



Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Newly Renovated
36 units in the heart of St. Thomas
11.8% Cash on Cash Return
Fitness & Recreation Area
Community Complex

Prepared for

Multi-Family Investor

Presented by

OurRealEstateGuy.com

Rodney Harvey
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836 Coldstream Drive
Oshawa, Ontario L1K 3A2



Executive Summary



Pinnacle Apartments

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Income, Expenses & Cash Flow

Potential Rental Income	\$ 712,800
Other Income	1,800
Total Vacancy and Credits	(14,256)
Operating Expenses	\$ (65,557)
Annual Reserves:	\$ (10,000)
Net Operating Income (NOI)	\$ 624,787
Debt Service:	\$ (320,676)
Cash Flow Before Taxes	\$ 304,111
Income Taxes: Benefit (Expense) @ 29%	(116,850)
Cash Flow After Taxes	\$ 187,261

Property Overview

Purchase/Asking Price	\$ 6,500,000	Property Type	Apartments
Improvements	25,000	No. of Units	36
Other	126,475	Price Per Unit	\$ 187,506
Closing Costs	50,000	Total Sq Ft	45,000
Finance Points	48,750	Price Per Sq Ft	\$ 150
Total Acquisition Cost	\$ 6,750,225	Income per Unit	\$ 19,850
		Expenses per Unit	\$ (1,821)
Mortgage (s)	\$ 4,923,750		
Down Payment / Investment	\$ 1,826,475		

Assumptions

Rental Growth Rate:	2.00%
Expense Growth Rate:	1.00%
Appreciation Rate	4.00%
Marginal Tax Rate:	29.00%
Capital Gain Tax Rate:	14.50%

Loan Information

	% of Asking	% of Cost
Down Payment: \$ 1,826,475	28.10%	27.25%
Initial Loan Balance: \$ 4,875,000	75.00%	72.75%
Loan Amount	Interest Rate	Term
\$ 4,875,000	2.65%	20
		Payment
		\$29,152

Financial Measurements

Year 1 Year 5 Year 10

Notes / Discussion

	Year 1	Year 5	Year 10
Debt Coverage Ratio (DCR)	1.95	1.94	2.15
Loan-to-Value Ratio (LVR)	75.6%	51.7%	27.5%
Capitalization Rate Based on Cost	9.32%	10.13%	11.24%
Capitalization Rate Based on Resale Price	10.01%	9.30%	8.48%
Gross Rent Multiplier	9.12	9.46	10.43
Net Present Value (NPV) - B/Taxes 10.00%	(395,506)	1,342,562	2,551,899
Net Present Value (NPV) - A/Taxes 8.00%	(389,215)	1,069,074	2,201,671
Cash on Cash Return - Before Taxes	16.65%	18.01%	22.07%
Cash on Cash Return - After Taxes	10.25%	11.81%	13.60%
Internal Rate of Return - Before Taxes		25.90%	24.65%
Internal Rate of Return - After Taxes		20.11%	19.58%
Modified Internal Rate of Return - Before Taxes		21.65%	18.48%
Modified Internal Rate of Return - After Taxes		17.81%	16.03%

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.

Property Description



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Surrounded by nature, this 36 unit condominium complex currently fully leased offer 1250 square feet in each unit. Inclusive of an open concept interior with 2 bedrooms, main bedroom with ensuite, laundry room, storage room, balcony, all with quality improvements. There are six fully accessible barrier free units. The complex offers an impressive foyer with sitting areas, community room with kitchenette and fireplace, exercise and games rooms plus a theatre; all for the enjoyment of the tenants. Located on the north end of St. Thomas, just 15 minutes from London.

The property provides a desirable amenities package including a community clubhouse offering billiards, cards, bingo and a TV/VCR used for community movie nights. Additionally, there is the five acre fishing lake, a solar heated pool, basketball court and a playground for the children living in and visiting the complex.

Although, the complex is classified as an all age community about 70% of the residents are seniors or 'empty nester' adults, making this property more stable and easy to manage. Because the complex is one of the nicest in the province it attracts a higher clientele and can demand some of the highest market rents and still maintain a high occupancy level. Additionally, municipal sewer, water and electric services are billed directly to the residents by the utility companies, allowing for the elimination of what would otherwise be a major operating expense. The complex also passes through the costs for lawn and cable services.

Due to the upscale location and high quality, this community should continue to be a very stable investment for years to come, providing an owner with a low maintenance asset and solid returns.

HIGHLIGHTS

Four to Five Star Quality

100% Renovated

Well Occupied

All Age Community

Attractive Ammenties Package

Great Location

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Pinnacle Apartments



Elevation View



Park at Rear



Lobby



Games Room



Fitness Room



Typical Family Room



Typical Kitchen



Typical Bedroom

Pinnacle Apartments

100 GREENWAY BOULEVARD

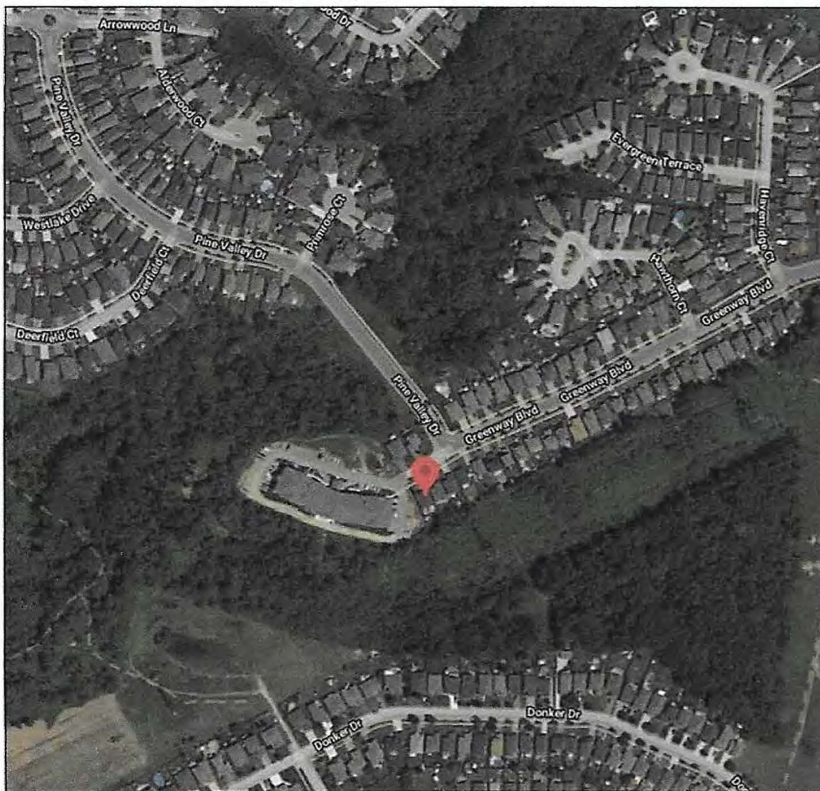
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Map / Aerial View



OUR REAL ESTATE GUY.

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Satellite View



Street View



Zoom View

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 712,800	\$ 727,056	\$ 741,597	\$ 756,429	\$ 771,558
Other Income	1,800	1,836	1,873	1,910	1,948
Less: Vacancy & Credit Losses	(14,256)	(14,541)	(14,832)	(15,129)	(15,431)
Effective Gross Income	\$ 700,344	\$ 714,351	\$ 728,638	\$ 743,211	\$ 758,075
Less: Funded Reserves and/or Improvements	(10,000)	(10,100)	(10,201)	(10,303)	(10,406)
Less: Operating Expenses	(65,557)	(66,353)	(67,159)	(67,976)	(68,805)
Net Operating Income (NOI)	\$ 624,787	\$ 637,898	\$ 651,278	\$ 664,931	\$ 678,864
Less: Annual Debt Service	(320,676)	(349,829)	(349,829)	(349,829)	(349,829)
CASH FLOW Before Taxes	\$ 304,111	\$ 288,070	\$ 301,449	\$ 315,103	\$ 329,036
Income Taxes: Benefit (Expense) @ 29%	(116,850)	(89,055)	(97,111)	(105,199)	(113,324)
CASH FLOW After Taxes	\$ 187,261	\$ 199,015	\$ 204,338	\$ 209,904	\$ 215,711

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 6,240,000	\$ 6,489,600	\$ 6,749,184	\$ 7,019,151	\$ 7,299,917
Less: Selling Expenses	(249,600)	(259,584)	(269,967)	(280,766)	(291,997)
Adjusted Projected Sales Price	\$ 5,990,400	\$ 6,230,016	\$ 6,479,217	\$ 6,738,385	\$ 7,007,921
Less: Mortgage(s) Balance Payoff	(4,720,445)	(4,492,958)	(4,259,369)	(4,019,515)	(3,773,226)
SALE PROCEEDS Before Taxes	\$ 1,269,955	\$ 1,737,058	\$ 2,219,847	\$ 2,718,871	\$ 3,234,695
Income Taxes: ReSale: Benefit (Expense) @ 14.5%	95,024	30,052	(35,107)	(100,556)	(166,399)
SALE PROCEEDS After Taxes	\$ 1,364,979	\$ 1,767,109	\$ 2,184,740	\$ 2,618,315	\$ 3,068,296

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 187,261	\$ 199,015	\$ 204,338	\$ 209,904	\$ 215,711
Cash Generated in Previous Years	n/a	187,261	386,276	590,614	800,517
Cash Generated from Property Sale	1,364,979	1,767,109	2,184,740	2,618,315	3,068,296
Original Initial Investment	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)
Total Potential CASH Generated	\$ (274,235)	\$ 326,910	\$ 948,879	\$ 1,592,357	\$ 2,258,050

Financial Measurements	Year 1	Year 2	Year 3	Year 4	Year 5	
Debt Coverage Ratio (DCR)	1.95	1.82	1.86	1.90	1.94	
Loan-to-Value Ratio (LVR)	75.6%	69.2%	63.1%	57.3%	51.7%	
Capitalization Rate Based on Cost	9.32%	9.52%	9.72%	9.92%	10.13%	
Capitalization Rate Based on Resale Price	10.01%	9.83%	9.65%	9.47%	9.30%	
Break-Even Ratio	55.45%	58.48%	57.46%	56.45%	55.47%	
Operating Expense Ratio	9.36%	9.29%	9.22%	9.15%	9.08%	
Net Present Value (NPV) - Before Taxes	10.00%	(395,506)	123,648	582,351	986,791	1,342,562
Net Present Value (NPV) - After Taxes	8.00%	(389,215)	32,550	414,065	758,573	1,069,074
Cash-on-Cash Return with Equity	15.01%	44.04%	35.20%	29.45%	25.42%	
Cash-on-Cash Return - Before Taxes	16.65%	15.77%	16.50%	17.25%	18.01%	
Cash-on-Cash Return - After Taxes	10.25%	10.90%	11.19%	11.49%	11.81%	
Internal Rate-of-Return (IRR) - Before Taxes	13.82%	13.95%	22.12%	24.96%	25.90%	
Internal Rate-of-Return (IRR) - After Taxes	15.01%	9.01%	16.31%	19.06%	20.11%	
Modified Internal Rate-of-Return (MIRR) - Before Taxes	13.82%	13.15%	19.80%	21.52%	21.65%	
Modified Internal Rate-of-Return (MIRR) - After Taxes	15.01%	8.72%	15.21%	17.27%	17.81%	

Rental Activity Analysis	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Rental Income	\$ 786,989	\$ 802,729	\$ 818,783	\$ 835,159	\$ 851,862
Other Income	1,987	2,027	2,068	2,109	2,151
Less: Vacancy & Credit Losses	(15,740)	(16,855)	(16,376)	(16,703)	(17,037)
Effective Gross Income	\$ 773,236	\$ 788,701	\$ 804,475	\$ 820,565	\$ 836,976
Less: Funded Reserves and/or Improvements	(10,510)	(10,615)	(10,721)	(10,829)	(10,937)
Less: Operating Expenses	(69,644)	(70,495)	(71,358)	(72,233)	(73,119)
Net Operating Income (NOI)	\$ 693,082	\$ 707,591	\$ 722,396	\$ 737,503	\$ 752,920
Less: Annual Debt Service	(349,829)	(349,829)	(349,829)	(349,829)	(349,829)
CASH FLOW Before Taxes	\$ 343,253	\$ 357,762	\$ 372,567	\$ 387,675	\$ 403,091
Income Taxes: Benefit (Expense) @ 29%	(121,494)	(129,714)	(137,991)	(146,332)	(154,742)
CASH FLOW After Taxes	\$ 221,760	\$ 228,048	\$ 234,576	\$ 241,343	\$ 248,349

Property Resale Analysis	Year 6	Year 7	Year 8	Year 9	Year 10
Projected Sales Price	\$ 7,591,914	\$ 7,895,591	\$ 8,211,414	\$ 8,539,871	\$ 8,881,466
Less: Selling Expenses	(303,677)	(315,824)	(328,457)	(341,595)	(355,259)
Adjusted Projected Sales Price	\$ 7,288,238	\$ 7,579,767	\$ 7,882,958	\$ 8,198,276	\$ 8,526,207
Less: Mortgage(s) Balance Payoff	(3,520,331)	(3,260,652)	(2,994,007)	(2,720,210)	(2,439,069)
SALE PROCEEDS Before Taxes	\$ 3,767,907	\$ 4,319,115	\$ 4,888,950	\$ 5,478,066	\$ 6,087,138
Income Taxes: ReSale: Benefit (Expense) @ 14.5%	(232,739)	(299,683)	(367,336)	(435,805)	(505,197)
SALE PROCEEDS After Taxes	\$ 3,535,168	\$ 4,019,432	\$ 4,521,614	\$ 5,042,261	\$ 5,581,941

