

# Vancouver firm hopes to squeeze business mileage out of green parking lot initiative

Greenscape sees marketing and business opportunities in reducing parking lot inefficiencies

By Curt Cherewayko

**A** two-year-old Vancouver company opened the “world’s greenest parking facility” in Denver last week and plans to open similar lots across Canada and the United States.

**Greenscape Capital Group Inc.’s** flagship project at the **Denver International Airport** will test whether the company’s green approach to building parking lots attracts drivers and whether it’s profitable in the long term after factoring in the higher upfront costs required to install more efficient infrastructure.

If so, Greenscape (TSX-V:GRN) will have a head start in an industry where most operators have not focused on reducing their environmental footprints.

Not that there isn’t room to make parking lots more efficient.

For example, Greenscape CEO **Bryan Slusarchuk** said that because parking lots usually require 24-hour lighting, those costs can be greatly reduced by installing LED lights – as Greenscape did.

The company’s 4,200-stall lot, which is branded **Canopy Airport Parking**, is powered by wind, solar and geothermal energy. It also includes electric vehicle charging stations.

Its asphalt was made from recycled roofing shingles and its steel was recycled from scrap automobiles.

The project has **LEED** (leadership in energy and environmental design) gold certification and is recognized as an official demonstrator site for the **US Green Parking Council**.

Greenscape built the parking facility with an US\$8.5 million bank loan and US\$9 mil-



**Bryan Slusarchuk, CEO, Greenscape Capital Group:** “[the project] will highlight just how profitable the model can be”

lion in equity, which was raised largely through issuing warrants and from large shareholder loans and unrelated third parties.

The project’s minority partners also invested US\$1.1 million.

The project has a pre-cash flow, post-construction appraised value of US\$30.9 million and US\$41.6 million upon market stabilization.

Greenscape expects the lot to generate up to US\$19 million in revenue annually, with an annual profit of US\$5.1 million after the facility’s first year of business.

Given those figures, the company expects the lot, which has a 25-year operating life, to be paid off in three years.

“This project will highlight that our model isn’t just interesting from an environmental point of view,” said Slusarchuk.

“It will highlight just how profitable the model can be.”

The company hasn’t announced its next projects yet.

Slusarchuk said the company will likely look to finance future projects with bank debt.

“One thing we have seen is that with the return on investment we can generate, there’s no shortage of debt financing and no shortage of bank financing.”

However, Slusarchuk noted that because it was the company’s first project, only limited bank debt was available.

Some of the many smaller loans Greenscape signed have less favourable terms than the company’s loan from **Wells Fargo**.

Slusarchuk said Greenscape will look to extend those smaller loans with better terms or convert the debt to equity.

Slusarchuk said that be-

cause parking lot operators have few ways of differentiating their lots from the competition, Greenscape’s green slant gives it a marketing advantage.

It has also helped attract some interesting project partners. **Frontier Airlines**, which runs 550 daily flights out of Denver and Milwaukee, is marketing discounted parking rates to customers who park at Greenscape’s lot.

“It’s rare that an airline would seek out this type of relationship,” said Slusarchuk. “It goes to the point that it’s not only green, but has marketing benefits.”

**BMW Group Designworks USA**, which is a marketing vehicle for BMW, is creating a “brand experience” for the lot.

Approximately 6,500 passengers fly in and out of Denver’s airport each day.

“Every one of those passengers will have the Greenscape story marketed directly to them,” said Slusarchuk.

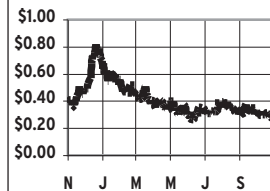
## “Financing is still going to be a big issue for Greenscape”

– **Randall Hsu**, research associate, **Fundamental Research**

**Randall Hsu**, a research associate with **Fundamental Research Corp.**, which initiated coverage of Greenscape last June, said that while the company has taken on large debt to build the Denver lot, it’s backstopped by the lot’s \$30 million to \$40 million appraised value.

When asked why the park-

### GREENSCAPE CAPITAL GROUP INC. (TSX-V:GRN)



Vancouver  
**CEO:** Bryan Slusarchuk  
**Employees:** N/A  
**Market cap:** \$8.8m  
**P/E ratio:** N/A  
**EPS:** \$(0.07)

SOURCES: STOCKWATCH, TSX

ing lot industry has been a green laggard, Hsu said: “It’s probably because the [green] costs are still substantial compared to building a standard parking lot at this point.”

He said there’s little incentive for parking lot operators to invest in green renovations, especially for lots near the end of their lifespans.

“But let’s say you’re building a new parking facility that will last 30 years. The green initiatives will definitely pay off,” said Hsu.

Since the company’s \$2.4 million IPO in October 2009, Greenscape’s share price climbed as high as \$0.86 last January, but was hovering at \$0.30 last week. Hsu said Greenscape has some remaining room for further share dilution, but not much.

“We’re keeping an eye on how this current project moves forward – whether it meets the revenue expectation and it’s able to generate cash flow as we expect,” said Hsu. “Financing is still going to be a big issue for Greenscape.” ■

[cgc@biv.com](mailto:cgc@biv.com)