$22,731	\$23,186	\$23,649	\$24,122	\$24,605	\$25,097
Other income	\$1,105	\$365	\$755	\$1,150	\$1,173	\$1,196	\$1,220	\$1,245	\$1,270	\$1,295	\$1,32 ⁻
Vacancy allowance	-\$774	-\$255	-\$529	-\$805	-\$821	-\$837	-\$854	-\$871	-\$889	-\$906	-\$92
Gross income	\$21,332	\$7,039	\$14,578	\$22,193	\$22,637	\$23,090	\$23,552	\$24,023	\$24,503	\$24,993	\$25,493
Operating Costs:											
Maintenance and operations	\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,93
Property taxes	\$2,107	\$2,107	\$2,149	\$2,192	\$2,236	\$2,281	\$2,326	\$2,373	\$2,420	\$2,469	\$2,51
Total operating costs	\$7,075	\$5,833	\$6,583	\$7,361	\$7,508	\$7,658	\$7,812	\$7,968	\$8,127	\$8,290	\$8,45
Net Operating Income	\$14,256	\$1,206	\$7,995	\$14,832	\$15,129	\$15,432	\$15,740	\$16,055	\$16,376	\$16,704	\$17,03
Calculated cap rate	4.1%	• • •	• •		• • • •	• • • • •	, .	,	• • • • •	, .	, ,
Mortgage Payments:											
Principal	\$8.146	\$8,146	\$8,413	\$8.688	\$8,973	\$9,267	\$9,570	\$9,884	\$10,208	\$10,542	\$10.88
Interest	\$9.823	\$9,823	\$9,556	\$9,281	\$8,996	\$8,702	\$8,398	\$8,085	\$7,761	\$7,427	\$7,08
Total	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,96
Cash Flow	-\$3,712	-\$16,763	-\$9,974	-\$3,136	-\$2,840	-\$2,537	-\$2,229	-\$1,914	-\$1,593	-\$1,265	-\$931
Cash-on-Cash Return	-7.2%	-32.3%	-19.2%	-6.0%	-5.5%	-4.9%	-4.3%	-3.7%	-3.1%	-2.4%	-1.8%
Average Annual	-7.2%	-32.3%	-25.8%	-19.2%	-15.8%	-13.6%	-12.0%	-10.8%	-9.9%	-9.0%	-8.3%
Principal Payments	\$8,146	\$8,146	\$8,413	\$8,688	\$8,973	\$9,267	\$9,570	\$9,884	\$10,208	\$10,542	\$10,88
Cumulative	\$8,146	\$8,146	\$16,558	\$25,246	\$34,219	\$43,486	\$53,057	\$62,941	\$73,149	\$83,691	\$94,579
Annual Cash Flow & Principal Payments	\$4,433	-\$8,617	-\$1,561	\$5,552	\$6,133	\$6,730	\$7,342	\$7,970	\$8,615	\$9,277	\$9,95
Annual Cash Flow & Principal Payments											
	8.5%	-16.6%	-3.0%	10.7%	11.8%	13.0%	14.1%	15.4%	16.6%	17.9%	19.29
as % of Initial Cash Investment	0.5%	-10.070	-3.070	10.1 /0							

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

6 Winnipeg

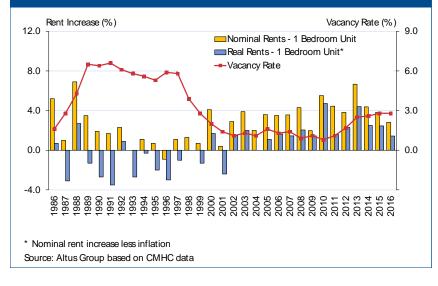
6.1 Rental Market Conditions

The overall rental apartment vacancy rate in Winnipeg had been moving up since the recent low recorded in 2010, but remained stable in 2016 at 2.8%, since slightly below the long-term average of 3.1% (although the long-term average includes very high vacancies recorded in the later 1980s).

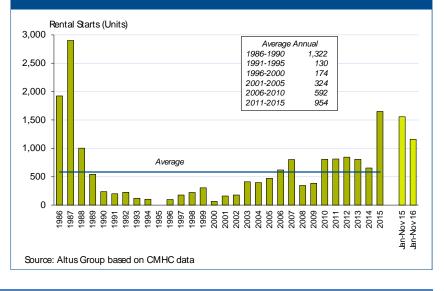
With the increasing vacancy rates, increases in rents in Winnipeg have been moderating.

Winnipeg continues to have a moderate level of new rental unit development, averaging almost 1,000 units per year in the 2011-2015 period. In 2015 starts spiked above the 1,500 unit level, and have remained elevated in 2016 (although running slightly below 2015).

Vacancy Rates and Rent Increases Winnipeg, 1986-2016



New Purpose-Built Rental Unit Development Winnipeg, 1986-2016



6.2 Proforma Analysis

The vacancy rate assumption used for Winnipeg for all scenarios is 3.0%. Based on this rate, and a consideration of the past relationship in Winnipeg between vacancy levels and real rent increases, a 0% real rent increase per year assumption is used (for a nominal increase of 2.0% per year).

This market is subject to GST, and the rebate available.

The development costs per rental unit including land costs range from about \$217,000 per unit for the basic project to about \$331,000 for a the high-end project.

Under Scenario 1 (which is based on market rents, and includes land costs), the 10-year cash-on-cash returns are all negative. To achieve a 10-year cash-on-cash average return of 10%, rents would need to be roughly one-third (basic project) to two-thirds (high-end project) higher than they currently are.

Given the cost of land in Winnipeg, taking land out of the analysis does not significantly improve the financial performance

The Economics of New Private Rental Housing Development (Per Unit) Winnipeg

	Scenario ⁻	1: Market rent costs	t w ith land	Scenario 2:	Market rent v costs	v ithout land	Scenario 3:	Economic re costs	nt w ith land	Scenario 4	: Economic re land costs	ent without
	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project
Key Input Assumptions:												
Vacancy Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Initial Rent	\$1,275	\$1,475	\$1,575	\$1,275	\$1,475	\$1,575	\$1,725	\$2,300	\$2,550	\$1,650	\$2,175	\$2,375
Average Development Costs Per Unit	\$217,725	\$298,950	\$330,650	\$203,725	\$280,950	\$302,650	\$217,725	\$298,950	\$330,650	\$203,725	\$280,950	\$302,650
Net Annual Operating Income	\$10,300	\$11,950	\$12,550	\$10,300	\$11,950	\$12,550	\$15,075	\$20,700	\$22,900	\$14,275	\$19,375	\$21,025
Financing Assumptions: Initial Cash Investment	\$32,650	\$44,850	\$49,600	\$30,550	\$42,150	\$45,400	\$32,650	\$44,850	\$49,600	\$30,550	\$42,150	\$45,400
Financial Performance (10-Year Avg.): Annual Cash-on-Cash Return Annual Cash Flow & Principal Payments	-4.6%	-9.2%	-10.5%	-2.5%	-7.6%	-8.3%	9.7%	9.9%	9.9%	10.2%	9.7%	10.0%
as % of Initial Cash Investment	13.7%	9.0%	7.7%	15.7%	10.7%	9.9%	28.0%	28.1%	28.1%	28.5%	27.9%	28.2%

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KEY INPUT ASSUMPTIONS			PROJECT D		T COSTS A		NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develor	ment Costs			Financ	ina:			
Loan-to-lending value ratio 85%			-	Land		\$14,000		nitial cash ir	vestment		\$32,6
Mortgage insur. premium 4.75%			(Construction		\$198,000		Vortgage			\$185,0
Annual cost inflation 2.0%			:	Subtotal		\$212,000	1	Fotal costs			\$217,7
Annual revenue growth 2.0%								% Equity			15.
Initial monthly rent per unit \$1,275											
per sq. ft \$1.66			(GST (net)*		\$5,728	1	Mortgage ins	ur. premium	۱	\$8,
Stabilized Vacancy rate 3.0%							_				• • • • •
Average unit size (net sq. ft.) 770				Total Costs		\$217,728	1	otal Financ	ing Require	d	\$193,8
Development profit assumption:	15%			minimum sa	les price	\$250,387 [to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.1% [ïmplied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year
Revenues:	iou. c				.eu		iou. o			.cu. c	···u
Rental income	\$15,300	\$5,049	\$10,456	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,
Other income	\$805	\$266	\$550	\$838	\$855	\$872	\$889	\$907	\$925	\$943	\$
Vacancy allowance	-\$483	-\$159	-\$330	-\$503	-\$513	-\$523	-\$533	-\$544	-\$555	-\$566	-\$
Gross income	\$15,622	\$5,155	\$10,676	\$16,253	\$16,578	\$16,910	\$17,248	\$17,593	\$17,945	\$18,304	\$18,0
Operating Costs:											
Maintenance and operations	\$3,234	\$2,426	\$2,886	\$3,365	\$3,432	\$3,501	\$3,571	\$3,642	\$3,715	\$3,789	\$3,
Property taxes	\$2,096	\$2,096	\$2,138	\$2,181	\$2,225	\$2,269	\$2,315	\$2,361	\$2,408	\$2,456	\$2,
Total operating costs	\$5,330	\$4,522	\$5,025	\$5,546	\$5,657	\$5,770	\$5,885	\$6,003	\$6,123	\$6,246	\$6,
Net Operating Income	\$10,292	\$633	\$5,651	\$10,707	\$10,922	\$11,140	\$11,363	\$11,590	\$11,822	\$12,058	\$12,2
Calculated cap rate	4.7%		. ,	. ,	. ,	. ,	. ,	. ,	. ,	. ,	. ,
Mortgage Payments:											
Principal	\$5,127	\$5,127	\$5,295	\$5,468	\$5,648	\$5,833	\$6,024	\$6,221	\$6,425	\$6,635	\$6,
Interest	\$6,183	\$6,183	\$6,015	\$5,841	\$5,662	\$5,477	\$5,286	\$5,089	\$4,885	\$4,674	\$4,4
Total	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,:
Cash Flow	-\$1,018	-\$10,676	-\$5,658	-\$602	-\$388	-\$170	\$53	\$280	\$512	\$749	\$
Cash-on-Cash Return	-3.1%	-32.7%	-17.3%	-1.8%	-1.2%	-0.5%	0.2%	0.9%	1.6%	2.3%	3
Average Annual	-3.1%	-32.7%	-25.0%	-17.3%	-13.3%	-10.7%	-8.9%	-7.5%	-6.4%	-5.4%	-4.
Principal Payments	\$5,127	\$5,127	\$5,295	\$5,468	\$5,648	\$5,833	\$6,024	\$6,221	\$6,425	\$6,635	\$6,
Cumulative	\$5,127	\$5,127	\$10,422	\$15,890	\$21,538	\$27,371	\$33,394	\$39,615	\$46,040	\$52,676	\$59,5
Annual Cash Flow & Principal Payments	\$4,109	-\$5,549	-\$363	\$4,866	\$5,259	\$5,663	\$6,077	\$6,501	\$6,937	\$7,384	\$7,
Annual Cash Flow & Principal Payments											
as %of Initial Cash Investment	12.6%	-17.0%	-1.1%	14.9%	16.1%	17.3%	18.6%	19.9%	21.2%	22.6%	24
Average Annual	12.6%	-17.0%	-9.1%	-1.1%	3.2%	6.0%	8.1%	9.8%	11.2%	12.5%	13.

Project type: Medium Central, Not Downtown Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% 25 **Development Costs:** Financing: Amortization period (yrs) \$44.843 Loan-to-lending value ratio 85% Land \$18.000 Initial cash investment Mortgage insur. premium 4.75% Construction \$274.000 Mortgage \$254.110 Annual cost inflation 2.0% Subtotal \$292.000 Total costs \$298,953 Annual revenue growth 2.0% 1.7% % Equity 15.0% Initial monthly rent per unit \$1,475 per sq. ft \$1.92 GST (net)* \$6,953 Mortgage insur. premium \$12,070 Stabilized Vacancy rate 3.0% Average unit size (net sq. ft.) 770 **Total Costs** \$298.953 **Total Financing Required** \$266.181 Development profit assumption: 15% minimum sales price \$343,796 [to generate a 15% development profit] cap rate 3.5% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: \$17,700 Rental income \$5,841 \$12,096 \$18,415 \$18,783 \$19,159 \$19,542 \$19,933 \$20,332 \$20,738 \$21,153 Other income \$932 \$307 \$637 \$969 \$989 \$1,008 \$1,029 \$1,049 \$1,070 \$1,091 \$1,113 -\$559 -\$184 -\$382 -\$642 -\$655 -\$668 Vacancy allowance -\$582 -\$593 -\$605 -\$617 -\$629 \$18,073 \$5,964 \$12,351 \$19,179 \$19,954 \$20,353 \$20,760 \$21,175 \$21,598 Gross income \$18,803 \$19,562 **Operating Costs:** Maintenance and operations \$3,696 \$2,772 \$3,299 \$3,845 \$3,922 \$4,001 \$4,081 \$4,162 \$4,246 \$4,330 \$4,417 Property taxes \$2,425 \$2,425 \$2,474 \$2,523 \$2,574 \$2,625 \$2,678 \$2,731 \$2,786 \$2,842 \$2,899 **Total operating costs** \$6,121 \$5,197 \$5,773 \$6,369 \$6,496 \$6,626 \$6,758 \$6,894 \$7,032 \$7,172 \$7,316 Net Operating Income \$11.951 \$767 \$6.578 \$12,434 \$12,683 \$12,936 \$13,195 \$13,459 \$13.728 \$14.003 \$14.283 Calculated cap rate 4.0% Mortgage Payments: \$7,040 \$7,040 \$7,270 \$7,508 \$7,754 \$8,009 \$8,271 \$8,542 \$8,822 \$9,409 Principal \$9,111 \$8.489 \$8.020 \$7.520 \$7.258 \$6.418 Interest \$8.489 \$8.259 \$7.774 \$6.987 \$6.707 \$6.120 Total \$15,529 \$15,529 \$15.529 \$15,529 \$15,529 \$15,529 \$15,529 \$15,529 \$15,529 \$15,529 \$15.529 Cash Flow -\$3,578 -\$14,762 -\$8,951 -\$3,095 -\$2,846 -\$2,593 -\$2,334 -\$2,070 -\$1,801 -\$1,246 -\$1,526 -4.0% Cash-on-Cash Return -8.0% -32.9% -20.0% -6.9% -6.3% -5.8% -5.2% -4.6% -3.4% -2.8% Average Annual -8.0% -32.9% -26.4% -19.9% -16.5% -14.4% -12.9% -11.7% -10.7% -9.9% -9.2% **Principal Payments** \$7,040 \$7,040 \$7,270 \$7,508 \$7,754 \$8,009 \$8,271 \$8,542 \$8,822 \$9,111 \$9,409 \$7,040 Cumulative \$7,040 \$14,310 \$21,818 \$29,573 \$37,581 \$45,852 \$54,394 \$63,216 \$72,327 \$81,736 Annual Cash Flow & Principal Payments \$3,462 -\$7,723 -\$1,680 \$4,414 \$4,908 \$5,416 \$5,937 \$6,472 \$7,021 \$7.585 \$8,163 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 7.7% -17.2% -3.7% 9.8% 10.9% 12.1% 13.2% 14.4% 15.7% 16.9% 18.2% Average Annual 7.7% -17.2% -10.5% -3.7% 0.0% 2.4% 4.2% 5.7% 6.9% 8.0% 9.0% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs

Source: Altus Group

Per Unit

Winnipeg

Winnipeg

Project type: High-End Downtown, Not Prime Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% 25 **Development Costs:** Financing: Amortization period (yrs) Loan-to-lending value ratio 85% Land \$28.000 Initial cash investment \$49.597 Mortgage insur. premium 4.75% Construction \$295.000 Mortgage \$281.052 Annual cost inflation 2.0% Subtotal \$323.000 Total costs \$330,650 Annual revenue growth 2.0% 15.0% % Equity Initial monthly rent per unit \$1,575 per sq. ft \$2.05 GST (net)* \$7,650 Mortgage insur. premium \$13,350 Stabilized Vacancy rate 3.0% Average unit size (net sq. ft.) 770 **Total Costs** \$330.650 **Total Financing Required** \$294.402 15% Development profit assumption: minimum sales price \$380,247 [to generate a 15% development profit] cap rate 3.3% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: \$18,900 Rental income \$6,237 \$12,916 \$19,664 \$20,057 \$20,458 \$20,867 \$21,284 \$21,710 \$22,144 \$22,587 Other income \$995 \$328 \$680 \$1,035 \$1,056 \$1,077 \$1,098 \$1,120 \$1,143 \$1,165 \$1,189 -\$197 -\$408 -\$686 -\$699 -\$713 Vacancy allowance -\$597 -\$621 -\$633 -\$646 -\$659 -\$672 \$19,298 \$6,368 \$20,078 \$20,479 \$22,167 \$23,063 Gross income \$13,188 \$20,889 \$21,306 \$21,733 \$22,611 Operating Costs: Maintenance and operations \$4,158 \$3,119 \$3,711 \$4,326 \$4,413 \$4,501 \$4,591 \$4,683 \$4,776 \$4,872 \$4,969 Property taxes \$2,590 \$2,590 \$2,642 \$2,694 \$2,748 \$2,803 \$2,859 \$2,917 \$2,975 \$3,034 \$3,095 **Total operating costs** \$6,748 \$5,708 \$6,353 \$7,020 \$7,161 \$7,304 \$7,450 \$7,599 \$7,751 \$7,906 \$8,064 Net Operating Income \$12.550 \$660 \$6.836 \$13,057 \$13,318 \$13,585 \$13,856 \$14.133 \$14,416 \$14.704 \$14,999 Calculated cap rate 3.8% Mortgage Payments: \$7,786 \$8,305 \$8,858 \$9,148 \$9,757 \$10,407 Principal \$7,786 \$8,041 \$8,577 \$9,448 \$10,077 \$9.389 Interest \$9.389 \$9.134 \$8.871 \$8.599 \$8.318 \$8.028 \$7.728 \$7.418 \$7.099 \$6.768 Total \$17,175 \$17,175 \$17,175 \$17,175 \$17,175 \$17,175 \$17,175 \$17,175 \$17,175 \$17,175 \$17.175 Cash Flow -\$4,625 -\$16,515 -\$4,118 -\$3,857 -\$3,591 -\$3,319 -\$3,042 -\$2,759 -\$2,471 -\$2,177 -\$10,340 Cash-on-Cash Return -9.3% -33.3% -20.8% -8.3% -7.8% -7.2% -6.7% -6.1% -5.6% -5.0% -4.4% Average Annual -9.3% -33.3% -27.1% -20.8% -17.6% -15.5% -14.0% -12.9% -12.0% -11.2% -10.5% **Principal Payments** \$7,786 \$7,786 \$8,041 \$8,305 \$8,577 \$8,858 \$9,148 \$9,448 \$9,757 \$10,077 \$10,407 Cumulative \$7,786 \$7,786 \$15,827 \$24,132 \$32,708 \$41,566 \$50,714 \$60,161 \$69,919 \$79,995 \$90,402 Annual Cash Flow & Principal Payments \$3,161 -\$8,729 -\$2,299 \$4,186 \$4,720 \$5,267 \$5,829 \$6,406 \$6,998 \$7,606 \$8,230 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 6.4% -17.6% -4.6% 8.4% 9.5% 10.6% 11.8% 12.9% 14.1% 15.3% 16.6% Average Annual 6.4% -17.6% -11.1% -4.6% -1.1% 1.3% 3.0% 4.4% 5.6% 6.7% 7.7% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs Source: Altus Group

7 Toronto

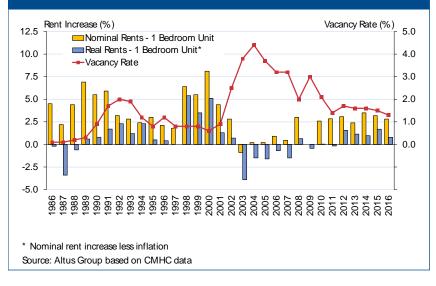
7.1 Rental Market Conditions

The rental apartment vacancy rate in Toronto has been declining slightly since 2011, and stood at 1.3% in October 2016, slightly below the long term average rate of 1.7%.

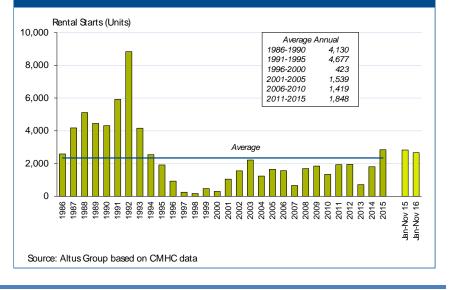
After exhibiting real rent declines in the mid 2000s to early 2010s, rents have posted moderate increases in recent years.

New purpose-built rental starts averaged just over 1,800 units per year in the 2011-2015 period, up slightly from the decade of the 2000s but well below numbers needed to support the strong population growth that has been occurring (and why residents are finding accommodation within the rented condominium stock).

Rental Apartment Vacancy Rates and Rent Increases Toronto, 1986-2016



New Purpose-Built Rental Unit Development Toronto, 1986-2016



7.2 Proforma Analysis

The vacancy rate assumption used for Toronto for all scenarios is 2.0%. Based on this rate, and a consideration of the past relationship in Toronto between vacancy levels and real rent increases, a 0.5% real rent increase per year assumption is used (for a nominal increase of 2.5% per year).

The applicable development charges, including all levels, for the City of Toronto is \$18,239 for up to a 1 bedroom unit, and \$25,566 for 2+ bedrooms.

This market is subject to HST, and the rebates available.

The development costs per rental unit including land costs range from about \$211,000 per unit for the basic project to about \$370,000 for a the high-end project.

Under Scenario 1 (which is based on market rents, and includes land costs), the 10-year cash-on-cash returns are marginally positive for the basic project, but negative for the medium and high-end project. To achieve a 10-year cash-on-cash average return of 10%, rents would need to be roughly 10% (basic project) to one-third (medium and high-end project) higher than they currently are.

Given the cost of land in Toronto, taking land out of the analysis does significantly improve the financial performance, and the basic project starts to look viable.

The relatively favourable position for Toronto relative to many markets reflects in part the more favourable property tax rate structure in the City of Toronto for residential properties.

The Economics of New Private Rental Housing Development (Per Unit) Toronto

	Scenario	1: Market ren costs	t w ith land	Scenario 2:	Market rent v costs	v ithout land	Scenario 3:	Economic re costs	nt with land	Scenario 4	: Economic re land costs	ent without
	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project
Key Input Assumptions:												
Vacancy Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Initial Rent	\$1,575	\$1,675	\$2,025	\$1,575	\$1,675	\$2,025	\$1,750	\$2,325	\$2,800	\$1,550	\$2,025	\$2,400
Average Development Costs Per Unit	\$210,975	\$300,650	\$370,150	\$176,975	\$250,650	\$303,150	\$210,975	\$300,650	\$370,150	\$176,975	\$250,650	\$303,150
Net Annual Operating Income	\$12,100	\$12,800	\$16,275	\$12,100	\$12,800	\$16,275	\$14,050	\$20,025	\$24,900	\$11,825	\$16,700	\$20,450
Financing Assumptions: Initial Cash Investment	\$31,650	\$45,100	\$55,525	\$26,550	\$37,600	\$45,475	\$31,650	\$45,100	\$55,525	\$26,550	\$37,600	\$45,475
Financial Performance (10-Year Avg.): Annual Cash-on-Cash Return Annual Cash Flow & Principal Payments	3.3%	-6.5%	-5.4%	10.6%	-0.8%	1.0%	9.6%	9.8%	10.3%	9.6%	9.7%	10.3%
as % of Initial Cash Investment	21.6%	11.8%	12.8%	28.9%	17.4%	19.2%	27.8%	28.0%	28.6%	27.8%	27.9%	28.6%

Toronto

Project type: Basic Fringe

Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS			PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate3.25%Amortization period (yrs)25Loan-to-lending value ratio85%Mortgage insur. premium4.75%Annual cost inflation2.0%Annual revenue growth2.5%			 	oment Costs Land Construction Subtotal		\$34,000 \$163,000 \$197,000	n	Fing: nitial cash ir Mortgage Fotal costs % Equity	nvestment		\$31,646 \$179,330 \$210,977 <i>15.0%</i>
Initial monthly rent per unit \$1,575 per sq. ft \$2.25 Stabilized Vacancy rate 2.0%			I	HST (net)*		\$13,977	r		sur. premium	ı	\$8,518
Average unit size (net sq. ft.) 700			-	Total Costs		\$210,977	٦	Fotal Financ	ing Require	d	\$187,848
Development profit assumption:	15%			minimum sa	les price	\$242,623	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		5.0%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues: Rental income Other income Vacancy allowance Gross income	\$18,900 \$485 -\$388 \$18,997	\$6,237 \$160 -\$128 \$6,269	\$12,980 \$333 -\$266 \$13,046	\$19,857 \$509 -\$407 \$19,959	\$20,353 \$522 -\$418 \$20,458	\$20,862 \$535 -\$428 \$20,969	\$21,384 \$548 -\$439 \$21,493	\$21,918 \$562 -\$450 \$22,031	\$22,466 \$576 -\$461 \$22,581	\$23,028 \$590 -\$472 \$23,146	\$23,604 \$605 -\$484 \$23,725
Operating Costs: Maintenance and operations Property taxes Total operating costs	\$5,460 \$1,442 \$6,902	\$4,095 \$1,442 \$5,537	\$4,873 \$1,471 \$6,344	\$5,681 \$1,500 \$7,181	\$5,794 \$1,530 \$7,324	\$5,910 \$1,561 \$7,471	\$6,028 \$1,592 \$7,620	\$6,149 \$1,624 \$7,773	\$6,272 \$1,656 \$7,928	\$6,397 \$1,689 \$8,087	\$6,525 \$1,723 \$8,248
Net Operating Income Calculated cap rate	\$12,095 5.7%	\$732	\$6,702	\$12,778	\$13,133	\$13,498	\$13,873	\$14,258	\$14,653	\$15,059	\$15,476
Mortgage Payments: Principal Interest Total	\$4,968 \$5,991 \$10,959	\$4,968 \$5,991 \$10,959	\$5,131 \$5,828 \$10,959	\$5,299 \$5,660 \$10,959	\$5,472 \$5,487 \$10,959	\$5,652 \$5,307 \$10,959	\$5,837 \$5,122 \$10,959	\$6,028 \$4,931 \$10,959	\$6,226 \$4,733 \$10,959	\$6,430 \$4,529 \$10,959	\$6,640 \$4,319 \$10,959
Cash Flow	\$1,136	-\$10,227	-\$4,257	\$1,819	\$2,174	\$2,539	\$2,914	\$3,299	\$3,694	\$4,100	\$4,517
Cash-on-Cash Return Average Annual	3.6% 3.6%	-32.3% -32.3%	-13.5% -22.9%	5.7% -13.3%	6.9% -8.3%	8.0% -5.0%	9.2% -2.7%	10.4% -0.8%	11.7% <i>0.8%</i>	13.0% 2.1%	14.3% 3.3%
Principal Payments Cumulative	\$4,968 \$4,968	\$4,968 \$4,968	\$5,131 \$10,099	\$5,299 \$15,398	\$5,472 \$2 <i>0,</i> 870	\$5,652 \$26,522	\$5,837 \$32,359	\$6,028 \$38,387	\$6,226 \$44,613	\$6,430 \$51,042	\$6,640 \$57,683
Annual Cash Flow & Principal Payments	\$6,104	-\$5,259	\$874	\$7,118	\$7,647	\$8,191	\$8,751	\$9,327	\$9,920	\$10,530	\$11,157
Annual Cash Flow & Principal Payments as %of Initial Cash Investment Average Annual	19.3% 19.3%	-16.6% -16.6%	2.8% -6.9%	22.5% 2.9%	24.2% 8.2%	25.9% 11.7%	27.7% 14.4%	29.5% 16.5%	31.3% 18.4%	33.3% 20.0%	35.3% 21.6%
Year 0 is used for the purpose of calculating inflation on revenues and costs. Source: Altus Group	net HST, assu	imed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	udes

Project type: Medium Central, Not Downtown Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% 25 **Development Costs:** Financing: Amortization period (yrs) Loan-to-lending value ratio 85% Land \$50.000 Initial cash investment \$45.097 Mortgage insur. premium 4.75% Construction \$235.000 Mortgage \$255.551 Annual cost inflation 2.0% Subtotal \$285.000 Total costs \$300,649 Annual revenue growth 2.5% 1.8% % Equity 15.0% Initial monthly rent per unit \$1,675 per sq. ft \$2.39 HST (net)* \$15,649 Mortgage insur. premium \$12,139 Stabilized Vacancy rate 2.0% Average unit size (net sq. ft.) 700 **Total Costs** \$300.649 **Total Financing Required** \$267.690 Development profit assumption: 15% minimum sales price \$345,746 [to generate a 15% development profit] cap rate 3.7% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: \$20,100 Rental income \$6,633 \$13,804 \$21,118 \$21,646 \$22,187 \$22,741 \$23,310 \$23,893 \$24,490 \$25,102 Other income \$515 \$170 \$354 \$541 \$555 \$569 \$583 \$598 \$613 \$628 \$644 -\$412 -\$136 -\$283 -\$433 -\$444 -\$455 -\$466 -\$478 -\$490 -\$502 -\$515 Vacancy allowance \$20,203 \$6,667 \$13,874 \$21,757 \$22,300 \$22,858 \$23,429 \$24,015 \$24,615 \$25,231 Gross income \$21,226 Operating Costs: Maintenance and operations \$5,880 \$4,410 \$5,248 \$6,118 \$6,240 \$6,365 \$6,492 \$6,622 \$6,754 \$6,889 \$7,027 Property taxes \$1,533 \$1,533 \$1,564 \$1,595 \$1,627 \$1,660 \$1,693 \$1,727 \$1,761 \$1,797 \$1,833 **Total operating costs** \$7,413 \$5,943 \$6,812 \$7,713 \$7,867 \$8,025 \$8,185 \$8,349 \$8,516 \$8,686 \$8,860 Net Operating Income \$12.790 \$724 \$7.062 \$13,513 \$13,889 \$14,276 \$14,673 \$15,081 \$15,499 \$15,929 \$16,371 Calculated cap rate 4.3% Mortgage Payments: \$7,080 \$7,080 \$7,312 \$7,551 \$7,798 \$8,054 \$8,318 \$8,590 \$8,872 \$9,463 Principal \$9,163 \$8.537 \$8.066 \$7.563 Interest \$8.537 \$8.306 \$7.819 \$7.299 \$7.027 \$6.745 \$6.454 \$6.154 Total \$15,617 \$15,617 \$15,617 \$15,617 \$15,617 \$15,617 \$15,617 \$15.617 \$15,617 \$15,617 \$15.617 Cash Flow -\$2,827 -\$14,893 -\$8,555 -\$2,104 -\$1,728 -\$1,341 -\$944 -\$536 -\$118 \$312 \$754 -4.7% -0.3% 0.7% Cash-on-Cash Return -6.3% -33.0% -19.0% -3.8% -3.0% -2.1% -1.2% 1.7% Average Annual -6.3% -33.0% -26.0% -18.9% -15.1% -12.7% -10.9% -9.5% -8.4% -7.4% -6.5% **Principal Payments** \$7,080 \$7,080 \$7,312 \$7,551 \$7,798 \$8,054 \$8,318 \$8,590 \$8,872 \$9,163 \$9,463 \$7,080 Cumulative \$7,080 \$14,391 \$21,942 \$29,741 \$37,795 \$46,112 \$54,703 \$63,575 \$72,737 \$82,200 Annual Cash Flow & Principal Payments \$4,252 -\$7,814 -\$1,243 \$5,447 \$6,071 \$6,713 \$7.374 \$8,054 \$8.754 \$9.475 \$10,217 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 9.4% -17.3% -2.8% 12.1% 13.5% 14.9% 16.4% 17.9% 19.4% 21.0% 22.7% Average Annual 9.4% -17.3% -10.0% -2.7% 1.4% 4.1% 6.1% 7.8% 9.2% 10.6% 11.8% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs

Source: Altus Group

Per Unit

Toronto

Toronto

Project type: High-End Downtown, Not Prime Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% 25 **Development Costs:** Financing: Amortization period (yrs) Loan-to-lending value ratio 85% Land \$67.000 Initial cash investment \$55.523 Mortgage insur. premium 4.75% Construction \$277.000 Mortgage \$314.633 2.0% Subtotal \$344.000 Total costs \$370,157 Annual cost inflation Annual revenue growth 2.5% 15.0% % Equity Initial monthly rent per unit \$2,025 per sq. ft \$2.89 HST (net)* \$26,157 Mortgage insur. premium \$14,945 Stabilized Vacancy rate 2.0% Average unit size (net sq. ft.) 700 **Total Costs** \$370.157 **Total Financing Required** \$329.578 15% Development profit assumption: minimum sales price \$425,680 [to generate a 15% development profit] cap rate 3.8% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: \$24,300 Rental income \$8,019 \$16,688 \$25,530 \$26,168 \$26,823 \$27,493 \$28,181 \$28,885 \$29,607 \$30,347 Other income \$623 \$206 \$428 \$655 \$671 \$688 \$705 \$723 \$741 \$759 \$778 -\$498 -\$164 -\$342 -\$537 -\$564 -\$578 -\$593 -\$607 -\$623 Vacancy allowance -\$524 -\$550 \$24,425 \$8,060 \$16,774 \$26,303 \$27,634 \$28,325 \$29,033 \$29,759 \$30,503 Gross income \$25,661 \$26,960 Operating Costs: Maintenance and operations \$6,300 \$4,725 \$5,623 \$6,555 \$6,686 \$6,819 \$6,956 \$7,095 \$7,237 \$7,381 \$7,529 Property taxes \$1,854 \$1,854 \$1,891 \$1,929 \$1,967 \$2,007 \$2,047 \$2,088 \$2,129 \$2,172 \$2,215 **Total operating costs** \$8,154 \$6,579 \$7,514 \$8,483 \$8,653 \$8,826 \$9,002 \$9,183 \$9,366 \$9,554 \$9,745 Net Operating Income \$16,271 \$1,481 \$9,260 \$17,178 \$17,650 \$18,134 \$18,632 \$19,143 \$19,667 \$20,206 \$20.758 Calculated cap rate 4.4% Mortgage Payments: \$8,716 \$9,002 \$9,297 \$11,281 Principal \$8,716 \$9,601 \$9,916 \$10,241 \$10,576 \$10,923 \$11,650 Interest \$10.511 \$10.511 \$10.226 \$9.931 \$9.626 \$9.312 \$8.987 \$8.651 \$8.305 \$7.947 \$7.577 Total \$19.228 \$19.228 \$19,228 \$19,228 \$19.228 \$19,228 \$19.228 \$19.228 \$19.228 \$19.228 \$19.228 Cash Flow -\$2,957 -\$17,746 -\$9,968 -\$2,050 -\$1,578 -\$1,093 -\$596 -\$85 \$439 \$978 \$1,531 0.8% 2.8% Cash-on-Cash Return -5.3% -32.0% -18.0% -3.7% -2.8% -2.0% -1.1% -0.2% 1.8% Average Annual -5.3% -32.0% -25.0% -17.9% -14.1% -11.7% -9.9% -8.5% -7.4% -6.3% -5.4% **Principal Payments** \$8,716 \$8,716 \$9,002 \$9,297 \$9,601 \$9,916 \$10,241 \$10,576 \$10,923 \$11,281 \$11,650 \$89,554 Cumulative \$8,716 \$8,716 \$17,718 \$27,015 \$36,616 \$46,532 \$56,773 \$67,350 \$78,273 \$101,204 Annual Cash Flow & Principal Payments \$5,760 -\$9,030 -\$966 \$7,247 \$8,024 \$8,823 \$9,645 \$10.491 \$11,362 \$12.259 \$13,181 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 10.4% -16.3% -1.7% 13.1% 14.5% 15.9% 17.4% 18.9% 20.5% 22.1% 23.7% Average Annual 10.4% -16.3% -9.0% -1.7% 2.4% 5.1% 7.1% 8.8% 10.3% 11.6% 12.8% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs Source: Altus Group

8 Montreal

8.1 Rental Market Conditions

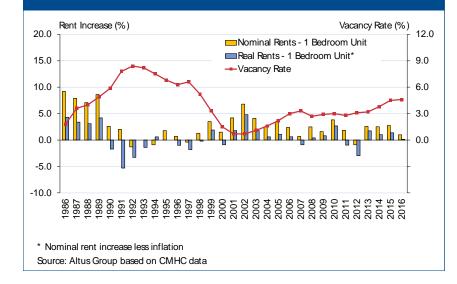
Vacancy Rates and Rent Increases

Montréal, 1986-2016

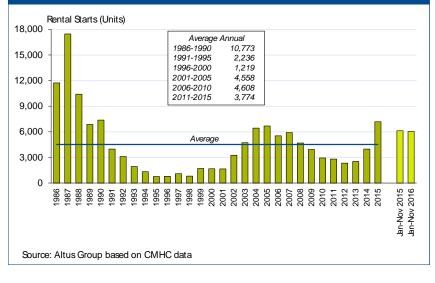
The rental apartment vacancy rate in Montreal has been increasing since 2011, and stood at 4.6% in October 2016, above the long term average rate of 4.0.

After exhibiting real rent declines in the 2011-2012 period, rents have posted moderate increases in recent years.

New purpose-built rental starts averaged about 3,800 units per year in the 2011-2015 period, down somewhat from the decade of the 2000s. In the past two years, however, starts have been running higher again.



New Purpose-Built Rental Unit Development Montréal, 1986-2016



8.2 Proforma Analysis

The vacancy rate assumption used for Montreal for all scenarios is 3.5%. Based on this rate, and a consideration of the past relationship in Montreal between vacancy levels and real rent increases, a 0% real rent increase per year assumption is used (for a nominal increase of 2.0% per year).

This market is subject to HST/QST, and the rebates available.

The development costs per rental unit including land costs range from about \$174,000 per unit for the basic project to about \$287,000 for the high-end project.

Under Scenario 1 (which is based on market rents, and includes land costs), the 10-year cash-on-cash returns are negative for all project types. To achieve a 10-year cash-on-cash average return of 10%, rents would need to be roughly one-fifth (basic project) to one-third (medium and high-end project) higher than they currently are.

Given the cost of land in Montreal, taking land out of the analysis does not significantly improve the financial performance.

The Economics of New Private Rental Housing Development (Per Unit) Montreal

	Scenario	1: Market ren costs	t w ith land	Scenario 2:	Market rent v costs	v ithout land	Scenario 3:	Economic re costs	nt w ith land	Scenario 4	Economic re land costs	ent w ithout
	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project
Key Input Assumptions:												
Vacancy Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Initial Rent	\$1,250	\$1,450	\$1,625	\$1,250	\$1,450	\$1,625	\$1,525	\$1,975	\$2,225	\$1,450	\$1,875	\$2,100
Average Development Costs Per Unit	\$173,900	\$243,725	\$287,225	\$163,900	\$228,725	\$268,225	\$173,900	\$243,725	\$287,225	\$163,900	\$228,725	\$268,225
Net Annual Operating Income	\$9,350	\$11,425	\$13,400	\$9,350	\$11,425	\$13,400	\$12,250	\$17,150	\$20,100	\$11,450	\$16,050	\$18,700
Financing Assumptions:												
Initial Cash Investment	\$26,075	\$36,550	\$43,075	\$24,575	\$34,300	\$40,225	\$26,075	\$36,550	\$43,075	\$24,575	\$34,300	\$40,225
Financial Performance (10-Year Avg.):												
Annual Cash-on-Cash Return	-0.7%	-4.9%	-5.1%	1.3%	-3.0%	-3.0%	10.2%	10.3%	10.2%	9.7%	10.2%	10.0%
Annual Cash Flow & Principal Payments	0.170		0.170		0.070	0.070				0.170		,
as % of Initial Cash Investment	17.5%	13.3%	13.2%	19.5%	15.2%	15.3%	28.4%	28.6%	28.4%	28.0%	28.4%	28.2%

Montreal

Project type: Basic Fringe

Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT DE	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%			L	_and		\$10,000	I	nitial cash ir	nvestment		\$26,085
Mortgage insur. premium 4.75%			(Constructior	l.	\$146,000	I	Vortgage			\$147,814
Annual cost inflation 2.0%			5	Subtotal		\$156,000	-	Total costs			\$173,898
Annual revenue growth 2.0%								% Equity			15.0%
Initial monthly rent per unit \$1,250											
per sq. ft \$1.74			(GST/QST (ne	et)*	\$17,898	I	Mortgage ins	sur. premium	ו	\$7,021
Stabilized Vacancy rate 3.5%											
Average unit size (net sq. ft.) 720			٦	Fotal Costs		\$173,898	-	Fotal Financ	ing Require	d	\$154,835
Development profit assumption:	15%		ı	minimum sa	les price	\$199,983	to generate	a 15% deve	lopment pro	fit]	
			(cap rate		4.7%	implied if ac	hieved 15%	developme	nt profit]	
									·		
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$15,000	\$4,950	\$10,251	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926
Other income	\$789	\$261	\$540	\$821	\$838	\$855	\$872	\$889	\$907	\$925	\$943
Vacancy allowance	-\$553	-\$182	-\$378	-\$575	-\$586	-\$598	-\$610	-\$622	-\$635	-\$647	-\$660
Gross income	\$15,237	\$5,028	\$10,413	\$15,852	\$16,169	\$16,493	\$16,823	\$17,159	\$17,502	\$17,852	\$18,209
Operating Costs:											
Maintenance and operations	\$3,888	\$2,916	\$3,470	\$4,045	\$4,126	\$4,208	\$4,293	\$4,379	\$4,466	\$4,555	\$4,647
Property taxes	\$2,011	\$2,011	\$2,051	\$2,093	\$2,134	\$2,177	\$2,221	\$2,265	\$2,310	\$2,357	\$2,404
Total operating costs	\$5,899	\$4,927	\$5,522	\$6,138	\$6,260	\$6,386	\$6,513	\$6,644	\$6,776	\$6,912	\$7,050
Net Operating Income	\$9,338	\$101	\$4,891	\$9,715	\$9,909	\$10,107	\$10,309	\$10,516	\$10,726	\$10,940	\$11,159
Calculated cap rate	5.4%										
Mortgage Payments:											
Principal	\$4,095	\$4,095	\$4,229	\$4,368	\$4,511	\$4,659	\$4,811	\$4,969	\$5,132	\$5,300	\$5,473
Interest	\$4,938	\$4,938	\$4,804	\$4,665	\$4,522	\$4,375	\$4,222	\$4,064	\$3,901	\$3,733	\$3,560
Total	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033
Cash Flow	\$305	-\$8,932	-\$4,142	\$682	\$876	\$1,074	\$1,276	\$1,483	\$1,693	\$1,907	\$2,126
Cash-on-Cash Return	1.2%	-34.2%	-15.9%	2.6%	3.4%	4.1%	4.9%	5.7%	6.5%	7.3%	8.2%
Average Annual	1.2%	-34.2%	-25.1%	-15.8%	-11.0%	-8.0%	-5.9%	-4.2%	-2.9%	-1.7%	-0.7%
Principal Payments	\$4,095	\$4,095	\$4,229	\$4,368	\$4,511	\$4,659	\$4,811	\$4,969	\$5,132	\$5,300	\$5,473
Cumulative	\$4,095	\$4,095	\$8,324	\$12,692	\$17,202	\$21,861	\$26,672	\$31,641	\$36,772	\$42,072	\$47,545
Annual Cash Flow & Principal Payments	\$4,399	-\$4,837	\$87	\$5,049	\$5,387	\$5,733	\$6,088	\$6,451	\$6,824	\$7,207	\$7,600
Annual Cash Flow & Principal Payments		-18.5%	0.3%	19.4%	20.7%	22.0%	23.3%	24.7%	26.2%	27.6%	29.1%
Annual Cash Flow & Principal Payments as %of Initial Cash Investment Average Annual	16.9% 16.9%	-18.5%	-9.1%	0.4%	5.4%	8.8%	11.2%	13.1%	14.8%	16.2%	17.5%

Per Unit

Montreal

Project type: Medium Central, Not Downtown arket Rent: Market Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT D	EVELOPMEN	T COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%			I	_and		\$15,000	1	nitial cash ir	nvestment		\$36,55
Mortgage insur. premium 4.75%			(Construction		\$197,000	r	Vlortgage			\$207,163
Annual cost inflation 2.0%			5	Subtotal		\$212,000	٦	Total costs			\$243,72
Annual revenue growth 2.0%						2.4%		% Equity			15.0%
Initial monthly rent per unit \$1,450											
per sq. ft \$2.01			(GST/QST (ne	et)*	\$31,721	r	Mortgage ins	sur. premium	n	\$9,840
Stabilized Vacancy rate 3.5%					,						
Average unit size (net sq. ft.) 720			1	Fotal Costs		\$243,721	٦	Fotal Financ	ing Require	d	\$217,00
Development profit assumption:	15%			minimum sa	les price	\$280,279	to generate	a 15% deve	lopment pro	fit]	
				cap rate		4 1%	limplied if ac	hieved 15%	developme	nt profit]	
				Jup rute		4.170 [implied il de	10/04 10/0	uovolopino	mprong	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues: Rental income	\$17,400	\$5,742	\$11,891	\$18,103	\$18,465	\$18,834	\$19,211	\$19,595	\$19,987	\$20,387	\$20,79
		. ,	. ,		. ,						. ,
Other income	\$1,411	\$466	\$964	\$1,468	\$1,497	\$1,527	\$1,558	\$1,589	\$1,621	\$1,653	\$1,68
Vacancy allowance	-\$658	-\$217	-\$450	-\$685	-\$699	-\$713	-\$727	-\$741	-\$756	-\$771	-\$78
Gross income	\$18,152	\$5,990	\$12,405	\$18,886	\$19,264	\$19,649	\$20,042	\$20,443	\$20,851	\$21,268	\$21,694
Operating Costs:											
Maintenance and operations	\$4,320	\$3,240	\$3,856	\$4,495	\$4,584	\$4,676	\$4,770	\$4,865	\$4.962	\$5,062	\$5,16
Property taxes	\$2,396	\$2,396	\$2,444	\$2,493	\$2,543	\$2,594	\$2,646	\$2,698	\$2,752	\$2,807	\$2,86
Total operating costs	\$6,716	\$5,636	\$6,300	\$6,987	\$7,127	\$7,270	\$7,415	\$7,563	\$7,715	\$7,869	\$8,02
Net Operating Income Calculated cap rate	\$11,436 <i>4.7%</i>	\$354	\$6,106	\$11,898	\$12,136	\$12,379	\$12,627	\$12,879	\$13,137	\$13,399	\$13,66
·											
Mortgage Payments:											
Principal	\$5,739	\$5,739	\$5,927	\$6,121	\$6,322	\$6,529	\$6,743	\$6,964	\$7,192	\$7,428	\$7,67
Interest	\$6,921	\$6,921	\$6,733	\$6,539	\$6,338	\$6,131	\$5,917	\$5,696	\$5,468	\$5,232	\$4,98
Total	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,66
Cash Flow	-\$1,224	-\$12,306	-\$6,554	-\$762	-\$524	-\$281	-\$33	\$219	\$477	\$740	\$1,00
Cash-on-Cash Return	-3.3%	-33.7%	-17.9%	-2.1%	-1.4%	-0.8%	-0.1%	0.6%	1.3%	2.0%	2.89
Average Annual	-3.3%	-33.7%	-25.8%	-17.9%	-13.8%	-11.2%	-9.3%	-7.9%	-6.8%	-5.8%	-4.9%
Principal Payments	\$5,739	\$5,739	\$5,927	\$6,121	\$6,322	\$6,529	\$6,743	\$6,964	\$7,192	\$7,428	\$7,67
Cumulative	\$5,739	\$5,739	\$11,666	\$17,787	\$24,109	\$30,638	\$37,381	\$44,345	\$51,537	\$58,964	\$66,63
Annual Cash Flow & Principal Payments	\$4,515	-\$6,567	-\$627	\$5,360	\$5,798	\$6,248	\$6,710	\$7,183	\$7,669	\$8,167	\$8,67
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	12.4%	-18.0%	-1.7%	14.7%	15.9%	17.1%	18.4%	19.6%	21.0%	22.3%	23.7
	12.4%	-18.0%	-9.8%	-1.7%	2.7%	5.6%	7.7%	9.4%	10.9%	12.1%	13.3%

DDO IFOT DEVELODMENT COOTO AND ENIANONIO

Source: Altus Group

Project type: High-End Downtown, Not Prime Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING 3.25% Mortgage interest rate Amortization period (vrs) 25 **Development Costs:** Financing: Loan-to-lending value ratio 85% Land \$19.000 Initial cash investment \$43.083 \$229,000 Mortgage insur. premium 4.75% Construction Mortgage \$244,139 Annual cost inflation 2.0% Subtotal \$248,000 Total costs \$287,222 Annual revenue growth 2.0% % Equity 15.0% Initial monthly rent per unit \$1,625 per sq. ft \$2.26 GST/QST (net)* \$39,222 Mortgage insur. premium \$11,597 Stabilized Vacancy rate 3.5% **Total Costs** \$287,222 **Total Financing Required** \$255,735 Average unit size (net sq. ft.) 720 Development profit assumption: 15% minimum sales price \$330,305 [to generate a 15% development profit] 4.1% [implied if achieved 15% development profit] cap rate REVENUES AND COSTS Year 0¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: Rental income \$19,500 \$6,435 \$13,326 \$20,288 \$20,694 \$21,107 \$21,530 \$21,960 \$22,399 \$22,847 \$23,304 \$2,254 \$2,299 \$2,392 \$2,539 \$2,589 \$2,167 \$715 \$1,481 \$2,345 \$2,440 \$2,489 Other income -\$758 -\$250 -\$789 -\$805 -\$821 -\$854 -\$871 -\$889 -\$906 Vacancy allowance -\$518 -\$837 \$21,753 \$23,084 Gross income \$20,908 \$6,900 \$14,289 \$22,188 \$22,632 \$23,546 \$24,017 \$24,497 \$24,987 **Operating Costs:** Maintenance and operations \$4,752 \$3,564 \$4,241 \$4,944 \$5,043 \$5,144 \$5,247 \$5,352 \$5,459 \$5,568 \$5,679 \$2,815 \$2,760 \$2,760 \$2,871 \$2,929 \$2,987 \$3,047 \$3,108 \$3,170 \$3.234 \$3,298 Property taxes Total operating costs \$7,512 \$6,324 \$7,815 \$8,801 \$8,977 \$7,056 \$7,972 \$8,131 \$8,294 \$8,460 \$8,629 \$13,396 Net Operating Income \$576 \$7,232 \$13,938 \$14,216 \$14,501 \$14,791 \$15,087 \$15,388 \$15,696 \$16,010 Calculated cap rate 4.7% Mortgage Payments: Principa \$6,763 \$6,763 \$6,985 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$9,040 Interest \$8,156 \$7,935 \$7,706 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$5,879 \$8,156 Total \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 -\$1,523 -\$14,344 -\$982 -\$703 \$776 \$1,090 Cash Flow -\$7,687 -\$419 -\$129 \$167 \$469 Cash-on-Cash Return -3.5% -33.3% -17.8% -2.3% -1.6% -1.0% -0.3% 0.4% 1.1% 1.8% 2.5% Average Annual -3.5% -33.3% -25.6% -17.8% -13.8% -11.2% -9.4% -8.0% -6.9% -5.9% -5.1% \$6.763 Principal Payments \$6.763 \$6.985 \$7,214 \$7.450 \$7.694 \$7.946 \$8,207 \$8.476 \$8.753 \$9.040 \$44,053 Cumulative \$13,748 \$6,763 \$6,763 \$20,962 \$28,412 \$36,107 \$60,735 \$69,489 \$78,529 \$52,260 Annual Cash Flow & Principal Payments \$5,240 -\$7,580 -\$702 \$6,232 \$6,747 \$7,275 \$7,818 \$8,374 \$8,944 \$9,530 \$10,131 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 12.2% -17.6% -1.6% 14.5% 15.7% 16.9% 18.1% 19.4% 20.8% 22.1% 23.5% Average Annual 12.2% -17.6% -9.6% -1.6% 2.7% 5.6% 7.7% 9.3% 10.8% 12.0% 13.2% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes

inflation on revenues and costs.

