



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



Executive Summary



418 Tamarack Drive

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 Waterloo, Ontario



Income, Expenses & Cash Flow

Potential Rental Income	\$ 37,080
Other Income	
Total Vacancy and Credits	(742)
Operating Expenses	\$ (11,159)
Net Operating Income (NOI)	\$ 25,179
Debt Service:	\$ (15,532)
Cash Flow Before Taxes	\$ 9,647

Property Overview

Purchase/Asking Price	\$ 369,900	Property Type	Multi-Family
Improvements		No. of Units	6
Other	5,180	Price Per Unit	\$ 63,097
Closing Costs	3,500	Total Sq Ft	
Finance Points		Price Per Sq Ft	
Total Acquisition Cost	\$ 378,580	Income per Unit	\$ 6,180
Mortgage (s)	\$ 295,920	Expenses per Unit	\$ (1,860)
Down Payment / Investment	\$ 82,660		

Assumptions

Rental Growth Rate:	2.90%
Expense Growth Rate:	1.00%
Appreciation Rate	3.00%

Loan Information

		<u>% of Asking</u>	<u>% of Cost</u>
Down Payment:	\$ 82,660	22.35%	21.83%
Initial Loan Balance:	\$ 295,920	80.00%	78.17%
<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
\$ 295,920	3.29%	30	\$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	498,864
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	72,185
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%

418 Tamarack Drive

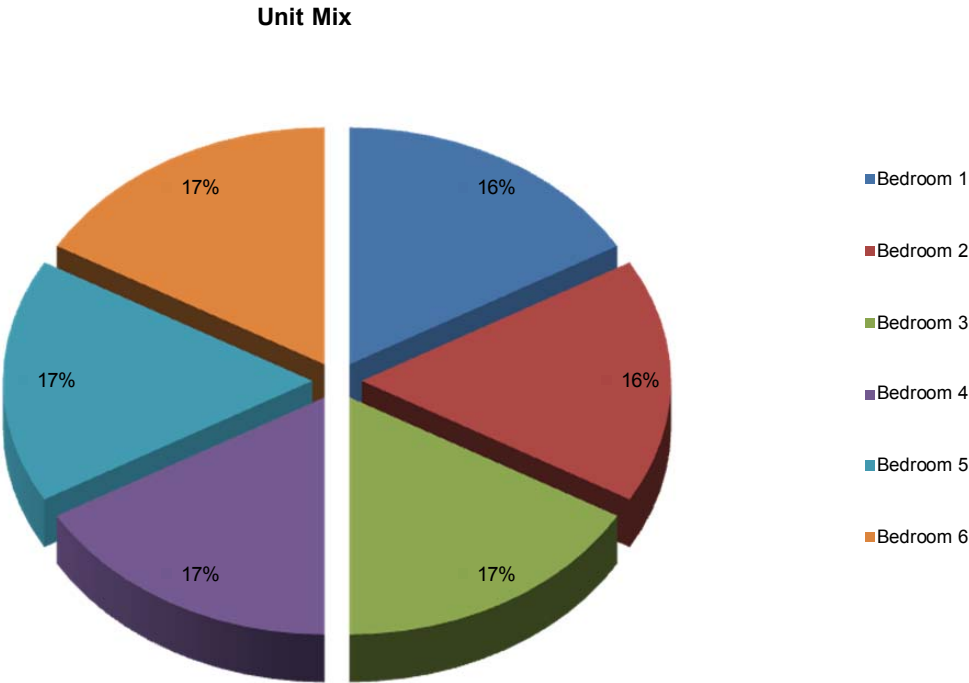
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Rent Roll Summary



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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	\$ 6,180
Bedroom 2	1					\$ 515	\$ 515	\$ 6,180
Bedroom 3	1					\$ 515	\$ 515	\$ 6,180
Bedroom 4	1					\$ 515	\$ 515	\$ 6,180
Bedroom 5	1					\$ 515	\$ 515	\$ 6,180
Bedroom 6	1					\$ 515	\$ 515	\$ 6,180
Totals	6					3,090	\$ 3,090	\$ 37,080



