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William McNarland, CFA

Senior Analyst
wmcnarland@exemptanalyst.com

Barry MacIsaac

Research Associate
bmacisaac@exemptanalyst.com

Robert Fayter

Research Associate
rfayter@exemptanalyst.com

Suite 1906
220 12th Ave SE
Calgary, Alberta, Canada
T2G 0R5

PLACENCIA CAPITAL TRUST

QUICK FACTS	
Type	Mutual Fund Trust
Risk Rating	3/5 Average Risk
Expected Internal Rate of Return	Extreme Best Case – 25.99% Best Case – 21.90% Base Case – 18.92% Worst Case – 14.87% Extreme Worst Case – 2.54%
Head Office	Calgary Canada
Finder's Fee	7.75% and up
Minimum Raise	Already Met
Maximum Raise	\$68,000,0000
Deferred Plan Eligibility	Yes
Approximate Time to Exit	4 to 6 Years
Auditor	Ernst and Young
Legal	BLG
Jurisdiction	All Canadian
Website	www.canyoncanada.com



▶ **REPORT
STRUCTURE**

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▶ **INTRODUCTION**

Canyon Acquisitions, LLC, is a boutique international real estate investment firm that creates value for its investors by identifying and acquiring real estate assets with potential for appreciation and attractive cash flow. Over the past 5 years, Canyon has deployed over \$200 million in capital to projects throughout the United States, Caribbean Basin, Belize, Guatemala, Honduras, Mexico, and the Dominican Republic. The Placencia Capital Trust is an offering that represents Copal Beach Resort, Placencia Estates and Golf Club, Rendezvous Island Resort, Placencia Marina, Placencia International Airport, and Placencia Marina Village.



▶ KEY PEOPLE

Brent D. Borland, Chief Executive Officer and Founder

Mr. Brent Borland is the founder and CEO of Canyon Acquisitions, LLC. As CEO, Mr. Borland is responsible for the strategic vision, positioning, and direction of the company. More important, he oversees all aspects of the organization, specifically focusing on transactional platforms with developers and buyer/partner pipeline management. Mr. Borland is an alumnus of Edwin L. Cox School of Business at Southern Methodist University, having earned a Bachelor of Arts degree with majors in Finance and Real Estate and Urban Land Economics. Mr. Borland later attended the Professional Master of Business Administration program at Edwin L. Cox School of Business, where he focused on several disciplines including finance, business law, real estate law, development, and appraisal. Over the past 17 years, he has been an entrepreneur in the finance, technology, and real estate industries. Mr. Borland's transactional experience utilizing the Canyon purchase model is extensive. He has successfully overseen close to \$2 billion in global real estate transactions. Mr. Borland's domestic and international transactional experience is impressive, having negotiated transactions in the U.S., Belize, Costa Rica, Guatemala, Turks and Caicos, Honduras, Mexico, Spain, Italy, and the Dominican Republic.

Wayne Robbins, President

Mr. Wayne Robbins has worked in the public markets sector, as well as the real estate financial services industry. Mr. Robbins worked to grow a brokerage firm of 14 account executives to 13 nationwide offices with more than 500 employees in just 2 years. During his tenure at the firm, he raised more than \$75,000,000 for publicly traded portfolio companies. As a principal at the firm, his responsibilities included production, recruitment, training, and account management. His specialties include the launch of numerous initial public offerings (IPOs), new investment products, and selling groups. Mr. Robbins was the principal of a financial consulting business that specialized in raising money for public companies by securing public and private funding. His firm developed business plans, formulated strategies for clients regarding mergers and acquisitions, regulatory changes, and technological advances for both private and public firms. Mr. Robbins attended New York University where he received a Bachelor of Science in Marketing and Management and a Master's degree in Marketing.



Marco Caruso

Mr. Marco Caruso is the developer, and he resides in Belize. Mr. Caruso has more than 20 years of experience in international business development. During the last 7 years he pioneered the development of the Placencia Hotel and Residences. That development has led him to expand his business operations to build other hotels in the area such as Bella Maya, and more than 50 luxury homes in the 60-acre Placencia Residences project. Mr. Caruso is the owner of Maya Rio Construction, which is the vertically integrated, lead contractor on the six project entities of the Placencia Resort Development. Maya Rio is currently the fourth largest employer in Belize with 1000+ full-time employees.