Cash Position	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Generated in Current Year	\$ 221,760	\$ 228,048	\$ 234,576	\$ 241,343	\$ 248,349
Cash Generated in Previous Years	1,016,229	1,237,988	1,466,036	1,700,613	1,941,956
Cash Generated from Property Sale	3,535,168	4,019,432	4,521,614	5,042,261	5,581,941
Original Initial Investment	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)
Total Potential CASH Generated	\$ 2,946,681	\$ 3,658,993	\$ 4,395,752	\$ 5,157,742	\$ 5,945,771

Financial Measurements	Year 6	Year 7	Year 8	Year 9	Year 10	
Debt Coverage Ratio (DCR)	1.98	2.02	2.06	2.11	2.15	
Loan-to-Value Ratio (LVR)	46.4%	41.3%	36.5%	31.9%	27.5%	
Capitalization Rate Based on Cost	10.34%	10.56%	10.78%	11.01%	11.24%	
Capitalization Rate Based on Resale Price	9.13%	8.96%	8.80%	8.64%	8.48%	
Break-Even Ratio	54.50%	53.55%	52.62%	51.70%	50.81%	
Operating Expense Ratio	9.01%	8.94%	8.87%	8.80%	8.74%	
Net Present Value (NPV) - Before Taxes	10.00%	1,654,714	1,927,806	2,165,954	2,372,869	2,551,899
Net Present Value (NPV) - After Taxes	8.00%	1,348,344	1,598,953	1,823,275	2,023,505	2,201,671
Cash-on-Cash Return with Equity	22.44%	20.15%	18.33%	16.85%	15.63%	
Cash-on-Cash Return - Before Taxes	18.79%	19.59%	20.40%	21.23%	22.07%	
Cash-on-Cash Return - After Taxes	12.14%	12.49%	12.84%	13.21%	13.60%	
Internal Rate-of-Return (IRR) - Before Taxes	26.05%	25.85%	25.50%	25.08%	24.65%	
Internal Rate-of-Return (IRR) - After Taxes	20.43%	20.39%	20.19%	19.91%	19.58%	
Modified Internal Rate-of-Return (MIRR) - Before Taxes	21.20%	20.56%	19.85%	19.15%	18.48%	
Modified Internal Rate-of-Return (MIRR) - After Taxes	17.74%	17.41%	16.98%	16.50%	16.03%	

Pinnacle Apartments

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St. Thomas, Ontario N5R0B9

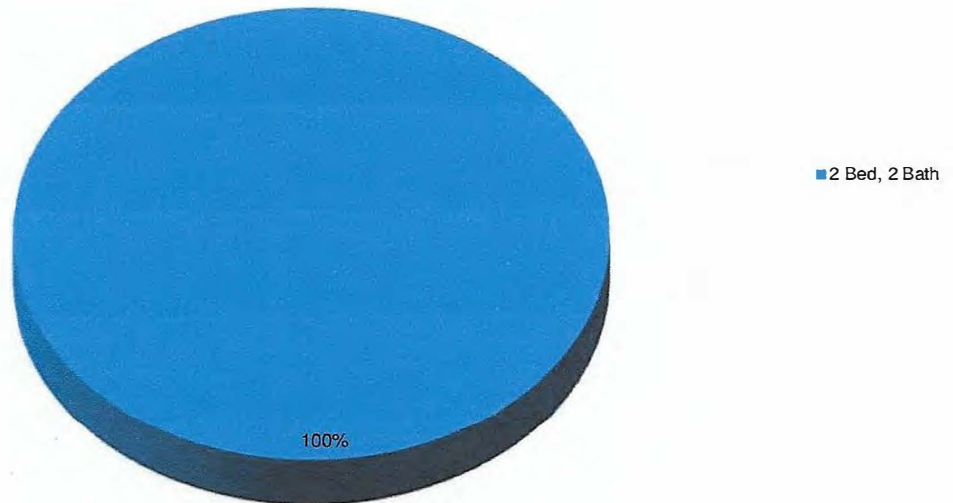
Rent Roll Summary



Rodney Harvey
905-447-8864

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
2 Bed, 2 Bath	36	1,250	45,000	100.00%	1.320	\$ 1,650	\$ 59,400	\$ 712,800
Totals	36	1,250	45,000	100.0%	1.320	1,650	\$ 59,400	\$ 712,800

Unit Mix



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Other Income



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Description	Monthly Amount	Annual Amount	Per Unit	Per Unit Sq. Ft.	Total Sq. Ft.
Laundry	\$ 100	\$ 1,200	\$ 3	0.08	0.00
Parking	50	600	\$ 1	0.04	0.00
Totals	\$ 150	\$ 1,800	\$ 4	0.12	0.00

Pinnacle Apartments

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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
Accounting	3,600	1.0%	100.00	0.08	5.5%	0.5%
Advertising	500	1.0%	13.89	0.01	0.8%	0.1%
Cleaning	1,200	1.0%	33.33	0.03	1.8%	0.2%
Insurance	4,250	1.0%	118.06	0.09	6.5%	0.6%
Landscaping	750	1.0%	20.83	0.02	1.1%	0.1%
Legal	2,700	1.0%	75.00	0.06	4.1%	0.4%
Maintenance	3,500	1.0%	97.22	0.08	5.3%	0.5%
Management Fee	14,007		389.08	0.31	21.4%	2.0%
Pest Control	2,500	1.0%	69.44	0.06	3.8%	0.4%
Repairs	10,000	1.0%	277.78	0.22	15.3%	1.4%
Supplies	800	1.0%	22.22	0.02	1.2%	0.1%
Property Taxes	18,000	1.0%	500.00	0.40	27.5%	2.6%
Gas	1,250	1.0%	34.72	0.03	1.9%	0.2%
Trash Removal	2,500	1.0%	69.44	0.06	3.8%	0.4%
Total Annual Operating Expenses	\$ 65,557		\$ 1,821	45,000	100.0%	9.4%

Pinnacle Apartments100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9**Income Tax Analysis**Rodney Harvey
905-447-8864

Tax Analysis - Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income (NOI) from CFA	\$ 634,787	\$ 647,998	\$ 661,479	\$ 675,234	\$ 689,270
Expense Portion of Capital Reserve	(4,000)	(4,040)	(4,080)	(4,121)	(4,162)
Tax Depreciation	(108,150)	(212,094)	(203,854)	(195,946)	(188,357)
Amortization of Loan Origination Points	(2,336)	(2,438)	(2,438)	(2,438)	(2,438)
Interest Expense - Mortgage #1	(117,371)	(122,342)	(116,240)	(109,974)	(103,540)
Operating Taxable Income (Loss)	<u>\$ 402,931</u>	<u>\$ 307,085</u>	<u>\$ 334,867</u>	<u>\$ 362,756</u>	<u>\$ 390,774</u>
Federal & Provincial Tax Rate	29.00%	29.00%	29.00%	29.00%	29.00%
Income Tax Benefit (Expense)	<u>\$ (116,850)</u>	<u>\$ (89,055)</u>	<u>\$ (97,111)</u>	<u>\$ (105,199)</u>	<u>\$ (113,324)</u>
Subject to Suspended Loss Rules?	No				

Tax Analysis - Property Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Adjusted Projected Sales Price	\$ 5,990,400	\$ 6,230,016	\$ 6,479,217	\$ 6,738,385	\$ 7,007,921
Original Cost of Property	(6,701,475)	(6,701,475)	(6,701,475)	(6,701,475)	(6,701,475)
Less: Funded Reserves	(6,000)	(12,060)	(18,181)	(24,362)	(30,606)
Loan Origination Points Paid	(48,750)	(48,750)	(48,750)	(48,750)	(48,750)
Gain (Loss) on Property	<u>\$ (765,825)</u>	<u>\$ (532,269)</u>	<u>\$ (289,189)</u>	<u>\$ (36,202)</u>	<u>\$ 227,090</u>
Accumulated Depreciation/Amortization	110,485	325,017	531,309	729,692	920,486
Total Accumulated Depreciation	<u>\$ 110,485</u>	<u>\$ 325,017</u>	<u>\$ 531,309</u>	<u>\$ 729,692</u>	<u>\$ 920,486</u>
Taxable Gain (Loss) on Property Sale	<u>\$ (655,340)</u>	<u>\$ (207,252)</u>	<u>\$ 242,120</u>	<u>\$ 693,490</u>	<u>\$ 1,147,576</u>
Capital Gain Rate on Sale - 50% Exclusion	14.50%	14.50%	14.50%	14.50%	14.50%
Income Tax Benefit (Expense)	95,024	30,052	(35,107)	(100,556)	(166,399)
Income Tax Benefit (Expense)	<u>\$ 95,024</u>	<u>\$ 30,052</u>	<u>\$ (35,107)</u>	<u>\$ (100,556)</u>	<u>\$ (166,399)</u>

Pinnacle Apartments100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9**Income Tax Analysis**Rodney Harvey
905-447-8864

Tax Analysis - Operations	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income (NOI) from CFA	\$ 703,592	\$ 718,206	\$ 733,117	\$ 748,332	\$ 763,857
Expense Portion of Capital Reserve	(4,204)	(4,246)	(4,289)	(4,331)	(4,375)
Tax Depreciation	(181,073)	(174,084)	(167,377)	(160,940)	(154,764)
Amortization of Loan Origination Points	(2,438)	(2,438)	(2,438)	(2,438)	(2,438)
Interest Expense - Mortgage #1	(96,934)	(90,150)	(83,184)	(76,032)	(68,687)
Operating Taxable Income (Loss)	<u>\$ 418,944</u>	<u>\$ 447,288</u>	<u>\$ 475,830</u>	<u>\$ 504,591</u>	<u>\$ 533,594</u>
Federal & Provincial Tax Rate	29.00%	29.00%	29.00%	29.00%	29.00%
Income Tax Benefit (Expense)	<u>\$ (121,494)</u>	<u>\$ (129,714)</u>	<u>\$ (137,991)</u>	<u>\$ (146,332)</u>	<u>\$ (154,742)</u>
Subject to Suspended Loss Rules?	No				

Tax Analysis - Property Sale	Year 6	Year 7	Year 8	Year 9	Year 10
Adjusted Projected Sales Price	\$ 7,288,238	\$ 7,579,767	\$ 7,882,958	\$ 8,198,276	\$ 8,526,207
Original Cost of Property	(6,701,475)	(6,701,475)	(6,701,475)	(6,701,475)	(6,701,475)
Less: Funded Reserves	(36,912)	(43,281)	(49,714)	(56,211)	(62,773)
Loan Origination Points Paid	(48,750)	(48,750)	(48,750)	(48,750)	(48,750)
Gain (Loss) on Property	<u>\$ 501,100</u>	<u>\$ 786,261</u>	<u>\$ 1,083,019</u>	<u>\$ 1,391,840</u>	<u>\$ 1,713,209</u>
Accumulated Depreciation/Amortization	1,103,997	1,280,519	1,450,333	1,613,710	1,770,912
Total Accumulated Depreciation	<u>\$ 1,103,997</u>	<u>\$ 1,280,519</u>	<u>\$ 1,450,333</u>	<u>\$ 1,613,710</u>	<u>\$ 1,770,912</u>
Taxable Gain (Loss) on Property Sale	<u>\$ 1,605,098</u>	<u>\$ 2,066,779</u>	<u>\$ 2,533,351</u>	<u>\$ 3,005,550</u>	<u>\$ 3,484,120</u>
Capital Gain Rate on Sale - 50% Exclusion	14.50%	14.50%	14.50%	14.50%	14.50%
Income Tax Benefit (Expense)	(232,739)	(299,683)	(367,336)	(435,805)	(505,197)
Income Tax Benefit (Expense)	<u>\$ (232,739)</u>	<u>\$ (299,683)</u>	<u>\$ (367,336)</u>	<u>\$ (435,805)</u>	<u>\$ (505,197)</u>

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Annual Property Operating Data



