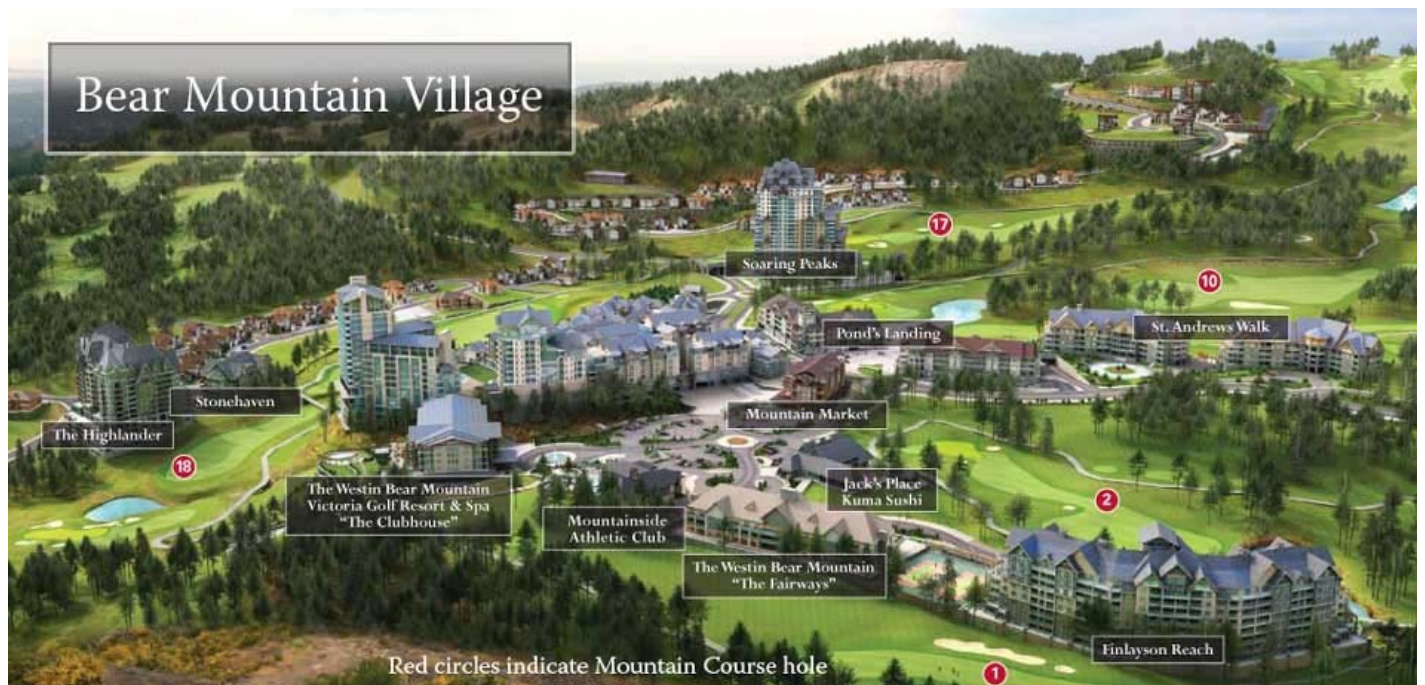




**West Coast  
Real Estate Development  
Senior Lending Investment Opportunity**



**JANUARY 2008**

## OPPORTUNITY OVERVIEW

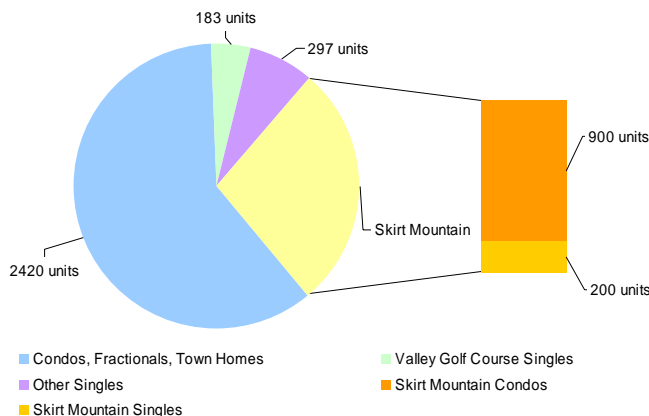
Bear Mountain ([www.bearmountain.ca](http://www.bearmountain.ca)) is a world class golf course residential community with associated commercial and recreational properties and amenities comprising a 1,400 acre development property conveniently located on the outskirts of the city of Victoria, British Columbia. This 4 year old highly successful and unique real estate development project straddles two municipalities: Langford and Highland. The Bear Mountain project is approved for development of 5,800 residential units, of which 1,800 have already been built and occupied. Additionally, another 1,000 units are awaiting approval. The Bear Mountain "Village Center" is anchored by the Westin Hotel Resort and Spa and the Jack Nicklaus 18-hole Bear Mountain Signature Course and Country Club. Restaurants and other commercial amenities are currently located in the Bear Mountain village. Residential development to date has comprised estate home neighborhoods, town homes and condominiums – all having phenomenal sales records to date. Infrastructure to support the full build out of the 5,800+ unit project is on-going throughout the site. A second Nicklaus designed golf course is under construction and set to complete in 2008. Further amenities and commercial projects have been built or are in development.

Seville Properties, a Vancouver Island based real estate development firm with over forty years of experience, has agreed to purchase the Bear Mountain Real Estate Development project from its current owners. This is a unique opportunity to take over one of the most successful real estate projects in Canada. Seville Properties, owned and operated by Harvey Simons, has a broad range of experience and an enviable track record in commercial development and is intimately familiar with the Bear Mountain project and the surrounding communities. Seville Properties, with the continuing support of Bear Mountain's current ownership base, is poised to take over management of the project and complete the successful build out over the next seven years.