▶ KEY DUE DILIGENCE CONSIDERATIONS

The key due diligence considerations are revenue, development expenses, capital needs, absorption, and the economic climate of Belize.

Revenue

Revenue is a key consideration for calculating the expected return. The revenue will be driven from real estate sales, marina slips, and potentially the international airport. The base case revenue from these items is taken from the offering memorandum prepared by BLG. Variable revenue models are found in the subheading Best- and Worst-Case Scenarios. ExemptAnalyst has not considered the potential revenue from the sale of the Placencia International Airport, due to the small pool of potential buyers.

Development Costs

Development costs are also a key consideration for calculating the expected return. The development costs will be driven by construction costs. The base case revenue from these items is taken from the offering memorandum prepared by BLG. Variable development cost models are found in the subheading Best- and Worst-Case Scenarios.

Capital Needs

The amount of this offering will not be enough to finalize the full completion of the development; additional capital will be necessary. The ability of Canyon to be able to attract additional debt or equity capital is a material consideration. The necessary additional capital to finish the project is estimated at \$80 to \$200 million. The global capital markets are becoming less risk averse, so raising additional capital seems reasonable within the length of time it will take to finish the development.

Absorption

Many resort developments are available globally for real estate investors to consider. There is currently more inventory than buyers globally, but this situation is improving as we come out of the global recession. Looking five years out, it seems reasonable that the inventory at Placencia could be absorbed, and this is used as a time frame for the base case returns.



Economic Climate of Belize

Belize is primarily a private-enterprise economy, with tourism being the number one foreign exchange earner. The table below lists some economic facts about Belize from the CIA World Fact Book.

Category	Statistic
1999 – 2007 Average GDP Growth	4%
2008 GDP Growth	3.8%
2009 GDP Growth	0%
2010 GDP Growth	1.5%
2010 GDP	\$2.6 Billion
Largest GDP Contributors	Service 54%, Agriculture 29%, Industry 17%
Unemployment	13.1%
Inflation	4%
Population below poverty line	33%
Central Bank Deposit Rate	12%
Electricity Production / Consumption	213/198 Million kWh
Oil Production / Consumption	7000 / 3990 MBPD
Major Trading Partners	U.S. 33.65%, Mexico 14.17%, Cuba 8.51%, Guatemala 6.75%, Spain 6.07%, China 4.12%
Foreign Exchange Reserves	\$219 Million USD
National Debt	\$1.01 Billion USD
Exchange Rate	2 Belize Dollars to 1 USD

Information presented in the foregoing table makes it evident that Belize is a growing economy that recognizes the significance of tourism to its overall economy. Its national debt compared to GDP is quite reasonable, and as a ratio of debt to GDP is much better than that of the U.S., and slightly better than Canada's. The currency being hedged eliminates much of the foreign exchange risk, but its ability to retain the hedge is considered a risk, as seen by the fact that the national discount rate is in the double digits.



STRUCTURE DESCRIPTION & COST

While exempt market offerings are commonly organized as limited partnerships, the Placencia Capital Trust is structured as a mutual fund trust. This structure ensures that unit holders achieve liquidity by looking to the trust for redemptions. A mutual fund trust must be a resident in Canada, the beneficial interests must be describable by reference to units, and the trust must restrict its activities to “the investing of funds,” which is defined by the Canada Revenue Agency to include the acquisition of real estate. Not more than 10% of trust property can consist of bonds, securities, or shares in the capital stock of any single corporation.

1. There has been significant progress on the Placencia International Airport, and it is close to having the ability to receive charter flights.
2. There has been an increase of interest in the Placencia area from tour operators. It was noted that the familiarity of the region has increased with tourists over the last year.
3. There has been significant progress on other projects like Copal and Rendezvous Island that will allow real estate sales to progress.
4. The attitude of potential investors has become less risk averse, which should open the opportunity for additional equity capital to be raised.
5. The attitude of individuals that oppose the development has softened in the last year.
6. Accessibility and financial commitment from various government agencies is important to any successful development. The Belize government has invested \$22 million for completion of a major paving project; this represents a major improvement to the Country's infrastructure and access to the development and the Placencia International Airport. A recent appraisal has shown the ease of access from Belize City to Placencia has resulted in an increase in value from \$18 million to \$30 million (a 40% increase) for the Marina Village at The Placencia.



