

REAL ESTATE INVESTMENT ANALYSIS

DECEMBER 4 2007

PREPARED FOR :

Linda Scott

For more information:

Magex Technologies inc.
20 King Ouest Suite 110
Sherbrooke Qc Canada J1H 1N8

1.819.820.2439



PREPARED BY :

Marc-André Fontaine

123 Mountain Road, Seattle
WA, 98052

info@magextechnologies.com

819-820-2439, 819-434-2439

**5146 Main St. N.Chicage
Chicago, 98654**



Executive Summary

5146 Main St. N.

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Acquisition Costs

Land	\$57,000.00
Building	\$323,000.00
Total	\$380,000.00
Acquisition Fees	\$18,267.50
Total	\$398,267.50
Market Value	\$390,000.00

Financial Ratios (according to Acquisition Cost)* (after 1 year)

Effective Gross Rent Multiplier (GRM)	7.51
Net Rent Multiplier (NRM)	12.43
Average Unit Price	\$64,600.00
Operating Expense Ratio (OER)	39.58 %
Loan to Value Ratio (LVR)	83.79 %
Debt Coverage Ratio (DCR)	1.58
Break Even Ratio	75.40 %
Capitalization Rate	8.05 %
Internal Rate of Return (year 5)	27.40 %
Annual Appreciation	2.00 %

Cash on Cash Return*

Before Equity	20.17 %
After Equity (Principal Payment)	29.80 %
After Equity and Appreciation	61.03 %

Income and Expenses

Gross Op. Income	\$53,220.00
Increase of incomes: Year 1	\$0.00
Vacancy and Credits	- \$1,596.60
Effective Gross Income (EGI)	\$51,623.40
Expenses	\$20,432.54

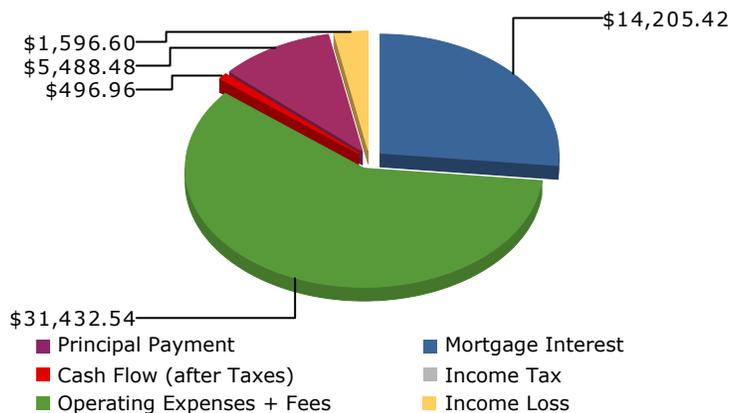
Cash Flow

Net Operating Income	\$31,190.86
Debt Service	\$19,693.90
Cash Flow (Before Taxes)	\$11,496.96
Total of Equity (Principal Payment)	\$5,488.48
Cash Flow + Equity	\$16,985.44
Appreciation	\$17,800.00
Cash Flow + Cap. + Appreciation	\$34,785.44

Down Payment and Financing

Down Payment	\$57,000.00
Mortgage # 1	\$330,267.50
Length	300 months
Interest Rate	5.20 %
Term	60 months
Payment	\$1,969.39

Distribution of the Pot. Gross Income of \$53,220.00 (after 1 year)



The red and purple sections represent your portion of the potential incomes of the building after the first year of operations. This amount belongs to you because the expenses have been paid as well as the mortgage interests and taxes.

Descriptive Card

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Pot. Gr. Income	Oper. Expenses	Net Op. Income
\$53,220.00	\$20,432.54	\$32,787.46

List Price	Payment Type	Balance
\$380,000.00		No

Property Details

Year Built	1985
Property Type	
Total Units	6
Nb of Levels Above Ground	3
Nb of Basement Levels	0
Zoning Type	Residential

Nominal Roll
Registration Division
Lot
Certificate of Localisation

Building Dimensions	0.00 x 0.00
Building Area	0.00 sq. ft.
Lot Dimensions	0.00 x 0.00
Lot Area	0.00 sq. ft.

Municipal Assessment	1985
Land	\$50,000.00
Building	\$300,000.00
Total	\$350,000.00

Owner

Property Details

Foundation	
Frame	
Roofing	
Windows	
Water	Public
Floors	
Subfloors	
Walls	
Hot-Water Tank	
Laundry Hookup	No
Fire Protection	Yes
Laundry	No
Parking	0 Int. 3 Ext.
Outdoor Outlets	Yes
Heating Paid By	Tenant
Energy	Natural Gas
Exterior Construction	Brick
Heating	Bi-energy
Parking	Detached Garage
Site Influence	Dead-End Highway Proximity School Proximity

