

Kitchener Six Plex

Kitchener , Ontario

Presented by:

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Overview

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Purchase Info

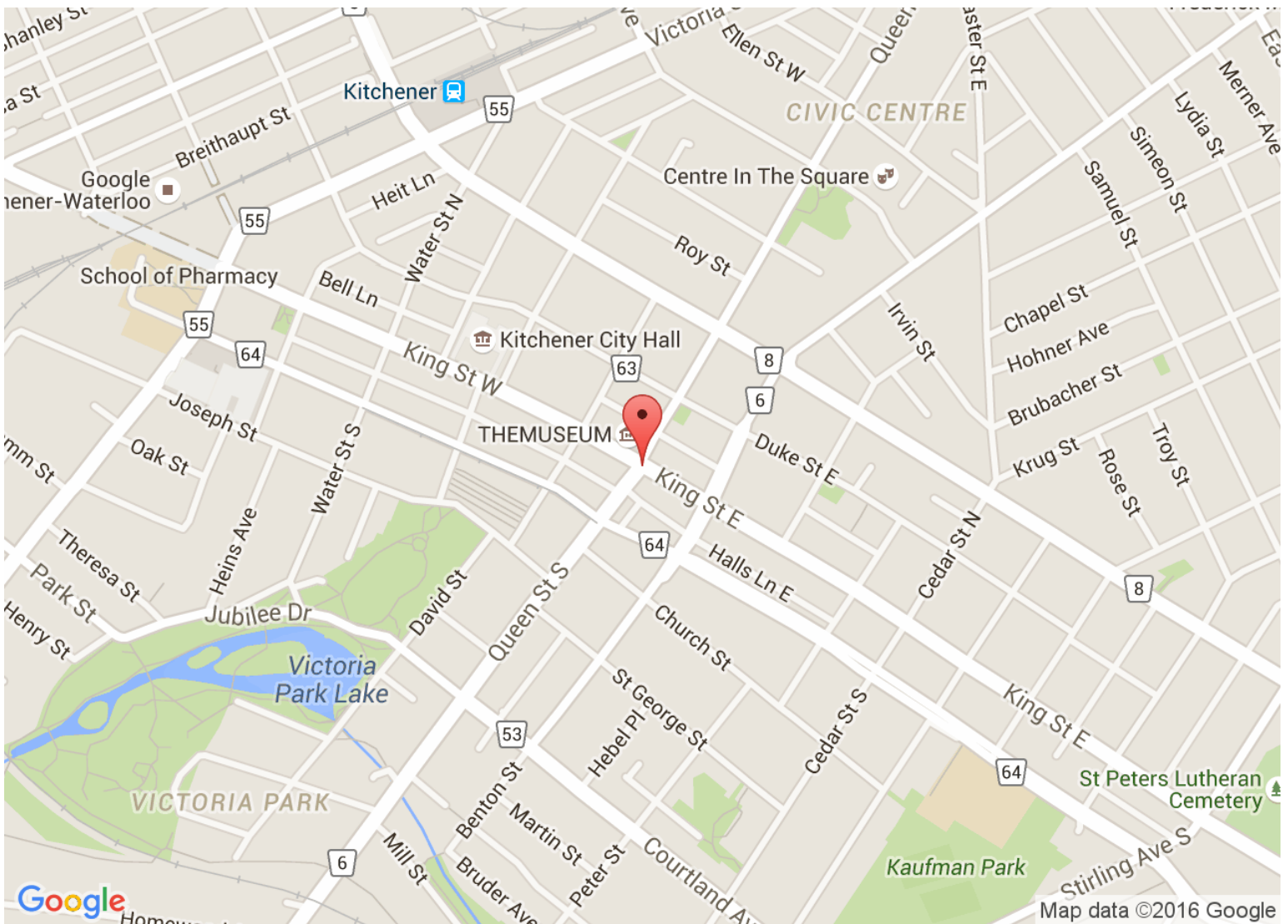
Total Number of Units	6
Purchase Price	\$725,000
Initial Cash Invested	\$174,000

Income Analysis

	Monthly	Annual
Net Operating Income	\$2,783	\$33,392
Cash Flow	-\$113	-\$1,358

Financial Metrics

Cap Rate (Purchase Price)	4.6%
Cash on Cash Return (Year 1)	-0.8%
Internal Rate of Return (Year 10)	11.8%
Sale Price (Year 10)	\$974,339



Purchase Analysis

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Purchase Info	
Purchase Price	\$725,000
- First Mortgage	-\$580,000
- Second Mortgage	-\$0
= Downpayment	\$145,000
+ Buying Costs	\$29,000
+ Initial Improvements	\$0
= Initial Cash Invested	\$174,000
Total Number of Units	6
Cost per Unit	\$120,833
Average Monthly Rent per Unit	\$694