Source: Altus Group

Montreal

9 Halifax

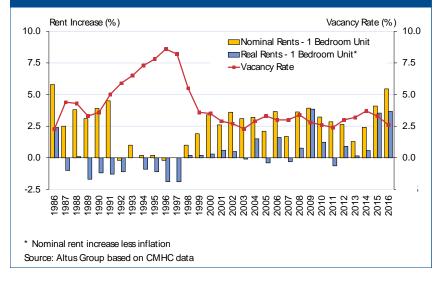
9.1 Rental Market Conditions

The rental apartment vacancy rate in Halifax has declined in the past 2 years, and stood at 2.6% in October 2016, below the long term average rate of 4.1 (which includes some very high rates in the mid 1990s).

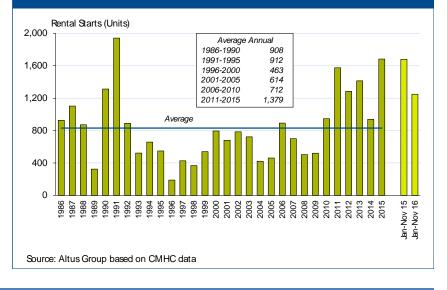
Real rent increases picked up in the last 2 years after several years of very modest increases.

New purpose-built rental starts averaged almost 1,400 units per year in the 2011-2015 period, up from the decade of the 2000s. Starts in 2016 remained elevated although somewhat below the 2015 level.

Vacancy Rates and Rent Increases Halifax, 1986-2016



New Purpose-Built Rental Unit Development Halifax, 1986-2016



9.2 Proforma Analysis

The vacancy rate assumption used for Halifax for all scenarios is 3.0%. Based on this rate, and a consideration of the past relationship in Halifax between vacancy levels and real rent increases, a 0% real rent increase per year assumption is used (for a nominal increase of 2.0% per year).

This market is subject to HST, and the rebates available.

The development costs per rental unit including land costs range from about \$190,000 per unit for the basic project to about \$329,000 for the high-end project.

Under Scenario 1 (which is based on market rents, and includes land costs), the 10-year cash-on-cash returns are negative for all project types. To achieve a 10-year cash-on-cash average return of 10%, rents would need to be roughly 40% (basic project) to 70% (medium and high-end project) higher than they currently are.

Even taking land out of the analysis still results in negative cash-oncash returns.

The Economics of New Private Rental Housing Development (Per Unit) Halifax

Scenario ²	1: Market ren costs	t w ith land	Scenario 2:	Market rent v costs	v ithout land	Scenario 3:	Economic re costs	nt with land	Scenario 4	: Economic re land costs	ent w ithout
Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project	Basic Project	Medium Project	High-End Project
3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
\$1,125	\$1,325	\$1,500	\$1,125	\$1,325	\$1,500	\$1,575	\$2,250	\$2,550	\$1,400	\$2,000	\$2,250
\$190,100	\$285,075	\$328,850	\$163,100	\$249,075	\$283,850	\$190,100	\$285,075	\$328,850	\$163,100	\$249,075	\$283,850
\$8,750	\$10,475	\$12,025	\$8,750	\$10,475	\$12,025	\$13,150	\$19,675	\$22,650	\$11,450	\$17,200	\$19,600
\$28,525	\$42,750	\$49,325	\$24,475	\$37,350	\$42,575	\$28,525	\$42,750	\$49,325	\$24,475	\$37,350	\$42,575
-5.5%	-11.3%	-11.4%	-0.6%	-7.9%	-7.7%	9.6%	9.7%	9.7%	10.1%	9.6%	9.7%
12.8%	7.0%	6.9%	17.6%	10.3%	10.6%	27.8%	27.9%	27.9%	28.3%	27.8%	28.0%
	Basic Project 3.0% \$1,125 \$190,100 \$8,750 \$28,525 -5.5%	costs Basic Project Medium Project 3.0% 3.0% \$1,125 \$1,325 \$190,100 \$285,075 \$8,750 \$10,475 \$28,525 \$42,750 -5.5% -11.3%	Basic Project Medium Project High-End Project 3.0% 3.0% 3.0% \$1,125 \$1,325 \$1,500 \$190,100 \$285,075 \$328,850 \$8,750 \$10,475 \$12,025 \$28,525 \$42,750 \$49,325 -5.5% -11.3% -11.4%	Basic Project Medium Project High-End Project Basic Project 3.0% 3.0% 3.0% 3.0% \$1,125 \$1,325 \$1,500 \$1,125 \$190,100 \$285,075 \$328,850 \$163,100 \$8,750 \$10,475 \$12,025 \$24,475 \$28,525 \$42,750 \$49,325 \$24,475	Basic Project Medium Project High-End Project Basic Project Medium Project 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% 3.0% \$1,125 \$1,325 \$1,500 \$1,125 \$1,325 \$10,475 \$12,025 \$163,100 \$249,075 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$37,350 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475 \$10,475	Costs Costs Basic Project Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project High-End Project 3.0% \$1,125 3.0% \$1,325 3.0% \$1,325 3.0% \$1,500 3.0% \$1,125 3.0% \$1,325 3.0% \$1,500 \$190,100 \$285,075 \$328,850 \$163,100 \$249,075 \$283,850 \$190,100 \$285,075 \$328,850 \$163,100 \$249,075 \$283,850 \$8,750 \$10,475 \$12,025 \$8,750 \$10,475 \$12,025 \$28,525 \$42,750 \$49,325 \$24,475 \$37,350 \$42,575 -5.5% -11.3% -11.4% -0.6% -7.9% -7.7%	Costs End End End End Project Medium Project High-End Project Basic Project Medium Project High-End Project State Medium Project High-End Project Basic Project State State <t< td=""><td>Costs Costs Costs Costs Costs Costs Basic Project Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project Basic Project Medium Project Basic Project Medium Project 3.0% \$1,125 3.0% \$1,325 3.0% \$1,325 3.0% \$1,325 3.0% \$1,500 3.0% \$1,575 3.0% \$1,575</td></t<> <td>Costs Costs Costs Costs Costs Basic Project Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project Basic Project Medium Project High-End Project Basic Project Medium Project Basic Project Basic Project Medium Project Basic Project <td< td=""><td>Image: Costs Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project Medium Project State Costs Costs<td>Image: Costs Costs Costs Costs Image: Costs Iman</td></td></td<></td>	Costs Costs Costs Costs Costs Costs Basic Project Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project Basic Project Medium Project Basic Project Medium Project 3.0% \$1,125 3.0% \$1,325 3.0% \$1,325 3.0% \$1,325 3.0% \$1,500 3.0% \$1,575 3.0% \$1,575	Costs Costs Costs Costs Costs Basic Project Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project Basic Project Medium Project High-End Project Basic Project Medium Project Basic Project Basic Project Medium Project Basic Project <td< td=""><td>Image: Costs Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project Medium Project State Costs Costs<td>Image: Costs Costs Costs Costs Image: Costs Iman</td></td></td<>	Image: Costs Medium Project High-End Project Basic Project Medium Project High-End Project Basic Project Medium Project Medium Project State Costs Costs <td>Image: Costs Costs Costs Costs Image: Costs Iman</td>	Image: Costs Costs Costs Costs Image: Costs Iman

Halifax

Project type: Basic Fringe

Market Rent; Market Land Value

KEY INPUT ASSUMPTIONS		P	ROJECT DE	VELOPMEN	T COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%			L	.and		\$27,000	I	nitial cash ir	nvestment		\$28,515
Mortgage insur. premium 4.75%			(Construction		\$143,000	1	Nortgage			\$161,587
Annual cost inflation 2.0%			9	Subtotal		\$170,000	٦	Fotal costs			\$190,102
Annual revenue growth 2.0%								% Equity			15.0%
Initial monthly rent per unit \$1,125											
per sq. ft \$1.50			ŀ	IST (net)*		\$20,102	1	Mortgage ins	ur. premium	n	\$7,675
Stabilized Vacancy rate 3.0%				. ,				0.0	•		
Average unit size (net sq. ft.) 750			٦	otal Costs		\$190,102	٦	Fotal Financ	ing Require	d	\$169,263
Development profit assumption:	15%		ı	ninimum sa	les price	\$218,618 [to generate	a 15% deve	lopment pro	fit]	
				ap rate		1.0%	implied if ac	biovod 15%	developme	nt profit]	
				aprale		4.0% [inipileu li ac	nieveu 15%	uevelopine	ni prong	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:											
Rental income	\$13,500	\$4,455	\$9,226	\$14,045	\$14,326	\$14,613	\$14,905	\$15,203	\$15,507	\$15,817	\$16,134
Other income	\$346	\$114	\$237	\$360	\$367	\$375	\$382	\$390	\$398	\$406	\$414
Vacancy allowance	-\$415	-\$137	-\$284	-\$432	-\$441	-\$450	-\$459	-\$468	-\$477	-\$487	-\$496
Gross income	\$13,431	\$4,432	\$9,179	\$13,973	\$14,253	\$14,538	\$14,829	\$15,125	\$15,428	\$15,736	\$16,051
Operating Costs:											
Maintenance and operations	\$2,250	\$1,688	\$2,008	\$2,341	\$2,388	\$2,435	\$2,484	\$2,534	\$2,585	\$2,636	\$2,689
Property taxes	\$2,425	\$2,425	\$2,474	\$2,523	\$2,574	\$2,625	\$2,678	\$2,731	\$2,786	\$2,842	\$2,898
Total operating costs	\$4,675	\$4,113	\$4,482	\$4,864	\$4,961	\$5,061	\$5,162	\$5,265	\$5,370	\$5,478	\$5,587
Net Operating Income	\$8,756	\$319	\$4,697	\$9,109	\$9,291	\$9,477	\$9,667	\$9,860	\$10,057	\$10,259	\$10,464
Calculated cap rate	4.6%										
Mortgage Payments:											
Principal	\$4,476	\$4,476	\$4,623	\$4,775	\$4,931	\$5,093	\$5,259	\$5,432	\$5,610	\$5,794	\$5,983
Interest	\$5,398	\$5,398	\$5,252	\$5,100	\$4,944	\$4,782	\$4,615	\$4,443	\$4,265	\$4,081	\$3,891
Total	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875
Cash Flow	-\$1,119	-\$9,555	-\$5,178	-\$765	-\$583	-\$397	-\$208	-\$15	\$183	\$384	\$589
Cash-on-Cash Return	-3.9%	-33.5%	-18.2%	-2.7%	-2.0%	-1.4%	-0.7%	-0.1%	0.6%	1.3%	2.1%
Average Annual	-3.9%	-33.5%	-25.8%	-18.1%	-14.1%	-11.6%	-9.8%	-8.4%	-7.2%	-6.3%	-5.5%
Principal Payments	\$4,476	\$4,476	\$4,623	\$4,775	\$4,931	\$5,093	\$5,259	\$5,432	\$5,610	\$5,794	\$5,983
Cumulative	\$4,476	\$4,476	\$9,100	\$13,874	\$18,805	\$23,898	\$29,157	\$34,589	\$40,199	\$45,992	\$51,976
Annual Cash Flow & Principal Payments	\$3,357	-\$5,079	-\$555	\$4,009	\$4,348	\$4,695	\$5,052	\$5,417	\$5,792	\$6,177	\$6,572
Annual Cash Flow & Principal Payments					45.00/	16.5%	17.7%	19.0%	20.3%	21.7%	23.0%
Annual Cash Flow & Principal Payments as %of Initial Cash Investment	11.8%	-17.8%	-1.9%	14.1%	15.2%	10.3%	17.770	19.0 /8	20.3%	21.7%	23.0%

Per Unit

lalifax

Project type: Medium Central, Not Downtown Ket Rent: Market Land Value

KEY INPUT ASSUMPTIONS		1	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs	:		Financ	•			
Loan-to-lending value ratio 85%				and		\$36,000		nitial cash ir	nvestment		\$42,760
Mortgage insur. premium 4.75%				Construction	I	\$225,000		Mortgage			\$242,306
Annual cost inflation 2.0%			;	Subtotal		\$261,000		Total costs			\$285,066
Annual revenue growth 2.0%						1.9%		% Equity			15.0%
Initial monthly rent per unit \$1,325 per sq. ft \$1.77						\$24,066		Andrean inc			¢11 E10
per sq. ft \$1.77 Stabilized Vacancy rate 3.0%				HST (net)*		\$24,066	1	vongage ms	sur. premiun	1	\$11,510
Average unit size (net sq. ft.) 750				Fotal Costs		\$285.066	-	Total Financ	ing Require	ч	\$253,816
Average unit size (net sq. it.) 750						φ20 3,000		lotarrinario	ing Require	u	<i>\$</i> 233,010
Development profit assumption:	15%			minimum sa	les price	\$327,826	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		3.2%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:											
Rental income	\$15,900	\$5,247	\$10,866	\$16,542	\$16,873	\$17,211	\$17,555	\$17,906	\$18,264	\$18,629	\$19,002
Other income	\$408	\$135	\$279	\$424	\$433	\$441	\$450	\$459	\$468	\$478	\$487
Vacancy allowance	-\$489	-\$161	-\$334	-\$509	-\$519	-\$530	-\$540	-\$551	-\$562	-\$573	-\$585
Gross income	\$15,818	\$5,220	\$10,810	\$16,458	\$16,787	\$17,122	\$17,465	\$17,814	\$18,170	\$18,534	\$18,905
Operating Costs:											
Maintenance and operations	\$2,700	\$2,025	\$2,410	\$2,809	\$2,865	\$2,923	\$2,981	\$3,041	\$3,101	\$3,163	\$3,227
Property taxes	\$2,637	\$2,637	\$2,689	\$2,743	\$2,798	\$2,854	\$2,911	\$2,969	\$3,029	\$3,089	\$3,151
Total operating costs	\$5,337	\$4,662	\$5,099	\$5,552	\$5,663	\$5,777	\$5,892	\$6,010	\$6,130	\$6,253	\$6,378
Net Operating Income Calculated cap rate	\$10,482 3.7%	\$558	\$5,711	\$10,905	\$11,123	\$11,346	\$11,573	\$11,804	\$12,040	\$12,281	\$12,527
Mortgage Payments:											
Principal	\$6,713	\$6,713	\$6,933	\$7,160	\$7,394	\$7,637	\$7,887	\$8,145	\$8,412	\$8,688	\$8,972
Interest	\$8,095	\$8,095	\$7,875	\$7,648	\$7,413	\$7,171	\$6,921	\$6,662	\$6,396	\$6,120	\$5,835
Total	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808
Cash Flow	-\$4,326	-\$14,249	-\$9,096	-\$3,902	-\$3,684	-\$3,462	-\$3,235	-\$3,003	-\$2,767	-\$2,526	-\$2,281
Cash-on-Cash Return	-10.1%	-33.3%	-21.3%	-9.1%	-8.6%	-8.1%	-7.6%	-7.0%	-6.5%	-5.9%	-5.3%
Average Annual	-10.1%	-33.3%	-27.3%	-21.2%	-18.1%	-16.1%	-14.7%	-13.6%	-12.7%	-11.9%	-11.3%
Principal Payments	\$6,713	\$6,713	\$6,933	\$7,160	\$7,394	\$7,637	\$7,887	\$8,145	\$8,412	\$8,688	\$8,972
Cumulative	\$6,713	\$6,713	\$13,645	\$20,805	\$28,199	\$35,836	\$43,722	\$51,868	\$60,280	\$68,967	\$77,939
Annual Cash Flow & Principal Payments	\$2,387	-\$7,536	-\$2,164	\$3,257	\$3,710	\$4,175	\$4,652	\$5,142	\$5,645	\$6,161	\$6,691
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	5.6%	-17.6%	-5.1%	7.6%	8.7%	9.8%	10.9%	12.0%	13.2%	14.4%	15.6%
Average Annual	5.6%	-17.6%	-11.3%	-5.0%	-1.6%	0.7%	2.4%	3.8%	4.9%	6.0%	7.0%
Year 0 is used for the purpose of calculating inflation on revenues and costs.	g net HST, as:	sumed value	e based on a	issumed ca	o rate, calcu	ilated cap ra	te, and is ba	sed on stab	ilized occup	ancy but exc	cludes

Source: Altus Group

Halifax

Project type: High-End Downtown, Not Prime Market Rent; Market Land Value

Mortgage interest rate 3.25% Amortgage interest rate 3.25% Amortgage insur, premium 4.75% 4.75% Amortgage insur, premium 25 Development Costs: Financing: Loan-to-lending value ratio 85% Mortgage insur, premium 4.75% 4.75% Annual revenue growth 2.0% 2.0% Annual revenue growth 2.0% 2.0% Annual revenue growth 2.0% 2.0% Annual revenue growth 2.0% 2.0% Annual revenue growth 2.0% 3.00,000 Total Costs \$228,656 Annual revenue growth 2.0% Average units law (net sq. ft.) 750 Total Costs \$328,656 Total Financing Required \$229,27 Development profit assumption: 15% minimum sales price \$378,184 [to generate a 15% development profit] Revenues: 15% minimum sales price \$378,184 [to generate a 15% development profit] Revenues: Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 8 Revenues: S18,000 \$5,940 \$18,201 \$18,723 \$19,002 \$19,448 \$19,873 \$20,676 \$21,009 \$21,493 Other income </th
Loan-to-lending value ratio 85% Land \$45,000 Initial cash investment \$49; Mortgage insur, premium 4.75% Construction \$225,000 Mortgage \$279; Annual revenue growth 2.0% Subtotal \$300,000 Total costs \$328,856 Mortgage insur, premium \$13; Stabilized Vacancy rate 3.0% HST (net)* \$28,856 Mortgage insur, premium \$13; Average unit size (net sq. ft.) 750 Total Costs \$328,856 Total Financing Required \$229; Development profit assumption: 15% minimum sales price \$378,184 [to generate a 15% development profit] Revenues: 15% minimum sales price \$328,856 Total Financing Required \$229; Revenues: Year 0 ¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year Revenues: \$18,000 \$5,940 \$12,301 \$18,727 \$19,102 \$19,484 \$19,873 \$20,271 \$20,676 \$21,090
Mortgage insur, premium 4.75% Annual cost inflation Construction \$255,000 Mortgage \$279,1 \$300,000 Annual cost inflation 2.0% Annual revenue growth 2.0% Equity Subtolal \$300,000 Total costs \$\$328,0 Annual revenue growth 2.0% britial monthly rent per unit \$1,500 per sq. ft \$22,00 HST (nel)* \$28,856 Mortgage insur, premium \$13,33 Average unit size (net sq. ft.) 750 Total Costs \$328,856 Total Financing Required \$292,4 Development profit assumption: 15% minimum sales price \$378,184 [to generate a 15% development profit] Revenues: Revenues: \$18,000 \$5,940 \$12,301 \$18,727 \$19,102 \$19,484 \$19,873 \$20,271 \$20,676 \$21,000 \$21,100 \$21,400 \$5100 \$52,0 \$530 \$541 \$3 Revenues: \$18,000 \$5,940 \$12,301 \$18,727 \$19,102 \$19,484 \$19,873 \$20,271 \$20,676 \$21,090 \$21,100 \$21,400 \$462 \$554 \$183,3
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Annual revenue growth 2.0% % Equity 15. Initial monthly rent per unit \$1.500 HST (net)* \$28,856 Mortgage insur. premium \$13. Stabilized Vacancy rate 3.0% Average unit size (net sq. ft.) 750 Total Costs \$328,856 Total Financing Required \$292.0 Development profit assumption: 15% minimum sales price \$378,184 [to generate a 15% development profit] Revenues: Revenues: \$18,000 \$5.940 \$12.301 \$18,727 \$19,102 \$19,484 \$19,873 \$20,271 \$20,676 \$21,000 \$21,1 Other income \$462 \$152 \$315 \$480 \$490 \$500 \$510 \$520 \$536 \$544 \$536 \$544 \$49.53 \$20,71 \$20,676 \$21,000 \$21,1 Other income \$462 \$152 \$315 \$480 \$490 \$500 \$510 \$520 \$523 \$54 \$546 \$549 \$511 \$524 \$524 \$524 \$524 \$524 \$526 \$549 \$511 \$5264 \$536 \$549
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per sq. ft \$2.00 HST (net)* \$28,856 Mortgage insur. premium \$13.3 Stabilized Vacancy rate 3.0% Average unit size (net sq. ft.) 750 Total Costs \$328,856 Total Financing Required \$292,4 Development profit assumption: 15% minimum sales price \$378,184 [to generate a 15% development profit] \$292,4 Revenues: 15% minimum sales price \$378,184 [to generate a 15% development profit] \$21,4 Other income \$18,000 \$5,940 \$12,301 \$18,727 \$19,102 \$19,484 \$19,873 \$20,271 \$20,676 \$21,090 \$21,4 Other income \$462 \$152 \$315 \$480 \$490 \$500 \$511 \$520,\$70 \$20,676 \$21,090 \$21,4 Other income \$462 \$152 \$318 \$33,83 \$5,910 \$12,238 \$18,631 \$19,004 \$19,384 \$19,772 \$20,167 \$20,570 \$20,982 \$21,4 Other income \$31,500 \$2,2,363 \$2,811 \$3,277 </td
Stabilized Vacancy rate Average unit size (net sq. ft.) 3.0% 750 Total Costs \$328,856 Total Financing Required \$292,4 Development profit assumption: 15% minimum sales price \$378,184 [to generate a 15% development profit] \$228, [implied if achieved 15% development profit] Revenues: Revenues: Rental income 518,000 \$5,940 \$12,301 \$18,727 \$19,102 \$19,484 \$19,873 \$20,271 \$20,676 \$21,000 \$21,1 Other income \$462 \$152 \$315 \$480 \$490 \$500 \$510 \$520 \$530 \$541 \$5 Vacancy allowance \$462 \$152 \$315 \$480 \$490 \$500 \$511 \$624 \$563 \$549 \$21,7 Operating Costs: Maintenance and operations \$17,908 \$5,910 \$12,238 \$18,631 \$19,004 \$19,384 \$19,772 \$20,676 \$20,982 \$21,7 Operating Costs: Maintenance and operations \$2,736 \$2,736 \$2,736 \$2,736 \$2,736 \$2,736 \$2,736
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Cash Flow -\$5,061 -\$16,271 -\$10,446 -\$4,575 -\$4,325 -\$4,070 -\$3,809 -\$3,544 -\$3,273 -\$2,997 -\$2,
Cash-on-Cash Return -10.3% -33.0% -21.2% -9.3% -8.8% -8.3% -7.7% -7.2% -6.6% -6.1% -5
Average Annual -10.3% -33.0% -27.1% -21.1% -18.1% -16.1% -14.7% -13.6% -12.7% -12.0% -11.
Principal Payments \$7,744 \$7,997 \$8,260 \$8,530 \$8,810 \$9,098 \$9,396 \$9,704 \$10,022 \$10,
Cumulative \$7,744 \$15,741 \$24,001 \$32,531 \$41,340 \$50,439 \$59,835 \$69,539 \$79,561 \$89,8
Annual Cash Flow & Principal Payments \$2,683 -\$8,528 -\$2,449 \$3,685 \$4,205 \$4,740 \$5,289 \$5,852 \$6,431 \$7,025 \$7,
Annual Cash Flow & Principal Payments
as % of Initial Cash Investment 5.4% -17.3% -5.0% 7.5% 8.5% 9.6% 10.7% 11.9% 13.0% 14.2% 15 Average Annual 5.4% -17.3% -11.1% -4.9% -1.6% 0.7% 2.3% 3.7% 4.9% 5.9% 6.
¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes
inflation on revenues and costs. Source: Altus Group

APPENDIX A: Proformas for Alternate Scenarios

Vancouver

Vancouver

Project type: Basic Fringe Market Rent; Zero Lan<u>d Value</u>

KEY INPUT ASSUMPTIONS		F	PROJECT DI	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25	5%										
Amortization period (yrs)	25		Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85	5%			_and		\$0	1	nitial cash ir	nvestment		\$24,705
Mortgage insur. premium 4.75	5%		(Construction		\$156,000	1	Mortgage			\$139,996
Annual cost inflation 2.0)%		5	Subtotal		\$156,000		Fotal costs			\$164,701
Annual revenue growth 3.0								% Equity			15.0%
Initial monthly rent per unit \$1,3								/o Equity			10.070
per sq. ft \$2.			(GST (net)*		\$8,701		Mortaage ins	sur. premium	,	\$6,650
Stabilized Vacancy rate 1.5						<i>40,701</i>		violigage ina	sur premiun		ψ0,000
	00		-	Fotal Costs		\$164,701	-	Total Financ	ing Require	ч	\$146,646
Average unit size (het sq. it.)	00			10121 00313		\$104,701			ing Require	u	\$140,040
Development profit assumption:	15%			minimum sa	les price	\$189,406	[to generate	a 15% deve			
				cap rate		5.7%	[implied if ac	hieved 15%	developme	nt profit]	
	1						× -	·· -			
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:					•·						
Rental income	\$16,200	\$5,346	\$11,180	\$17,187	\$17,702	\$18,233	\$18,780	\$19,344	\$19,924	\$20,522	\$21,137
Other income	\$415	\$137	\$287	\$441	\$454	\$468	\$482	\$496	\$511	\$526	\$542
Vacancy allowance	-\$249	-\$82	-\$172	-\$264	-\$272	-\$281	-\$289	-\$298	-\$307	-\$316	-\$325
Gross income	\$16,366	\$5,401	\$11,294	\$17,363	\$17,884	\$18,420	\$18,973	\$19,542	\$20,128	\$20,732	\$21,354
Operating Costs:											
Maintenance and operations	\$4,680	\$3,510	\$4,177	\$4,869	\$4,966	\$5,066	\$5,167	\$5,270	\$5,376	\$5,483	\$5,593
Property taxes	\$810	\$810	\$826	\$843	\$860	\$877	\$894	\$912	\$930	\$949	\$968
Total operating costs	\$5,490	\$4,320	\$5,003	\$5,712	\$5,826	\$5,943	\$6,061	\$6,183	\$6,306	\$6,432	\$6,561
Net Operating Income Calculated cap rate	\$10,876 6.6%	\$1,081	\$6,291	\$11,651	\$12,058	\$12,478	\$12,911	\$13,359	\$13,822	\$14,300	\$14,793
Mortgage Payments:											
Principal	\$3,878	\$3.878	\$4,005	\$4,137	\$4,272	\$4,412	\$4,557	\$4,706	\$4,860	\$5,019	\$5,184
Interest	\$4,677	\$4,677	\$4,550	\$4,419	\$4,283	\$4,143	\$3,999	\$3,849	\$3,695	\$3,536	\$3,371
Total	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555
Cash Flow	\$2,321	-\$7,474	-\$2,264	\$3,096	\$3,502	\$3,922	\$4,356	\$4,804	\$5,267	\$5,744	\$6,238
Cash-on-Cash Return	9.4%	-30.3%	-9.2%	12.5%	14.2%	15.9%	17.6%	19.4%	21.3%	23.3%	25.2%
Average Annual	9.4%	-30.3%	-19.7%	-9.0%	-3.2%	0.6%	3.5%	5.7%	7.7%	9.4%	11.0%
Principal Payments	\$3,878	\$3,878	\$4,005	\$4,137	\$4,272	\$4,412	\$4,557	\$4,706	\$4,860	\$5,019	\$5,184
Cumulative	\$3,878	\$3,878	\$7,884	\$12,020	\$16,292	\$20,705	\$25,261	\$29,967	\$34,827	\$39,847	\$45,031
Annual Cash Flow & Principal Payments	\$6,199	-\$3,596	\$1,741	\$7,232	\$7,775	\$8,334	\$8,913	\$9,510	\$10,127	\$10,764	\$11,422
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	25.1%	-14.6%	7.0%	29.3%	31.5%	33.7%	36.1%	38.5%	41.0%	43.6%	46.2%
Average Annual	25.1%	-14.6%	-3.8%	7.3%	13.3%	17.4%	20.5%	23.1%	25.3%	27.3%	29.2%
¹ Year 0 is used for the purpose of calcu inflation on revenues and costs. Source: Altus Group	llating net HST, assu	med value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	ized occupar	ncy but exclu	udes

KEY INPUT ASSUMPTIONS			PROJECT DI	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25% Amortization period (yrs) 25 Loan-to-lending value ratio 85% Mortgage insur. premium 4.75% Annual cost inflation 2.0% Annual revenue growth 3.0% Initial monthly rent per unit \$1,500			1	Land Construction		\$0 \$217,000 \$217,000	l I	Initial cash ir Mortgage	nvestment		\$34,101 \$193,238 \$227,339 <i>15.0%</i>
per sq. ft \$2.50 Stabilized Vacancy rate 1.5%		Construction Subtotal \$217,000 \$217,000 Mortgage Total costs % Equity GST (net)* \$10,339 Mortgage insur. premium Total Costs \$227,339 Total Financing Required if minimum sales price \$261,440 [lo generate a 15% development profit] or cap rate 4.6% [implied if achieved 15% development profit] or \$19,669 \$20,259 \$20,867 \$21,493 \$22,138 \$22,365 01 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 02 \$12,422 \$19,096 \$19,669 \$20,259 \$20,867 \$21,493 \$22,138 \$22,865 03 \$5,940 \$12,422 \$19,096 \$19,669 \$20,259 \$20,867 \$21,493 \$22,138 \$22,30 04 \$5,940 \$12,422 \$19,095 \$19,659 \$6,001 \$21,493 \$22,138 \$22,30 05 \$4,809 \$5,142 \$5,318 \$5,456 \$5,565 \$5,676 \$5,7				I	\$9,179				
Average unit size (net sq. ft.) 600		Development Costs: Financing: Land \$0 Construction \$217,000 Subtotal \$217,000 Subtotal \$217,000 GST (net)* \$10,339 Total costs \$227,339 Total costs \$227,339 Total Financing Required minimum sales price \$261,440 ft \$261,451 ft \$261,451 ft \$261,451 ft \$261,451 ft \$21,493 ft \$512 ft \$523 \$515 ft \$5241 \$5331 \$511 \$5131 <th>ł</th> <th>\$202,417</th>					ł	\$202,417			
Development profit assumption:	15%			minimum sa	les price	\$261,440 [to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.6% [implied if ac	chieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues: Rental income Other income Vacancy allowance Gross income	\$18,000 \$462 -\$277 \$18,185	\$152 -\$91	\$319 -\$191	\$490 -\$294	\$504 -\$303	\$519 -\$312	\$535 -\$321	\$551 -\$331	\$568 -\$341	\$22,802 \$585 -\$351 \$23,036	\$23,486 \$602 -\$361 \$23,727
Operating Costs: Maintenance and operations Property taxes Total operating costs	\$5,040 \$1,029 \$6,069	\$1,029 \$4,809	\$1,049 \$5,547	\$1,070 \$6,314	\$1,092 \$6,440	\$1,113 \$6,569	\$1,136 \$6,700	\$1,158 \$6,834	\$1,182 \$6,971	\$5,905 \$1,205 \$7,110	\$6,023 \$1,229 \$7,253
Net Operating Income Calculated cap rate	\$12,116 5.3%	\$1,192	\$7,002	\$12,978	\$13,431	\$13,898	\$14,381	\$14,879	\$15,394	\$15,925	\$16,474
Mortgage Payments: Principal Interest Total	\$5,353 \$6,456 \$11,809	\$6,456	\$6,280	\$6,099	\$5,912	\$5,719	\$5,519	\$5,313	\$5,100	\$6,928 \$4,881 \$11,809	\$7,155 \$4,654 \$11,809
Cash Flow	\$307	-\$10,617	-\$4,807	\$1,169	\$1,622	\$2,089	\$2,572	\$3,070	\$3,585	\$4,116	\$4,665
Cash-on-Cash Return Average Annual	0.9% 0.9%									12.1% 0.9%	13.7% 2.2%
Principal Payments Cumulative	\$5,353 \$5,353									\$6,928 \$55,001	\$7,155 \$62,156
Annual Cash Flow & Principal Payments	\$5,660	-\$5,263	\$722	\$6,879	\$7,519	\$8,179	\$8,861	\$9,566	\$10,293	\$11,045	\$11,821
Annual Cash Flow & Principal Payments as %of Initial Cash Investment Average Annual	16.6% 16.6%	-15.4%	-6.7%	2.3%	7.2%	10.6%	13.1%	15.3%	17.1%	32.4% 18.8%	34.7% 20.4%
Year 0 is used for the purpose of calculating r inflation on revenues and costs. Source: Altus Group	net HST, assu	imed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	ıdes

Vancouver

Project type: High-End Downtown, Not Prime Market Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		1	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs			Financ	ing:			
Loan-to-lending value ratio 85%			I	Land		\$0	I	nitial cash ir	nvestment		\$38,867
Mortgage insur. premium 4.75%				Construction		\$241,000	I	Vlortgage			\$220,244
Annual cost inflation 2.0%			:	Subtotal		\$241,000	-	Total costs			\$259,110
Annual revenue growth 3.0%								% Equity			15.0%
Initial monthly rent per unit \$1,750											
per sq. ft \$2.92				GST (net)*		\$18.110		Mortgage ins	ur premiun	h	\$10,462
Stabilized Vacancy rate 1.5%						<i>Q</i> .0,0		nongago inc	an promu	•	\$10,10L
Average unit size (net sq. ft.) 600				Total Costs		\$259,110	-	Total Financ	ing Boguiro	d	\$230,705
Average unit size (net sq. it.) 600				I OLAI COSIS		\$259,110		I OLAI FINANC	ing Require	u	\$230,705
Development profit assumption:	15%			minimum sa	les price	\$297,977	[to generate	a 15% deve	lopment pro	ofit]	
				cap rate		4.8%	[implied if ac	hieved 15%	developme	ent profit]	
	1										
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:											
Rental income	\$21,000	\$6,930	\$14,492	\$22,279	\$22,947	\$23,636	\$24,345	\$25,075	\$25,827	\$26,602	\$27,400
Other income	\$538	\$178	\$372	\$571	\$588	\$606	\$624	\$643	\$662	\$682	\$703
Vacancy allowance	-\$323	-\$107	-\$223	-\$343	-\$353	-\$364	-\$375	-\$386	-\$397	-\$409	-\$422
Gross income	\$21,215	\$7,001	\$14,641	\$22,507	\$23,183	\$23,878	\$24,594	\$25,332	\$26,092	\$26,875	\$27,681
Operating Costs:											
Maintenance and operations	\$5,400	\$4,050	\$4,820	\$5,618	\$5,731	\$5,845	\$5,962	\$6,081	\$6,203	\$6,327	\$6,453
Property taxes	\$1,425	\$1,425	\$1,454	\$1,483	\$1,512	\$1,543	\$1,573	\$1,605	\$1,637	\$1,670	\$1,703
Total operating costs	\$6,825	\$5,475	\$6,273	\$7,101	\$7,243	\$7,388	\$7,535	\$7,686	\$7,840	\$7,997	\$8,157
Net Operating Income Calculated cap rate	\$14,390 5.6%	\$1,526	\$8,368	\$15,407	\$15,940	\$16,490	\$17,059	\$17,646	\$18,252	\$18,878	\$19,525
Mortgage Payments:											
Principal	\$6,101	\$6,101	\$6,301	\$6,508	\$6,721	\$6,941	\$7,169	\$7,404	\$7,646	\$7,897	\$8,155
Interest	\$7,358	\$7,358	\$7,158	\$6,952	\$6,738	\$6,518	\$6,291	\$6,056	\$5,813	\$5,563	\$5,304
Total	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459
Cash Flow	\$931	-\$11,933	-\$5,092	\$1,947	\$2,480	\$3,031	\$3,600	\$4,187	\$4,793	\$5,419	\$6,065
Cash-on-Cash Return	2.4%	-30.7%	-13.1%	5.0%	6.4%	7.8%	9.3%	10.8%	12.3%	13.9%	15.6%
Average Annual	2.4%	-30.7%	-21.9%	-12.9%	-8.1%	-4.9%	-2.6%	-0.7%	1.0%	2.4%	3.7%
Principal Payments	\$6,101	\$6,101	\$6,301	\$6,508	\$6,721	\$6,941	\$7,169	\$7,404	\$7,646	\$7,897	\$8,155
Cumulative	\$6,101	\$6,101	\$12,403	\$18,911	\$25,632	\$32,573	\$39,741	\$47,145	\$54,791	\$62,688	\$70,843
Annual Cash Flow & Principal Payments	\$7,032	-\$5,832	\$1,210	\$8,455	\$9,201	\$9,972	\$10,768	\$11,590	\$12,439	\$13,316	\$14,221
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	18.1%	-15.0%	3.1%	21.8%	23.7%	25.7%	27.7%	29.8%	32.0%	34.3%	36.6%
Average Annual	18.1%	-15.0%	-5.9%	3.3%	8.4%	11.8%	14.5%	16.7%	18.6%	20.3%	22.0%
¹ Year 0 is used for the purpose of calculati	ng net HST assu	imed value F	pased on as	sumed can	rate calcula	ated cap rate	and is bas	ed on stabili	zed occupa	ncv but exclu	ıdes
inflation on revenues and costs.	19 101 101, 4550		54564 011 45	sumed cap	ale, calcula		, and is bas		200 000upai	ity but excit	1000
Source: Altus Group											

Vancouver

Project type: Basic Fringe Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS			F	ROJECT DE	EVELOPMEN	T COSTS A	ND FINANCI	NG					
Mortgage interest rate	3.25%												
Amortization period (yrs)	25			-					•				
Loan-to-lending value ratio	85%									nvestment		\$35,505	
Mortgage insur. premium	4.75%								00			\$201,196	
Annual cost inflation	2.0%			5	Subtotal		\$228,000	1	Total costs			\$236,701	
Annual revenue growth	3.0%	market rent							% Equity			15.0%	
Initial monthly rent per unit	\$1,725	\$1,350											
per sq. ft	\$2.88	\$2.25	\$0.63	(GST (net)*		\$8,701	1	Mortgage ins	ur. premium	n	\$9,557	
Stabilized Vacancy rate	1.5%												
Average unit size (net sq. ft.)	600			\$375 \$0.63 GST (net)* \$8,701 Mortgage insur. premium Total Costs \$236,701 Total Financing Required minimum sales price \$272,206 [to generate a 15% development profit] cap rate 5.6% [implied if achieved 15% development profit] Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 \$6,831 \$14,825 \$21,961 \$22,619 \$23,298 \$23,997 \$24,717 \$25,558 \$26,222 \$175 \$366 \$563 \$5500 \$597 \$615 \$634 \$6633 \$567 \$5,901 \$14,432 \$22,2186 \$22,851 \$23,537 \$24,243 \$24,970 \$25,720 \$26,491 \$3,510 \$4,1777 \$4,869 \$4,966 \$5,066 \$5,167 \$5,270 \$5,376 \$5,483 \$1,035 \$1,056 \$1,077 \$1,098 \$1,120 \$1,143 \$1,166 \$1,189 \$1,295 \$2,356 \$9,199 \$16,240 <t< td=""><td>d</td><td>\$210,753</td></t<>				d	\$210,753				
Development profit assumption	:	15%		ı	minimum sa	les price	\$272,206	to generate	a 15% deve				
Average cash-on-cash return a	ssumption	10.0%			cap rate		5.6%	implied if ac	hieved 15%	developme	nt profit]		
										Signal Signal<			
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Revenues:													
Rental income		\$20,700										\$27,009	
Other income		\$531										\$693	
Vacancy allowance		-\$318		• •							• • •	-\$416	
Gross income		\$20,912	\$6,901	\$14,432	\$22,186	\$22,851	\$23,537	\$24,243	\$24,970	\$25,720	\$26,491	\$27,286	
Operating Costs:													
Maintenance and operations		\$4,680	\$3,510	\$4,177	\$4,869	\$4,966	\$5,066	\$5,167	\$5,270	\$5,376	\$5,483	\$5,593	
Property taxes		\$1,035	\$1,035	\$1,056	\$1,077	\$1,098	\$1,120	\$1,143	\$1,166	\$1,189	\$1,213	\$1,237	
Total operating costs		\$5,715	\$4,545	\$5,233	\$5,946	\$6,065	\$6,186	\$6,310	\$6,436	\$6,565	\$6,696	\$6,830	
Net Operating Income		\$15,197	\$2,356	\$9,199	\$16,240	\$16,787	\$17,351	\$17,933	\$18,534	\$19,155	\$19,795	\$20,456	
Calculated cap rate		6.4%											
Mortgage Payments:													
Principal		\$5.574	\$5.574	\$5,756	\$5.945	\$6.140	\$6.341	\$6.549	\$6.763	\$6.985	\$7,214	\$7.450	
Interest		\$6,722		\$6,539	\$6.350	\$6.156	\$5,954	\$5.747	\$5.532	\$5.310	\$5,082	\$4,845	
Total		\$12,295	\$12,295								\$12,295	\$12,295	
Cash Flow		\$2,902	-\$9,939	-\$3,096	\$3,945	\$4,491	\$5,056	\$5,638	\$6,239	\$6,859	\$7,500	\$8,161	
Cash-on-Cash Return		8.2%	-28.0%	-8.7%	11.1%	12.6%	14.2%	15.9%	17.6%	19.3%	21.1%	23.0%	
Average Annual		8.2%	-28.0%	-18.4%	-8.5%	-3.2%	0.3%	2.9%	5.0%	6.8%	8.4%	9.8%	
Principal Payments		\$5,574	\$5,574	\$5,756	\$5,945	\$6,140	\$6,341	\$6,549	\$6,763	\$6,985	\$7,214	\$7,450	
Cumulative		\$5,574	\$5,574	\$11,330	\$17,275	\$23,415	\$29,756	\$36,304	\$43,068	\$50,052	\$57,266	\$64,716	
Annual Cash Flow & Principal Paym	nents	\$8,476	-\$4,366	\$2,660	\$9,890	\$10,631	\$11,396	\$12,187	\$13,002	\$13,844	\$14,713	\$15,611	
Annual Cash Flow & Principal Paym	nents												
as % of Initial Cash Investment		23.9%	-12.3%	7.5%	27.9%	29.9%	32.1%	34.3%	36.6%	39.0%	41.4%	44.0%	
Average Annual		23.9%	-12.3%	-2.4%	7.7%	13.2%	17.0%	19.9%	22.3%	24.4%	26.3%	28.0%	
Year 0 is used for the purpose of inflation on revenues and costs.	calculating i	net HST, assu	umed value b	ased on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	udes	
Source: Altus Group													

Project type: Medium Central, Not Downtown omic Rent: Market Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25% Amortization period (yrs) 25			Develor	ment Costs	:		Financ	ina:			
Loan-to-lending value ratio85%Mortgage insur. premium4.75%Annual cost inflation2.0%				Land Constructior		\$108,000 \$217,000 \$325,000	000 Mortgage 000 Total costs				
Annual revenue growth 3.0% Initial monthly rent per unit \$2,325 per sq. ft \$3.88 Stabilized Vacancy rate 1.5%	market rent \$1,500 \$2.50	difference \$825 \$1.38		GST (net)*		\$10,339	r		ur. premium	ı	15.0% \$13,539
Average unit size (net sq. ft.) 600			Development Costs: Financing: Land \$108,000 Initial cash investment Construction \$217,000 Mortgage Subtotal \$325,000 Total costs % Equity \$217,000 Mortgage Subtotal \$325,000 Total costs % Equity \$217,000 Mortgage insur. premium Total Costs \$335,339 Total Financing Required minimum sales price \$385,640 [to generate a 15% development profit] cap rate 5.6% [implied if achieved 15% development profit] fear 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9,207 \$19,254 \$29,599 \$30,487 \$31,402 \$32,344 \$33,314 \$34,313 \$35,33 \$236 \$494 \$759 \$782 \$805 \$829 \$854 \$800 \$9 \$2142 \$2296 \$455 \$5,469 \$498 \$513 \$528 \$5,571 \$3,780 \$4,498 \$5,244				d	\$298,577			
Development profit assumption:	15%			minimum sa	les price	\$385,640	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assumption	10.0%			cap rate		5.6%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues: Rental income Other income Vacancy allowance Gross income	\$27,900 \$715 -\$429 \$28,186	\$9,207 \$236 -\$142 \$9,301	\$494 -\$296	\$759 -\$455	\$782 -\$469	\$805 -\$483	\$829 -\$498	\$854 -\$513	\$880 -\$528	\$35,343 \$906 -\$544 \$35,705	\$36,403 \$933 -\$560 \$36,777
Operating Costs: Maintenance and operations Property taxes Total operating costs	\$5,040 \$1,594 \$6,634	\$3,780 \$1,594 \$5,374	\$1,626	\$1,659	\$1,692	\$1,726	\$1,760	\$1,796	\$1,831	\$5,905 \$1,868 \$7,773	\$6,023 \$1,905 \$7,929
Net Operating Income Calculated cap rate	\$21,552 6.4%	\$3,927	\$13,327	\$23,000	\$23,759	\$24,543	\$25,351	\$26,184	\$27,045	\$27,932	\$28,848
Mortgage Payments: Principal Interest Total	\$7,896 \$9,523 \$17,419	\$7,896 \$9,523 \$17,419	\$9,264	\$8,997	\$8,721	\$8,436	\$8,141	\$7,837	\$7,523	\$10,220 \$7,199 \$17,419	\$10,555 \$6,864 \$17,419
Cash Flow	\$4,133	-\$13,492	-\$4,092	\$5,581	\$6,340	\$7,124	\$7,932	\$8,765	\$9,626	\$10,513	\$11,429
Cash-on-Cash Return Average Annual	8.2% 8.2%	-26.8% -26.8%								20.9% 8.5%	22.7% 9.9%
Principal Payments Cumulative	\$7,896 \$7,896	\$7,896 \$7,896						. ,		\$10,220 \$81,130	\$10,555 \$91,685
Annual Cash Flow & Principal Payments	\$12,029	-\$5,595	\$4,063	\$14,004	\$15,039	\$16,107	\$17,209	\$18,347	\$19,521	\$20,733	\$21,983
Annual Cash Flow & Principal Payments as %of Initial Cash Investment Average Annual	23.9% 23.9%	-11.1% -11.1%	8.1% -1.5%	27.8% 8.3%	29.9% 13.7%	32.0% 17.3%	34.2% 20.2%	36.5% 22.5%	38.8% 24.5%	41.2% 26.4%	43.7% 28.1%
¹ Year 0 is used for the purpose of calculating r inflation on revenues and costs. Source: Altus Group	net HST, ass	umed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	ldes

Source: Altus Group

Vancouver

Project type: High-End Downtown, Not Prime Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING 3.25% Mortgage interest rate Amortization period (yrs) 25 **Development Costs:** Financing: 85% \$144,000 \$60,467 Loan-to-lending value ratio Land Initial cash investment Mortgage insur. premium 4.75% Construction \$241,000 Mortgage \$342,644 \$403,110 Annual cost inflation 2.0% Subtotal \$385,000 Total costs Annual revenue growth 3.0% market rent difference % Equity 15.0% Initial monthly rent per unit \$2,775 \$1,750 \$1.025 per sq. ft \$4 63 \$2.92 \$1.71 GST (net)* \$18,110 Mortgage insur. premium \$16,276 Stabilized Vacancy rate 1.5% Average unit size (net sq. ft.) 600 **Total Costs** \$403,110 **Total Financing Required** \$358,919 Development profit assumption: 15% minimum sales price \$463,577 [to generate a 15% development profit] Average cash-on-cash return assumption 10.0% cap rate 5.6% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 9 Year 10 Year 7 Year 8 Revenues: Rental income \$33,300 \$10,989 \$22,980 \$35,328 \$36.388 \$37,479 \$38.604 \$39.762 \$40,955 \$42,183 \$43,449 Other income \$854 \$282 \$589 \$906 \$933 \$961 \$990 \$1.020 \$1.050 \$1.082 \$1.114 Vacancy allowance -\$512 -\$169 -\$354 -\$544 -\$560 -\$577 -\$594 -\$612 -\$630 -\$649 -\$668 Gross income \$33,642 \$11,102 \$23,216 \$35,690 \$36,761 \$37,864 \$39,000 \$40,170 \$41,375 \$42,616 \$43,895 **Operating Costs:** Maintenance and operations \$5,400 \$4,050 \$4,820 \$5,618 \$5,731 \$5,845 \$5,962 \$6,081 \$6,203 \$6,327 \$6,453 \$2,260 \$2,398 \$2,545 \$2,596 \$2,648 \$2,701 Property taxes \$2.260 \$2.305 \$2,351 \$2.446 \$2,495 **Total operating costs** \$7,660 \$6,310 \$7,124 \$7,969 \$8,129 \$8,457 \$8,626 \$8,799 \$8,975 \$9,154 \$8,291 \$25,982 \$32,576 \$34,740 Net Operating Income \$4,792 \$16,092 \$27,721 \$28,632 \$29,573 \$30,543 \$31,544 \$33,641 Calculated cap rate 6.4% Mortgage Payments: Principal \$9,492 \$9,492 \$9,803 \$10,124 \$10,456 \$10,799 \$11,153 \$11.518 \$11.895 \$12.285 \$12.688 Interest \$11,447 \$11,447 \$11,136 \$10,815 \$10,483 \$10,141 \$9,787 \$9,421 \$9,044 \$8,654 \$8,252 Total \$20,939 \$20,939 \$20,939 \$20,939 \$20,939 \$20,939 \$20,939 \$20,939 \$20,939 \$20,939 \$20,939 Cash Flow \$5,042 -\$16,147 -\$4,848 \$6,782 \$7,693 \$8,633 \$9,603 \$10,604 \$11,637 \$12,702 \$13,801 -26.7% 11.2% 12.7% 14.3% 17.5% 19.2% Cash-on-Cash Return 8.3% -8.0% 15.9% 21.0% 22.8% 8.3% -26.7% -17.4% -7.8% -2.7% 0.7% 3.2% 5.3% 7.0% 8.6% 10.0% Average Annual **Principal Payments** \$9,492 \$9,492 \$9,803 \$10,124 \$10,456 \$10,799 \$11,153 \$11,518 \$11,895 \$12,285 \$12,688 \$9.492 \$9.492 \$19.296 \$39.876 \$97,526 Cumulative \$29.420 \$50.675 \$61.828 \$73.346 \$85.241 \$110.214 \$14,535 Annual Cash Flow & Principal Payments -\$6,655 \$4.956 \$16,906 \$20.756 \$22,122 \$23,532 \$24,987 \$26,489 \$18.149 \$19,432 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 24.0% -11.0% 8.2% 28.0% 30.0% 32.1% 34.3% 36.6% 38.9% 41.3% 43.8% Average Annual 24.0% -11.0% -1.4% 8.4% 13.8% 17.5% 20.3% 22.6% 24.6% 26.5% 28.2% ¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs. Source: Altus Group