Contact Agent

Magex Technologies inc

Information and Appointment

John Smith

Pictures

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09/03/2006
Front View



09/03/2006
Fire place



09/03/2006
Kitchen



09/03/2006
Kitchen 2

Leases Terms and Conditions

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Apt	Size	Included Services											End of Lease	Seniority (month)	Vacant	Renewed Lease	Occ. Owner	Rent Increase	Tenant / Comment	Rent	
		Heating	Electricity	Hot Water	Water Tax	Laundry	Parking	Furnished	Half Furnished	Garage	Monthly	Yearly									
1	1 br	-	-	-	x	x	-	-	-	-	x	-	30/06/2007	0	-	-	-	2.00 %	Luke Smith	\$720.00	\$8,640.00
2	1 br	-	-	-	x	x	-	-	-	-	x	-	30/06/2007	0	-	-	-	2.00 %	M. Anderson	\$710.00	\$8,520.00
3	2 br	-	-	-	x	x	-	-	-	-	x	-	30/06/2007	0	-	-	-	2.00 %	F. Wynne	\$715.00	\$8,580.00
4	2 br	-	-	-	x	x	-	-	-	-	x	-	30/06/2007	0	-	-	-	2.00 %	T. Wolfe	\$730.00	\$8,760.00
5	2 br	-	-	-	x	x	-	-	-	-	x	-	30/06/2007	0	-	-	-	2.00 %	W. Doll	\$720.00	\$8,640.00
6	2 br	-	-	-	x	x	-	-	-	-	x	-	30/06/2007	0	-	-	-	2.00 %	K. Thomas	\$720.00	\$8,640.00
																			\$4,315.00	\$51,780.00	

Financial Analysis

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Income		Monthly	Annually
Garages		\$120.00	\$1,440.00
2 x 1 br		\$1,430.00	\$17,160.00
4 x 2 br		\$2,885.00	\$34,620.00
Potential Gross Income (PGI)		<u>\$4,435.00</u>	<u>\$53,220.00</u>

Vacancy and Credits	% of PGI	Monthly	Annually
Vacancy Rate	2.00 %	\$88.70	\$1,064.40
Bad Debt	1.00 %	\$44.35	\$532.20
Effective Gross Income (EGI)		<u>\$4,301.95</u>	<u>\$51,623.40</u>

Expenses	% of EGI	Monthly	Annually
Misc	1.50 %	\$64.53	\$774.35
Electricity	1.63 %	\$70.12	\$841.46
Natural Gas	4.35 %	\$187.13	\$2,245.62
Property Management	4.70 %	\$202.19	\$2,426.30
Janitorial Services	4.80 %	\$206.49	\$2,477.92
Insurance	9.00 %	\$387.18	\$4,646.11
Taxes	13.60 %	\$585.07	\$7,020.78
Total of Expenses	<u>39.58 %</u>	<u>\$1,702.71</u>	<u>\$20,432.54</u>

Fixed Expenses (Renovations)*	Date	Estimated Cost
Roof	09/03/2008	\$10,000.00
Parking Lot	11/03/2007	\$4,500.00
* Included in the Financial Forecast only		
Total of Fixed Expenses		<u>\$14,500.00</u>

Cash Flow		Annually
Net Operating Income		\$31,190.86
Debt Service	-	\$19,693.90
Cash Flow (Before Taxes)		<u>\$11,496.96</u>
Total of Equity (Principal Payment)	+	\$5,488.48
Cash Flow + Equity		<u>\$16,985.44</u>
Appreciation	+	\$17,800.00
Cash Flow + Cap. + Appreciation		<u>\$34,785.44</u>

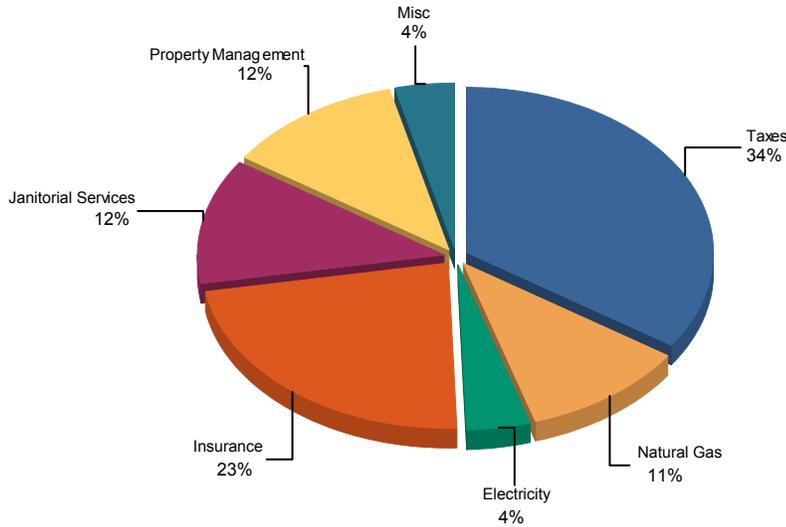
Financial Analysis

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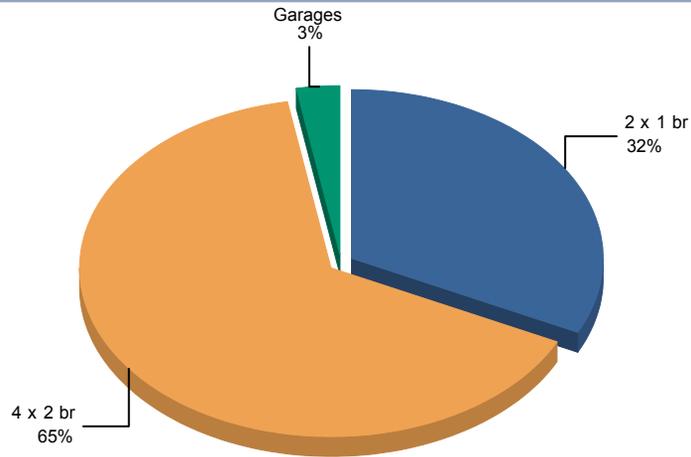
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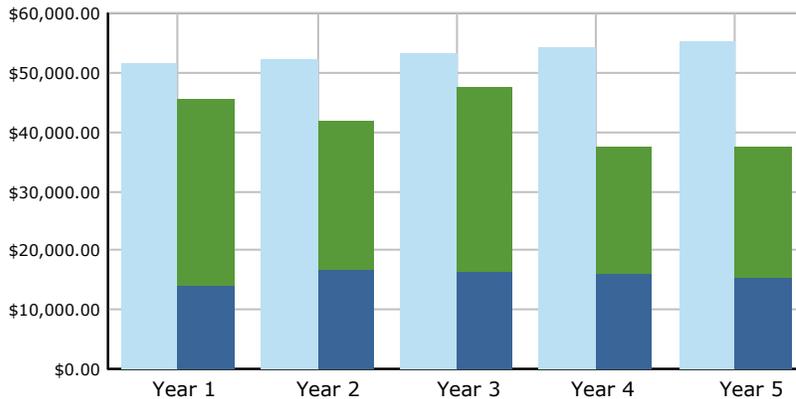
Expenses Distribution