Rodney Harvey
905-447-8864

	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	\$ 712,800	1.32	1,650.00	\$ 727,056	1.35	1,683.00	\$ 741,597	1.37	1,716.86	\$ 756,429	1.40	1,750.99	\$ 771,558	1.43	1,786.01
Less: Vacancy & Credit Losses	(14,256)	-0.03	-33.00	(14,541)	-0.03	-33.66	(14,832)	-0.03	-34.33	(15,129)	-0.03	-35.02	(15,431)	-0.03	-35.72
Other Income	1,800	0.00	4.17	1,836	0.00	4.25	1,873	0.00	4.34	1,910	0.00	4.42	1,948	0.00	4.51
Effective Gross Income	\$ 700,344	1.30	1,621.17	\$ 714,351	1.32	1,653.59	\$ 728,638	1.35	1,686.66	\$ 743,211	1.38	1,720.40	\$ 758,075	1.40	1,754.80
Operating Expenses															
Accounting	3,600	0.01	8.33	3,636	0.01	8.42	3,672	0.01	8.50	3,709	0.01	8.59	3,746	0.01	8.67
Advertising	500	0.00	1.16	505	0.00	1.17	510	0.00	1.18	515	0.00	1.19	520	0.00	1.20
Cleaning	1,200	0.00	2.78	1,212	0.00	2.81	1,224	0.00	2.83	1,236	0.00	2.86	1,249	0.00	2.89
Insurance	4,250	0.01	9.84	4,293	0.01	9.94	4,335	0.01	10.04	4,379	0.01	10.14	4,423	0.01	10.24
Landscaping	750	0.00	1.74	758	0.00	1.75	765	0.00	1.77	773	0.00	1.79	780	0.00	1.81
Legal	2,700	0.01	6.25	2,727	0.01	6.31	2,754	0.01	6.38	2,782	0.01	6.44	2,810	0.01	6.50
Maintenance	3,500	0.01	8.10	3,535	0.01	8.18	3,570	0.01	8.26	3,606	0.01	8.35	3,642	0.01	8.43
Management Fee	14,007	0.03	32.42	14,287	0.03	33.07	14,573	0.03	33.73	14,864	0.03	34.41	15,161	0.03	35.10
Pest Control	2,500	0.00	5.79	2,525	0.00	5.84	2,550	0.00	5.90	2,576	0.00	5.96	2,602	0.00	6.02
Repairs	10,000	0.02	23.15	10,100	0.02	23.38	10,201	0.02	23.61	10,303	0.02	23.85	10,406	0.02	24.09
Supplies	800	0.00	1.85	808	0.00	1.87	816	0.00	1.89	824	0.00	1.91	832	0.00	1.93
Property Taxes	18,000	0.03	41.57	18,180	0.03	42.08	18,362	0.03	42.50	18,545	0.03	42.93	18,731	0.03	43.36
Gas	1,250	0.00	2.89	1,263	0.00	2.92	1,275	0.00	2.95	1,288	0.00	2.98	1,301	0.00	3.01
Trash Removal	2,500	0.00	5.79	2,525	0.00	5.84	2,550	0.00	5.90	2,576	0.00	5.96	2,602	0.00	6.02
Total Operating Expenses	\$ 65,557	0.12	151.75	\$ 66,353	0.12	153.59	\$ 67,159	0.12	155.46	\$ 67,976	0.13	157.35	\$ 68,805	0.13	159.27
Less: Funded Reserves and/or Improvements	10,000	0.02	23.15	10,100	0.02	23.38	10,201	0.02	23.61	10,303	0.02	23.85	10,406	0.02	24.09
Net Operating Income (NOI)	\$ 624,787	1.16	1,446.27	\$ 637,898	1.18	1,476.62	\$ 651,278	1.21	1,507.59	\$ 664,931	1.23	1,539.19	\$ 678,864	1.26	1,571.44
Less: Annual Debt Service	(320,676)	-0.59	-742.31	(349,829)	-0.65	-809.79	(349,829)	-0.55	-809.79	(349,829)	-0.65	-809.79	(349,829)	-0.65	-809.79
Cash Flow Before Taxes	\$ 304,111	0.56	703.96	\$ 288,070	0.53	666.83	\$ 301,449	0.56	697.80	\$ 315,103	0.58	729.40	\$ 329,036	0.61	761.66

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Annual Property Operating Data



Rodney Harvey
905-447-8864

	Year 6	Sq Ft	Per Unit	Year 7	Sq Ft	Per Unit	Year 8	Sq Ft	Per Unit	Year 9	Sq Ft	Per Unit	Year 10	Sq Ft	Per Unit
Potential Rental Income	\$ 786,989	1.46	1,821.73	\$ 802,729	1.49	1,858.17	\$ 818,783	1.52	1,895.33	\$ 835,159	1.55	1,933.24	\$ 851,862	1.58	1,971.90
Less: Vacancy & Credit Losses	(15,740)	-0.03	-36.43	(16,055)	-0.03	-37.16	(16,376)	-0.03	-37.91	(16,703)	-0.03	-38.66	(17,037)	-0.03	-39.44
Other Income	1,987	0.00	4.60	2,027	0.00	4.69	2,068	0.00	4.79	2,109	0.00	4.88	2,151	0.00	4.98
Effective Gross Income	\$ 773,236	1.43	1,789.90	\$ 788,701	1.46	1,825.70	\$ 804,475	1.49	1,862.21	\$ 820,555	1.52	1,899.46	\$ 836,976	1.55	1,937.44
Operating Expenses															
Accounting	3,784	0.01	8.76	3,821	0.01	8.85	3,860	0.01	8.93	3,898	0.01	9.02	3,937	0.01	9.11
Advertising	526	0.00	1.22	531	0.00	1.23	536	0.00	1.24	541	0.00	1.25	547	0.00	1.27
Cleaning	1,261	0.00	2.92	1,274	0.00	2.95	1,287	0.00	2.98	1,299	0.00	3.01	1,312	0.00	3.04
Insurance	4,467	0.01	10.34	4,511	0.01	10.44	4,557	0.01	10.55	4,602	0.01	10.65	4,648	0.01	10.76
Landscaping	788	0.00	1.82	796	0.00	1.84	804	0.00	1.86	812	0.00	1.88	820	0.00	1.90
Legal	2,838	0.01	6.57	2,866	0.01	6.63	2,895	0.01	6.70	2,924	0.01	6.77	2,953	0.01	6.84
Maintenance	3,679	0.01	8.52	3,715	0.01	8.60	3,752	0.01	8.69	3,790	0.01	8.77	3,828	0.01	8.86
Management Fee	15,465	0.03	35.80	15,774	0.03	36.51	16,090	0.03	37.24	16,411	0.03	37.99	16,740	0.03	38.75
Pest Control	2,628	0.00	6.08	2,654	0.00	6.14	2,680	0.00	6.20	2,707	0.01	6.27	2,734	0.01	6.33
Repairs	10,510	0.02	24.33	10,615	0.02	24.57	10,721	0.02	24.82	10,829	0.02	25.07	10,937	0.02	25.32
Supplies	841	0.00	1.95	849	0.00	1.97	858	0.00	1.99	866	0.00	2.01	875	0.00	2.03
Property Taxes	18,918	0.04	43.79	19,107	0.04	44.23	19,298	0.04	44.67	19,491	0.04	45.12	19,686	0.04	45.57
Gas	1,314	0.00	3.04	1,327	0.00	3.07	1,340	0.00	3.10	1,354	0.00	3.13	1,367	0.00	3.16
Trash Removal	2,628	0.00	6.08	2,654	0.00	6.14	2,680	0.00	6.20	2,707	0.01	6.27	2,734	0.01	6.33
Total Operating Expenses	\$ 69,644	0.13	161.21	\$ 70,495	0.13	163.18	\$ 71,358	0.13	165.18	\$ 72,233	0.13	167.20	\$ 73,119	0.14	169.26
Less: Funded Reserves and/or Improvements	10,510	0.02	24.33	10,615	0.02	24.57	10,721	0.02	24.82	10,829	0.02	25.07	10,937	0.02	25.32
Net Operating Income (NOI)	\$ 693,082	1.28	1,604.36	\$ 707,591	1.31	1,637.94	\$ 722,396	1.34	1,672.21	\$ 737,503	1.37	1,707.18	\$ 752,920	1.39	1,742.87
Less: Annual Debt Service	(349,829)	-0.65	-809.79	(349,829)	-0.65	-809.79	(349,829)	-0.65	-809.79	(349,829)	-0.65	-809.79	(349,829)	-0.65	-809.79
Cash Flow Before Taxes	\$ 343,253	0.64	794.57	\$ 357,762	0.66	828.15	\$ 372,567	0.69	862.42	\$ 387,675	0.72	897.40	\$ 403,091	0.75	933.08

Pinnacle Apartments

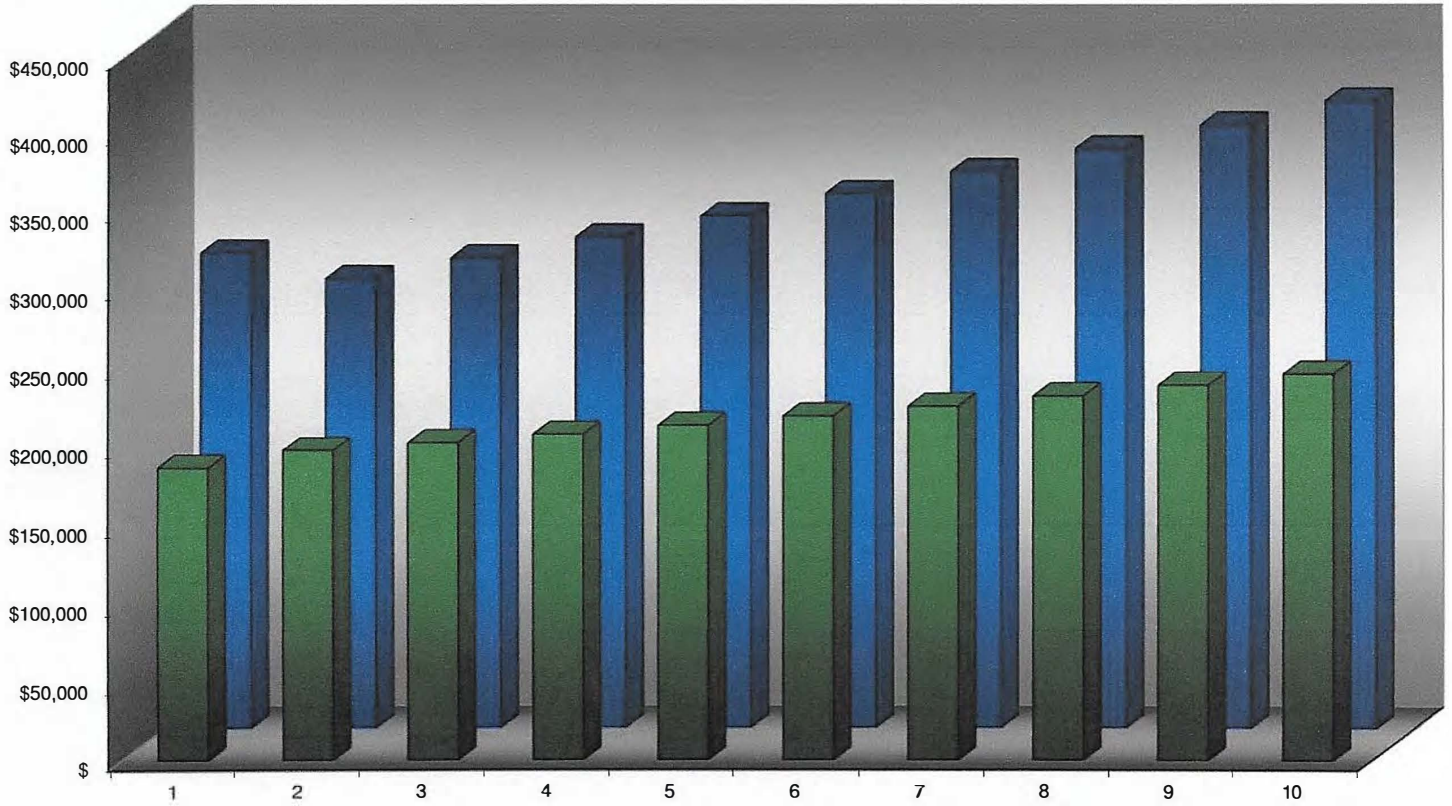
100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Cash Flow Projections



Rodney Harvey
905-447-8864

■ 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				\$ (1,826,475)		\$ (1,826,475)
Year 1	624,787	-	(320,676)	304,111	(116,850)	187,261
Year 2	637,898	-	(349,829)	288,070	(89,055)	199,015
Year 3	651,278	-	(349,829)	301,449	(97,111)	204,338
Year 4	664,931	-	(349,829)	315,103	(105,199)	209,904
Year 5	678,864	-	(349,829)	329,036	(113,324)	215,711
Year 6	693,082	-	(349,829)	343,253	(121,494)	221,760
Year 7	707,591	-	(349,829)	357,762	(129,714)	228,048
Year 8	722,396	-	(349,829)	372,567	(137,991)	234,576
Year 9	737,503	-	(349,829)	387,675	(146,332)	241,343
Year 10	752,920	-	(349,829)	403,091	(154,742)	248,349