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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%
<hr/>						
Total Annual Operating Expenses	<u>\$ 11,159</u>		<u>\$ 1,860</u>	<u>-</u>	<u>100.0%</u>	<u>30.7%</u>

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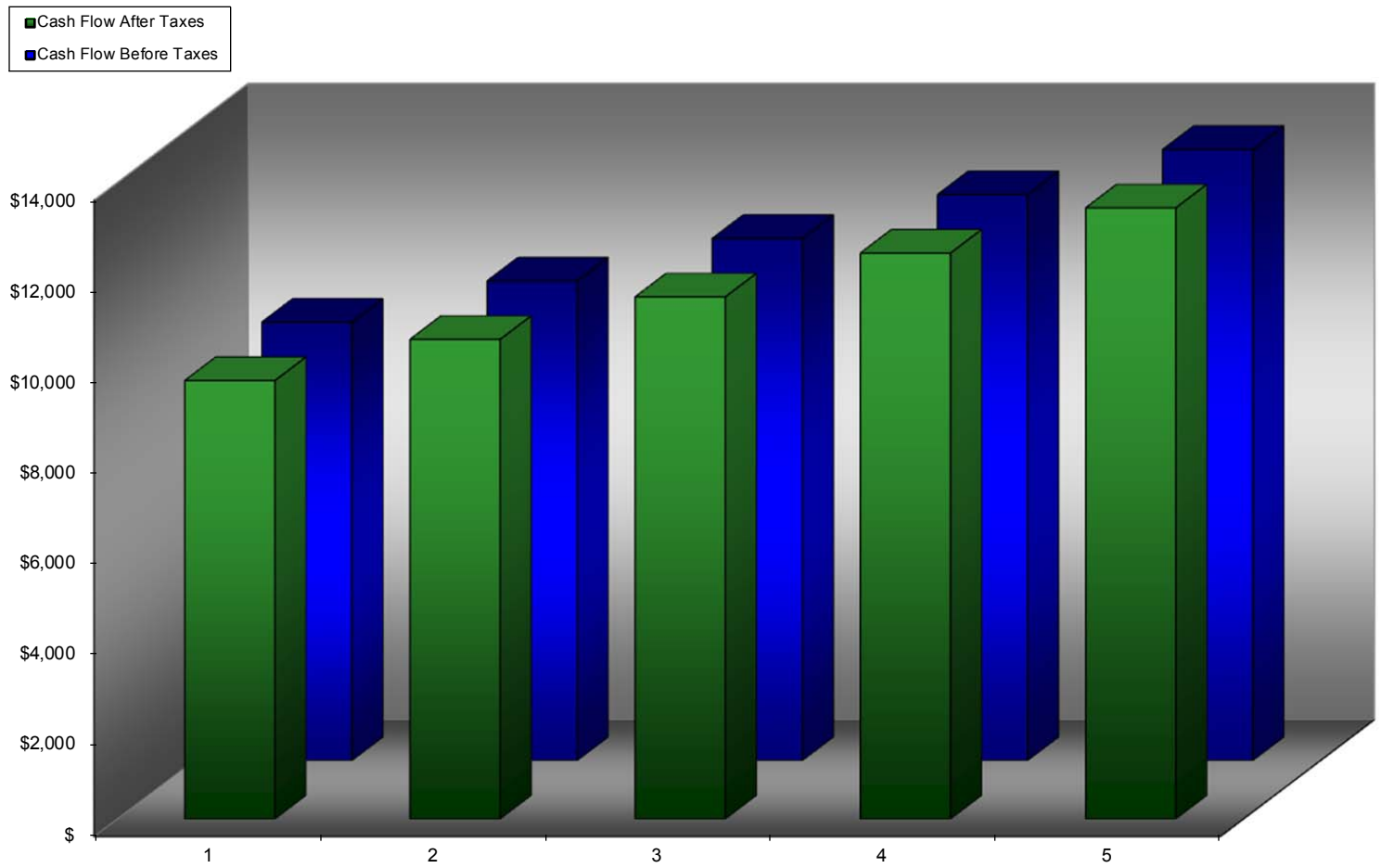
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Annual Property Operating Data

