Gladstone

Ontario

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Purchase Info	
Total Number of Units	21
Purchase Price	$950,000
Initial Cash Invested	$213,750

Income Analysis	Monthly	Annual
Net Operating Income	$6,351	$76,216
Cash Flow	$2,557	$30,683

Financial Metrics	
Cap Rate (Purchase Price)	8.0%
Cash on Cash Return (Year 1)	14.4%
Internal Rate of Return (Year 10)	19.8%
Sale Price (Year 10)	$1,049,391

21 Unit building with 3 Bachelors, 17 One Bedrooms and 1 Two bedroom units.

For more information, please contact:

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Purchase Analysis

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Purchase Info	
Purchase Price	$950,000
- First Mortgage	($760,000)
- Second Mortgage	($0)
= Downpayment	**$190,000**
+ Buying Costs	$23,750
+ Initial Improvements	$0
= Initial Cash Invested	**$213,750**
Total Number of Units	21
Cost per Unit	$45,238
Average Monthly Rent per Unit	$618

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	$760,000	$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	3.5%	
Payment	**$3,794.45**	**$0.00**

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	6.1
Operating Expense Ratio	46.6%
Debt Coverage Ratio	1.67
Cap Rate (Purchase Price)	8.0%
Cash on Cash Return	**14.4%**

Assumptions	
Appreciation Rate	1.0%
Vacancy Rate	10.0%
Income Inflation Rate	1.0%
Expense Inflation Rate	1.0%
LTV for Refinance	70.0%
Selling Costs	$61,750

Income	Monthly	Annual
Gross Rent	$12,985	$155,820
Vacancy Loss	($1,298)	($15,582)
Laundry	$200	$2,400
Parking	$0	$0
Operating Income	**$11,886**	**$142,638**

Expenses (% of Income)	Monthly	Annual
Advertising (0%)	($55)	($656)
Insurance (3%)	($384)	($4,612)
Legal & Professional Fees (0%)	($35)	($418)
Management Fees (8%)	($951)	($11,411)
Repairs (11%)	($1,250)	($15,000)
Taxes (8%)	($936)	($11,230)
Water and Sewer (1%)	($156)	($1,871)
Hydro (6%)	($772)	($9,265)
Heat/Gas (6%)	($746)	($8,948)
Landscaping/Snow (2%)	($201)	($2,410)
Phone (0%)	($50)	($600)
Operating Expenses (47%)	**($5,535)**	**($66,422)**

Net Performance	Monthly	Annual
Net Operating Income	**$6,351**	**$76,216**
- Mortgage Payments	($3,794)	($45,533)
- Year 1 Improvements	($0)	($0)
= Cash Flow	**$2,557**	**$30,683**

Buy and Hold Projection

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Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	$155,820	$157,378	$158,952	$162,147	$170,418	$188,248	$207,942
Vacancy Loss	($15,582)	($15,738)	($15,895)	($16,215)	($17,042)	($18,825)	($20,794)
Laundry	$2,400	$2,424	$2,448	$2,497	$2,625	$2,899	$3,203
Parking	$0	$0	$0	$0	$0	$0	$0
Operating Income	**$142,638**	**$144,064**	**$145,505**	**$148,430**	**$156,001**	**$172,322**	**$190,351**

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Advertising	($656)	($663)	($670)	($683)	($718)	($793)	($876)
Insurance	($4,612)	($4,658)	($4,705)	($4,799)	($5,044)	($5,572)	($6,155)
Legal & Professional Fees	($418)	($423)	($427)	($435)	($458)	($505)	($558)
Management Fees	($11,411)	($11,525)	($11,640)	($11,874)	($12,480)	($13,786)	($15,228)
Repairs	($15,000)	($15,150)	($15,302)	($15,609)	($16,405)	($18,122)	($20,018)
Taxes	($11,230)	($11,343)	($11,456)	($11,686)	($12,282)	($13,567)	($14,987)
Water and Sewer	($1,871)	($1,890)	($1,908)	($1,947)	($2,046)	($2,260)	($2,497)
Hydro	($9,265)	($9,357)	($9,451)	($9,641)	($10,133)	($11,193)	($12,364)
Heat/Gas	($8,948)	($9,037)	($9,128)	($9,311)	($9,786)	($10,810)	($11,941)
Landscaping/Snow	($2,410)	($2,435)	($2,459)	($2,508)	($2,636)	($2,912)	($3,217)
Phone	($600)	($606)	($612)	($624)	($656)	($725)	($801)
Operating Expenses	**($66,422)**	**($67,086)**	**($67,757)**	**($69,119)**	**($72,645)**	**($80,245)**	**($88,641)**

