



418 Tamarack Drive

418 Tamarack Drive
Waterloo, Ontario

\$369,900

\$37,000+ Gross Annual Income

Rental Licensed, Desirable 3+3 Format

\$10,000+ Positive Cash Flow with 20% Downpayment

Easy Walk to Both Universities and Transit

Presented by

Royal LePage Grand Valley Realty

Mike Milovick

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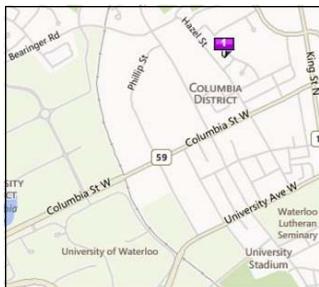
15C

370 Highland Road West

Kitchener, Ontario

ROYAL LEPAGE

Grand Valley Realty
INDEPENDENTLY OWNED AND OPERATED



418 Tamarack Drive

418 Tamarack Drive
 Waterloo, Ontario



Income, Expenses & Cash Flow			Property Overview			
Potential Rental Income	\$ 37,080		Purchase/Asking Price	\$ 369,900	Property Type	Multi-Family
Other Income			Improvements		No. of Units	6
Total Vacancy and Credits	(742)		Other	5,180	Price Per Unit	\$ 63,097
Operating Expenses	\$ (11,159)		Closing Costs	3,500	Total Sq Ft	
Net Operating Income (NOI)	<u>\$ 25,179</u>		Finance Points		Price Per Sq Ft	
					Income per Unit	\$ 6,180
			Total Acquisition Cost	<u>\$ 378,580</u>	Expenses per Unit	\$ (1,860)
Debt Service:	\$ (15,532)		Mortgage (s)	\$ 295,920		
Cash Flow Before Taxes	\$ 9,647					
			Down Payment / Investment	\$ 82,660		

Assumptions			Loan Information		
Rental Growth Rate:	2.90%		Down Payment:	\$ 82,660	% of Asking
Expense Growth Rate:	1.00%		Initial Loan Balance:	\$ 295,920	% of Cost
Appreciation Rate	3.00%				
			<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>
			\$ 295,920	3.29%	30
					<u>Payment</u>
					\$ 1,294

Financial Measurements	Year 1	Year 3	Year 7	Notes / Discussion
Debt Coverage Ratio (DCR)	1.62	1.74	2.00	
Loan-to-Value Ratio (LVR)	76.1%	68.7%	55.0%	
Capitalization Rate Based on Cost	6.65%	7.14%	8.20%	
Capitalization Rate Based on Resale Price	6.61%	6.69%	6.83%	
Gross Rent Multiplier	9.98	10.29	10.34	
Net Present Value (NPV) - B/ Taxes	6.00%	(5,717)	34,750	106,844
Cash on Cash Return - Before Taxes		11.67%	13.90%	18.78%
Internal Rate of Return - Before Taxes			20.47%	22.74%
Modified Internal Rate of Return - Before Taxes			18.63%	18.39%

Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Cash Flow Analysis

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 37,080	\$ 38,155	\$ 39,262	\$ 40,400	\$ 41,572
Less: Vacancy & Credit Losses	(742)	(763)	(785)	(808)	(831)
Effective Gross Income	\$ 36,338	\$ 37,392	\$ 38,477	\$ 39,592	\$ 40,741
Less: Operating Expenses	(11,159)	(11,306)	(11,455)	(11,607)	(11,761)
Net Operating Income (NOI)	\$ 25,179	\$ 26,086	\$ 27,021	\$ 27,985	\$ 28,979
Less: Annual Debt Service	(15,532)	(15,532)	(15,532)	(15,532)	(15,532)
CASH FLOW Before Taxes	\$ 9,647	\$ 10,554	\$ 11,489	\$ 12,453	\$ 13,447

