

Conundrum Capital - Heating Plant Renewal Financial Results

Natural Gas Savings 2008

	Suites	m3	%	\$
Building 1	116	73,606	25%	\$29,442
Building 2	166	66,191	13%	\$26,476
Building 3	166	212,715	43%	\$85,086
Building 4	258	183,404	22%	\$73,362
Building 5	278	147,395	21%	\$58,958
Building 6	92	45,169	17%	\$18,067
Building 7	150	61,291	15%	\$24,516
Building 8	135	119,146	24%	\$47,658
	1,361	908,916	23%	\$363,566



Investment

	Gross Investment	Govt / Utility Incentives	Net Investment	Simple Payback
Eight Buildings	\$1,767,402	\$135,215	\$1,632,187	4.5 yrs

Financial Results

	Net Present Value *	Property Value Increase **	Net Annual Cash Flow ***	Annual ROI ****
Eight Buildings	\$3,520,450	\$2,350,080	\$374,333	22.9%

Financial Calculations

- * NPV Calculation uses these variables:
- remaining life of existing plants: 2 years
 - life expectancy of basic boiler replacements: 15 years
 - cost of basic boiler replacements: \$800 per suite, and \$400 per suite for "DHW only" site
 - life expectancy of installed premium systems: 30 years
 - 6% discount rate

** Property Value increase is based on improvement in Net Operating Income, at 6% market CAP Rate

*** Annual Depreciation (existing plants) - Annual Depreciation (retrofit plants) + Annual Fuel Savings

**** Annual ROI = Net Annual Cash Flow / Investment