Vancouver

Project type: Basic Fringe Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS			F	PROJECT DE	EVELOPMEN	IT COSTS A	ND FINANCI	NG					
Mortgage interest rate	3.25%												
Amortization period (yrs)	25			-	ment Costs	:		Financ	•				
Loan-to-lending value ratio	85%				and		\$0		nitial cash ir	ivestment		\$24,705	
Mortgage insur. premium	4.75%				Construction		\$156,000		Mortgage			\$139,996	
Annual cost inflation Annual revenue growth	2.0% 3.0%	market rent	difference		Subtotal		\$156,000		Total costs % Equity			\$164,701 <i>15.0%</i>	
Initial monthly rent per unit	\$1,325	\$1,350	-\$25						<i>™ Equity</i>			15.0%	
per sq. ft	\$2.21	\$2.25	-\$0.04	(GST (net)*		\$8,701	,	Mortagae ins		`	\$6,650	
Stabilized Vacancy rate	φ <i>2.2 1</i> 1.5%	φ2.20	-90.04	,			\$0,701		violigage ina	ui. preimun	1	ψ0,000	
Average unit size (net sq. ft.)	600			1	Fotal Costs		\$164,701	1	Total Financ	ing Required	d	\$146,646	
		450/					****	r	450/ 1000		<i>c.a</i>		
Development profit assumption	n:	15%			minimum sa	lies price	\$189,406	to generate	a 15% deve	iopment pro	πij		
Average cash-on-cash return	assumption	10.0%		(cap rate		5.6%	[implied if ac	hieved 15%	developme	. premium g Required prent profit] evelopment profit] year 8 Year 9 \$19,555 \$20,142 \$501 \$516 -\$301 -\$310 \$19,756 \$20,348 \$5,376 \$5,483 \$913 \$932 \$6,289 \$6,415 \$13,466 \$13,933 \$4,860 \$5,019 \$3,695 \$3,536 \$8,555 \$8,555 \$4,911 \$5,378 19.9% 21.8% 6.6% 8.2% \$4,860 \$5,019 \$34,827 \$39,847 \$9,771 \$10,397 39.6% 42.1% 24.2% 26.2%		
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Revenues:					iou. o			.cu. c	iou. i		iou. o	ioui io	
Rental income		\$15,900	\$5,247	\$10,973	\$16,868	\$17,374	\$17,896	\$18,432	\$18,985	\$19,555	\$20,142	\$20,746	
Other income		\$408	\$135	\$281	\$433	\$445	\$459	\$473	\$487	\$501	\$516	\$532	
Vacancy allowance		-\$245	-\$81	-\$169	-\$260	-\$267	-\$275	-\$284	-\$292	-\$301	-\$310	-\$319	
Gross income		\$16,063	\$5,301	\$11,085	\$17,041	\$17,553	\$18,079	\$18,622	\$19,180	\$19,756	\$20,348	\$20,959	
Operating Costs:													
Maintenance and operations		\$4,680	\$3,510	\$4,177	\$4,869	\$4,966	\$5,066	\$5,167	\$5,270	\$5,376	\$5,483	\$5,593	
Property taxes		\$795	\$795	\$811	\$827	\$844	\$861	\$878	\$895	\$913	\$932	\$950	
Total operating costs		\$5,475	\$4,305	\$4,988	\$5,696	\$5,810	\$5,926	\$6,045	\$6,166	\$6,289	\$6,415	\$6,543	
Net Operating Income		\$10,588	\$996	\$6,097	\$11,345	\$11,742	\$12,153	\$12,577	\$13,014	\$13,466	\$13,933	\$14,415	
Calculated cap rate		6.4%											
Martina na Davimanta.													
Mortgage Payments: Principal		\$3,878	\$3,878	\$4,005	\$4,137	\$4,272	\$4,412	\$4,557	\$4,706	¢1 960	¢5 010	\$5,184	
Interest		\$3,878 \$4,677	\$3,678 \$4,677	\$4,005 \$4,550	\$4,137 \$4,419	\$4,272 \$4,283	\$4,412 \$4,143	\$4,557 \$3,999	\$4,708 \$3,849			\$3,164 \$3,371	
Total		\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555	\$8,555			\$8,555	
Cash Flow		\$2,033	-\$7,560	-\$2,458	\$2,790	\$3,187	\$3,597	\$4,021	\$4,459			\$5,860	
Cash-on-Cash Return		8.2%	-30.6%	-9.9%	11.3%	12.9%	14.6%	16.3%	18.0%	10.0%	21 8%	23.7%	
Average Annual		8.2%	-30.6%	-20.3%	-9.8%	-4.1%	-0.4%	2.4%	4.6%			9.8%	
Principal Payments		\$3,878	\$3,878	\$4,005	\$4,137	\$4,272	\$4,412	\$4,557	\$4,706	\$4.860	\$5.019	\$5,184	
Cumulative		\$3,878	\$3,878	\$7,884	\$12,020	\$16,292	\$20,705	\$25,261	\$29,967	\$34,827		\$45,031	
Annual Cash Flow & Principal Pay	ments	\$5,911	-\$3,681	\$1,547	\$6,926	\$7,459	\$8,010	\$8,578	\$9,165	\$9,771	\$10,397	\$11,044	
Annual Cash Flow & Principal Pay	ments												
as % of Initial Cash Investment		23.9%	-14.9%	6.3%	28.0%	30.2%	32.4%	34.7%	37.1%	39.6%	42.1%	44.7%	
Average Annual		23.9%	-14.9%	-4.3%	6.5%	12.4%	16.4%	19.5%	22.0%	24.2%	26.2%	28.0%	
Year 0 is used for the purpose of inflation on revenues and costs. Source: Altus Group	0	net HST, assu	umed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	udes	

Source: Altus Group

Project type: Mediun Central, Not Downtow omic Rent: Zero Land Value

Per Unit

		F	PROJECT DE	EVELOPMEN	T COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25% Amortization period (yrs) 25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%				and		\$0		nitial cash ir	ivestment		\$34,101
Mortgage insur. premium 4.75%				Construction Subtotal		\$217,000		<i>N</i> ortgage			\$193,238
Annual cost inflation 2.0% Annual revenue growth 3.0%	market rent	difference	:	Subtotal		\$217,000		Total costs % Equity			\$227,339 15.0%
Initial monthly rent per unit \$1,725	\$1,500	\$225						70 Equity			10.070
per sq. ft \$2.88	\$2.50	\$0.38	(GST (net)*		\$10,339	N	Aortgage ins	ur. premium	ı	\$9,179
Stabilized Vacancy rate 1.5%			_				_				
Average unit size (net sq. ft.) 600			ī	Total Costs		\$227,339	ſ	otal Financ	ing Require	d	\$202,417
Development profit assumption:	15%		I	minimum sa	les price	\$261,440 [to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assumption	10.0%			cap rate		5.6% [implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:											
Rental income	\$20,700	\$6,831 \$175	\$14,285 \$366	\$21,961 \$563	\$22,619 \$580	\$23,298 \$597	\$23,997 \$615	\$24,717 \$634	\$25,458 \$653	\$26,222 \$672	\$27,009 \$693
Other income Vacancy allowance	\$531 -\$318	\$175 -\$105	\$366 -\$220	\$303 -\$338	-\$348	ېوچې \$358-	-\$369	\$634 -\$380	\$653 -\$392	\$672 -\$403	-\$416
Gross income	\$20,912	\$6,901	\$14,432	\$22,186	\$22,851	\$23,537	\$24,243	\$24,970	\$25,720	\$26,491	\$27,286
Operating Costs:											
Maintenance and operations	\$5,040	\$3,780	\$4,498	\$5,244	\$5,348	\$5,455	\$5,565	\$5,676	\$5,789	\$5,905	\$6,023
Property taxes	\$1,183	\$1,183	\$1,207	\$1,231	\$1,255	\$1,280	\$1,306	\$1,332	\$1,359	\$1,386	\$1,414
Total operating costs	\$6,223	\$4,963	\$5,705	\$6,474	\$6,604	\$6,736	\$6,871	\$7,008	\$7,148	\$7,291	\$7,437
Net Operating Income Calculated cap rate	\$14,689 <i>6.5%</i>	\$1,938	\$8,727	\$15,712	\$16,248	\$16,801	\$17,372	\$17,962	\$18,571	\$19,200	\$19,849
Mortgage Payments:											
Principal	\$5,353	\$5,353	\$5,529	\$5,710	\$5,897	\$6,090	\$6,290	\$6,496	\$6,709	\$6,928	\$7,155
Interest	\$6,456	\$6,456	\$6,280	\$6,099	\$5,912	\$5,719	\$5,519	\$5,313	\$5,100	\$4,881	\$4,654
Total	\$11,809	\$11,809	\$11,809	\$11,809	\$11,809	\$11,809	\$11,809	\$11,809	\$11,809	\$11,809	\$11,809
Cash Flow	\$2,880	-\$9,871	-\$3,082	\$3,903	\$4,439	\$4,992	\$5,564	\$6,153	\$6,762	\$7,391	\$8,040
Cash-on-Cash Return Average Annual	8.4% 8.4%	-28.9% -28.9%	-9.0% -19.0%	11.4% -8.8%	13.0% -3.4%	14.6% 0.2%	16.3% 2.9%	18.0% 5.1%	19.8% 6.9%	21.7% 8.6%	23.6% 10.1%
Principal Payments Cumulative	\$5,353 \$5,353	\$5,353 \$5,353	\$5,529 \$10,882	\$5,710 \$16,592	\$5,897 \$22,489	\$6,090 \$28,579	\$6,290 \$34,868	\$6,496 \$41,364	\$6,709 \$48,073	\$6,928 \$55,001	\$7,155 \$62,156
Annual Cash Flow & Principal Payments	\$8,234	-\$4,518	\$2,447	\$9,612	\$10,336	\$11,082	\$11,853	\$12,649	\$13,471	\$14,319	\$15,195
Annual Cash Flow & Principal Payments as % of Initial Cash Investment	24.1% 24.1%	-13.2% -13.2%	7.2% -3.0%	28.2% 7.4%	30.3% 13.1%	32.5% 17.0%	34.8% 19.9%	37.1% 22.4%	39.5% 24.5%	42.0% 26.5%	44.6% 28.3%

Project type: High-End Downtown, Not Prime Economic Rent; Zero Land Value

\$38.867

\$220,244

\$259,110

15.0%

\$10,462

\$230,705

Year 10

\$30,532

\$30,845

\$6,453

\$1,898

\$8,351

\$22,494

\$8,155

\$5,304

\$13,459 \$9,034

23.2%

9.8%

\$8,155

\$70,843 \$17,190

44.2%

28.0%

\$783

-\$470

KEY INPUT ASSUMPTIONS			1	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG			
Mortgage interest rate	3.25%										
Amortization period (yrs)	25			Develop	ment Costs	:		Financ	cing:		
Loan-to-lending value ratio	85%			I	Land		\$0	I	Initial cash ir	nvestment	
Mortgage insur. premium	4.75%			(Construction	I	\$241,000	I	Mortgage		:
Annual cost inflation	2.0%			:	Subtotal		\$241,000	-	Total costs		:
Annual revenue growth	3.0%	market rent	difference						% Equity		
Initial monthly rent per unit	\$1,950	\$1,750	\$200								
per sq. ft	\$3.25	\$2.92	\$0.33	(GST (net)*		\$18,110	1	Mortgage ins	ur. premium	า
Stabilized Vacancy rate	1.5%				· · ·				0 0	•	
Average unit size (net sq. ft.)	600			-	Total Costs		\$259,110		Total Financ	ing Require	d :
Development profit assumpti	on:	15%			minimum sa	les price	\$297,977	[to generate	a 15% deve	lopment pro	fit]
Average cash-on-cash return	assumption	10.0%			cap rate		5.6%	[implied if ad	hieved 15%	developme	nt profit]
Average basin on basin etan	ussumption	10.070			Jupine		0.070	[implied il de	///////////////////////////////////////	developine	mprong
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Rental income		\$23,400	\$7,722	\$16,148	\$24,825	\$25,570	\$26,337	\$27,127	\$27,941	\$28,779	\$29,642
Other income		\$600	\$198	\$414	\$637	\$656	\$675	\$696	\$716	\$738	\$760
Vacancy allowance		-\$360	-\$119	-\$248	-\$382	-\$393	-\$405	-\$417	-\$430	-\$443	-\$456
Gross income		\$23,640	\$7,801	\$16,314	\$25,080	\$25,832	\$26,607	\$27,405	\$28,227	\$29,074	\$29,946
Operating Costs:											
Maintenance and operations		\$5,400	\$4,050	\$4,820	\$5,618	\$5,731	\$5,845	\$5,962	\$6,081	\$6,203	\$6,327
Property taxes		\$1,588	\$1,588	\$1,620	\$1,652	\$1,685	\$1,719	\$1,753	\$1,788	\$1,824	\$1,861
Total operating costs		\$6,988	\$5,638	\$6,439	\$7,270	\$7,416	\$7,564	\$7,715	\$7,870	\$8,027	\$8,187
Net Operating Income		\$16,652	\$2,163	\$9,875	\$17,809	\$18,416	\$19,043	\$19,690	\$20,358	\$21,047	\$21,759
Calculated cap rate		6.4%									
Mortgage Payments:											
Principal		\$6,101	\$6,101	\$6,301	\$6,508	\$6,721	\$6,941	\$7,169	\$7,404	\$7,646	\$7,897
Interest		\$7,358	\$7.358	\$7,158	\$6,952	\$6,738	\$6,518	\$6,291	\$6,056	\$5,813	\$5,563
Total		\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459	\$13,459
Cash Flow		\$3,193	-\$11,296	-\$3,585	\$4,350	\$4,957	\$5,584	\$6,231	\$6,899	\$7,588	\$8,300
Cash-on-Cash Return		8.2%	-29.1%	-9.2%	11.2%	12.8%	14.4%	16.0%	17.7%	19.5%	21.4%
Average Annual		8.2%	-29.1%	-19.1%	-9.0%	-3.6%	0.0%	2.7%	4.8%	6.7%	8.3%
Principal Payments		\$6,101	\$6,101	\$6,301	\$6,508	\$6,721	\$6,941	\$7,169	\$7,404	\$7,646	\$7,897
Cumulative		\$6,101	\$6,101	\$12,403	\$18,911	\$25,632	\$32,573	\$39,741	\$47,145	\$54,791	\$62,688
Annual Cash Flow & Principal Pa	yments	\$9,294	-\$5,195	\$2,717	\$10,858	\$11,678	\$12,525	\$13,399	\$14,302	\$15,234	\$16,196
Annual Cash Flow & Principal Pa	yments										
as % of Initial Cash Investment		23.9%	-13.4%	7.0%	27.9%	30.0%	32.2%	34.5%	36.8%	39.2%	41.7%
Average Annual		23.9%	-13.4%	-3.2%	7.2%	12.9%	16.8%	19.7%	22.2%	24.3%	26.2%
¹ Year 0 is used for the purpose	of calculating	net HST assi	umed value b	ased on as	sumed cap	rate calcula	ated cap rate	and is has	ed on stabili	zed occupar	ncy but exclud

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Vancouver

Calgary

er Unit algary							Ма	rket Re	ent; Zere		Fringe Value
									-		
KEY INPUT ASSUMPTIONS		F	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25				ment Costs	:		Financ	•			
Loan-to-lending value ratio 85%				_and		\$0		nitial cash ir	nvestment		\$27,4
Mortgage insur. premium 4.75% Annual cost inflation 2.0%				Constructior Subtotal	1	\$177,000		Vortgage			\$155,6 \$183.1
Annual cost inflation2.0%Annual revenue growth2.0%				Subiolai		\$177,000		Fotal costs % Equity			ə 183,1 15.0
Initial monthly rent per unit \$1,250								70 Lyuny			75.0
per sq. ft \$1.81			(GST (net)*		\$6,112	r	Mortgage ins	sur. premium	า	\$7,3
Stabilized Vacancy rate 3.5%						+-,					÷.,-
Average unit size (net sq. ft.) 690			-	Total Costs		\$183,112	-	Fotal Financ	ing Require	d	\$163,0
Development profit assumption:	15%			minimum sa	les price	\$210,579	to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.1%	ïmplied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year
Revenues:											
Rental income	\$15,000	\$4,950	\$10,251	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,9
Other income	\$385	\$127	\$263	\$400	\$408	\$416	\$425	\$433	\$442	\$451	\$4
Vacancy allowance Gross income	-\$538 \$14,846	-\$178 \$4,899	-\$368 \$10,146	-\$560 \$15,446	-\$571 \$15,755	-\$583 \$16,070	-\$595 \$16,391	-\$606 \$16,719	-\$619 \$17,054	-\$631 \$17,395	-\$6 \$17,7
	φ1 4 ,040	\$ 4,055	φ10,140	φ1 3 ,440	φ13,733	\$10,070	φ10,331	φ10,71 3	φ17,0 5 4	φ17,35 5	φ17,7
Operating Costs:	.	A A T AA		AF 100	AF 070	* = • = •	A= 10=	AF F AF	A	AF AA /	6- 0
Maintenance and operations Property taxes	\$4,968 \$1,283	\$3,726 \$1,283	\$4,434 \$1,309	\$5,169 \$1,335	\$5,272 \$1,362	\$5,378 \$1,389	\$5,485 \$1,417	\$5,595 \$1,445	\$5,707 \$1,474	\$5,821 \$1,503	\$5,9 \$1,5
Total operating costs	\$6,251	\$5,009	\$5,743	\$6,504	\$6,634	\$6,767	\$6,902	\$7,040	\$7,181	\$7,324	\$7,4
Net Operating Income	\$8,595 4.7%	-\$110	\$4,403	\$8,942	\$9,121	\$9,303	\$9,490	\$9,679	\$9,873	\$10,070	\$10,2
Calculated cap rate	4.1%										
Mortgage Payments:	.			A . 500	A	* • • • • -	* =	AF 000	AF 100	A- - - - - - - - - -	A- -
Principal Interest	\$4,312 \$5,200	\$4,312 \$5,200	\$4,453	\$4,599	\$4,750	\$4,905	\$5,066	\$5,232	\$5,403	\$5,580	\$5,7
Total	\$5,200 \$9,512	\$5,200 \$9,512	\$5,059 \$9,512	\$4,913 \$9,512	\$4,762 \$9,512	\$4,606 \$9,512	\$4,446 \$9,512	\$4,280 \$9,512	\$4,108 \$9,512	\$3,931 \$9,512	\$3,7 \$9,5
Cash Flow	-\$917	-\$9,622	-\$5,109	-\$569	-\$391	-\$208	-\$22	\$168	\$361	\$559	¢0,0 \$7
		. ,		• • • • •	•			•		• • • • •	-
Cash-on-Cash Return Average Annual	-3.3% -3.3%	-35.0% -35.0%	-18.6% -26.8%	-2.1% -18.6%	-1.4% -14.3%	-0.8% -11.6%	-0.1% -9.7%	0.6% -8.2%	1.3% -7.0%	2.0% -6.0%	2. -5.1
Principal Payments	\$4,312	\$4,312	\$4,453	\$4,599	\$4,750	\$4,905	\$5,066	\$5,232	\$5,403	\$5,580	\$5,7
Cumulative	\$4,312	\$4,312	\$8,765	\$13,364	\$18,114	\$23,019	\$28,085	\$33,317	\$38,721	\$44,301	\$50,0
Annual Cash Flow & Principal Payments	\$3,395	-\$5,310	-\$655	\$4,030	\$4,359	\$4,697	\$5,044	\$5,400	\$5,765	\$6,139	\$6,5
Annual Cash Flow & Principal Payments											
	12.4%	-19.3%	-2.4%	14.7%	15.9% 2.2%	17.1% 5.2%	18.4%	19.7% 9.1%	21.0%	22.4%	23.
as % of Initial Cash Investment Average Annual	12.4%	-19.3%	-10.9%	-2.3%			7.4%		10.6%	11.9%	13.1

Pro Forma for Developmen	New Private Rental Apartment Building
Per Unit	

Calgary

KEY INPUT ASSUMPTIONS

Project type: Medium Central, Not Downtown arket Rent; Zero Land Value

PROJECT DEVELOPMENT COSTS AND FINANCING

Mortgage interest rate 3.25% Amortization period (yrs) 25 Loan-to-lending value ratio 85% Mortgage insur. premium 4.75% Annual cost inflation 2.0% Annual revenue growth 2.0% Initial monthly rent per unit \$1,650			 	ment Costs Land Constructior Subtotal		\$0 \$253,000 \$253,000	I	ring: nitial cash in Mortgage Total costs <i>% Equity</i>	nvestment		\$39,45 \$223,55 \$263,00 <i>15.09</i>
per sq. ft \$2.39 Stabilized Vacancy rate 3.5%			(GST (net)*		\$10,001	I	Mortgage ins	sur. premium	n	\$10,61
Average unit size (net sq. ft.) 690				Total Costs		\$263,001	-	Total Financ	ing Require	d	\$234,16
Development profit assumption:	15%			minimum sa	ales price	\$302,451	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.4%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 1
Rental income	\$19.800	\$6,534	\$13,531	\$20.600	\$21,012	\$21,432	\$21,861	\$22.298	\$22.744	\$23,199	\$23,66
Other income	\$1.042	\$344	\$712	\$1.084	\$1,106	\$1,128	\$1.151	\$1,174	\$1,197	\$1.221	\$1.24
Vacancy allowance	-\$729	-\$241	-\$499	-\$759	-\$774	-\$790	-\$805	-\$822	-\$838	-\$855	-\$8
Gross income	\$20,113	\$6,637	\$13,745	\$20,925	\$21,344	\$21,771	\$22,206	\$22,650	\$23,103	\$23,565	\$24,0
Operating Costs:											
Maintenance and operations	\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,9
Property taxes	\$1,863	\$1,863	\$1,900	\$1,938	\$1,977	\$2,016	\$2,056	\$2,098	\$2,140	\$2,182	\$2,2
Total operating costs	\$6,831	\$5,589	\$6,334	\$7,107	\$7,249	\$7,394	\$7,542	\$7,692	\$7,846	\$8,003	\$8,1
Net Operating Income Calculated cap rate	\$13,282 5.1%	\$1,049	\$7,411	\$13,819	\$14,095	\$14,377	\$14,664	\$14,958	\$15,257	\$15,562	\$15,8
Mortgage Payments:											
Principal	\$6,193	\$6,193	\$6,396	\$6,605	\$6,822	\$7,045	\$7,276	\$7,515	\$7,761	\$8,015	\$8,2
Interest	\$7,468	\$7,468	\$7,265	\$7,056	\$6,839	\$6,616	\$6,385	\$6,147	\$5,901	\$5,646	\$5,3
Total	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,6
Cash Flow	-\$379	-\$12,613	-\$6,250	\$157	\$434	\$716	\$1,003	\$1,296	\$1,596	\$1,901	\$2,2
Cash-on-Cash Return	-1.0%	-32.0%	-15.8%	0.4%	1.1%	1.8%	2.5%	3.3%	4.0%	4.8%	5.
Average Annual	-1.0%	-32.0%	-23.9%	-15.8%	-11.6%	-8.9%	-7.0%	-5.5%	-4.3%	-3.3%	-2.4
Principal Payments	\$6,193	\$6,193	\$6,396	\$6,605	\$6,822	\$7,045	\$7,276	\$7,515	\$7,761	\$8.015	\$8,2
Cumulative	\$6,193	\$6,193	\$12,589	\$19,194	\$26,016	\$33,062	\$40,338	\$47,853	\$55,614	\$63,629	\$71,9
Annual Cash Flow & Principal Payments	\$5,814	-\$6,420	\$146	\$6,763	\$7,256	\$7,761	\$8,279	\$8,811	\$9,356	\$9,916	\$10,4
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	14.7%	-16.3%	0.4%	17.1%	18.4%	19.7%	21.0%	22.3%	23.7%	25.1%	26.
	14.7%	-16.3%	-8.0%	0.4%	4.9%	7.9%	10.0%	11.8%	13.3%	14.6%	15.8

Calgary

KEY INPUT ASSUMPTIONS

Project type: High-End Downtown, Not Prime Market Rent; Zero Land Value

PROJECT DEVELOPMENT COSTS AND FINANCING

Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio	85%				_and		\$0	1	nitial cash ir	vestment		\$44,3
Mortgage insur. premium	4.75%			(Construction		\$284,000	P	Nortgage			\$251,5
Annual cost inflation	2.0%			5	Subtotal		\$284,000	٦	Total costs			\$295,9
Annual revenue growth	2.0%								% Equity			15.0
Initial monthly rent per unit	\$1,750								1.5			
per sq. ft	\$2.54			(GST (net)*		\$11.924	r.	Nortgage ins	ur. premium	า	\$11,9
Stabilized Vacancy rate	3.5%						• •		3.3			• •
Average unit size (net sq. ft.)	690			٦	Fotal Costs		\$295,924	r	Total Financi	ing Required	d	\$263,4
Development profit assumptio	on:	15%		I	minimum sa	les price	\$340,313 [to generate	a 15% deve	lopment pro	fit]	
					cap rate		4.2% [implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Yea
Rental income		\$21,000	\$6,930	\$14,351	\$21,848	\$22,285	\$22,731	\$23,186	\$23,649	\$24,122	\$24,605	\$25
Other income		\$1,105	\$365	\$755	\$1,150	\$1,173	\$1,196	\$1,220	\$1,245	\$1,270	\$1,295	\$1,
Vacancy allowance		-\$774	-\$255	-\$529	-\$805	-\$821	-\$837	-\$854	-\$871	-\$889	-\$906	-\$
Gross income		\$21,332	\$7,039	\$14,578	\$22,193	\$22,637	\$23,090	\$23,552	\$24,023	\$24,503	\$24,993	\$25,
Operating Costs:												
Maintenance and operations		\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5
Property taxes		\$2,107	\$2,107	\$2,149	\$2,192	\$2,236	\$2,281	\$2,326	\$2,373	\$2,420	\$2,469	\$2,
Total operating costs		\$7,075	\$5,833	\$6,583	\$7,361	\$7,508	\$7,658	\$7,812	\$7,968	\$8,127	\$8,290	\$8,
Net Operating Income Calculated cap rate		\$14,256 <i>4.8%</i>	\$1,206	\$7,995	\$14,832	\$15,129	\$15,432	\$15,740	\$16,055	\$16,376	\$16,704	\$17
Nortgage Payments:												
Principal		\$6,968	\$6,968	\$7,197	\$7,432	\$7,676	\$7,927	\$8,187	\$8,455	\$8,732	\$9,019	\$9.
Interest		\$8,403	\$8,403	\$8.175	\$7,939	\$7,696	\$7,327 \$7,444	\$7,184	\$6,916	\$6.639	\$6,353	\$6.
Total		\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15
Cash Flow		-\$1,115	-\$14,165	-\$7,377	-\$539	-\$243	\$60	\$369	\$683	\$1,005	\$1,332	\$1
Cash-on-Cash Return		-2.5%	-31.9%	-16.6%	-1.2%	-0.5%	0.1%	0.8%	1.5%	2.3%	3.0%	3
Average Annual		-2.5%	-31.9%	-24.3%	-16.6%	-12.6%	-10.0%	-8.2%	-6.8%	-5.7%	-4.7%	-3
Principal Payments		\$6,968	\$6,968	\$7,197	\$7,432	\$7,676	\$7,927	\$8,187	\$8,455	\$8,732	\$9,019	\$9
Cumulative		\$6,968	\$6,968	\$14,165	\$21,597	\$29,273	\$37,201	\$45,388	\$53,843	\$62,576	\$71,594	\$80,
Annual Cash Flow & Principal Pay	ments	\$5,853	-\$7,197	-\$180	\$6,893	\$7,433	\$7,987	\$8,556	\$9,139	\$9,737	\$10,351	\$10
Annual Cash Flow & Principal Pay	ments											
as % of Initial Cash Investment		13.2%	-16.2%	-0.4%	15.5%	16.7%	18.0%	19.3%	20.6%	21.9%	23.3%	24
Average Annual		13.2%	-16.2%	-8.3%	-0.4%	3.9%	6.7%	8.8%	10.5%	11.9%	13.2%	14.

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Project type: Basic Fringe Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			-	ment Costs	:		Financ	5			
Loan-to-lending value ratio 85%				Land		\$33,000		nitial cash ir	vestment		\$32,417
Mortgage insur. premium 4.75%				Construction		\$177,000		Mortgage			\$183,695
Annual cost inflation 2.0%			:	Subtotal		\$210,000		Total costs			\$216,112
Annual revenue growth 2.0%	market rent							% Equity			15.0%
Initial monthly rent per unit \$1,850	\$1,250	\$600				CC 110		Mantana an ing			¢0.700
per sq. ft \$2.68 Stabilized Vacancy rate 3.5%	\$1.81	\$0.87	,	GST (net)*		\$6,112	'	Mortgage ins	ur. premiun	1	\$8,726
Average unit size (net sq. ft.) 690			-	Total Costs		\$216,112	-	Total Financi	ina Require	ч	\$192,421
				10121 00313		Ψ210,112			ing requires	u	ψ132, 4 21
Development profit assumption:	15%			minimum sa	les price	\$248,529	to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assumptio	n 10.0%			cap rate		6.1%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:			.	• · · · · · · ·							
Rental income	\$22,200	\$7,326	\$15,171	\$23,097	\$23,559	\$24,030	\$24,511	\$25,001	\$25,501	\$26,011	\$26,531
Other income	\$569 -\$797	\$188 -\$263	\$389 -\$545	\$592 -\$829	\$604 -\$846	\$616 -\$863	\$628 -\$880	\$641 -\$897	\$654 -\$915	\$667 -\$934	\$680 -\$952
Vacancy allowance Gross income	\$21,972	-∌∠o3 \$7,251	-ຉຉຌຉ \$15,016	- _{⊅029} \$22,860	- _{\$040} \$23,317	-३०७३ \$23,784	- _{\$000}	- _{\$697} \$24,744	-5915 \$25,239	- _{\$934} \$25,744	- _{\$952} \$26,259
Gloss Income	\$21,972	\$7,231	\$15,010	\$22,000	\$23,317	φ23,704	\$24,2 39	\$24,744	\$23,239	\$23,744	\$20,259
Operating Costs:											
Maintenance and operations	\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes	\$1,899	\$1,899	\$1,937	\$1,976	\$2,015	\$2,056	\$2,097	\$2,139	\$2,182	\$2,225	\$2,270
Total operating costs	\$6,867	\$5,625	\$6,371	\$7,145	\$7,287	\$7,433	\$7,582	\$7,734	\$7,888	\$8,046	\$8,207
Net Operating Income Calculated cap rate	\$15,105 7.0%	\$1,626	\$8,645	\$15,715	\$16,030	\$16,350	\$16,677	\$17,011	\$17,351	\$17,698	\$18,052
Mortgage Payments:											
Principal	\$5,089	\$5,089	\$5,256	\$5,428	\$5,606	\$5,789	\$5,979	\$6,175	\$6,377	\$6,586	\$6,802
Interest	\$6,137	\$6,137	\$5,970	\$5,798	\$5,620	\$5,436	\$5,247	\$5,051	\$4,849	\$4,640	\$4,424
Total	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226	\$11,226
Cash Flow	\$3,879	-\$9,600	-\$2,581	\$4,490	\$4,804	\$5,125	\$5,452	\$5,785	\$6,125	\$6,472	\$6,826
Cash-on-Cash Return	12.0%	-29.6%	-8.0%	13.8%	14.8%	15.8%	16.8%	17.8%	18.9%	20.0%	21.1%
Average Annual	12.0%	-29.6%	-18.8%	-7.9%	-2.2%	1.4%	4.0%	5.9%	7.6%	8.9%	10.1%
Principal Payments Cumulative	\$5,089 \$5,089	\$5,089 \$5,089	\$5,256 \$10,345	\$5,428 \$15,772	\$5,606 \$21,378	\$5,789 \$27,167	\$5,979 \$33,146	\$6,175 \$39,321	\$6,377 \$45,699	\$6,586 \$52,285	\$6,802 \$59,087
Annual Cash Flow & Principal Payments	\$8,968	-\$4,511	\$2,675	\$9,917	\$10,410	\$10,914	\$11,431	\$11,960	\$12,503	\$13,059	\$13,628
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	27.7%	-13.9%	8.3%	30.6%	32.1%	33.7%	35.3%	36.9%	38.6%	40.3%	42.0%
Average Annual	27.7%	-13.9%	-2.8%	8.3%	14.3%	18.1%	21.0%	23.3%	25.2%	26.9%	28.4%

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Project type: Medium Central, Not Downtown nomic Rent; Market Land Value

KEY INPUT ASSUMPTIONS

PROJECT DEVELOPMENT COSTS AND FINANCING

Mortgage interest rate	3.25% 25			Davialar	mant Casta	_		Guene	. I			
Amortization period (yrs)				•	ment Costs	-		Financ	•			
Loan-to-lending value ratio	85%				Land		\$41,000		Initial cash ir	ivestment		\$45,600
Mortgage insur. premium	4.75%				Construction		\$253,000		Mortgage			\$258,401
Annual cost inflation	2.0%				Subtotal		\$294,000	-	Total costs			\$304,001
Annual revenue growth	2.0%	market rent							% Equity			15.0%
Initial monthly rent per unit	\$2,350	\$1,650	\$700									
per sq. ft	\$3.41	\$2.39	\$1.01	(GST (net)*		\$10,001	I	Mortgage ins	ur. premiun	า	\$12,274
Stabilized Vacancy rate	3.5%											
Average unit size (net sq. ft.)	690			٦	Total Costs		\$304,001	-	Total Financ	ing Require	d	\$270,675
Development profit assumption	1:	15%		I	minimum sa	les price	\$349,601 [to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return a	ssumption	10.0%			cap rate		6.0% [implied if ac	chieved 15%	developme	nt profit]	
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:		Teal U	ieai i	Teal 2	Teal 5	ical 4	ieal J	Teal 0		Teal o	Teal 5	ieai iu
Rental income		\$28,200	\$9,306	\$19,272	\$29,339	\$29,926	\$30,525	\$31,135	\$31,758	\$32,393	\$33,041	\$33,702
Other income		\$1,484	\$490	\$1,014	\$1,544	\$1,575	\$1,607	\$1,639	\$1,671	\$1,705	\$1,739	\$1,774
Vacancy allowance		-\$1.039	-\$343	-\$710	-\$1,081	-\$1,103	-\$1.125	-\$1,147	-\$1,170	-\$1,193	-\$1,217	-\$1,242
Gross income		\$28,645	\$9,453	\$19,576	\$29,803	\$30,399	\$31,007	\$31,627	\$32,259	\$32,904	\$33,562	\$34,234
Gross income		φ20,0 4 5	ψ3,400	ψ13,570	Ψ23,003	400,000	\$51,007	Ψ 3 1,027	452,255	ψ 5 2,504	ψ 3 3,302	Ψ J 4 ,2 J 4
Operating Costs:												
Maintenance and operations		\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes		\$2,653	\$2,653	\$2,706	\$2,760	\$2,815	\$2,871	\$2,929	\$2,987	\$3,047	\$3,108	\$3,170
Total operating costs		\$7,621	\$6,379	\$7,140	\$7,929	\$8,087	\$8,249	\$8,414	\$8,582	\$8,754	\$8,929	\$9,108
Net Operating Income		\$21,025	\$3,074	\$12.436	\$21,874	\$22,311	\$22.758	\$23,213	\$23,677	\$24,151	\$24,634	\$25,126
Calculated cap rate		6.9%	••,••	•,	+,	+ , - · · ·	,	• ,	+,	• =-,	•,••	+,
Mortgage Payments:												
Principal		\$7.158	\$7.158	\$7,393	\$7.635	\$7,885	\$8,144	\$8.411	\$8.686	\$8,971	\$9,265	\$9,568
Interest		\$8,633	\$8,633	\$8,398	\$8,156	\$7,906	\$7,647	\$7,381	\$7,105	\$6,820	\$6,526	\$6,223
Total		\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791	\$15,791
Cash Flow		\$5,233	-\$12,717	-\$3,355	\$6,083	\$6,520	\$6,966	\$7,422	\$7,886	\$8,359	\$8,842	\$9,335
Cash-on-Cash Return		11.5%	-27.9%	-7.4%	13.3%	14.3%	15.3%	16.3%	17.3%	18.3%	19.4%	20.5%
Average Annual		11.5%	-27.9%	-17.6%	-7.3%	-1.9%	1.5%	4.0%	5.9%	7.4%	8.8%	9.9%
Principal Payments		\$7,158	\$7,158	\$7,393	\$7,635	\$7,885	\$8,144	\$8,411	\$8,686	\$8,971	\$9,265	\$9,568
Cumulative		\$7,158	\$7,158	\$14,552	\$22,187	\$30,072	\$38,216	\$46,627	\$55,313	\$64,283	\$73,548	\$83,116
Annual Cash Flow & Principal Paym	nents	\$12,392	-\$5,558	\$4,038	\$13,718	\$14,406	\$15,110	\$15,832	\$16,572	\$17,330	\$18,107	\$18,903
Annual Cash Flow & Principal Payn	nents											
Annual Cash Flow & Principal Payn as % of Initial Cash Investment	nents	27.2%	-12.2%	8.9%	30.1%	31.6%	33.1%	34.7%	36.3%	38.0%	39.7%	41.5%

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Project type: High-End Downtown, Not Prime Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS

Calgary

PROJECT DEVELOPMENT COSTS AND FINANCING

Amortization period (yrs) Loan-to-lending value ratio Mortgage insur. premium Annual cost inflation Annual revenue growth Initial monthly rent per unit	3.25% 25 85% 4.75% 2.0% 2.0% \$2.625 \$3.80 3.5% 690	market rent \$1,750 <i>\$2.54</i>	difference \$875 <i>\$1.27</i>		ment Costs Land Construction Subtotal GST (net)*	:	\$50,000 \$284,000 \$334,000 \$11,924 \$345,924	ח ר ח	nitial cash ir Mortgage Fotal costs <i>% Equity</i> Mortgage ins	ivestment .ur. premium ing Require d		\$51,889 \$294,036 \$345,924 <i>15.0%</i> \$13,967 \$308,002
Development profit assumption:		15%		,	minimum sa	les price	\$397,813	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return ass	sumption	10.0%		c	cap rate		6.0%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:												
Rental income		\$31,500	\$10,395	\$21,527	\$32,773	\$33,428	\$34,097	\$34,779	\$35,474	\$36,184	\$36,907	\$37,645
Other income		\$1,658	\$547	\$1,133	\$1,725	\$1,759	\$1,795	\$1,830	\$1,867	\$1,904	\$1,942	\$1,981
Vacancy allowance		-\$1,161	-\$383	-\$793	-\$1,207	-\$1,232	-\$1,256	-\$1,281	-\$1,307	-\$1,333	-\$1,360	-\$1,387
Gross income		\$31,997	\$10,559	\$21,867	\$33,290	\$33,956	\$34,635	\$35,328	\$36,034	\$36,755	\$37,490	\$38,240
Operating Costs:												
Maintenance and operations		\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes		\$3,161	\$3,161	\$3,224	\$3,288	\$3,354	\$3,421	\$3,490	\$3,559	\$3,631	\$3,703	\$3,777
Total operating costs		\$8,129	\$6,887	\$7,658	\$8,457	\$8,626	\$8,799	\$8,975	\$9,154	\$9,337	\$9,524	\$9,715
Net Operating Income		\$23,869	\$3,672	\$14,209	\$24,833	\$25,330	\$25,836	\$26,353	\$26,880	\$27,418	\$27,966	\$28,525
Calculated cap rate		6.9%	<i>Q</i> 0 ,012	ψ14,200	¥24,000	<i>420,000</i>	<i>420,000</i>	<i>\</i> _ 0,000	<i>420,000</i>	<i>v21,410</i>	<i>421,000</i>	<i>\</i> \\\\\\\\\\\\\
Mortgage Payments:												
Principal		\$8,146	\$8,146	\$8,413	\$8,688	\$8,973	\$9,267	\$9,570	\$9,884	\$10,208	\$10,542	\$10,888
Interest		\$9,823	\$9,823	\$9,556	\$9,281	\$8,996	\$8,702	\$8,398	\$8,085	\$7,761	\$7,427	\$7,081
Total		\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969	\$17,969
Cash Flow		\$5,900	-\$14,296	-\$3,760	\$6,864	\$7,361	\$7,867	\$8,384	\$8,911	\$9,449	\$9,997	\$10,556
Cash-on-Cash Return		11.4%	-27.6%	-7.2%	13.2%	14.2%	15.2%	16.2%	17.2%	18.2%	19.3%	20.3%
Average Annual		11.4%	-27.6%	-17.4%	-7.2%	-1.8%	1.6%	4.0%	5.9%	7.4%	8.7%	9.9%
Dele ale al Decession and a		*0 4 4 0	*• • • • •	*• • • • •	* 0.000	¢0.070	¢0.007	¢0.570	*• • • • •	¢40.000	\$40 F40	¢40.000
Principal Payments Cumulative		\$8,146 \$8,146	\$8,146 \$8,146	\$8,413 \$16,558	\$8,688 \$25,246	\$8,973 \$34,219	\$9,267 \$43,486	\$9,570 \$53,057	\$9,884 \$62,941	\$10,208 \$73,149	\$10,542 \$83,691	\$10,888 \$94,579
				. ,	. ,	. ,	. ,	. ,	. ,	. ,	. ,	. ,
Annual Cash Flow & Principal Payme	ents	\$14,045	-\$6,151	\$4,653	\$15,552	\$16,334	\$17,134	\$17,955	\$18,795	\$19,657	\$20,539	\$21,444
Annual Cash Flow & Principal Payme	ents											
as % of Initial Cash Investment		27.1%	-11.9%	9.0%	30.0%	31.5%	33.0%	34.6%	36.2%	37.9%	39.6%	41.3%
Average Annual		27.1%	-11.9%	-1.4%	9.0%	14.6%	18.3%	21.0%	23.2%	25.0%	26.7%	28.1%

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Project type: Basic Fringe Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT D	EVELOPMEN	T COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs			Financ	-			
Loan-to-lending value ratio 85%				Land		\$0		nitial cash ir	nvestment		\$27,467
Mortgage insur. premium 4.75%				Construction		\$177,000		Mortgage			\$155,645
Annual cost inflation 2.0%			5	Subtotal		\$177,000	-	Total costs			\$183,112
Annual revenue growth 2.0%	market rent							% Equity			15.0%
Initial monthly rent per unit \$1,650	\$1,250	\$400									
per sq. ft \$2.39	\$1.81	\$0.58	(GST (net)*		\$6,112	I	Mortgage ins	ur. premiun	า	\$7,393
Stabilized Vacancy rate 3.5%											
Average unit size (net sq. ft.) 690			-	Total Costs		\$183,112		Total Financ	ing Require	d	\$163,038
Development profit assumption:	15%		1	minimum sa	les price	\$210,579 [to generate	a 15% deve	lopment pro	ofit]	
Average cash-on-cash return assumption	10.0%			cap rate		6.1%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:											
Rental income	\$19,800	\$6,534	\$13,531	\$20,600	\$21,012	\$21,432	\$21,861	\$22,298	\$22,744	\$23,199	\$23,663
Other income	\$508	\$168	\$347	\$528	\$539	\$550	\$561	\$572	\$583	\$595	\$607
Vacancy allowance	-\$711	-\$235	-\$486	-\$739	-\$754	-\$769	-\$785	-\$800	-\$816	-\$833	-\$849
Gross income	\$19,597	\$6,467	\$13,393	\$20,389	\$20,796	\$21,212	\$21,637	\$22,069	\$22,511	\$22,961	\$23,420
Operating Costs:											
Maintenance and operations	\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes	\$1,694	\$1,694	\$1,728	\$1,762	\$1,798	\$1,833	\$1,870	\$1,908	\$1,946	\$1,985	\$2,024
Total operating costs	\$6,662	\$5,420	\$6,162	\$6,931	\$7,070	\$7,211	\$7,355	\$7,502	\$7,652	\$7,805	\$7,961
Net Operating Income	\$12,935	\$1,047	\$7,231	\$13,458	\$13,727	\$14.001	\$14,281	\$14.567	\$14,858	\$15,156	\$15,459
Calculated cap rate	7.1%	÷ ,	•••	,	••••	••••	•••,-••	.	••••••	••••	+,
Mortgage Payments:											
Principal	\$4,312	\$4,312	\$4,453	\$4,599	\$4,750	\$4,905	\$5,066	\$5,232	\$5,403	\$5,580	\$5,763
Interest	\$5,200	\$5,200	\$5,059	\$4,913	\$4,762	\$4,606	\$4,446	\$4,280	\$4,108	\$3,931	\$3,748
Total	\$9,512	\$9,512	\$9,512	\$9,512	\$9,512	\$9,512	\$9,512	\$9,512	\$9,512	\$9,512	\$9,512
Cash Flow	\$3,423	-\$8,464	-\$2,281	\$3,946	\$4,215	\$4,490	\$4,770	\$5,055	\$5,347	\$5,644	\$5,947
Cash-on-Cash Return	12.5%	-30.8%	-8.3%	14.4%	15.3%	16.3%	17.4%	18.4%	19.5%	20.5%	21.7%
Average Annual	12.5%	-30.8%	-19.6%	-8.3%	-2.4%	1.4%	4.1%	6.1%	7.8%	9.2%	10.4%
Principal Payments	\$4,312	\$4,312	\$4,453	\$4,599	\$4,750	\$4,905	\$5,066	\$5,232	\$5,403	\$5,580	\$5,763
Cumulative	\$4,312	\$4,312	\$8,765	\$13,364	\$18,114	\$23,019	\$28,085	\$33,317	\$38,721	\$44,301	\$50,064
Annual Cash Flow & Principal Payments	\$7,735	-\$4,153	\$2,172	\$8,545	\$8,965	\$9,395	\$9,836	\$10,287	\$10,750	\$11,224	\$11,710
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	28.2%	-15.1%	7.9%	31.1%	32.6%	34.2%	35.8%	37.5%	39.1%	40.9%	42.6%
Average Annual	28.2%	-15.1%	-3.6%	8.0%	14.1%	18.1%	21.1%	23.4%	25.4%	27.1%	28.7%
¹ Year 0 is used for the purpose of calculating	net HST, ass	umed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	ıdes

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Per Unit

Calgary

Source: Altus Group

Per Unit

Calgary

Project type: Medium Central, Not Downtown onomic Rent: Zero Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%										
Amortization period (yrs)	25		Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio	85%		I	Land		\$0	I	nitial cash ir	vestment		\$39,450
Mortgage insur. premium 4	4.75%		(Construction		\$253,000	r	Mortgage			\$223,551
Annual cost inflation	2.0%		5	Subtotal		\$253,000	-	Total costs			\$263,001
Annual revenue growth	2.0% market rent	difference						% Equity			15.0%
Initial monthly rent per unit \$	2,100 \$1,650	\$450									
per sq. ft	\$3.04 \$2.39	\$0.65	(GST (net)*		\$10,001	r	Mortgage ins	ur. premium	า	\$10,619
Stabilized Vacancy rate	3.5%										
Average unit size (net sq. ft.)	690		1	Total Costs		\$263,001	1	Total Financ	ing Require	d	\$234,169
Development profit assumption:	15%		I	minimum sa	les price	\$302,451 [to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return ass	umption 10.0%			cap rate		6.0%	implied if ac	hieved 15%	developme	nt profit]	
	v e1										
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$25,200	\$8,316	\$17,222	\$26,218	\$26,742	\$27,277	\$27,823	\$28,379	\$28,947	\$29.526	\$30.116
Other income	\$1,326	\$438	\$906	\$1,380	\$1,407	\$1,436	\$1,464	\$1.494	\$1,524	\$1,554	\$1,585
Vacancy allowance	-\$928	-\$306	-\$634	-\$966	-\$985	-\$1,005	-\$1,025	-\$1,046	-\$1,066	-\$1,088	-\$1,110
Gross income	\$25,598	\$8,447	\$17,494	\$26,632	\$27,165	\$27,708	\$28,262	\$28,827	\$29,404	\$29,992	\$30,592
Operating Costs:											
Maintenance and operations	\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes	\$2,371	\$2,371	\$2,418	\$2,466	\$2,516	\$2,566	\$2,617	\$2,670	\$2,723	\$2,777	\$2,833
Total operating costs	\$7,339	\$6,097	\$6,852	\$7,635	\$7,788	\$7,943	\$8,102	\$8,264	\$8,430	\$8,598	\$8,770
Net Operating Income	\$18,259	\$2,351	\$10,642	\$18,997	\$19,377	\$19,765	\$20,160	\$20,563	\$20,974	\$21,394	\$21,822
Calculated cap rate	6.9%										
Mortgage Payments:											
Principal	\$6,193	\$6,193	\$6,396	\$6,605	\$6,822	\$7,045	\$7,276	\$7,515	\$7,761	\$8,015	\$8,278
Interest	\$7,468	\$7,468	\$7,265	\$7,056	\$6,839	\$6,616	\$6,385	\$6,147	\$5,901	\$5,646	\$5,384
Total	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661	\$13,661
Cash Flow	\$4,598	-\$11,311	-\$3,020	\$5,336	\$5,716	\$6,103	\$6,498	\$6,902	\$7,313	\$7,732	\$8,160
Cash-on-Cash Return	11.7%	-28.7%	-7.7%	13.5%	14.5%	15.5%	16.5%	17.5%	18.5%	19.6%	20.7%
Average Annual	11.7%	-28.7%	-18.2%	-7.6%	-2.1%	1.4%	3.9%	5.9%	7.5%	8.8%	10.0%
Principal Payments	\$6,193	\$6,193	\$6,396	\$6,605	\$6,822	\$7,045	\$7,276	\$7,515	\$7,761	\$8,015	\$8,278
Cumulative	\$6,193	\$6,193	\$12,589	\$19,194	\$26,016	\$33,062	\$40,338	\$47,853	\$55,614	\$63,629	\$71,907
Annual Cash Flow & Principal Payme	nts \$10,791	-\$5,118	\$3,376	\$11,941	\$12,537	\$13,149	\$13,775	\$14,416	\$15,074	\$15,747	\$16,438
Annual Cash Flow & Principal Payme	nts										
as % of Initial Cash Investment	27.4%	-13.0%	8.6%	30.3%	31.8%	33.3%	34.9%	36.5%	38.2%	39.9%	41.7%
as 7001 milliar Gastr investment	,0		0.070	00.070	0.10/0	00.070					

¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Calgary

Project type: High-End Downtown, Not Prime Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS				PROJECT D	EVELOPMEN		ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			•	ment Costs	:		Financ	•			
Loan-to-lending value ratio	85%				Land		\$0		nitial cash ir	nvestment		\$44,389
Mortgage insur. premium	4.75%				Constructior	1	\$284,000		Mortgage			\$251,536
Annual cost inflation	2.0%				Subtotal		\$284,000	-	Total costs			\$295,924
Annual revenue growth	2.0%	market rent							% Equity			15.0%
Initial monthly rent per unit	\$2,325	\$1,750	\$575				• • • • • • •					
per sq. ft	\$3.37	\$2.54	\$0.83	(GST (net)*		\$11,924	I	Mortgage ins	ur. premiun	า	\$11,948
Stabilized Vacancy rate	3.5%											
Average unit size (net sq. ft.)	690			1	Total Costs		\$295,924	-	Total Financ	ing Require	d	\$263,484
Development profit assumption	on:	15%			minimum sa	les price	\$340,313	[to generate	a 15% deve	lopment pro	ofit]	
Average cash-on-cash return	assumption	10.0%			cap rate		6.0%	[implied if ac	chieved 15%	developme	ent profit]	
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Veer 2	Veen 4	Year 5	Veer C	Veer 7	Veer 0	Veer 0	Year 10
REVENUES AND COSTS Revenues:		rear 0	rear 1	rear 2	Year 3	Year 4	rear 5	Year 6	Year 7	Year 8	Year 9	rear 10
Rental income		\$27,900	\$9,207	\$19,067	\$29,027	\$29,608	\$30,200	\$30,804	\$31,420	\$32,048	\$32,689	\$33,343
Other income		\$1,468	\$485	\$1,004	\$1,528	\$1,558	\$1,589	\$1,621	\$1,654	\$1,687	\$1,720	\$1,755
Vacancy allowance		-\$1,028	-\$339	-\$702	-\$1,069	-\$1,091	-\$1,113	-\$1,135	-\$1,158	-\$1,181	-\$1,204	-\$1,228
Gross income		\$28,341	\$9,352	\$19,368	\$29,485	\$30,075	\$30,677	\$31,290	\$31,916	\$32,554	\$33,205	\$33,870
Operating Costs:												
Maintenance and operations		\$4,968	\$3,726	\$4,434	\$5,169	\$5,272	\$5,378	\$5,485	\$5,595	\$5,707	\$5,821	\$5,937
Property taxes		\$2,799	\$2,799	\$2,855	\$2,913	\$2,971	\$3,030	\$3,091	\$3,153	\$3,216	\$3,280	\$3,346
Total operating costs		\$7,767	\$6,525	\$7,289	\$8,081	\$8,243	\$8,408	\$8,576	\$8,747	\$8,922	\$9,101	\$9,283
Net Operating Income		\$20,573	\$2,827	\$12,078	\$21,404	\$21,832	\$22,269	\$22,714	\$23,169	\$23,632	\$24,105	\$24,587
Calculated cap rate		7.0%										
Mortgage Payments:												
Principal		\$6,968	\$6,968	\$7,197	\$7,432	\$7,676	\$7,927	\$8,187	\$8,455	\$8,732	\$9,019	\$9,314
Interest		\$8,403	\$8,403	\$8,175	\$7,939	\$7,696	\$7,444	\$7,184	\$6,916	\$6,639	\$6,353	\$6,058
Total		\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372	\$15,372
Cash Flow		\$5,201	-\$12,545	-\$3,293	\$6,033	\$6,461	\$6,897	\$7,343	\$7,797	\$8,260	\$8,733	\$9,215
Cash-on-Cash Return		11.7%	-28.3%	-7.4%	13.6%	14.6%	15.5%	16.5%	17.6%	18.6%	19.7%	20.8%
Average Annual		11.7%	-28.3%	-17.8%	-7.4%	-1.9%	1.6%	4.1%	6.0%	7.6%	8.9%	10.1%
Principal Payments		\$6,968	\$6,968	\$7,197	\$7,432	\$7,676	\$7,927	\$8,187	\$8,455	\$8,732	\$9,019	\$9,314
Cumulative		\$6,968	\$6,968	\$14,165	\$21,597	\$29,273	\$37,201	\$45,388	\$53,843	\$62,576	\$71,594	\$80,908
Annual Cash Flow & Principal Pay	ments	\$12,170	-\$5,576	\$3,903	\$13,465	\$14,137	\$14,825	\$15,530	\$16,252	\$16,993	\$17,752	\$18,529
Annual Cash Flow & Principal Pay	ments											
as % of Initial Cash Investment		27.4%	-12.6%	8.8%	30.3%	31.8%	33.4%	35.0%	36.6%	38.3%	40.0%	41.7%
Average Annual		27.4%	-12.6%	-1.9%	8.9%	14.6%	18.4%	21.1%	23.3%	25.2%	26.9%	28.3%
¹ Year 0 is used for the purpose	of calculating	net HST, assu	umed value h	pased on as	sumed cap	rate, calcula	ated cap rate	and is bas	ed on stabili	zed occupa	ncv but exclu	ıdes
inflation on revenues and costs					o anica oap	.a.o, ouroun	aloa oup fall	, and io bao		200 0000490	, but oxon	
Source: Altus Group												
Source: Altus Group												

Winnipeg

Winnipeg

Project type: Basic Fringe

Market Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	١G				
Mortgage interest rate 3.25			_ .				_				
	25			ment Costs	:		Financ	•			
Loan-to-lending value ratio 85				Land		\$0		nitial cash ir	nvestment		\$30,55
Mortgage insur. premium 4.75				Construction		\$198,000		Nortgage			\$173,16
Annual cost inflation 2.0			:	Subtotal		\$198,000	T	Fotal costs			\$203,72
Annual revenue growth 2.0	%							% Equity			15.0%
Initial monthly rent per unit \$1,2	75										
per sq. ft \$1.0	66			GST (net)*		\$5,728	r	Mortgage ins	ur. premium	ו	\$8,22
Stabilized Vacancy rate 3.0	%										
Average unit size (net sq. ft.) 7	70		•	Total Costs		\$203,728	٦	Fotal Financ	ing Require	d	\$181,39
Development profit assumption:	15%			minimum sa	les price	\$234,287 [to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.4% [implied if ac	hieved 15%	developme	nt profit]	
	× •1										
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 1
Revenues:	0 / 7 / 7	AF A I F	A40 455	645 045	A 4 A A A F	A 4 9 5 9 1	* 4 0 00 -	A 4 T 0.0 T	A 4 7 5 7 -	A	
Rental income	\$15,300	\$5,049	\$10,456	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,28
Other income	\$805	\$266	\$550	\$838	\$855	\$872	\$889	\$907	\$925	\$943	\$96
Vacancy allowance	-\$483	-\$159	-\$330	-\$503	-\$513	-\$523	-\$533	-\$544	-\$555	-\$566	-\$57
Gross income	\$15,622	\$5,155	\$10,676	\$16,253	\$16,578	\$16,910	\$17,248	\$17,593	\$17,945	\$18,304	\$18,67
Operating Costs:							•				
Maintenance and operations	\$3,234	\$2,426	\$2,886	\$3,365	\$3,432	\$3,501	\$3,571	\$3,642	\$3,715	\$3,789	\$3,86
Property taxes	\$2,096	\$2,096	\$2,138	\$2,181	\$2,225	\$2,269	\$2,315	\$2,361	\$2,408	\$2,456	\$2,50
Total operating costs	\$5,330	\$4,522	\$5,025	\$5,546	\$5,657	\$5,770	\$5,885	\$6,003	\$6,123	\$6,246	\$6,37
Net Operating Income	\$10,292	\$633	\$5,651	\$10,707	\$10,922	\$11,140	\$11,363	\$11,590	\$11,822	\$12,058	\$12,29
Calculated cap rate	5.1%										
Mortgage Payments:											
Principal	\$4,797	\$4,797	\$4,954	\$5,117	\$5,284	\$5,458	\$5,636	\$5,821	\$6,012	\$6,209	\$6,41
Interest	\$5,785	\$5,785	\$5,628	\$5,466	\$5,298	\$5,125	\$4,946	\$4,761	\$4,571	\$4,374	\$4,17
Total	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,58
Cash Flow	-\$291	-\$9,949	-\$4,931	\$125	\$339	\$557	\$780	\$1,008	\$1,239	\$1,476	\$1,71
Cash-on-Cash Return	-1.0%	-32.6%	-16.1%	0.4%	1.1%	1.8%	2.6%	3.3%	4.1%	4.8%	5.6
Average Annual	-1.0%	-32.6%	-24.3%	-16.1%	-11.8%	-9.1%	-7.1%	-5.6%	-4.4%	-3.4%	-2.5
Principal Payments	\$4,797	\$4,797	\$4,954	\$5,117	\$5,284	\$5,458	\$5,636	\$5,821	\$6,012	\$6,209	\$6,4 ⁻
Cumulative	\$4,797	\$4,797	\$9,752	\$14,869	\$20,153	\$25,611	\$31,247	\$37,068	\$43,080	\$49,289	\$55,70
Annual Cash Flow & Principal Payments	\$4,506	-\$5,152	\$23	\$5,242	\$5,623	\$6,015	\$6,417	\$6,829	\$7,251	\$7,685	\$8,12
Annual Cash Flow & Principal Payments											
as %of Initial Cash Investment	14.7%	-16.9%	0.1%	17.2%	18.4%	19.7%	21.0%	22.3%	23.7%	25.1%	26.6
Average Annual	14.7%	-16.9%	-8.4%	0.1%	4.7%	7.7%	9.9%	11.7%	13.2%	14.5%	15.7
¹ Year 0 is used for the purpose of calcu											
		imed value i	based on as	sumed cap	rate, calcula	ated cap rate	, and is basi	ed on stabili	zed occupar	ncy but exclu	Jaes

Winnipeg

Project type: Medium Central, Not Downtown arket Rent; Zero Land Value

KEY INPUT ASSUMPTIONS			PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs	:		Financ	•			
Loan-to-lending value ratio 85%				Land		\$0		nitial cash ir	nvestment		\$42,143
Mortgage insur. premium 4.75%				Construction	1	\$274,000	n	Vlortgage			\$238,810
Annual cost inflation 2.0%			:	Subtotal		\$274,000	T	Total costs			\$280,953
Annual revenue growth 2.0%								% Equity			15.0%
Initial monthly rent per unit \$1,475											
per sq. ft \$1.92			(GST (net)*		\$6,953	1	Mortgage ins	ur. premium	ı	\$11,343
Stabilized Vacancy rate 3.0%											
Average unit size (net sq. ft.) 770				Total Costs		\$280,953	T	Fotal Financ	ing Required	d	\$250,154
Development profit assumption:	15%			minimum sa	les price	\$323,096	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		3.7%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	icai u	icai i	1641 2	ieai 5	ical 4	icai 5	icai u	icai i	ical o	icai 5	
Rental income	\$17,700	\$5,841	\$12,096	\$18,415	\$18,783	\$19,159	\$19,542	\$19,933	\$20,332	\$20,738	\$21,153
Other income	\$932	\$307	\$637	\$969	\$989	\$1,008	\$1,029	\$1,049	\$1,070	\$1,091	\$1,113
Vacancy allowance	-\$559	-\$184	-\$382	-\$582	-\$593	-\$605	-\$617	-\$629	-\$642	-\$655	-\$668
Gross income	\$18,073	\$5,964	\$12,351	\$18,803	\$19,179	\$19,562	\$19,954	\$20,353	\$20,760	\$21,175	\$21,598
Operating Costs:											
Maintenance and operations	\$3,696	\$2,772	\$3,299	\$3,845	\$3,922	\$4,001	\$4,081	\$4,162	\$4,246	\$4,330	\$4,417
Property taxes	\$2,425	\$2,425	\$2,474	\$2,523	\$2,574	\$2,625	\$2,678	\$2,731	\$2,786	\$2,842	\$2,899
Total operating costs	\$6,121	\$5,197	\$5,773	\$6,369	\$6,496	\$6,626	\$6,758	\$6,894	\$7,032	\$7,172	\$7,316
Net Operating Income	\$11,951	\$767	\$6,578	\$12,434	\$12,683	\$12,936	\$13,195	\$13,459	\$13,728	\$14,003	\$14,283
Calculated cap rate	4.3%										
Mortgage Payments:											
Principal	\$6,616	\$6,616	\$6,833	\$7,056	\$7,288	\$7,526	\$7,773	\$8,028	\$8,291	\$8,562	\$8,843
Interest	\$7,978	\$7,978	\$7,761	\$7,538	\$7,306	\$7,068	\$6,821	\$6,566	\$6,303	\$6,032	\$5,751
Total	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594
Cash Flow	-\$2,643	-\$13,827	-\$8,016	-\$2,160	-\$1,911	-\$1,658	-\$1,399	-\$1,135	-\$866	-\$591	-\$311
Cash-on-Cash Return	-6.3%	-32.8%	-19.0%	-5.1%	-4.5%	-3.9%	-3.3%	-2.7%	-2.1%	-1.4%	-0.7%
Average Annual	-6.3%	-32.8%	-25.9%	-19.0%	-15.4%	-13.1%	-11.5%	-10.2%	-9.2%	-8.3%	-7.6%
Principal Payments	\$6,616	\$6,616	\$6,833	\$7,056	\$7,288	\$7,526	\$7,773	\$8,028	\$8,291	\$8,562	\$8,843
Cumulative	\$6,616	\$6,616	\$13,448	\$20,505	\$27,792	\$35,319	\$43,092	\$51,119	\$59,410	\$67,972	\$76,815
Annual Cash Flow & Principal Payments	\$3,973	-\$7,212	-\$1,183	\$4,897	\$5,376	\$5,869	\$6,374	\$6,893	\$7,425	\$7,971	\$8,532
Annual Cash Flow & Principal Payments											
as %of Initial Cash Investment	9.4%	-17.1%	-2.8%	11.6%	12.8%	13.9%	15.1%	16.4%	17.6%	18.9%	20.2%
Average Annual	9.4%	-17.1%	-10.0%	-2.8%	1.1%	3.7%	5.6%	7.1%	8.4%	9.6%	10.7%
¹ Year 0 is used for the purpose of calculating r	net HST, assu	ımed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	Ides
inflation on revenues and costs.											
Source: Altus Group											

Winnipeg

Project type: High-End Downtown, Not Prime Market Ren<u>t;</u> Zero <u>Land Value</u>

EY INPUT ASSUMPTIONS			I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	١G				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	oment Costs	:		Financ	ing:			
Loan-to-lending value ratio	85%				Land		\$0	I	nitial cash ir	nvestment		\$45,39
Mortgage insur. premium	4.75%				Construction		\$295,000	ſ	Nortgage			\$257,2
Annual cost inflation	2.0%				Subtotal		\$295,000	٦	Fotal costs			\$302,6
Annual revenue growth	2.0%								% Equity			15.0
Initial monthly rent per unit	\$1,575											
per sq. ft	\$2.05				GST (net)*		\$7,650	ſ	Mortgage ins	ur. premium	า	\$12,2
Stabilized Vacancy rate	3.0%											
Average unit size (net sq. ft.)	770				Total Costs		\$302,650	٦	Fotal Financ	ing Require	d	\$269,4
Development profit assumptio	n:	15%			minimum sa	les price	\$348,047 [to generate	a 15% deve	lopment pro	fit]	
					cap rate		3.6% [implied if ac	hieved 15%	developme	nt profit]	
		Y 01		¥0	¥ 0		V F	¥ 0	V7	¥ 0	¥0	
EVENUES AND COSTS evenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year
Rental income		\$18,900	\$6,237	\$12,916	\$19,664	\$20,057	\$20,458	\$20,867	\$21,284	\$21,710	\$22,144	\$22,5
Other income		\$995	\$328	\$680	\$1,035	\$1,056	\$20,438 \$1,077	\$1,098	\$1,120	\$1,143	\$1,165	, 22¢ \$1,1
Vacancy allowance		-\$597	-\$197	-\$408	-\$621	-\$633	-\$646	-\$659	-\$672	-\$686	-\$699	φι, -\$7
Gross income		\$19,298	\$6,368	\$13,188	\$20,078	\$20,479	\$20,889	\$21,306	\$21,733	\$22,167	\$22,611	\$23,
Gross income		φ13,230	ψ0,500	φ13,100	<i>\$20,070</i>	Ψ20,475	φ20,005	Ψ21,500	Ψ21,733	Ψ 22 ,107	ΨΖΖ,011	Ψ25,
perating Costs:												
Maintenance and operations		\$4,158	\$3,119	\$3,711	\$4,326	\$4,413	\$4,501	\$4,591	\$4,683	\$4,776	\$4,872	\$4,9
Property taxes		\$2,590	\$2,590	\$2,642	\$2,694	\$2,748	\$2,803	\$2,859	\$2,917	\$2,975	\$3,034	\$3,0
Total operating costs		\$6,748	\$5,708	\$6,353	\$7,020	\$7,161	\$7,304	\$7,450	\$7,599	\$7,751	\$7,906	\$8,0
et Operating Income		\$12,550	\$660	\$6,836	\$13,057	\$13,318	\$13,585	\$13,856	\$14,133	\$14,416	\$14,704	\$14,9
Calculated cap rate		4.1%										
lortgage Payments:												
Principal		\$7,127	\$7,127	\$7,360	\$7,601	\$7,850	\$8,108	\$8,373	\$8,648	\$8,931	\$9,223	\$9,5
Interest		\$8,594	\$8,594	\$8,361	\$8,120	\$7,871	\$7,613	\$7,348	\$7,073	\$6,790	\$6,497	\$6,
Total		\$15,721	\$15,721	\$15,721	\$15,721	\$15,721	\$15,721	\$15,721	\$15,721	\$15,721	\$15,721	\$15,
ash Flow		-\$3,171	-\$15,061	-\$8,885	-\$2,664	-\$2,403	-\$2,136	-\$1,865	-\$1,587	-\$1,305	-\$1,016	-\$7
ash-on-Cash Return		-7.0%	-33.2%	-19.6%	-5.9%	-5.3%	-4.7%	-4.1%	-3.5%	-2.9%	-2.2%	-1
Average Annual		-7.0%	-33.2%	-26.4%	-19.5%	-16.0%	-13.7%	-12.1%	-10.9%	-9.9%	-9.0%	-8.
rincipal Payments		\$7,127	\$7,127	\$7,360	\$7,601	\$7,850	\$8,108	\$8,373	\$8,648	\$8,931	\$9,223	\$9,
Cumulative		\$7,127	\$7,127	\$14,487	\$22,088	\$29,939	\$38,046	\$46,419	\$55,067	\$63,998	\$73,221	\$82,7
nnual Cash Flow & Principal Pay	ments	\$3,956	-\$7,934	-\$1,525	\$4,938	\$5,448	\$5,971	\$6,509	\$7,060	\$7,626	\$8,207	\$8,
nnual Cash Flow & Principal Pay	ments											
s % of Initial Cash Investment	mento	8.7%	-17.5%	-3.4%	10.9%	12.0%	13.2%	14.3%	15.6%	16.8%	18.1%	19
Average Annual		8.7%	-17.5%	-10.4%	-3.3%	0.5%	3.0%	4.9%	6.4%	7.7%	8.9%	9.
Year 0 is used for the purpose of	of calculating r	et HST assu	imed value h	nasad on as		rato calcula	tod oon roto	and is bas	od on stabili			Ides
					source cap	raie, caicula	ileu cap lale	, anu is basi	eu un stabin	zeu occupai	icy but excit	

Winnipeg

KEY INPUT ASSUMPTIONS

Project type: Basic Fringe

Economic Rent; Market Land Value

	0.050/		-	PROJECT DE								
Mortgage interest rate	3.25% 25			Davalan				Gnone				
Amortization period (yrs)	20 85%			•	ment Costs .and		\$14.000	Financ	nitial cash ir	vootmont		\$32,6
Loan-to-lending value ratio							• ,			ivestment		
Mortgage insur. premium	4.75%				Construction Subtotal		\$198,000		Vortgage			\$185,0
Annual cost inflation	2.0% 2.0%	market rent	difference		Subtotal		\$212,000		Fotal costs			\$217,7 <i>15.</i> (
Annual revenue growth									% Equity			15.0
Initial monthly rent per unit	\$1,725 <i>\$2.24</i>	\$1,275 \$ <i>1.</i> 66	\$450 \$ <i>0.58</i>		GST (net)*		\$5,728		Antenna ina			\$8,7
per sq. ft	\$2.24 3.0%	φ1.00	\$U.56	, c	551 (net)		\$0,728	r	wongage ins	ur. premium	1	Ф О, <i>I</i>
Stabilized Vacancy rate Average unit size (net sq. ft.)	3.0% 770			٦	Fotal Costs		\$217,728	٦	Fotal Financ	ing Required	1	\$193,8
Development profit assumption.	:	15%		ı	ninimum sa	les price	\$250,387	to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return as	ssumption	10.0%		(cap rate		6.0%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year
evenues:		ieai u	icai I		icai J	icai 4	icai J	icai 0		10010	ical 9	rear
Rental income		\$20,700	\$6,831	\$14.146	\$21.536	\$21,967	\$22,406	\$22,854	\$23,312	\$23,778	\$24,253	\$24,
Other income		\$1.089	\$360	\$745	\$1,133	\$1,156	\$1.179	\$1,203	\$1,227	\$1,251	\$1,276	\$1,
Vacancy allowance		-\$654	-\$216	-\$447	-\$680	-\$694	-\$708	-\$722	-\$736	-\$751	-\$766	φ1,. -\$
Gross income		\$21,136	\$6,975	\$14,444	\$21,990	\$22,429	\$22,878	\$23,336	\$23,802	\$24,278	\$24,764	\$25,2
		+=-,		•••,•••	+=-;	* ,·-•	+,	<i> </i>	+;	+	+= -,- +	+ ,
Operating Costs:		\$3.234	\$2.426	¢0.000	\$3.365	¢0 400	\$3.501	¢0.574	¢0.040	\$3.715	¢0.700	\$3.
Maintenance and operations			* , -	\$2,886	+ - /	\$3,432	* - /	\$3,571	\$3,642	* - / -	\$3,789	+ - /
Property taxes		\$2,836	\$2,836	\$2,893	\$2,951	\$3,010	\$3,070	\$3,132	\$3,194	\$3,258	\$3,323	\$3,
Total operating costs		\$6,070	\$5,262	\$5,779	\$6,316	\$6,442	\$6,571	\$6,702	\$6,836	\$6,973	\$7,112	\$7,2
let Operating Income		\$15,065	\$1,713	\$8,665	\$15,674	\$15,987	\$16,307	\$16,633	\$16,966	\$17,305	\$17,651	\$18,0
Calculated cap rate		6.9%										
fortgage Payments:												
Principal		\$5.127	\$5.127	\$5.295	\$5.468	\$5.648	\$5.833	\$6,024	\$6.221	\$6.425	\$6.635	\$6.
Interest		\$6,183	\$6,183	\$6.015	\$5.841	\$5,662	\$5.477	\$5,286	\$5.089	\$4,885	\$4,674	\$4,4
Total		\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,310	\$11,
Cash Flow		\$3,756	-\$9,597	-\$2,645	\$4,364	\$4,678	\$4,998	\$5,324	\$5,656	\$5,996	\$6,342	\$6,
ash-on-Cash Return		11.5%	-29.4%	-8.1%	13.4%	14.3%	15.3%	16.3%	17.3%	18.4%	19.4%	20
Average Annual		11.5%	-29.4%	-18.7%	-8.0%	-2.4%	1.1%	3.6%	5.6%	7.2%	8.5%	9.
Principal Payments		\$5,127	\$5,127	\$5,295	\$5,468	\$5,648	\$5,833	\$6,024	\$6,221	\$6,425	\$6,635	\$6,
Cumulative		\$5,127	\$5,127	\$10,422	\$15,890	\$21,538	\$27,371	\$33,394	\$39,615	\$46,040	\$52,676	\$59,5
nnual Cash Flow & Principal Paym	nents	\$8,883	-\$4,470	\$2,650	\$9,833	\$10,325	\$10,830	\$11,347	\$11,877	\$12,421	\$12,977	\$13,
nnual Cash Flow & Principal Paym	nents											
s % of Initial Cash Investment		27.2%	-13.7%	8.1%	30.1%	31.6%	33.2%	34.7%	36.4%	38.0%	39.7%	41
		27.2%	-13.7%	-2.8%	8.2%	14.0%	17.9%	20.7%	22.9%	24.8%	26.5%	28.
Average Annual												

PROJECT DEVELOPMENT COSTS AND FINANCING

Winnipeg

Project type: Medium Central, Not Downtown larket Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	oment Costs	:	••	Financ	•			
Loan-to-lending value ratio 85%				Land		\$0		nitial cash ir	nvestment		\$42,143
Mortgage insur. premium 4.75%				Construction	1	\$274,000		Mortgage			\$238,810
Annual cost inflation 2.0% Annual revenue growth 2.0%				Subtotal		\$274,000		Total costs			\$280,953
								% Equity			15.0%
Initial monthly rent per unit \$1,475 per sq. ft \$1.92				GST (net)*		\$6,953	,	Mortagago inc			\$11,343
per sq. ft \$1.92 Stabilized Vacancy rate 3.0%				GST (fiet)		ф0,903	1	Mortgage ins	ui. premiun	1	φ11,343
Average unit size (net sq. ft.) 770				Total Costs		\$280,953	-	Fotal Financ	ing Require	d	\$250,154
Development profit assumption:	15%			minimum sa	les price	\$323,096	[to generate	a 15% deve	lopment pro	ofit]	
						0 70/	[
				cap rate		3.1%	[implied if ac	nieved 15%	developme	ent profitj	
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$17,700	\$5,841	\$12,096	\$18,415	\$18,783	\$19,159	\$19,542	\$19,933	\$20,332	\$20,738	\$21,153
Other income	\$932	\$307	\$637	\$969	\$989	\$1,008	\$1,029	\$1,049	\$1,070	\$1,091	\$1,113
Vacancy allowance	-\$559	-\$184	-\$382	-\$582	-\$593	-\$605	-\$617	-\$629	-\$642	-\$655	-\$668
Gross income	\$18,073	\$5,964	\$12,351	\$18,803	\$19,179	\$19,562	\$19,954	\$20,353	\$20,760	\$21,175	\$21,598
Operating Costs:											
Maintenance and operations	\$3,696	\$2,772	\$3,299	\$3,845	\$3,922	\$4,001	\$4,081	\$4,162	\$4,246	\$4,330	\$4,417
Property taxes	\$2,425	\$2,425	\$2,474	\$2,523	\$2,574	\$2,625	\$2,678	\$2,731	\$2,786	\$2,842	\$2,899
Total operating costs	\$6,121	\$5,197	\$5,773	\$6,369	\$6,496	\$6,626	\$6,758	\$6,894	\$7,032	\$7,172	\$7,316
Net Operating Income	\$11,951	\$767	\$6,578	\$12,434	\$12,683	\$12,936	\$13,195	\$13,459	\$13,728	\$14,003	\$14,283
Calculated cap rate	4.3%										
Mortgage Payments:											
Principal	\$6.616	\$6,616	\$6,833	\$7,056	\$7,288	\$7,526	\$7,773	\$8.028	\$8.291	\$8,562	\$8,843
Interest	\$7,978	\$7,978	\$7,761	\$7,538	\$7,306	\$7,068	\$6,821	\$6,566	\$6,303	\$6,032	\$5,751
Total	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594	\$14,594
Cash Flow	-\$2,643	-\$13,827	-\$8,016	-\$2,160	-\$1,911	-\$1,658	-\$1,399	-\$1,135	-\$866	-\$591	-\$311
Cash-on-Cash Return	-6.3%	-32.8%	-19.0%	-5.1%	-4.5%	-3.9%	-3.3%	-2.7%	-2.1%	-1.4%	-0.7%
Average Annual	-6.3%	-32.8%	-25.9%	-19.0%	-15.4%	-13.1%	-11.5%	-10.2%	-9.2%	-8.3%	-7.6%
Principal Payments	\$6,616	\$6,616	\$6,833	\$7,056	\$7,288	\$7,526	\$7,773	\$8,028	\$8,291	\$8,562	\$8,843
Cumulative	\$6,616	\$6,616	\$13,448	\$20,505	\$27,792	\$35,319	\$43,092	\$51,119	\$59,410	\$67,972	\$76,815
Annual Cash Flow & Principal Payments	\$3,973	-\$7,212	-\$1,183	\$4,897	\$5,376	\$5,869	\$6,374	\$6,893	\$7,425	\$7,971	\$8,532
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	9.4%	-17.1%	-2.8%	11.6%	12.8%	13.9%	15.1%	16.4%	17.6%	18 .9 %	20.2%
Average Annual	9.4%	-17.1%	-10.0%	-2.8%	1.1%	3.7%	5.6%	7.1%	8.4%	9.6%	10.7%
¹ Year 0 is used for the purpose of calculating	net HST, assu	imed value t	based on as	sumed cap	rate, calcula	ated cap rate	e, and is bas	ed on stabili	zed occupai	ncy but exclu	udes
inflation on revenues and costs.											
Source: Altus Group											

Project type: High-End Downtown, Not Prime

Winnipeg

Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS			I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	ment Costs			Financ	ina:			
Loan-to-lending value ratio	85%			•	and	-	\$28,000		nitial cash ir	vestment		\$49,597
Mortgage insur. premium	4.75%			-	Construction		\$295,000		Mortgage	webunent		\$281,052
Annual cost inflation	2.0%				Subtotal		\$323,000		Total costs			\$330,650
Annual revenue growth	2.0%	market rent	difference	•	Subiolai		φ323,000		% Equity			\$330,050 15.0%
8									% Equity			15.0%
Initial monthly rent per unit	\$2,550	\$1,575	\$975		00T (0*							
per sq. ft	\$3.31	\$2.05	\$1.27	(GST (net)*		\$7,650	ſ	Mortgage ins	sur. premiun	า	\$13,35
Stabilized Vacancy rate	3.0%											
Average unit size (net sq. ft.)	770			1	Fotal Costs		\$330,650	-	Total Financ	ing Require	d	\$294,40
Development profit assumption	n:	15%		I	minimum sa	les price	\$380,247 [to generate	a 15% deve	lopment pro	ofit]	
Average cash-on-cash return a	assumption	10.0%			cap rate		6.0% [implied if ac	chieved 15%	developme	ent profit]	
		1										
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 1
Revenues:												
Rental income		\$30,600	\$10,098	\$20,912	\$31,836	\$32,473	\$33,122	\$33,785	\$34,461	\$35,150	\$35,853	\$36,57
Other income		\$1,611	\$531	\$1,101	\$1,676	\$1,709	\$1,743	\$1,778	\$1,814	\$1,850	\$1,887	\$1,92
Vacancy allowance		-\$966	-\$319	-\$660	-\$1,005	-\$1,025	-\$1,046	-\$1,067	-\$1,088	-\$1,110	-\$1,132	-\$1,15
Gross income		\$31,244	\$10,311	\$21,352	\$32,506	\$33,157	\$33,820	\$34,496	\$35,186	\$35,890	\$36,608	\$37,34
Operating Costs:												
Maintenance and operations		\$4,158	\$3,119	\$3,711	\$4,326	\$4,413	\$4,501	\$4,591	\$4,683	\$4,776	\$4,872	\$4,96
Property taxes		\$4,193	\$4,193	\$4,277	\$4,362	\$4,450	\$4,539	\$4,629	\$4,722	\$4,816	\$4,913	\$5,01
Total operating costs		\$8,351	\$7,311	\$7,988	\$8,688	\$8,862	\$9,039	\$9,220	\$9,405	\$9,593	\$9,784	\$9,98
Net Operating Income		\$22,893	\$2,999	\$13,364	\$23,818	\$24,294	\$24,780	\$25,276	\$25,782	\$26,297	\$26,823	\$27,36
Calculated cap rate		6.9%										
Mortgage Payments:												
Principal		\$7,786	\$7,786	\$8,041	\$8,305	\$8,577	\$8,858	\$9,148	\$9,448	\$9,757	\$10,077	\$10,40
Interest		\$9,389	\$9,389	\$9,134	\$8,871	\$8,599	\$8,318	\$8,028	\$7,728	\$7,418	\$7,099	\$6,76
Total		\$17,175	\$17,175	\$17,175	\$17,175	\$17,175	\$17,175	\$17,175	\$17,175	\$17,175	\$17,175	\$17,17
Cash Flow		\$5,718	-\$14,176	-\$3,811	\$6,643	\$7,119	\$7,605	\$8,101	\$8,606	\$9,122	\$9,648	\$10,18
Cash-on-Cash Return		11.5%	-28.6%	-7.7%	13.4%	14.4%	15.3%	16.3%	17.4%	18.4%	19.5%	20.5
Average Annual		11.5%	-28.6%	-18.1%	-7.6%	-2.1%	1.4%	3.9%	5.8%	7.4%	8.7%	9.9%
Principal Payments		\$7,786	\$7,786	\$8,041	\$8,305	\$8,577	\$8,858	\$9,148	\$9,448	\$9,757	\$10,077	\$10,40
Cumulative		\$7,786	\$7,786	\$15,827	\$24,132	\$32,708	\$41,566	\$50,714	\$60,161	\$69,919	\$79,995	\$90,40
Annual Cash Flow & Principal Pay	ments	\$13,504	-\$6,390	\$4,230	\$14,947	\$15,696	\$16,463	\$17,248	\$18,054	\$18,879	\$19,725	\$20,59
Annual Cash Flow & Principal Pay	ments											
as % of Initial Cash Investment		27.2%	-12.9%	8.5%	30.1%	31.6%	33.2%	34.8%	36.4%	38.1%	39.8%	41.5
Average Annual		27.2%	-12.9%	-2.2%	8.6%	14.4%	18.1%	20.9%	23.1%	25.0%	26.6%	28.1%
 Year 0 is used for the purpose o inflation on revenues and costs. Source: Altus Group 	f calculating	net HST, assi	umed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	udes

Winnipeg

Project type: Basic Fringe

Economic Rent; Zero Land Value

Am dif zation period (vs) 2.5 Development costs: Financing: Loand-I onling value rais 50 hinig accost intestion 2.0% Annual cost inflation 2.0% subtotal \$198.000 Mortgage Annual cost inflation 2.0% market rent difference Stototal \$5.728 Mortgage insur: premium Annual resenue growh 3.0% \$1.275 \$3.75 Stototal \$5.728 Mortgage insur: premium Stabilized Vacancy rate 3.0% \$1.275 \$3.75 Stototal \$5.728 Mortgage insur: premium Average units (net sq. n.1) 770 Total Costs \$234,287 Jor ganeta = 15% development profile Average cash-on-cash return assumption: 15% Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 5 Year 5 Year 7 Year 8 Year 7 Year 8 Year 7 Year 8 Year 7 Year 8 Year													
Loan-b-lending value ratio 85% Subtrait 50 Initial cash investment Mortgage insurpremium 4.75% Subtrait Subtrait \$198.000 Mortgage insurpremium 4.75% Annual cost inflation 2.0% market rent difference \$198.000 Total costs % Equity Initial monthy rent per units \$1.60 \$0.49 GST (net)* \$203.728 Mortgage insurpremium % Stabilized Vacancy rate 3.0% \$0.49 GST (net)* \$203.728 Total Financing Required Average cash-on-cash return assumption 10.0% cap rate \$21.71 \$21.43 \$21.81 \$22.298 \$22.744 \$23.199 Revenues: Revenues: \$19.800 \$6.534 \$13.531 \$20.600 \$21.102 \$21.432 \$21.861 \$22.298 \$22.744 \$23.199 Other income \$19.800 \$6.534 \$13.531 \$20.600 \$21.102 \$21.432 \$21.861 \$22.98 \$22.744 \$23.199 Other income \$19.800 \$6.534 \$13.751 \$2.044 \$51.27 \$6.61% \$6.77 \$690 \$704	Mortgage interest rate	3.25%											
Mortgage insur premium 4.75% Construction \$198,000 Mortgage Annual rownue growth 2.0% market ret difference Subtrait \$198,000 Total costs % Equity Initial monthly rent per unit \$1.650 \$3.75 \$3.75 \$2.74 \$2.14 \$1.650 \$5.728 Mortgage insur, premium * Average units (net s.n.t) 70° Total Costs \$203,728 Total Financing Required * Average units (net s.n.t) 70° Total Costs \$203,728 Total Financing Required * Revenues: 15% * * \$203,728 Year 0 Year 2 Year 3 Year 4 Year 5 Year 6 Year 6 Year 7 Year 8 Year 9 Revenues: S19,800 \$6.54 \$13,531 \$20,000 \$21,122 \$21,861 \$22,285 \$22,744 \$23,1861 \$22,927 \$250 \$34,51 \$11,221 \$11,775					•		:			5			
Annual cost inflation 2.0% Annual revue growth 2.0% S1.275 market reet \$1.275 S3.75 S3.75 Subiotal \$198,000 Total costs % Equity Initial monthiyrent per unit Stabilized vacancy rate Average unit size (net sq. ft) \$2.14 \$3.66 \$0.49 GST (net)* \$5.728 Mortgage insur: premium Development profit assumption: 15% * \$203,728 Total Financing Required Average cash-on-cash return assumption 10.0% rate \$234,287 [to generate a 15% development profit] REVENUES AND COSTS Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 7 Year 8 Year 9 Revenues: \$19,800 \$6.534 \$13.531 \$20,600 \$21,012 \$21,432 \$21,861 \$22.298 \$22,744 \$23,199 Other income \$19,800 \$6.54 \$13.531 \$20,600 \$21,012 \$21,431 \$22,143 \$21,983 \$22,744 \$23,199 Other income \$1,042 \$344 \$712 \$1,084 \$1108 \$3,571 \$3,642 \$3,715 <td< th=""><th>-</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th>nvestment</th><th></th><th>\$30,5</th></td<>	-										nvestment		\$30,5
Annual revenue growth Initial monthly rent per unit St 625 2.0% S1.25 market rent S125 S375 S375 S375 S375 S375 S375 S375 S5,728 Mortgage insur, premium Stabilized Vacancy rate Average units lic (nts q, l) 30.% 30.% S5.728 Mortgage insur, premium Imarket per unit set (nts q, l) Total Financing Required Development profit assumption 15.% rotal Rome 6.1% [implied if achieved 15% development profit] Revenues: 10.0% cap rate 6.1% [implied if achieved 15% development profit] Revenues: \$19.00 \$6.534 \$13.31 \$20.600 \$21.012 \$21.422 \$21.61 \$22.296 \$22.744 \$23.199 Retail income \$19.000 \$6.672 \$13.816 \$21.012 \$21.61 \$22.296 \$22.744 \$23.197 Other income \$20.217 \$6.672 \$13.816 \$21.034 \$21.643 \$22.767 \$23.223 \$22.767 \$23.232 \$22.767 \$23.232 \$23.675 \$3.664 \$5.77 \$6.690 \$3.677 \$5.690 \$5.716 \$3.642 \$3.716 \$3.671 \$3.671 \$3.671 \$3.671 \$3.671	Mortgage insur. premium	4.75%				Construction		\$198,000	I	Mortgage			\$173,1
Initial monthyrem per unit \$1,650 per sq. ft \$2,14 \$2,14 \$1,66 \$3,75 \$0,49 GST (net)* \$5,728 Mortgage insur. premium Development profit assumption: 15% Total Costs \$203,728 Total Financing Required Average cash-on-cash return assumption: 15% minimum sales price \$234,287 [to generate a 15% development profit] Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] Revenues: Revial income \$19,800 \$6,534 \$13,531 \$20,600 \$21,012 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$19,800 \$6,534 \$13,531 \$20,600 \$21,012 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$19,800 \$6,672 \$13,816 \$21,034 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$19,800 \$5,672 \$1,816 \$21,432 \$21,861 \$22,298 \$22,767 \$23,223 \$22,767 \$23,223 \$	Annual cost inflation	2.0%			:	Subtotal		\$198,000		Total costs			\$203,7
price pit S2 : 14 Stabilized Vacancy rate \$5.7.66 3.0% \$5.7.97 Mortgage insur. premium Development profit assumption: 15% Total Costs \$203,728 Total Financing Required Average cash-on-cash return assumption: 15% rotal Costs \$203,728 Total Financing Required Revenues: 10.0% cap rate 6.1% [implied if achieved 15% development profit] Revenues: Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Yea 8 Year 9 Revenues: S10,800 \$6,534 \$13,531 \$20,600 \$21,012 \$21,432 \$21,816 \$22,298 \$22,744 \$23,199 Other income \$1,042 \$344 \$171 \$1,048 \$1,108 \$1,128 \$1,121 \$1,174 \$1,171 \$1,174 \$1,217 Vacancy allowance \$20,271 \$6,727 \$2,690 \$3,718 \$3,718 \$3,718 \$3,718 \$3,718 \$3,719 \$3,642 \$3,715 \$3,179 Other income \$2,717	Annual revenue growth									% Equity			15.0
Stabilized Vacancy rate 3.0% Average unit size (net sq. ft.) 770 Total Costs \$203,728 Total Financing Required Development profit assumption: 15% minimum sales price \$234,287 [to generate a 15% development profit] Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] Revenues: Revision \$19,800 \$6,534 \$13,531 \$20,600 \$21,012 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$19,800 \$6,6534 \$713,816 \$21,012 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$19,800 \$6,6534 \$713,816 \$21,014 \$21,454 \$21,883 \$22,298 \$22,744 \$23,293 \$22,895 \$3,667 \$5768 \$5766 \$567 \$5690 \$5704 \$571 \$50,64 \$21,893 \$22,927 \$23,223 \$23,287 \$23,223 \$23,287 \$23,223 \$23,287 \$23,287 \$23,283 \$23,715 \$3,789 Propeny taxes<	Initial monthly rent per unit	\$1,650	\$1,275	\$375									
Average unit size (net sq. ft.) 770 Total Costs \$203,728 Total Icons \$203,728 Total Icons \$203,728 Icons Revenues Average cash-on-cash return assumption 10.% car are 6.1% Icons 5.8% Verar 9 6.1% Icons Verar 9 Verar	per sq. ft	\$2.14	\$1.66	\$0.49		GST (net)*		\$5,728	I	Mortgage ins	sur. premiun	า	\$8,2
Development profit assumption: 15% minimum sales price \$234,287 (to generate a 15% development profit) Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] Revenues: Rental income \$19,800 \$6.534 \$13,531 \$20,600 \$21,012 \$21,432 \$22,288 \$22,744 \$23,199 Other income \$19,800 \$6.534 \$13,531 \$20,600 \$21,012 \$21,432 \$22,288 \$22,744 \$23,199 Other income \$19,042 \$344 \$712 \$1,084 \$11,166 \$11,28 \$1,151 \$1,717 \$1,221 Vacancy allowance \$56,572 \$13,816 \$21,034 \$21,454 \$21,883 \$22,217 \$2,323 \$23,887 Operating Costs: Maintenance and operations \$2,2713 \$2,2767 \$2,823 \$2,897 \$2,997 \$2,997 \$3,042 \$3,715 \$3,749 Not Operating Income \$14,270 \$1,533 \$8,162 \$1,4846 \$15,155 \$16,070 \$16,391	Stabilized Vacancy rate	3.0%											
Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] REVENUES AND COSTS Revenues: Year 0 ¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Revenues: Reintal income \$19,800 \$6,534 \$13,531 \$20,600 \$21,012 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$1,042 \$344 \$712 \$1,046 \$1,128 \$1,151 \$1,171 \$1,197 \$12,277 \$23,223 \$22,3767 \$23,233 \$20,217 \$6,672 \$13,816 \$21,034 \$21,454 \$21,883 \$22,321 \$22,767 \$23,223 \$23,789 Propertytaxes \$2,713 \$2,777 \$2,823 \$2,897 \$2,995 \$3,055 \$3,171 \$3,642 \$3,175 \$3,789 Propertytaxes \$2,713 \$2,777 \$2,823 \$2,897 \$2,997 \$2,995 \$3,055 \$3,176 Calculated cap rate \$10,583 \$10,583	Average unit size (net sq. ft.)	770				Total Costs		\$203,728	•	Total Financ	ing Require	d	\$181,3
Vear 0 Vear 1 Vear 2 Vear 3 Vear 4 Vear 5 Vear 6 Vear 7 Vear 8 Vear 9 Revenues: Rental income \$19,800 \$6,534 \$13,531 \$20,600 \$21,412 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$1,042 \$344 \$712 \$1,084 \$1,106 \$1,128 \$1,171 \$1,177 \$1,221 Vacancy allowance \$520 \$5206 \$5404 \$561 \$5664 \$6577 \$583 \$2,767 \$23,223 \$22,767 \$23,223 \$22,767 \$23,223 \$22,873 \$22,937 \$22,937 \$22,937 \$2,935 \$3,055 \$3,116 \$3,179 Total operating ncome \$1,4270 \$1,533 \$8,162 \$14,846 \$15,143 \$15,466 \$5,535 \$5,628 \$5,646 \$5,298 \$5,645 \$5,617 \$6,566 \$6,697 \$6,511 \$6,566 \$6,697 \$6,513 \$16,791 \$7,08 Nortgage Payments: Principal \$1,573	Development profit assumptio	n:	15%			minimum sa	les price	\$234,287	to generate	a 15% deve	lopment pro	fit]	
Revenues: V V V Rental income \$19.80 \$21.432 \$21.412 \$21.432 \$21.451 \$21.714 \$21.714 \$11.197 \$12.729 Other income \$10.42 \$344 \$712 \$1.084 \$1.106 \$1.128 \$1.151 \$1.174 \$1.197 \$1.237 Vacancy allowance \$2625 \$-\$206 \$427 \$667 \$5664 \$-\$677 \$-\$690 \$704 \$5718 \$5733 Operating Costs: \$20,217 \$6,672 \$13,816 \$21,034 \$21,454 \$21,883 \$22,221 \$22,767 \$23,223 \$23,887 Property taxes \$22,713 \$2,713 \$2,767 \$2,823 \$2,897 \$2,995 \$3,055 \$3,116 \$3,179 Total operating costs \$14,270 \$1,533 \$8,162 \$14,846 \$15,143 \$15,445 \$5,666 \$6,697 \$6,811 \$6,697 \$6,811 \$6,437 \$6,6167 \$6,811 \$6,437 \$6,6167 \$6,813 \$6,656 \$6,6,877 \$6,6	Average cash-on-cash return	assumption	10.0%			cap rate		6.1%	implied if ac	hieved 15%	developme	nt profit]	
Revenues: V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V V			Y 01	Ve en 4	¥0	¥0		V	¥0	V7	¥0	¥0	V
Rental income \$19,800 \$6,534 \$13,531 \$20,600 \$21,012 \$21,432 \$21,861 \$22,298 \$22,744 \$23,199 Other income \$1,042 \$344 \$712 \$1,084 \$1,106 \$1,128 \$1,151 \$1,174 \$1,197 \$1,221 Vacancy allowance \$625 \$5206 \$\$247 \$661 \$5690 \$574 \$5714 \$5714 \$5713 \$3,6571 \$23,223 \$22,767 \$23,223 \$23,687 Operating Costs: \$3,234 \$2,713 \$2,776 \$2,823 \$2,995 \$3,055 \$3,116 \$3,179 Total operating costs \$5,947 \$5,139 \$5,654 \$6,187 \$6,311 \$6,637 \$6,6697 \$6,831 \$6,698 Net Operating Income \$14,270 \$1,533 \$8,162 \$14,846 \$15,113 \$15,446 \$15,755 \$16,070 \$16,391 \$16,719 Calculated cap rate 7.0% \$4,797 \$4,954 \$5,117 \$5,848 \$5,636 \$5,628 \$5,628 \$5,125 \$16,070 \$16,391 \$16,719 Interest \$5,785			rear 0	rear 1	rear 2	rear 3	rear 4	rear 5	rear 6	rear /	rear 8	rear 9	Year
Other income \$1,042 \$344 \$712 \$1,084 \$1,106 \$1,128 \$1,151 \$1,174 \$1,197 \$1,221 Vacancy allowance \$20,217 \$6,672 \$13,816 \$21,034 \$21,454 \$21,838 \$22,321 \$22,2767 \$23,223 \$23,687 Operating Costs: Maintenance and operations \$3,271 \$2,2767 \$23,223 \$23,687 \$3,571 \$3,642 \$3,571 \$3,642 \$3,715 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671 \$3,671<			\$10,800	\$6.534	¢13 531	\$20,600	\$21.012	¢01 /00	\$21.861	\$22.200	¢22 7/4	\$22 100	\$23,
Vacancy allowance -\$625 -\$206 -\$427 -\$651 -\$664 -\$677 -\$690 -\$704 -\$718 -\$733 Gross income \$20,217 \$6,672 \$13,816 \$21,034 \$21,454 \$21,883 \$22,321 \$22,767 \$23,223 \$23,687 Departing Costs: ************************************													φ23, \$1,
Gross income\$20,217\$6,672\$13,816\$21,034\$21,454\$21,883\$22,231\$22,767\$23,223\$23,687Operating Costs: Maintenance and operations Property taxes\$3,234\$2,426\$2,886\$3,365\$3,432\$3,571\$3,642\$3,715\$3,789Droterty taxes Total operating costs\$5,947\$5,139\$5,654\$6,187\$6,631\$6,656\$6,697\$6,831\$6,968Vet Operating neome Calculated cap rate\$14,270\$1,533\$8,162\$14,846\$15,143\$15,446\$15,755\$16,070\$16,91\$16,719Nortgage Payments: Principal Interest Total\$4,797\$4,797\$4,954\$5,117\$5,284\$5,458\$5,636\$5,821\$6,012\$6,209Stotal\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583\$10,583<													,∎نې \$∹
Operating Costs: Maintenance and operations \$3,234 \$2,426 \$2,886 \$3,365 \$3,432 \$3,571 \$3,642 \$3,715 \$3,789 Property taxes \$2,713 \$2,713 \$2,767 \$2,823 \$2,879 \$2,937 \$2,995 \$3,055 \$3,116 \$3,179 Total operating costs \$5,947 \$5,139 \$5,654 \$6,187 \$6,311 \$6,437 \$6,566 \$6,697 \$6,831 \$6,968 Net Operating Income \$14,270 \$1,533 \$8,162 \$14,846 \$15,143 \$15,446 \$15,755 \$16,070 \$16,391 \$16,719 Calculated cap rate 7.0% \$4,797 \$4,954 \$5,117 \$5,284 \$5,458 \$5,636 \$5,821 \$6,012 \$6,209 Interest 7.0% \$4,797 \$4,954 \$5,117 \$5,284 \$5,458 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 <td>2</td> <td></td> <td>\$24,</td>	2												\$24,
Maintenance and operations \$3,234 \$2,426 \$2,886 \$3,365 \$3,432 \$3,501 \$3,571 \$3,642 \$3,715 \$3,789 Property taxes \$2,713 \$2,777 \$2,823 \$2,879 \$2,937 \$2,995 \$3,055 \$3,116 \$3,179 Total operating costs \$5,947 \$5,139 \$5,654 \$6,187 \$6,311 \$6,437 \$6,566 \$6,697 \$6,831 \$6,968 Vet Operating Income \$14,270 \$1,533 \$8,162 \$14,846 \$15,143 \$15,446 \$15,755 \$16,070 \$16,391 \$16,719 Calculated cap rate 7.0% \$4,797 \$4,954 \$5,117 \$5,284 \$5,456 \$5,628 \$5,461 \$4,844 \$15,173 \$6,012 \$6,012 \$6,029 Mortgage Payments: ************************************			\$20,217	\$0,07Z	\$13,010	\$21,034	φ ∠1,454	₽21,00 3	722,32 I	\$22,707	\$23,223	\$23,00 <i>1</i>	φ 24,
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Mortgage Payments: Principal \$4,797 \$4,797 \$4,954 \$5,117 \$5,284 \$5,458 \$5,636 \$5,821 \$6,012 \$6,209 Interest \$5,785 \$5,785 \$5,628 \$5,628 \$5,117 \$5,284 \$5,458 \$5,636 \$5,821 \$6,012 \$6,209 Interest \$5,785 \$5,785 \$5,628 \$5,628 \$5,298 \$5,125 \$4,946 \$4,761 \$4,571 \$4,374 Total \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 <t< td=""><td>let Operating Income</td><td></td><td>\$14,270</td><td>\$1,533</td><td>\$8,162</td><td>\$14,846</td><td>\$15,143</td><td>\$15,446</td><td>\$15,755</td><td>\$16,070</td><td>\$16,391</td><td>\$16,719</td><td>\$17,</td></t<>	let Operating Income		\$14,270	\$1,533	\$8,162	\$14,846	\$15,143	\$15,446	\$15,755	\$16,070	\$16,391	\$16,719	\$17,
Principal Interest \$4,797 \$4,797 \$4,954 \$5,117 \$5,284 \$5,636 \$5,821 \$6,012 \$6,009 Interest \$5,785 \$5,785 \$5,785 \$5,628 \$5,628 \$5,125 \$4,946 \$4,761 \$4,571 \$4,374 Total \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583 \$10,583<	Calculated cap rate		7.0%										
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Cash Flow \$3,687 -\$9,050 -\$2,420 \$4,264 \$4,561 \$4,864 \$5,172 \$5,488 \$5,809 \$6,137 Cash Flow 12.1% -29.6% -7.9% 14.0% 14.9% 15.9% 16.9% 18.0% 19.0% 20.1% Average Annual 12.1% -29.6% -7.9% -7.9% -2.2% 1.5% 4.0% 6.0% 7.6% 9.0% Principal Payments \$4,797 \$4,797 \$4,954 \$5,117 \$5,284 \$5,636 \$5,821 \$6,012 \$6,209 Cumulative \$4,797 \$4,797 \$9,752 \$14,869 \$20,153 \$25,611 \$31,247 \$37,068 \$43,080 \$49,289 Annual Cash Flow & Principal Payments \$8,485 -\$4,252 \$2,534 \$9,381 \$9,845 \$10,321 \$10,809 \$11,821 \$12,346 Annual Cash Flow & Principal Payments 27.8% -13.9% 8.3% 30.7% 32.2% 33.8% 35.4% 37.0% 38.7% 40.4%	Interest		\$5,785	\$5,785	\$5,628	\$5,466	\$5,298	\$5,125	\$4,946	\$4,761	\$4,571	\$4,374	\$4,
Cash-on-Cash Return 12.1% -29.6% -7.9% 14.0% 14.9% 15.9% 16.9% 18.0% 19.0% 20.1% Average Annual 12.1% -29.6% -18.8% -7.9% -2.2% 1.5% 4.0% 6.0% 7.6% 9.0% Principal Payments \$4,797 \$4,797 \$4,954 \$5,117 \$5,284 \$5,656 \$5,821 \$6,012 \$6,209 Cumulative \$4,797 \$4,797 \$9,752 \$14,869 \$20,153 \$25,611 \$31,247 \$37,068 \$43,080 \$49,289 Annual Cash Flow & Principal Payments \$8,485 -\$4,252 \$2,534 \$9,381 \$9,845 \$10,321 \$10,809 \$11,309 \$11,821 \$12,346 Annual Cash Flow & Principal Payments 27.8% -13.9% 8.3% 30.7% 32.2% 33.8% 35.4% 37.0% 38.7% 40.4%	Total		\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,
Average Annual 12.1% -29.6% -18.8% -7.9% -2.2% 1.5% 4.0% 6.0% 7.6% 9.0% Principal Payments Cumulative \$4,797 \$4,797 \$4,954 \$5,117 \$5,284 \$5,636 \$5,821 \$6,012 \$6,209 Annual Cash Flow & Principal Payments \$8,485 -\$4,797 \$9,752 \$14,869 \$20,153 \$25,611 \$31,247 \$37,068 \$43,080 \$49,289 Annual Cash Flow & Principal Payments \$8,485 -\$4,252 \$2,534 \$9,381 \$9,845 \$10,321 \$10,809 \$11,309 \$11,821 \$12,346 Annual Cash Flow & Principal Payments 27.8% -13.9% 8.3% 30.7% 32.2% 33.8% 35.4% 37.0% 38.7% 40.4%	ash Flow		\$3,687	-\$9,050	-\$2,420	\$4,264	\$4,561	\$4,864	\$5,172	\$5,488	\$5,809	\$6,137	\$6,
State State <th< td=""><td>Cash-on-Cash Return</td><td></td><td>12.1%</td><td>-29.6%</td><td>-7.9%</td><td>14.0%</td><td>14.9%</td><td>15.9%</td><td>16.9%</td><td>18.0%</td><td>19.0%</td><td>20.1%</td><td>21</td></th<>	Cash-on-Cash Return		12.1%	-29.6%	-7.9%	14.0%	14.9%	15.9%	16.9%	18.0%	19.0%	20.1%	21
Cumulative \$4,797 \$9,752 \$14,869 \$20,153 \$25,611 \$31,247 \$37,068 \$43,080 \$49,289 Annual Cash Flow & Principal Payments \$8,485 -\$4,252 \$2,534 \$9,845 \$10,321 \$10,809 \$11,821 \$12,346 Annual Cash Flow & Principal Payments \$8,485 -\$4,252 \$2,534 \$9,845 \$10,321 \$10,809 \$11,821 \$12,346 Annual Cash Flow & Principal Payments \$10,394 \$11,821 \$12,346 \$10,321 \$10,809 \$11,821 \$12,346 Annual Cash Flow & Principal Payments \$27,8% -13.9% \$3.3% 30.7% 32.2% 33.8% 35.4% 37.0% 38.7% 40.4%	Average Annual		12.1%	-29.6%	-18.8%	-7.9%	-2.2%	1.5%	4.0%	6.0%	7.6%	9.0%	10
Annual Cash Flow & Principal Payments \$8,485 -\$4,252 \$2,534 \$9,381 \$9,845 \$10,321 \$10,809 \$11,309 \$11,821 \$12,346 Annual Cash Flow & Principal Payments Is % of Initial Cash Investment 27.8% -13.9% 8.3% 30.7% 32.2% 33.8% 35.4% 37.0% 38.7% 40.4%	Principal Payments		\$4,797	\$4,797	\$4,954	\$5,117	\$5,284	\$5,458	\$5,636	\$5,821	\$6,012	\$6,209	\$6,
Annual Cash Flow & Principal Payments as % of Initial Cash Investment 27.8% -13.9% 8.3% 30.7% 32.2% 33.8% 35.4% 37.0% 38.7% 40.4%	Cumulative		\$4,797	\$4,797	\$9,752	\$14,869	\$20,153	\$25,611	\$31,247	\$37,068	\$43,080	\$49,289	\$55,
ns % of Initial Cash Investment 27.8% -13.9% 8.3% 30.7% 32.2% 33.8% 35.4% 37.0% 38.7% 40.4%	Annual Cash Flow & Principal Pay	ments	\$8,485	-\$4,252	\$2,534	\$9,381	\$9,845	\$10,321	\$10,809	\$11,309	\$11,821	\$12,346	\$12,
	Annual Cash Flow & Principal Pay	ments											
	as % of Initial Cash Investment		27.8%	-13.9%	8.3%	30.7%	32.2%	33.8%	35.4%	37.0%	38.7%	40.4%	42
Average Annual 27.8% -13.9% -2.8% 8.4% 14.3% 18.2% 21.1% 23.3% 25.3% 26.9%	Average Annual		27.8%	-13.9%	-2.8%	8.4%	14.3%	18.2%	21.1%	23.3%	25.3%	26.9%	28.
¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excluding inflation on revenues and costs.		•	net HST, ass	umed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupa	ncy but exclu	udes