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$580,000	\$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	3.5%	
Payment	\$2,895.77	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	14.5
Operating Expense Ratio	32.3%
Debt Coverage Ratio	0.96
Cap Rate (Purchase Price)	4.6%
Cash on Cash Return	-0.8%

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	\$50,750

Income	Monthly	Annual
Gross Rent	\$4,163	\$49,953
Vacancy Loss	-\$83	-\$999
Laundry	\$30	\$360
Operating Income	\$4,110	\$49,314

Expenses (% of Income)	Monthly	Annual
Taxes (11%)	-\$456	-\$5,474
Insurance (5%)	-\$196	-\$2,350
Hydro (2%)	-\$70	-\$840
Water/Waste (0%)	-\$13	-\$151
Utilities (9%)	-\$364	-\$4,370
Cleaning & Maintenance (5%)	-\$188	-\$2,250
Water Tank Rental (1%)	-\$41	-\$487
Operating Expenses (32%)	-\$1,327	-\$15,923

Net Performance	Monthly	Annual
Net Operating Income	\$2,783	\$33,392
- Mortgage Payments	-\$2,896	-\$34,749
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	-\$113	-\$1,358

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	\$49,953	\$50,953	\$51,972	\$54,071	\$59,699	\$72,773	\$88,710
Vacancy Loss	-\$999	-\$1,019	-\$1,039	-\$1,081	-\$1,194	-\$1,455	-\$1,774
Laundry	\$360	\$367	\$375	\$390	\$430	\$524	\$639
Operating Income	\$49,314	\$50,301	\$51,307	\$53,380	\$58,935	\$71,842	\$87,575

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Taxes	-\$5,474	-\$5,529	-\$5,585	-\$5,697	-\$5,987	-\$6,614	-\$7,306
Insurance	-\$2,350	-\$2,374	-\$2,397	-\$2,445	-\$2,570	-\$2,839	-\$3,136
Hydro	-\$840	-\$848	-\$857	-\$874	-\$919	-\$1,015	-\$1,121
Water/Waste	-\$151	-\$153	-\$154	-\$157	-\$165	-\$183	-\$202
Utilities	-\$4,370	-\$4,414	-\$4,458	-\$4,547	-\$4,779	-\$5,279	-\$5,832
Cleaning & Maintenance	-\$2,250	-\$2,272	-\$2,295	-\$2,341	-\$2,461	-\$2,718	-\$3,003
Water Tank Rental	-\$487	-\$492	-\$497	-\$507	-\$533	-\$588	-\$650
Operating Expenses	-\$15,923	-\$16,082	-\$16,243	-\$16,569	-\$17,414	-\$19,236	-\$21,249

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$33,392	\$34,219	\$35,064	\$36,810	\$41,521	\$52,605	\$66,326
- Mortgage Payments	-\$34,749	-\$34,749	-\$34,749	-\$34,749	-\$34,749	-\$34,749	-\$0
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	-\$1,358	-\$531	\$315	\$2,061	\$6,772	\$17,856	\$66,326
Cap Rate (Purchase Price)	4.6%	4.7%	4.8%	5.1%	5.7%	7.3%	9.1%
Cap Rate (Market Value)	4.5%	4.4%	4.4%	4.4%	4.3%	4.0%	3.8%
Cash on Cash Return	-0.8%	-0.3%	0.2%	1.2%	3.9%	10.3%	38.1%
Return on Equity	-0.7%	-0.2%	0.1%	0.6%	1.2%	1.6%	3.8%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$746,750	\$769,152	\$792,227	\$840,474	\$974,339	\$1,309,431	\$1,759,765
- Loan Balance	-\$565,170	-\$549,816	-\$533,919	-\$500,424	-\$405,772	-\$159,279	-\$0
= Equity	\$181,580	\$219,337	\$258,308	\$340,050	\$568,567	\$1,150,152	\$1,759,765
Loan-to-Value Ratio	75.7%	71.5%	67.4%	59.5%	41.6%	12.2%	0.0%
Potential Cash-Out Refi	-\$42,445	-\$11,409	\$20,639	\$87,908	\$276,265	\$757,323	\$1,231,836

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$181,580	\$219,337	\$258,308	\$340,050	\$568,567	\$1,150,152	\$1,759,765
- Selling Costs	-\$52,272	-\$53,841	-\$55,456	-\$58,833	-\$68,204	-\$91,660	-\$123,184
= Proceeds After Sale	\$129,308	\$165,496	\$202,852	\$281,217	\$500,363	\$1,058,492	\$1,636,582
+ Cumulative Cash Flow	-\$1,358	-\$1,888	-\$1,573	\$1,666	\$25,899	\$152,623	\$577,990
- Initial Cash Invested	-\$174,000	-\$174,000	-\$174,000	-\$174,000	-\$174,000	-\$174,000	-\$174,000
= Net Profit	-\$46,050	-\$10,392	\$27,278	\$108,883	\$352,263	\$1,037,115	\$2,040,572
Internal Rate of Return	-26.5%	-3.0%	4.9%	10.2%	11.8%	10.7%	9.8%
Return on Investment	-26%	-6%	16%	63%	202%	596%	1,173%