Buy and Hold Projection

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Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	**$76,216**	**$76,978**	**$77,748**	**$79,311**	**$83,356**	**$92,077**	**$101,710**
- Mortgage Payments	($45,533)	($45,533)	($45,533)	($45,533)	($45,533)	($45,533)	($0)
- Improvements	($0)	($0)	($0)	($0)	($0)	($0)	($0)
= Cash Flow	**$30,683**	**$31,445**	**$32,214**	**$33,777**	**$37,823**	**$46,544**	**$101,710**
Cap Rate (Purchase Price)	8.0%	8.1%	8.2%	8.3%	8.8%	9.7%	10.7%
Cap Rate (Market Value)	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%
Cash on Cash Return	**14.4%**	**14.7%**	**15.1%**	**15.8%**	**17.7%**	**21.8%**	**47.6%**
Return on Equity	14.0%	12.6%	11.5%	9.9%	7.3%	4.9%	7.9%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	$959,500	$969,095	$978,786	$998,460	$1,049,391	$1,159,181	$1,280,456
- Loan Balance	($740,567)	($720,448)	($699,619)	($655,728)	($531,703)	($208,712)	($0)
= Equity	**$218,933**	**$248,647**	**$279,167**	**$342,731**	**$517,688**	**$950,468**	**$1,280,456**
Loan-to-Value Ratio	77.2%	74.3%	71.5%	65.7%	50.7%	18.0%	0.0%
Potential Cash-Out Refi	($68,917)	($42,082)	($14,469)	$43,193	$202,871	$602,714	$896,320

| Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	$218,933	$248,647	$279,167	$342,731	$517,688	$950,468	$1,280,456
- Selling Costs	($62,368)	($62,991)	($63,621)	($64,900)	($68,210)	($75,347)	($83,230)
= Proceeds After Sale	**$156,565**	**$185,656**	**$215,546**	**$277,831**	**$449,478**	**$875,121**	**$1,197,227**
+ Cumulative Cash Flow	$30,683	$62,127	$94,342	$161,111	$342,053	$767,531	$1,512,828
- Initial Cash Invested	($213,750)	($213,750)	($213,750)	($213,750)	($213,750)	($213,750)	($213,750)
= Net Profit	**($26,502)**	**$34,033**	**$96,138**	**$225,192**	**$577,781**	**$1,428,902**	**$2,496,304**
Internal Rate of Return	**-12.4%**	**8.2%**	**14.9%**	**19.1%**	**19.8%**	**18.2%**	**17.3%**
Return on Investment	-12%	16%	45%	105%	270%	668%	1,168%