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

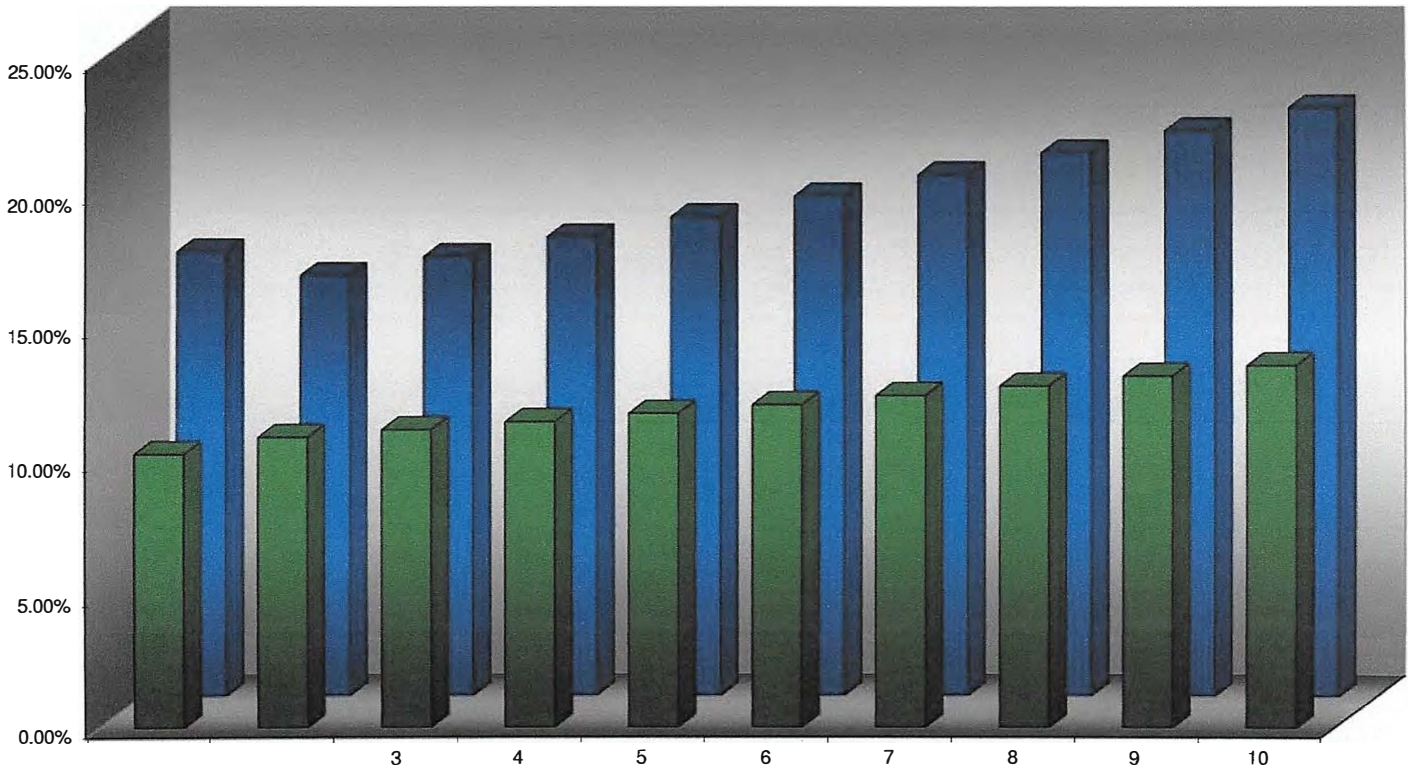
Cash on Cash Return



Rodney Harvey

905-447-8864

■ After Taxes
■ Before Taxes



Time Period	Initial Investment Adj for Refinance	Cash Flow Before Taxes	Cash on Cash Before Taxes	Income Taxes	Cash Flow After Taxes	Cash on Cash After Taxes
Year 1	\$ 1,826,475	\$ 304,111	16.65%	\$ (116,850)	\$ 187,261	10.25%
Year 2	1,826,475	288,070	15.77%	(89,055)	199,015	10.90%
Year 3	1,826,475	301,449	16.50%	(97,111)	204,338	11.19%
Year 4	1,826,475	315,103	17.25%	(105,199)	209,904	11.49%
Year 5	1,826,475	329,036	18.01%	(113,324)	215,711	11.81%
Year 6	1,826,475	343,253	18.79%	(121,494)	221,760	12.14%
Year 7	1,826,475	357,762	19.59%	(129,714)	228,048	12.49%
Year 8	1,826,475	372,567	20.40%	(137,991)	234,576	12.84%
Year 9	1,826,475	387,675	21.23%	(146,332)	241,343	13.21%
Year 10	1,826,475	403,091	22.07%	(154,742)	248,349	13.60%

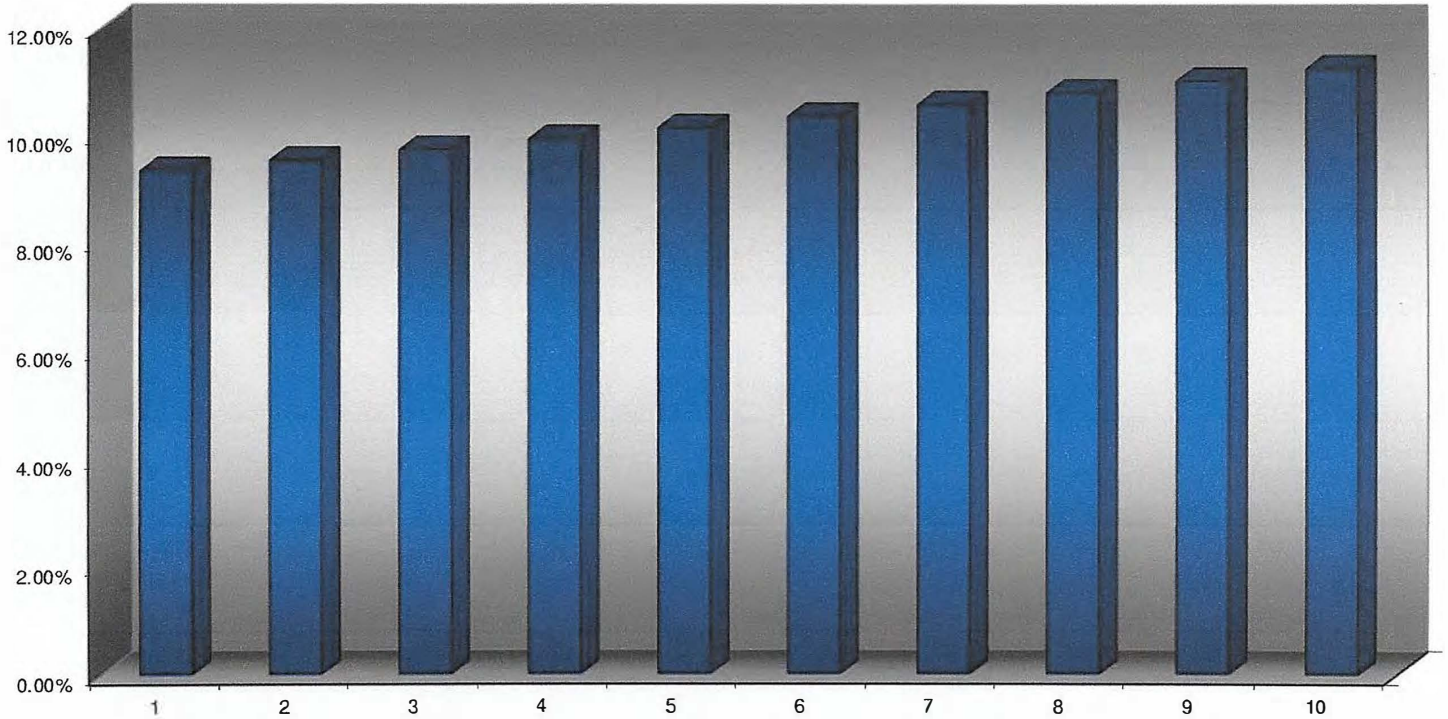
Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Capitalization Rate



Rodney Harvey
905-447-8864



<i>Time</i>	<i>Net Operating</i>	<i>Cap Rate on Cost</i>	<i>Resale</i>
<i>Period</i>	<i>Income (NOI)</i>	<i>\$ 6,701,475</i>	<i>Value</i>
Year 1	\$ 624,787	9.32%	\$ 6,240,000
Year 2	637,898	9.52%	6,489,600
Year 3	651,278	9.72%	6,749,184
Year 4	664,931	9.92%	7,019,151
Year 5	678,864	10.13%	7,299,917
Year 6	693,082	10.34%	7,591,914
Year 7	707,591	10.56%	7,895,591
Year 8	722,396	10.78%	8,211,414
Year 9	737,503	11.01%	8,539,871
Year 10	752,920	11.24%	8,881,466

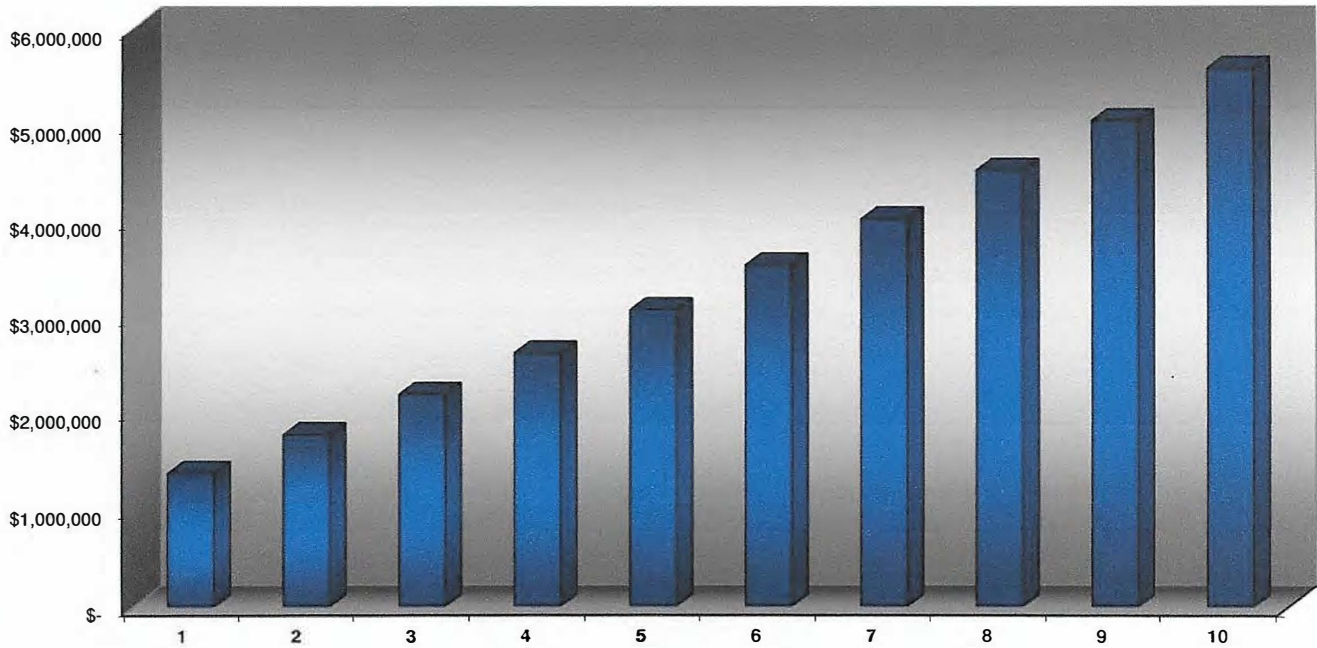
Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Property Equity Analysis



Rodney Harvey
905-447-8864



Time Period	Projected Adj Resale Value	Projected Increase	Refi Proceeds (if any)	Mortgage(s) Balance Payoff	Sale Proceeds Before Taxes	Income Taxes From Sale	Sale Proceeds After Taxes	Property Equity	Year / Year Equity Increase
Year 1	\$ 5,990,400	-7.84%	\$ -	\$ (4,720,445)	\$ 1,269,955	\$ 95,024	\$ 1,364,979	\$ 1,364,979	\$ (461,496)
Year 2	6,230,016	4.00%	-	(4,492,958)	1,737,058	30,052	1,767,109	1,767,109	402,130
Year 3	6,479,217	4.00%	-	(4,259,369)	2,219,847	(35,107)	2,184,740	2,184,740	417,631
Year 4	6,738,385	4.00%	-	(4,019,515)	2,718,871	(100,556)	2,618,315	2,618,315	433,575
Year 5	7,007,921	4.00%	-	(3,773,226)	3,234,695	(166,399)	3,068,296	3,068,296	449,982
Year 6	7,288,238	4.00%	-	(3,520,331)	3,767,907	(232,739)	3,535,168	3,535,168	466,871
Year 7	7,579,767	4.00%	-	(3,260,652)	4,319,115	(299,683)	4,019,432	4,019,432	484,264
Year 8	7,882,958	4.00%	-	(2,994,007)	4,888,950	(367,336)	4,521,614	4,521,614	502,182
Year 9	8,198,276	4.00%	-	(2,720,210)	5,478,066	(435,805)	5,042,261	5,042,261	520,647
Year 10	8,526,207	4.00%	-	(2,439,069)	6,087,138	(505,197)	5,581,941	5,581,941	539,680