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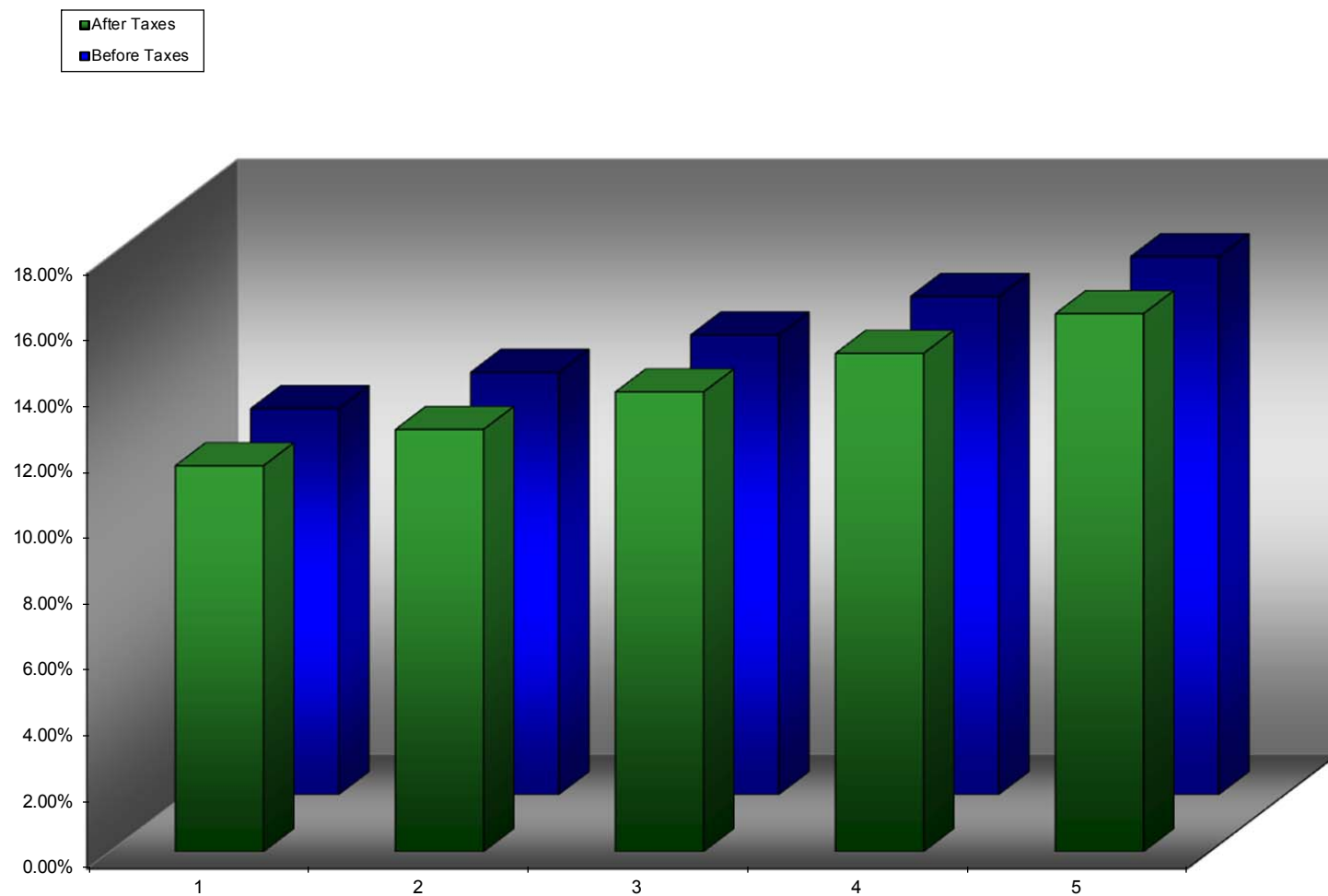
	Year 1			Year 2			Year 3			Year 4			Year 5		
	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit
Potential Rental Income	\$ 37,080		515.00	\$ 38,155	0.00	529.94	\$ 39,262		545.30	\$ 40,400		561.12	\$ 41,572		577.39
Less: Vacancy & Credit Losses	(742)		-10.30	(763)	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