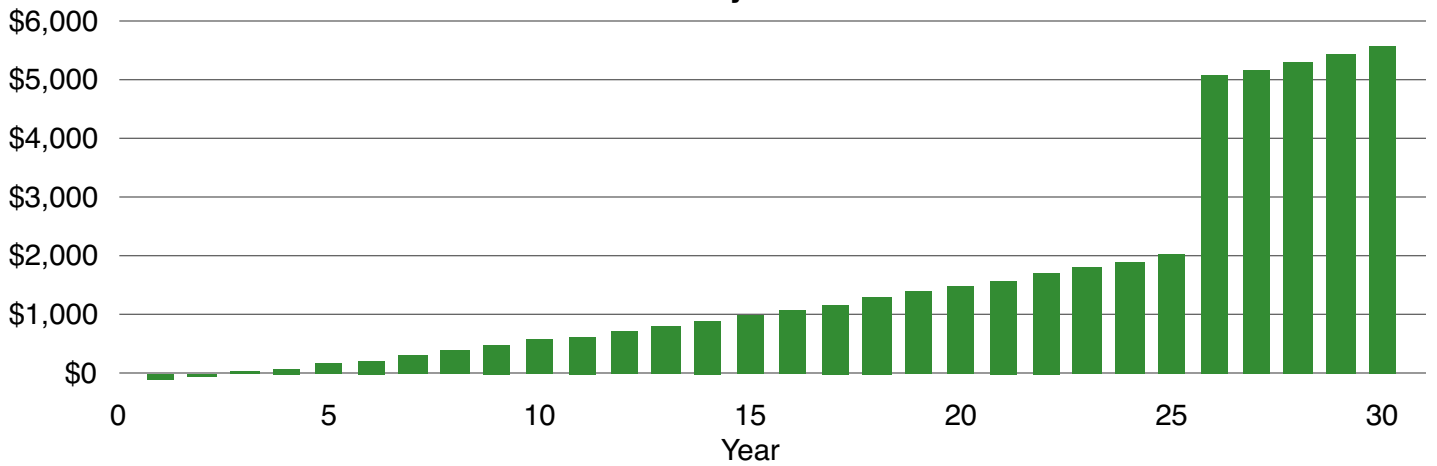
Graphs

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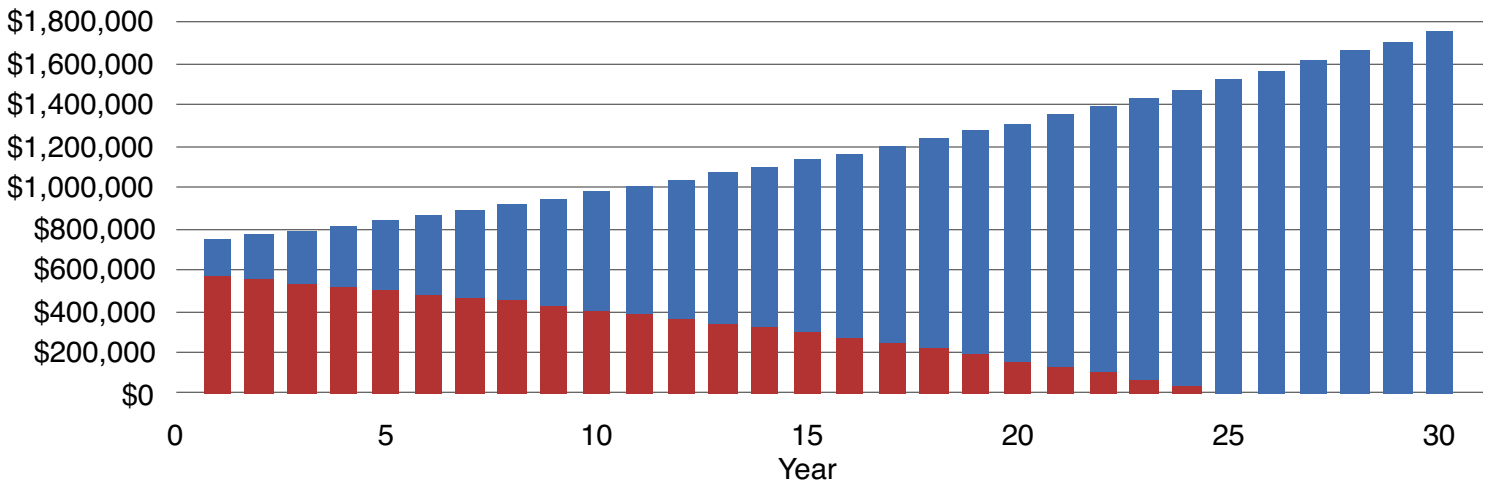
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Monthly Cash Flow



Loan Balance + Equity = Market Value



Internal Rate of Return (IRR)