Per Unit

Winnipeg

Project type: Medium Central, Not Downtown Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% 25 **Development Costs:** Financing: Amortization period (yrs) Loan-to-lending value ratio 85% Land \$0 Initial cash investment \$42.143 Mortgage insur. premium 4.75% Construction \$274.000 Mortgage \$238.810 2.0% Subtotal \$274.000 Total costs \$280,953 Annual cost inflation Annual revenue growth 2.0% market rent difference % Equity 15.0% Initial monthly rent per unit \$2,175 \$1,475 \$700 per sq. ft \$2.82 \$1.92 \$0.91 GST (net)* \$6,953 Mortgage insur. premium \$11,343 Stabilized Vacancy rate 3.0% Average unit size (net sq. ft.) 770 **Total Costs** \$280.953 **Total Financing Required** \$250.154 15% Development profit assumption: minimum sales price \$323,096 [to generate a 15% development profit] Average cash-on-cash return assumption 10.0% cap rate 6.0% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: Rental income \$26,100 \$8,613 \$17,837 \$27,154 \$27,698 \$28,251 \$28,817 \$29,393 \$29,981 \$30,580 \$31,192 Other income \$1,374 \$453 \$939 \$1,429 \$1,458 \$1,487 \$1,517 \$1,547 \$1,578 \$1,609 \$1,642 -\$824 -\$272 -\$563 -\$858 -\$875 -\$928 -\$947 -\$985 Vacancy allowance -\$892 -\$910 -\$966 \$26,649 \$8,794 \$18,212 \$27,726 \$28,281 \$28,846 \$29,423 \$30,012 \$30,612 \$31,224 Gross income \$31,849 **Operating Costs:** Maintenance and operations \$3,696 \$2,772 \$3,299 \$3,845 \$3,922 \$4,001 \$4,081 \$4,162 \$4,246 \$4,330 \$4,417 Property taxes \$3,576 \$3,576 \$3,648 \$3,721 \$3,795 \$3,871 \$3,949 \$4,028 \$4,108 \$4,190 \$4,274 **Total operating costs** \$7,272 \$6,348 \$6,947 \$7,566 \$7,717 \$7,872 \$8,029 \$8,190 \$8,354 \$8,521 \$8,691 Net Operating Income \$19.377 \$2,446 \$11,266 \$20,160 \$20,563 \$20,974 \$21.394 \$21.822 \$22.258 \$22.703 \$23,157 Calculated cap rate 6.9% Mortgage Payments: \$6,616 \$6,616 \$6,833 \$7,056 \$7,288 \$7,526 \$7,773 \$8,028 \$8,291 \$8,562 \$8,843 Principal \$7.538 Interest \$7.978 \$7.978 \$7.761 \$7.306 \$7.068 \$6.821 \$6.566 \$6.303 \$6.032 \$5.751 Total \$14,594 \$14,594 \$14,594 \$14,594 \$14,594 \$14,594 \$14,594 \$14.594 \$14,594 \$14,594 \$14.594 Cash Flow \$4,783 -\$12,148 -\$3,328 \$5,566 \$5,969 \$6,380 \$6,800 \$7,664 \$8,563 \$7,228 \$8,109 11.3% 18.2% Cash-on-Cash Return -28.8% -7.9% 13.2% 14.2% 15.1% 16.1% 17.2% 19.2% 20.3% Average Annual 11.3% -28.8% -18.4% -7.8% -2.3% 1.2% 3.7% 5.6% 7.2% 8.5% 9.7% **Principal Payments** \$6,616 \$6,616 \$6,833 \$7,056 \$7,288 \$7,526 \$7,773 \$8,028 \$8,291 \$8,562 \$8,843 Cumulative \$6,616 \$6,616 \$13,448 \$20,505 \$27,792 \$35,319 \$43,092 \$51,119 \$59,410 \$67,972 \$76,815 Annual Cash Flow & Principal Payments \$11,399 -\$5.532 \$3,504 \$12,622 \$13,257 \$13,907 \$14.573 \$15.255 \$15,955 \$16.672 \$17.406 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 27.0% -13.1% 8.3% 30.0% 31.5% 33.0% 34.6% 36.2% 37.9% 39.6% 41.3% Average Annual 27.0% -13.1% -2.4% 8.4% 14.1% 17.9% 20.7% 22.9% 24.8% 26.4% 27.9% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs Source: Altus Group

Winnipeg

Project type: High-End Downtown, Not Prime Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% 25 **Development Costs:** Financing: Amortization period (yrs) \$45.397 Loan-to-lending value ratio 85% Land \$0 Initial cash investment Mortgage insur. premium 4.75% Construction \$295.000 Mortgage \$257.252 2.0% Subtotal \$295,000 Total costs \$302.650 Annual cost inflation Annual revenue growth 2.0% market rent difference % Equity 15.0% Initial monthly rent per unit \$2,375 \$1,575 \$800 per sq. ft \$3.08 \$2.05 \$1.04 GST (net)* \$7,650 Mortgage insur. premium \$12,219 Stabilized Vacancy rate 3.0% Average unit size (net sq. ft.) 770 **Total Costs** \$302.650 **Total Financing Required** \$269.472 15% Development profit assumption: minimum sales price \$348,047 [to generate a 15% development profit] Average cash-on-cash return assumption 10.0% cap rate 6.0% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: Rental income \$28,500 \$9,405 \$19,477 \$29,651 \$30,244 \$30,849 \$31,466 \$32,096 \$32,738 \$33,392 \$34,060 Other income \$1,500 \$495 \$1,025 \$1,561 \$1,592 \$1,624 \$1,656 \$1,689 \$1,723 \$1,757 \$1,793 -\$900 -\$297 -\$1,034 -\$1,076 Vacancy allowance -\$615 -\$936 -\$955 -\$974 -\$994 -\$1,014 -\$1,054 \$29,100 \$9,603 \$30,276 \$30,881 \$33,427 \$34,095 \$34,777 Gross income \$19,887 \$31,499 \$32,129 \$32,771 **Operating Costs:** Maintenance and operations \$4,158 \$3,119 \$3,711 \$4,326 \$4,413 \$4,501 \$4,591 \$4,683 \$4,776 \$4,872 \$4,969 Property taxes \$3,905 \$3,905 \$3,983 \$4,063 \$4,144 \$4,227 \$4,312 \$4,398 \$4,486 \$4,576 \$4,667 **Total operating costs** \$8,063 \$7,024 \$7,694 \$8,389 \$8,557 \$8,728 \$8,902 \$9,080 \$9,262 \$9,447 \$9,636 Net Operating Income \$21,037 \$2.579 \$12,193 \$21,887 \$22,324 \$22,771 \$23.226 \$23,691 \$24.165 \$24.648 \$25,141 Calculated cap rate 7.0% Mortgage Payments: \$7,127 \$7,127 \$7,360 \$7,601 \$7,850 \$8,373 \$8,648 \$8,931 \$9,223 \$9,526 Principal \$8,108 \$8.594 \$6.497 \$6.195 Interest \$8.594 \$8.361 \$8.120 \$7.871 \$7.613 \$7.348 \$7.073 \$6.790 Total \$15,721 \$15,721 \$15,721 \$15,721 \$15,721 \$15,721 \$15,721 \$15,721 \$15,721 \$15,721 \$15.721 Cash Flow \$5,316 -\$13,142 -\$3,528 \$6,166 \$6,603 \$7,050 \$7,505 \$7,970 \$8,444 \$8,927 \$9,420 Cash-on-Cash Return 11.7% -28.9% -7.8% 13.6% 14.5% 15.5% 16.5% 17.6% 18.6% 19.7% 20.7% Average Annual 11.7% -28.9% -18.4% -7.7% -2.1% 1.4% 3.9% 5.9% 7.5% 8.8% 10.0% **Principal Payments** \$7,127 \$7,127 \$7,360 \$7,601 \$7,850 \$8,108 \$8,373 \$8,648 \$8,931 \$9,223 \$9,526 Cumulative \$7,127 \$7,127 \$14,487 \$22,088 \$29,939 \$38,046 \$46,419 \$55,067 \$63,998 \$73,221 \$82,747 Annual Cash Flow & Principal Payments \$12,442 -\$6,015 \$3,832 \$13,767 \$14,454 \$15,158 \$15.879 \$16,617 \$17.375 \$18.150 \$18,946 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 27.4% -13.2% 8.4% 30.3% 31.8% 33.4% 35.0% 36.6% 38.3% 40.0% 41.7% Average Annual 27.4% -13.2% -2.4% 8.5% 14.3% 18.1% 21.0% 23.2% 25.1% 26.7% 28.2% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs Source: Altus Group

Toronto

Toronto

Project type: Basic Fringe et Pont: Zero Land Value

Market Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs	:		Financ	•			
Loan-to-lending value ratio 85%				and		\$0		nitial cash ir	nvestment		\$26,546
Mortgage insur. premium 4.75%				Construction		\$163,000		Mortgage			\$150,430
Annual cost inflation 2.0%			:	Subtotal		\$163,000	-	Total costs			\$176,977
Annual revenue growth 2.5%								% Equity			15.0%
Initial monthly rent per unit \$1,575											
per sq. ft \$2.25			I	HST (net)*		\$13,977	I	Mortgage ins	sur. premiun	1	\$7,145
Stabilized Vacancy rate 2.0%											
Average unit size (net sq. ft.) 700				Fotal Costs		\$176,977		Fotal Financ	ing Require	d	\$157,57
Development profit assumption:	15%			minimum sa	les price	\$203,523	to generate	a 15% deve	lopment pro	fit]	
				cap rate		5.9%	implied if ac	hieved 15%	developme	nt profit]	
	v -1										
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 1
Rental income	\$18,900	\$6,237	\$12,980	\$19,857	\$20,353	\$20,862	\$21,384	\$21,918	\$22,466	\$23,028	\$23,604
Other income	\$485	\$160	\$333	\$509	\$522	\$535	\$548	\$562	\$576	\$590	\$60
Vacancy allowance	-\$388	-\$128	-\$266	-\$407	-\$418	-\$428	-\$439	-\$450	-\$461	-\$472	-\$48
Gross income	\$18,997	\$6,269	\$13,046	\$19,959	\$20,458	\$20,969	\$21,493	\$22,031	\$22,581	\$23,146	\$23,72
Operating Costs:											
Maintenance and operations	\$5,460	\$4,095	\$4,873	\$5,681	\$5,794	\$5,910	\$6,028	\$6,149	\$6,272	\$6,397	\$6,52
Property taxes	\$1,442	\$1,442	\$1,471	\$1,500	\$1,530	\$1,561	\$1,592	\$1,624	\$1,656	\$1,689	\$1,72
Total operating costs	\$6,902	\$5,537	\$6,344	\$7,181	\$7,324	\$7,471	\$7,620	\$7,773	\$7,928	\$8,087	\$8,24
Net Operating Income	\$12,095	\$732	\$6,702	\$12,778	\$13,133	\$13,498	\$13,873	\$14,258	\$14,653	\$15,059	\$15,47
Calculated cap rate	6.8%										
Mortgage Payments:											
Principal	\$4,167	\$4,167	\$4,304	\$4,445	\$4,591	\$4,741	\$4,896	\$5,057	\$5,222	\$5,394	\$5,57
Interest	\$5,026	\$5,026	\$4,889	\$4,748	\$4,602	\$4,452	\$4,297	\$4,136	\$3,971	\$3,799	\$3,62
Total	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,19
Cash Flow	\$2,902	-\$8,461	-\$2,491	\$3,585	\$3,940	\$4,305	\$4,680	\$5,065	\$5,460	\$5,866	\$6,28
Cash-on-Cash Return	10.9%	-31.9%	-9.4%	13.5%	14.8%	16.2%	17.6%	19.1%	20.6%	22.1%	23.79
Average Annual	10.9%	-31.9%	-20.6%	-9.2%	-3.2%	0.7%	3.5%	5.7%	7.6%	9.2%	10.6%
Principal Payments	\$4,167	\$4,167	\$4,304	\$4,445	\$4,591	\$4,741	\$4,896	\$5,057	\$5,222	\$5,394	\$5,57
Cumulative	\$4,167	\$4,167	\$8,471	\$12,916	\$17,507	\$22,248	\$27,144	\$32,201	\$37,423	\$42,817	\$48,38
Annual Cash Flow & Principal Payments	\$7,069	-\$4,293	\$1,813	\$8,030	\$8,531	\$9,046	\$9,576	\$10,122	\$10,683	\$11,260	\$11,85
Annual Cash Flow & Principal Payments											
as %of Initial Cash Investment	26.6%	-16.2%	6.8%	30.2%	32.1%	34.1%	36.1%	38.1%	40.2%	42.4%	44.7
Average Annual	26.6%	-16.2%	-4.7%	7.0%	13.3%	17.4%	20.5%	23.0%	25.2%	27.1%	28.9%
¹ Year 0 is used for the purpose of calculati	ng net HST, assu	med value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	ized occupai	ncy but exclu	udes
inflation on revenues and costs.											

Project type: Medium Central, Not Downtown arket Rent: Zero Land Value

KEY INPUT ASSUMPTIONS		I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			•	ment Costs	:	•••	Financ	•			A07 507
Loan-to-lending value ratio 85%				Land		\$0		nitial cash ir	nvestment		\$37,597
Mortgage insur. premium 4.75% Annual cost inflation 2.0%				Construction Subtotal		\$235,000 \$235,000		Nortgage Fotal costs			\$213,051 \$250,649
Annual revenue growth 2.5%				Subiolai		\$235,000		% Equity			\$250,649 15.0%
Initial monthly rent per unit \$1,675								% Equity			15.0%
per sq. ft \$2.39				HST (net)*		\$15.649		Mortagae ins	ur. premium	`	\$10,120
Stabilized Vacancy rate 2.0%						ψ10,040	'	wortgage ins	ui. prennun	1	ψ10,120
Average unit size (net sq. ft.) 700				Total Costs		\$250,649	٦	Fotal Financ	ing Require	d	\$223,171
Development profit assumption:	15%			minimum sa	les price	\$288,246	to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.4%	implied if ac	hieved 15%	developme	nt profit]	
	4										
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$20,100	\$6,633	\$13,804	\$21,118	\$21,646	\$22,187	\$22,741	\$23,310	\$23,893	\$24,490	\$25,102
Other income	\$515	\$170	\$354	\$541	\$555	\$569	\$583	\$598	\$613	\$628	\$644
Vacancy allowance	-\$412	-\$136	-\$283	-\$433	-\$444	-\$455	-\$466	-\$478	-\$490	-\$502	-\$515
Gross income	\$20,203	\$6,667	\$13,874	\$21,226	\$21,757	\$22,300	\$22,858	\$23,429	\$24,015	\$24,615	\$25,231
Operating Costs:											
Maintenance and operations	\$5,880	\$4,410	\$5,248	\$6,118	\$6,240	\$6,365	\$6,492	\$6,622	\$6,754	\$6,889	\$7,027
Property taxes	\$1,533	\$1,533	\$1,564	\$1,595	\$1,627	\$1,660	\$1,693	\$1,727	\$1,761	\$1,797	\$1,833
Total operating costs	\$7,413	\$5,943	\$6,812	\$7,713	\$7,867	\$8,025	\$8,185	\$8,349	\$8,516	\$8,686	\$8,860
Net Operating Income	\$12,790	\$724	\$7,062	\$13,513	\$13,889	\$14,276	\$14,673	\$15,081	\$15,499	\$15,929	\$16,371
Calculated cap rate	5.1%										
Mortgage Payments:											
Principal	\$5,902	\$5,902	\$6,096	\$6,295	\$6,502	\$6,715	\$6,935	\$7,162	\$7,396	\$7,639	\$7,889
Interest	\$7,118	\$7,118	\$6,924	\$6,725	\$6,518	\$6,305	\$6,085	\$5,858	\$5,623	\$5,381	\$5,131
Total	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020
Cash Flow	-\$230	-\$12,296	-\$5,957	\$493	\$870	\$1,256	\$1,653	\$2,061	\$2,480	\$2,910	\$3,351
Cash-on-Cash Return	-0.6%	-32.7%	-15.8%	1.3%	2.3%	3.3%	4.4%	5.5%	6.6%	7.7%	8.9%
Average Annual	-0.6%	-32.7%	-24.3%	-15.7%	-11.2%	-8.3%	-6.2%	-4.5%	-3.1%	-1.9%	-0.8%
Principal Payments	\$5,902	\$5,902	\$6,096	\$6,295	\$6,502	\$6,715	\$6,935	\$7,162	\$7,396	\$7,639	\$7,889
Cumulative	\$5,902	\$5,902	\$11,998	\$18,293	\$24,795	\$31,509	\$38,444	\$45,605	\$53,002	\$60,640	\$68,529
Annual Cash Flow & Principal Payments	\$5,672	-\$6,394	\$138	\$6,788	\$7,371	\$7,971	\$8,588	\$9,223	\$9,876	\$10,548	\$11,240
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	15.1%	-17.0%	0.4%	18.1%	19.6%	21.2%	22.8%	24.5%	26.3%	28.1%	29.9%
Average Annual	15.1%	-17.0%	-8.3%	0.5%	5.3%	8.4%	10.8%	12.8%	14.5%	16.0%	17.4%
Year 0 is used for the purpose of calculating inflation on revenues and costs. Source: Altus Group	net HST, assu	imed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	udes

Toronto

Project type: High-End Downtown, Not Prime Market Ren<u>t;</u> Zero <u>Land Value</u>

15% Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	Year 1 \$8,019 \$206 -\$164 \$8,060	-	ment Costs Land Construction Subtotal HST (net)* Total Costs minimum sa cap rate Year 3 \$25,530 \$655 -\$524			N T N 1 to generate a	nitial cash ir Mortgage Fotal costs % Equity Mortgage ins Fotal Financ a 15% deve	nvestment sur. premium ing Required lopment pro developme Year 8 \$28,885	d fit]	\$45,473 \$257,683 \$303,157 15.0% \$12,240 \$269,923 Year 10 \$30,347
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Land Construction Subtotal HST (net)* Total Costs minimum sa cap rate Year 3 \$25,530 \$655 -\$524	<i>les price</i> Year 4 \$26,168 \$671	\$277,000 \$277,000 \$26,157 \$303,157 \$348,630 [4.7% [Year 5 \$26,823	in N T to generate a <u>implied if ac</u> Year 6 \$27,493	nitial cash ir Vortgage Total costs % Equity Vortgage ins Fotal Financ a 15% deve <u>thieved 15%</u> Year 7 \$28,181	sur. premium ing Required lopment pro developme Year 8	d fit] <u>nt profit]</u> Year 9	\$257,683 \$303,157 <i>15.0%</i> \$12,240 \$269,923 Year 10
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Construction Subtotal HST (net)* Total Costs minimum sa cap rate Year 3 \$25,530 \$655 -\$524	<i>les price</i> Year 4 \$26,168 \$671	\$277,000 \$277,000 \$26,157 \$303,157 \$348,630 [4.7% [Year 5 \$26,823	N T to generate d <u>implied if ac</u> Year 6 \$27,493	Nortgage Fotal costs % Equity Nortgage ins Fotal Financ a 15% deve thieved 15% Year 7 \$28,181	sur. premium ing Required lopment pro developme Year 8	d fit] <u>nt profit]</u> Year 9	\$257,683 \$303,157 <i>15.0%</i> \$12,240 \$269,923 Year 10
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Subtotal HST (net)* Total Costs minimum sa cap rate Year 3 \$25,530 \$655 -\$524	<i>les price</i> Year 4 \$26,168 \$671	\$277,000 \$26,157 \$303,157 \$348,630 [<u>4.7% [</u> Year 5 \$26,823	T N to generate d <u>implied if ac</u> Year 6 \$27,493	Fotal costs % Equity Mortgage ins Fotal Financ: a 15% deve. thieved 15% Year 7 \$28,181	ing Required lopment pro developme Year 8	d fit] <u>nt profit]</u> Year 9	\$303,157 <i>15.0%</i> \$12,240 \$269,923 Year 10
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	HST (net)* Total Costs minimum sa cap rate Year 3 \$25,530 \$655 -\$524	Year 4 \$26,168 \$671	\$26,157 \$303,157 \$348,630 [<u>4.7% [</u> Year 5 \$26,823	N to generate o implied if ac Year 6 \$27,493	% Equity Nortgage ins Fotal Financ: a 15% deve a 15% deve <u>thieved 15%</u> Year 7 \$28,181	ing Required lopment pro developme Year 8	d fit] <u>nt profit]</u> Year 9	15.0% \$12,240 \$269,923 Year 10
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Total Costs minimum sa <u>cap rate</u> Year 3 \$25,530 \$655 -\$524	Year 4 \$26,168 \$671	\$303,157 \$348,630 [4.7% [Year 5 \$26,823	1 to generate d <u>implied if ac</u> Year 6 \$27,493	Nortgage ins Total Financ a 15% deve <u>hieved 15%</u> Year 7 \$28,181	ing Required lopment pro developme Year 8	d fit] <u>nt profit]</u> Year 9	\$12,24(\$269,92 3 Year 1(
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Total Costs minimum sa <u>cap rate</u> Year 3 \$25,530 \$655 -\$524	Year 4 \$26,168 \$671	\$303,157 \$348,630 [4.7% [Year 5 \$26,823	1 to generate d <u>implied if ac</u> Year 6 \$27,493	Fotal Financi a 15% deve thieved 15% Year 7 \$28,181	ing Required lopment pro developme Year 8	d fit] <u>nt profit]</u> Year 9	\$269,923 Year 10
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Total Costs minimum sa <u>cap rate</u> Year 3 \$25,530 \$655 -\$524	Year 4 \$26,168 \$671	\$303,157 \$348,630 [4.7% [Year 5 \$26,823	1 to generate d <u>implied if ac</u> Year 6 \$27,493	Fotal Financi a 15% deve thieved 15% Year 7 \$28,181	ing Required lopment pro developme Year 8	d fit] <u>nt profit]</u> Year 9	\$269,923 Year 10
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	minimum sa cap rate Year 3 \$25,530 \$655 -\$524	Year 4 \$26,168 \$671	\$348,630 [4.7% [Year 5 \$26,823	to generate a implied if ac Year 6 \$27,493	a 15% deve <u>hieved 15%</u> Year 7 \$28,181	lopment pro developme Year 8	fit] <u>nt profit]</u> Year 9	Year 10
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	minimum sa cap rate Year 3 \$25,530 \$655 -\$524	Year 4 \$26,168 \$671	\$348,630 [4.7% [Year 5 \$26,823	to generate a implied if ac Year 6 \$27,493	a 15% deve <u>hieved 15%</u> Year 7 \$28,181	lopment pro developme Year 8	fit] <u>nt profit]</u> Year 9	Year 1
Year 0 ¹ \$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	cap rate Year 3 \$25,530 \$655 -\$524	Year 4 \$26,168 \$671	4.7% [Year 5 \$26,823	<i>implied if ac</i> Year 6 \$27,493	<u>hieved 15%</u> Year 7 \$28,181	developme Year 8	nt profit] Year 9	
\$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Year 3 \$25,530 \$655 -\$524	\$26,168 \$671	Year 5 \$26,823	Year 6	Year 7 \$28,181	Year 8	Year 9	
\$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	Year 2 \$16,688 \$428 -\$342	Year 3 \$25,530 \$655 -\$524	\$26,168 \$671	\$26,823	\$27,493	\$28,181			
\$24,300 \$623 -\$498 \$24,425	\$8,019 \$206 -\$164	\$16,688 \$428 -\$342	\$25,530 \$655 -\$524	\$26,168 \$671	\$26,823	\$27,493	\$28,181			
\$623 -\$498 \$24,425	\$206 -\$164	\$428 -\$342	\$655 -\$524	\$671				\$28,885	\$29.607	\$30,347
\$623 -\$498 \$24,425	\$206 -\$164	\$428 -\$342	\$655 -\$524	\$671				φ∠0,005	JZ9.0U/	⊅ 30,34
-\$498 \$24,425	-\$164	-\$342	-\$524		2000		3123	\$741	\$759	\$77
\$24,425		• -	• -		-\$550	-\$564	-\$578	-\$593		۶// \$62-
	\$8,060	516.774							-\$607	
¢c 200		÷·•,···	\$25,661	\$26,303	\$26,960	\$27,634	\$28,325	\$29,033	\$29,759	\$30,50
\$6,300	\$4,725	\$5,623	\$6,555	\$6,686	\$6,819	\$6,956	\$7,095	\$7,237	\$7,381	\$7,52
\$1,854	\$1,854	\$1,891	\$1,929	\$1,967	\$2,007	\$2,047	\$2,088	\$2,129	\$2,172	\$2,21
\$8,154	\$6,579	\$7,514	\$8,483	\$8,653	\$8,826	\$9,002	\$9,183	\$9,366	\$9,554	\$9,74
\$16,271	\$1,481	\$9,260	\$17,178	\$17,650	\$18,134	\$18,632	\$19,143	\$19,667	\$20,206	\$20,75
5.4%										
\$7.139	\$7.139	\$7.372	\$7.614	\$7.864	\$8,121	\$8.387	\$8.662	\$8,946	\$9.239	\$9,54
	. ,		. ,		. ,	. ,				\$6,20
\$15,747	\$15,747	\$15,747	\$15,747	\$15,747	\$15,747	\$15,747	\$15,747	\$15,747	\$15,747	\$15,74
\$524	-\$14,266	-\$6,487	\$1,431	\$1,902	\$2,387	\$2,884	\$3,395	\$3,920	\$4,458	\$5,01
1.2%	-31.4%	-14.3%	3.1%	4.2%	5.2%	6.3%	7.5%	8.6%	9.8%	11.09
1.2%	-31.4%	-22.8%	-14.2%	-9.6%	-6.6%	-4.5%	-2.8%	-1.3%	-0.1%	1.09
\$7,139	\$7,139	\$7.372	\$7.614	\$7,864	\$8,121	\$8,387	\$8,662	\$8,946	\$9,239	\$9,54
\$7,139	\$7,139	\$14,511	\$22,125	\$29,989	\$38,110	\$46,497	\$55,159	\$64,105	\$73,344	\$82,88
\$7,662	-\$7,127	\$885	\$9,045	\$9,766	\$10,508	\$11,272	\$12,057	\$12,866	\$13,697	\$14,55
16.8%	-15.7%	1.9%	19.9%	21.5%	23.1%	24.8%	26.5%	28.3%	30.1%	32.0
16.8%	-15.7%	-6.9%	2.1%	6.9%	10.1%	12.6%	14.6%	16.3%	17.8%	19.29
	\$8,154 \$16,271 5.4% \$7,139 \$8,609 \$15,747 \$524 1.2% \$7,139 \$7,139 \$7,662 16.8%	\$8,154 \$6,579 \$16,271 \$1,481 5.4% \$1,481 \$7,139 \$7,139 \$8,609 \$8,609 \$15,747 \$15,747 \$524 -\$14,266 1.2% -31.4% \$7,139 \$7,139 \$7,139 \$7,139 \$7,139 \$7,139 \$7,139 \$7,139 \$7,662 -\$7,127 16.8% -15.7%	\$8,154 \$6,579 \$7,514 \$16,271 \$1,481 \$9,260 5.4% \$1,481 \$9,260 \$7,139 \$7,139 \$7,372 \$8,609 \$8,609 \$8,375 \$15,747 \$15,747 \$15,747 \$524 -\$14,266 -\$6,487 1.2% -31.4% -14.3% 1.2% -31.4% -22.8% \$7,139 \$7,139 \$7,372 \$7,139 \$7,139 \$14,511 \$7,662 -\$7,127 \$885 16.8% -15.7% 1.9% 16.8% -15.7% -6.9%	\$8,154 \$6,579 \$7,514 \$8,483 \$16,271 \$1,481 \$9,260 \$17,178 5.4% \$7,139 \$7,372 \$7,614 \$8,609 \$8,609 \$8,375 \$8,133 \$15,747 \$15,747 \$15,747 \$15,747 \$524 -\$14,266 -\$6,487 \$1,431 1.2% -31.4% -14.3% 3.1% 1.2% -31.4% -22.8% -14.2% \$7,139 \$7,139 \$7,372 \$7,614 \$7,139 \$7,139 \$1,5,747 \$15,747 \$15,747 \$15,747 \$1,431 \$1,2% -31.4% -22.8% -14.2% \$1,431 \$7,139 \$7,139 \$14,511 \$22,125 \$7,662 -\$7,127 \$885 \$9,045 16.8% -15.7% 1.9% 2.1%	\$8,154 \$6,579 \$7,514 \$8,483 \$8,653 \$16,271 \$1,481 \$9,260 \$17,178 \$17,650 5.4% \$7,372 \$7,614 \$7,864 \$8,609 \$8,375 \$8,133 \$7,884 \$15,747 \$15,747 \$15,747 \$15,747 \$524 -\$14,266 -\$6,487 \$1,431 \$1,902 1.2% -31.4% -14.3% 3.1% 4.2% 1.2% -31.4% -22.8% -14.2% -9.6% \$7,139 \$7,139 \$7,372 \$2,7614 \$7,864 \$7,139 \$7,139 \$14,511 \$22,125 \$29,989 \$7,662 -\$7,127 \$885 \$9,045 \$9,766 16.8% -15.7% 1.9% 19.9% 21.5% 16.8% -15.7% 6.9% 2.1% 6.9%	\$8,154 \$6,579 \$7,514 \$8,483 \$8,653 \$8,826 \$16,271 \$1,481 \$9,260 \$17,178 \$17,650 \$18,134 \$5.4% \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,609 \$8,609 \$8,375 \$8,133 \$7,884 \$7,626 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$524 -\$14,266 -\$6,487 \$1,431 \$1,902 \$2,387 1.2% -31.4% -14.3% 3.1% 4.2% 5.2% 1.2% -31.4% -22.8% -14.2% -9.6% -6.6% \$7,139 \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$7,139 \$7,139 \$14,511 \$22,125 \$29,989 \$38,110 \$7,662 -\$7,127 \$885 \$9,045 \$9,766 \$10,508 16.8% -15.7% 1.9% 21.5% 6.9% 10.1%	\$8,154 \$6,579 \$7,514 \$8,483 \$8,653 \$8,826 \$9,002 \$16,271 \$1,481 \$9,260 \$17,178 \$17,650 \$18,134 \$18,632 \$5.4% \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,887 \$8,609 \$8,609 \$8,375 \$8,133 \$7,884 \$7,626 \$7,360 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$524 -\$14,266 -\$6,487 \$1,431 \$1,902 \$2,387 \$2,884 1.2% -31.4% -14.3% 3.1% 4.2% 5.2% 6.3% 1.2% -31.4% -22.8% -14.2% -9.6% -6.6% -4.5% \$7,139 \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,387 \$7,139 \$7,139 \$7,139 \$14,511 \$22,125 \$29,989 \$38,110 \$46,497 \$7,662 -\$7,127 \$885 \$9,045 \$9,766 \$10,508 \$11,272 16.8% -15.7% 1.9% 2.1% 6.9%	\$8,154 \$6,579 \$7,514 \$8,483 \$8,653 \$8,826 \$9,002 \$9,183 \$16,271 \$1,481 \$9,260 \$17,178 \$17,650 \$18,134 \$18,632 \$19,143 \$7,139 \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,387 \$8,662 \$8,609 \$8,609 \$8,375 \$8,133 \$7,884 \$7,626 \$7,360 \$7,085 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$524 -\$14,266 -\$6,487 \$1,431 \$1,902 \$2,387 \$2,884 \$3,395 1.2% -31.4% -14.3% 3.1% 4.2% 5.2% 6.3% 7.5% 1.2% -31.4% -22.8% -14.2% -9.6% -6.6% -4.5% -2.8% \$7,139 \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,387 \$8,662 \$7,139 \$7,139 \$7,139 \$7,139 \$5,5159 \$38,110 \$46,497 \$55,159 \$7,662 -\$7,127 \$885 \$9,045	\$8,154 \$6,579 \$7,514 \$8,483 \$8,653 \$8,826 \$9,002 \$9,183 \$9,366 \$16,271 \$1,481 \$9,260 \$17,178 \$17,650 \$18,134 \$18,632 \$19,143 \$19,667 \$5,4% \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,387 \$8,662 \$8,946 \$8,609 \$8,609 \$8,375 \$8,133 \$7,884 \$7,626 \$7,360 \$7,085 \$6,801 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747	\$8,154 \$6,579 \$7,514 \$8,483 \$8,653 \$8,826 \$9,002 \$9,183 \$9,366 \$9,554 \$16,271 \$1,481 \$9,260 \$17,178 \$17,650 \$18,134 \$18,632 \$19,143 \$19,667 \$20,206 \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,387 \$8,662 \$8,946 \$9,239 \$8,609 \$8,609 \$8,375 \$8,133 \$7,884 \$7,626 \$7,360 \$7,085 \$6,801 \$6,508 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747

Toronto

KEY INPUT ASSUMPTIONS

Project type: Basic Fringe

Economic Rent; Market Land Value

LET INPUT ASSUMPTIONS				ROJECT DI		11 CO313 A		•••				
Mortgage interest rate	3.25%				_			_				
Amortization period (yrs)	25			•	ment Costs	:		Financ	-			
Loan-to-lending value ratio	85%				and		\$34,000		nitial cash ir	nvestment		\$31,6
Mortgage insur. premium	4.75%				Construction		\$163,000		Nortgage			\$179,3
Annual cost inflation	2.0%				Subtotal		\$197,000	1	Fotal costs			\$210,9
Annual revenue growth	2.5%	market rent							% Equity			15.
Initial monthly rent per unit	\$1,750	\$1,575	\$175									
per sq. ft	\$2.50	\$2.25	\$0.25	I	HST (net)*		\$13,977	N	Mortgage ins	ur. premium	1	\$8,
Stabilized Vacancy rate	2.0%											
Average unit size (net sq. ft.)	700			٦	Total Costs		\$210,977	T	Fotal Financ	ing Required	ł	\$187,
Development profit assumption	:	15%		I	minimum sa	les price	\$242,623 [to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return a	ssumption	10.0%			cap rate		5.8% [implied if ac	hieved 15%	developme	nt profit]	
EVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Yea
evenues:												
Rental income		\$21,000	\$6,930	\$14,422	\$22,063	\$22,615	\$23,180	\$23,760	\$24,354	\$24,962	\$25,586	\$26
Other income		\$538	\$178	\$370	\$566	\$580	\$594	\$609	\$624	\$640	\$656	\$
Vacancy allowance		-\$431	-\$142	-\$296	-\$453	-\$464	-\$475	-\$487	-\$500	-\$512	-\$525	-\$
Gross income		\$21,108	\$6,966	\$14,496	\$22,176	\$22,731	\$23,299	\$23,881	\$24,478	\$25,090	\$25,718	\$26
perating Costs:												
Maintenance and operations		\$5,460	\$4,095	\$4,873	\$5,681	\$5,794	\$5,910	\$6,028	\$6,149	\$6,272	\$6,397	\$6,
Property taxes		\$1,602	\$1,602	\$1,634	\$1,667	\$1,700	\$1,734	\$1,769	\$1,804	\$1,840	\$1,877	\$1
Total operating costs		\$7,062	\$5,697	\$6,507	\$7,347	\$7,494	\$7,644	\$7,797	\$7,953	\$8,112	\$8,274	\$8,
et Operating Income Calculated cap rate		\$14,046 6.7%	\$1,268	\$7,989	\$14,829	\$15,236	\$15,655	\$16,084	\$16,525	\$16,978	\$17,443	\$17,
· · ·												
lortgage Payments:		.		A5 404	A5 000	AF 170	AF AF A	AF 00 T			AA 400	•••
Principal		\$4,968	\$4,968	\$5,131	\$5,299	\$5,472	\$5,652	\$5,837	\$6,028	\$6,226	\$6,430	\$6
Interest		\$5,991	\$5,991	\$5,828	\$5,660	\$5,487	\$5,307	\$5,122	\$4,931	\$4,733	\$4,529	\$4,
Total		\$10,959	\$10,959	\$10,959	\$10,959	\$10,959	\$10,959	\$10,959	\$10,959	\$10,959	\$10,959	\$10
ash Flow		\$3,087	-\$9,691	-\$2,971	\$3,870	\$4,277	\$4,696	\$5,125	\$5,566	\$6,019	\$6,484	\$6
ash-on-Cash Return		9.8%	-30.6%	-9.4%	12.2%	13.5%	14.8%	16.2%	17.6%	19.0%	20.5%	22
Average Annual		9.8%	-30.6%	-20.0%	-9.3%	-3.6%	0.1%	2.8%	4.9%	6.7%	8.2%	9
rincipal Payments		\$4,968	\$4,968	\$5,131	\$5,299	\$5,472	\$5,652	\$5,837	\$6,028	\$6,226	\$6,430	\$6
Cumulative		\$4,968	\$4,968	\$10,099	\$15,398	\$20,870	\$26,522	\$32,359	\$38,387	\$44,613	\$51,042	\$57,
nnual Cash Flow & Principal Payn	nents	\$8,055	-\$4,723	\$2,160	\$9,169	\$9,750	\$10,347	\$10,962	\$11,595	\$12,245	\$12,914	\$13
nnual Cash Flow & Principal Payn	nents											
s % of Initial Cash Investment		25.5%	-14.9%	6.8%	29.0%	30.8%	32.7%	34.6%	36.6%	38.7%	40.8%	43
Average Annual		25.5%	-14.9%	-4.0%	7.0%	12.9%	16.9%	19.8%	22.2%	24.3%	26.1%	27
Year 0 is used for the purpose of	calculating	net HST asso	imed value h	hased on as	sumed can	rate calcula	ated can rate	and is has	ed on stabili	zed occupar	nov hut exclu	ides

PROJECT DEVELOPMENT COSTS AND FINANCING

Project type: Medium Central, Not Downtown mic Pont: Market Land Value

KEY INPUT ASSUMPTIONS

Economic Rent; Market Land

ALT INFOT ASSOMETIONS				- NOJECI DI		1 00313 A		10				
Mortgage interest rate	3.25%				_			_				
Amortization period (yrs)	25			•	ment Costs	:		Financ	•			
Loan-to-lending value ratio	85%			l	_and		\$50,000	I	nitial cash ir	nvestment		\$45,0
Mortgage insur. premium	4.75%			(Construction	1	\$235,000	1	Mortgage			\$255,5
Annual cost inflation	2.0%			5	Subtotal		\$285,000	٦	Total costs			\$300,6
Annual revenue growth	2.5%	market rent	difference						% Equity			15.0
Initial monthly rent per unit	\$2,325	\$1,675	\$650									
per sq. ft	\$3.32	\$2.39	\$0.93	H	HST (net)*		\$15,649	r	Mortgage ins	ur. premium	n	\$12,1
Stabilized Vacancy rate	2.0%											
Average unit size (net sq. ft.)	700			1	Fotal Costs		\$300,649	٦	Fotal Financ	ing Required	d	\$267,6
Development profit assumption:		15%		I	minimum sa	les price	\$345,746	to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return as	sumption	10.0%			cap rate		5.8%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year
Revenues:												
Rental income		\$27,900	\$9,207	\$19,160	\$29,312	\$30,045	\$30,796	\$31,566	\$32,355	\$33,164	\$33,993	\$34,8
Other income		\$715	\$236	\$491	\$752	\$770	\$790	\$809	\$830	\$850	\$872	\$8
Vacancy allowance		-\$572	-\$189	-\$393	-\$601	-\$616	-\$632	-\$648	-\$664	-\$680	-\$697	-\$7
Gross income		\$28,043	\$9,254	\$19,259	\$29,463	\$30,199	\$30,954	\$31,728	\$32,521	\$33,334	\$34,168	\$35,0
Operating Costs:												
		\$5,880	\$4,410	\$5,248	\$6,118	\$6,240	\$6,365	\$6,492	\$6,622	\$6,754	\$6,889	\$7,0
Maintenance and operations							. ,	. ,			. ,	
Property taxes		\$2,128	\$2,128	\$2,171	\$2,214	\$2,259	\$2,304	\$2,350	\$2,397	\$2,445	\$2,494	\$2,5
Total operating costs		\$8,008	\$6,538	\$7,419	\$8,332	\$8,499	\$8,669	\$8,842	\$9,019	\$9,199	\$9,383	\$9,5
Net Operating Income Calculated cap rate		\$20,035 6.7%	\$2,716	\$11,840	\$21,131	\$21,701	\$22,286	\$22,886	\$23,503	\$24,135	\$24,785	\$25,4
ealealatea eap rate		0.170										
Mortgage Payments:												
Principal		\$7,080	\$7,080	\$7,312	\$7,551	\$7,798	\$8,054	\$8,318	\$8,590	\$8,872	\$9,163	\$9,4
Interest		\$8,537	\$8,537	\$8,306	\$8,066	\$7,819	\$7,563	\$7,299	\$7,027	\$6,745	\$6,454	\$6,1
Total		\$15,617	\$15,617	\$15,617	\$15,617	\$15,617	\$15,617	\$15,617	\$15,617	\$15,617	\$15,617	\$15,6
Cash Flow		\$4,418	-\$12,901	-\$3,777	\$5,514	\$6,084	\$6,669	\$7,269	\$7,886	\$8,518	\$9,168	\$9,8
Cash-on-Cash Return		9.8%	-28.6%	-8.4%	12.2%	13.5%	14.8%	16.1%	17.5%	18.9%	20.3%	21.
Average Annual		9.8%	-28.6%	-18.5%	-8.3%	-2.8%	0.7%	3.3%	5.3%	7.0%	8.5%	9.8
		\$7.000	\$7,080	67 242	\$7 EE4	¢7 700	¢0.054	\$8,318	\$8,590	£0.070	£0.462	\$9,4
Principal Payments Cumulative		\$7,080		\$7,312	\$7,551	\$7,798	\$8,054	. ,		\$8,872	\$9,163	
Cumulative		\$7,080	\$7,080	\$14,391	\$21,942	\$29,741	\$37,795	\$46,112	\$54,703	\$63,575	\$72,737	\$82,2
Annual Cash Flow & Principal Paym	ents	\$11,497	-\$5,822	\$3,534	\$13,065	\$13,882	\$14,723	\$15,587	\$16,476	\$17,390	\$18,330	\$19,2
Annual Cash Flow & Principal Paym	ents											
as % of Initial Cash Investment		25.5%	-12.9%	7.8%	29.0%	30.8%	32.6%	34.6%	36.5%	38.6%	40.6%	42.
				-2.5%	8.0%	13.7%	17.5%	20.3%	22.6%	24.6%	26.4%	28.0
Average Annual		25.5%	-12.9%	-2.5%	0.0%	13.1%	17.5%	20.070	22.070	24.070	20.470	20.0