To date, initial successes at Bear Mountain have included the Stonehaven residential building, where 183 condo units were sold for over \$100 million in just two hours. Given the strength of the Victoria economy and real estate market, this success is expected to continue. Below is a schematic depicting expansion plans for Bear Mountain, for which zoning has already been approved by local government. Total revenue potential equates to greater than \$2.5 billion dollars over the seven year build out.

### Investment Highlights:

- Phenomenal sales and success of the Bear Mountain project to date
- Two Jack Nicklaus designed golf courses, a Westin resort and accompanying commercial/retail amenities
- Substantial equity in the deal being contributed by the buyer, as well as the seller
- Very strong Victoria/Vancouver real estate market – unique landmark development
- Seville's development strategy enables rapid pay down of senior debt



	Number of Units	Approximate Selling Price	Revenue Potential
<b>Single Lots</b>			
Skirt Mountain	200	\$ 1,000,000	\$ 200,000,000
Valley Golf Course	183	\$ 750,000	\$ 137,250,000
Other	297	\$ 750,000	\$ 222,750,000
<b>Total</b>	<b>680</b>		<b>\$ 560,000,000</b>
<b>Other Units</b>			
Skirt Mountain	900	\$ 700,000	\$ 630,000,000
Other	2420	\$ 600,000	\$ 1,452,000,000
	<b>3320</b>		<b>\$ 2,082,000,000</b>
<b>Total Potential</b>			
Skirt Mountain	1100	\$ 754,545	\$ 830,000,000
Valley & Other	2900	\$ 624,828	\$ 1,812,000,000
	<b>4000</b>		<b>\$ 2,642,000,000</b>

## TRANSACTION SUMMARY

The proposed capital structure post-transaction will be comprised as follows:

- Seville Properties (the purchaser) committing approximately \$35mm in equity and Len Barrie (the majority owner of the current Bear Mountain partnership (the Seller) will retain an incentive equity percentage.
- Existing construction lenders, totaling approximately \$50mm committed, would be rolled over
- Senior lenders will have a first lien secured term facility of approximately \$325mm.

The proposed term loan facility would be secured by a first lien on all acreage in the land bank (estimated at 1,400 total acres in the Bear Mountain development), plus the rights to develop up to 4,000 units (single family home, condominiums and townhouses).