Income Distribution



Incomes, expenses and mortgage interests



This diagram helps to illustrate the available incomes following the payment of the operating expenses and the mortgage interests. These incomes are considered as profit and will serve in part to pay the income taxes.

- Effective Gross Income
- Operating Expenses
- Mortgage Interest

Financing

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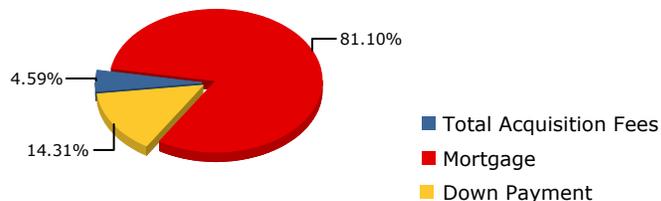
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Acquisition Cost

Land	\$57,000.00
Building	\$323,000.00
Total	\$380,000.00

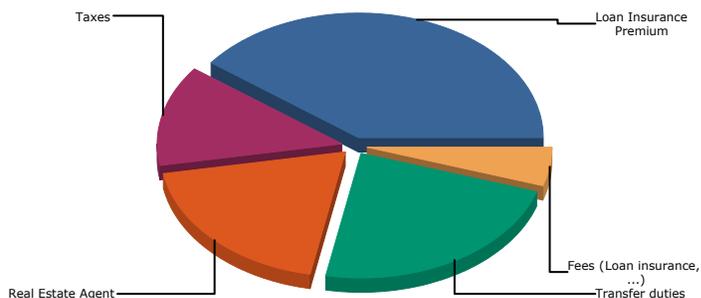
Detailed Acquisition



Acquisition Fees

Loan Insurance Premium	\$7,267.50	(Financed)
Fees (Loan insurance, ...)	\$900.00	
Transfer duties	\$4,200.00	
Real Estate Agent	\$3,500.00	
Taxes	\$2,400.00	
Total	\$18,267.50	

GRAND TOTAL \$398,267.50



Down Payment

\$57,000.00 (15.00 %) of Acquisition Cost

Mortgage # 1

\$330,267.50 (85.00 %) of Acquisition Cost

Length	300 months
Interest Rate	5.20 %
Term	60 months
Payment Frequency	Monthly
Compound Interest	Monthly
Payment	\$1,969.39

Profitability Analysis

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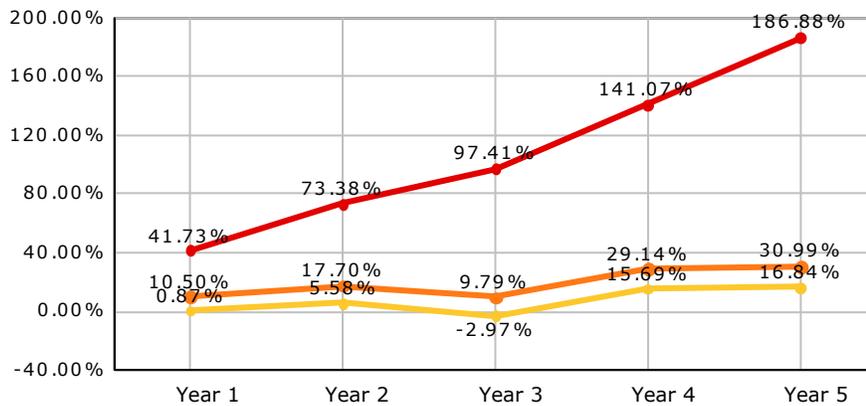
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Financial Ratios (After 1 year)*	Acquisition Cost	Market Value
	\$380,000.00	\$390,000.00
Effective Gross Rent Multiplier (GRM)	7.51	7.71
Net Rent Multiplier (NRM)	12.43	12.75
Average Unit Price	\$64,600.00	\$66,300.00
Operating Expense Ratio (OER)	39.58 %	39.58 %
Loan to Value Ratio (LVR)	83.79 %	81.64 %
Debt Coverage Ratio (DCR)	1.58	1.58
Break Even Ratio	75.40 %	75.40 %
Capitalization Rate	8.05 %	7.84 %
Internal Rate of Return (year 5)	27.40 %	27.40 %
Cash on Cash Return		
Before Equity	20.17 %	20.17 %
After Equity (Principal Payment)	29.80 %	29.80 %
After Equity and Appreciation	61.03 %	61.03 %

Financial Ratios (At Year 0)*	Acquisition Cost
Effective Gross Rent Multiplier (GRM)	7.36
Net Rent Multiplier (NRM)	12.18
Average Unit Price	\$63,333.33

Cash on Cash Return**



This diagram represents the portion of the initial down payment that goes back in the investor's pockets throughout the years. In other words, with this diagram it is possible to identify the moment when the investor will have entirely recovered his down payment by observing the moment when 100% is reached.