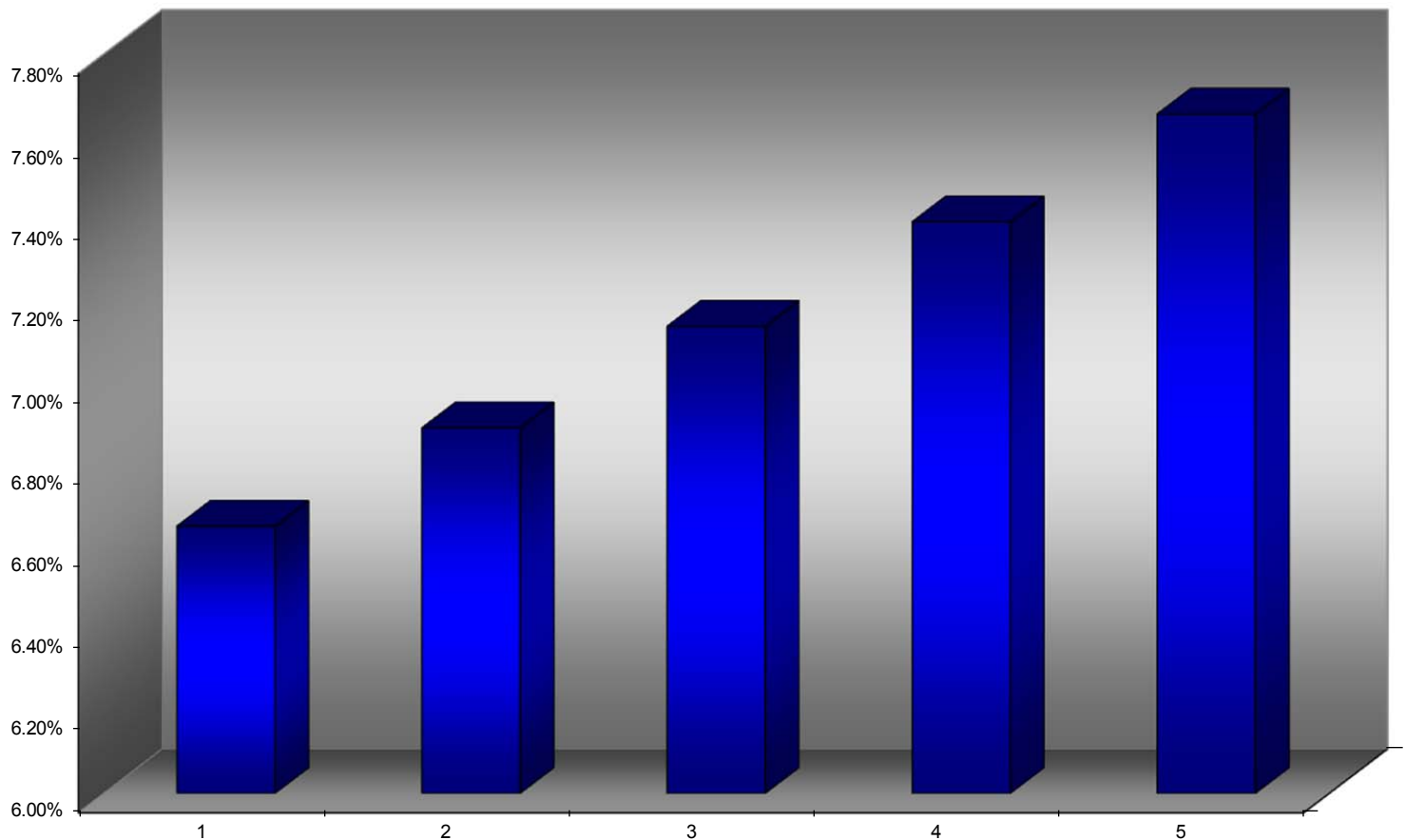
Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment				\$ (82,660)		\$ (82,660)
Year 1	25,179	-	(15,532)	9,647	-	9,647
Year 2	26,086	-	(15,532)	10,554	-	10,554
Year 3	27,021	-	(15,532)	11,489	-	11,489
Year 4	27,985	-	(15,532)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