Pro-forma P&L Summary	2007 Q4	2008	2009	2010	2011	2012	2013
<b>Revenue</b>							
Developed Properties	\$ 4,256,090	\$ 4,865,100	\$ 8,946,000	\$ -	\$ -	\$ -	\$ -
Properties Under Construction	25,540,000	168,322,265	62,146,220	151,539,180	-	-	-
Undeveloped Properties	-	217,959,000	98,753,500	51,686,500	171,561,750	222,049,883	374,761,467
<b>Total Revenue</b>	<b>\$ 29,796,090</b>	<b>\$ 391,146,365</b>	<b>\$ 169,845,720</b>	<b>\$ 203,225,680</b>	<b>\$ 171,561,750</b>	<b>\$ 222,049,883</b>	<b>\$ 374,761,467</b>
<b>COGS</b>							
Developed Properties	\$ -	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
Properties Under Construction	21,745,614	105,646,421	42,997,684	107,960,280	-	-	-
Undeveloped Properties	-	25,000,000	52,460,250	34,713,650	102,906,250	139,455,559	283,136,369
<b>Total COGS</b>	<b>\$ 21,745,614</b>	<b>\$ 130,646,421</b>	<b>\$ 96,657,934</b>	<b>\$ 142,673,930</b>	<b>\$ 102,906,250</b>	<b>\$ 139,455,559</b>	<b>\$ 283,136,369</b>
<b>Site Development &amp; Construction Costs</b>							
Site-wide Infrastructure	\$ 4,500,000	\$ 12,900,000	\$ 7,991,000	\$ 2,000,000	\$ -	\$ -	\$ -
Less: Development Costs	-	(5,000,000)	-	-	-	-	-
	<b>\$ 4,500,000</b>	<b>\$ 7,900,000</b>	<b>\$ 7,991,000</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operational Expenses</b>							
Labour & Benefits	\$ 1,200,000	\$ 2,216,867	\$ 2,216,867	\$ 2,216,867	\$ 2,216,867	\$ 2,216,867	\$ 2,216,867
Administrative	1,600,000	5,980,419	5,980,419	5,980,419	5,980,419	5,980,419	5,980,419
Planning	1,036,000	1,144,000	1,144,000	1,144,000	1,144,000	1,144,000	1,144,000
Property Taxes	-	2,000	1,500	1,500	1,500	1,500	1,500
<b>Total OpEx</b>	<b>\$ 3,836,000</b>	<b>\$ 9,343,286</b>	<b>\$ 9,342,786</b>	<b>\$ 9,342,786</b>	<b>\$ 9,342,786</b>	<b>\$ 9,342,786</b>	<b>\$ 9,342,786</b>
<b>Sales &amp; Marketing Expenses</b>							
Marketing	\$ 600,000	\$ 2,715,909	\$ 2,715,909	\$ 2,715,909	\$ 2,715,909	\$ 2,715,909	\$ 2,715,909
<b>Total S&amp;M</b>	<b>\$ 600,000</b>	<b>\$ 2,715,909</b>	<b>\$ 2,715,909</b>	<b>\$ 2,715,909</b>	<b>\$ 2,715,909</b>	<b>\$ 2,715,909</b>	<b>\$ 2,715,909</b>
<b>Interest Expense</b>	<b>\$ 6,909,672</b>	<b>\$ 24,654,803</b>	<b>\$ 6,093,016</b>	<b>\$ 1,188,348</b>	<b>\$ 70,016</b>	<b>\$ 8,824</b>	<b>\$ 31,259</b>
<b>Pre-tax Income</b>	<b>\$ (7,795,196)</b>	<b>\$ 215,885,946</b>	<b>\$ 47,045,075</b>	<b>\$ 45,304,706</b>	<b>\$ 56,526,789</b>	<b>\$ 70,526,806</b>	<b>\$ 79,535,144</b>

