Myths & Realities

of Leasing, Owning and Investing in our Own Building

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Outline

- Lease Myths & Realities
- Ownership Myths & Realities
- Investment Myths & Realities
- Q&As

Lease Myths & Realities

- Flexibility
  - Reality: we may get right of first refusal on additional space but it may not be available when we need it; have to sublet if need to move
- “Free” tenant inducement
  - Reality: they are built into the lease; in addition we pay a premium to cover the landlord’s ROI (estimated at 6%)

Ownership Myths & Realities

- Loss of focus on core business
  - Reality: we hire a property manager and have the flexibility to change if not satisfied
- Less flexibility
  - Reality: we can mortgage the property (if need cash) and sell (if need more space)

Investment Myths & Realities

- Investment under our policy is “risk free”
  - Reality: In 2008 our investment portfolio lost almost 13% of its value
- Commercial real estate value is difficult to assess and investment is risky
  - Reality: The sum of the “net-rent” the building generates determines the value of office building
  - Ottawa is a stable market and long-term appreciation in value of the property has been estimated at a conservative rate of 2%

QUESTIONS AND ANSWERS


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Thank you!