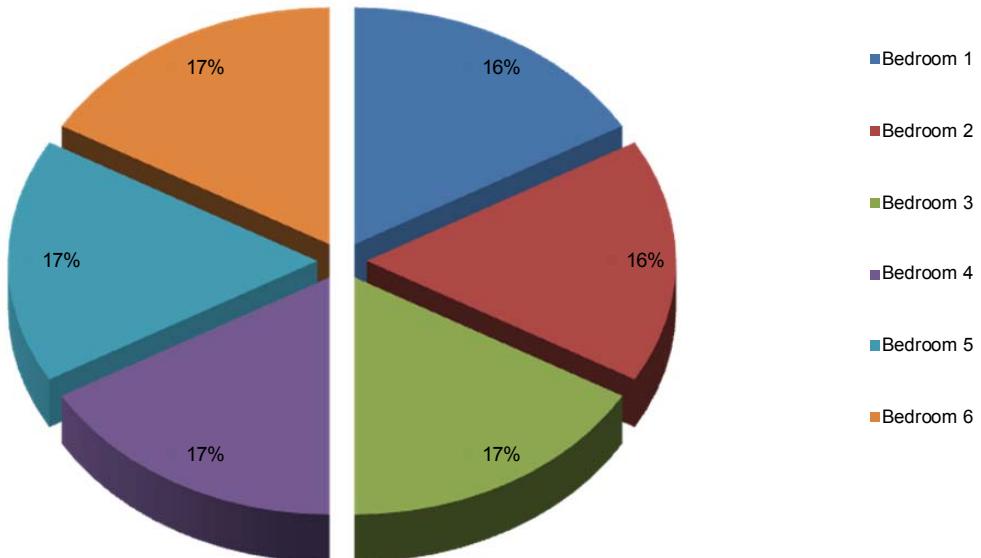
Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 380,997	\$ 392,427	\$ 404,200	\$ 416,326	\$ 428,815
Less: Selling Expenses	(19,050)	(19,621)	(20,210)	(20,816)	(21,441)
Adjusted Projected Sales Price	\$ 361,947	\$ 372,806	\$ 383,990	\$ 395,509	\$ 407,375
Less: Mortgage(s) Balance Payoff	(290,035)	(283,954)	(277,669)	(271,175)	(264,463)
SALE PROCEEDS Before Taxes	\$ 71,912	\$ 88,852	\$ 106,321	\$ 124,335	\$ 142,911

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 9,647	\$ 10,554	\$ 11,489	\$ 12,453	\$ 13,447
Cash Generated in Previous Years	n/a	9,647	20,201	31,690	44,143
Cash Generated from Property Sale	71,912	88,852	106,321	124,335	142,911
Original Initial Investment	(82,660)	(82,660)	(82,660)	(82,660)	(82,660)
Total Potential CASH Generated	\$ (1,100)	\$ 26,393	\$ 55,351	\$ 85,818	\$ 117,842

Financial Measurements	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	1.62	1.68	1.74	1.80	1.87
Loan-to-Value Ratio (LVR)	76.1%	72.4%	68.7%	65.1%	61.7%
Capitalization Rate Based on Cost	6.65%	6.89%	7.14%	7.39%	7.65%
Capitalization Rate Based on Resale Price	6.61%	6.65%	6.69%	6.72%	6.76%
Gross Rent Monthly Multiplier (GRM)	119.71	123.42	123.54	123.66	123.78
Gross Rent Yearly Multiplier (GRM)	9.98	10.28	10.29	10.30	10.31
Value of Property Using this GRM	12.00	444,960	457,864	471,142	484,805
Break-Even Ratio	71.98%	70.34%	68.74%	67.18%	65.65%
Operating Expense Ratio	30.71%	30.24%	29.77%	29.32%	28.87%
Net Present Value (NPV) - Before Taxes	6.00%	(5,717)	14,912	34,750	53,830
Cash-on-Cash Return with Equity	-1.33%	38.23%	32.59%	28.66%	25.76%
Cash-on-Cash Return - Before Taxes	11.67%	12.77%	13.90%	15.07%	16.27%
Internal Rate-of-Return (IRR) - Before Taxes	-1.33%	15.65%	20.47%	22.17%	22.75%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	-1.33%	14.86%	18.63%	19.48%	19.39%

Rent Roll Summary

Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Monthly Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent
Bedroom 1	1				\$ 515	\$ 515	\$ 515	\$ 6,180
Bedroom 2	1				\$ 515	\$ 515	\$ 515	\$ 6,180
Bedroom 3	1				\$ 515	\$ 515	\$ 515	\$ 6,180
Bedroom 4	1				\$ 515	\$ 515	\$ 515	\$ 6,180
Bedroom 5	1				\$ 515	\$ 515	\$ 515	\$ 6,180
Bedroom 6	1				\$ 515	\$ 515	\$ 515	\$ 6,180
Totals	6				\$ 3,090	\$ 3,090	\$ 37,080	