Holdings Trust

Holdings Trust is an unincorporated, limited purpose trust also governed by the laws of the Province of Alberta. Holdings Trust will acquire and hold the Investco Shares. Holdings Trust's activities are restricted to holding investments in Investco. The Trustee of Holdings Trust is David Smithers. Upon the first closing, the top trust will hold all the issued and outstanding HT Units.

Investco

Investco is a limited liability company formed under the laws of Nevis, a Federation of St. Kitts and Nevis. Investco was formed to invest capital in the Placencia Resort Development through Project Entities. Upon the first closing, Holdings Trust will hold all the issued and outstanding Investco Shares.

Project Entities

The project entities will be one or more corporations formed under the laws of Belize. The purpose of each project entity is to develop a specific project with the Placencia Resort Development Company. It is anticipated that Investco's investment in the development will involve purchasing participating, non-voting shares (or membership interests, as applicable) in the project entities. The voting membership interests of the project entities will be beneficially held or controlled by the Developer and Brent Borland (Director and CEO of the entities in the Canyon Group) in a 50%-50% split.

The structure costs per \$100,000 investment are as follows:

Item	Amount
Investment	\$100,000
Sales Commissions	\$(15,750)
Professional Fees for Audit and Legal	\$(1,740)
Syndication Fee	\$(5,875)
Net Investment	\$76,635



▶ **ADDITIONAL
MANAGEMENT FEE**

The two independent trustees are each expected to receive \$36,000 a year for their services.

▶ **VALUATION
CONSIDERATIONS**

The net asset value of the trust will be revalued on June 30 and December 31 of each year. The valuation is at the sole discretion of the trustees.

▶ **LIABILITIES**

In order to finish the Placencia project, additional capital will need to be raised, most likely in the form of debt. Any debt raised would be higher in the capital structure than any other equity investments and would have first security in the property.

▶ **REDEMPTIONS
OPTIONS**

The trustees have the right to restrict redemption to protect from a run on liquidity.



▶ **BEST CASE RETURN EXPECTATIONS**

For the base-case return expectation, we will make the following assumptions:

Variable	Amount
Exit time frame	4 Years
Revenue from Real Estate Sales	\$813,412,500
Cost of Development	\$(200,000,000)
Four-year Debt at 10%	\$(107,252,657)
Gross Profit	\$484,709,312
Less Return of PCT Capital	\$(68,000,000)
Less Preferred Capital Trust Dividend	\$(68,000,000)
Developer Profit	\$370,159,843

Based on a four-year exit, the investor would earn a maximum return of 100%, which over a four-year period would represent an internal rate of return to the investor of 18.92% or simple interest of 25%.



▶ **BEST & WORST CASE SCENARIOS**

For the extreme best-case return expectation, we will make the following assumptions:

Variable	Amount
Exit time frame	3 Years
Revenue from Real Estate Sales at a 20% premium to expectations	\$976,095,000
Cost of Development at a 20% discount to expectations	\$(160,000,000)
Three-year Debt at 10%	\$(80,439,492)
Gross Profit	\$735,655,508
Less Return of PCT Capital	\$(68,000,000)
Less Preferred Capital Trust Dividend	\$(68,000,000)
Developer Profit	\$599,655,508

Based on a three-year exit, the investor would earn a maximum return of 100%, which over a three-year period would represent an internal rate of return to the investor of 25.99% or a simple return of 33.33% per year.