Pinnacle Apartments

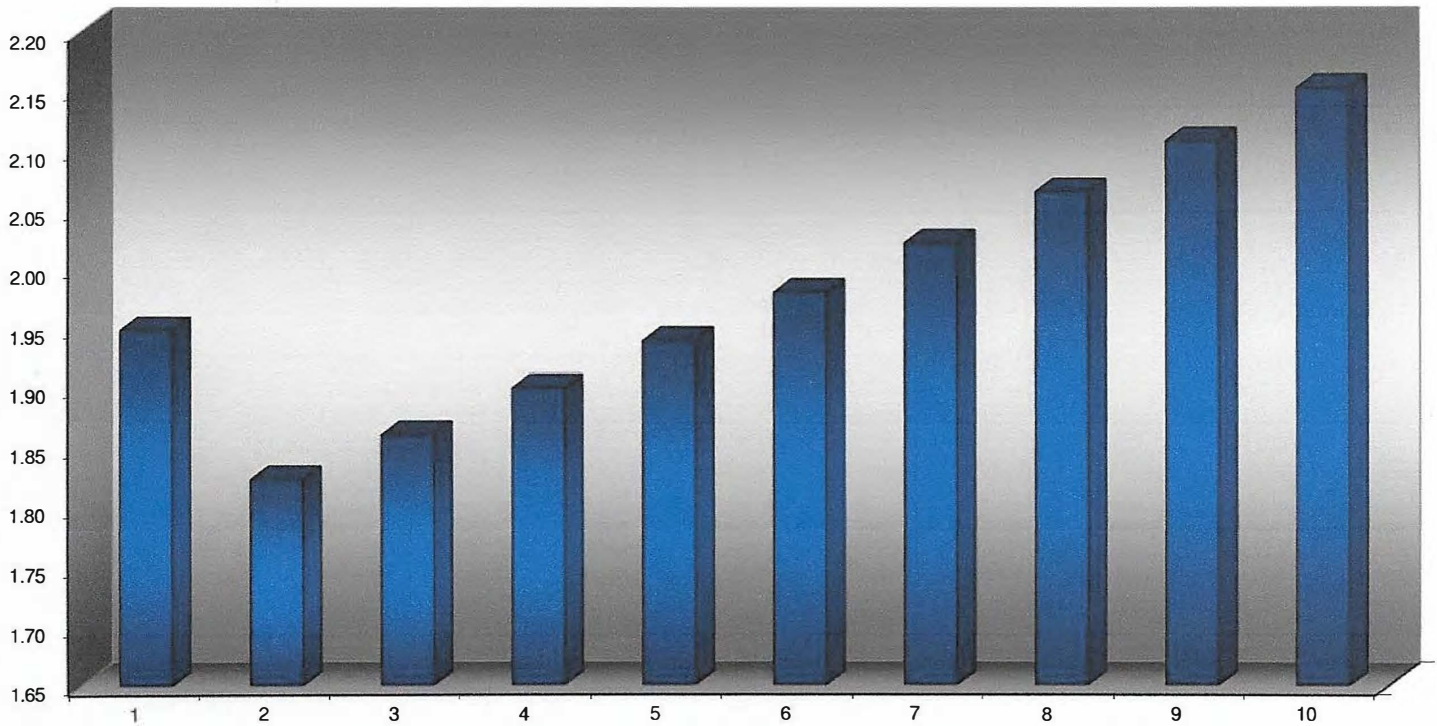
100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Debt Coverage Ratio



Rodney Harvey

905-447-8864



<i>Time Period</i>	<i>Net Operating Income</i>	<i>Mortgage Payments</i>	<i>Debt Coverage Before Taxes</i>
Year 1	\$ 624,787	\$ (320,676)	1.95
Year 2	637,898	(349,829)	1.82
Year 3	651,278	(349,829)	1.86
Year 4	664,931	(349,829)	1.90
Year 5	678,864	(349,829)	1.94
Year 6	693,082	(349,829)	1.98
Year 7	707,591	(349,829)	2.02
Year 8	722,396	(349,829)	2.06
Year 9	737,503	(349,829)	2.11
Year 10	752,920	(349,829)	2.15

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

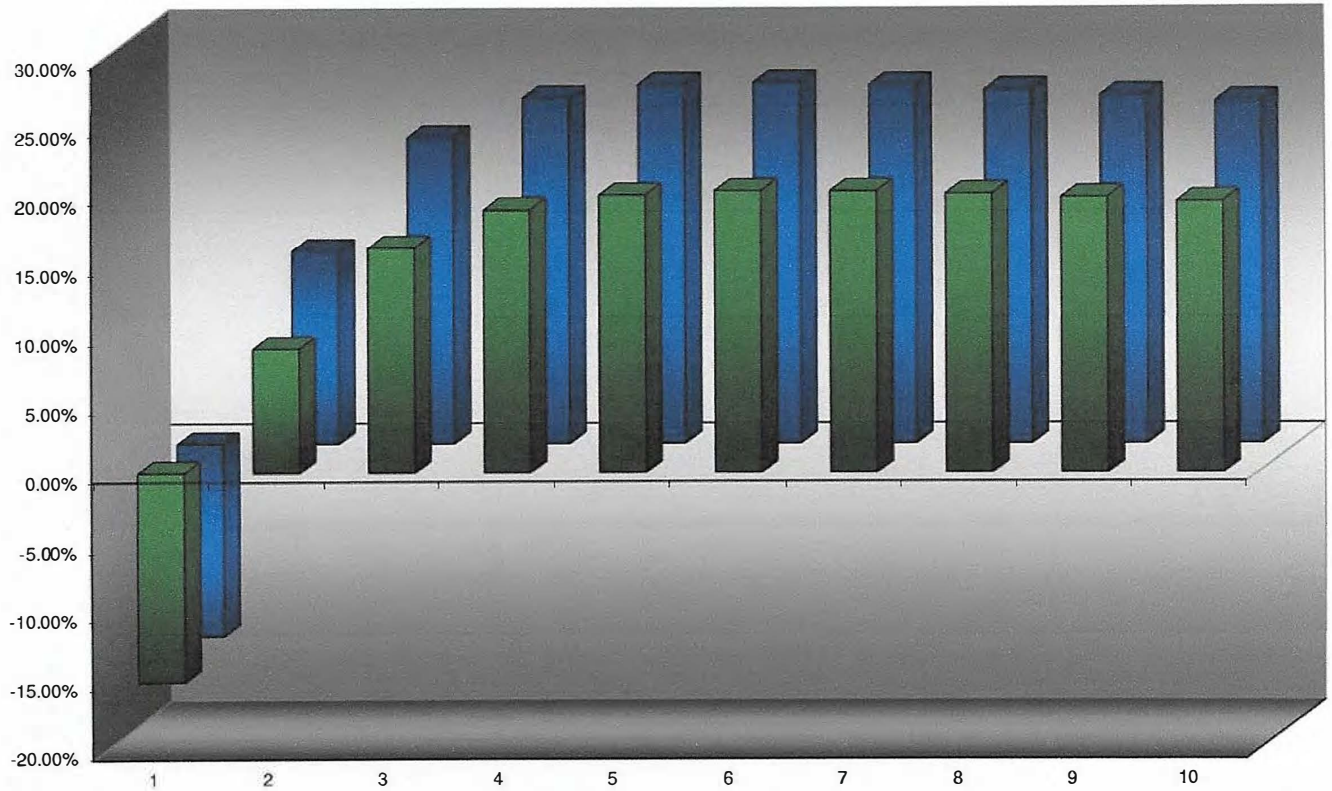
Internal Rate of Return



Rodney Harvey

905-447-8864

■ IRR After Tax
■ IRR Before Tax



Time Period	Internal Rate of Return (IRR)	
	Before Taxes	After Taxes
Year 1	-13.82%	-15.01%
Year 2	13.95%	9.01%
Year 3	22.12%	16.31%
Year 4	24.96%	19.06%
Year 5	25.90%	20.11%
Year 6	26.05%	20.43%
Year 7	25.85%	20.39%
Year 8	25.50%	20.19%
Year 9	25.08%	19.91%
Year 10	24.65%	19.58%

Pinnacle Apartments

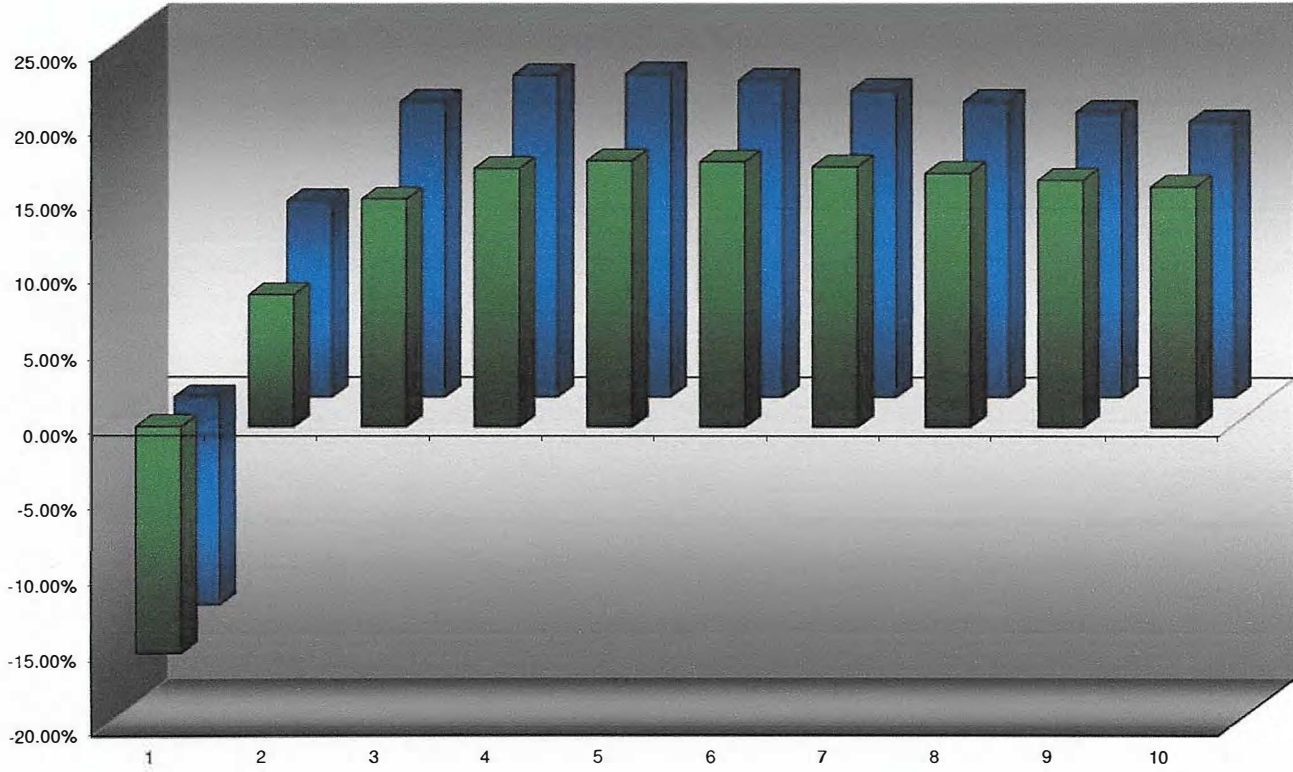
100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Modified Internal Rate of Return



Rodney Harvey
905-447-8864

■ MIRR - After Taxes
■ MIRR - Before Taxes



Time Period	Modified Internal Rate of Return	
	Before Taxes	After Taxes
Year 1	-13.82%	-15.01%
Year 2	13.15%	8.72%
Year 3	19.80%	15.21%
Year 4	21.52%	17.27%
Year 5	21.65%	17.81%
Year 6	21.20%	17.74%
Year 7	20.56%	17.41%
Year 8	19.85%	16.98%
Year 9	19.15%	16.50%
Year 10	18.48%	16.03%

Pinnacle Apartments

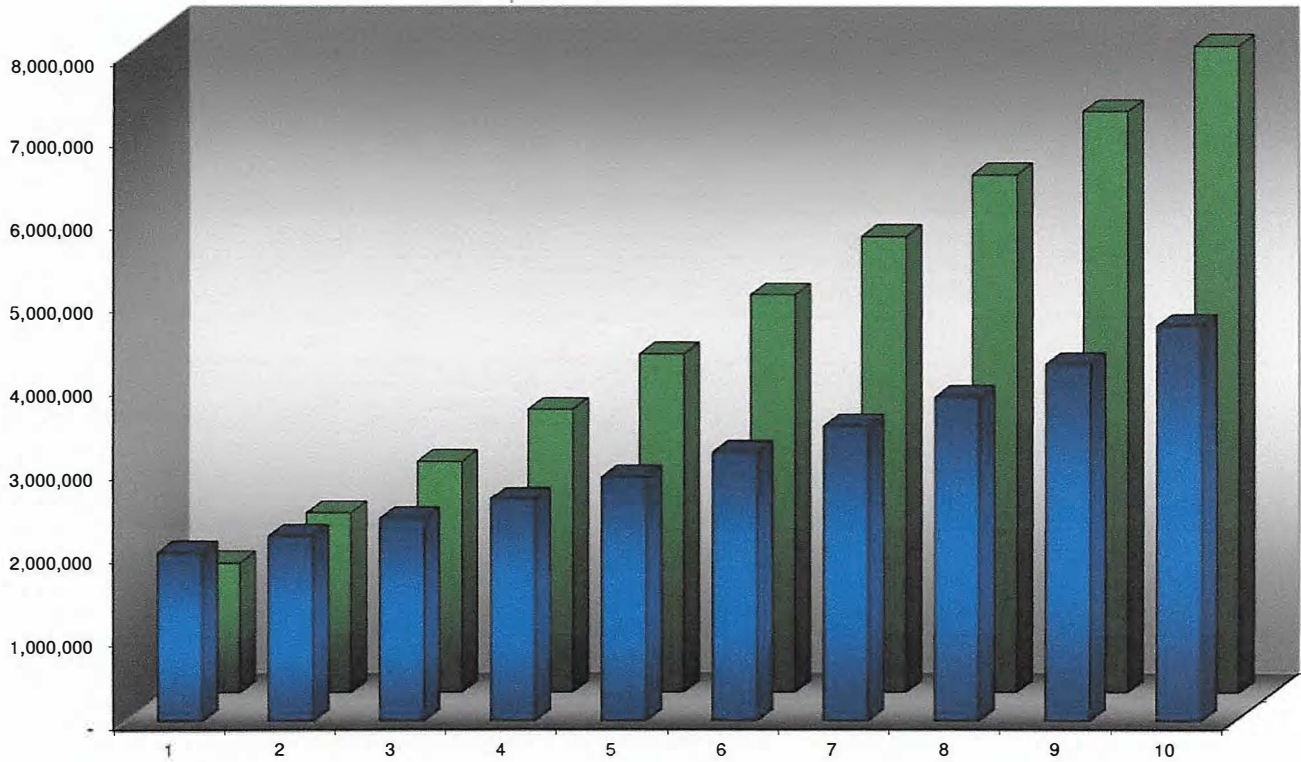
100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Alternative Investment Comparison