Unit Mix

418 Tamarack Drive

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Annual Expenses



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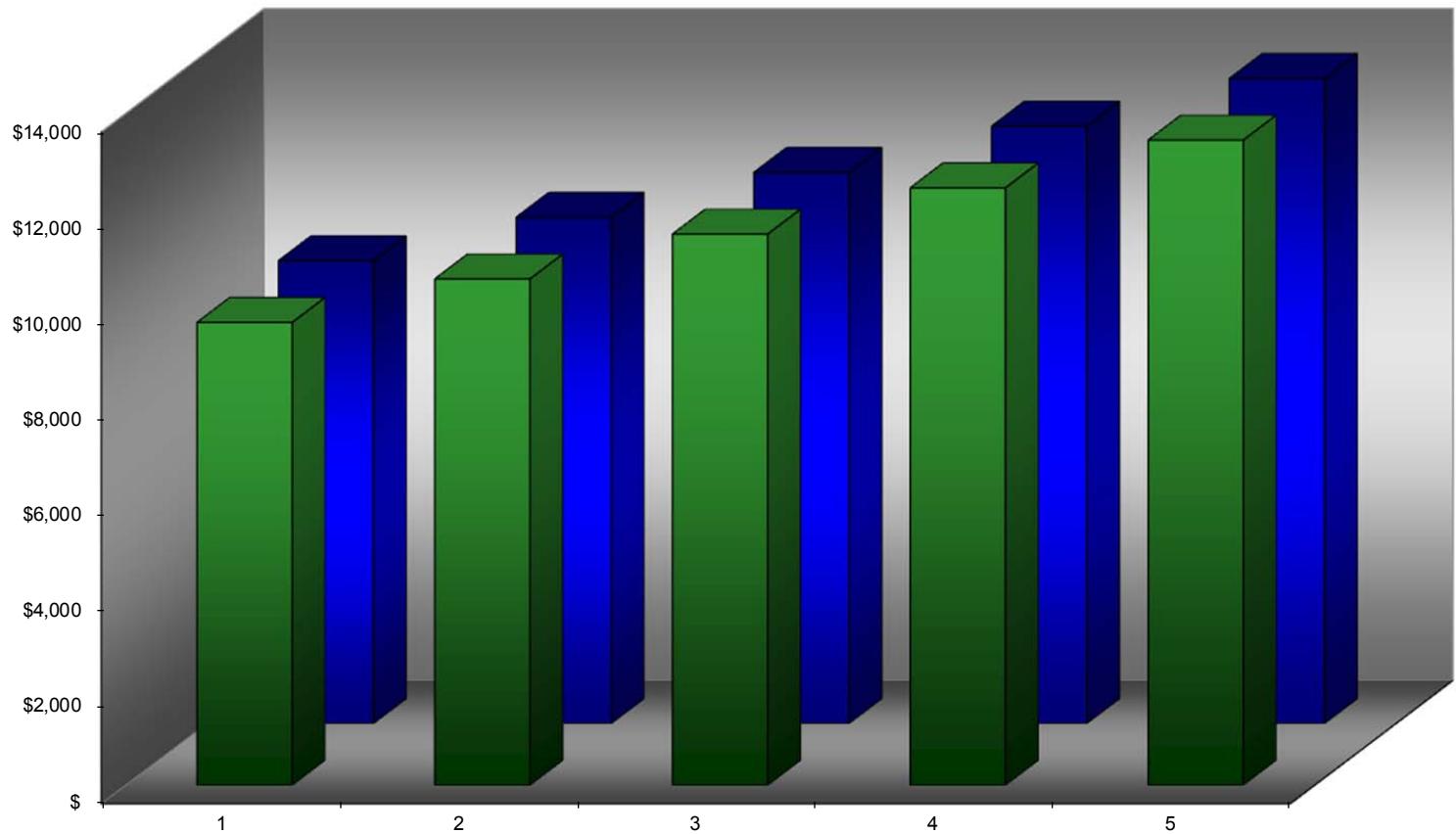
Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Insurance	1,214	1.0%	202.33		10.9%	3.3%
Snow Removal	401	1.0%	66.83		3.6%	1.1%
Rental License Renewal	594	1.0%	98.95		5.3%	1.6%
Maintenance	700	1.0%	116.67		6.3%	1.9%
Management Fee	1,854		309.00		16.6%	5.1%
Property Taxes	3,306	1.0%	551.00		29.6%	9.1%
Total Utilities	3,090	1.0%	515.05		27.7%	8.5%
Total Annual Operating Expenses	\$ 11,159		\$ 1,860		100.0%	30.7%

Annual Property Operating Data

	Year 1	Sq Ft	Per Unit	Year 2	Sq Ft	Per Unit	Year 3	Sq Ft	Per Unit	Year 4	Sq Ft	Per Unit	Year 5	Sq Ft	Per Unit
Potential Rental Income	\$ 37,080	515.00		\$ 38,155	0.00	529.94	\$ 39,262	545.30		\$ 40,400	561.12		\$ 41,572	577.39	
Less: Vacancy & Credit Losses	(742)	-10.30		(763)	0.00	-10.60	(785)	-10.91		(808)	-11.22		(831)	-11.55	
Effective Gross Income	<u>\$ 36,338</u>	504.70		<u>\$ 37,392</u>	0.00	519.34	<u>\$ 38,477</u>	534.40		<u>\$ 39,592</u>	549.89		<u>\$ 40,741</u>	565.84	
Operating Expenses															
Insurance	1,214	16.86		1,226	17.03		1,238	17.20		1,251	17.37		1,263	17.55	
Snow Removal	401	5.57		405	5.63		409	5.68		413	5.74		417	5.80	
Rental License Renewal	594	8.25		600	8.33		606	8.41		612	8.50		618	8.58	
Maintenance	700	9.72		707	9.82		714	9.92		721	10.02		728	10.12	
Management Fee	1,854	25.75		1,908	26.50		1,963	27.27		2,020	28.06		2,079	28.87	
Property Taxes	3,306	45.92		3,339	46.38		3,372	46.84		3,406	47.31		3,440	47.78	
Total Utilities	3,090	42.92		3,121	43.35		3,152	43.78		3,184	44.22		3,216	44.66	
Total Operating Expenses	<u>\$ 11,159</u>	154.99		<u>\$ 11,306</u>	157.03		<u>\$ 11,455</u>	159.10		<u>\$ 11,607</u>	161.21		<u>\$ 11,761</u>	163.35	
Net Operating Income (NOI)	<u>\$ 25,179</u>	349.71		<u>\$ 26,086</u>	362.31		<u>\$ 27,021</u>	375.30		<u>\$ 27,985</u>	388.69		<u>\$ 28,979</u>	402.49	
Less: Annual Debt Service	(15,532)	-215.73		(15,532)	-215.73		(15,532)	-215.73		(15,532)	-215.73		(15,532)	-215.73	
Cash Flow Before Taxes	<u>\$ 9,647</u>	133.99		<u>\$ 10,554</u>	146.58		<u>\$ 11,489</u>	159.57		<u>\$ 12,453</u>	172.96		<u>\$ 13,447</u>	186.76	