- Cash on Cash Return (Appreciation)
- Cash on Cash Return (after Equity)
- Cash on Cash Return (before Equity)

*Not considering non-financed acq. fees nor fixed expenses

**Considering non-financed acquisition fees and fixed expenses.

Ratios Definition

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Definitions and Formulas

Gross Rent Multiplier (GRM):

This ratio shows how many times the effective gross income represents the value of the property.

$\frac{\text{Value of the property}}{\text{Effective Gross Income}}$

Net Rent Multiplier (NRM):

This ratio shows how many times the net operating income represents the value of the property.

$\frac{\text{Value of the property}}{\text{Net Operating Income}}$

Average Unit Price

Average unit price.

$\frac{\text{Value of the property}}{\text{Number of units}}$

Operating Expense Ratio (OER)

This ratio gives the gross effective income that is used by operating expenses.

$\frac{\text{Operating Expenses}}{\text{Gross Effective Income}}$

Loan to Value Ratio (LVR)

This ratio gives the value of the property proportion that comes from external creditors.

$\frac{\text{Mortgage Balance}}{\text{Value of the property}}$

Debt Coverage Ratio (DCR)

Measures the extent to which net operating income can cover the debt service.

$\frac{\text{Net Operating Income}}{\text{Financing Cost}}$

Break Even Ratio

This ratio gives the minimal occupancy rate for which expenses are covered by gross income.

$\frac{\text{Expenses} + \text{Financing Cost}}{\text{Gross Potential Income}}$

Capitalization Rate

This ratio gives the property yield, including operating expenses (but excluding the debt service).

$\frac{\text{Net Operating Income}}{\text{Value of the property}}$

Cash return on Cash (ConC):

This ratio represents the equity return rate of the owner based on his personal tax rate if a tax rate has been specified. The mentioned equity return illustrates the return rate before and after capitalization following the first year of acquisition. (See financial Forecasts for the following years).

$\frac{\text{Cash Flow before and after Capitalization}}{\text{Down Payment}}$

Internal Rate of Return

Discount rate for which the present value of the cash flow is equal to zero.

Homeowner

Rent of Homeowner before Equity:

Occupying owner's rent, considering the cash flow (positive or negative) generated by the property, before tax.

$\frac{\text{Rent} - \text{Cash Flow Before Equity}}{12 \text{ months}}$

Rent of Homeowner after Equity:

Occupying owner rent, considering the capitalization and the cash flow generated by the property (rent before equity, principal payment).

$\frac{\text{Rent Bef. Eq.} - \text{Total of Equity}}{12 \text{ months}}$

Review

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Acquisition Cost and Financing

Result	Margin	Value	Details
 Excellent	Acquisition Cost Greater than 0	\$380,000.00	Amount paid for the property acquisition (after negotiation). This amount does not include acquisition fees or loan insurance premium.
 Information	Mortgage Starting Date -	Mortgage # 1	One of the mortgages begins more than one month after the date of the analysis.

Ratios (Accord. to Market Value \$390,000.00)

Result	Margin	Value	Details
 Excellent	Debt Service Coverage Ratio Greater than 1.20	1.58	Indicates if the financing will be approved by a financial institution. The higher than 1.20 the ratio is (1.10 for plexes and 1,30 for buildings of 7 units and more), the more the financing has chances of being accepted.
 Excellent	Loan to Value Ratio (LVR) Between 75 % and 100 %	81.64 %	Indicates the percentage of the property's cost that is financed by external creditors (after the first year.)
 Excellent	Operating Expenses Ratio (OER) Between 37 % and 45 %	39.58 %	Part of the income used to pay the expenses. Note: The heating is paid by the tenant
 Excellent	Break Even Ratio (BER) Lower than 100 %	75.40 %	The property must at least be occupied to this percentage in order for it to generate neither profit nor loss.
 Excellent	Cash on Cash Return (ConC) Around 10 %	20.17 %	Represents the down payment's output. (May be compared to the output of a stock or a mutual fund investment.)
 Information	Gross Rent Multiplier (GRM) Variable	7.71	Indicates the number of years needed for the gross income to pay off the acquisition cost.
 Information	Net Rent Multiplier (NRM) -	12.75	Indicates the amount of years needed for the net income to pay off the acquisition cost.

Income - Vacancy and Credits annually

Result	Margin	Value	Details
 Information	Laundromat Greater than 0	\$0.00	No laundry income was specified.