Cash on Cash Return



Time Period	Initial Investment	Cash Flow	Cash on Cash	Income	Cash Flow	Cash on Cash
	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



<i>Time</i>	<i>Net Operating</i>	<i>Cap Rate on Cost</i>	<i>Resale</i>
<i>Period</i>	<i>Income (NOI)</i>	<i>\$ 378,580</i>	<i>Value</i>
Year 1	\$ 25,179	6.65%	\$ 380,997
Year 2	26,086	6.89%	392,427
Year 3	27,021	7.14%	404,200
Year 4	27,985	7.39%	416,326
Year 5	28,979	7.65%	428,815

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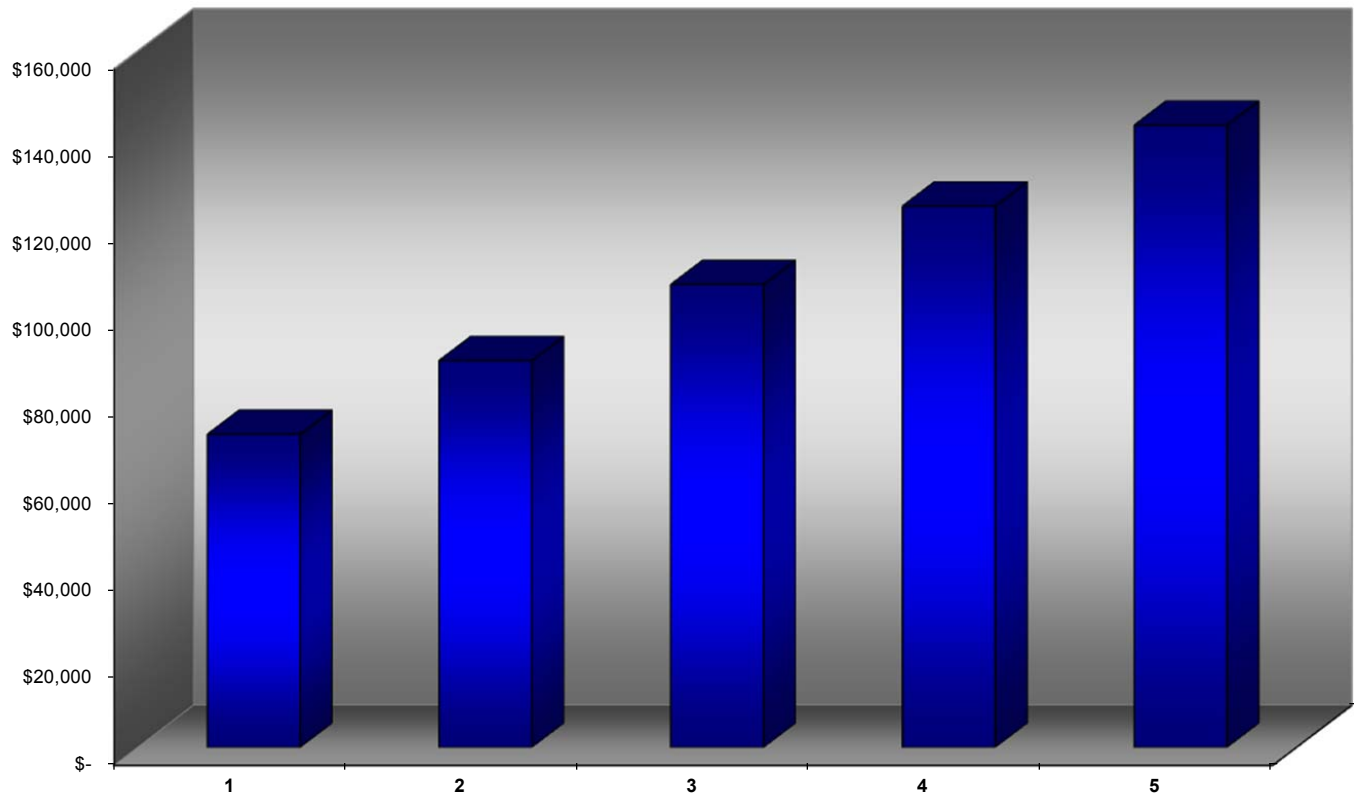
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Property Equity Analysis