*Private and Confidential*

<b>Pro-forma Cash Flow Summary</b>	<b>2007 Q4</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Beginning Cash	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 56,963,762	\$ 83,500,413
<b>Cash from Property Sales</b>							
Developed Properties	\$ 4,256,090	\$ 4,865,100	\$ 8,946,000	\$ -	\$ -	\$ -	\$ -
Properties Under Construction	1,258,068	57,374,659	24,542,351	30,855,713	-	-	-
Undeveloped Properties	-	192,108,961	45,420,408	14,368,302	61,240,632	26,152,746	92,722,939
Less: Development Costs	(4,500,000)	(7,900,000)	(7,991,000)	(2,000,000)	-	-	-
Less: Operating Costs	(4,436,000)	(12,059,195)	(12,058,695)	(12,058,695)	(12,058,695)	(7,617,433)	(12,058,695)
<b>Net Cash from Property Sales</b>	<b>\$ (3,421,842)</b>	<b>\$ 234,389,526</b>	<b>\$ 58,859,064</b>	<b>\$ 31,165,321</b>	<b>\$ 49,181,937</b>	<b>\$ 18,535,313</b>	<b>\$ 80,664,244</b>
Less Interest:							
Interest on Construction Line	\$ (69,416)	\$ (555,911)	\$ -	\$ (154,632)	\$ (18,443)	\$ (8,824)	\$ (31,259)
Interest on Term Loan	(4,408,114)	(15,733,641)	(3,409,271)	(107,975)	-	-	-
Interest on Mezz Facility	(2,432,142)	(8,365,251)	(2,683,744)	(925,742)	(51,573)	-	-
<b>Total Interest Expense</b>	<b>(6,909,672)</b>	<b>(24,654,803)</b>	<b>(6,093,016)</b>	<b>(1,188,348)</b>	<b>(70,016)</b>	<b>(8,824)</b>	<b>(31,259)</b>
Plus Accrued (PIK) Interest	2,501,559	5,476,843	-	576,052	-	-	13,087
<b>Net Cash Interest Expense</b>	<b>(4,408,114)</b>	<b>(19,177,959)</b>	<b>(6,093,016)</b>	<b>(612,296)</b>	<b>(70,016)</b>	<b>(8,824)</b>	<b>(18,172)</b>
<b>Draw on Working Capital Line</b>	<b>\$ 7,829,956</b>	<b>\$ 19,055,063</b>	<b>\$ -</b>	<b>\$ 8,583,345</b>	<b>\$ 1,302,020</b>	<b>\$ 1,394,114</b>	<b>\$ 2,117,436</b>
<b>Less Debt Paydown</b>	<b>-</b>	<b>(234,266,630)</b>	<b>(52,766,048)</b>	<b>(39,136,369)</b>	<b>(3,450,179)</b>	<b>(1,394,114)</b>	<b>(2,130,523)</b>
Ending Cash	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 56,963,762	\$ 83,500,413	\$ 164,133,398
<b>Pro-forma Debt Summary</b>	<b>2007 Q4</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>End of Period Balance:</b>							
Construction Line	\$ 7,829,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mezzanine	62,432,142	26,196,309	15,643,100	1,608,365	-	-	-
Senior Term	224,294,389	58,694,871	16,482,032	-	-	-	-
<b>Total Debt</b>	<b>294,556,487</b>	<b>84,891,180</b>	<b>32,125,132</b>	<b>1,608,365</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OVERVIEW OF BEAR MOUNTAIN

### Successful History

Bear Mountain formally opened in 2003 to solid demand and great anticipation. Upon opening, the resort community boasted an 18-hole Jack Nicklaus Bear Mountain signature golf course and country club. These world-class facilities have expanded to include a 12,000 square-foot Sante Spa, Mountainside Athletic Club, a Westin Hotel, four restaurants and several lounges.

With over 1,800 residential units built to date, Bear Mountain Resort has been delivering a complete lifestyle experience since its opening. An example of the appetite for these residences is the Stonehaven condos, which sold out in less than 2 hours and brought in over \$100 million. This strong demand is expected to persist as Victoria Island's real estate market continues its robust growth. Amidst a significant 7% jump in average sale prices since 2006, overall unit sales in Victoria have continued to climb and are up over 11% in a largely demand-driven environment. The Canadian real estate markets are not experiencing the current down turn in the US market.

### A Path to the Future

The success in the surrounding region and exclusive facilities already housed at Bear Mountain continue to feed demand for additional residential and commercial build. Furthermore, large residential complexes such as Stonehaven (sold out) and Finlayson Reach (75% sold) are expected to be good indicators of future demand for similar and lucrative opportunities. To maintain this momentum, Seville Properties intends to utilize similar methodologies and infrastructure builds, which will drive strong project execution over the seven years required to completely build out the opportunity to 5,800+ units.

Condominium projects for future development offer compelling revenue generation opportunities along with a strong collateral base in a highly valuable parcel of land and project development permitting. Seville Properties has identified the Skirt Mountain development as one in which it will look to monetize 2008 by selling to a development company. Skirt Mountain is the highest point in the Bear Mountain project with plans calling for the development of 9 luxury high-rise condo buildings, each containing 160 units, all carefully positioned around a large man-made lake. There will also be 200 high-end, tremendous view estate lots, and Seville Properties believes there is a potential to incorporate an additional 300 units into this plan. A similar bulk sales strategy (albeit at a lesser scale) will be pursued as Seville Properties develops and sells the rest of the Bear Mountain project.