Cash Flow Projections

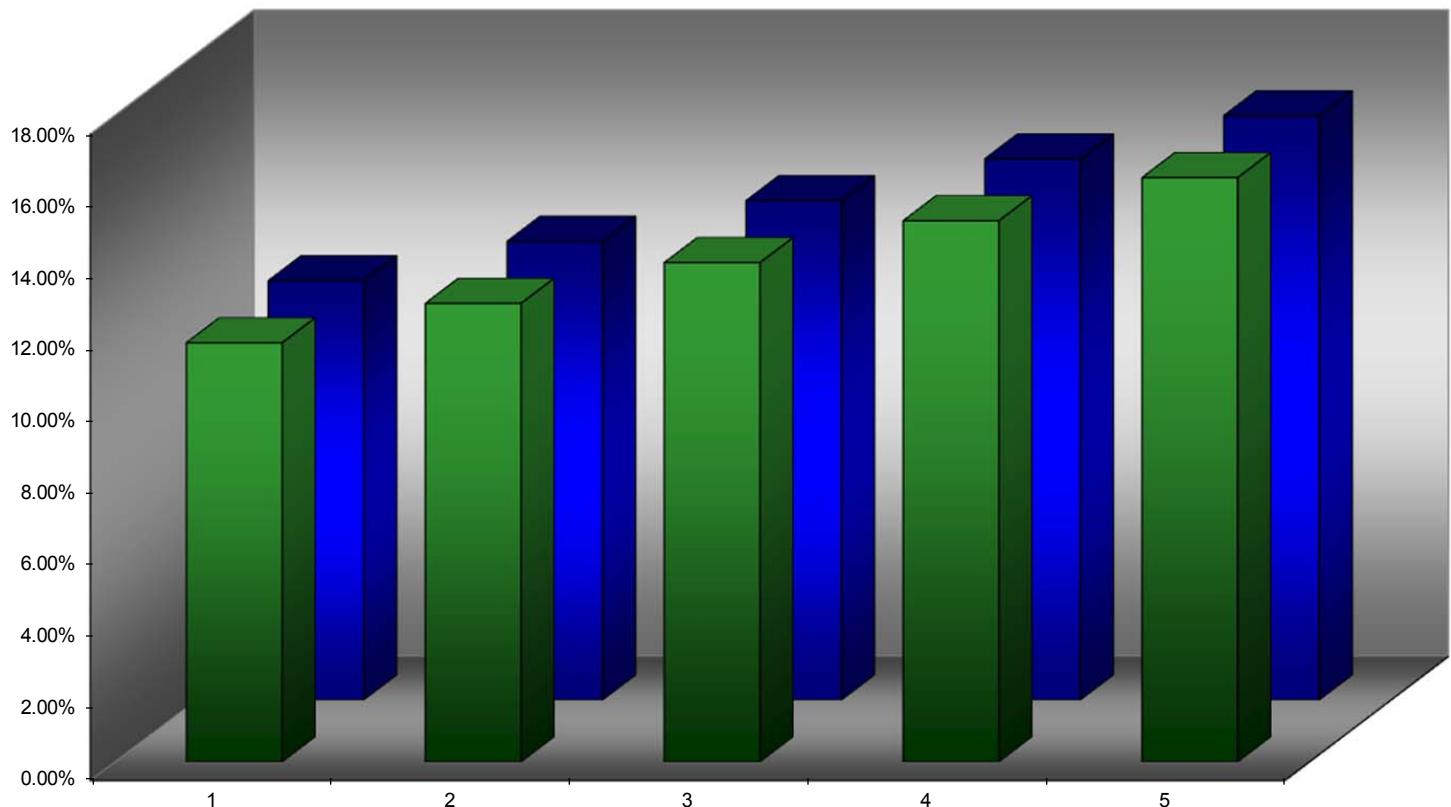
 Cash Flow After Taxes
 Cash Flow Before Taxes



Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment				\$ (82,660)		\$ (82,660)
Year 1	25,179	-	(15,532)	9,647	-	9,647
Year 2	26,086	-	(15,532)	10,554	-	10,554
Year 3	27,021	-	(15,532)	11,489	-	11,489
Year 4	27,985	-	(15,532)	12,453	-	12,453
Year 5	28,979	-	(15,532)	13,447	-	13,447

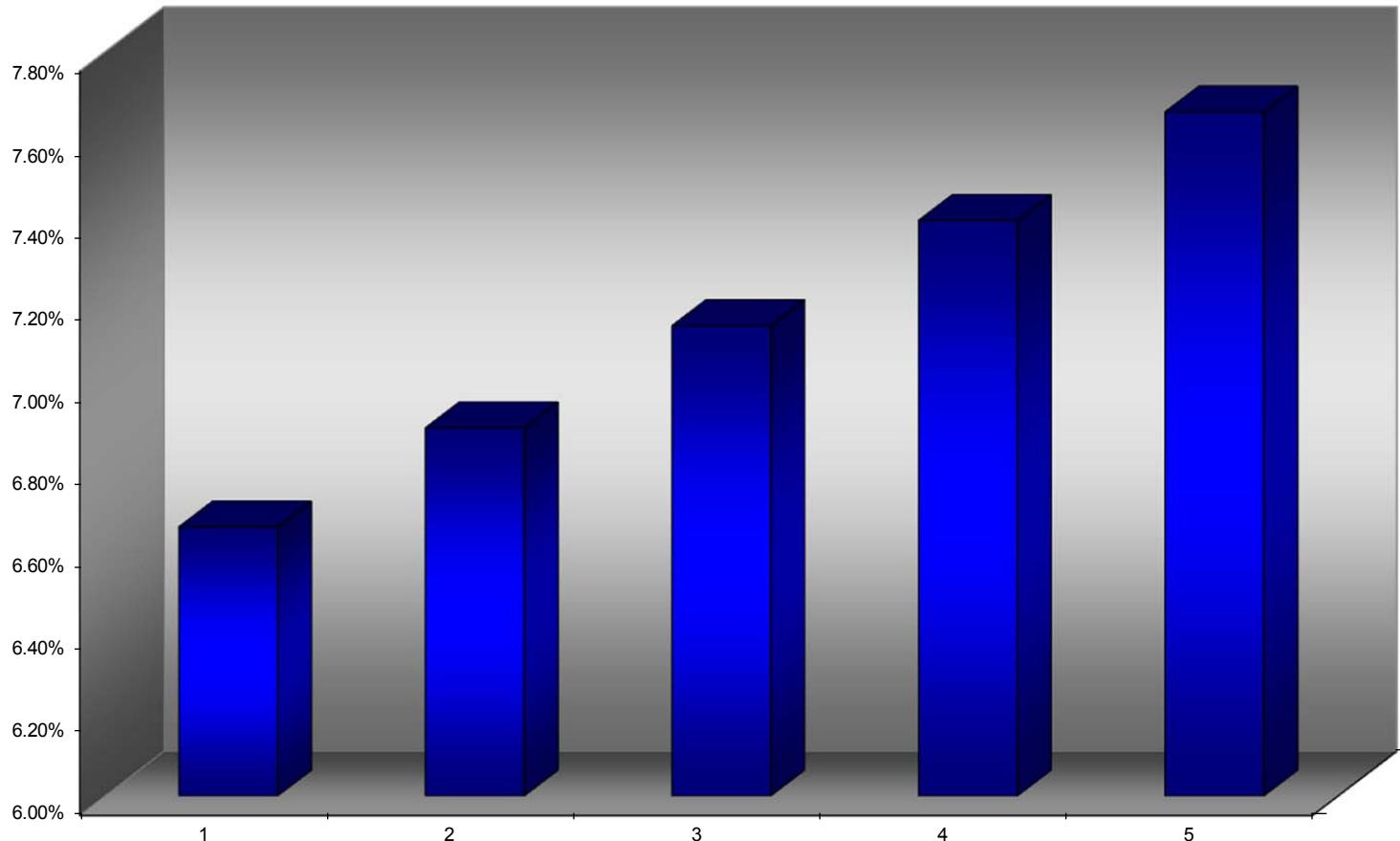
Cash on Cash Return

■ After Taxes
■ Before Taxes



Time	Initial Investment		Cash Flow		Cash on Cash		Income		Cash Flow		Cash on Cash	
Period	Adj for Refinance		Before Taxes		Before Taxes		Taxes		After Taxes		After Taxes	
Year 1	\$	82,660	\$	9,647	11.67%	\$		\$	9,647	11.67%		
Year 2		82,660		10,554	12.77%		-		10,554	12.77%		
Year 3		82,660		11,489	13.90%		-		11,489	13.90%		
Year 4		82,660		12,453	15.07%		-		12,453	15.07%		
Year 5		82,660		13,447	16.27%		-		13,447	16.27%		

