

# FINANCING INFORMATION

## ELEMENT

BUSINESS CENTRE



PHASE 2 NOW PRESELLING

Developed by

Beedie/

Financing  
Information by

AVISON  
YOUNG

# FINANCING INFORMATION

## | 18406-105 Avenue NW

Edmonton, AB

### MORTGAGE FINANCING

**RE: Mortgage financing terms for a prospective purchaser to acquire condo units in Phase 2 of Element Business Centre located at 18406 10 Avenue NW, Edmonton, AB.**

The following letter is meant to outline the terms and conditions of a commercial mortgage that Avison Young Debt Capital Markets are confident can be arranged to assist with the acquisition of the above referenced asset. Based on our review of the information provided, the general terms described below are representative of what can be arranged for your client based on our knowledge of the current commercial lending market. Please note the terms referenced throughout this letter are made on the assumption that the Purchaser is a qualified applicant, acceptable to selected Lenders.

#### PURPOSE

To provide first mortgage financing to facilitate the acquisition of a condo unit ranging in size from 6,995 SF to 8,711 SF including mezzanine space. It is understood Phase 2 of Element Business Centre is under construction. The mortgage outlined below would be pre-approved with funding of the mortgage to occur once the purchaser takes possession of their unit.

#### LOAN AMOUNT

Conventional: Up to a maximum of 80% of purchase price  
High Leverage: Up to a maximum of 95% of purchase price

#### TERM

Up to Five (5) years.

#### AMORTIZATION

Up to Twenty-five (25) years.

#### INTEREST RATE

High Leverage: 3.50% - 5.00%  
Conventional: 2.75% - 3.50%

Note: The above interest rates are provided as a representation of the range of rates and spreads currently available in the market as of the date of this letter. Interest rates are subject to change without notice. We are available to provide an update on current market rates at any time.

#### LENDER FEE

Projected at 0.25% to 0.75% of the committed loan amount.

#### SECURITY

Personal guarantees are likely required.

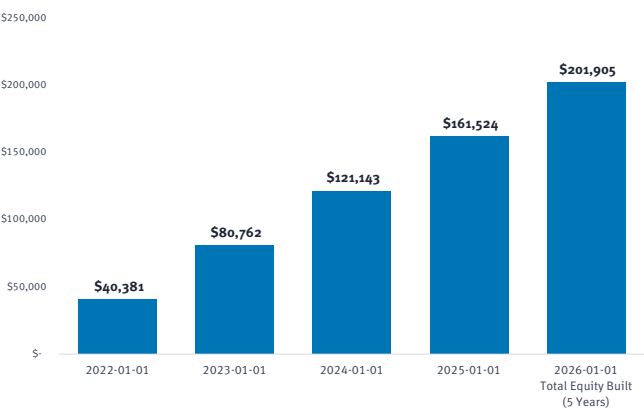


# BUILDING FEATURES

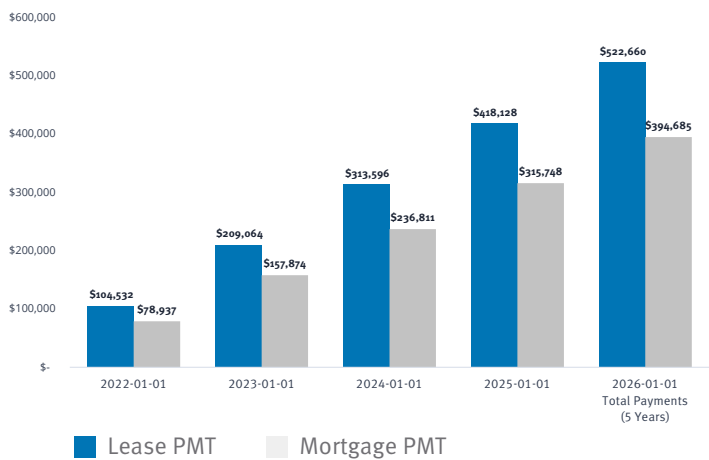
Avison Young’s Debt Capital Markets team has provided an analysis to compare the options of leasing vs. purchasing for an owner user. The charts below are based on a 8,711 SF unit at a price of \$1,850,000 for illustration purposes.