For the best-case return expectation, we will make the following assumptions:

Variable	Amount
Exit Time Frame	3.5 Years
Revenue from Real Estate Sales at a 10% premium to expectations.	\$894,753,750
Cost of Development at a 10% discount to expectations.	\$(180,000,000)
Three-and-a-half-year Debt at 10%	\$(93,846,074)
Gross Profit	\$620,907,676
Less Return of PCT Capital	\$(68,000,000)
Less Preferred Capital Trust Dividend	\$(68,000,000)
Developer Profit	\$484,907,676

Based on a three-and-a-half-year exit, the investor would earn a maximum return of 100%, which over a 3.5-year period, would represent an internal rate of return to the investor of 21.90% or simple interest of 28.57%.



For the worst-case return expectation, we will make the following assumptions:

Variable	Amount
Exit Time Frame	5 Years
Revenue from Real Estate Sales at 20% discount to expectations	\$677,843,750
Cost of Development at a 20% increase to expectations	\$(240,000,000)
Five-year Debt at 10%	\$(134,065,820)
Gross Profit	\$303,777,930
Less Return of PCT Capital	\$(68,000,000)
Less Preferred Capital Trust Dividend	\$(68,000,000)
Developer Profit	\$167,777,930

Based on a five-year exit, the investor would earn a maximum return of 100%, which over a five-year period; would represent an internal rate of return to the investor of 14.87% or simple interest of 20.00%.



For the extreme worst-case return expectation, we will make the following assumptions:

Variable	Amount
Revenue from Real Estate Sales at 35% discount to expectations	\$528,718,125
Cost of Development at a 30% increase to expectations	\$(260,000,000)
Seven-year Debt at 10%	\$(187,692,122)
Gross Profit	\$81,026,003
Less Return of PCT Capital	\$(68,000,000)
Less Preferred Capital Trust Dividend	\$(13,026,003)
Developer Profit	0

Based on a seven-year exit, the investor would earn a return of 19.16%, which over a seven-year period would represent an internal rate of return to the investor of 2.74% or simple interest of 2.54%.



▶ EXIT STRATEGY

The exit strategy is to pay the investors their principle and the capital trust dividend with the developer's profit first. It is expected that there should be enough capital and profit to pay the principle and capital trust dividend to investors within the next five years.

▶ KEY RISKS

Exchange Rate Risk

Canadian investors are exposed to the United States dollar (USD) exchange rate risk. Since 1978, the Belize dollar has been pegged to the USD. There exists a low probability of the additional risk of the release of the Belize/U.S. dollar peg. An appreciating Canadian dollar (CAD) dilutes foreign investment returns.

Interest Rate Risk

Assuming a maximum offering of \$68 million CAD, approximately \$86 million USD in additional capital is required to complete construction of the six project entities. There is no guarantee that Canyon will be able to obtain this capital in the form of debt financing at reasonable terms. In the case that debt cannot be raised, the time to exit could be extended. Because commercial interest rates are high in Belize (>14%), it would be beneficial to raise the debt internationally. Raising debt beyond Belize's borders exposes investors to potential interest and exchange rate risks.

Risk of a Non-Maximum Offering Close for the Capital Trust

This offering has variable and fixed costs. For example, assuming a maximum offering with an exit in 4 years, the investors would have approximately 73.5% of their capital invested. If the offering closed at \$10 million CAD, the investors would have only 61.3% of their capital invested. The lower the offering, the higher will be the percentage of fixed costs to which the investor will be exposed. Total expected sales of an exempt offering are very difficult to gauge.



If sales are slower than expected, and Canyon finds an alternative source for the capital needed, it would be to Canyon's advantage to close the offering memorandum (OM) product (the Capital Trust), even though it is not at the maximum offering level.

Increased Construction Costs

An increase in the cost of construction could reduce the profitability of the project. The three inputs most at risk are cement, steel, and labor. One large financial benefit is the low cost of labor in Central America; the developer benefits from a substantial labor advantage compared to those in other areas of the world. If another development project were started in Belize, there could be a notable increase in the cost of labor. The developer has secured low-cost cement and steel from Central American sources outside Belize. There is a risk that such low-cost suppliers will not always be available to the developer.

Global Economic Risk

Currently the world appears to be emerging from the great recession. The demand for non-principal residence properties is highly correlated with the health of the global economy. If the global economy slips back into a recession, demand will fall for additional residences, which will delay the sale of the developer's properties.