Review (Continued)

Operating Expenses

Result		Margin	Value	Details
 Bad	Maintenance - Repairs	Between 4 % and 10 %	0.00 %	May vary according to the state of the property, the age, etc. Make sure you enter service charges even if the property is managed by the owner himself (the banker will consider approx. 5 %)
 Bad	Management	Between 3 % and 7 %	0.00 %	
 Bad	Lawn - Snow Clearing	Between 0.5 % and 2 %	0.00 %	
 Warning	Insurance	Between 2 % and 4 %	9.00 %	
 Warning	Electricity	Between 12 % and 23 %	1.63 %	
 Warning	Natural Gas - Property Management - Misc	Between 1 % and 5 %	10.55 %	
 Excellent	Taxes	Between 13 % and 20 %	13.60 %	
 Excellent	Janitorial Services	Between 2 % and 5 %	4.80 %	

Financial Forecast

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	From Jan 01, 2006 To Dec 31, 2006	From Jan 01, 2007 To Dec 31, 2007	From Jan 01, 2008 To Dec 31, 2008	From Jan 01, 2009 To Dec 31, 2009	From Jan 01, 2010 To Dec 31, 2010
Incomes and Expenses					
Potential Gross Income	\$ 53,220.00	\$ 53,766.60	\$ 54,841.94	\$ 55,938.78	\$ 57,057.56
Effective Gross Income	\$ 51,623.40	\$ 52,153.60	\$ 53,196.68	\$ 54,260.62	\$ 55,345.84
Operating Expenses	\$ 31,432.54	\$ 25,341.19	\$ 31,258.02	\$ 21,683.18	\$ 22,116.84
Net Operating Income	\$ 20,190.86	\$ 26,812.41	\$ 21,938.66	\$ 32,577.44	\$ 33,229.00
Debt Service	\$ 19,693.90	\$ 23,632.68	\$ 23,632.68	\$ 23,632.68	\$ 23,632.68
Cash Flow (before Taxes)	\$ 496.96	\$ 3,179.73	\$ -1,694.02	\$ 8,944.76	\$ 9,596.32
Financing					
Principal Payment	\$ 5,488.48	\$ 6,907.27	\$ 7,275.11	\$ 7,662.57	\$ 8,070.66
Mortgage Interest	\$ 14,205.42	\$ 16,725.41	\$ 16,357.57	\$ 15,970.11	\$ 15,562.02
Mortgage Balance	\$ 324,779.02	\$ 317,871.75	\$ 310,596.64	\$ 302,934.07	\$ 294,863.41
Profitability (Accord. to Market Value)					
Gross Rent Multiplier (GRM)	7.71	7.78	7.78	7.78	7.78
Net Rent Multiplier (NRM)	19.70	15.13	18.86	12.96	12.96
Operating Expenses Ratio (OER)	60.89 %	48.59 %	58.76 %	39.96 %	39.96 %
Loan to Value Ratio (LVR)	81.64 %	78.34 %	75.05 %	71.76 %	68.48 %
Debt Service Coverage Ratio (DSCR)	1.03	1.13	0.93	1.38	1.41
Break Even Ratio (BER)	96.07 %	91.09 %	100.09 %	81.01 %	80.18 %
Capitalization Rate (Cap Rate)	5.08 %	6.61 %	5.30 %	7.72 %	7.72 %
Market Value of Property per apartment	\$ 66,300.00	\$ 67,626.00	\$ 68,978.52	\$ 70,358.09	\$ 71,765.25
Net current Value of the Cash Flow	\$ 477.84	\$ 2,939.84	\$ -1,505.98	\$ 7,646.02	\$ 7,887.47
Cash on Cash Return (before Eq.)	0.87 %	5.58 %	-2.97 %	15.69 %	16.84 %
Cash on Cash Return (after Eq.)	10.50 %	17.70 %	9.79 %	29.14 %	30.99 %
Cash on Cash Return (Appreciation)	41.73 %	73.38 %	97.41 %	141.07 %	186.88 %
Equity (cumulative)					
Property Value (Annual Appreciation 2.00%)	\$ 397,800.00	\$ 405,756.00	\$ 413,871.12	\$ 422,148.54	\$ 430,591.51
Property Appreciation	\$ 17,800.00	\$ 25,756.00	\$ 33,871.12	\$ 42,148.54	\$ 50,591.51
Principal Payment	\$ 5,488.48	\$ 12,395.75	\$ 19,670.86	\$ 27,333.43	\$ 35,404.09
Cash Flow (before Taxes)	\$ 496.96	\$ 3,676.69	\$ 1,982.67	\$ 10,927.43	\$ 20,523.74
Total Equity	\$ 23,785.44	\$ 41,828.44	\$ 55,524.65	\$ 80,409.40	\$ 106,519.35

