

Oakville Six Plex

Overview

Oakville Six Plex

Purchase Info

Total Number of Units	6
Purchase Price	\$1,600,000
Initial Cash Invested	\$360,000

Income Analysis

	Monthly	Annual
Net Operating Income	\$6,500	\$78,000
Cash Flow	\$442	\$5,310

Financial Metrics

Cap Rate (Purchase Price)	4.9%
Cash on Cash Return (Year 1)	1.5%
Internal Rate of Return (Year 10)	14.2%
Sale Price (Year 10)	\$2,150,266

Purchase Analysis

Oakville Six Plex

Purchase Info	
Purchase Price	\$1,600,000
- First Mortgage	(\$1,280,000)
- Second Mortgage	(\$0)
= Downpayment	\$320,000
+ Buying Costs	\$40,000
+ Initial Improvements	\$0
= Initial Cash Invested	\$360,000
Total Number of Units	6
Cost per Unit	\$266,667
Average Monthly Rent per Unit	\$1,417

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$1,280,000	\$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	3%	
Payment	\$6,057.54	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	15.7
Operating Expense Ratio	22.0%
Debt Coverage Ratio	1.07
Cap Rate (Purchase Price)	4.9%
Cash on Cash Return	1.5%

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	2.0%
Income Inflation Rate	2.0%
Expense Inflation Rate	1.0%
LTV for Refinance	70.0%
Selling Costs	\$104,000

Income	Monthly	Annual
Gross Rent	\$8,500	\$102,000
Vacancy Loss	(\$170)	(\$2,040)
Parking	\$0	\$0
Operating Income	\$8,330	\$99,960

Expenses (% of Income)	Monthly	Annual
Insurance (3%)	(\$230)	(\$2,760)
Taxes (9%)	(\$750)	(\$9,000)
Utilities (4%)	(\$350)	(\$4,200)
Water and Sewer (3%)	(\$250)	(\$3,000)
Landscaping/Snow (3%)	(\$250)	(\$3,000)
Operating Expenses (22%)	(\$1,830)	(\$21,960)

Net Performance	Monthly	Annual
Net Operating Income	\$6,500	\$78,000
- Mortgage Payments	(\$6,058)	(\$72,690)
- Year 1 Improvements	(\$0)	(\$0)
= Cash Flow	\$442	\$5,310

Buy and Hold Projection

Oakville Six Plex

Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$102,000	\$104,040	\$106,121	\$110,408	\$121,899	\$148,595	\$181,136
Vacancy Loss	(\$2,040)	(\$2,081)	(\$2,122)	(\$2,208)	(\$2,438)	(\$2,972)	(\$3,623)
Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Income	\$99,960	\$101,959	\$103,998	\$108,200	\$119,461	\$145,623	\$177,513

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Insurance	(\$2,760)	(\$2,788)	(\$2,815)	(\$2,872)	(\$3,019)	(\$3,334)	(\$3,683)
Taxes	(\$9,000)	(\$9,090)	(\$9,181)	(\$9,365)	(\$9,843)	(\$10,873)	(\$12,011)
Utilities	(\$4,200)	(\$4,242)	(\$4,284)	(\$4,371)	(\$4,593)	(\$5,074)	(\$5,605)
Water and Sewer	(\$3,000)	(\$3,030)	(\$3,060)	(\$3,122)	(\$3,281)	(\$3,624)	(\$4,004)
Landscaping/Snow	(\$3,000)	(\$3,030)	(\$3,060)	(\$3,122)	(\$3,281)	(\$3,624)	(\$4,004)
Operating Expenses	(\$21,960)	(\$22,180)	(\$22,401)	(\$22,852)	(\$24,017)	(\$26,530)	(\$29,306)

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$78,000	\$79,780	\$81,597	\$85,348	\$95,444	\$119,093	\$148,208
- Mortgage Payments	(\$72,690)	(\$72,690)	(\$72,690)	(\$72,690)	(\$72,690)	(\$72,690)	(\$0)
- Improvements	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
= Cash Flow	\$5,310	\$7,089	\$8,907	\$12,658	\$22,754	\$46,402	\$148,208
Cap Rate (Purchase Price)	4.9%	5.0%	5.1%	5.3%	6.0%	7.4%	9.3%
Cap Rate (Market Value)	4.7%	4.7%	4.7%	4.6%	4.4%	4.1%	3.8%
Cash on Cash Return	1.5%	2.0%	2.5%	3.5%	6.3%	12.9%	41.2%
Return on Equity	1.3%	1.5%	1.5%	1.7%	1.8%	1.8%	3.8%