Graphs

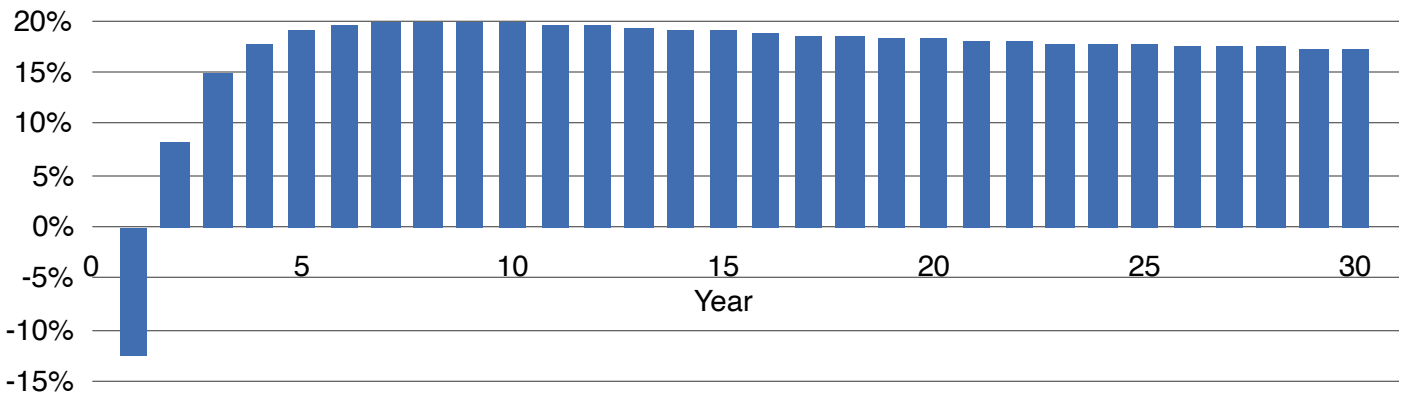**Gladstone**

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Monthly Cash Flow
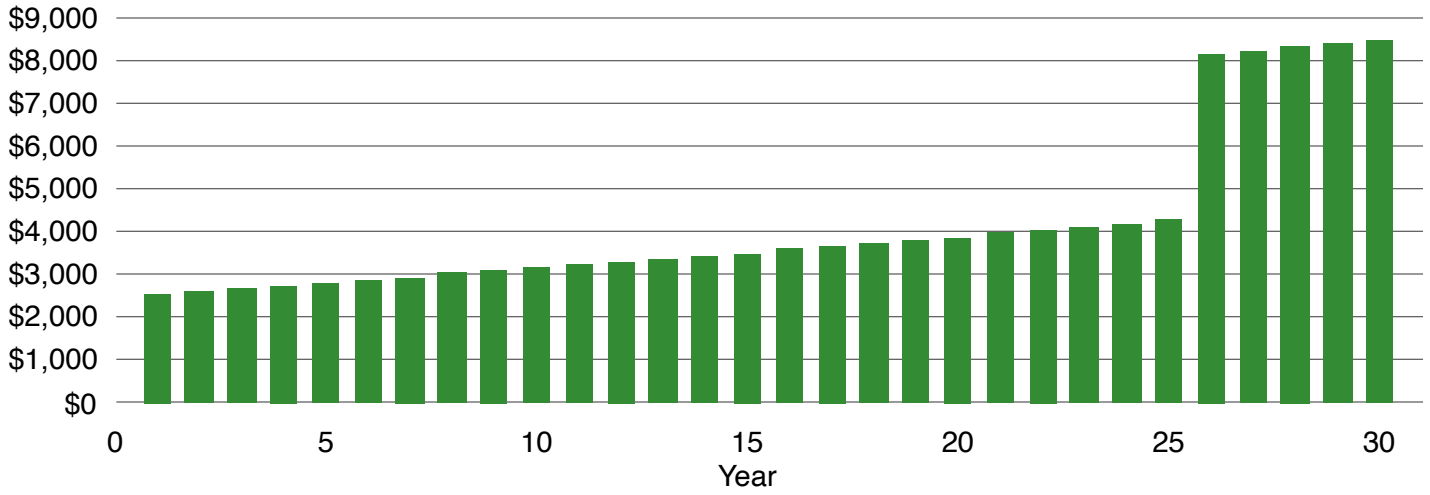
Loan Balance + Equity = Market Value
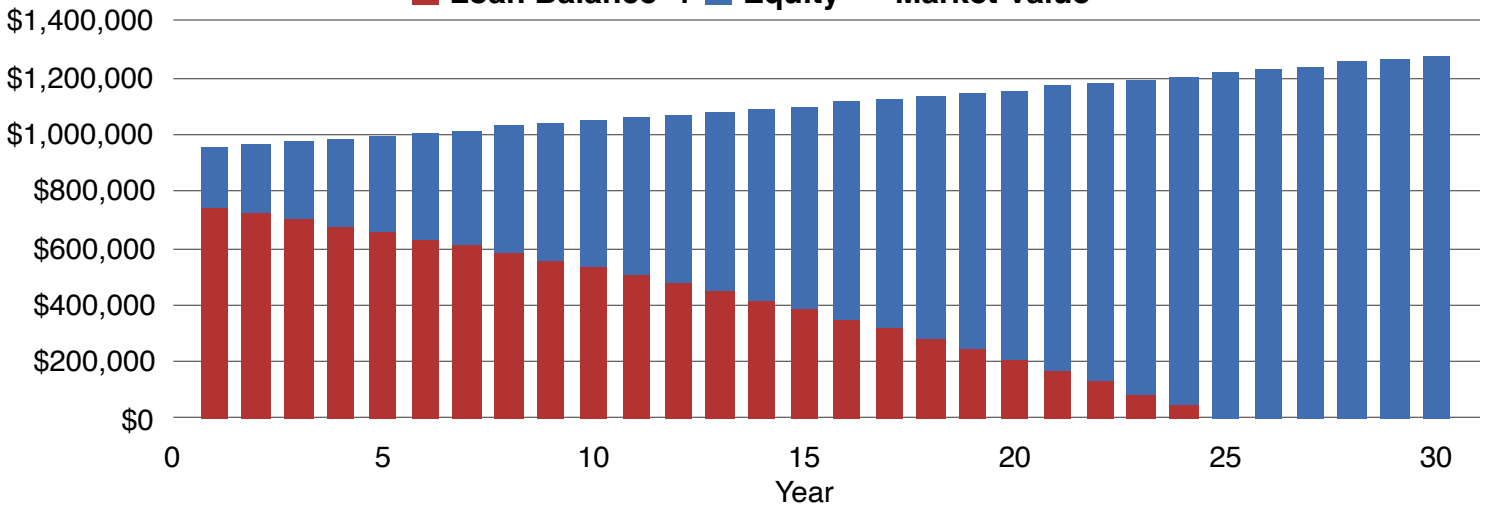
Internal Rate of Return (IRR)

Rent Roll

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Unit Description	Square Feet	Units of This Type	Rent (Per Unit)
5 Units 510-620	0	5	$563 Per Month
390 Units	0	1	$390 Per Month
430 Units	0	1	$430 Per Month
500 Units	0	3	$500 Per Month
675 Unit	0	3	$675 Per Month
700 Units	0	5	$700 Per Month
775 Units	0	3	$775 Per Month

Totals for Year 1	
Total Number of Units	**21**
Total Area (Sum of Units)	**0 Square Feet**
Total Rent (Sum of Units)	**$12,985 Per Month, $155,820 Per Year**