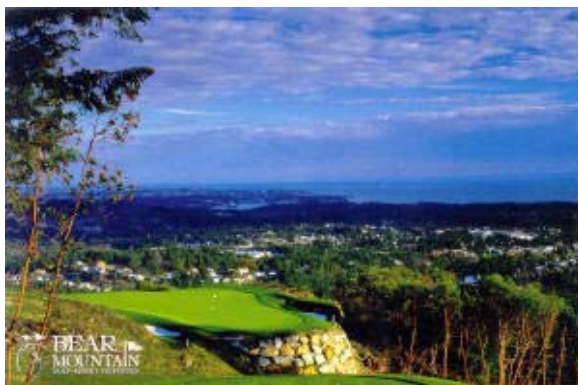
Concurrent with the sale of the Skirt Mountain development, Seville Properties has placed first priority on the development of The Ridge portion of Bear Mountain. The Ridge is to be primarily commercially focused, and will include a casino, a new convention center, a second hotel to complement the existing Westin, a parking arcade, as well as The Village, which will serve as the primary retail and commercial outlet for all of Bear Mountain. These properties will be completed prior to the 2010 Olympics and will contribute greatly to the overall attractiveness and value of the existing development project.

Plans are already in motion to secure interested development companies – many of which have existing relationships with Seville Properties and are considered high likelihood participants to purchase large tracts of developable land or projects underway. The necessary licenses to build and operate a casino are being pursued and met with strong popularity from both the Highland and Langford municipalities. Seville's discussions to date with the municipalities and other license owners give them a high degree of confidence that the casino will become a reality under the go forward plan. Additionally, existing convention facilities in Victoria are inadequate, and the government has been looking for a new location to draw business to the surrounding region. A convention center at Bear Mountain would not only serve this purpose, but prove extremely lucrative



for the development and its own micro-economy.

The Village will showcase the majority of the commercial and retail properties for the resort community. Seville Properties has extensive experience and relationships with the retailers that are expected to set up locations in The Village. They have been in dialogue and have received verbal indications from a number of parties interested in the development.



## OVERVIEW OF SEVILLE PROPERTIES

Harvey Simons and Seville Properties Ltd. have gained valuable and extensive experience in land development and construction techniques associated with "Turn Key Design Build" projects within the Vancouver Island region. Seville Properties has deep experience with land acquisitions, zoning, permits, knowledge and implementation of applicable building codes, land and building evaluations and associated reporting, project costing, construction financing, mobilization of sub trades and their management.

Seville maintains an in depth knowledge of civil, structural, mechanical and electrical engineering and associated building systems. Seville Properties has leveraged this knowledge to develop long term strategic relationships within the Vancouver Island and Mainland British Columbia.

Mr. Simons has an outstanding reputation for providing and delivering large construction projects on budget, on time and with the highest standards of workmanship and craftsmanship. Utilizing state of the art building designs, materials, finishes and constructing techniques has given Seville Properties a reputation next to none.

### Seville Properties – Work in Progress and Completed Projects

<b>Millstream Village</b> – Duncan, BC	550,000 Sq ft Mall 30 Acre Site Value: \$88 million
<b>Duncan Mall</b> – Duncan, BC <ul style="list-style-type: none"> <li>• Canadian Tire</li> <li>• Rona</li> <li>• London Drugs</li> </ul>	400,000 Sq ft Mall 40 Acre Site Value: Land purchase \$25 million
<b>Woodgrove Crossing</b> – Nanaimo, BC <ul style="list-style-type: none"> <li>• Michael's</li> <li>• Petcetera</li> </ul>	1999 – 65,000 Sq ft Mall Value: \$15 million
<b>Heritage Mall</b> – Saanichton, BC <ul style="list-style-type: none"> <li>• Thrifty Foods</li> <li>• Capital Pacific Credit Union</li> </ul>	1999 – Award Winning 34,000 Sq ft Mall Value: \$8 million
<b>Pioneer Square</b> – Saanichton, BC <ul style="list-style-type: none"> <li>• Pharmasave</li> <li>• Home Hardware</li> </ul>	1997 – 33,000 Sq ft Mall Redevelopment Value: \$7 million
<b>Admiral's Walk</b> – Victoria, BC <ul style="list-style-type: none"> <li>• Thrifty Foods</li> <li>• Rexall Drugs</li> </ul>	1996 – 118 Sq ft Mall / Office Value: \$25 million

## FURTHER DOCUMENTATION AVAILABLE

Seville Properties is maintaining an Internet repository containing extensive due diligence reports and information pertaining to the Bear Mountain project. A link and password is available upon request.