PROJECT DEVELOPMENT COSTS AND FINANCING

Project type: High-End Downtown, Not Prime

Toronto

Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS				PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	oment Costs	:		Financ	ing:			
Loan-to-lending value ratio	85%				Land		\$67,000	I	nitial cash ir	vestment		\$55,523
Mortgage insur. premium	4.75%				Construction	1	\$277,000	I	Mortgage			\$314,633
Annual cost inflation	2.0%				Subtotal		\$344,000	-	Total costs			\$370,157
Annual revenue growth	2.5%	market rent							% Equity			15.0%
, i i i i i i i i i i i i i i i i i i i	\$2,800	\$2,025	\$775									
per sq. ft	\$4.00	\$2.89	\$1.11	l	HST (net)*		\$26,157	I	Mortgage ins	ur. premium	1	\$14,945
Stabilized Vacancy rate	2.0%											
Average unit size (net sq. ft.)	700				Total Costs		\$370,157		Total Financ	ing Require	d	\$329,578
Development profit assumption:		15%			minimum sa	les price	\$425,680	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return ass	sumption	10.0%			cap rate		5.9%	implied if ac	hieved 15%	developme	nt profit]	
		1										
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income		\$33,600	\$11,088	\$23,075	\$35,301	\$36,184	\$37,088	\$38,015	\$38,966	\$39,940	\$40,938	\$41,962
Other income		\$862	\$284	\$592	\$905	\$928	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076
Vacancy allowance		-\$689	-\$227	-\$473	-\$724	-\$742	-\$761	-\$780	-\$799	-\$819	-\$840	-\$861
Gross income		\$33,772	\$11,145	\$23,193	\$35,482	\$36,369	\$37,278	\$38,210	\$39,166	\$40,145	\$41,148	\$42,177
Operating Costs:												
Maintenance and operations		\$6,300	\$4,725	\$5,623	\$6,555	\$6,686	\$6,819	\$6,956	\$7,095	\$7,237	\$7,381	\$7,529
Property taxes		\$2,563	\$2,563	\$2,615	\$2,667	\$2,720	\$2,775	\$2,830	\$2,887	\$2,944	\$3,003	\$3,063
Total operating costs		\$8,863	\$7,288	\$8,237	\$9,221	\$9,406	\$9,594	\$9,786	\$9,982	\$10,181	\$10,385	\$10,592
Net Operating Income		\$24,909	\$3,857	\$14,956	\$26,261	\$26,963	\$27,684	\$28,424	\$29,184	\$29,963	\$30,763	\$31,584
Calculated cap rate		6.7%										
Mortgage Payments:												
Principal		\$8,716	\$8,716	\$9,002	\$9,297	\$9,601	\$9,916	\$10,241	\$10,576	\$10,923	\$11,281	\$11,650
Interest		\$10,511	\$10,511	\$10,226	\$9,931	\$9,626	\$9,312	\$8,987	\$8,651	\$8,305	\$7,947	\$7,577
Total		\$19,228	\$19,228	\$19,228	\$19,228	\$19,228	\$19,228	\$19,228	\$19,228	\$19,228	\$19,228	\$19,228
Cash Flow		\$5,681	-\$15,371	-\$4,272	\$7,033	\$7,736	\$8,457	\$9,197	\$9,956	\$10,736	\$11,536	\$12,357
Cash-on-Cash Return		10.2%	-27.7%	-7.7%	12.7%	13.9%	15.2%	16.6%	17.9%	19.3%	20.8%	22.3%
Average Annual		10.2%	-27.7%	-17.7%	-7.6%	-2.2%	1.3%	3.8%	5.8%	7.5%	9.0%	10.3%
Principal Payments		\$8,716	\$8,716	\$9,002	\$9,297	\$9,601	\$9,916	\$10,241	\$10,576	\$10,923	\$11,281	\$11.650
Cumulative		\$8,716	\$8,716	\$17,718	\$27,015	\$36,616	\$46,532	\$56,773	\$67,350	\$78,273	\$89,554	\$101,204
Annual Cash Flow & Principal Payme	nts	\$14,398	-\$6,655	\$4,730	\$16,330	\$17,337	\$18,373	\$19,438	\$20,533	\$21,659	\$22,817	\$24,007
Annual Cash Flow & Principal Payme	nts											
as % of Initial Cash Investment		25.9%	-12.0%	8.5%	29.4%	31.2%	33.1%	35.0%	37.0%	39.0%	41.1%	43.2%
Average Annual		25.9%	-12.0%	-1.7%	8.6%	14.3%	18.1%	20.9%	23.2%	25.2%	26.9%	28.6%
¹ Year 0 is used for the purpose of c	alculating	net HST, assi	umed value t	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncv but exclu	udes
inflation on revenues and costs.							2 22.p .uto	,		pu	.,	
Source: Altus Group												
·												

Toronto

Project type: Basic Fringe

Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS			I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio	Land					\$0	1	nitial cash i	nvestment		\$26,5	
Mortgage insur. premium4.75%Annual cost inflation2.0%				(Construction	1	\$163,000	I	Mortgage			\$150,4
				:	Subtotal		\$163,000	-	Total costs			\$176,9
Annual revenue growth	2.5%	market rent	difference						% Equity			15.0
Initial monthly rent per unit	\$1,550	\$1,575	-\$25									
per sq. ft	\$2.21	\$2.25	-\$0.04	1	HST (net)*		\$13,977	I	Mortgage ins	ur. premium	n	\$7,1
Stabilized Vacancy rate	2.0%				· · /				00	•		
Average unit size (net sq. ft.)	700			Total Costs \$176,977 Total Finance					Total Financ	ing Require	d	\$157,5
Development profit assumption	n:	n: 15% minimum sales price \$203,523 [to generate a 15% development profit]					fit]					
Average cash-on-cash return	assumption	10.0%			cap rate		5.8%	implied if ac	hieved 15%	developme	nt profit]	
		1										
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year
Rental income		\$18,600	\$6,138	\$12,774	\$19,542	\$20,030	\$20,531	\$21,044	\$21,570	\$22,110	\$22,662	\$23,2
Other income		\$477	\$157	\$328	\$501	\$514	\$526	\$540	\$553	\$567	\$581	\$20,2
Vacancy allowance		-\$382	-\$126	-\$262	-\$401	-\$411	-\$421	-\$432	-\$442	-\$454	-\$465	-\$4
Gross income		\$18,695	\$6.169	\$12.839	\$19.642	\$20.133	\$20,636	\$21,152	\$21,681	\$22,223	\$22,779	\$23,
		ψ10,055	ψ0,103	ψ12,000	φ13,042	φ20,155	Ψ 20 ,030	Ψ 2 1,1 5 2	Ψ21,001	Ψ ΖΖ , ΖΖ Ο	ΨΖΖ,///3	Ψ20,
perating Costs:												
Maintenance and operations		\$5,460	\$4,095	\$4,873	\$5,681	\$5,794	\$5,910	\$6,028	\$6,149	\$6,272	\$6,397	\$6,
Property taxes		\$1,419	\$1,419	\$1,447	\$1,476	\$1,506	\$1,536	\$1,567	\$1,598	\$1,630	\$1,663	\$1,
Total operating costs		\$6,879	\$5,514	\$6,320	\$7,157	\$7,300	\$7,446	\$7,595	\$7,747	\$7,902	\$8,060	\$8,2
Net Operating Income		\$11,816	\$655	\$6,519	\$12,485	\$12,833	\$13,190	\$13,557	\$13,934	\$14,321	\$14,719	\$15,1
Calculated cap rate		6.7%										
Mortgage Payments:												
Principal		\$4,167	\$4,167	\$4,304	\$4,445	\$4,591	\$4,741	\$4,896	\$5,057	\$5,222	\$5,394	\$5,
Interest		\$5,026	\$5,026	\$4,889	\$4,748	\$4,602	\$4,452	\$4,297	\$4,136	\$3,971	\$3,799	\$3,
Total		\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,193	\$9,
Cash Flow		\$2,623	-\$8,537	-\$2,674	\$3,292	\$3,640	\$3,997	\$4,364	\$4,741	\$5,128	\$5,526	\$5,
Cash-on-Cash Return		9.9%	-32.2%	-10.1%	12.4%	13.7%	15.1%	16.4%	17.9%	19.3%	20.8%	22
Average Annual		9.9%	-32.2%	-21.1%	-9.9%	-4.0%	-0.2%	2.6%	4.7%	6.6%	8.2%	9.
Principal Payments		\$4,167	\$4,167	\$4,304	\$4,445	\$4,591	\$4,741	\$4,896	\$5,057	\$5,222	\$5,394	\$5.
Cumulative		\$4,167 \$4,167	\$4,167 \$4,167	\$4,304 \$8,471	\$12,916	\$ 4,591 \$17,507	\$4,741 \$22,248	\$4,690 \$27,144	\$32,201	\$37,423	\$ 3,394 \$42,817	, چ ھ \$48,3
Annual Cash Flow & Principal Pay	ments	\$6,791	-\$4,370	\$1,630	\$7,737	\$8,230	\$8,738	\$9,261	\$9,798	\$10,351	\$10,919	\$11,
	ments											
Annual Cash Flow & Principal Pay			-16.5%	6.1%	29.1%	31.0%	32.9%	34.9%	36.9%	39.0%	41.1%	43
		25.6%			20.170	01.070	02.070	04.070	00.070	00.070	41.170	
Annual Cash Flow & Principal Pay as % of Initial Cash Investment Average Annual		25.6% 25.6%	-16.5%	-5.2%	6.3%	12.5%	16.5%	19.6%	22.1%	24.2%	26.1%	27.8

KEY INPUT ASSUMPTIONS		I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%		Land				\$0	I	nitial cash ir	vestment		\$37,597
Mortgage insur. premium 4.75%		Construction			\$235,000	r	Vlortgage			\$213,051	
Annual cost inflation 2.0%			5	Subtotal		\$235,000	٦	Total costs			\$250,649
Annual revenue growth 2.5%	market rent	difference						% Equity			15.0%
Initial monthly rent per unit \$2,025	\$1,675	\$350									
per sq. ft \$2.89	\$2.39	\$0.50	ł	HST (net)*		\$15,649	r	Mortgage ins	ur. premium	1	\$10,120
Stabilized Vacancy rate 2.0%											
Average unit size (net sq. ft.) 700			1	Total Costs		\$250,649	٦	Total Financ	ing Require	ł	\$223,171
Development profit assumption:	15%		I	minimum sa	les price	\$288,246	to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assumptior	10.0%			cap rate		5.8%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	CO1000	60.04 0	\$40,000	© 05 500	¢00.400	\$00.000	07 100	\$00.40	\$00.00	≜ 00.00 . 7	¢00.047
Rental income	\$24,300	\$8,019	\$16,688	\$25,530	\$26,168	\$26,823	\$27,493	\$28,181	\$28,885	\$29,607	\$30,347
Other income	\$623	\$206	\$428	\$655	\$671	\$688	\$705	\$723	\$741	\$759	\$778
Vacancy allowance	-\$498	-\$164	-\$342	-\$524	-\$537	-\$550	-\$564	-\$578	-\$593	-\$607	-\$623
Gross income	\$24,425	\$8,060	\$16,774	\$25,661	\$26,303	\$26,960	\$27,634	\$28,325	\$29,033	\$29,759	\$30,503
Operating Costs:											
Maintenance and operations	\$5,880	\$4,410	\$5,248	\$6,118	\$6,240	\$6,365	\$6,492	\$6,622	\$6,754	\$6,889	\$7,027
Property taxes	\$1,854	\$1,854	\$1,891	\$1,929	\$1,967	\$2,007	\$2,047	\$2,088	\$2,129	\$2,172	\$2,215
Total operating costs	\$7,734	\$6,264	\$7,139	\$8,046	\$8,207	\$8,371	\$8,539	\$8,710	\$8,884	\$9,061	\$9,243
Net Operating Income	\$16,691	\$1,796	\$9,635	\$17,615	\$18,095	\$18,589	\$19,095	\$19,616	\$20,149	\$20,698	\$21,260
Calculated cap rate	6.7%										
Mortgage Payments:											
Principal	\$5,902	\$5,902	\$6,096	\$6,295	\$6,502	\$6.715	\$6,935	\$7.162	\$7,396	\$7,639	\$7.889
Interest	\$7,118	\$7,118	\$6,924	\$6,725	\$6,518	\$6,305	\$6,085	\$5,858	\$5,623	\$5,381	\$5,131
Total	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020	\$13,020
Cash Flow	\$3,671	-\$11,223	-\$3,385	\$4,595	\$5,076	\$5,569	\$6,076	\$6,596	\$7,130	\$7,678	\$8,241
Cash-on-Cash Return	9.8%	-29.9%	-9.0%	12.2%	13.5%	14.8%	16.2%	17.5%	19.0%	20.4%	21.9%
Average Annual	9.8%	-29.9%	-19.4%	-8.9%	-3.3%	0.3%	3.0%	5.1%	6.8%	8.3%	9.7%
•				A							
Principal Payments Cumulative	\$5,902 \$5,902	\$5,902 \$5,902	\$6,096 \$11,998	\$6,295 \$18,293	\$6,502 \$24,795	\$6,715 \$31,509	\$6,935 \$38,444	\$7,162 \$45.605	\$7,396 \$53,002	\$7,639 \$60,640	\$7,889 \$68,529
		. ,					. ,	. ,	. ,		
Annual Cash Flow & Principal Payments	\$9,573	-\$5,321	\$2,711	\$10,890	\$11,577	\$12,284	\$13,010	\$13,757	\$14,526	\$15,317	\$16,130
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	25.5%	-14.2%	7.2%	29.0%	30.8%	32.7%	34.6%	36.6%	38.6%	40.7%	42.9%
Average Annual	25.5%	-14.2%	-3.5%	7.3%	13.2%	17.1%	20.0%	22.4%	24.4%	26.2%	27.9%
Year 0 is used for the purpose of calculating inflation on revenues and costs.	net HST, ass	umed value b	based on as	sumed cap	rate, calcula	ated cap rate	, and is bas	ed on stabili	zed occupar	ncy but exclu	Ides
Source: Altus Group											
oouroo. / aluo oroup											

Toronto

Project type: High-End Downtown, Not Prime Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% Amortization period (yrs) 25 Development Costs: Financing: \$45.473 Loan-to-lending value ratio 85% Land \$0 Initial cash investment Mortgage insur. premium 4.75% Construction \$277.000 Mortgage \$257.683 Annual cost inflation 2.0% Subtotal \$277,000 Total costs \$303,157 Annual revenue growth 2.5% % Equity 15.0% market rent difference Initial monthly rent per unit \$2,400 \$2,025 \$375 per sq. ft \$3.43 \$2.89 \$0.54 HST (net)* \$26,157 Mortgage insur. premium \$12,240 Stabilized Vacancy rate 2.0% Average unit size (net sq. ft.) **Total Costs** \$303,157 **Total Financing Required** \$269,923 700 15% Development profit assumption: minimum sales price \$348,630 [to generate a 15% development profit] 5.9% [implied if achieved 15% development profit] Average cash-on-cash return assumption 10.0% cap rate REVENUES AND COSTS Year 0¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: \$28,800 Rental income \$9,504 \$19,778 \$30,258 \$31,014 \$31,790 \$32,585 \$33,399 \$34,234 \$35,090 \$35,967 \$738 \$244 \$507 \$776 \$795 \$815 \$836 \$856 \$878 \$900 \$922 Other income -\$720 -\$738 Vacancy allowance -\$591 -\$195 -\$406 -\$621 -\$636 -\$652 -\$668 -\$685 -\$702 \$28,948 \$9,553 \$19,880 \$30,413 \$31,173 \$31,953 \$32,752 \$33,570 \$34,410 \$35,270 \$36,152 Gross income **Operating Costs:** Maintenance and operations \$6,300 \$4,725 \$5,623 \$6,555 \$6,686 \$6,819 \$6,956 \$7,095 \$7,237 \$7,381 \$7,529 Property taxes \$2,197 \$2,197 \$2,241 \$2,286 \$2,332 \$2,378 \$2,426 \$2,474 \$2,524 \$2,574 \$2,626 Total operating costs \$8,497 \$6,922 \$7,864 \$8,840 \$9,017 \$9,198 \$9,382 \$9,569 \$9,761 \$9,956 \$10,155 Net Operating Income \$20,451 \$2.631 \$12,016 \$21,573 \$22,156 \$22,755 \$23.370 \$24.001 \$24,649 \$25,314 \$25.997 Calculated cap rate 6.7% Mortgage Payments: \$7,139 \$7,139 \$7,372 \$7,614 \$7,864 \$8,121 \$8,387 \$8,946 \$9,239 \$9,542 Principal \$8,662 \$6.508 \$6.206 Interest \$8.609 \$8.609 \$8.375 \$8.133 \$7.884 \$7.626 \$7.360 \$7.085 \$6.801 Total \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 \$15,747 Cash Flow \$4,703 -\$13,117 \$5,825 \$6,409 \$8,254 \$8,902 \$10,250 -\$3,731 \$7.008 \$7,623 \$9,567 22.5% Cash-on-Cash Return 10.3% -28.8% -8.2% 12.8% 14.1% 15.4% 16.8% 18.2% 19.6% 21.0% Average Annual 10.3% -28.8% -18.5% -8.1% -2.5% 1.1% 3.7% 5.7% 7.5% 9.0% 10.3% \$9.542 Principal Payments \$7.139 \$7.139 \$7,372 \$7,614 \$7,864 \$8,121 \$8.387 \$8.662 \$8.946 \$9.239 \$38,110 \$64,105 \$82,886 Cumulative \$7,139 \$7,139 \$14,511 \$22,125 \$29,989 \$46,497 \$55,159 \$73,344 Annual Cash Flow & Principal Payments \$11,842 -\$5,978 \$3,641 \$13,440 \$14.273 \$15,129 \$16,010 \$16,916 \$17.848 \$18.806 \$19.791 Annual Cash Flow & Principal Payments as % of Initial Cash Investment 43.5% 26.0% -13.1% 8.0% 29.6% 31.4% 33.3% 35.2% 37.2% 39.2% 41.4% Average Annual 26.0% -13.1% -2.6% 8.1% 14.0% 17.8% 20.7% 23.1% 25.1% 26.9% 28.6% 1 Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs Source: Altus Group

Montreal

Montreal

Project type: Basic Fringe

Market Rent; Zero Land Value

EY INPUT ASSUMPTIONS				NOJECI DI	EVELOPMEN	1 00013 A						
Mortgage interest rate	3.25%											
Amortization period (yrs)	25				ment Costs	:	Financing:					
Loan-to-lending value ratio	85%				and		\$0		nitial cash ir	nvestment		\$24,5
Mortgage insur. premium	4.75%				Construction		\$146,000		Nortgage			\$139,3
Annual cost inflation	2.0%			5	Subtotal		\$146,000	T	Fotal costs			\$163,8
Annual revenue growth	2.0%								% Equity			15.
Initial monthly rent per unit	\$1,250											
per sq. ft	\$1.74			(GST/QST (ne	et)*	\$17,898	N	Mortgage ins	ur. premium	ı	\$6,
Stabilized Vacancy rate	3.5%											
Average unit size (net sq. ft.)	720			٦	Total Costs		\$163,898	٦	Fotal Financ	ing Required	d	\$145,
Development profit assumption:		15%		minimum sales price				to generate	a 15% deve	lopment pro	fit]	
				(cap rate		5.0% [implied if ac	hieved 15%	developme	nt profit]	
EVENUES AND COSTS	V	ear 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Yea
evenues:	Te		ieai I	ieai Z	ieai 3	ieai 4	ieai J	ieai 0	ieai /	ieai o	ieai 9	rea
Rental income	\$1	5,000	\$4,950	\$10,251	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,
Other income		\$789	\$261	\$540	\$821	\$838	\$855	\$872	\$889	\$907	\$925	\$
Vacancy allowance		\$553	-\$182	-\$378	-\$575	-\$586	-\$598	-\$610	-\$622	-\$635	-\$647	-\$
Gross income	\$1	5,237	\$5,028	\$10,413	\$15,852	\$16,169	\$16,493	\$16,823	\$17,159	\$17,502	\$17,852	\$18,
perating Costs:												
Maintenance and operations	\$	3,888	\$2,916	\$3,470	\$4,045	\$4,126	\$4,208	\$4,293	\$4,379	\$4,466	\$4,555	\$4,
Property taxes		2,011	\$2,011	\$2,051	\$2,093	\$2,134	\$2,177	\$2,221	\$2,265	\$2,310	\$2,357	\$2,
Total operating costs	\$	5,899	\$4,927	\$5,522	\$6,138	\$6,260	\$6,386	\$6,513	\$6,644	\$6,776	\$6,912	\$7,
et Operating Income	\$	9,338	\$101	\$4,891	\$9,715	\$9,909	\$10,107	\$10,309	\$10,516	\$10,726	\$10,940	\$11,
Calculated cap rate		5.7%										
lortgage Payments:												
Principal	\$	3,859	\$3,859	\$3,986	\$4,116	\$4,251	\$4,391	\$4,534	\$4,683	\$4,836	\$4,995	\$5,
Interest	\$-	4,654	\$4,654	\$4,528	\$4,397	\$4,262	\$4,123	\$3,979	\$3,831	\$3,677	\$3,519	\$3,
Total	\$	8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,
ash Flow		\$824	-\$8,413	-\$3,622	\$1,201	\$1,396	\$1,594	\$1,796	\$2,002	\$2,212	\$2,427	\$2,
ash-on-Cash Return		3.4%	-34.2%	-14.7%	4.9%	5.7%	6.5%	7.3%	8.1%	9.0%	9.9%	10
Average Annual		3.4%	-34.2%	-24.5%	-14.7%	-9.6%	-6.4%	-4.1%	-2.4%	-0.9%	0.3%	1
rincipal Payments	\$	3,859	\$3,859	\$3,986	\$4,116	\$4,251	\$4,391	\$4,534	\$4,683	\$4,836	\$4,995	\$5,
Cumulative	\$3	3,859	\$3,859	\$7,845	\$11,962	\$16,213	\$20,604	\$25,138	\$29,821	\$34,658	\$39,653	\$44,
nnual Cash Flow & Principal Payme	ents \$	4,683	-\$4,553	\$364	\$5,318	\$5,647	\$5,984	\$6,330	\$6,685	\$7,049	\$7,422	\$7,
nnual Cash Flow & Principal Payme												
s %of Initial Cash Investment		19.0%	-18.5%	1.5%	21.6%	23.0%	24.3%	25.7%	27.2%	28.7%	30.2%	31
Average Annual	1	9.0%	-18.5%	-8.5%	1.5%	6.9%	10.4%	12.9%	15.0%	16.7%	18.2%	19.
Year 0 is used for the purpose of c	alculating net H	ST assu	imed value	based on a	ssumed car	o rate calcu	lated cap rat	e and is ha	sed on stab	ilized occup:	ancy hut exc	ludes
1001 0 10 0000 101 010 puip030 010	alouidung not th											

Per Unit

Project type: Medium Central, Not Downtown orket Rept: Zero Land Value

KEY INPUT ASSUMPTIONS			PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develor	oment Costs	:		Financ	ina:			
Loan-to-lending value ratio 85%				Land		\$0		nitial cash ir	nvestment		\$34,308
Mortgage insur. premium 4.75%				Construction		\$197,000		Mortgage			\$194,413
Annual cost inflation 2.0%				Subtotal		\$197,000		Total costs			\$228,721
Annual revenue growth 2.0%				Cubiciai		<i>Q</i> 101,000		% Equity			15.0%
Initial monthly rent per unit \$1,450								,q,			
per sq. ft \$2.01				GST/QST (ne	et)*	\$31,721	1	Mortgage ins	ur premium	h	\$9,235
Stabilized Vacancy rate 3.5%				001/001 (,	\$01,1 <u>2</u> 1		nongago me	an proman	•	\$0, <u>200</u>
Average unit size (net sq. ft.) 720				Total Costs		\$228,721	-	Fotal Financ	ina Reauire	d	\$203,647
						. ,			• •		4 ,
Development profit assumption:	15%			minimum sa	les price	\$263,029	to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.3%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:											
Rental income	\$17,400	\$5,742	\$11,891	\$18,103	\$18,465	\$18,834	\$19,211	\$19,595	\$19,987	\$20,387	\$20,795
Other income	\$1,411	\$466	\$964	\$1,468	\$1,497	\$1,527	\$1,558	\$1,589	\$1,621	\$1,653	\$1,686
Vacancy allowance	-\$658	-\$217	-\$450	-\$685	-\$699	-\$713	-\$727	-\$741	-\$756	-\$771	-\$787
Gross income	\$18,152	\$5,990	\$12,405	\$18,886	\$19,264	\$19,649	\$20,042	\$20,443	\$20,851	\$21,268	\$21,694
Operating Costs:											
Maintenance and operations	\$4,320	\$3,240	\$3,856	\$4,495	\$4,584	\$4,676	\$4,770	\$4,865	\$4,962	\$5,062	\$5,163
Property taxes	\$2,396	\$2,396	\$2,444	\$2,493	\$2,543	\$2,594	\$2,646	\$2,698	\$2,752	\$2,807	\$2,864
Total operating costs	\$6,716	\$5,636	\$6,300	\$6,987	\$7,127	\$7,270	\$7,415	\$7,563	\$7,715	\$7,869	\$8,026
Net Operating Income	\$11,436	\$354	\$6,106	\$11,898	\$12,136	\$12,379	\$12,627	\$12,879	\$13,137	\$13,399	\$13,667
Calculated cap rate	5.0%										
Mortgage Payments:											
Principal	\$5,386	\$5,386	\$5,562	\$5,745	\$5,933	\$6,127	\$6,328	\$6,535	\$6,749	\$6,970	\$7,199
Interest	\$6,495	\$6,495	\$6,318	\$6,136	\$5,948	\$5,754	\$5,553	\$5,346	\$5,131	\$4,910	\$4,682
Total	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881
Cash Flow	-\$444	-\$11,527	-\$5,775	\$18	\$256	\$498	\$746	\$998	\$1,256	\$1,519	\$1,787
Cash-on-Cash Return	-1.3%	-33.6%	-16.8%	0.1%	0.7%	1.5%	2.2%	2.9%	3.7%	4.4%	5.2%
	-1.3%	-33.6%	-16.6%	-16.8%	-12.4%	-9.6%	2.2% -7.7%	2.9% -6.2%	-4.9%	4.4% -3.9%	3.2% -3.0%
Average Annual	-1.3%	-33.0%	-25.2%	-10.0%	-12.4%	-9.0%	-7.7%	-0.2%	-4.9%	-3.9%	-3.0%
Principal Payments	\$5,386	\$5,386	\$5,562	\$5,745	\$5,933	\$6,127	\$6,328	\$6,535	\$6,749	\$6,970	\$7,199
Cumulative	\$5,386	\$5,386	\$10,948	\$16,693	\$22,625	\$28,753	\$35,080	\$41,616	\$48,365	\$55,335	\$62,534
Annual Cash Flow & Principal Payments	\$4,941	-\$6,141	-\$213	\$5,762	\$6,188	\$6,625	\$7,074	\$7,534	\$8,005	\$8,489	\$8,986
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	14.4%	-17.9%	-0.6%	16.8%	18.0%	19.3%	20.6%	22.0%	23.3%	24.7%	26.2%
Average Annual	14.4%	-17.9%	-9.3%	-0.6%	4.1%	7.1%	9.4%	11.2%	12.7%	14.0%	15.2%
Year 0 is used for the purpose of calculatin inflation on revenues and costs.	ng net HST, ass	sumed value	based on a	assumed ca	o rate, calcu	llated cap ra	te, and is ba	sed on stab	ilized occupa	ancy but exc	ludes

Source: Altus Group

Montreal

Project type: High-End Downtown, Not Prime Market Rent; Zero Land Value

KEY INPUT ASSUMPTIONS PROJECT DEVELOPMENT COSTS AND FINANCING Mortgage interest rate 3.25% 25 Development Costs: Financing: Amortization period (yrs) Loan-to-lending value ratio 85% Land \$0 Initial cash investment \$40.233 Mortgage insur. premium 4.75% Construction \$229.000 Mortgage \$227.989 Annual cost inflation 2.0% Subtotal \$229.000 Total costs \$268.222 Annual revenue growth 2.0% % Equity 15.0% Initial monthly rent per unit \$1,625 per sq. ft \$2.26 GST/QST (net)* \$39,222 Mortgage insur. premium \$10,829 Stabilized Vacancy rate 3.5% Average unit size (net sq. ft.) 720 Total Costs \$268.222 **Total Financing Required** \$238.818 15% Development profit assumption: minimum sales price \$308,455 [to generate a 15% development profit] cap rate 4.3% [implied if achieved 15% development profit] REVENUES AND COSTS Year 0¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10 Revenues: Rental income \$19,500 \$6,435 \$13,326 \$20,288 \$20,694 \$21,107 \$21,530 \$21,960 \$22,399 \$22,847 \$23,304 \$2,299 \$2,167 \$715 \$1,481 \$2,254 \$2,345 \$2,392 \$2,489 \$2,539 \$2,589 Other income \$2,440 Vacancy allowance -\$758 -\$250 -\$518 -\$789 -\$805 -\$821 -\$837 -\$854 -\$871 -\$889 -\$906 \$20,908 \$6,900 \$14,289 \$21,753 \$22,188 \$22,632 \$23,084 \$23,546 \$24,987 Gross income \$24,017 \$24,497 **Operating Costs:** Maintenance and operations \$4,752 \$3,564 \$4,241 \$4,944 \$5,043 \$5,144 \$5,247 \$5,352 \$5,459 \$5,568 \$5,679 Property taxes \$2,760 \$2,760 \$2,815 \$2,871 \$2,929 \$2,987 \$3,047 \$3,108 \$3,170 \$3,234 \$3,298 Total operating costs \$7,512 \$6,324 \$7,056 \$7,815 \$7,972 \$8,131 \$8,294 \$8,460 \$8,629 \$8,801 \$8,977 Net Operating Income \$13.396 \$576 \$7.232 \$13,938 \$14,216 \$14,501 \$14,791 \$15,087 \$15.388 \$15,696 \$16,010 Calculated cap rate 5.0% Mortgage Payments: \$6,316 \$6,316 \$6,523 \$6,737 \$6,957 \$7,421 \$7,915 \$8,174 \$8,442 Principal \$7,185 \$7,664 \$5.491 Interest \$7.617 \$7.617 \$7.410 \$7.196 \$6.975 \$6.747 \$6.512 \$6.269 \$6.018 \$5.758 Total \$13,933 \$13,933 \$13,933 \$13,933 \$13,933 \$13,933 \$13,933 \$13,933 \$13,933 \$13,933 \$13,933 Cash Flow -\$536 -\$13,357 -\$6,700 \$5 \$284 \$568 \$858 \$1,456 \$2,077 \$1,154 \$1,763 0.0% 1.4% 2.9% 3.6% 4.4% 5.2% Cash-on-Cash Return -1.3% -33.2% -16.7% 0.7% 2.1% Average Annual -1.3% -33.2% -24.9% -16.6% -12.3% -9.5% -7.6% -6.1% -4.9% -3.9% -3.0% **Principal Payments** \$6.316 \$6.316 \$6.523 \$6,737 \$6.957 \$7,185 \$7.421 \$7,664 \$7.915 \$8.174 \$8.442 Cumulative \$6,316 \$6,316 \$12,839 \$19,576 \$26,533 \$33,718 \$41,139 \$48,803 \$56,718 \$64,892 \$73,334 Annual Cash Flow & Principal Payments \$5,780 -\$7.041 -\$177 \$6,742 \$7,241 \$7,753 \$8,279 \$8,818 \$9,371 \$9,938 \$10,519 Annual Cash Flow & Principal Payments as % of Initial Cash Investment -17.5% -0.4% 16.8% 18.0% 19.3% 20.6% 23.3% 14.4% 21.9% 24.7% 26.1% Average Annual 14.4% -17.5% -9.0% -0.4% 4.2% 7.2% 9.4% 11.2% 12.7% 14.1% 15.3% ¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs Source: Altus Group

Montreal

Project type: Basic Fringe

Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS		I	PROJECT DI	EVELOPMEN	IT COSTS A	ND FINANCI	NG					
Mortgage interest rate 3	.25%											
Amortization period (yrs)	25		Develop	ment Costs	:		Financ	Financing:				
Loan-to-lending value ratio	85%	Land				\$10,000	I	nitial cash ir	nvestment		\$26,085	
Mortgage insur. premium 4	.75%		Construction			\$146,000	r	Vlortgage			\$147,814	
Annual cost inflation	2.0%		Subtotal			\$156,000	٦	Total costs			\$173,898	
Annual revenue growth	2.0% market rent difference							% Equity			15.0%	
Initial monthly rent per unit \$7	1,525 \$1,250	\$275										
	\$2.12 \$1.74	\$0.38	(GST/QST (ne	et)*	\$17,898	1	Mortgage ins	ur. premium	n	\$7,02 ⁻	
	3.5%				,			00	•			
Average unit size (net sq. ft.)	720	Total Costs \$173,898 Total Fir					Fotal Financ	ing Require	d	\$154,83		
Development profit assumption:	15%		I	minimum sa	les price	\$199,983	[to generate	a 15% deve	lopment pro	fit]		
Average cash-on-cash return ass	umption 10.0%		6.1%	[implied if ac	hieved 15%	developme	nt profit]					
				cap rate						1 1		
REVENUES AND COSTS Revenues:	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Rental income	\$18.300	\$6,039	\$12,506	\$19.039	\$19,420	\$19.809	\$20.205	\$20.609	\$21,021	\$21,441	\$21.87	
Other income	\$963		\$658	\$1,002	\$1,022	\$1,043	\$1,063	\$1,085	\$1,106	\$1,128	\$1,15	
Vacancy allowance	-\$674		-\$461	-\$701	-\$715	-\$730	-\$744	-\$759	-\$774	-\$790	-\$80	
Gross income	\$18,589		\$12,704	\$19,340	\$19,727	\$20,121	\$20,524	\$20,934	\$21,353	\$21,780	\$22,21	
Operating Costs:												
Maintenance and operations	\$3,888	\$2,916	\$3,470	\$4,045	\$4,126	\$4,208	\$4,293	\$4,379	\$4,466	\$4,555	\$4,64	
Property taxes	\$2,454	\$2,454	\$2,503	\$2,553	\$2,604	\$2,656	\$2,709	\$2,763	\$2,819	\$2,875	\$2,93	
Total operating costs	\$6,342	\$5,370	\$5,973	\$6,598	\$6,730	\$6,865	\$7,002	\$7,142	\$7,285	\$7,430	\$7,57	
Net Operating Income Calculated cap rate	\$12,247 7.0%		\$6,731	\$12,742	\$12,997	\$13,257	\$13,522	\$13,792	\$14,068	\$14,350	\$14,63	
Mortgage Payments:												
Principal	\$4,095	\$4,095	\$4,229	\$4,368	\$4,511	\$4,659	\$4,811	\$4,969	\$5,132	\$5,300	\$5,47	
Interest	\$4,938		\$4,804	\$4,665	\$4,522	\$4,375	\$4,222	\$4,064	\$3,901	\$3,733	\$3,56	
Total	\$9,033		\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,033	\$9,03	
Cash Flow	\$3,214	-\$8,268	-\$2,302	\$3,709	\$3,964	\$4,224	\$4,489	\$4,759	\$5,035	\$5,317	\$5,60	
Cash-on-Cash Return	12.3%	-31.7%	-8.8%	14.2%	15.2%	16.2%	17.2%	18.2%	19.3%	20.4%	21.5	
Average Annual	12.3%	-31.7%	-20.3%	-8.8%	-2.8%	1.0%	3.7%	5.8%	7.5%	8.9%	10.29	
Principal Payments	\$4,095		\$4,229	\$4,368	\$4,511	\$4,659	\$4,811	\$4,969	\$5,132	\$5,300	\$5,47	
Cumulative	\$4,095	\$4,095	\$8,324	\$12,692	\$17,202	\$21,861	\$26,672	\$31,641	\$36,772	\$42,072	\$47,54	
Annual Cash Flow & Principal Paymer	nts \$7,309	-\$4,174	\$1,927	\$8,077	\$8,475	\$8,882	\$9,300	\$9,728	\$10,167	\$10,616	\$11,07	
Annual Cash Flow & Principal Paymer												
as % of Initial Cash Investment Average Annual	28.0% 28.0%		7.4% -4.3%	31.0% 7.4%	32.5% 13.7%	34.1% 17.8%	35.7% 20.8%	37.3% 23.1%	39.0% 25.1%	40.7% 26.8%	42.5 28.4	
¹ Year 0 is used for the purpose of ca												
			has of on a	is sum ad aar	n rata calcu	lated can ret	to and ic ho	ead on otab	ilized occurs	ancy but ave		

KEY INPUT ASSUMPTIONS		1	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%	6										
Amortization period (yrs) 2	5		Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 85%	6		Ì	Land		\$15,000	1	nitial cash ir	nvestment		\$36,558
Mortgage insur. premium 4.75%	6		(Construction		\$197,000	I	Mortgage			\$207,163
Annual cost inflation 2.09	6		:	Subtotal		\$212,000	-	Total costs			\$243,721
Annual revenue growth 2.09	6 market rent	difference						% Equity			15.0%
Initial monthly rent per unit \$1,97		\$525									
per sq. ft \$2.7		\$0.73		GST/QST (ne	et)*	\$31,721	,	Mortgage ins	ur. premium	n	\$9,840
Stabilized Vacancy rate 3.5%		<i>\$611 6</i>			,	\$01,7 <u>2</u> 1		nongago inc	an proman	•	φο,οιο
Average unit size (net sg. ft.) 72			-	Total Costs		\$243,721	-	Total Financ	ing Require	ч	\$217,003
	5			10101 00515		φ 2 43,721		lotarrinaric	ing Kequile	u	\$217,00 5
Development profit assumption:	15%			minimum sa	les price	\$280,279	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assump	tion 10.0%			cap rate		6.1%	[implied if ac	hieved 15%	developme	nt profit]	
DEVENUES AND COSTS	Year 0 ¹	Veerd	Year 2	Veer 2	Year 4	Year 5	Veerf	Veer 7	Veer 0	Veer 0	Vee: 10
REVENUES AND COSTS Revenues:	tear 0	Year 1	rear 2	Year 3	rear 4	rear 5	Year 6	Year 7	Year 8	Year 9	Year 10
	¢00 700	¢7.004	¢10 107	¢04.057	COE 454	¢05.05.4	¢00.407	¢00.000	¢07.004	¢07 700	¢00.004
Rental income	\$23,700	\$7,821	\$16,197	\$24,657	\$25,151	\$25,654	\$26,167	\$26,690	\$27,224	\$27,768	\$28,324
Other income	\$1,922	\$634	\$1,313	\$1,999	\$2,039	\$2,080	\$2,122	\$2,164	\$2,207	\$2,251	\$2,297
Vacancy allowance	-\$897	-\$296	-\$613	-\$933	-\$952	-\$971	-\$990	-\$1,010	-\$1,030	-\$1,051	-\$1,072
Gross income	\$24,725	\$8,159	\$16,897	\$25,724	\$26,238	\$26,763	\$27,298	\$27,844	\$28,401	\$28,969	\$29,549
Operating Costs:											
Maintenance and operations	\$4,320	\$3,240	\$3,856	\$4,495	\$4,584	\$4,676	\$4,770	\$4,865	\$4,962	\$5,062	\$5,163
Property taxes	\$3,264	\$3,264	\$3,329	\$3,396	\$3,463	\$3,533	\$3,603	\$3,675	\$3,749	\$3,824	\$3,900
Total operating costs	\$7,584	\$6,504	\$7,185	\$7,890	\$8,048	\$8,209	\$8,373	\$8,540	\$8,711	\$8,885	\$9,063
Net Operating Income	\$17,141	\$1,656	\$9,712	\$17,834	\$18,190	\$18,554	\$18,925	\$19,304	\$19,690	\$20,084	\$20,485
Calculated cap rate	7.0%										
Mortgage Payments:											
Principal	\$5,739	\$5,739	\$5,927	\$6.121	\$6,322	\$6,529	\$6,743	\$6,964	\$7,192	\$7,428	\$7,671
Interest	\$6,921	\$6,921	\$6,733	\$6,539	\$6,338	\$6,131	\$5,917	\$5,696	\$5,468	\$5,232	\$4,989
Total	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660	\$12,660
Cash Flow	\$4,481	-\$11,004	-\$2,948	\$5,174	\$5,530	\$5,894	\$6,265	\$6,644	\$7,030	\$7,424	\$7,825
Cash-on-Cash Return	12.3%	-30.1%	-8.1%	14.2%	15.1%	16.1%	17.1%	18.2%	19.2%	20.3%	21.4%
Average Annual	12.3%	-30.1%	-19.1%	-8.0%	-2.2%	1.4%	4.1%	6.1%	7.7%	9.1%	10.3%
•											
Principal Payments Cumulative	\$5,739 \$5,739	\$5,739 \$5,739	\$5,927 \$11,666	\$6,121 \$17,787	\$6,322 \$24,109	\$6,529 \$30,638	\$6,743 \$37,381	\$6,964 \$44,345	\$7,192 \$51,537	\$7,428 \$58,964	\$7,671 \$66,635
Annual Cash Flow & Principal Payments	\$10,220	-\$5,265	\$2,980	\$11,295	\$11,852	\$12,423	\$13,008	\$13,608	\$14,222	\$14,851	\$15,496
Annual Cash Flow & Principal Payments	20.00/	4 4 40/	0.00/	20.00/	20 40/	24 00/	25 60/	27 20/	20.00/	40 00/	40 401
as %of Initial Cash Investment	28.0%	-14.4%	8.2%	30.9%	32.4%	34.0%	35.6%	37.2%	38.9%	40.6%	42.4%
Average Annual	28.0%	-14.4%	-3.1%	8.2%	14.3%	18.2%	21.1%	23.4%	25.3%	27.0%	28.6%
¹ Year 0 is used for the purpose of calcula		sum od voluc	based on a		rato calor	lated can re	to and is ho	end on etch	ilizad occup	anovbutovo	ludos
	ung net no i, as	Sumeu value	baseu on a	issumeu Ca	o rate, calci	nateu cap la	ic, and is Da	360 011 5180	mzeu occupa	ancy but ext	iuues
inflation on revenues and costs.											
Source: Altus Group											