★★Based on a 3.00% interest rate and a 25-year amortization.

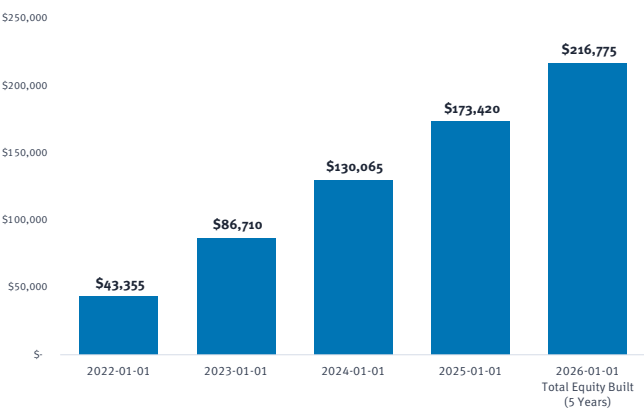
EQUITY BUILT OVER 5 YEARS AT 75% LOAN TO PURCHASE PRICE



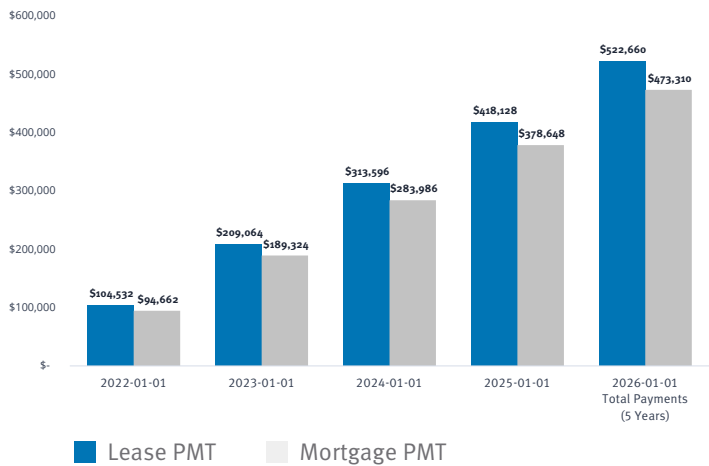
LEASE PMT VS MORTGAGE PMT AT 75% LOAN TO PURCHASE PRICE



EQUITY BUILT OVER 5 YEARS AT 85% LOAN TO PURCHASE PRICE



LEASE PMT VS MORTGAGE PMT AT 85% LOAN TO PURCHASE PRICE



## TOTAL EQUITY BUILT (5 YEARS)

The debt payments required to cover mortgage payments for an asset are less than the cost to lease a similar type of space giving the purchaser the benefit of excess cashflows as well as the paydown of the mortgage which creates equity in the asset. The interest rates used in the analysis are based on a qualified Borrower and are subject to change. Avison Young’s Debt team is able to provide updates as required.

## OWN VS. LEASE

LEASING		OWNING		
			75% LOAN TO PURCHASE PRICE	85% LOAN TO PURCHASE PRICE
Lease Term	5 Years	Purchase Price	\$1,850,000	\$1,850,000
Annual Rate (psf)	\$12.00	Down Payment	\$462,500	\$277,500
		Mortgage Amount	\$1,387,500	\$1,572,500
Annual Lease Cost	\$104,532	Annual Mortgage Cost	\$78,795	\$94,212
OWNERSHIP BENEFITS				
Total Savings over 5 Years Compared to Leasing			\$127,975	\$49,350
Equity Built During Ownership ** (5 Years)			\$201,905	\$216,775
<b>Net Benefit of Ownership (5 Years)</b>			<b>\$329,880</b>	<b>\$266,125</b>

\*\* Owning based on 8,711 SF @ \$212 PSF

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