



March 18, 2020

INITIAL PROPOSAL – EDMONTON WEST FACILITY

In response to a growing demand over the past few years for a senior's facility in the west end of the City of Edmonton, similar to Emmanuel Home, the management and Board of the Society have been working on various aspects of such a project.

Considerable progress was made in 2019 when a donor came forward with a very generous offer to pay for a suitable piece of land in the west end. A land search had already been ongoing for some time, and in the end a parcel was located in the Inglewood area. This land, totalling 3.4 acres, is situated directly to the south of the Charles Camshell Hospital, which is in the process of being re-purposed as condominium units. The neighbourhood is mature, close to shopping as well as churches attended by many in our supporting community.

With the completion of the North Wing at Emmanuel Home in the spring of 2020, the focus can now be placed on determining whether a facility in the west end is feasible, based on expected demand over the next several years as well as the expected costs of building.

A financial model has been developed which gives a rough overview of what we might expect should this project proceed. Using a number of variables relating to both cost and size of an initial phase, we believe that Phase I of such a project would involve the construction of a building which would include 90 units of various sizes plus a number of common areas, underground parking, and allowances for additional Phases, should demand warrant further expansion.

The rough estimate at this point is for Phase I to cost approximately \$28 million. Based on traditional lending practices of the banks, as well as a property value upon completion of \$35 million including the donated land, we could expect Mortgage financing of 60% of this completed value or \$21 million. This leaves a financing gap of \$7 million which could be covered through a number of secondary financing avenues: Life Leases, Private Loans, and using the equity of the primary Emmanuel Home facility.



Our supporting community has proven time and again that they are up to this challenge; we are experiencing much interest in the Life Lease as well as Private Loan options and at this point believe that these two avenues would provide sufficient secondary financing to make this project feasible from a cost perspective.

The second aspect of cost and financing is ability to service debt. Using our financial model, Debt Service coverage is 1.19, just above the 1.15 normally required.

While many questions remain, it is our belief that the basic structure of the financial model gives us confidence that with good management as well as good ongoing support from our community, this project can succeed.