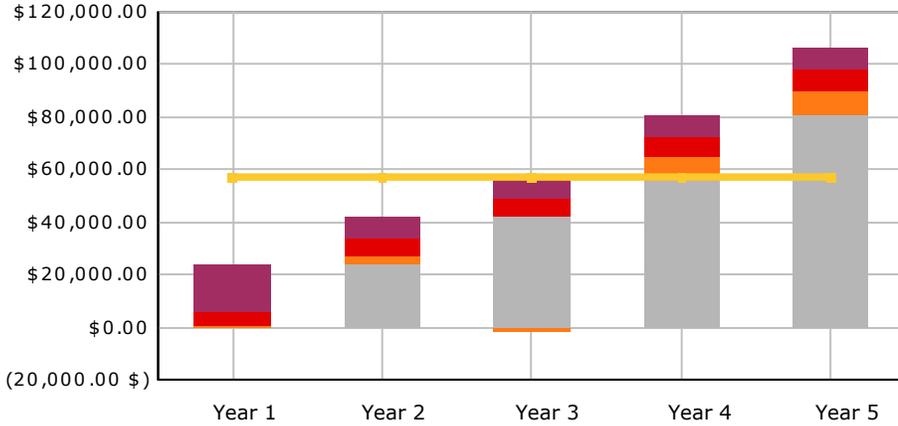
Financial Forecast

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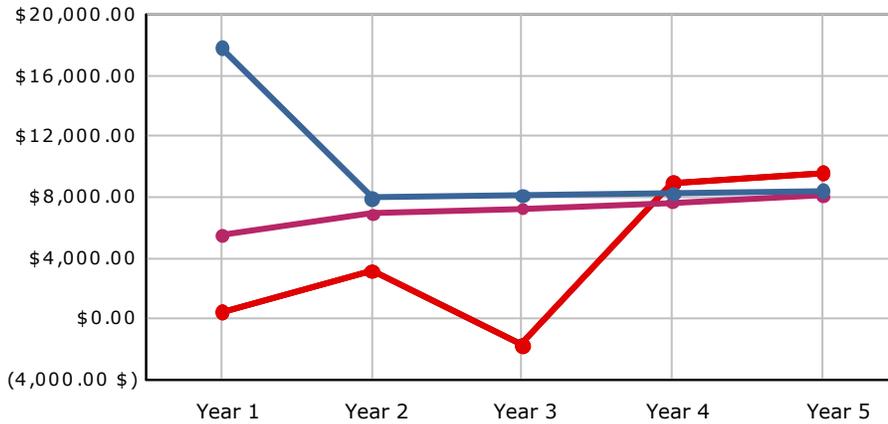
Cumulative Equity



This diagram represents the accumulated amount throughout the years thanks to the profit generated by the building, the assets accumulated by the mortgage reimbursement and to the increase of the building's value. In other words, it is possible to identify the moment when the investor will have entirely recovered his initial down payment by observing the moment when the line, representing the down payment, is reached.

- Annual Appreciation of the Property
- Principal Payment
- Cash Flow (after Taxes)
- Down Payment
- Cumulative for the previous years

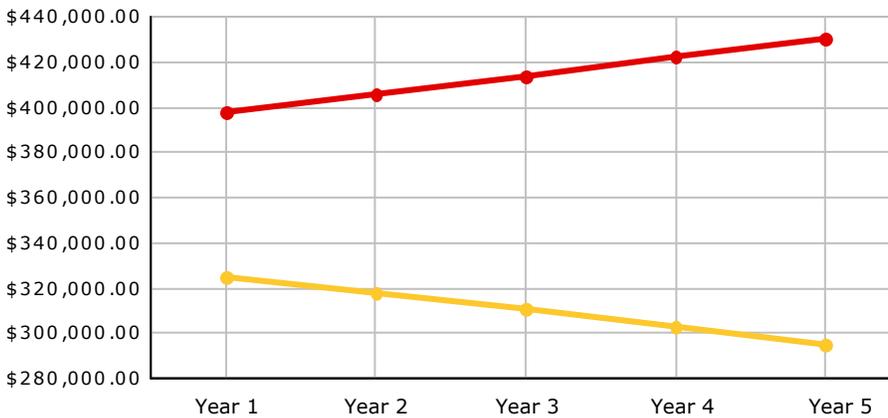
Equity Progression



In this diagram, the evolution of the profit generated by the building by considering the taxes is illustrated. If the acquisition cost is inferior to the market value, an amount higher can be observed for the appreciation the first year because a profit is earned from the purchase.

- Cash Flow (before Taxes)
- Cash Flow (after Taxes)
- Annual Appreciation of the Property
- Principal Payment

Increase of the building value and the mortgage balance.



The space between two lines represents the amount that truly belongs to the investor since it is not detained by mortgage creditors. The building increases in value each year without additional financing being necessary.

- Property Value
- Mortgage Balance

Mortgage Details

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Mortgage

Amount	\$330,267.50
Interest Rate	5.20 %
Length	300 months
Term	60 months
Payment Frequency	Monthly

	Date	Payment	Principal	Interest	Balance	Total Interest
0	01/02/2006	\$0.00	\$0.00	\$0.00	\$330,267.50	\$0.00
1	01/03/2006	\$1,969.39	\$538.23	\$1,431.16	\$329,729.27	\$1,431.16
2	01/04/2006	\$1,969.39	\$540.56	\$1,428.83	\$329,188.71	\$2,859.99
3	01/05/2006	\$1,969.39	\$542.91	\$1,426.48	\$328,645.80	\$4,286.47
4	01/06/2006	\$1,969.39	\$545.26	\$1,424.13	\$328,100.54	\$5,710.60
5	01/07/2006	\$1,969.39	\$547.62	\$1,421.77	\$327,552.92	\$7,132.37
6	01/08/2006	\$1,969.39	\$549.99	\$1,419.40	\$327,002.93	\$8,551.77
7	01/09/2006	\$1,969.39	\$552.38	\$1,417.01	\$326,450.55	\$9,968.78
8	01/10/2006	\$1,969.39	\$554.77	\$1,414.62	\$325,895.78	\$11,383.40
9	01/11/2006	\$1,969.39	\$557.17	\$1,412.22	\$325,338.61	\$12,795.62
10	01/12/2006	\$1,969.39	\$559.59	\$1,409.80	\$324,779.02	\$14,205.42
11	01/01/2007	\$1,969.39	\$562.01	\$1,407.38	\$324,217.01	\$15,612.80
12	01/02/2007	\$1,969.39	\$564.45	\$1,404.94	\$323,652.56	\$17,017.74
13	01/03/2007	\$1,969.39	\$566.90	\$1,402.49	\$323,085.66	\$18,420.23
14	01/04/2007	\$1,969.39	\$569.35	\$1,400.04	\$322,516.31	\$19,820.27
15	01/05/2007	\$1,969.39	\$571.82	\$1,397.57	\$321,944.49	\$21,217.84
16	01/06/2007	\$1,969.39	\$574.30	\$1,395.09	\$321,370.19	\$22,612.93
17	01/07/2007	\$1,969.39	\$576.79	\$1,392.60	\$320,793.40	\$24,005.53
18	01/08/2007	\$1,969.39	\$579.29	\$1,390.10	\$320,214.11	\$25,395.63
19	01/09/2007	\$1,969.39	\$581.80	\$1,387.59	\$319,632.31	\$26,783.22
20	01/10/2007	\$1,969.39	\$584.32	\$1,385.07	\$319,047.99	\$28,168.29
21	01/11/2007	\$1,969.39	\$586.85	\$1,382.54	\$318,461.14	\$29,550.83
22	01/12/2007	\$1,969.39	\$589.39	\$1,380.00	\$317,871.75	\$30,930.83
23	01/01/2008	\$1,969.39	\$591.95	\$1,377.44	\$317,279.80	\$32,308.27
24	01/02/2008	\$1,969.39	\$594.51	\$1,374.88	\$316,685.29	\$33,683.15
25	01/03/2008	\$1,969.39	\$597.09	\$1,372.30	\$316,088.20	\$35,055.45
26	01/04/2008	\$1,969.39	\$599.67	\$1,369.72	\$315,488.53	\$36,425.17
27	01/05/2008	\$1,969.39	\$602.27	\$1,367.12	\$314,886.26	\$37,792.29
28	01/06/2008	\$1,969.39	\$604.88	\$1,364.51	\$314,281.38	\$39,156.80
29	01/07/2008	\$1,969.39	\$607.50	\$1,361.89	\$313,673.88	\$40,518.69
30	01/08/2008	\$1,969.39	\$610.14	\$1,359.25	\$313,063.74	\$41,877.94