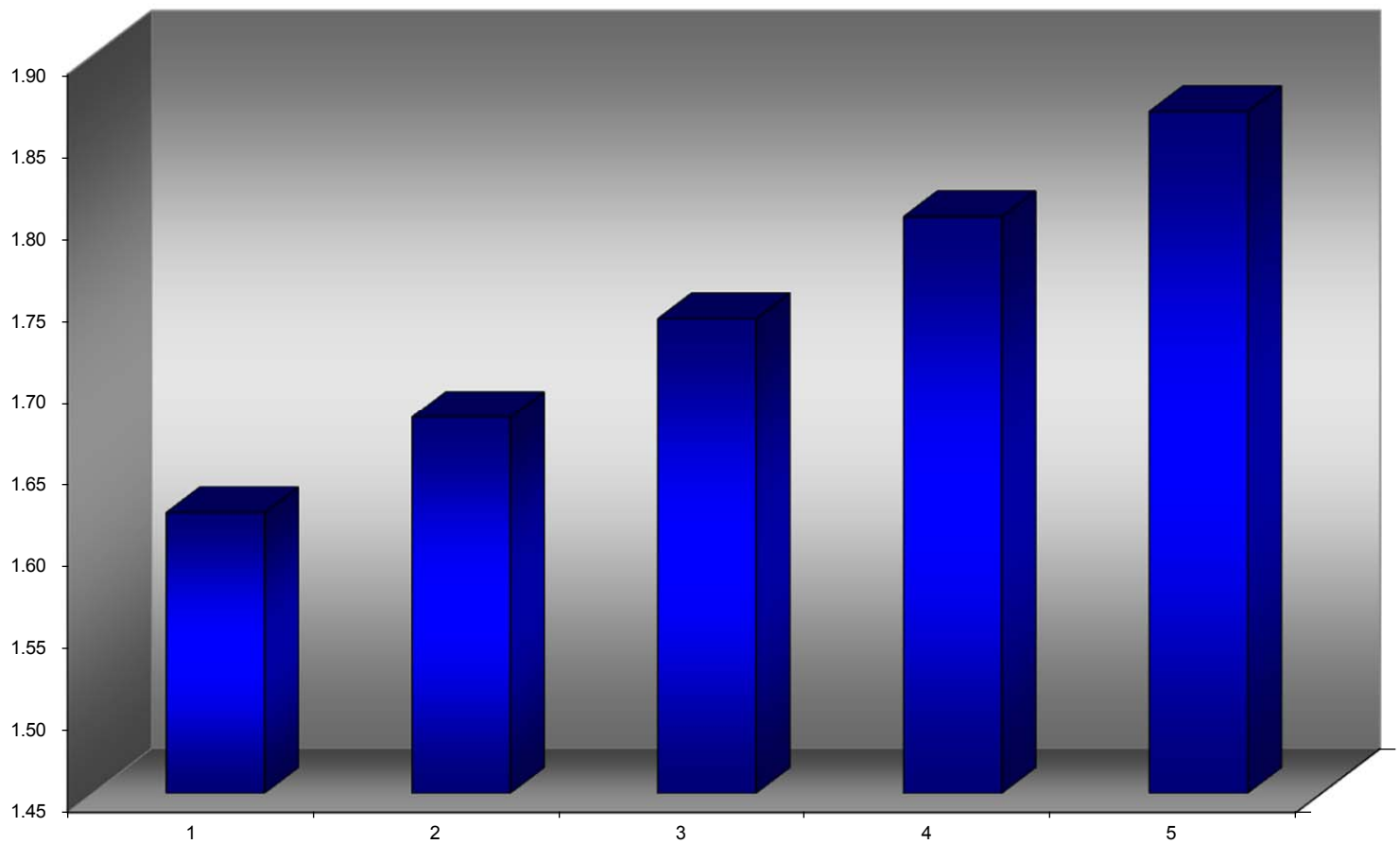
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<i>Time</i>	<i>Projected Adj</i>	<i>Projected</i>	<i>Refi Proceeds</i>	<i>Mortgage(s)</i>	<i>Sale Proceeds</i>	<i>Income Taxes</i>	<i>Sale Proceeds</i>	<i>Property</i>	<i>Year / Year</i>
<i>Period</i>	<i>Resale Value</i>	<i>Increase</i>	<i>(if any)</i>	<i>Balance Payoff</i>	<i>Before Taxes</i>	<i>From Sale</i>	<i>After Taxes</i>	<i>Equity</i>	<i>Equity Increase</i>
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