Political Risks

According to the CIA World Fact book, approximately 33% of Belizeans live below the poverty line, and that percentage is on the rise. History has shown that in a democracy where substantial wealth is controlled by foreigners, the citizens' disdain for inequality can lead to political unrest. In extreme political circumstances, there is the risk that foreign property rights can be expropriated.



Zoning and Environmental Risks

The traditional framework for development in North America requires that all zoning and environmental requirements be in place before a project starts. The developer feels that in Central America it is appropriate to begin work on a development and then request the necessary approvals in stages. Work has already commenced before complete authorization has been granted. The developer feels that being a generous corporate citizen will allow it not to have any problems obtaining the needed future zoning and environmental approvals.

Natural Disasters

The country of Belize has experienced earthquakes and hurricanes, and it has the potential to be affected by a tsunami. Oral representations confirm that the project is insured for future natural disasters. The developer claims that the quality of construction alleviates much of the concern, and there is some evidence to support this conclusion. On May 28, 2009, there was an earthquake that caused damage in nearby Placencia Village, but there was remarkably little damage at the resort. Still, this earthquake's epicenter was further than 200km away from the resort. It is worth noting that the Dominican Republic is situated less than 100km from the epicenter of the recent Haiti earthquake, and it was entirely unaffected by it. There is a risk that insurance against such natural disasters will either not be available in the future or will not be available at a rate that makes good business sense.



▶ **VOTING STRUCTURE**

The individual investor gives their voting control to the trustee; the trustee then invests the capital in Investco. The trust then holds non-voting shares of Investco. The investor and the trustees lose all voting control once the capital hits Investco. It is a risk to invest capital when you don't have the ability to vote. It is imperative that unit holders feel the trustees have sufficient expertise to fulfill their fiduciary responsibility to make prudent decisions on their behalf. Investors must then have faith in the expertise of the developer and Canyon Acquisitions to make prudent investment decisions at the Investco level.

▶ **FINANCIAL SAFETY MECHANISMS**

The main financial safety mechanisms for investors are the three trustees representing the investors in the Placencia Capital Trust. In addition there is the ability for investors to have access to audited financials of the development and the trust.

▶ **POTENTIAL CONFLICTS OR CONCERNS**

The EA analyst team did not identify any potential conflicts or concerns.

▶ **SIMILARITIES BETWEEN OFFERING DOCUMENTS & MARKETING REPRESENTATIONS**

The EA analyst team did not identify any material differences between the offering and marketing documents.

▶ **BANKRUPTCY & REGULATORY HISTORY**

The EA analyst team did not identify any bankruptcy or regulatory history concerns on behalf of the principles who signed the offering documents.



▶ **RATING**

ExemptAnalyst has rated this investment an average risk for exempt market securities.

Rating	Description
1	Low Risk
2	Low to Average Risk
3	Average Risk
4	Average to High Risk
5	High Risk



▸ DISCLAIMERS

General

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Fees have been paid to the analyst to write this report, and this helps to offset the high cost of research. ExemptAnalyst must abide by the CFA Institute Code of Ethics and Standards of Professional Conduct.

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▶ **APPENDIX 1
PRIMARY
STRESS TEST**