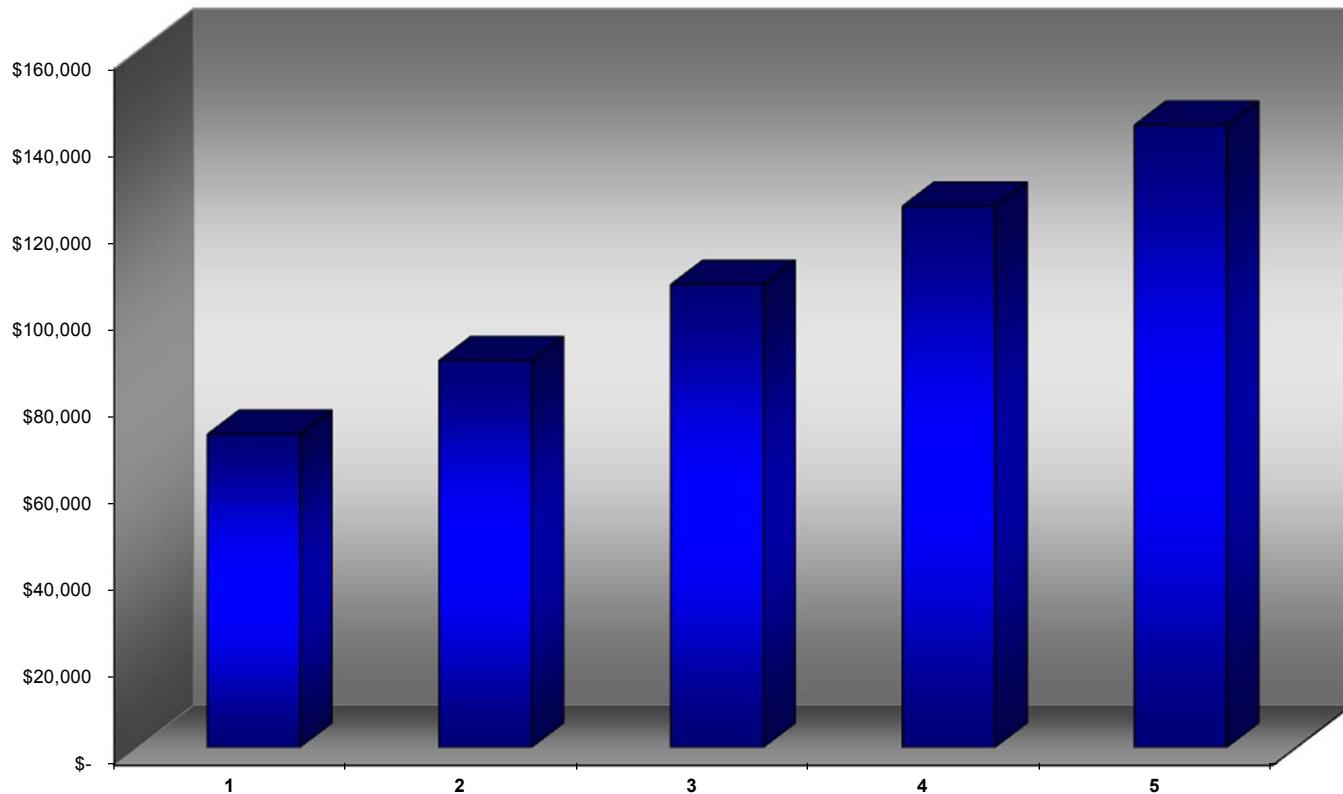
Capitalization Rate



Time Period	Net Operating Income (NOI)	\$	Cap Rate on Cost	Resale Value
Year 1	\$ 25,179		6.65%	\$ 380,997
Year 2			6.89%	392,427
Year 3			7.14%	404,200
Year 4			7.39%	416,326
Year 5			7.65%	428,815