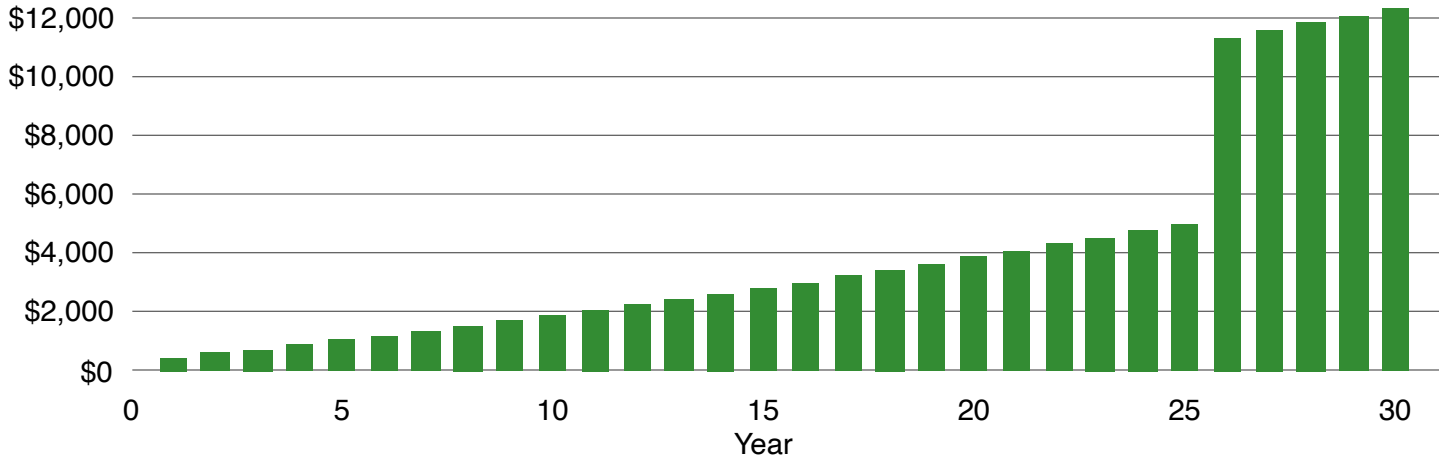
Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$1,648,000	\$1,697,440	\$1,748,363	\$1,854,839	\$2,150,266	\$2,889,778	\$3,883,620
- Loan Balance	(\$1,244,996)	(\$1,208,934)	(\$1,171,782)	(\$1,094,075)	(\$878,302)	(\$337,272)	(\$0)
= Equity	\$403,004	\$488,506	\$576,581	\$760,763	\$1,271,965	\$2,552,506	\$3,883,620
Loan-to-Value Ratio	75.5%	71.2%	67.0%	59.0%	40.8%	11.7%	0.0%
Potential Cash-Out Refi	(\$91,396)	(\$20,726)	\$52,072	\$204,312	\$626,885	\$1,685,572	\$2,718,534

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$403,004	\$488,506	\$576,581	\$760,763	\$1,271,965	\$2,552,506	\$3,883,620
- Selling Costs	(\$107,120)	(\$110,334)	(\$113,644)	(\$120,565)	(\$139,767)	(\$187,836)	(\$252,435)
= Proceeds After Sale	\$295,884	\$378,173	\$462,938	\$640,199	\$1,132,197	\$2,364,670	\$3,631,185
+ Cumulative Cash Flow	\$5,310	\$12,399	\$21,305	\$44,725	\$137,879	\$491,418	\$1,474,047
- Initial Cash Invested	(\$360,000)	(\$360,000)	(\$360,000)	(\$360,000)	(\$360,000)	(\$360,000)	(\$360,000)
= Net Profit	(\$58,806)	\$30,571	\$124,243	\$324,924	\$910,076	\$2,496,088	\$4,745,232
Internal Rate of Return	-16.3%	4.2%	10.5%	14.1%	14.2%	12.2%	11.0%
Return on Investment	-16%	8%	35%	90%	253%	693%	1,318%