Stress testing is used to determine the stability of financial projections, testing beyond current conditions and expected results, to a breaking point. The variables tested for the Placencia Capital Trust are: project entity sale prices, construction costs, exchange rates, interest rates, and time to exit. The scenarios below are in USD; assume USD denominated debt with various times to exit, and carry debt fully to exit, adding to the conservative nature of the tests.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Exit	4 Years	5 years	6 years	6 years	7 years
Debt Cost	15%	10%	15%	13%	20%
Sales Prices; as % of OM Estimates	95%	90%	80%	76%	70%
Construction Costs as % of OM estimates	115%	110%	120%	125%	130%
Exchange Rate Factor (CAD appreciates against USD)	1.00	1.00	1.05	1.10	1.10
Resale Price	772,741,875	732,071,250	650,730,000	618,193,500	569,388,750
30 month 7.5% simple int to Canyon Purchasers assume 50% sold to them; 25% down)	18,111,138	17,157,920	15,251,484	14,488,910	13,345,049
Cost to Develop (CTD)	<u>230,000,000</u>	<u>220,000,000</u>	<u>240,000,000</u>	<u>250,000,000</u>	<u>260,000,000</u>
Gross Margin	524,630,737	494,913,330	395,478,516	353,704,590	296,043,701
Debt Cost	154,426,521	134,620,574	194,842,647	202,556,488	280,068,498
Capital Trust ROC	68,000,000	68,000,000	71,578,947	75,555,556	15,975,203
Capital Trust Dividend	<u>68,000,000</u>	<u>68,000,000</u>	<u>71,578,947</u>	<u>75,555,556</u>	<u>0</u>
Net Distributable Profits	234,204,216	224,292,756	57,477,974	36,990	0
Canyon Share 50%	117,102,108	112,146,378	28,738,987	18,495	0
Developer Share 50%	117,102,108	112,146,378	28,738,987	18,495	0



Scenario 1- Projected time to completion is in line with Offering Memorandum timelines, debt cost assumed at 15% in USD, with real estate prices softening to 95% of OM projection and construction costs rising 15%. The CAD is at par with USD.

Scenario 2- Projected time to completion is 5 years, debt cost assumed at 10% in USD, with real estate prices softening to 90% of OM projections and construction costs rising 10%. The CAD is at par with the USD.

Scenario 3 - Projected time to completion is 6 years, debt cost assumed at 15% in USD, with real estate prices softening to 80% of OM projection and construction costs rising 20%. The CAD has appreciated to \$1.05 USD.

Scenario 4 - Projected time to completion is 6years, debt cost assumed at 13% in USD, with real estate prices softening to 76% of OM projection and construction costs rising 25%. The CAD has appreciated to \$1.10 USD.

Scenario 5 - Projected time to completion is in line with Offering Memorandum timelines, debt cost assumed at 20% in USD, with real estate prices softening to 70% of OM projection and construction costs rising 30%. The CAD has appreciated to \$1.10 USD.

In all cases except scenario 5, the maximum dividend is obtained. Under the conditions tested, the development can service debt at a rate of 20% for 7 years, in an environment where the USD is falling against the CAD. Moreover, resale prices softened to 70% of OM projections and construction costs rose 30%.



▶ APPENDIX 2 DETAILED STRESS TEST

Assumptions	Project 1 Copal Beach Resort	Project 2 - Placencia Estates & Panther Golf Club	Project 3 Rendezvous Island Resort	Project 4 The Marina at the Placencia	Project 6 The Marina Village at the Placencia	Project 5 - Placencia International Airport	Total
Funds Raised by Developer	16,400,000	10,000,000	15,000,000	2,000,000	15,000,000	6,000,000	64,400,000
Exit Price; per OM	177,600,000	157,500,000	147,000,000	110,962,500	220,350,000	0	813,412,500
Cost to Develop (CTD) - per OM	<u>50,000,000</u>	<u>40,000,000</u>	<u>30,000,000</u>	<u>15,000,000</u>	<u>50,000,000</u>	<u>15,000,000</u>	<u>200,000,000</u>
Gross Margin	127,600,000	117,500,000	117,000,000	95,962,500	170,350,000	-15,000,000	613,412,500
Resale Price (% of OM Estimate)	60%	70%	80%	90%	100%	110%	
Resale Prices	488,047,500	569,388,750	650,730,000	732,071,250	813,412,500	894,753,750	
Cost to Develop (% of OM Estimate)	90%	100%	110%	120%	130%	140%	
Cost to Develop	180,000,000	200,000,000	220,000,000	240,000,000	260,000,000	280,000,000	
Funds Raised by Developer	<u>64,400,000</u>	<u>64,400,000</u>	<u>64,400,000</u>	<u>64,400,000</u>	<u>64,400,000</u>	<u>64,400,000</u>	
Total USD Capital Required	115,600,000	135,600,000	155,600,000	175,600,000	195,600,000	215,600,000	
Exchange Rate; Value CAD expressed in USD	\$0.90	\$0.95	\$1.00	\$1.05	\$1.10	\$1.20	
USD value OM Equity Capital Raised - Varied by Exchange Rate	55,556,167	52,632,158	50,000,550	47,619,571	45,455,045	41,667,125	