	Date	Payment	Principal	Interest	Balance	Total Interest
31	01/09/2008	\$1,969.39	\$612.78	\$1,356.61	\$312,450.96	\$43,234.55
32	01/10/2008	\$1,969.39	\$615.44	\$1,353.95	\$311,835.52	\$44,588.50
33	01/11/2008	\$1,969.39	\$618.10	\$1,351.29	\$311,217.42	\$45,939.79
34	01/12/2008	\$1,969.39	\$620.78	\$1,348.61	\$310,596.64	\$47,288.40
35	01/01/2009	\$1,969.39	\$623.47	\$1,345.92	\$309,973.17	\$48,634.32
36	01/02/2009	\$1,969.39	\$626.17	\$1,343.22	\$309,347.00	\$49,977.54
37	01/03/2009	\$1,969.39	\$628.89	\$1,340.50	\$308,718.11	\$51,318.04
38	01/04/2009	\$1,969.39	\$631.61	\$1,337.78	\$308,086.50	\$52,655.82
39	01/05/2009	\$1,969.39	\$634.35	\$1,335.04	\$307,452.15	\$53,990.86
40	01/06/2009	\$1,969.39	\$637.10	\$1,332.29	\$306,815.05	\$55,323.15
41	01/07/2009	\$1,969.39	\$639.86	\$1,329.53	\$306,175.19	\$56,652.68
42	01/08/2009	\$1,969.39	\$642.63	\$1,326.76	\$305,532.56	\$57,979.44
43	01/09/2009	\$1,969.39	\$645.42	\$1,323.97	\$304,887.14	\$59,303.41
44	01/10/2009	\$1,969.39	\$648.21	\$1,321.18	\$304,238.93	\$60,624.59
45	01/11/2009	\$1,969.39	\$651.02	\$1,318.37	\$303,587.91	\$61,942.96
46	01/12/2009	\$1,969.39	\$653.84	\$1,315.55	\$302,934.07	\$63,258.51
47	01/01/2010	\$1,969.39	\$656.68	\$1,312.71	\$302,277.39	\$64,571.22
48	01/02/2010	\$1,969.39	\$659.52	\$1,309.87	\$301,617.87	\$65,881.09
49	01/03/2010	\$1,969.39	\$662.38	\$1,307.01	\$300,955.49	\$67,188.10
50	01/04/2010	\$1,969.39	\$665.25	\$1,304.14	\$300,290.24	\$68,492.24
51	01/05/2010	\$1,969.39	\$668.13	\$1,301.26	\$299,622.11	\$69,793.50
52	01/06/2010	\$1,969.39	\$671.03	\$1,298.36	\$298,951.08	\$71,091.86
53	01/07/2010	\$1,969.39	\$673.94	\$1,295.45	\$298,277.14	\$72,387.31
54	01/08/2010	\$1,969.39	\$676.86	\$1,292.53	\$297,600.28	\$73,679.84
55	01/09/2010	\$1,969.39	\$679.79	\$1,289.60	\$296,920.49	\$74,969.44
56	01/10/2010	\$1,969.39	\$682.73	\$1,286.66	\$296,237.76	\$76,256.10
57	01/11/2010	\$1,969.39	\$685.69	\$1,283.70	\$295,552.07	\$77,539.80
58	01/12/2010	\$1,969.39	\$688.66	\$1,280.73	\$294,863.41	\$78,820.53
59	01/01/2011	\$1,969.39	\$691.65	\$1,277.74	\$294,171.76	\$80,098.27
60	01/02/2011	\$1,969.39	\$694.65	\$1,274.74	\$293,477.11	\$81,373.01
Total		\$118,163.40	\$36,790.39	\$81,373.01		