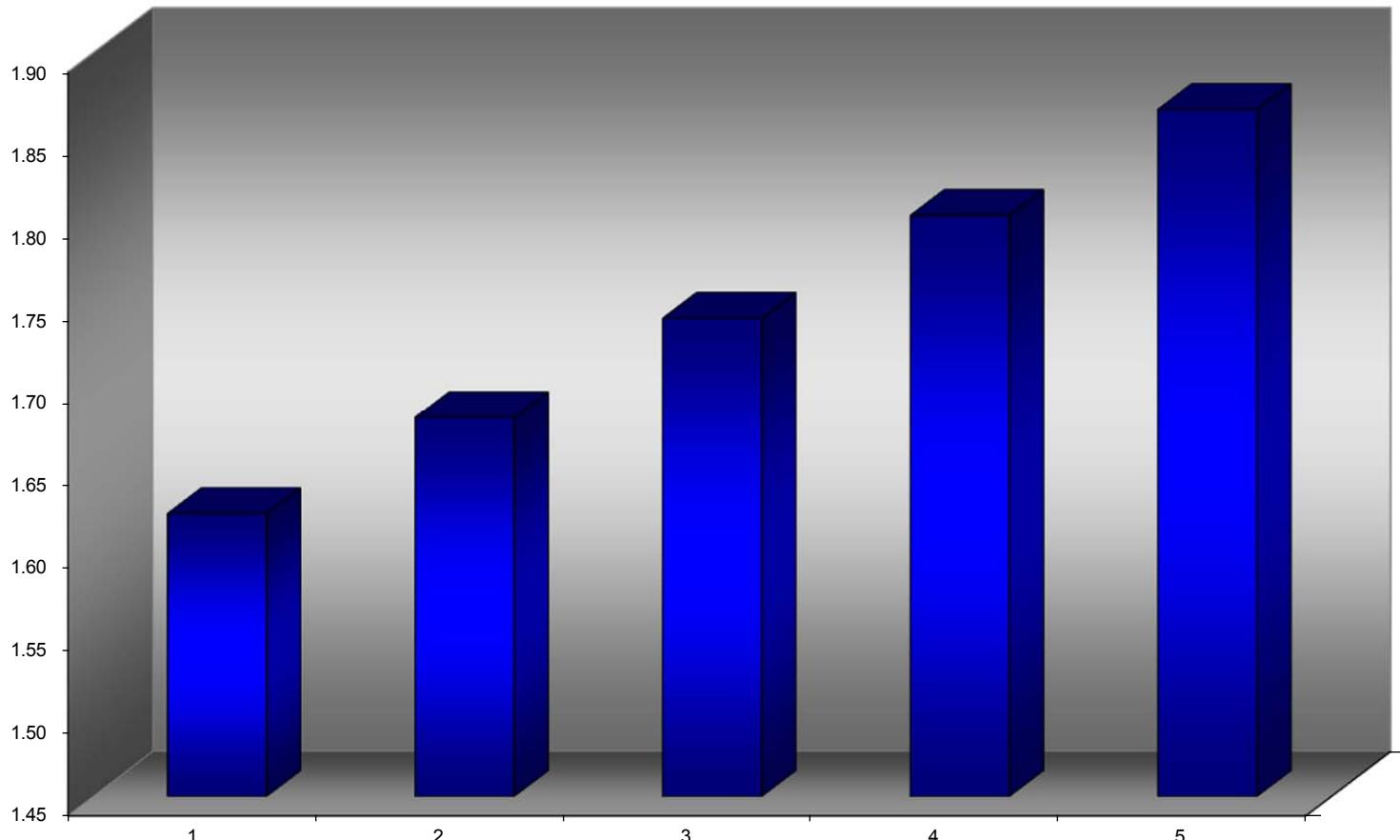
Property Equity Analysis

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Time	Projected Adj	Projected	Refi Proceeds	Mortgage(s)	Sale Proceeds	Income Taxes	Sale Proceeds	Property	Year / Year
Period	Resale Value	Increase	(if any)	Balance Payoff	Before Taxes	From Sale	After Taxes	Equity	Equity Increase
Year 1	\$ 361,947	-2.15%	\$	\$ (290,035)	\$ 71,912	\$	\$ 71,912	\$ 71,912	\$ (10,747)
Year 2	372,806	3.00%	-	(283,954)	88,852	-	88,852	88,852	16,940
Year 3	383,990	3.00%	-	(277,669)	106,321	-	106,321	106,321	17,469
Year 4	395,509	3.00%	-	(271,175)	124,335	-	124,335	124,335	18,014
Year 5	407,375	3.00%	-	(264,463)	142,911	-	142,911	142,911	18,577

Debt Coverage Ratio



Time Period	Net Operating Income		Mortgage Payments	Debt Coverage Before Taxes
	Year 1	\$ 25,179	\$ (15,532)	1.62
Year 2		26,086	(15,532)	1.68
Year 3		27,021	(15,532)	1.74
Year 4		27,985	(15,532)	1.80
Year 5		28,979	(15,532)	1.87