Rodney Harvey
905-447-8864

■ Alternative Investment
■ Subject Property - After Taxes



Alt Investment Return (after taxes)	Time Period	Alternative Investment Value	Property After-Taxes Net Value	Difference	Better Investment	Property Before-Taxes Net Value	Difference	Better Investment
10.00%	Initial Investment	\$ 1,826,475	\$ 1,826,475			\$ 1,826,475		
	Year 1	2,009,123	1,552,240	\$ (456,882)	Alt Investment	1,574,066	\$ (435,057)	Alt Investment
	Year 2	2,210,035	2,153,385	(56,649)	Alt Investment	2,329,238	119,204	Property
	Year 3	2,431,038	2,775,354	344,316	Property	3,113,477	682,439	Property
	Year 4	2,674,142	3,418,832	744,690	Property	3,927,603	1,253,461	Property
	Year 5	2,941,556	4,084,525	1,142,969	Property	4,772,463	1,830,906	Property
	Year 6	3,235,712	4,773,156	1,537,444	Property	5,648,928	2,413,216	Property
	Year 7	3,559,283	5,485,468	1,926,185	Property	6,557,898	2,998,615	Property
	Year 8	3,915,211	6,222,227	2,307,016	Property	7,500,300	3,585,089	Property
	Year 9	4,306,733	6,984,217	2,677,484	Property	8,477,091	4,170,358	Property
	Year 10	4,737,406	7,772,246	3,034,840	Property	9,489,254	4,751,849	Property

Pinnacle Apartments

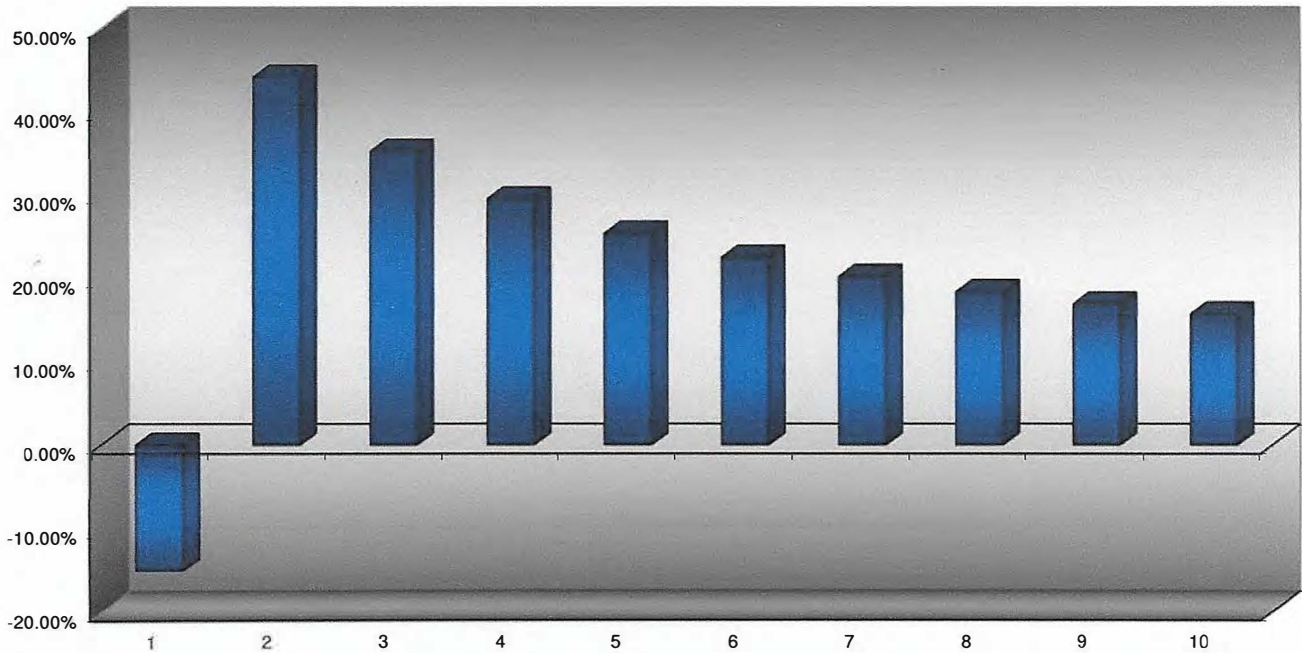
100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Hold / Sell Analysis



Rodney Harvey
905-447-8864

Return on Equity (ROE)



Required Return on Equity	Time Period	Rental Cash Flow	Annual Change in Equity	Annual Change in Net Worth	Trapped Equity	Return on Equity (ROE)	Hold / Sell
6.00%		A	B	(A + B)			
After Year 5	Year 1	187,261	(461,496)	(274,235)	1,826,475	-15.01%	Hold
	Year 2	199,015	402,130	601,145	1,364,979	44.04%	Hold
	Year 3	204,338	417,631	621,968	1,767,109	35.20%	Hold
	Year 4	209,904	433,575	643,478	2,184,740	29.45%	Hold
	Year 5	215,711	449,982	665,693	2,618,315	25.42%	Hold
	Year 6	221,760	466,871	688,631	3,068,296	22.44%	Hold
	Year 7	228,048	484,264	712,313	3,535,168	20.15%	Hold
	Year 8	234,576	502,182	736,759	4,019,432	18.33%	Hold
	Year 9	241,343	520,647	761,990	4,521,614	16.85%	Hold
	Year 10	248,349	539,680	788,029	5,042,261	15.63%	Hold

Pinnacle Apartments

100 GREENWAY BOULEVARD

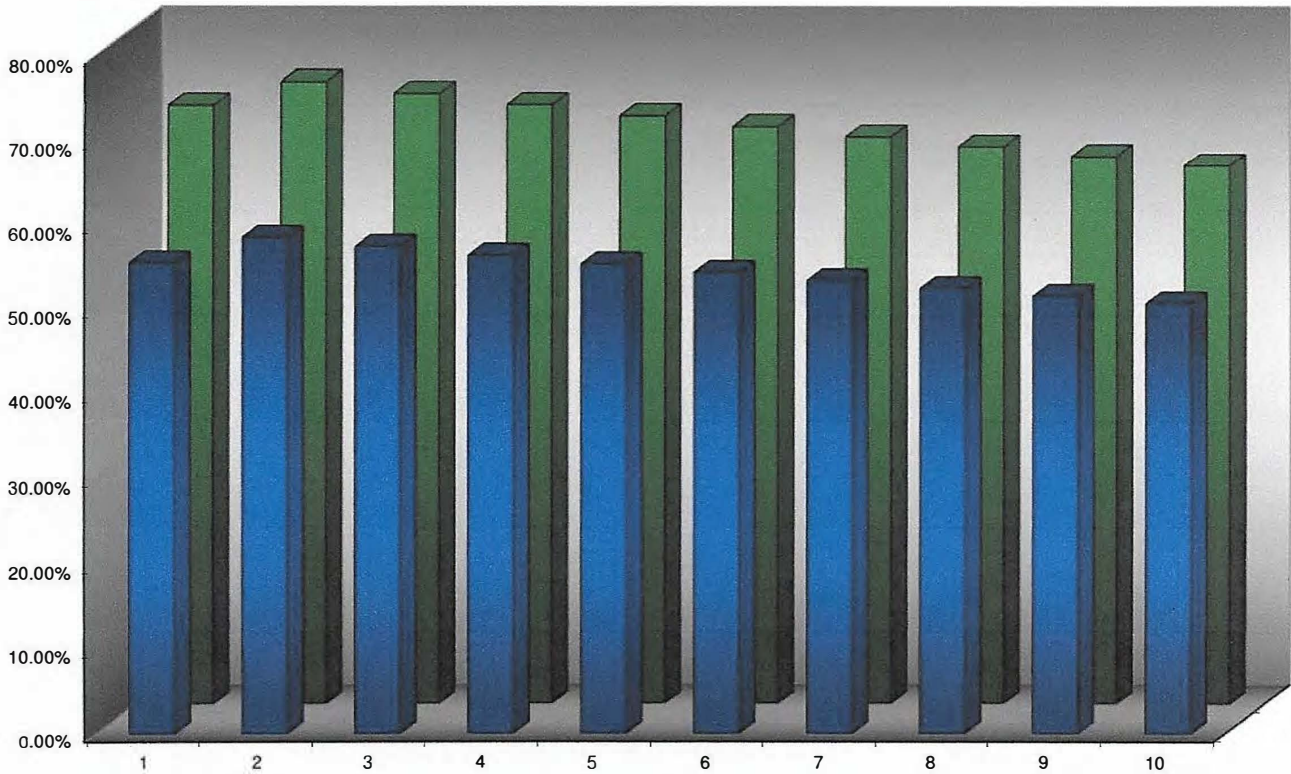
St. Thomas, Ontario N5R0B9

BreakEven Occupancy



Rodney Harvey
905-447-8864

■ BreakEven Occupancy
■ BreakEven Occupancy with Cash on Cash Requirement



Cash on Cash Requirement	Time Period	Potential Rental Income	Operating, Debt, Reserve Expenses	Occupancy Rate (Existing)	BreakEven Occupancy Rate	Max Vacancy BreakEven Rate	BreakEven Rate	Max Vacancy BreakEven Rate
6.00%							w Cash on Cash	w Cash on Cash
	Year 1	714,600	(396,233)	98.00%	55.45%	44.55%	70.78%	29.22%
	Year 2	728,892	(426,281)	98.00%	58.48%	41.52%	73.52%	26.48%
	Year 3	743,470	(427,189)	98.00%	57.46%	42.54%	72.20%	27.80%
	Year 4	758,339	(428,108)	98.00%	56.45%	43.55%	70.90%	29.10%
	Year 5	773,506	(429,039)	98.00%	55.47%	44.53%	69.63%	30.37%
	Year 6	788,976	(429,983)	98.00%	54.50%	45.50%	68.39%	31.61%
	Year 7	804,756	(430,939)	98.00%	53.55%	46.45%	67.17%	32.83%
	Year 8	820,851	(431,908)	98.00%	52.62%	47.38%	65.97%	34.03%
	Year 9	837,268	(432,890)	98.00%	51.70%	48.30%	64.79%	35.21%
	Year 10	854,013	(433,885)	98.00%	50.81%	49.19%	63.64%	36.36%

Confidential Offering Summary

The Issuer

Sandford Real Estate Investments LLC
1421 Bloor Street East Suite 1200
Toronto, ONT. M2R 3G4

The Property

Pinnacle Apartments
100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

The Offering

The offering is for a 65% interest with an 8% preferred return on invested capital.

The Amount

\$1,187,209.00

The Manager

Jeffrey Sanford will be the primary manager of the property. Jeffrey has fourteen years of experience as a landlord and real estate investor with over 6 properties currently under management.

The Risks

Investment in real estate can be highly speculative due to the nature of the partnership's business. These include risks inherent in the business of real estate investment generally, conflicts, reliance upon manager of the property, the lack of a formal market for the units, no exit mechanism and the resale restrictions and hold periods prescribed by the applicable securities laws or in the operating agreement.

These reports are limited descriptive material regarding an investment in the property Pinnacle Apartments, 100 GREENWAY BOULEVARD, St. Thomas, Ontario N5R0B9. This summary is not complete and needs to be supplemented with additional information. This additional information is available upon request. The use of this material is authorized only for those to whom it is originally provided.

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This is not an offer to sell a security. An offer can only be made through a complete Private Placement Memorandum. You should not consider any information in these reports to be legal, business or tax advice. You should consult your own attorney, financial advisor and tax advisor about this investment.