Project type: High-End Downtown, Not Prime

Montreal

Economic Rent; Market Land Value

Mortgage insur_premium 4.75% Construction \$229,000 Mortgage \$248,000 Annual revenue growth 2.0% market rent difference 329,000 Mortgage insur_premium \$28,000 Initial monthy irent per unit \$2,225 \$1,625 \$600 52,26 \$0,800 GST/QST (net)* \$39,222 Mortgage insur_premium \$11 Stabilized Vacancy rate 3,3% Average unit is an (net eq.nt.) 720 Total Costs \$287,222 Total Financing Required \$225 Development profit assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] \$287,723 Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] Revenues: \$26,700 \$3,811 \$18,247 \$27,779 \$29,334 \$32,401 \$32,405 \$32,405 \$30,470 \$31,403 \$31,723 \$33,403 \$33,476 \$33,476 \$33,476 \$33,476 \$33,979 \$30,470 \$31,002 \$31,102 \$31,103 \$31,217 \$33,476 \$33,777 \$32,475<	KEY INPUT ASSUMPTIONS		I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Loan-to-lending value ratio 85% Land \$10,000 Initial cash investment \$42 Mortgage insur, premium 2.0% Subtolal \$228,000 Mortgage insur, premium \$28 Annual cost inflation 2.0% Subtolal \$228,000 Mortgage insur, premium \$28 Annual revenue growth \$2.0% Sta26 \$50.08 GST/OST (net)" \$39,222 Mortgage insur, premium \$11 Subbilized Vacancy rate 3.5% Sta26 \$0.08 GST/OST (net)" \$39,205 [generate a 15% development profil \$253 Development profit assumption: 15% minitum sales price \$330,305 [generate a 15% development profil \$258 Revenues: \$268,70 \$28,811 \$18,247 \$277,779 \$28,343 \$52,901 \$29,479 \$30,607 \$31,283 \$343 Revenues: \$268,700 \$8,811 \$18,247 \$27,779 \$28,349 \$32,168 \$33,431 \$3,448 \$32,176 \$33,633 \$3,478 \$3,498 \$3,148 \$3,240 \$32,266 \$33,543	Mortgage interest rate 3.25%	6										
Mortgage insu ⁻ prenum 4.75% Construction \$229,000 Mortgage \$244 Annual costinifiation 2.0% market rent difference Subtolal \$246,000 Toal costs \$224 Initial monthy rent per unit \$225 \$2.26 \$0.03 GST/OST (nel)* \$39,222 Mortgage insur. premium \$11 Stabilized Vaconzy rate 3.5% Average cash-on-cash return assumption 10.2% cap rate \$230,305 fto generate a 15% development profit \$225 Development profit assumption 10.2% cap rate 6.1% fimplied if achieved 15% development profit \$226 Average cash-on-cash return assumption 10.2% cap rate 6.1% fimplied if achieved 15% development profit \$28,070 \$31,283 \$31,02 \$31,483 \$32,408 \$34,408 \$34,476 \$22,775 \$28,343 \$210,02 \$31,418 \$31,824 \$22,775 \$32,418 \$33,408 \$34,746 \$32,406 \$32,407 \$33,408 \$34,746 \$32,775 \$33,833 \$31,024 \$31,124 \$31,247 \$32,745 \$33,848	Amortization period (yrs) 2	5		Develop	ment Costs	:		Financ	cing:			
Annual rouse inflation 2.0% Subtolal Subtolal \$248,000 Total costs \$281 Annual rouse growth 52.25 \$1.625 \$600 \$50.83 GST/QST (nei)* \$39.22 Mortgage insur. premium \$11 Subtolal \$2.26 \$0.83 GST/QST (nei)* \$39.22 Mortgage insur. premium \$11 Subtolal \$2.87,222 Total Fosts \$287,222 Total Fosts \$287,222 Total Fosts \$285 Development profit assumption 15% minimum sales price \$330,305 [ogenerate a 15% development profit] \$258 Average cash-on-cash return assumption 10.0% cap rate \$15% \$28,772 \$28,343 \$29,779 \$30,069 \$30,070 \$31,283 \$33 Retablincome \$26,670 \$58,811 \$18,247 \$27,779 \$28,343 \$32,415 \$32,475 \$33,415 \$31,416 \$31,183 \$34,475 \$31,483 \$32,11 \$3,467 \$31,923 \$33,43 \$32,40 \$32,485 \$33,43 \$32,40 \$32,485 \$33,43	Loan-to-lending value ratio 85%	6		1	Land		\$19,000	1	Initial cash ii	nvestment		\$43,083
Annual revenue growth 2.0% markettrent difference % Equity 7.1 Initial monthy rent per unit \$3.09 \$3.09 \$2.26 \$0.83 GST/QST (nei)* \$39.222 Mortgage insur: premium \$11 Stabilized Vacaory rate 3.3.5% \$2.26 \$0.83 GST/QST (nei)* \$39.222 Total Financing Required \$255 Development profit assumption: 15% minimum sales price \$30,305 [to generate a 15% development profit] \$255 Development profit assumption: 10.0% cap rate 6.1% [implied if achieved 15% development profit] \$256 Retrain income \$26,700 \$8,811 \$18,247 \$27,779 \$28,801 \$29,479 \$30,069 \$30,670 \$31,223 \$33 Vacancy ratig allowance \$26,700 \$8,811 \$18,247 \$27,779 \$28,031 \$32,40 \$32,408 \$33,476 \$33 \$31,423 \$33,476 \$33 \$31,433 \$3,476 \$33 \$37,71 \$3,188 \$30,988 \$31,698 \$31,693 \$32,408 \$33,476 \$33 \$37,71 \$3,877 \$3,877 \$3,877 \$3,877 \$3,877 \$	Mortgage insur. premium 4.759	6		(Constructior	1	\$229,000	1	Mortgage			\$244,139
Initial monthy ren pur unit \$2.25 \$1.625 \$0.63 GST/QST (nei)* \$39,222 Mortgage insur. premium \$11 Average unit size (net sq. ft.) 720 720 Total Costs \$287,222 Total Financing Required \$255 Development profit assumption: 15% minimum sales price \$330,305 (to generate a 15% development profit) \$256 Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] \$287,722 Year 5 Year 6 Year 7 Year 8 Year 9 Year 9 Retual income \$22,670 \$8.811 \$18,247 \$27,779 \$28,334 \$28,901 \$29,479 \$30,069 \$30,670 \$31,483 \$3,717 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,487 \$33,476 \$33,487 \$33,476 \$33,476 \$33,476 \$33,476 \$33,476 \$33,476 \$33,476 \$33,476 \$33,777 \$33,779 \$33,779	Annual cost inflation 2.0%	6		:	Subtotal		\$248,000		Total costs			\$287,222
pir ag, ft \$3.0.9 \$2.26 \$0.83 GST/QST (net)* \$39.222 Mortgage insur, premium \$11 Stabilized Vacancy rate a tassumption: 720 Total Costs \$287,222 Total Financing Required \$255 Development profit assumption: 15% minimum sales price \$330,305 [to generate a 15% development profit] \$255 Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied it achieved 15% development profit] \$29,479 \$30,069 \$30,670 \$31,283 \$37 Revenues: S26,700 58,811 \$18,247 \$27,779 \$28,834 \$32,11 \$33,275 \$30,480 \$33,476 \$33,48 \$32,11 \$33,476 \$33,48 \$32,11 \$33,275 \$33,441 \$34,408 \$33,476 \$33,988 \$31,608 \$32,240 \$32,885 \$33,543 \$37,77 \$3,885 \$30,908 \$31,608 \$32,240 \$32,885 \$33,543 \$37,77 \$3,879 \$3,932 \$4,010 \$4,199 \$4,128 \$4,428 \$4,128 \$4,128 \$4,128 \$4,128 \$4,128	Annual revenue growth 2.09	6 market rent	difference						% Equity			15.0%
Stabilized Vacancy rate 3.5% Total Costs \$287,222 Total Financing Required \$255 Development profit assumption: 15% minimum sales price \$330,305 (b generate a 15% development profit) \$255 Revenues: 10.0% cap rate 6.1% [implied if achieved 15% development profit] \$255 Revenues: 82867,222 Year 6 Year 7 Year 8 Year 9 Year 9 Revenues: 82867,200 \$8,841 \$18,247 \$27,779 \$28,324 \$28,901 \$20,479 \$30,069 \$30,670 \$31,283 \$31,217 \$3 Other income \$22,667 \$947 \$10,087 \$31,48 \$32,145 \$31,408 \$32,440 \$31,102 \$31,124 \$31,183 \$31,217 \$3 Gross income \$22,667 \$9,393 \$20,977 \$30,867 \$30,888 \$31,608 \$32,240 \$32,285 \$33,441 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 \$34,483 <td></td>												
Average unit size (net sq. ft.) 720 Total Costs \$287,222 Total Financing Required \$257 Development profit assumption: 15% minimum sales price \$330,305 [to generale] 5% development profit 5% Average cash-on-cash return assumption 10.0% cap rate 6.1% [minimum sales price \$330,305 [to generale] \$5% development profit % Revenues: Year 0 Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 6 Year 7 Year 8 Year 9 Year 7 Rental income \$26,070 \$8,811 \$18,247 \$22,779 \$28,334 \$28,001 \$3,148 \$3,211 \$3,2176 \$3,3,48 \$3,171 \$3,148 \$3,1108 \$32,245 \$3,3,48 \$3,371 \$4,144 \$5,043 \$5,141 \$5,127 \$5,325 \$5,443 \$3,448 \$5,475 \$5,325 \$5,448 \$3,448 \$3,478 \$3,779 \$3,185 \$3,332 \$3,090 \$4,114 \$5,433 \$4,448 \$4,441 \$5,493 <td>per sq. ft \$3.0</td> <td>€ \$2.26</td> <td>\$0.83</td> <td></td> <td>GST/QST (ne</td> <td>et)*</td> <td>\$39,222</td> <td>1</td> <td>Mortgage ins</td> <td>sur. premium</td> <td>า</td> <td>\$11,597</td>	per sq. ft \$3.0	€ \$2.26	\$0.83		GST/QST (ne	et)*	\$39,222	1	Mortgage ins	sur. premium	า	\$11,597
Development profit assumption: 15% minimum sales price \$330,305 [to generate a 15% development profit] Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profit] Revenues: Revenues: 826,700 \$8,811 \$18,247 \$27,779 \$28,334 \$28,901 \$29,479 \$30,069 \$30,670 \$31,283 \$33 Warency allowance \$22,670 \$8,811 \$18,247 \$27,779 \$28,334 \$28,901 \$29,479 \$30,069 \$30,670 \$31,1283 \$33 Warency allowance \$10,38 \$343 \$5710 \$51,1080 \$1,124 \$1,146 \$31,169 \$31,283 \$33,543 \$32,967 Ober income \$22,667 \$979 \$2,027 \$3,087 \$3,148 \$3,214 \$3,146 \$31,224 \$1,212 \$1,146 \$1,169 \$1,512 \$1,512 \$5,156 \$5,247 \$5,352 \$5,459 \$5,568 \$5,779 \$3,855 \$3,932 \$4,010 \$4,090 \$4,172 \$4,266 \$4,341 \$4,428	Stabilized Vacancy rate 3.5%	6										
Average cash-on-cash return assumption 10.0% cap rate 6.1% [implied if achieved 15% development profil] REVENUES AND COSTS Revenues: Year 0 Year 1 Year 2 Year 3 Year 4 Year 6 Year 6 Year 7 Year 8 Year 9 Year 9 Returnues: S26,700 \$8,811 \$18,247 \$27,779 \$28,334 \$229,017 \$33,087 \$33,148 \$32,215 \$33,341 \$3,408 \$34,476 \$35,000 \$34,347 \$33,476 \$35,000 \$31,1283 \$32,217 \$3,341 \$3,408 \$3,476 \$35,000 \$31,1283 \$3,211 \$3,145 \$3,211 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,146 \$51,457 \$52,352 \$5,5,459 \$5,568 \$57 \$51,453 \$51,457 </td <td>Average unit size (net sq. ft.) 72</td> <td>0</td> <td></td> <td></td> <td>Total Costs</td> <td></td> <td>\$287,222</td> <td></td> <td>Total Financ</td> <td>ing Require</td> <td>d</td> <td>\$255,735</td>	Average unit size (net sq. ft.) 72	0			Total Costs		\$287,222		Total Financ	ing Require	d	\$255,735
REVENUES AND COSTS Revenues: Year 0 ¹ Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 9 Revenues: Rental income \$26,700 \$8,811 \$18,247 \$27,779 \$28,334 \$29,479 \$30,069 \$30,408 \$3,341 \$3,340 \$3,341 \$3,340 \$3,341 \$3,340 \$3,341 \$3,340 \$3,341 \$3,240 \$3,341 \$3,240 \$3,341 \$3,2408 \$3,341 \$3,240 \$3,340 \$3,341 \$3,240 \$3,2485 \$3,341 \$3,240 \$3,2485 \$3,341 \$3,240 \$3,2485 \$3,343 \$3,217 \$3,279 \$3,877 \$3,855 \$3,038 \$5,098 \$4,172 \$4,256 \$4,421 \$4,944 \$5,043 \$6,143 \$6,079 \$5,179 \$3,279 \$3,855 \$3,038 \$22,105 \$4,221 \$4,190 \$4,172 \$4,256 \$4,341 \$4,428 \$4 \$4,090 \$4,172 \$4,265 \$4,341 \$4,428 \$4 \$4,090 \$4,149 <	Development profit assumption:	15%			minimum sa	les price	\$330,305	[to generate	a 15% deve	lopmentpro	ofit]	
Revenues: Stantal income Stantal inco	Average cash-on-cash return assum	tion 10.0%			cap rate		6.1%	[implied if ad	chieved 15%	developme	nt profit]	
Revenues: Contention S26,700 \$8,811 \$18,247 \$27,779 \$28,334 \$28,901 \$29,479 \$30,670 \$31,148 \$32,118 \$32,75 \$30,817 \$31,283 \$31,080 \$31,128 \$32,128 \$32,400 \$34,176 \$33,476 \$33,476 \$33,476 \$33,476 \$33,476 \$33,476 \$33,485 \$30,670 \$31,188 \$32,120 \$33,485 \$33,485 \$33,485 \$33,485 \$33,485 \$33,685 \$31,608 \$32,240 \$32,885 \$33,535 \$33,855 \$30,986 \$31,608 \$32,240 \$32,885 \$33,555 \$33,932 \$4,010 \$4,172 \$4,256 \$4,341 \$4,428 \$5,043 \$5,144 \$5,247 \$5,352 \$5,558 \$5,568 \$32,799 \$33,855 \$33,932 \$4,010 \$4,172 \$4,256 \$4,341 \$4,428 \$4,285 \$4,1146 \$5,033 \$21,435 \$2,263 \$2,263 \$2,365 \$3,244 \$5,479 \$5,379 \$5,8568 \$3,770 \$3,855 \$3,3920 \$4,1420 \$1,1469		¥01	V	¥0	¥ 0			¥0	V7	¥0	¥0	V 40
Rental income \$26,700 \$8,811 \$18,247 \$27,779 \$28,334 \$28,901 \$29,479 \$30,069 \$30,670 \$31,283 \$33,070 Other income \$2,967 \$30,970 \$52,027 \$30,870 \$31,48 \$3,275 \$3,341 \$3,275 \$3,341 \$3,406 \$3,476 \$5 Vacancy allowance \$51,038 \$53476 \$50,070 \$51,080 \$51,102 \$51,124 \$51,146 \$51,217 \$53,353 \$32,240 \$32,885 \$33,543 \$3476 \$5 Operating Costs: Total operations \$4,752 \$3,779 \$3,876 \$30,908 \$51,144 \$5,247 \$5,552 \$5,568 \$52,877 \$5,352 \$5,459 \$5,568 \$5,568 \$5,779 \$3,779 \$3,879 \$3,879 \$3,879 \$3,953 \$9,953 \$100 \$4,100 \$4,000 \$4,172 \$4,256 \$4,341 \$4,428 \$5,043 \$5,478 \$5,479 \$5,673 \$6,773 \$6,773 \$5,779 \$3,779 \$3,875 \$5,733 \$5,474 \$5,724 \$7,694 \$7,946 \$7,946 \$7,946 \$5,721 \$5,773		Year 0	Year 1	Year 2	Year 3	Year 4	rear 5	Year 6	Year 7	Year 8	Year 9	Year 10
Other income \$2,967 \$979 \$2,027 \$3,087 \$3,148 \$3,211 \$3,275 \$3,341 \$3,408 \$3,476 \$5 Vacancy allowance \$20,027 \$3,087 \$3,148 \$3,211 \$3,275 \$3,341 \$3,408 \$3,476 \$5 Gross in come \$28,628 \$9,447 \$19,565 \$29,785 \$30,381 \$30,988 \$31,608 \$32,240 \$32,885 \$33,434 \$4,443 \$5,043 \$5,144 \$5,247 \$5,352 \$5,459 \$5,568 \$5 Maintenance and operations Property taxes \$3,779 \$3,855 \$3,932 \$4,010 \$4,072 \$4,241 \$4,444 \$5,043 \$5,144 \$4,248 \$4,428 \$4,428 \$4,428 \$5,668 \$5,7179 \$3,345 \$3,932 \$9,033 \$5,214 \$9,4172 \$4,266 \$8,377 \$5,375 \$2,2633 \$22,633 \$23,687 \$23,647 \$24,256 \$6,763 \$6,763 \$6,763 \$6,763 \$6,763 \$7,469 \$7,246 \$7,469 \$7,270 \$7,713 </td <td></td> <td>¢26 700</td> <td>\$0.014</td> <td>¢10 017</td> <td>¢07 770</td> <td>¢20 224</td> <td>\$28.004</td> <td>\$20.470</td> <td>\$30.060</td> <td>\$30 670</td> <td>\$21 000</td> <td>\$31,909</td>		¢26 700	\$0.014	¢10 017	¢07 770	¢20 224	\$28.004	\$20.470	\$30.060	\$30 670	\$21 000	\$31,909
Vacancy allowance -\$1,038 -\$343 -\$710 -\$1,080 -\$1,120 -\$1,124 -\$1,146 -\$1,169 -\$1,193 -\$1,217 -\$3 Gross income \$28,628 \$9,447 \$19,565 \$29,785 \$30,988 \$31,608 \$32,240 \$32,885 \$33,543 \$34 Operating Costs: Maintenance and operations \$4,752 \$3,564 \$4,421 \$4,944 \$5,043 \$5,144 \$5,247 \$5,352 \$5,459 \$5,568 \$5 Property taxes \$3,779 \$3,855 \$3,932 \$4,010 \$4,090 \$4,172 \$4,256 \$4,341 \$4,428 \$4 Net Operating Income \$20,097 \$2,104 \$11,469 \$20,909 \$21,328 \$21,754 \$22,183 \$23,086 \$23,547 \$24,552 Mortgage Payments: \$20,097 \$2,104 \$11,469 \$20,909 \$21,328 \$7,440 \$7,946 \$8,077 \$8,476 \$8,753 \$5 Principal Interest \$5,178 \$5,178 \$5,128 \$7,214 \$7,469 \$7,946 \$8,077 \$8,476 \$8,753 \$5 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>. ,</td><td></td><td></td><td>\$3,545</td></t<>									. ,			\$3,545
Gross income \$28,628 \$9,447 \$19,565 \$29,785 \$30,381 \$30,988 \$31,608 \$32,240 \$32,885 \$33,543 \$34 Operating Costs: Property taxes Total operating costs \$4,752 \$3,564 \$4,241 \$4,944 \$5,043 \$5,144 \$5,247 \$5,352 \$5,459 \$5,568 \$5,779 \$3,779 \$3,855 \$3,9381 \$4,000 \$4,172 \$4,256 \$4,341 \$4,428 \$5,443 \$5,043 \$5,144 \$5,247 \$5,352 \$5,459 \$5,568 \$5,779 \$3,779 \$3,855 \$3,908 \$8,876 \$9,053 \$5,244 \$5,043 \$5,144 \$5,047 \$5,352 \$5,459 \$5,568 \$5,779 \$3,799 \$3,999 \$5,905 \$5,070 \$5,717 \$4,428 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,478 \$5,178 \$4,428 \$5,178 \$4,428												-\$1,241
Operating Costs: S4,752 S3,564 S4,241 S4,944 S5,043 S5,144 S5,247 S5,352 S4,559 S5,568 S5 Property taxes S3,779 S3,779 S3,855 S3,932 S4,010 S4,090 S4,172 S4,256 S4,341 S4,428 S4 Net Operating costs S8,531 S7,343 S8,096 S8,876 S9,053 S9,234 S9,419 S9,607 S9,799 S9,999 S14,028 S4 Net Operating costs S20,097 S2,104 S11,469 S20,909 S21,328 S21,754 S22,163 S23,086 S23,547 S24 Mortgage Payments: Principal S6,763 S6,763 S6,985 S7,214 S7,469 S7,225 S6,973 S6,713 S6,444 S6,166 S6 Total S14,920	5			• -	. ,		. ,				. ,	\$34,214
Maintenance and operations Property taxes \$4,752 \$3,564 \$4,241 \$4,944 \$5,043 \$5,144 \$5,247 \$5,352 \$5,558 \$5,588 \$5,578 Property taxes \$3,779 \$3,779 \$3,855 \$3,932 \$4,010 \$4,090 \$4,172 \$4,266 \$4,341 \$4,428 \$5 Net Operating lncome Calculated cap rate \$20,097 \$2,104 \$11,469 \$20,909 \$21,328 \$21,754 \$22,189 \$22,633 \$23,385 \$3,773 \$5,6763 \$6,763 \$6,965 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$26 \$23,567 \$24,328 \$21,328 \$21,328 \$21,328 \$21,328 \$21,328 \$22,633 \$36,763 \$6,753 \$6,6763 \$6,965 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$52 \$53,753 \$52,753 \$51,753 \$52,973 \$6,713 \$6,444 \$6,666 \$52 \$51,753 \$5,990 \$6,408 \$6,835 \$7,270 \$7,713 \$8,166 \$8,8628 \$52 Cash Flow \$5,178 <th< td=""><td>Gross income</td><td>\$20,020</td><td>\$9,447</td><td>\$19,000</td><td>\$29,700</td><td>\$30,30 I</td><td>\$30,900</td><td>\$31,000</td><td>\$32,240</td><td>\$32,005</td><td>\$33,343</td><td>⊅34,214</td></th<>	Gross income	\$20,020	\$9,447	\$19,000	\$29,700	\$30,30 I	\$30,900	\$31,000	\$ 32,240	\$32,00 5	\$33,343	⊅ 34,214
Property taxes \$3,779 \$3,779 \$3,855 \$3,932 \$4,010 \$4,090 \$4,172 \$4,256 \$4,341 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,428 \$4,207 \$5,738 \$5,738 \$5,730 \$5,737 \$6,763 \$6,6763 \$6,973 \$6,713 \$6,444 \$6,664 \$6,875 \$7,216 \$1,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$	Operating Costs:											
Total operating costs \$8,531 \$7,343 \$8,096 \$8,876 \$9,053 \$9,234 \$9,419 \$9,607 \$9,799 \$9,995 \$10 Net Operating Income Calculated cap rate \$20,097 \$2,104 \$11,469 \$20,999 \$21,328 \$21,754 \$22,189 \$22,633 \$23,086 \$23,547 \$24 Mortgage Payments: Principal Interest \$6,763 \$6,763 \$6,985 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$54 Cash Flow \$8,156 \$8,156 \$7,935 \$7,706 \$7,469 \$7,225 \$6,673 \$6,673 \$6,444 \$6,166 \$54 Cash Flow \$51,78 \$12,815 \$34,520 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920	Maintenance and operations	\$4,752	\$3,564	\$4,241	\$4,944	\$5,043	\$5,144	\$5,247	\$5,352	\$5,459	\$5,568	\$5,679
Net Operating Income Calculated cap rate \$20,097 \$2,104 \$11,469 \$20,909 \$21,328 \$21,754 \$22,189 \$22,633 \$23,086 \$23,547 \$24, 54,557 Mortgage Payments: Principal Interest Total \$6,763 \$6,763 \$6,763 \$6,783 \$6,793 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$5, 514,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>. ,</td><td></td><td></td><td>\$4,516</td></td<>									. ,			\$4,516
Calculated cap rate 7.0% Mortgage Payments: 7.0% Principal \$67,63 \$6,763 \$6,763 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$56,763 \$6,763 \$6,763 \$6,763 \$7,935 \$7,706 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$57,935 \$7,706 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$57,935 \$7,706 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$57,935 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920	Total operating costs	\$8,531	\$7,343	\$8,096	\$8,876	\$9,053	\$9,234	\$9,419	\$9,607	\$9,799	\$9,995	\$10,195
Calculated cap rate 7.0% Mortgage Payments: 7.0% Principal \$67,63 \$6,763 \$6,763 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$56,763 \$6,763 \$6,763 \$6,763 \$7,935 \$7,706 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$57,935 \$7,706 \$7,469 \$7,270 \$7,713 \$8,466 \$8,628 \$51 Cash Flow \$51,78 \$12,815 -\$3,451 \$5,990 \$6,408 \$6,835 \$7,270 \$7,713 \$8,166 \$8,628 \$57 Cash-on-Cash Return 12.0% -29.7% -8.0% 13.9% 14.920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$1	Net Operating Income	\$20.097	\$2.104	\$11.469	\$20.909	\$21.328	\$21.754	\$22.189	\$22.633	\$23.086	\$23.547	\$24,018
Principal \$6,763 \$6,763 \$6,763 \$6,985 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$55 Interest \$8,156 \$8,156 \$8,156 \$7,935 \$7,706 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$55 Total \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,9		7.0%	. ,	. ,		. ,	. ,	. ,	. ,			. ,
Principal \$6,763 \$6,763 \$6,763 \$6,865 \$7,214 \$7,450 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$53 Interest \$8,156 \$8,156 \$7,935 \$7,706 \$7,469 \$7,225 \$6,973 \$6,713 \$6,444 \$6,166 \$52 Total \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,920 \$14,	Mortgage Payments:											
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Cash Flow \$5,178 -\$12,815 -\$3,451 \$5,990 \$6,408 \$6,835 \$7,270 \$7,713 \$8,166 \$8,628 \$5 Cash-on-Cash Return Average Annual 12.0% -29.7% -8.0% 13.9% 14.9% 15.9% 16.9% 17.9% 19.0% 20.0% 2 Principal Payments Cumulative \$6,763 \$6,763 \$6,763 \$13,748 \$20,962 \$28,412 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$52 Annual Cash Flow & Principal Payments as % of Initial Cash Investment Average Annual \$11,941 -\$6,052 \$3,534 \$13,204 \$13,858 \$14,529 \$15,216 \$15,920 \$16,642 \$17,381 \$18 Annual Cash Flow & Principal Payments as % of Initial Cash Investment Average Annual \$27.7% -14.0% 8.2% 30.6% 32.2% 33.7% 35.3% 37.0% 38.6% 40.3% 40.3%	Interest	\$8,156	\$8,156	\$7,935	\$7,706	\$7,469	\$7,225	\$6,973	\$6,713	\$6,444	\$6,166	\$5,879
Cash-on-Cash Return 12.0% -29.7% -8.0% 13.9% 14.9% 15.9% 16.9% 17.9% 19.0% 20.0% 2 Average Annual 12.0% -29.7% -18.9% -8.0% -2.2% 1.4% 4.0% 6.0% 7.6% 9.0% 1 1 Principal Payments \$6,763 \$6,763 \$13,748 \$20,962 \$28,412 \$36,107 \$44,053 \$52,260 \$60,735 \$69,489 \$7.6 Annual Cash Row & Principal Payments \$11,941 -\$6,052 \$3,534 \$13,204 \$13,858 \$14,529 \$15,216 \$15,920 \$16,642 \$17,381 \$18 Annual Cash Row & Principal Payments \$27.7% -14.0% 8.2% 30.6% 32.2% 33.7% 35.3% 37.0% 38.6% 40.3% 40.3% Average Annual 27.7% -14.0% -2.9% 8.3% 14.2% 18.1% 21.0% 23.3% 25.2% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% 26.9% </td <td>Total</td> <td>\$14,920</td>	Total	\$14,920	\$14,920	\$14,920	\$14,920	\$14,920	\$14,920	\$14,920	\$14,920	\$14,920	\$14,920	\$14,920
Average Annual 12.0% -29.7% -18.9% -8.0% -2.2% 1.4% 4.0% 6.0% 7.6% 9.0% 110 Principal Payments Cumulative \$6,763 \$6,763 \$6,763 \$13,748 \$20,962 \$28,412 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$57,524 Annual Cash Flow & Principal Payments as % of Initial Cash Investment Average Annual \$11,941 -\$6,052 \$3,534 \$13,204 \$13,858 \$14,529 \$15,216 \$15,920 \$16,642 \$17,881 \$18,886	Cash Flow	\$5,178	-\$12,815	-\$3,451	\$5,990	\$6,408	\$6,835	\$7,270	\$7,713	\$8,166	\$8,628	\$9,099
Average Annual 12.0% -29.7% -18.9% -8.0% -2.2% 1.4% 4.0% 6.0% 7.6% 9.0% 110 Principal Payments Cumulative \$6,763 \$6,763 \$6,763 \$13,748 \$20,962 \$28,412 \$7,694 \$7,946 \$8,207 \$8,476 \$8,753 \$57,524 Annual Cash Flow & Principal Payments as % of Initial Cash Investment Average Annual \$11,941 -\$6,052 \$3,534 \$13,204 \$13,858 \$14,529 \$15,216 \$15,920 \$16,642 \$17,881 \$18,886	Cash-on-Cash Return	12.0%	-29.7%	-8.0%	13.9%	14.9%	15.9%	16.9%	17.9%	19.0%	20.0%	21.1%
Cumulative \$6,763 \$13,748 \$20,962 \$28,412 \$36,107 \$44,053 \$52,260 \$60,735 \$69,489 \$76 Annual Cash Row & Principal Payments as % of Initial Cash Investment Average Annual \$11,941 -\$6,052 \$3,534 \$13,204 \$13,858 \$14,529 \$15,216 \$15,920 \$16,642 \$17,381 \$18 Annual Cash Row & Principal Payments as % of Initial Cash Investment Average Annual 27.7% -14.0% 8.2% 30.6% 32.2% 33.7% 35.3% 37.0% 38.6% 40.3% 4												10.2%
Cumulative \$6,763 \$13,748 \$20,962 \$28,412 \$36,107 \$44,053 \$52,260 \$60,735 \$69,489 \$76 Annual Cash How & Principal Payments as % of Initial Cash Investment Average Annual \$11,941 -\$6,052 \$3,534 \$13,204 \$13,858 \$14,529 \$15,216 \$15,920 \$16,642 \$17,381 \$18 Annual Cash How & Principal Payments as % of Initial Cash Investment Average Annual 27.7% -14.0% 8.2% 30.6% 32.2% 33.7% 35.3% 37.0% 38.6% 40.3% 4	Deine in al Decementa	¢0.700	¢0.700	¢0.005	¢7.04.4	¢7.450	\$7.004	¢7.040	¢0.007	¢0.470	¢0.750	\$9.040
Annual Cash Flow & Principal Payments \$11,941 -\$6,052 \$3,534 \$13,204 \$13,858 \$14,529 \$15,216 \$15,920 \$16,642 \$17,381 \$18 Annual Cash Flow & Principal Payments as % of Initial Cash Investment Average Annual 27.7% -14.0% 8.2% 30.6% 32.2% 33.7% 35.3% 37.0% 38.6% 40.3% 4		. ,			. ,			• • •	. ,			\$9,040 \$78,529
Annual Cash Row & Principal Payments as % of Initial Cash Investment 27.7% -14.0% 8.2% 30.6% 32.2% 33.7% 35.3% 37.0% 38.6% 40.3% 4 Average Annual 27.7% -14.0% -2.9% 8.3% 14.2% 18.1% 21.0% 23.3% 25.2% 26.9% 24							. ,				- /	\$18,139
as % of Initial Cash Investment 27.7% -14.0% 8.2% 30.6% 32.2% 33.7% 35.3% 37.0% 38.6% 40.3% 4 Average Annual 27.7% -14.0% -2.9% 8.3% 14.2% 18.1% 21.0% 23.3% 25.2% 26.9% 24		\$11, 3 41	ψ0,00 L	ψ0,0 0 4	<i>\$10,204</i>	÷10,000	ψ1- 1 ,023	₽10,2 10	\$10,0 <u>1</u> 0	↓ 1 0,0 4 £	÷11,001	φ10,100
Average Annual 27.7% -14.0% -2.9% 8.3% 14.2% 18.1% 21.0% 23.3% 25.2% 26.9% 24												
												42.1%
1. Year 0 is used for the purpose of calculating pat HST, assumed uplue based on assumed can rate, calculated can rate, and is based on athilling assumed with evaluate	Average Annual	27.7%	-14.0%	-2.9%	8.3%	14.2%	18.1%	21.0%	23.3%	25.2%	26.9%	28.4%
inflation on revenues and costs.		ating net HST, as	sumed value	e based on a	assumed ca	p rate, calcu	ulated cap ra	te, and is ba	ised on stab	ilized occupa	ancy but exc	ludes

Montreal

Project type: Basic Fringe

Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS			F	PROJECT DI	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25				ment Costs	:		Financ	•			
Loan-to-lending value ratio	85%				_and		\$0		nitial cash i	nvestment		\$24,585
Mortgage insur. premium	4.75%			(Construction		\$146,000	I	Mortgage			\$139,314
Annual cost inflation	2.0%			5	Subtotal		\$146,000	-	Total costs			\$163,898
Annual revenue growth	2.0%	market rent	difference						% Equity			15.0%
Initial monthly rent per unit	\$1,450	\$1,250	\$200									
per sq. ft	\$2.01	\$1.74	\$0.28	(GST/QST (ne	et)*	\$17,898	I	Mortgage ins	sur. premium	ו	\$6,617
Stabilized Vacancy rate	3.5%											
Average unit size (net sq. ft.)	720			1	Fotal Costs		\$163,898	-	Total Financ	ing Require	d	\$145,931
Development profit assumption	n:	15%		I	minimum sa	les price	\$188,483	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return a	assumption	10.0%			cap rate		6.1%	[implied if ac	hieved 15%	developme	nt profit]	
										·		
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income		\$17,400	\$5,742	\$11,891	\$18,103	\$18,465	\$18,834	\$19,211	\$19,595	\$19,987	\$20,387	\$20,795
Other income		\$17,400	\$302	\$626	\$18,103	\$18,403	\$10,034 \$991	\$1,011	\$1,031	\$1,052	\$20,387	\$20,79
		-\$641	-\$212	-\$438	-\$667	-\$680	-\$694	-\$708	-\$722	-\$736	-\$751	-\$76
Vacancy allowance		• -	•		•				•	• • •		
Gross income		\$17,675	\$5,833	\$12,079	\$18,389	\$18,757	\$19,132	\$19,514	\$19,905	\$20,303	\$20,709	\$21,123
Operating Costs:					• • • • •							• • • • •
Maintenance and operations		\$3,888	\$2,916	\$3,470	\$4,045	\$4,126	\$4,208	\$4,293	\$4,379	\$4,466	\$4,555	\$4,64
Property taxes		\$2,333	\$2,333	\$2,380	\$2,427	\$2,476	\$2,525	\$2,576	\$2,627	\$2,680	\$2,734	\$2,788
Total operating costs		\$6,221	\$5,249	\$5,850	\$6,472	\$6,602	\$6,734	\$6,869	\$7,006	\$7,146	\$7,289	\$7,435
Net Operating Income		\$11,454	\$584	\$6,229	\$11,916	\$12,155	\$12,398	\$12,646	\$12,899	\$13,157	\$13,420	\$13,68
Calculated cap rate		7.0%										
Mortgage Payments:												
Principal		\$3,859	\$3,859	\$3,986	\$4,116	\$4,251	\$4,391	\$4,534	\$4,683	\$4,836	\$4,995	\$5,159
Interest		\$4,654	\$4,654	\$4,528	\$4,397	\$4,262	\$4,123	\$3,979	\$3,831	\$3,677	\$3,519	\$3,35
Total		\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,514	\$8,51
Cash Flow		\$2,940	-\$7,930	-\$2,284	\$3,403	\$3,641	\$3,884	\$4,132	\$4,385	\$4,643	\$4,906	\$5,175
Cash-on-Cash Return		12.0%	-32.3%	-9.3%	13.8%	14.8%	15.8%	16.8%	17.8%	18.9%	20.0%	21.0%
Average Annual		12.0%	-32.3%	-20.8%	-9.2%	-3.2%	0.6%	3.3%	5.4%	7.1%	8.5%	9.7%
Principal Payments		\$3,859	\$3,859	\$3,986	\$4,116	\$4,251	\$4,391	\$4,534	\$4,683	\$4,836	\$4,995	\$5,15
Cumulative		\$3,859	\$3,859	\$7,845	\$11,962	\$16,213	\$20,604	\$25,138	\$29,821	\$34,658	\$39,653	\$44,81
Annual Cash Flow & Principal Pay	nents	\$6,799	-\$4,071	\$1,701	\$7,519	\$7,892	\$8,275	\$8,667	\$9,068	\$9,480	\$9,901	\$10,333
Annual Cash Flow & Principal Payr	nents											
as % of Initial Cash Investment		27.7%	-16.6%	6.9%	30.6%	32.1%	33.7%	35.3%	36.9%	38.6%	40.3%	42.0
Average Annual		27.7%	-16.6%	-4.8%	7.0%	13.3%	17.3%	20.3%	22.7%	24.7%	26.4%	28.0%
¹ Year 0 is used for the purpose o	f calculating	net HST, as	sumed value	based on a	issumed ca	o rate, calci	lated cap ra	te, and is ba	sed on stab	ilized occup	ancv but exc	ludes
	. saisaiating	,		20000 0110		a.c, oalot		, and io ba			andy but the	
Year 0 is used for the purpose o inflation on revenues and costs. Source: Altus Group	fcalculating	g net HST, as	sumed value	based on a	issumed ca	o rate, calcu	ilated cap ra	te, and is ba	sed on stab	ilized occup	ancy but exc	lud

KEY INPUT ASSUMPTIONS		1	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.2	25%										
Amortization period (yrs)	25		Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio 8	35%		Ĩ	Land		\$0	1	nitial cash ir	nvestment		\$34,308
Mortgage insur. premium 4.7	75%		(Construction	I	\$197,000	ſ	Vortgage			\$194,413
Annual cost inflation 2	.0%		:	Subtotal		\$197,000	٦	Total costs			\$228,721
Annual revenue growth 2	.0% market rent	difference						% Equity			15.0%
Initial monthly rent per unit \$1,	875 \$1,450	\$425									
per sq. ft \$2	2.60 \$2.01	\$0.59	(GST/QST (ne	et)*	\$31,721	1	Mortgage ins	sur. premium	ı	\$9,235
Stabilized Vacancy rate 3	.5%										
Average unit size (net sq. ft.)	720			Total Costs		\$228,721	٦	Fotal Financ	ing Require	d	\$203,647
Development profit assumption:	15%			minimum sa	les price	\$263,029	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assu	mption 10.0%			cap rate		6.1%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$22.500	\$7,425	\$15.377	\$23.409	\$23.877	\$24.355	\$24.842	\$25,339	\$25.845	\$26.362	\$26.890
Other income	\$22,500	۵7,425 \$602	\$15,377 \$1,247	\$23,409 \$1,898	\$23,877 \$1,936	\$24,355 \$1,975	¢24,842 \$2,014	\$25,339 \$2,054	\$25,845 \$2,096	\$20,362 \$2,137	\$26,890 \$2,180
	-\$851	-\$281	۶1,247 -\$582	\$886- \$	-\$903	-\$922	\$2,014 -\$940	\$2,054 -\$959	\$2,090 -\$978	-\$997	\$2,180 -\$1,017
Vacancy allowance											
Gross income	\$23,473	\$7,746	\$16,041	\$24,421	\$24,910	\$25,408	\$25,916	\$26,434	\$26,963	\$27,502	\$28,052
Operating Costs:											
Maintenance and operations	\$4,320	\$3,240	\$3,856	\$4,495	\$4,584	\$4,676	\$4,770	\$4,865	\$4,962	\$5,062	\$5,163
Property taxes	\$3,098	\$3,098	\$3,160	\$3,224	\$3,288	\$3,354	\$3,421	\$3,489	\$3,559	\$3,630	\$3,703
Total operating costs	\$7,418	\$6,338	\$7,016	\$7,718	\$7,872	\$8,030	\$8,191	\$8,354	\$8,521	\$8,692	\$8,866
Net Operating Income	\$16,055	\$1,408	\$9,025	\$16,703	\$17,037	\$17,378	\$17,726	\$18,080	\$18,442	\$18,810	\$19,187
Calculated cap rate	7.0%										
Mortgage Payments:											
Principal	\$5,386	\$5,386	\$5,562	\$5,745	\$5,933	\$6,127	\$6,328	\$6,535	\$6,749	\$6,970	\$7,199
Interest	\$6,495	\$6,495	\$6,318	\$6,136	\$5,948	\$5,754	\$5,553	\$5,346	\$5,131	\$4,910	\$4,682
Total	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881	\$11,881
Cash Flow	\$4,174	-\$10,473	-\$2,855	\$4,822	\$5,156	\$5,497	\$5,845	\$6,199	\$6,561	\$6,930	\$7,306
Cash-on-Cash Return	12.2%	-30.5%	-8.3%	14.1%	15.0%	16.0%	17.0%	18.1%	19.1%	20.2%	21.3%
Average Annual	12.2%	-30.5%	-19.4%	-8.3%	-2.4%	1.3%	3.9%	5.9%	7.6%	9.0%	10.2%
Principal Payments	\$5,386	\$5,386	\$5,562	\$5,745	\$5,933	\$6,127	\$6,328	\$6,535	\$6,749	\$6,970	\$7,199
Cumulative	\$5,386	\$5,386	\$10,948	\$16,693	\$22,625	\$28,753	\$35,080	\$41,616	\$48,365	\$55,335	\$62,534
Annual Cash Flow & Principal Payment	s \$9,560	-\$5,087	\$2,707	\$10,567	\$11,089	\$11,624	\$12,173	\$12,734	\$13,310	\$13,900	\$14,505
Annual Cash Flow & Principal Payment	s										
as % of Initial Cash Investment	27.9%	-14.8%	7.9%	30.8%	32.3%	33.9%	35.5%	37.1%	38.8%	40.5%	42.3%
Average Annual	27.9%	-14.8%	-3.5%	8.0%	14.0%	18.0%	20.9%	23.2%	25.2%	26.9%	28.4%
1 Voor 0 is used for the surpass of sole		sum od volur	bacadara	eeumed ce	o roto colo	ulated can	to and in ha	end on atch	ilizod coours	anavbutara	ludos
Year 0 is used for the purpose of calc inflation on revenues and costs.	urating net HSI, as	sumed value	uased on a	issumed ca	o rate, caict	nateu cap ra	ne, and is ba	seu on stab	mzeu occupa	ancy but exc	ludes
Source: Altus Group											

Project type: High-End Downtown, Not Prime

Montreal

Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT DE	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25				ment Costs	:		Financ	•			
Loan-to-lending value ratio 85%				and		\$0		nitial cash ir	nvestment		\$40,233
Mortgage insur. premium 4.75%				Construction		\$229,000		Mortgage			\$227,989
Annual cost inflation 2.0%			:	Subtotal		\$229,000		Fotal costs			\$268,222
Annual revenue growth 2.0%	market rent	amerence \$475						% Equity			15.0%
Initial monthly rent per unit \$2,100 per sq. ft \$2.92	\$1,625 \$2.26	\$475 \$0.66	(GST/QST (ne	×+)*	\$39,222	,	Mortgage ins			\$10,829
Stabilized Vacancy rate 3.5%	φ2.20	<i>\$0.00</i>	,	331/031 (16	=1)	\$39,222	1	wongage ins	ui. premiun	1	\$10,629
Average unit size (net sq. ft.) 720			-	Fotal Costs		\$268,222	-	Fotal Financ	ina Require	d	\$238,818
, uorago annonzo (noroqina)						* =••,===					¢200,010
Development profit assumption:	15%		1	minimum sa	les price	\$308,455	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assumption	10.0%			cap rate		6.1%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:											
Rental income	\$25,200	\$8,316	\$17,222	\$26,218	\$26,742	\$27,277	\$27,823	\$28,379	\$28,947	\$29,526	\$30,116
Other income	\$2,800	\$924	\$1,914	\$2,913	\$2,971	\$3,031	\$3,091	\$3,153	\$3,216	\$3,281	\$3,346
Vacancy allowance	-\$980	-\$323	-\$670	-\$1,020	-\$1,040	-\$1,061	-\$1,082	-\$1,104	-\$1,126	-\$1,148	-\$1,171
Gross income	\$27,020	\$8,917	\$18,465	\$28,112	\$28,674	\$29,247	\$29,832	\$30,429	\$31,037	\$31,658	\$32,291
Operating Costs:											
Maintenance and operations	\$4,752	\$3,564	\$4,241	\$4,944	\$5,043	\$5,144	\$5,247	\$5,352	\$5,459	\$5,568	\$5,679
Property taxes	\$3,567	\$3,567	\$3,638	\$3,711	\$3,785	\$3,861	\$3,938	\$4,017	\$4,097	\$4,179	\$4,262
Total operating costs	\$8,319	\$7,131	\$7,879	\$8,655	\$8,828	\$9,004	\$9,184	\$9,368	\$9,556	\$9,747	\$9,942
Net Operating Income	\$18,701	\$1,786	\$10,586	\$19,457	\$19,846	\$20,243	\$20,648	\$21,061	\$21,482	\$21,912	\$22,350
Calculated cap rate	7.0%										
Mortgage Payments:											
Principal	\$6,316	\$6,316	\$6,523	\$6,737	\$6,957	\$7,185	\$7,421	\$7,664	\$7,915	\$8,174	\$8,442
Interest	\$7,617	\$7,617	\$7,410	\$7,196	\$6,975	\$6,747	\$6,512	\$6,269	\$6,018	\$5,758	\$5,491
Total	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933
Cash Flow	\$4,769	-\$12,147	-\$3,346	\$5,524	\$5,913	\$6,310	\$6,715	\$7,128	\$7,549	\$7,979	\$8,417
Cash-on-Cash Return	11.9%	-30.2%	-8.3%	13.7%	14.7%	15.7%	16.7%	17.7%	18.8%	19.8%	20.9%
Average Annual	11.9%	-30.2%	-19.3%	-8.3%	-2.5%	1.1%	3.7%	5.7%	7.3%	8.7%	10.0%
Principal Payments	\$6,316	\$6,316	\$6,523	\$6,737	\$6,957	\$7,185	\$7,421	\$7,664	\$7,915	\$8,174	\$8,442
Cumulative	\$6,316	\$6,316	\$12,839	\$19,576	\$26,533	\$33,718	\$41,139	\$48,803	\$56,718	\$64,892	\$73,334
Annual Cash Flow & Principal Payments	\$11,085	-\$5,831	\$3,177	\$12,261	\$12,871	\$13,496	\$14,136	\$14,792	\$15,464	\$16,153	\$16,859
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	27.6%	-14.5%	7.9%	30.5%	32.0%	33.5%	35.1%	36.8%	38.4%	40.1%	41.9%
Average Annual	27.6%	-14.5%	-3.3%	8.0%	14.0%	17.9%	20.8%	23.0%	25.0%	26.7%	28.2%
Year 0 is used for the purpose of calculating inflation on revenues and costs. Source: Altus Group	net HST, ass	sumed value	based on a	issumed caj	o rate, calcu	llated cap ra	ite, and is ba	sed on stabi	ilized occupa	ancy but exc	ludes

Halifax

Halifax

Project type: Basic Fringe

Market Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		F	ROJECT DI	EVELOPMEN	T COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%							_				
Amortization period (yrs) 25				ment Costs		¢o	Financ	5			CO 4 405
Loan-to-lending value ratio 85%				and		\$0		nitial cash ir	ivestment		\$24,465
Mortgage insur. premium 4.75%						\$143,000		Vortgage			\$138,637
Annual cost inflation 2.0%			:	Subtotal		\$143,000		Fotal costs			\$163,102
Annual revenue growth 2.0% Initial monthly rent per unit \$1,125								% Equity			15.0%
Initial monthly rent per unit \$1,125 per sq. ft \$1.50				HST (net)*		\$20,102	,	Mortgage ins			\$6,585
Stabilized Vacancy rate 3.0%			ſ	ioi (nei)		φ20,102	1	wongage ins	ui. premiun	1	40,000
Average unit size (net sq. ft.) 750			-	Total Costs		\$163,102	-	Fotal Financ		4	\$145,222
Average unit size (net sq. it.) 750				I OLAI COSIS		\$103,102		I OLAT FINANC	ing Require	u	\$143,222
Development profit assumption:	15%		1	minimum sa	les price	\$187,568	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		4.7%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	icai o	Teal 1		ieai 5	icai 4	Tear 5	ical o	Teal 7	Tear o	ical 5	Teal To
Rental income	\$13,500	\$4,455	\$9,226	\$14,045	\$14,326	\$14,613	\$14,905	\$15,203	\$15,507	\$15,817	\$16,134
Other income	\$346	\$114	\$237	\$360	\$367	\$375	\$382	\$390	\$398	\$406	\$414
Vacancy allowance	-\$415	-\$137	-\$284	-\$432	-\$441	-\$450	-\$459	-\$468	-\$477	-\$487	-\$496
Gross income	\$13,431	\$4,432	\$9,179	\$13,973	\$14,253	\$14,538	\$14,829	\$15,125	\$15,428	\$15,736	\$16,051
Operating Costs:											
Maintenance and operations	\$2,250	\$1,688	\$2,008	\$2,341	\$2,388	\$2,435	\$2,484	\$2,534	\$2,585	\$2,636	\$2,689
Property taxes	\$2,425	\$2,425	\$2,474	\$2,523	\$2,574	\$2,625	\$2,678	\$2,731	\$2,786	\$2,842	\$2,898
Total operating costs	\$4,675	\$4,113	\$4,482	\$4,864	\$4,961	\$5,061	\$5,162	\$5,265	\$5,370	\$5,478	\$5,587
Net Operating Income	\$8,756	\$319	\$4,697	\$9,109	\$9,291	\$9,477	\$9,667	\$9,860	\$10,057	\$10,259	\$10,464
Calculated cap rate	5.4%										
Mortgage Payments:											
Principal	\$3,841	\$3,841	\$3,967	\$4,096	\$4,231	\$4,369	\$4,512	\$4,660	\$4,813	\$4,971	\$5,134
Interest	\$4,632	\$4,632	\$4,506	\$4,376	\$4,242	\$4,103	\$3,960	\$3,812	\$3.659	\$3,502	\$3,339
Total	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472
Cash Flow	\$283	-\$8,153	-\$3,775	\$637	\$819	\$1,005	\$1,195	\$1,388	\$1,585	\$1,786	\$1,991
Cash-on-Cash Return	1.2%	-33.3%	-15.4%	2.6%	3.3%	4.1%	4.9%	5.7%	6.5%	7.3%	8.1%
Average Annual	1.2%	-33.3%	-24.4%	-15.4%	-10.7%	-7.7%	-5.6%	-4.0%	-2.7%	-1.6%	-0.6%
Principal Payments	\$3,841	\$3,841	\$3,967	\$4,096	\$4,231	\$4,369	\$4,512	\$4,660	\$4,813	\$4,971	\$5,134
Cumulative	\$3,841	\$3,841	\$7,807	\$11,904	\$16,134	\$20,504	\$25,016	\$29,676	\$34,489	\$39,460	\$44,594
Annual Cash Flow & Principal Payments	\$4,124	-\$4,312	\$191	\$4,734	\$5,050	\$5,374	\$5,707	\$6,048	\$6,398	\$6,757	\$7,125
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	16.9%	-17.6%	0.8%	19.3%	20.6%	22.0%	23.3%	24.7%	26.2%	27.6%	29.1%
Average Annual	16.9%	-17.6%	-8.4%	0.8%	5.8%	9.0%	11.4%	13.3%	14.9%	16.3%	17.6%
¹ Year 0 is used for the purpose of calculatin	a net HST ass	umed value	based on a	ssumed ca	rate calcu	lated cap ra	te and is ba	sed on stab	ilized occup	ancy but exc	ludes
	9		20000 0110			alou oup iu		000 011 0100			
inflation on revenues and costs. Source: Altus Group											

Per Unit

Halifax

Project type: Medium Central, Not Downtown rket Rent: Zero Land Value

KEY INPUT ASSUMPTIONS			PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25% Amortization period (yrs) 25 Loan-to-lending value ratio 85% Mortgage insur. premium 4.75% Annual cost inflation 2.0% Annual revenue growth 2.0% Initial monthly rent per unit \$1,325			 	ment Costs Land Constructior Subtotal		\$0 \$225,000 \$225,000	I	cing: Initial cash ir Mortgage Total costs <i>% Equity</i>	nvestment		\$37,360 \$211,706 \$249,066 <i>15.0%</i>
per sq. ft \$1,77 Stabilized Vacancy rate 3.0%			I	HST (net)*		\$24,066	I	Mortgage ins	sur. premiun	ı	\$10,056
Average unit size (net sq. ft.) 750				Total Costs		\$249,066	-	Total Financ	ing Require	d	\$221,762
Development profit assumption:	15%			minimum sa	les price	\$286,426	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		3.7%	implied if ac	chieved 15%	developme	nt profit]	
REVENUES AND COSTS Revenues:	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues: Rental income Other income Vacancy allowance Gross income	\$15,900 \$408 -\$489 \$15,818	\$5,247 \$135 -\$161 \$5,220	\$10,866 \$279 -\$334 \$10,810	\$16,542 \$424 -\$509 \$16,458	\$16,873 \$433 -\$519 \$16,787	\$17,211 \$441 -\$530 \$17,122	\$17,555 \$450 -\$540 \$17,465	\$17,906 \$459 -\$551 \$17,814	\$18,264 \$468 -\$562 \$18,170	\$18,629 \$478 -\$573 \$18,534	\$19,002 \$487 -\$585 \$18,905
Operating Costs: Maintenance and operations Property taxes Total operating costs Net Operating Income	\$2,700 \$2,637 \$5,337 \$10,482	\$2,025 \$2,637 \$4,662 \$558	\$2,410 \$2,689 \$5,099 \$5,711	\$2,809 \$2,743 \$5,552 \$10.905	\$2,865 \$2,798 \$5,663 \$11,123	\$2,923 \$2,854 \$5,777 \$11,346	\$2,981 \$2,911 \$5,892 \$11,573	\$3,041 \$2,969 \$6,010 \$11,804	\$3,101 \$3,029 \$6,130 \$12,040	\$3,163 \$3,089 \$6,253 \$12,281	\$3,227 \$3,151 \$6,378 \$12,527
Calculated cap rate	4.2%		v o,	••••	•••,•=•	. , .	• ••• ,• •• •	••••	¢,c.c	* · - , - • ·	¥12,021
Mortgage Payments: Principal Interest Total	\$5,865 \$7,073 \$12,938	\$5,865 \$7,073 \$12,938	\$6,057 \$6,881 \$12,938	\$6,256 \$6,682 \$12,938	\$6,460 \$6,477 \$12,938	\$6,672 \$6,265 \$12,938	\$6,891 \$6,047 \$12,938	\$7,117 \$5,821 \$12,938	\$7,350 \$5,588 \$12,938	\$7,590 \$5,347 \$12,938	\$7,839 \$5,098 \$12,938
Cash Flow	-\$2,456	-\$12,379	-\$7,226	-\$2,032	-\$1,814	-\$1,592	-\$1,365	-\$1,133	-\$897	-\$656	-\$411
Cash-on-Cash Return Average Annual	-6.6% -6.6%	-33.1% -33.1%	-19.3% -26.2%	-5.4% -19.3%	-4.9% -15.7%	-4.3% -13.4%	-3.7% -11.8%	-3.0% -10.5%	-2.4% -9.5%	-1.8% -8.7%	-1.1% -7.9%
Principal Payments Cumulative	\$5,865 \$5,865	\$5,865 \$5,865	\$6,057 \$11,922	\$6,256 \$18,177	\$6,460 \$2 <i>4</i> ,638	\$6,672 \$31,310	\$6,891 \$38,201	\$7,117 \$45,317	\$7,350 \$52,667	\$7,590 \$60,258	\$7,839 \$68,097
Annual Cash Flow & Principal Payments	\$3,409	-\$6,514	-\$1,169	\$4,223	\$4,646	\$5,080	\$5,526	\$5,983	\$6,452	\$6,934	\$7,428
Annual Cash Flow & Principal Payments as %of Initial Cash Investment Average Annual	9.1% 9.1%	-17.4% -17.4%	-3.1% -10.3%	11.3% -3.1%	12.4% 0.8%	13.6% <i>3.4%</i>	14.8% 5.3%	16.0% 6.8%	17.3% 8.1%	18.6% 9.3%	19.9% 10.3%
Year 0 is used for the purpose of calculatin inflation on revenues and costs.	g net HST, ass	sumed value	based on a	assumed ca	o rate, calcu	llated cap ra	te, and is ba	sed on stab	ilized occup	ancy but exc	ludes