### 1. Greater Victoria Real Estate Board Appraisal Report (2007)

- Key Features: a review of other high profile real estate developments within the greater Victoria area
- Articles from the Guest Editor of Dream House Magazine and high achiever real estate agent, Leslie Farrell of Newport Realty
- Current (July 2007) figures and charts provided by the Greater Victoria Real Estate Board
- A new up to date Market Report dated August 2007
- A relevant sampling of current MLS offerings
- Over 60 comparable sales from Leslie Farrell's past sales list and her current listings
- Details on the comparable Parkside Project featuring Fractionals
- A CMHC report on the "Impact of the 2010 Winter Olympics on the Vancouver and Sea to Sky Housing Markets".

### 2. Preliminary Due Diligence Visit

- PowerPoint review of on-site visit shows the broad scope and advanced status of the development.

### 3. BC Housing Trends

- Extensive use of charts to demonstrate Trends, Cycles and Outlook.

### 4. BC Major Projects - Press Release

### 5. BC Housing Stats for April 2007

- CMHC - HOME TO CANADIANS. Comprehensive Bilingual Housing Information Monthly - (157 pages). Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years. Together with other housing stakeholders, it helps ensure that Canada maintains one of the best housing systems in the world. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country. For more information, visit the CMHC website at <http://www.cmhc.ca>

### 6. Levelton Environmental Assessment Executive Summary

- Stage One Preliminary Site Investigation. Ms. Rachel Sansom representing LGB9 Development Corporation (Client) c/o Turner Lane Development Corporation retained Levelton Consultants Ltd. (Levelton) to conduct a Stage 1 Preliminary Site Investigation (PSI) of 23 legal titles in the Bear Mountain development site (subject property) located in the City of Langford and the District of the Highlands, British Columbia (Figure 1, Appendix I). The Stage 1 PSI consisted of evaluating and reporting existing and historical information collected through an historical search and records review, a site review and interviews with individuals knowledgeable about the site. Levelton understands that the Stage 1 PSI is required for due diligence prior to the potential sale of the properties.



## 7. Impact of 2010 Olympics - CMHC Report

- Cities are increasingly using mega events such as the Olympic Games to enhance short and long-term economic opportunities and to raise their international profile. The events are anticipated to attract tourism, garner international media recognition, stimulate rapid development of infrastructure, and lead to the construction of sport and leisure facilities.
- Extensive research had been conducted on the economic impacts of hosting mega events, but very few studies have examined the impact on housing markets in host regions.
- The 2010 Winter Olympics and Paralympics (the Games) will take place in Vancouver and Whistler, British Columbia and potential impacts will reflect on the entire Southwest Metropolitan Region of the province. The purpose of this research is to estimate the impact of the 2010 Games on the region and its sub-regional housing markets.

## 8. Articles:

- Globe & Mail On Site: VICTORIA CONDOMINIUMS
- Victoria Times Colonist: GOLD RUSH AT BEAR MOUNTAIN
- Victoria Times Colonist: LANGFORD TO GET \$1.4 BILLION PROJECT
- Victoria Times Colonist: ISLAND GOLF IN FULL BLOOM
- Victoria Times Colonist: 7 ARTICLES RE: LAGOON ESTATE
- Victoria Times Colonist: VIEW ROYAL CASINO TO DOUBLE ITS SIZE
- Calgary Herald: RETIRING BOOMERS WANT THEIR SPACE

## 9. Extensive Information Pertaining to the Greater Victoria Region (tourism, chamber of commerce statistics and research)

## 10. Skirt Mountain Overview

## 11. Financial Detail (Financial Models, Sales Data, etc.)

## 12. Biographies of Parties Involved

## CONTACTS

Interested parties should contact one of the individuals listed below to get further information on the opportunity. Seville Properties is looking to secure the senior funding for this transaction as soon as possible, as the remainder of the capital structure has already been confirmed.



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