OurRealEstateGuy.com

Rodney Harvey

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836 Coldstream Drive
Oshawa Ontario L1K 3A2



Prospective LLC Investor's Investment

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Dan Johnson

65.00% Equity Interest
8.00% Preferred Return
\$1,187,209 Investment



905-447-8864

Annual Cash Flow Projection					
	Year 1	Year 2	Year 3	Year 4	Year 5
Property's Cash Flow Before Taxes	\$ 304,111	\$ 288,070	\$ 301,449	\$ 315,103	\$ 329,036
Dan Johnson's 8% Preferred Return	(94,977)	(94,977)	(94,977)	(94,977)	(94,977)
LLC Manager's 35% Share	(73,197)	(67,583)	(72,265)	(77,044)	(81,921)
Dan Johnson's 65% of Before Tax Cash Flow	<u>\$ 135,937</u>	<u>\$ 125,510</u>	<u>\$ 134,207</u>	<u>\$ 143,082</u>	<u>\$ 152,138</u>
Dan Johnson's Share with Preferred Return	<u>\$ 230,914</u>	<u>\$ 220,487</u>	<u>\$ 229,184</u>	<u>\$ 238,059</u>	<u>\$ 247,115</u>

Property Resale Proceeds					
Resale Proceeds Before Taxes	\$ 1,269,955	\$ 1,737,058	\$ 2,219,847	\$ 2,718,871	\$ 3,234,695
All LLC Investor's Return of Investment Capital	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)
Remaining Funds from Sale to be Distributed	<u>\$ (556,520)</u>	<u>\$ (89,417)</u>	<u>\$ 393,372</u>	<u>\$ 892,396</u>	<u>\$ 1,408,220</u>
Dan Johnson's 10% Preferred Return on Resale	55,652	8,942	(39,337)	(89,240)	(140,822)
LLC Manager's 35% Share	175,304	28,166	(123,912)	(281,105)	(443,589)
Dan Johnson's 65% Share of Resale Proceeds	<u>\$ (325,564)</u>	<u>\$ (52,309)</u>	<u>\$ 230,123</u>	<u>\$ 522,051</u>	<u>\$ 823,809</u>
Dan Johnson's Share with Preferred Return	<u>\$ (381,216)</u>	<u>\$ (61,251)</u>	<u>\$ 269,460</u>	<u>\$ 611,291</u>	<u>\$ 964,631</u>

Dan Johnson's Allocation Summary					
Dan Johnson's 65% of Before Tax Cash Flow	\$ 230,914	\$ 220,487	\$ 229,184	\$ 238,059	\$ 247,115
Previous Year's Cumulative Share of Cash Flow	n/a	230,914	451,401	680,585	918,644
Dan Johnson's 65% Share of Resale Proceeds	<u>(381,216)</u>	<u>(61,251)</u>	<u>269,460</u>	<u>611,291</u>	<u>964,631</u>
Dan Johnson's Share of Profit	<u>\$ (150,302)</u>	<u>\$ 390,150</u>	<u>\$ 950,045</u>	<u>\$ 1,529,935</u>	<u>\$ 2,130,389</u>
Dan Johnson's Return of Investment Capital	1,187,209	1,187,209	1,187,209	1,187,209	1,187,209
Dan Johnson's Share of Resale & Liquidation	<u>\$ 1,036,907</u>	<u>\$ 1,577,359</u>	<u>\$ 2,137,254</u>	<u>\$ 2,717,143</u>	<u>\$ 3,317,598</u>
Percentage of Available Cash	0.00%	67.72%	68.65%	69.18%	69.52%

Return on Investment

Cash on Cash Return - Before Taxes	19.45%	18.57%	19.30%	20.05%	20.81%
Internal Rate of Return - Before Taxes	-12.66%	16.66%	25.07%	27.86%	28.67%
Modified Internal Rate of Return - Before Taxes	-12.66%	15.52%	22.04%	23.47%	23.34%

Prospective LLC Investor's Investment

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Dan Johnson

65.00% Equity Interest
8.00% Preferred Return
\$1,187,209 Investment



905-447-8864

LLC Manager's Allocation Summary	Year 1	Year 2	Year 3	Year 4	Year 5
LLC Manager's 35% of Before Tax Cash Flow	\$ 73,197	\$ 67,583	\$ 72,265	\$ 77,044	\$ 81,921
Previous Year's Cumulative Share of Cash Flow	n/a	73,197	140,779	213,045	290,089
LLC Manager's 35% Share of Resale Proceeds	(175,304)	(28,166)	123,912	281,105	443,589
LLC Manager's Share of Profit	<u>\$ (102,107)</u>	<u>\$ 112,613</u>	<u>\$ 336,957</u>	<u>\$ 571,194</u>	<u>\$ 815,599</u>
LLC Manager's Return of Investment Capital	639,266	639,266	639,266	639,266	639,266
LLC Manager's Share of Total Cash	<u>\$ 537,159</u>	<u>\$ 751,879</u>	<u>\$ 976,223</u>	<u>\$ 1,210,460</u>	<u>\$ 1,454,865</u>
Percentage of Available Cash	0.00%	32.28%	31.35%	30.82%	30.48%

LLC Manager's Return on Investment

Cash-on Cash Return - Before Taxes	11.45%	10.57%	11.30%	12.05%	12.81%
Internal Rate of Return (IRR) - Before Taxes	-15.97%	8.92%	16.62%	19.54%	20.69%
Modified Internal Rate of Return (MIRR) - Before Taxes	-15.97%	8.61%	15.41%	17.62%	18.23%

Prospective LLC Investor's Investment

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Dan Johnson

**65.00% Equity Interest
8.00% Preferred Return
\$1,187,209 Investment**



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Annual Cash Flow Projection	Year 6	Year 7	Year 8	Year 9	Year 10
Property's Cash Flow Before Taxes	\$ 343,253	\$ 357,762	\$ 372,567	\$ 387,675	\$ 403,091
Dan Johnson's 8% Preferred Return	(94,977)	(94,977)	(94,977)	(94,977)	(94,977)
LLC Manager's 35% Share	(86,897)	(91,975)	(97,157)	(102,444)	(107,840)
Dan Johnson's 65% of Before Tax Cash Flow	<u>\$ 161,380</u>	<u>\$ 170,810</u>	<u>\$ 180,434</u>	<u>\$ 190,254</u>	<u>\$ 200,275</u>
Dan Johnson's Share with Preferred Return	<u>\$ 256,356</u>	<u>\$ 265,787</u>	<u>\$ 275,410</u>	<u>\$ 285,230</u>	<u>\$ 295,251</u>

Property Resale Proceeds	Year 6	Year 7	Year 8	Year 9	Year 10
Resale Proceeds Before Taxes	\$ 3,767,907	\$ 4,319,115	\$ 4,888,950	\$ 5,478,066	\$ 6,087,138
All LLC Investor's Return of Investment Capital	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)	(1,826,475)
Remaining Funds from Sale to be Distributed	<u>\$ 1,941,432</u>	<u>\$ 2,492,640</u>	<u>\$ 3,062,475</u>	<u>\$ 3,651,591</u>	<u>\$ 4,260,663</u>
Dan Johnson's 10% Preferred Return on Resale	(194,143)	(249,264)	(306,248)	(365,159)	(426,066)
LLC Manager's 35% Share	(611,551)	(785,182)	(964,680)	(1,150,251)	(1,342,109)
Dan Johnson's 65% Share of Resale Proceeds	<u>\$ 1,135,738</u>	<u>\$ 1,458,194</u>	<u>\$ 1,791,548</u>	<u>\$ 2,136,181</u>	<u>\$ 2,492,488</u>
Dan Johnson's Share with Preferred Return	<u>\$ 1,329,881</u>	<u>\$ 1,707,458</u>	<u>\$ 2,097,796</u>	<u>\$ 2,501,340</u>	<u>\$ 2,918,554</u>

Dan Johnson's Allocation Summary	Year 6	Year 7	Year 8	Year 9	Year 10
Dan Johnson's 65% of Before Tax Cash Flow	\$ 256,356	\$ 265,787	\$ 275,410	\$ 285,230	\$ 295,251
Previous Year's Cumulative Share of Cash Flow	1,165,758	1,422,115	1,687,902	1,963,312	2,248,543
Dan Johnson's 65% Share of Resale Proceeds	<u>1,329,881</u>	<u>1,707,458</u>	<u>2,097,796</u>	<u>2,501,340</u>	<u>2,918,554</u>
Dan Johnson's Share of Profit	<u>\$ 2,751,996</u>	<u>\$ 3,395,360</u>	<u>\$ 4,061,108</u>	<u>\$ 4,749,882</u>	<u>\$ 5,462,348</u>
Dan Johnson's Return of Investment Capital	1,187,209	1,187,209	1,187,209	1,187,209	1,187,209
Dan Johnson's Share of Resale & Liquidation	<u>\$ 3,939,204</u>	<u>\$ 4,582,569</u>	<u>\$ 5,248,317</u>	<u>\$ 5,937,091</u>	<u>\$ 6,649,557</u>
Percentage of Available Cash	69.73%	69.88%	69.97%	70.04%	70.07%

Return on Investment

Cash on Cash Return - Before Taxes	21.59%	22.39%	23.20%	24.03%	24.87%
Internal Rate of Return - Before Taxes	28.70%	28.39%	27.94%	27.45%	26.96%
Modified Internal Rate of Return - Before Taxes	22.68%	21.85%	21.01%	20.18%	19.41%

Prospective LLC Investor's Investment

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Dan Johnson

**65.00% Equity Interest
8.00% Preferred Return
\$1,187,209 Investment**



Rodney Harvey
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LLC Manager's Allocation Summary	Year 6	Year 7	Year 8	Year 9	Year 10
LLC Manager's 35% of Before Tax Cash Flow	\$ 86,897	\$ 91,975	\$ 97,157	\$ 102,444	\$ 107,840
Previous Year's Cumulative Share of Cash Flow	372,010	458,906	550,881	648,038	750,482
LLC Manager's 35% Share of Resale Proceeds	611,551	785,182	964,680	1,150,251	1,342,109
LLC Manager's Share of Profit	<u>\$ 1,070,457</u>	<u>\$ 1,336,063</u>	<u>\$ 1,612,717</u>	<u>\$ 1,900,733</u>	<u>\$ 2,200,431</u>
LLC Manager's Return of Investment Capital	639,266	639,266	639,266	639,266	639,266
LLC Manager's Share of Total Cash	<u>\$ 1,709,723</u>	<u>\$ 1,975,329</u>	<u>\$ 2,251,983</u>	<u>\$ 2,539,999</u>	<u>\$ 2,839,697</u>
Percentage of Available Cash	30.27%	30.12%	30.03%	29.96%	29.93%

LLC Manager's Return on Investment

Cash-on Cash Return - Before Taxes	13.59%	14.39%	15.20%	16.03%	16.87%
Internal Rate of Return (IRR) - Before Taxes	21.08%	21.09%	20.93%	20.68%	20.40%
Modified Internal Rate of Return (MIRR) - Before Taxes	18.20%	17.90%	17.48%	17.01%	16.54%

Sources and Uses Statement

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9



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Gross Offering Proceeds (2,3)	\$ 529,725	100.0%
Organization Expenses	(26,000)	-4.9%
Acquisition Fee (1)	-	0.0%
Working Capital Needs	41,750	7.9%
Deposits & Escrows	20,000	3.8%
Legal & Accounting Expenses	13,125	2.5%
Proceeds Available for Property Investment	\$ 480,850	90.8%

Footnotes:

1) The Acquisition Fee will be \$50,000. The Managing Member may defer distribution of the Acquisition Fee until sufficient Distributable cash is available, at the Managing Member's sole discretion. Any arrearage of the Acquisition Fee due to Managing Member shall be paid prior to making Cash Distributions from any refinance or sale of the Property.

2) If only the Minimum Dollar amount is raised, the Managing Member may be required to obtain additional funding or provide an advance to achieve a minimum level of Working Capital/Reserves.

3) If only the Minimum Dollar Amount is raised, the Managing Member may be required to obtain additional funding or provide an advance to achieve the total Acquisition Costs/Loan Fees, currently estimated at \$39,125; which includes Organizational Costs of \$26,000 and Loan Fees of \$13,125.