Source: Altus Group

Halifax

Project type: High-End Downtown, Not Prime Market Rent; Zero Land Value

KEY INPUT ASSUMPTIONS		I	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25											
	25			ment Costs	:		Financ	•			
Loan-to-lending value ratio 85				Land		\$0		Initial cash i	nvestment		\$42,578
Mortgage insur. premium 4.75				Construction	1	\$255,000		Mortgage			\$241,277
Annual cost inflation 2.0				Subtotal		\$255,000		Total costs			\$283,856
Annual revenue growth 2.0 Initial monthly rent per unit \$1,50								% Equity			15.0%
Initial monthly rent per unit \$1,50 per sq. ft \$2.0				HST (net)*		\$28.856			sur. premiun		\$11,461
Stabilized Vacancy rate 3.0				nor (net)		φ20,000		wongage in:	sui. premiun	1	φ11,401
Average unit size (net sq. ft.) 75				Total Costs		\$283.856		Total Financ	ing Require	ч	\$252,738
				10121 00313		φ 203 ,030		rotarrinario	ing require	u	Ψ232,730
Development profit assumption:	15%			minimum sa	iles price	\$326,434	[to generate	a 15% deve	lopment pro	fit]	
				cap rate		3.7%	[implied if ad	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	icui o	icai i	icui 2	icui o	icui 4	icai o	icui o	icui i	icai o	icui o	icui ic
Rental income	\$18,000	\$5,940	\$12,301	\$18,727	\$19,102	\$19,484	\$19,873	\$20,271	\$20,676	\$21,090	\$21,512
Other income	\$462	\$152	\$315	\$480	\$490	\$500	\$510	\$520	\$530	\$541	\$552
Vacancy allowance	-\$554	-\$183	-\$378	-\$576	-\$588	-\$600	-\$611	-\$624	-\$636	-\$649	-\$662
Gross income	\$17,908	\$5,910	\$12,238	\$18,631	\$19,004	\$19,384	\$19,772	\$20,167	\$20,570	\$20,982	\$21,401
Operating Costs:											
Maintenance and operations	\$3,150	\$2,363	\$2,811	\$3,277	\$3,343	\$3,410	\$3,478	\$3,547	\$3,618	\$3,691	\$3,765
Property taxes	\$2,736	\$2,736	\$2,791	\$2,847	\$2,904	\$2,962	\$3,021	\$3,081	\$3,143	\$3,206	\$3,270
Total operating costs	\$5,886	\$5,099	\$5,602	\$6,124	\$6,246	\$6,371	\$6,499	\$6,629	\$6,761	\$6,897	\$7,034
Net Operating Income Calculated cap rate	\$12,022 <i>4.2%</i>	\$811	\$6,636	\$12,507	\$12,757	\$13,013	\$13,273	\$13,538	\$13,809	\$14,085	\$14,367
Mortgage Payments:											
Principal	\$6,684	\$6,684	\$6,903	\$7,129	\$7,363	\$7,604	\$7,853	\$8,111	\$8,376	\$8,651	\$8,934
Interest	\$8,061	\$8,061	\$7,842	\$7,615	\$7,382	\$7,141	\$6,891	\$6,634	\$6,368	\$6,094	\$5,811
Total	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745
Cash Flow	-\$2,723	-\$13,934	-\$8,109	-\$2,237	-\$1,987	-\$1,732	-\$1,472	-\$1,206	-\$936	-\$660	-\$378
Cash-on-Cash Return	-6.4%	-32.7%	-19.0%	-5.3%	-4.7%	-4.1%	-3.5%	-2.8%	-2.2%	-1.5%	-0.9%
Average Annual	-6.4%	-32.7%	-25.9%	-19.0%	-15.4%	-13.2%	-11.5%	-10.3%	-9.3%	-8.4%	-7.7%
Principal Payments	\$6,684	\$6,684	\$6,903	\$7,129	\$7,363	\$7,604	\$7,853	\$8,111	\$8,376	\$8,651	\$8,934
Cumulative	\$6,684	\$6,684	\$13,587	\$20,717	\$28,079	\$35,684	\$43,537	\$51,647	\$60,024	\$68,674	\$77,609
Annual Cash Flow & Principal Payments	\$3,961	-\$7,250	-\$1,206	\$4,892	\$5,376	\$5,872	\$6,381	\$6,904	\$7,441	\$7,991	\$8,556
Annual Cash Flow & Principal Payments											
as % of Initial Cash Investment	9.3%	-17.0%	-2.8%	11.5%	12.6%	13.8%	15.0%	16.2%	17.5%	18.8%	20.1%
Average Annual	9.3%	-17.0%	-9.9%	-2.8%	1.1%	3.6%	5.5%	7.0%	8.3%	9.5%	10.6%
¹ Year 0 is used for the purpose of calcul	ating net HST, as	sumed value	based on a	assumed cap	p rate, calcu	ulated cap ra	te, and is ba	sed on stab	ilized occup	ancy but ex	cludes
inflation on revenues and costs.						•				•	
Source: Altus Group											

Halifax

Project type: Basic Fringe

Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS			F	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio	85%			Ì	Land		\$27,000	1	nitial cash ir	nvestment		\$28,51
Mortgage insur. premium	4.75%			(Construction		\$143,000	I	Vortgage			\$161,58
Annual cost inflation	2.0%			:	Subtotal		\$170,000	-	Total costs			\$190,10
Annual revenue growth	2.0%	market rent	difference						% Equity			15.0%
Initial monthly rent per unit	\$1,575	\$1,125	\$450									
per sq. ft	\$2.10	\$1.50	\$0.60	1	HST (net)*		\$20,102	I	Mortgage ins	sur. premium	n	\$7,67
Stabilized Vacancy rate	3.0%											
Average unit size (net sq. ft.)	750			-	Total Costs		\$190,102	-	Total Financ	ing Require	d	\$169,26
Development profit assumption	on:	15%			minimum sa	les price	\$218,618	[to generate	a 15% deve	lopment pro	ofit]	
Average cash-on-cash return	assumptior	10.0%			cap rate		6.0%	[implied if ac	hieved 15%	developme	nt profitl	
								1			1 1	
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 1
			A A AA T			* ~~~~~	* ~~ /~	A AA AA T	* *****	AO 1 T 1 O		000 50
Rental income		\$18,900	\$6,237	\$12,916	\$19,664	\$20,057	\$20,458	\$20,867	\$21,284	\$21,710	\$22,144	\$22,58
Other income		\$485	\$160	\$331	\$504	\$514	\$525	\$535	\$546	\$557	\$568	\$57
Vacancyallowance		-\$582	-\$192	-\$397	-\$605	-\$617	-\$629	-\$642	-\$655	-\$668	-\$681	-\$69
Gross income		\$18,803	\$6,205	\$12,850	\$19,563	\$19,954	\$20,353	\$20,760	\$21,175	\$21,599	\$22,031	\$22,47
Operating Costs:												
Maintenance and operations		\$2,250	\$1,688	\$2,008	\$2,341	\$2,388	\$2,435	\$2,484	\$2,534	\$2,585	\$2,636	\$2,68
Property taxes		\$3,395	\$3,395	\$3,463	\$3,532	\$3,603	\$3,675	\$3,749	\$3,824	\$3,900	\$3,978	\$4,0
Total operating costs		\$5,645	\$5,083	\$5,471	\$5,873	\$5,991	\$6,111	\$6,233	\$6,357	\$6,485	\$6,614	\$6,74
Net Operating Income		\$13,158	\$1,122	\$7,379	\$13,689	\$13,963	\$14,242	\$14,527	\$14,818	\$15,114	\$15,416	\$15,72
Calculated cap rate		6.9%										
Mortgage Payments:												
Principal		\$4,476	\$4,476	\$4,623	\$4,775	\$4,931	\$5,093	\$5,259	\$5,432	\$5,610	\$5,794	\$5,98
Interest		\$5,398	\$5,398	\$5,252	\$5,100	\$4,944	\$4,782	\$4,615	\$4,443	\$4,265	\$4,081	\$3,89
Total		\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,875	\$9,8
Cash Flow		\$3,283	-\$8,753	-\$2,496	\$3,815	\$4,088	\$4,368	\$4,653	\$4,943	\$5,239	\$5,542	\$5,8
Cash-on-Cash Return		11.5%	-30.7%	-8.8%	13.4%	14.3%	15.3%	16.3%	17.3%	18.4%	19.4%	20.5
Average Annual		11.5%	-30.7%	-19.7%	-8.7%	-2.9%	0.7%	3.3%	5.3%	7.0%	8.3%	9.6
Principal Payments		\$4,476	\$4,476	\$4,623	\$4,775	\$4,931	\$5,093	\$5,259	\$5,432	\$5,610	\$5,794	\$5,9
Cumulative		\$4,476	\$4,476	\$9,100	\$13,874	\$18,805	\$23,898	\$29,157	\$34,589	\$40,199	\$45,992	\$51,97
Annual Cash Flow & Principal Pay	ments	\$7,760	-\$4,276	\$2,127	\$8,589	\$9,019	\$9,460	\$9,912	\$10,375	\$10,849	\$11,335	\$11,8
Annual Cash Flow & Principal Pay	ments											
as % of Initial Cash Investment		27.2%	-15.0%	7.5%	30.1%	31.6%	33.2%	34.8%	36.4%	38.0%	39.8%	41.5
Average Annual		27.2%	-15.0%	-3.8%	7.5%	13.6%	17.5%	20.4%	22.6%	24.6%	26.3%	27.8
1 Year 0 is used for the purpose of	of calculation	net HST as	sumed value	hased on a	es hamuzze	n rate calcu	lated can ra	te and is ha	sed on stab	ilized occup	ancy hut eve	enules

FOT DEVELOPMENT COOTO AND ENIANONIO

Project type: High-End Central, Not Downtown

Per Unit

Economic Rent: Market Land Value

KEY INPUT ASSUMPTIONS		F	PROJECT DE	EVELOPMEN	T COSTS A	ND FINANCI	NG				
Mortgage interest rate 3.25%											
Amortization period (yrs) 25			Develop	ment Costs			Financ	ing:			
Loan-to-lending value ratio 85%			L	and		\$36,000	1	nitial cash ir	nvestment		\$42,760
Mortgage insur. premium 4.75%			(Construction		\$225,000	I	Vortgage			\$242,306
Annual cost inflation 2.0%			5	Subtotal		\$261,000	-	Total costs			\$285,066
Annual revenue growth 2.0%	market rent	difference						% Equity			15.0%
Initial monthly rent per unit \$2,250	\$1,325	\$925									
per sq. ft \$3.00	\$1.77	\$1.23	ŀ	HST (net)*		\$24,066	I	Mortgage ins	ur. premium	า	\$11,510
Stabilized Vacancy rate 3.0%											
Average unit size (net sq. ft.) 750			٦	Total Costs		\$285,066	-	Fotal Financ	ing Require	d	\$253,816
Development profit assumption:	15%		ı	minimum sa	les price	\$327,826	to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return assumption	10.0%			cap rate		6.0%	implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	ieai U	itai I		icai J	1001 4	ieai J	icai 0	icai I	icai 0	icai 9	icai IU
Rental income	\$27,000	\$8,910	\$18,452	\$28,091	\$28,653	\$29,226	\$29,810	\$30,406	\$31,015	\$31,635	\$32,267
Other income	\$692	\$228	\$473	\$720	\$735	\$749	\$764	\$780	\$795	\$811	\$827
Vacancy allowance	-\$831	-\$274	-\$568	-\$864	-\$882	-\$899	-\$917	-\$936	-\$954	-\$973	-\$993
Gross income	\$26,862	\$8,864	\$18,357	\$27,947	\$28,506	\$29,076	\$29,657	\$30,250	\$30,855	\$31,473	\$32,102
Operating Costs:											
Maintenance and operations	\$2,700	\$2,025	\$2,410	\$2,809	\$2,865	\$2,923	\$2,981	\$3,041	\$3,101	\$3,163	\$3,227
Property taxes	\$4,477	\$4,477	\$4,567	\$4,658	\$4,751	\$4,846	\$4,943	\$5,042	\$5,143	\$5,246	\$5,351
Total operating costs	\$7,177	\$6,502	\$6,977	\$7,467	\$7,617	\$7,769	\$7,924	\$8,083	\$8,244	\$8,409	\$8,578
Net Operating Income Calculated cap rate	\$19,684 6.9%	\$2,362	\$11,381	\$20,480	\$20,889	\$21,307	\$21,733	\$22,168	\$22,611	\$23,063	\$23,525
Mortgage Payments:											
Principal	\$6,713	\$6.713	\$6,933	\$7.160	\$7,394	\$7,637	\$7.887	\$8,145	\$8,412	\$8,688	\$8.972
Interest	\$8,095	\$8,095	\$7,875	\$7,648	\$7,413	\$7,171	\$6,921	\$6,662	\$6,396	\$6,120	\$5,835
Total	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808	\$14,808
Cash Flow	\$4,877	-\$12,446	-\$3,427	\$5,672	\$6,082	\$6,499	\$6,925	\$7,360	\$7,803	\$8,256	\$8,717
Cash-on-Cash Return	11.4%	-29.1%	-8.0%	13.3%	14.2%	15.2%	16.2%	17.2%	18.2%	19.3%	20.4%
Average Annual	11.4%	-29.1%	-18.6%	-8.0%	-2.4%	1.1%	3.6%	5.6%	7.2%	8.5%	9.7%
Principal Payments	\$6,713	\$6,713	\$6,933	\$7,160	\$7,394	\$7,637	\$7,887	\$8,145	\$8,412	\$8,688	\$8,972
Cumulative	\$6,713	\$6,713	\$13,645	\$20,805	\$28,199	\$35,836	\$43,722	\$51,868	\$60,280	\$68,967	\$77,939
Annual Cash Flow & Principal Payments	\$11,589	-\$5,733	\$3,506	\$12,832	\$13,476	\$14,136	\$14,812	\$15,505	\$16,215	\$16,943	\$17,689
			0.00/	30.0%	31.5%	33.1%	34.6%	36.3%	37.9%	39.6%	41.4%
Annual Cash Flow & Principal Payments as %of Initial Cash Investment Average Annual	27.1% 27.1%	-13.4% -13.4%	8.2% -2.6%	8.3%	14.1%	17.9%	20.7%	22.9%	24.8%	26.4%	27.9%

Halifax

Project type: High-End Downtown, Not Prime

Economic Rent; Market Land Value

KEY INPUT ASSUMPTIONS			1	PROJECT D	EVELOPMEN	IT COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio	85%			l	_and		\$45,000	1	nitial cash ir	nvestment		\$49,328
Mortgage insur. premium	4.75%			(Construction		\$255,000	I	Mortgage			\$279,527
Annual cost inflation	2.0%			5	Subtotal		\$300,000	-	Total costs			\$328,856
Annual revenue growth	2.0%	market rent	difference						% Equity			15.0%
Initial monthly rent per unit	\$2,550	\$1,500	\$1.050									
per sq. ft	\$3.40	\$2.00	\$1.40	ł	HST (net)*		\$28,856	1	Mortgage ins	sur. premium	ı	\$13,278
Stabilized Vacancy rate	3.0%	+=					+==,===					* ·• ,_ ·•
Average unit size (net sq. ft.)	750			-	Fotal Costs		\$328,856	-	Fotal Financ	ing Require	d	\$292,805
Development profit assumption	:	15%			minimum sa	les price	\$378,184	[to generate	a 15% deve	lopment pro	fit]	
											,	
Average cash-on-cash return a	ssumption	10.0%			cap rate		6.0%	[implied if ac	hieved 15%	developme	nt profit]	
DEVENUES AND COSTS		Veer 0 ¹	Veerd	Veer 2	Veer 2	Veen A	Veer F	Veerf	Veer 7	Veer 0	Veer 0	V 10
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		¢20.000	¢10.000	¢20.042	¢04.000	¢00.470	¢00.400	¢00.705	¢04.464	¢25.450	¢05.050	¢00 570
Rental income		\$30,600	\$10,098 \$259	\$20,912	\$31,836	\$32,473	\$33,122	\$33,785	\$34,461	\$35,150	\$35,853	\$36,570
Other income		\$785		\$536	\$816	\$833	\$849	\$866	\$884	\$901	\$919	\$938
Vacancy allowance		-\$942	-\$311	-\$643	-\$980	-\$999	-\$1,019	-\$1,040	-\$1,060	-\$1,082	-\$1,103	-\$1,125
Gross income		\$30,443	\$10,046	\$20,805	\$31,673	\$32,306	\$32,953	\$33,612	\$34,284	\$34,970	\$35,669	\$36,382
Operating Costs:												
Maintenance and operations		\$3,150	\$2,363	\$2,811	\$3,277	\$3,343	\$3,410	\$3,478	\$3,547	\$3,618	\$3,691	\$3,765
Property taxes		\$4,651	\$4,651	\$4,744	\$4,839	\$4,936	\$5,035	\$5,136	\$5,238	\$5,343	\$5,450	\$5,559
Total operating costs		\$7,801	\$7,014	\$7,556	\$8,117	\$8,279	\$8,444	\$8,613	\$8,786	\$8,961	\$9,141	\$9,323
Net Operating Income		\$22,642	\$3,032	\$13,249	\$23,556	\$24,028	\$24,508	\$24,998	\$25,498	\$26.008	\$26,528	\$27,059
Calculated cap rate		6.9%										
Mortgage Payments:												
Principal		\$7,744	\$7,744	\$7.997	\$8.260	\$8,530	\$8.810	\$9.098	\$9.396	\$9.704	\$10,022	\$10,351
Interest		\$9,338	\$9,338	\$9,085	\$8,823	\$8,552	\$8,273	\$7,984	\$7,686	\$7,378	\$7,060	\$6,732
Total		\$17,082	\$17,082	\$17,082	\$17,082	\$17,082	\$17,082	\$17,082	\$17,082	\$17,082	\$17,082	\$17,082
Cash Flow		\$5,559	-\$14,050	-\$3,833	\$6,474	\$6,945	\$7,426	\$7,916	\$8,416	\$8,926	\$9,446	\$9,977
		. ,	. ,									
Cash-on-Cash Return		11.3%	-28.5%	-7.8%	13.1%	14.1%	15.1%	16.0%	17.1%	18.1%	19.1%	20.2%
Average Annual		11.3%	-28.5%	-18.1%	-7.7%	-2.3%	1.2%	3.7%	5.6%	7.2%	8.5%	9.7%
Principal Payments		\$7,744	\$7,744	\$7,997	\$8,260	\$8,530	\$8,810	\$9,098	\$9,396	\$9,704	\$10,022	\$10,351
Cumulative		\$7,744	\$7,744	\$15,741	\$24,001	\$32,531	\$41,340	\$50,439	\$59,835	\$69,539	\$79,561	\$89,912
Annual Cash Flow & Principal Paym	nents	\$13,303	-\$6,306	\$4,164	\$14,734	\$15,475	\$16,235	\$17,014	\$17,812	\$18,630	\$19,468	\$20,327
Annual Cash Flow & Principal Paym												
as % of Initial Cash Investment	ICIILS	27.0%	-12.8%	8.4%	29.9%	31.4%	32.9%	34.5%	36.1%	37.8%	39.5%	41.2%
Average Annual		27.0%	-12.8%	-2.2%	8.5%	14.2%	18.0%	20.7%	22.9%	24.8%	26.4%	27.9%
¹ Year 0 is used for the purpose of	calculation	net HST as	sumed value	based on a	issumed car	o rate calcu	lated cap ra	te and is ha	sed on stab	ilized occup	ancybuter	ludes
inflation on revenues and costs.	oaiouiaiing	,		54364 0116	loouniou ca	5 Tate, 64160	nateu cap la	, and 15 Da	555 01 3180	mzeu occup	undy but ext	10000
Source: Altus Group												

Halifax

Project type: Basic Fringe

Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS			F	ROJECT D	EVELOPMEN	T COSTS A	ND FINANCI	NG				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	ment Costs			Financ	•			
Loan-to-lending value ratio	85%			I	_and		\$0	I	nitial cash ir	nvestment		\$24,465
Mortgage insur. premium	4.75%			(Construction		\$143,000	1	Nortgage			\$138,637
Annual cost inflation	2.0%			5	Subtotal		\$143,000	٦	Fotal costs			\$163,102
Annual revenue growth	2.0% marke	et rent	difference						% Equity			15.0%
Initial monthly rent per unit \$	\$1,400 \$1	1,125	\$275									
per sq. ft	\$1.87 \$	1.50	\$0.37	ł	HST (net)*		\$20,102	r	Mortgage ins	ur. premium	1	\$6,58
Stabilized Vacancy rate	3.0%											
Average unit size (net sq. ft.)	750			ī	Fotal Costs		\$163,102	٦	Fotal Financ	ing Required	ł	\$145,22
Development profit assumption:		15%		I	minimum sa	les price	\$187,568	[to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return ass	sumption 10	0.0%			cap rate		6.1%	[implied if ac	hieved 15%	developme	nt profit]	
REVENUES AND COSTS	Ye	ar 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:	• • •		AFF4 · ·		A	A 4 T 0 0 5		* • • • • • •	A 4 A A A A	A 40.00-	A40.00 ·	* **
Rental income		6,800	\$5,544	\$11,481	\$17,479	\$17,828	\$18,185	\$18,549	\$18,920	\$19,298	\$19,684	\$20,07
Other income		\$431	\$142	\$294	\$448	\$457	\$466	\$476	\$485	\$495	\$505	\$51
Vacancyallowance		\$517	-\$171	-\$353	-\$538	-\$549	-\$560	-\$571	-\$582	-\$594	-\$606	-\$61
Gross income	\$16	6,714	\$5,516	\$11,422	\$17,389	\$17,737	\$18,092	\$18,453	\$18,823	\$19,199	\$19,583	\$19,97
Operating Costs:												
Maintenance and operations		2,250	\$1,688	\$2,008	\$2,341	\$2,388	\$2,435	\$2,484	\$2,534	\$2,585	\$2,636	\$2,68
Property taxes		8,018	\$3,018	\$3,078	\$3,140	\$3,203	\$3,267	\$3,332	\$3,399	\$3,467	\$3,536	\$3,60
Total operating costs	\$5	5,268	\$4,706	\$5,087	\$5,481	\$5,590	\$5,702	\$5,816	\$5,933	\$6,051	\$6,172	\$6,29
Net Operating Income		,446	\$810	\$6,336	\$11,908	\$12,146	\$12,389	\$12,637	\$12,890	\$13,148	\$13,411	\$13,67
Calculated cap rate	7	7.0%										
Mortgage Payments:												
Principal	\$3	3,841	\$3,841	\$3,967	\$4,096	\$4,231	\$4,369	\$4,512	\$4,660	\$4,813	\$4,971	\$5,13
Interest		1,632	\$4,632	\$4,506	\$4,376	\$4,242	\$4,103	\$3,960	\$3,812	\$3,659	\$3,502	\$3,33
Total		3,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,472	\$8,47
Cash Flow	\$2	2,974	-\$7,662	-\$2,137	\$3,436	\$3,674	\$3,917	\$4,165	\$4,418	\$4,675	\$4,938	\$5,20
Cash-on-Cash Return	1	2.2%	-31.3%	-8.7%	14.0%	15.0%	16.0%	17.0%	18.1%	19.1%	20.2%	21.3
Average Annual	12	2.2%	-31.3%	-20.0%	-8.7%	-2.7%	1.0%	3.7%	5.7%	7.4%	8.8%	10.19
Principal Payments	\$3	3,841	\$3,841	\$3,967	\$4,096	\$4,231	\$4,369	\$4,512	\$4,660	\$4,813	\$4,971	\$5,13
Cumulative	\$3	8,841	\$3,841	\$7,807	\$11,904	\$16,134	\$20,504	\$25,016	\$29,676	\$34,489	\$39,460	\$44,59
Annual Cash Flow & Principal Payme	nts \$6	6,814	-\$3,822	\$1,830	\$7,532	\$7,905	\$8,286	\$8,677	\$9,078	\$9,488	\$9,909	\$10,34
Annual Cash Flow & Principal Payme	nts											
as % of Initial Cash Investment	2	7.9%	-15.6%	7.5%	30.8%	32.3%	33.9%	35.5%	37.1%	38.8%	40.5%	42.3
Average Annual	27	7.9%	-15.6%	-4.1%	7.5%	13.7%	17.8%	20.7%	23.1%	25.0%	26.7%	28.3%
1. Year () is used for the purpose of a		ST as		has ad on a		rate calcu	lated can re	to and is he	sad on stab	ilizad occurr	ancybutor	ludos
Year 0 is used for the purpose of ca inflation on revenues and costs.	actuating net Ha	51, ass	sumed value	nased on s	issumeu cap	rate, caicu	nateu cap fa	ie, and is da	seu un siad	mzeu occupa	ancy but exc	auues

Project type: High-End Central, Not Downtown onomic Rent; Zero Land Value

	F	PROJECT DE	EVELOPMEN	T COSTS A	ND FINANCI	NG				
:5		Develop	ment Costs			Financ	ing:			
%		L	_and		\$0	I	nitial cash ir	nvestment		\$37,360
%		(Construction		\$225,000	r	Mortgage			\$211,706
%		5	Subtotal		\$225,000	-	Fotal costs			\$249,066
% market rent	difference						% Equitv			15.0%
							/ =			
	•		HST (net)*		\$24.066		Mortaage ins		`	\$10,056
	φ0.00				Ψ24,000		nongage me	an premium	•	φ10,000
		-	Total Costs		\$249.066	-	Cotal Financ	ing Require	ч	\$221,762
0			I Otal Costs		\$245,000		i otal Fillaric	ing Required	u	φ 22 1,702
15%			minimum sa	les price	\$286,426	[to generate	a 15% deve	lopment pro	fit]	
otion 10.0%	% cap rate					[implied if ac	hieved 15%	developme	nt profit]	
1							· -			
Year U	rear 1	Year 2	Year 3	Year 4	rear 5	rear 6	rear /	rear 8	fear 9	Year 10
\$24,000	\$7.920	\$16.402	\$24,970	\$25,469	\$25,978	\$26,498	\$27.028	\$27,568	\$28,120	\$28.682
• /	* /	* - / -		+ -,	+ - /	* - /	* /		· · / ·	\$735
										-\$883
\$23,877	\$7,879	\$16,317	\$24,842	\$25,338	\$25,845	\$26,362	\$26,889	\$27,427	\$27,976	\$28,535
\$2 700	\$2.025	\$2 /10	\$2,800	\$2,865	\$2 023	\$2 981	\$3.041	\$3 101	\$3 163	\$3,227
										\$4,756
										\$7,983
										\$20,552
6.9%	φ1,075	ψ 3,0 40	ψ17,03Z	ψ10,200	φ10,013	φ10,301	ψ13,307	ψ13,73 4	Ψ20,143	Ψ 20, 332
	* - /			+ - /	* - / -	* - /				\$7,839
\$7,073	* /				\$6,265	\$6,047		\$5,588	\$5,347	\$5,098
\$12,938	\$12,938	\$12,938	\$12,938	\$12,938	\$12,938	\$12,938	\$12,938	\$12,938	\$12,938	\$12,938
\$4,260	-\$11,063	-\$3,089	\$4,954	\$5,312	\$5,677	\$6,049	\$6,429	\$6,817	\$7,212	\$7,615
11.4%	-29.6%	-8.3%	13.3%	14.2%	15.2%	16.2%	17.2%	18.2%	19.3%	20.4%
11.4%	-29.6%	-18.9%	-8.2%	-2.6%	1.0%	3.5%	5.5%	7.1%	8.4%	9.6%
\$5,865	\$5.865	\$6.057	\$6.256	\$6.460	\$6.672	\$6.891	\$7.117	\$7.350	\$7.590	\$7,839
\$5,865	\$5,865	\$11,922	\$18,177	\$24,638	\$31,310	\$38,201	\$45,317	\$52,667	\$60,258	\$68,097
\$10,124	-\$5,198	\$2,968	\$11,210	\$11,773	\$12,349	\$12,940	\$13,546	\$14,166	\$14,802	\$15,454
27.1%	-13.9%	7.9%	30.0%	31.5%	33.1%	34.6%	36.3%	37.9%	39.6%	41.4%
27.1%	-13.9%	-3.0%	8.0%	13.9%	17.7%	20.5%	22.8%	24.7%	26.3%	27.8%
	00 \$1,325 7 \$1.77 % 00 15% 15% 24,000 \$24,000 \$6,615 -\$738 \$23,877 \$22,700 \$3,980 \$6,680 \$17,197 6.9% \$5,865 \$7,073 \$12,938 \$4,260 11.4% \$5,865 \$5,865 \$10,124 27.1%	% market rent difference 00 \$1,325 \$675 7 \$1.77 \$0.90 15% \$1.325 \$675 7 \$1.77 \$0.90 15% \$1.325 \$675 90 15% \$1.325 \$200 \$1.325 \$675 \$17,77 \$0.90 \$1.325 \$200 \$515 \$203 \$23,877 \$7,879 \$2,025 \$3,980 \$3,980 \$3,980 \$6,680 \$6,005 \$17,197 \$1,875 \$6,9% \$1,875 \$5,865 \$5,865 \$7,073 \$12,938 \$12,938 \$12,938 \$4,260 -\$11,063 -\$11,4% 11.4% -29.6% \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865 \$5,865	% Develop %	Year 01 Year 1 Year 2 Year 3 5 5675 7 \$1.77 \$0.90 HST (net)* 7 \$1.77 \$0.90 HST (net)* 5675 50 Total Costs 5768 5203 \$421 \$640 -\$738 -\$244 -\$505 -\$768 \$23,877 \$7,879 \$16,317 \$24,842 \$2,700 \$2,025 \$2,410 \$2,809 \$3,980 \$4,059 \$4,141 \$6,680 \$6,005 \$6,469 \$6,950 \$17,197 \$1,875 \$9,848 \$17,892 \$17,197 \$1,875 \$9,848 \$17,892 \$6,984 \$1,398 \$12,938 \$12,938 \$12,938 \$12,938 \$12,938 \$12,938 \$12,938 <	Yes Development Costs: Land Construction Subtotal Subtotal market rent difference 1325 \$675 7 \$1.77 \$0 \$1,325 5675 Total Costs 15% minimum sales price obio Total Costs 15% cap rate vear 0 ¹ Year 1 Year 2 Year 3 Year 4 \$24,000 \$7,920 \$16,402 \$24,970 \$25,469 \$615 \$203 \$421 \$640 \$653 -\$738 -\$244 -\$505 -\$768 -\$784 \$23,877 \$7,879 \$16,317 \$24,842 \$225,338 \$2,700 \$2,025 \$2,410 \$2,809 \$2,865 \$3,980 \$4,059 \$4,141 \$4,223 \$6,680 \$6,005 \$6,469 \$6,950 \$7,089 \$17,197 \$1,875 \$9,848 \$17,892 \$18,250 \$5,865 \$5,865 </td <td>Yes Development Costs: S0 Construction \$225,000 Subtotal \$224,066 15% minimum sales price \$286,426 ption 10.0% cap rate 6.0% \$24,000 \$7,920 \$16,402 \$24,970 \$25,469 \$25,978 \$24,000 \$7,920 \$16,402 \$24,970 \$25,469 \$25,978 \$24,000 \$7,920 \$16,402 \$24,970 \$25,469 \$25,978 \$23,877 \$7,879 \$16,317 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¹ Year 0 is used for the purpose of calculating net HST, assumed value based on assumed cap rate, calculated cap rate, and is based on stabilized occupancy but excludes inflation on revenues and costs.

Source: Altus Group

Pro Forma for Development of New Private Rental Apartment Buildir	ng
Per Unit	

Halifax

Project type: High-End Downtown, Not Prime

Economic Rent; Zero Land Value

KEY INPUT ASSUMPTIONS			F	PROJECT DE	EVELOPMEN	T COSTS A	ND FINANCI	١G				
Mortgage interest rate	3.25%											
Amortization period (yrs)	25			Develop	ment Costs	:		Financ	ing:			
Loan-to-lending value ratio	85%			L	and		\$0	l.	nitial cash ir	nvestment		\$42,578
Mortgage insur. premium	4.75%			(Construction		\$255,000	N	Nortgage			\$241,277
Annual cost inflation	2.0%			5	Subtotal		\$255,000	٦	Fotal costs			\$283,856
Annual revenue growth	2.0%	market rent	difference						% Equity			15.0%
Initial monthly rent per unit	\$2,250	\$1,500	\$750									
per sq. ft	\$3.00	\$2.00	\$1.00	ŀ	HST (net)*		\$28,856	N	Mortgage ins	ur. premium	n	\$11,46
Stabilized Vacancy rate	3.0%				(<i>)</i>				0.0	•		
Average unit size (net sq. ft.)	750			٦	Total Costs		\$283,856	r	Fotal Financ	ing Require	d	\$252,73
Development profit assumption:		15%		i	minimum sa	les price	\$326,434 [to generate	a 15% deve	lopment pro	fit]	
Average cash-on-cash return as	sumption	10.0%		,	cap rate		6.0%	implied if ac	hieved 15%	developme	nt profitl	
REVENUES AND COSTS Revenues:		Year 0 ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 1
Rental income		¢27.000	¢0.010	¢40.450	¢00.004	¢00.050	¢00.000	¢00.840	¢20.400	¢04.045	¢04.005	¢22.26
Other income		\$27,000 \$692	\$8,910 \$228	\$18,452 \$473	\$28,091 \$720	\$28,653 \$735	\$29,226 \$749	\$29,810 \$764	\$30,406 \$780	\$31,015 \$795	\$31,635 \$811	\$32,26 \$82
		•		• •	• •		• •	• •			• -	
Vacancyallowance		-\$831	-\$274	-\$568	-\$864	-\$882	-\$899	-\$917	-\$936	-\$954	-\$973	-\$99
Gross income		\$26,862	\$8,864	\$18,357	\$27,947	\$28,506	\$29,076	\$29,657	\$30,250	\$30,855	\$31,473	\$32,10
Operating Costs:					• • • • • • •							
Maintenance and operations		\$3,150	\$2,363	\$2,811	\$3,277	\$3,343	\$3,410	\$3,478	\$3,547	\$3,618	\$3,691	\$3,76
Property taxes		\$4,104	\$4,104	\$4,186	\$4,270	\$4,355	\$4,442	\$4,531	\$4,622	\$4,714	\$4,809	\$4,90
Total operating costs		\$7,254	\$6,467	\$6,998	\$7,547	\$7,698	\$7,852	\$8,009	\$8,169	\$8,333	\$8,499	\$8,66
Net Operating Income		\$19,607	\$2,398	\$11,360	\$20,400	\$20,807	\$21,224	\$21,648	\$22,081	\$22,523	\$22,973	\$23,43
Calculated cap rate		6.9%										
Mortgage Payments:												
Principal		\$6,684	\$6,684	\$6,903	\$7,129	\$7,363	\$7,604	\$7,853	\$8,111	\$8,376	\$8,651	\$8,93
Interest		\$8,061	\$8,061	\$7,842	\$7,615	\$7,382	\$7,141	\$6,891	\$6,634	\$6,368	\$6,094	\$5,81
Total		\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,745	\$14,74
Cash Flow		\$4,863	-\$12,347	-\$3,385	\$5,655	\$6,063	\$6,479	\$6,903	\$7,336	\$7,778	\$8,228	\$8,68
Cash-on-Cash Return		11.4%	-29.0%	-8.0%	13.3%	14.2%	15.2%	16.2%	17.2%	18.3%	19.3%	20.4
Average Annual		11.4%	-29.0%	-18.5%	-7.9%	-2.4%	1.2%	3.7%	5.6%	7.2%	8.5%	9.7
Principal Payments		\$6,684	\$6,684	\$6,903	\$7,129	\$7,363	\$7,604	\$7,853	\$8,111	\$8,376	\$8,651	\$8,93
Cumulative		\$6,684	\$6,684	\$13,587	\$20,717	\$28,079	\$35,684	\$43,537	\$51,647	\$60,024	\$68,674	\$77,60
Annual Cash Flow & Principal Payme	ents	\$11,547	-\$5,663	\$3,518	\$12,784	\$13,426	\$14,083	\$14,757	\$15,447	\$16,154	\$16,879	\$17,62
Annual Cash Flow & Principal Payme	ents											
as %of Initial Cash Investment		27.1%	-13.3%	8.3%	30.0%	31.5%	33.1%	34.7%	36.3%	37.9%	39.6%	41.4
Average Annual		27.1%	-13.3%	-2.5%	8.3%	14.1%	17.9%	20.7%	22.9%	24.8%	26.5%	28.09
¹ Year 0 is used for the purpose of c	alculating	Inet HST as	sumed value	hased on a	ssumed car	rate calcu	lated can rat	e and is ha	sed on stab	ilized occup	ancybutevo	ludes
i eai o is useu ioi ille pulpose oi t	aiculaulig	inet no i, as	sumeu value	เมสระบบกล	ssumeu Ca	, iale, udici	naieu cap fál	e, anu is Da	<u> อ∈น บ⊓ ธเสี</u> Ω	mzeu occupa	ancy Dut exc	iuues
inflation on revenues and costs.								.,				

APPENDIX B:

Overview of the Economics of New Non-Profit Rental Housing Development in Selected Canadian Markets

This section presents an overview of the results for the non-profit sector analysis across the 6 major markets examined. Detailed proformas have also been provided to CMHC in excel format, and not reproduced here.

Proforma Assumptions

Most of the general proforma assumptions are the same as for the private market analysis in terms of interest rate, amortization, loan to value ratio, annual cost and revenue growth.

The mortgage insurance premium varies for non-profits – 3.35% compared to 4.75%.

The stabilized vacancy rate is assumed to be the same as used for the Medium project in the private market analysis, given the location is the same.

Project Specifics

A summary of the project specifics related to the non-profit analysis is provided on Table B-1 and Table B-2.

As specified by CMHC, both the 12-24 and 25-49 unit projects are assumed to be walkup, with the 50-99 unit project is a mid-rise with an elevator.

The quality under the 3 different project types is the same (medium) and the general location is the same (central but not downtown,

similar to the location for the medium project in the private market analysis). However, the specific area within the general location assumed less desirable piece of land, with a 15% discount from the land values used in the private rental analysis for the medium project.

Rents for the 2 walkup projects are assumed to be 20% lower than rents for the medium private sector project. For the mid-rise a 5% premium in rents is assumed for the elevator.

All 3 projects assume surface parking.

Table B-1

General Characteristics, New Non-Profit Rental Projects 12-24 Units 25-49 Units 50-99 Units Project type/size Walkup Walkup Mid-rise Varies by market Varies by market Varies by market Average suite size based on mix by based on mix by based on mix by bedroom type bedroom type bedroom type Location Central, but Central, but Central, but not dow ntow n not dow ntow n not dow ntow n Quality of finishes Medium Medium Medium Source: Altus Group

The unit sizes by bedroom type are assumed to be slightly smaller than the case for the private market housing (50 sq. ft.).

The mix of bedroom types is also somewhat different, as CMHC

wished to include a mix of 1, 2 and 3 bedroom units only.

Table B-2

Mix of Number of Bedrooms and Overall Average Suite Size

	1 bedroom	2 bedroom	3 bedroom	Overall Average Size (Sq. Ft.)
Size by Unit Type (Sq. ft.)	550	750	950	
Vancouver	60%	20%	20%	670
Calgary	45%	50%	5%	670
Winnipeg	20%	75%	5%	720
Toronto	40%	40%	20%	710
Montréal	30%	50%	20%	730
Halifax	25%	60%	15%	730
Source: Altus Grou	qu			

On the next several pages, a series of tables summarize key aspects of the analysis across the various markets and scenarios:

- Development costs
- Initial rents (market achievable and economic)
- Average annual 10-year cash-on-cash returns (note that in previous analyses, the initial cash on cash return was also considered, however given the assumptions of rent up not occurring until Year 3, the initial cash-on-cash returns are not

The Economics of New Purpose-Built Rental Housing Development in Selected Canadian Markets (2016) Altus Group

highlighted here).

Note that because of the differences in the parameters, it is not possible to directly compare the results of the private market and nonprofit analyses.

The analysis suggests that the economics of non-profit rental development are no better than for the private market. In fact, as costs are broadly similar, but achievable rents generally lower, this segment can in fact show somewhat less favourable results than for the private sector.

Comparison of Development Costs for New Non-Profit Rental Housing

	v	Vith land cost	S	Without land costs							
	12-24 Units	25-49 Units	50-99 Units	12-24 Units	25-49 Units	50-99 Units					
		-	То	Total							
Vancouver	\$307,500	\$307,500	\$324,000	\$206,500	\$206,500	\$223,000					
Calgary	\$223,000	\$223,000	\$255,000	\$189,000	\$189,000	\$221,000					
Winnipeg	\$216,000	\$216,000	\$250,000	\$201,000	\$201,000	\$235,000					
Toronto	\$229,500	\$229,500	\$266,000	\$186,500	\$186,500	\$223,000					
Montréal	\$189,000	\$189,000	\$205,500	\$177,000	\$177,000	\$193,500					
Halifax	\$199,500	\$199,500	\$252,000	\$168,500	\$168,500	\$221,000					
			Per S	Sq. Ft.							
Vancouver	\$459	\$459	\$484	\$308	\$308	\$333					
Calgary	\$333	\$333	\$381	\$282	\$282	\$330					
Winnipeg	\$300	\$300	\$347	\$279	\$279	\$326					
Toronto	\$323	\$323	\$375	\$263	\$263	\$314					
Montréal	\$259	\$259	\$282	\$242	\$242	\$265					
Halifax	\$273	\$273	\$345	\$231	\$231	\$303					
* Rounded to neare	est \$500										
Source: Altus Grou	qu										

Table B-4

Comparis	son of In	itial Re	nts for	New N	on-Pro	fit Rer	tal Hou	using								
	Scenario ⁻	Scenario 1: Market rent with land costs			Scenario 2: Market rent w ithout land costs			Economic re costs	nt w ith land	Scenario 4: Economic rent without land costs						
	12-24 Units	25-49 Units	50-99 Units	12-24 Units	25-49 Units	50-99 Units	12-24 Units	25-49 Units	50-99 Units	12-24 Units	25-49 Units	50-99 Units				
		Total														
Vancouver	\$1,350	\$1,350	\$1,400	\$1,350	\$1,350	\$1,400	\$2,175	\$2,175	\$2,300	\$1,600	\$1,600	\$1,725				
Calgary	\$1,175	\$1,175	\$1,250	\$1,175	\$1,175	\$1,250	\$1,825	\$1,825	\$2,025	\$1,625	\$1,625	\$1,825				
Winnipeg	\$1,075	\$1,075	\$1,150	\$1,075	\$1,075	\$1,150	\$1,675	\$1,675	\$1,950	\$1,575	\$1,575	\$1,850				
Toronto	\$1,250	\$1,250	\$1,325	\$1,250	\$1,250	\$1,325	\$1,850	\$1,850	\$2,125	\$1,600	\$1,600	\$1,875				
Montréal	\$1,175	\$1,175	\$1,250	\$1,175	\$1,175	\$1,250	\$1,575	\$1,575	\$1,725	\$1,500	\$1,500	\$1,650				
Halifax	\$1,025	\$1,025	\$1,050	\$1,025	\$1,025	\$1,050	\$1,600	\$1,600	\$2,000	\$1,400	\$1,400	\$1,800				
		1.	1		1.		Sq. Ft.	1.	1.		1.	1 .				
Vancouver	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$3.25	\$3.25	\$3.50	\$2.50	\$2.50	\$2.50				
Calgary	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$2.75	\$2.75	\$3.00	\$2.50	\$2.50	\$2.75				
Winnipeg	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$2.25	\$2.25	\$2.75	\$2.25	\$2.25	\$2.50				
Toronto	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$2.50	\$2.50	\$3.00	\$2.25	\$2.25	\$2.75				
Montréal	\$1.50	\$1.50	\$1.75	\$1.50	\$1.50	\$1.75	\$2.25	\$2.25	\$2.25	\$2.00	\$2.00	\$2.25				
Halifax	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$2.25	\$2.25	\$2.75	\$2.00	\$2.00	\$2.50				
* Rounded to ne Source: Altus G		<u>. </u>	<u> </u>		<u>. </u>	<u>. </u>		<u> </u>	<u>. </u>		<u>. </u>	·				

Table B-5

Comparison of 10-Year Average Annual Cash-on-Cash Returns for New Non-Profit Rental Housing

	Scenario 1: Market rent with land costs			Scenario 2: Market rent w ithout land costs			Scenario 3:	Economic re costs	nt w ith land	Scenario 4: Economic rent w ithout land costs			
	12-24 Units	25-49 Units	50-99 Units	12-24 Units	25-49 Units	50-99 Units	12-24 Units	25-49 Units	50-99 Units	12-24 Units	25-49 Units	50-99 Units	
Vancouver	-11.3%	-11.3%	-12.1%	-0.1%	-0.1%	-2.0%	10.0%	10.0%	10.0%	9.5%	9.5%	9.6%	
Calgary	-11.2%	-11.2%	-11.9%	-7.1%	-7.1%	-8.5%	9.9%	9.9%	10.2%	10.2%	10.2%	10.4%	
Winnipeg	-9.6%	-9.6%	-12.1%	-7.7%	-7.7%	-10.7%	9.7%	9.7%	10.1%	9.5%	9.5%	9.9%	
Toronto	-10.1%	-10.1%	-12.4%	-4.6%	-4.6%	-8.3%	9.6%	9.6%	10.2%	9.6%	9.6%	10.3%	
Montréal	-4.7%	-4.7%	-6.1%	-2.7%	-2.7%	-4.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	
Halifax	-8.7%	-8.7%	-14.6%	-4.0%	-4.0%	-11.8%	9.9%	9.9%	9.8%	10.4%	10.4%	10.1%	
Source: Altus Gro	up												

APPENDIX C: Supplemental Analysis for the Market Rent and Market Land Costs Scenario

This section provides additional comparative tables that extend the analysis for private market rental unit development, under the "Market Rents and Market Land Value" scenario. The metrics include:

- Initial cap rates; and
- A longer time-frame for cash-on-cash returns (extended at intervals to 25 years)

Each is discussed briefly on the following pages.

Cap Rates

Table C-1 summarizes the initial cap rates from the proformas. The "development" cap rates here are stabilized net operating income (i.e. assuming normal vacancy rates, as represented in the proformas by the "Year O" situation) divided by total development costs. The "market cap rates" are those used in the generation of the market values used for the HST/GST analysis. These may be greater than or less than the "development cap rates".

The cap rates range from 3.5 to 5.75%. Unlike cash-on-cash return, the cap rate does not reflect financing payments. But like cash-on-cash return, there is no consideration of potential capital gains.

For an investor not requiring financing, these cap rates might hold some appeal, however they would be less attractive if financing is required.

Table C-1

	"Devel	opment" Cap	Rates*	"Market" Cap Rates**						
	Basic Project 50 Units	Medium Project 100 Units	High-End Project 150 Units	Basic Project 50 Units	Medium Project 100 Units	High-End Projec 150 Units				
Vancouver	4.6%	3.6%	3.6%	4.00%	3.75%	3.50%				
Calgary	4.0%	4.4%	4.1%	4.50%	4.25%	4.00%				
Winnipeg	4.7%	4.0%	3.8%	5.75%	5.50%	5.25%				
Toronto	5.7%	4.3%	4.4%	4.50%	4.25%	4.00%				
Montréal	5.4%	4.7%	4.7%	5.00%	4.75%	4.50%				
Halifax	4.6%	3.7%	3.7%	5.75%	5.75%	5.50%				

Comparison of Cap Rates for New Private Market Purpose-Built Rental Housing (Market Rent, Market Land Values)

Longer-Term Cash-on-Cash Returns

Table C-2 summarizes cash-on-cash returns for each of the basic, medium and high-end projects for 10, 15, 20 and 25 year investment periods. For comparison purposes, unleveraged returns under the medium scenario are also shown. To undertake the analysis, it was assumed that all the key underlying assumptions held throughout the 25 year period, including interest rate, cost inflation, rent increases, vacancy rates, etc. Average annual cash-on-cash returns improve the longer the investment is held, although in most cases the returns are still challenged. The key exception is the basic project in Toronto, Vancouver and Montreal where more attractive cash-on-cash returns are possible.

Table C-2

	With 85% Financing													With 0% Financing				
	Basic Project 50 Units				Medium Project 100 Units			High-End Project 150 Units				Medium Project 100 Units						
	10-Year	15-Year	20-Year	25-Year	10-Year	15-Year	20-Year	25-Year	10-Year	15-Year	20-Year	25-Year	10-Year	15-Year	20-Year	25-Year		
Vancouver	-2.9%	1.9%	6.4%	11.1%	-9.7%	-5.9%	-2.4%	1.3%	-10.0%	-6.3%	-2.8%	0.8%	3.7%	4.3%	4.8%	5.4%		
Calgary	-9.6%	-6.7%	-4.4%	-2.3%	-6.8%	-3.7%	-1.3%	1.1%	-8.3%	-5.5%	-3.1%	-0.9%	4.2%	4.6%	5.0%	5.4%		
Winnipeg	-4.6%	-1.3%	1.4%	4.0%	-9.2%	-6.4%	-4.1%	-2.0%	-10.5%	-7.9%	-5.7%	-3.6%	3.8%	4.2%	4.6%	4.9%		
Toronto	3.3%	8.4%	12.8%	17.3%	-6.5%	-2.7%	0.6%	3.9%	-5.4%	-1.6%	1.7%	5.1%	4.2%	4.8%	5.3%	5.8%		
Montréal	-0.7%	3.1%	6.2%	9.1%	-4.9%	-1.6%	1.1%	3.6%	-5.1%	-1.8%	0.9%	3.4%	4.5%	5.0%	5.4%	5.7%		
Halifax	-5.5%	-2.2%	0.5%	2.9%	-11.3%	-8.7%	-6.6%	-4.6%	-11.4%	-8.8%	-6.7%	-4.8%	3.5%	3.9%	4.2%	4.5%		

Comparison of Average Annual Cash-on-Cash Returns for New Private Market Purpose-Built Rental Housing (Market Rent, Market Land Values)