Sale Price Evaluation

5146 Main St. N.

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	Down Payment (Percentage)	Debt Service Coverage Ratio (DSCR)	Debt Service Coverage Ratio (DSCR) & Down Payment (Percentage)
Desired Rate of Return (Before Taxes and Equity)	10.00 %	10.00 %	8.11 %
Income	\$51,623.40	\$51,623.40	\$51,623.40
Expenses	\$20,432.54	\$20,432.54	\$20,432.54
Net Annual Income	\$31,190.86	\$31,190.86	\$31,190.86
Mortgage			
Total Mortgage	\$349,660.59	\$363,244.09	\$363,244.09
Interest Rate	5.20 %	5.20 %	5.20 %
Length	300 months	300 months	300 months
Payments	\$2,085.03	\$2,166.03	\$2,166.03
Evaluation			
Down Payment	\$61,704.81	\$51,984.98	\$64,101.90
Down Payment (Percentage)	15.00 %	12.52 %	15.00 %
Debt Coverage Ratio	1.25	1.20	1.20
Annual Profits	\$6,170.48	\$5,198.50	\$5,198.50
Sale's Price Evaluation	<u><u>\$411,365.41</u></u>	<u><u>\$415,229.07</u></u>	<u><u>\$427,345.98</u></u>
Sale's Price Average	<u><u>\$417,980.15</u></u>		

Resale Yield (year 5)

5146 Main St. N.

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Net Assets (Before Taxes)

Resale Price	\$404,830.74	
Resale Fees	-	\$0.00 Brokerage Fees of 0.00 %
Net Resale Price	\$404,830.74	
Mortgage Balance	-	\$294,863.41
Net Assets at Resale	\$109,967.33	
Down Payment	-	\$57,000.00
Increase of Assets (Before Taxes)	\$52,967.33	

Capital Gain

Net Resale Price		\$404,830.74
Acquisition Cost	-	\$380,000.00
Capital Gain	\$24,830.74	
Capital Gain Exemption	-	\$0.00
Capital Gain Balance		\$24,830.74
Taxable Capital Gain	\$12,415.37	Taxable portion of Capital Gain of 50.00 %

Tax

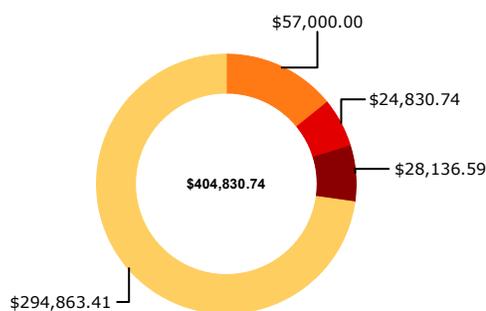
Recovered Annual Depreciation	+	\$46,492.42
Taxable Total	\$58,907.79	
Income Taxes		\$0.00 Income Tax rate of 0.00 %

Net Assets (After Taxes)

Assets on Annual Basis	\$52,967.33
Income Taxes	- \$0.00
Increase of Assets (After Taxes)	\$52,967.33

Yield

Assets on Annual Basis		\$10,326.96
Average of Cash Flow (After Taxes)	+	\$9,204.75
Annual Yield	\$19,531.71	
Annual Rate Yield	34.27 %	



This diagram illustrates what the estimated resale price will help to pay. The orange tinted sections (down payment, capital gain and recaptured capital cost) represent the amount belonging to the investor if the building is sold after 5 years of possession.

- Recovered Principal
- Capital Gain
- Down Payment
- Mortgage Balance
- Resale Fees
- Income Tax

* This report is an indication only and does not take into consideration a capital loss, assuming that the resale price is higher than the acquisition cost.

Comparison

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	Property 1	Property 2
	5146 Main St. N.	795 Mountain Road
	Chicago	Stowe
Scenario	Potential	Potential
Characteristics		
Total Acquisition Cost	\$ 380,000.00	\$ 286,000.00
Down Payment	\$ 57,000.00	\$ 71,500.00
Nb of Units	6	6
General Condition	Good	Good
Incomes and Expenses		
Potential Gross Income	\$ 53,220.00	\$ 33,890.60
Vacancy and Credits	\$ 1,596.60	\$ 1,016.72
Effective Gross Income	\$ 51,623.40	\$ 32,873.88
Operating Expenses	\$ 20,432.54	\$ 12,405.00
Net Operating Income	\$ 31,190.86	\$ 20,468.88
Cash Flow (Before Taxes)	\$ 11,496.96	\$ 3,884.52
Financing		
Mortgage #1	-	-
Mortgage Amount	\$ 323,000.00	\$ 214,500.00
Interest Rate	5.20 %	6.00 %
Term	60 Months	60 Months
Payment	\$ 1,969.39	\$ 1,382.03
Profitability (Accord. to Market Value)		
Gross Rent Multiplier (GRM)	7.71	9.28
Net Rent Multiplier (NRM)	12.75	14.90
Average Unit Price	\$ 66,300.00	\$ 50,830.00
Operating Expenses Ratio (OER)	39.58 %	37.74 %
Loan to Value Ratio (LVR)	81.64 %	69.08 %
Debt Service Coverage Ratio (DSCR)	1.58	1.23
Break Even Ratio (BER)	75.40 %	85.54 %
Capitalization Rate (Cap Rate)	7.84 %	6.71 %
Internal Rate of Return (IRR)	27.40 %	15.80 %
Cash on Cash Return (before Eq.)	20.17 %	5.43 %
Cash on Cash Return (after Eq.)	29.80 %	10.77 %