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Historical Financials



Rodney Harvey
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	2018	Unit	Per Sq Ft	2019	Per Unit	Per Sq Ft	2020	Per Unit	Per Sq Ft
Rental Income									
Gross Potential Rents	\$ 663,828	18,439.67	14.75	\$ 677,376	18,816.00	15.36	\$ 691,200	19,200.00	15.36
Effective Gross Income	<u>\$ 666,041</u>	18,501.14	14.80	<u>\$ 679,634</u>	18,878.72	15.41	<u>\$ 693,504</u>	19,264.00	15.41
Laundry	1,500	41.67	0.03	1,600	44.44	0.02	1,100	30.56	0.02
Security Deposit	8,000	222.22	0.18	4,800	133.33	0.14	6,400	177.78	0.14
Gross Operating Income	<u>\$ 675,541</u>	18,765.03	15.01	<u>\$ 686,034</u>	19,056.50	15.58	<u>\$ 701,004</u>	19,472.33	15.58
Operating Expenses									
Accounting	\$ 2,888	80.22	0.06	\$ 3,040	84.44	0.07	\$ 3,200	88.89	0.07
Advertising	361	10.03	0.01	380	10.56	0.01	400	11.11	0.01
Cleaning	903	25.07	0.02	950	26.39	0.02	1,000	27.78	0.02
Insurance	3,610	100.28	0.08	3,800	105.56	0.09	4,000	111.11	0.09
Landscaping	903	25.07	0.02	950	26.39	0.02	1,000	27.78	0.02
Legal	2,256	62.67	0.05	2,375	65.97	0.06	2,500	69.44	0.06
Maintenance	2,708	75.21	0.06	2,850	79.17	0.07	3,000	83.33	0.07
Management Fee	10,830	300.83	0.24	11,400	316.67	0.27	12,000	333.33	0.27
Pest Control	1,805	50.14	0.04	1,900	52.78	0.04	2,000	55.56	0.04
Repairs	6,769	188.02	0.15	7,125	197.92	0.17	7,500	208.33	0.17
Supplies	677	18.80	0.02	713	19.79	0.02	750	20.83	0.02
Property Taxes	15,794	438.72	0.35	16,625	461.81	0.39	17,500	486.11	0.39
Trash Removal	1,986	55.15	0.04	2,090	58.06	0.05	2,200	61.11	0.05
Electricity	600	16.67	0.01	700	19.44	0.02	800	22.22	0.02
Gas	1,124	31.21	0.02	1,183	32.85	0.03	1,245	34.58	0.03
Total Operating Expenses	<u>\$ 53,211</u>	1,478.09	1.18	<u>\$ 56,080</u>	1,557.78	1.31	<u>\$ 59,095</u>	1,641.53	1.31
Net Operating Income (NOI)	<u>\$ 622,330</u>	17,286.94	13.83	<u>\$ 629,954</u>	17,498.72	14.26	<u>\$ 641,909</u>	17,830.81	14.26
Less: Annual Debt Service	(336,000)	(9,333.33)	(7.47)	(336,000)	(9,333.33)	(7.47)	(336,000)	(9,333.33)	(7.47)
Less: Funded Reserves and/or Impro	\$ (3,500)	(97.22)	(0.08)	\$ (3,500)	(97.22)	(0.04)	(2,000)	(55.56)	(0.04)
Cash Flow Before Taxes	<u>\$ 282,830</u>	7,856.38	6.29	<u>\$ 290,454</u>	8,068.16	6.75	<u>\$ 303,909</u>	8,441.92	6.75
Debt Coverage Rate (DCR)	<u>1.85</u>			<u>1.87</u>			<u>1.91</u>		

Pinnacle Apartments100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9**Sales Comparables****Rodney Harvey**

905-447-8864

1**Southlake Apartments**

137 GEORGE STREET



Sales Date	December 31, 2019
Sales Price	\$7,000,000
Number of Units	24
Price Per Unit	\$ 291,667
Sq Ft	12,950
Price Per Sq Ft	540.54
Building Class	A
Location	S
Year Built	1985

Unit Type	No. of Units	Sq Ft Per Unit	Rent	Rent Sq Ft
1 Bed 1 Bath	4	650	\$ 1,150	1.77
1 Bed 1 Bath	5	850	\$ 1,350	1.59
2 Bed 1 Bath	10	1,100	\$ 1,500	1.36
2 Bed 2 Bath	5	1,250	\$ 1,600	1.28

Notes...

2**Timberland Apartments**

7488 MOUNTAIN Road



Sales Date	June 30, 2019
Sales Price	\$ 6,500,000
Number of Units	22
Price Per Unit	\$ 295,455
Sq Ft	1,420
Price Per Sq Ft	4,577.46
Building Class	A
Location	SW
Year Built	1990

Unit Type	No. of Units	Sq Ft Per Unit	Rent	Rent Sq Ft
1 Bed 1 Bath	5	750	\$ 1,250	1.67
2 Bed 2 Bath	17	1,500	\$ 1,400	0.93

Notes...

Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Sales Comparables

Rodney Harvey

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3

Avery Complex

3 SPRING STREET



Sales Date April 18, 2019
 Sales Price \$5,600,000
 Number of Units 32
 Price Per Unit \$ 175,000
 Sq Ft 15,650
 Price Per Sq Ft 357.83
 Building Class A
 Location S
 Year Built 1992

Unit Type	No. of Units	Sq Ft Per Unit	Rent	Rent Sq Ft
1 Bed 1 Bath	18	1,150	\$ 980	0.85
2 Bed 1 Bath	14	1,350	\$ 1,560	1.16

Notes...

4

North Ave Pointe

621 BASELINE ROAD E



Sales Date August 31, 2018
 Sales Price \$ 4,500,000
 Number of Units 28
 Price Per Unit \$ 160,714
 Sq Ft 16,550
 Price Per Sq Ft 271.90
 Building Class A
 Location SW
 Year Built 1973

Unit Type	No. of Units	Sq Ft Per Unit	Rent	Rent Sq Ft
1 Bed 1 Bath	10	975	\$ 1,100	1.13
2 Bed 1 Bath	18	1,250	\$ 1,456	1.16

Notes...

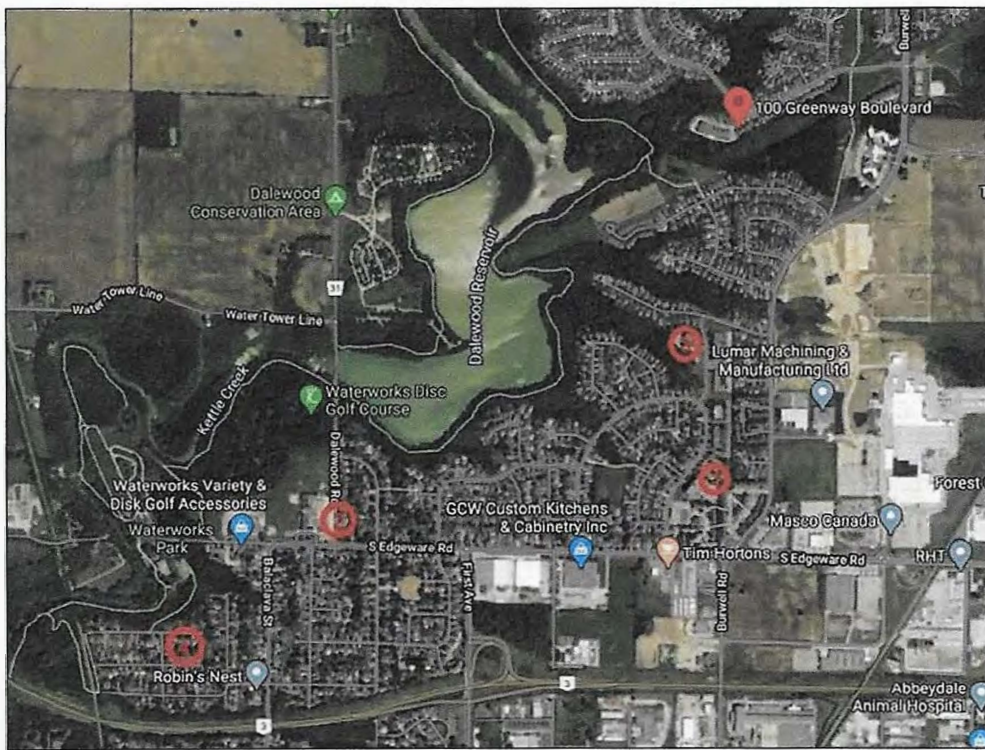
Pinnacle Apartments

100 GREENWAY BOULEVARD
St. Thomas, Ontario N5R0B9

Sales Comparables Map



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Subject Property (A) with Sales Comparables (1), (2), (3), & (4)

Notes and Discussion



Pinnacle Apartments

100 GREENWAY BOULEVARD

St. Thomas, Ontario N5R0B9

Excellent Location (<https://www.st-thomas.org/railway-city-living>)

St. Thomas is located in the heart of Southwestern Ontario in beautiful Elgin County. Surrounding St. Thomas are numerous picturesque towns, lakeside villages and historic hamlets, each with their own unique charm. We're a quick hop from London, Ontario and the shores of Lake Erie.

With a railway history, one of the province's leading farmers' markets and beautiful scenic parks, St. Thomas has something to offer just about everyone.

And no city is more strategically located; just moments from the 401 corridor and halfway between Detroit and the shores of Lake Huron to the west, Toronto, Niagara Falls and Buffalo to the east. Each is just a little more than a two hour drive away.

For more information, please visit Railway City Tourism for the latest on the many fun, cultural and historic events happening in St. Thomas and Elgin County.

Demographics (<https://www.st-thomas.org/facts-figures>)

The City of St. Thomas has a projected 20-year residential forecast of 50,600 people by 2041, and as a result needs to adjust its Urban Area boundary to accommodate this potential growth as part of an Official Plan review.

In June 2018, the City completed a population and housing study that identified the need for an additional 76 gross hectares of residential land to accommodate the projected population growth.

This project builds on a study from 2010 where lands within the north-west quadrant of the City along with other land blocks on the west and south-east sides of St. Thomas were strategically assessed for residential designation. Remaining expansion lands from that study are being reassessed as part of this project.

The purpose of this study is to undertake the necessary planning and engineering studies to support the preferred expansion lands, bring those lands into the Urban Area boundary, and designate them for development; and identify citywide recreational and cultural infrastructure, and fire protection services needed to support that growth.

Background Studies

[Planning Justification Report](#)
[Social Housing Strategy](#)
[Employment Lands Review](#)
[Retail Market Analysis](#)

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About Us



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Rod Harvey's mission, has been to work with those owners of investment real estate who have pride in their property and intend to operate them for long term profit by ensuring stability and growth for the future, for close to 20 years. By working closely with each client to develop a management plan that meets their objectives, Rod ensures and preserves maximum value and income. The central points of his strategy are:

- ✓ Providing a clean, well-maintained property for lease or for sale.
- ✓ Marketing the highest price for the rental or sale product based on current market conditions.
- ✓ Attracting the best qualified purchase or rental prospects for the property.
- ✓ Developing long-term tenancies for rental properties, to minimize turnover and minimize vacancy expense.

His experience and attention to detail make him the perfect choice for the owners of income producing real estate and those who rent or purchase from them. (<https://www.ourrealestateguy.com/>)

Royal LePage Terrequity (<https://www.terrequity.com/>) is a full-service realty brokerage in the Greater Toronto Area with a team of approximately 470 representatives in 17 offices across the GTA. Since opening in 1990 with just one sales representative, Terrequity has become a trusted name in real estate in Toronto.

With seven main offices in downtown and midtown Toronto, Etobicoke, North York, Thornhill, Mississauga, and Whitby, Terrequity's representatives have the knowledge and expertise to service all corners of the GTA.

Awarded the "Consumer's Choice" award (for GTA Central) for the last FIVE years in a row, Terrequity's team of representatives pride themselves on the highest level of customer service, unsurpassed support during every step of the buying or selling process, and superior knowledge of the real estate industry and its trends.

Terms & Definitions

Net Operating Income (NOI) is a property's gross rental income reduced by all expenses except for loan payments, income taxes, mortgage insurance premium (MIP) payments and sometimes funded reserves.

Debt Coverage Ratio (DCR) is a property's net operating income divided by the amount of debt payments. Lenders use this calculation to determine the remaining operating cash flow after the debt payments.

Loan-to-Value Ratio (LTV) is the outstanding debt divided by the value of the property. This ratio is used to determine the amount of leverage and property equity. The debt balance can be the beginning or end-of-year balance. The property value used can be the contract price or the fair market value at the end of the year.

Capitalization Rate (Cap Rate) is the net operating income (NOI) divided by either the property's contract purchase price or its fair market value.

Cash-on-Cash Return is the net cash flow divided by the initial investment (down payment). The calculation does not take into account the time value of money or change in the property's equity.

Cash-on-Cash Return with Equity Build-up modifies the cash-on-cash return calculation by adding the property's net change in equity for that year to the numerator and adding all previously generated equity to the denominator of the cash-on-cash return ratio. The calculation calculates the return on the property equity, i.e. the return on the cash that is "tied up" in the property.

Net Present Value (NPV) converts future dollars into present-day dollars by discounting (reducing) the future cash flow of a property by a given rate or percentage. The initial investment (down payment) is subtracted from the discounted dollars to derive the NPV. A positive NPV means that the property will generate a higher return than the given rate or percentage used to calculate the NPV amount.

Gross Rent Multiplier (GRM) is a property's fair market value divided by its gross rental income.

Mortgage Insurance Premium (MIP) Payments are insurance premiums charged by a lender to protect that lender against loss from a mortgagor's default. The rates are charged on the balance of the loan and may be paid annually, monthly, or in some combination of the two (split premiums).

Internal Rate-of-Return (IRR) is the most widely used method of valuing a property's annual cash flow stream. Since a property's cash flow is earned in the future, those future dollars must be converted to present-day dollars. The IRR calculation discounts (reduces) the property's future cash flow at a rate (i.e. percentage) so that the sum of all cash flow for a specified time period is equal to the initial investment. The rate or percentage needed to do that is the IRR. In other words, IRR is the discount rate at which Net Present Value (NPV) is zero.

Modified Internal Rate-of-Return (MIRR) modifies the IRR to avoid the drawbacks of the traditional IRR. The IRR implicitly assumes that all cash flow is either reinvested or discounted at the computed IRR rate. In reality, a property's cash flow probably will not be reinvested at the computed IRR rate, but rather earn zero or a small amount of interest. The MIRR eliminates the reinvestment assumption by utilizing user stipulated reinvestment and borrowing rates.

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