

Financial Framework



Financial Modeling

- The financial model has been reviewed by John McNeil of BDR, a leading Canada-based consulting firm specializing in Mergers and Acquisitions, and Business and Strategic Planning
- John McNeil is the president of BDR and is a lawyer by training and an independent investment banker by profession
- He has over 30 years experience in the areas of business and enterprise valuations, financing and capital markets activities, and mergers and acquisitions
- He has been retained in the past by Markham Enterprises Corporation to provide advice and analysis on mergers/acquisitions and the Solar PV initiative

Financial Framework



- BDR has validated the economic and financial assumptions as well as the calculations applied in the model
- Major Assumptions in the model:
 - Inflation rate = 2%/year
 - Borrowing Rate = 4.60% over 20 years
 - Residential Growth of 2,355 units/year over 20 years
 - Non-residential growth in Markham Centre = 207,000 sq ft/year
- Various sensitivity analyses were performed on the model, eg:
 - Inflation rate = 1%/year
 - Borrowing Rate = 5.10% over 20 years
 - Residential Growth of 1,570 units/year over 20 years (two-thirds of base case)
 - Non-residential growth in Markham Centre = 69,000 sq ft/year (one-third of base case)
- This scenario reduces borrowing capacity by \$54m (which would necessitate a 4% tax increase)