USD Debt Capital Required						
Exchange rate/CTD	90%	100%	110%	120%	130%	140%
90%	60,043,833	80,043,833	100,043,833	120,043,833	140,043,833	160,043,833
95%	62,967,842	82,967,842	102,967,842	122,967,842	142,967,842	162,967,842
100%	65,599,450	85,599,450	105,599,450	125,599,450	145,599,450	165,599,450
105%	67,980,429	87,980,429	107,980,429	127,980,429	147,980,429	167,980,429
110%	70,144,955	90,144,955	110,144,955	150,144,955	150,144,955	170,144,955
120%	73,932,875	93,932,875	113,932,875	133,932,875	153,932,875	173,932,875
SAMPLE: PRE TAX DEBT COST in USD; Assume OM estimates; .95 exchange						
TERM (MONTHS)	8%	9%	10%	11%	12%	13%
36	99,385,827	100,855,434	102,338,004	103,833,499	105,341,880	106,863,104
48	103,236,754	105,233,243	107,252,657	109,294,898	111,359,863	113,447,442
60	107,180,385	109,728,015	112,311,212	114,929,767	117,583,453	120,272,031
72	111,216,192	114,338,909	117,512,397	120,736,254	124,010,046	127,333,309
84	115,343,537	119,064,909	122,854,674	126,712,127	130,636,509	134,627,007
Resale Price (% of OM Estimate)						
Resale Price	60%	70%	80%	90%	100%	110%
Resale Price	488,047,500	569,388,750	650,730,000	732,071,250	813,412,500	894,753,750
30 month 7.5% simple int to Canyon Purchasers assume 50% sold to them; 25% down)	11,438,613	13,345,049	15,251,484	17,157,920	19,064,355	20,970,791
Cost to Develop (CTD)	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Gross Margin	276,608,887	369,388,750	450,730,000	532,071,250	613,412,500	694,753,750
Debt Costs; 10%; 48 months	107,252,657	107,252,657	107,252,657	107,252,657	107,252,657	107,252,657
Capital Trust ROC (\$68M; @par)	68,000,000	68,000,000	68,000,000	68,000,000	68,000,000	68,000,000
Capital Trust Dividend (\$68M; @par)	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>
Net Distributable Profits	33,356,230	126,136,093	207,477,343	288,818,593	370,159,843	451,501,093
Canyon Share	16,678,115	63,068,047	103,738,672	144,409,297	185,079,922	225,750,547
Developer Share	16,678,115	63,068,047	103,738,672	144,409,297	185,079,922	225,750,547



Resale Price (% of OM Estimate)	80%	80%	80%	80%	80%	80%
Resale Price	650,730,000	650,730,000	650,730,000	650,730,000	650,730,000	650,730,000
30 month 7.5% simple interest to Canyon Purchasers assume 50% sold to them; 25% down)	15,251,484	15,251,484	15,251,484	15,251,484	15,251,484	15,251,484
Cost to Develop (CTD)	<u>240,000,000</u>	<u>240,000,000</u>	<u>240,000,000</u>	<u>240,000,000</u>	<u>240,000,000</u>	<u>240,000,000</u>
Gross Margin	395,478,516	395,478,516	395,478,516	395,478,516	395,478,516	395,478,516
Debt Costs; 8-13%; 60 months	152,802,238	156,434,280	160,117,028	163,850,183	167,633,424	171,466,408
Capital Trust ROC (\$68M; @par)	68,000,000	68,000,000	68,000,000	68,000,000	68,000,000	68,000,000
Capital Trust Dividend (\$68M; @par)	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>
Net Distributable Profits	106,676,277	103,044,236	99,361,488	95,628,333	91,845,092	88,012,108
Canyon Share	53,338,139	51,522,118	49,680,744	47,814,166	45,922,546	44,006,054
Developer Share	53,338,139	51,522,118	49,680,744	47,814,166	45,922,546	44,006,054