<i>Time Period</i>	<i>Net Operating Income</i>	<i>Mortgage Payments</i>	<i>Debt Coverage Before Taxes</i>
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
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I. Rental Income & Expenses

Rental Income / Rent Roll:

[Enter Rent Roll](#)

Operating Expenses:

[Enter Expenses](#)

II. Property Costs & Characteristics

Select Property Type from Drop-Down Menu:

Multi-Family

Purchase Price of Property:

Contract Purchase Price

\$ 369,900

Initial Improvements

Closing Costs

3,500

Land Transfer Tax

4,024

Other Initial Costs

1,156

% of Cost Allocated to Land

20.00%

\$ 378,580

Reserves & Specific Improvements

Reserve Amount

Annual Increase

1.00%

Expense Portion

50.00%

Description	Amount	Select Year	Increase FMV?
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
Total	\$		

III. Resale Valuation Method

Choose Resale Method

- ☒ Enter FMV and Use One Appreciation Rate for All Years
- ☒ Enter FMV and Enter Different Annual Appreciation Rates
- ☒ Use Cap Rate Based on Current Year's NOI
- ☒ Use Cap Rate Based on Following Year's NOI

Current Fair Market Value (FMV):

\$ 369,900

Enter Property's Appreciation Rate

3.00%

Future Selling Expense (% of Selling Price):

5.00%

IV. Financing

Use % on Contract Price		Mortgage #1	Mortgage #2	Mortgage #3
Down Payment Percentage	20%	20.0%		
Amount Borrowed or Assumed:		\$ 295,920		
Interest Rate:		3.290%	Enter Loan Rate	Enter Loan Rate
Term / Remaining Term of Loan (In Months):		360	360	360
Interest Calculation Type:		Simple Interest	Simple Interest	Simple Interest
Start Month:	Month 1	Month 1	Month 1	Month 1
Start Year:	Year 1	Year 1	Year 1	Year 1
Refinance Mortgage #1 or #2?		No - New Loan	No - New Loan	No - New Loan
Additional Monthly Payment:				
Monthly Mortgage Payment: (Formula)		\$ 1,294	\$	\$
Finance Points	<input checked="" type="radio"/> Yes <input checked="" type="radio"/> No	Loan Origination Points		
Loan Origination Points (In Dollars)		\$	\$	\$
Amortization Type		12 Months First Year		
Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)			\$	\$ 82,660
MIP Payments?	<input checked="" type="radio"/> Yes <input checked="" type="radio"/> No	Down Payment as a % of Cost		21.83%
		Down Payment as a % of FMV		22.35%

V. Income Taxes

Before-Tax Presentation?

☒ Yes ☒ No

Province of Residence:

Ontario

Federal & Provincial Combined Marginal Income Tax Rate:

0.00%

Are Your Losses Limited by the Passive Loss Rules?

Yes

Like-Kind Exchange on Disposition?

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)