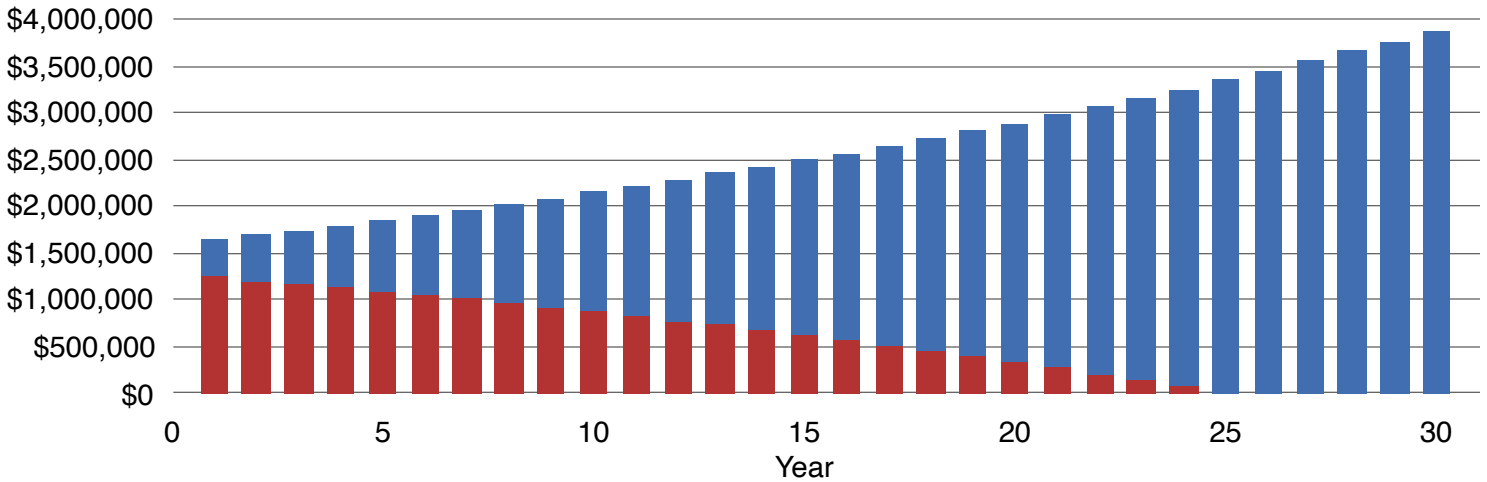
Graphs

Oakville Six Plex

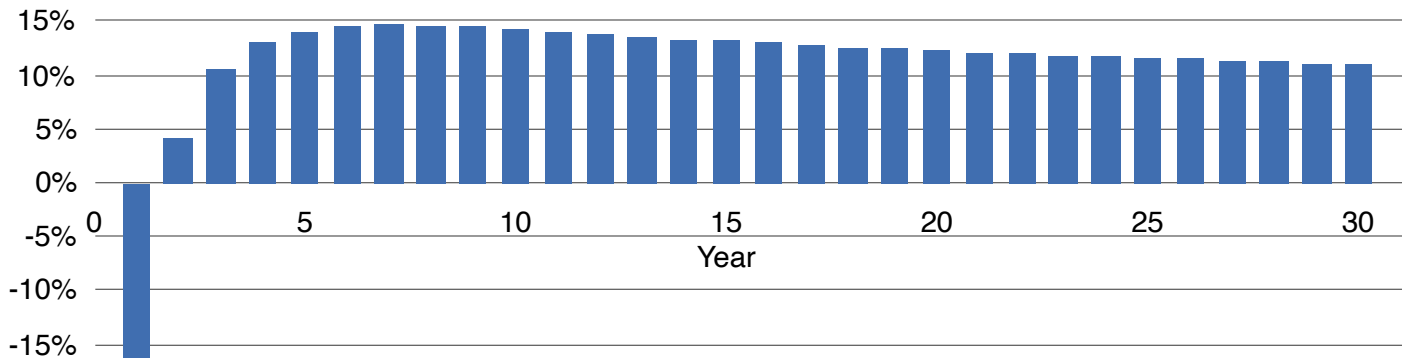
Monthly Cash Flow



■ Loan Balance + ■ Equity = Market Value



Internal Rate of Return (IRR)



Rent Roll

Oakville Six Plex

Unit Description	Square Feet	Units of This Type	Rent (Per Unit)
Unit #1 Inc Hydro	0	1	\$1,200 Per Month
Unit 1350 +H	0	1	\$1,350 Per Month
Unit 1350 Inc H	0	1	\$1,350 Per Month
Unit 1500 +H	0	1	\$1,500 Per Month
Unit 1550+H	0	2	\$1,550 Per Month

Totals for Year 1

Total Number of Units			6
Total Area (Sum of Units)			0 Square Feet
Total Rent (Sum of Units)			\$8,500 Per Month, \$102,000 Per Year