

Mercedes Homes - Heating Plant Renewal Financial Results



Natural Gas Savings 2008

	Suites	m3	%	\$
Building 1	34	21,716	32%	\$9,121
Building 2	79	38,181	24%	\$16,036
Building 3	71	37,963	27%	\$15,945
		97,860	26.4%	\$41,102

Investment

	Gross Investment	Govt / Utility Incentives	Net Investment	Simple Payback
Three Buildings	\$305,070	\$43,396	\$261,674	6.4 yrs

Financial Results

	Net Present Value *	Property Value Increase **	Net Annual Cash Flow ***	Annual ROI ****
Three Buildings	\$304,074	\$685,033	\$44,646	17.1%

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: \$1,000 per suite
 - 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