Input Data Screen

418 Tamarack Drive

418 Tamarack Drive

Waterloo, Ontario

I. Rental Income & Expenses																																			
Rental Income / Rent Roll: <input type="button" value="Enter Rent Roll"/> Operating Expenses: <input type="button" value="Enter Expenses"/>																																			
II. Property Costs & Characteristics																																			
Select Property Type from Drop-Down Menu: <input type="button" value="Multi-Family"/>																																			
Purchase Price of Property: <input type="button" value="Contract Purchase Price"/> Initial Improvements <input type="text" value="\$ 369,900"/> Closing Costs <input type="text" value="3,500"/> Land Transfer Tax <input type="text" value="4,024"/> Other Initial Costs <input type="text" value="1,156"/> % of Cost Allocated to Land <input type="text" value="20.00%"/>		\$ <input type="text" value="369,900"/> \$ <input type="text" value="3,500"/> \$ <input type="text" value="4,024"/> \$ <input type="text" value="1,156"/> \$ <input type="text" value="378,580"/>																																	
Reserves & Specific Improvements <table border="1"> <tr> <td style="width: 15%;">Description</td> <td style="width: 15%;">Amount</td> <td style="width: 15%;">Select Year</td> <td style="width: 15%;">Increase FMV?</td> </tr> <tr> <td> </td> <td> </td> <td>1</td> <td>No</td> </tr> <tr> <td>Total</td> <td>\$ <input type="text" value="369,900"/></td> <td></td> <td></td> </tr> </table>				Description	Amount	Select Year	Increase FMV?			1	No	Total	\$ <input type="text" value="369,900"/>																						
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Total	\$ <input type="text" value="369,900"/>																																		
Reserve Amount <input type="text" value="1.00%"/> Annual Increase <input type="text" value="50.00%"/>																																			
III. Resale Valuation Method																																			
Choose Resale Method <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Enter FMV and Use One Appreciation Rate for All Years <input checked="" type="checkbox"/> Enter FMV and Enter Different Annual Appreciation Rates <input checked="" type="checkbox"/> Use Cap Rate Based on Current Year's NOI <input checked="" type="checkbox"/> Use Cap Rate Based on Following Year's NOI 		Current Fair Market Value (FMV): \$ <input type="text" value="369,900"/> Enter Property's Appreciation Rate <input type="text" value="3.00%"/> Future Selling Expense (% of Selling Price): <input type="text" value="5.00%"/>																																	
IV. Financing																																			
Use % on Contract Price <input type="button" value="Mortgage #1"/> <input type="button" value="Mortgage #2"/> <input type="button" value="Mortgage #3"/>																																			
Down Payment Percentage <input type="text" value="20%"/>																																			
Amount Borrowed or Assumed: \$ <input type="text" value="295,920"/>																																			
Interest Rate: 3.290% <input type="button" value="Enter Loan Rate"/> <input type="button" value="Enter Loan Rate"/>																																			
Term / Remaining Term of Loan (In Months): 360 <input type="text" value="360"/>																																			
Interest Calculation Type: Simple Interest <input type="button" value="Simple Interest"/>																																			
Start Month: Month 1 <input type="text" value="Month 1"/>																																			
Start Year: Year 1 <input type="text" value="Year 1"/>																																			
Refinance Mortgage #1 or #2? <input type="button" value="No - New Loan"/>																																			
Additional Monthly Payment: <input type="text"/>																																			
Monthly Mortgage Payment: (Formula) \$ <input type="text" value="1,294"/>																																			
Finance Points <input type="radio"/> Yes <input type="radio"/> No <input type="button" value="Loan Origination Points"/>																																			
Loan Origination Points (In Dollars) \$ <input type="text"/>																																			
Amortization Type <input type="button" value="12 Months First Year"/>																																			
Initial Investment or Down Payment (Cost less Debt - Automatically Calculated) \$ <input type="text" value="82,660"/>																																			
Down Payment as a % of Cost 21.83% <input type="text"/>																																			
Down Payment as a % of FMV 22.35% <input type="text"/>																																			
V. Income Taxes																																			
Before Tax Presentation? <input type="radio"/> Yes <input type="radio"/> No <table border="1"> <tr> <td>Province of Residence: <input type="button" value="Ontario"/></td> </tr> <tr> <td>Federal & Provincial Combined Marginal Income Tax Rate: <input type="text" value="0.00%"/></td> </tr> <tr> <td>Are Your Losses Limited by the Passive Loss Rules? <input type="text" value="Yes"/></td> </tr> <tr> <td>Like-Kind Exchange on Disposition? <input type="text" value="No"/></td> </tr> </table>				Province of Residence: <input type="button" value="Ontario"/>	Federal & Provincial Combined Marginal Income Tax Rate: <input type="text" value="0.00%"/>	Are Your Losses Limited by the Passive Loss Rules? <input type="text" value="Yes"/>	Like-Kind Exchange on Disposition? <input type="text" value="No"/>																												
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Like-Kind Exchange on Disposition? <input type="text" value="No"/>																																			

About Me



Mike Milovick



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Grand Valley Realty Kitchener's Top Salesperson, 2004-2007, 2009-2013

Royal Lepage Diamond Award Recipient, 2012-2013 (Top 3% of the Royal Lepage Network)

Prudential Legend Award Recipient, 2010 (Top 1% of the Prudential Network)

Prudential Chairman's Circle Award Recipient, 2005-2010

Prudential President's Circle Award Recipient, 2004

Member, Ontario Real Estate Association's Commercial Council

Registrant, Real Estate Council of Ontario, 2002 - Present (over 500+ trades)

President, Waterloo Regional Apartment Manager's Association

President, Protecting Rental Options Waterloo

Owner, Student Income Properties, 1998 - Present

Certified Commercial Investment Member (CCIM)