

Norfolk Inn

41 Norfolk Ave South
Norfolk , Ontario

Presented by:

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Overview

Norfolk Inn

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Purchase Info

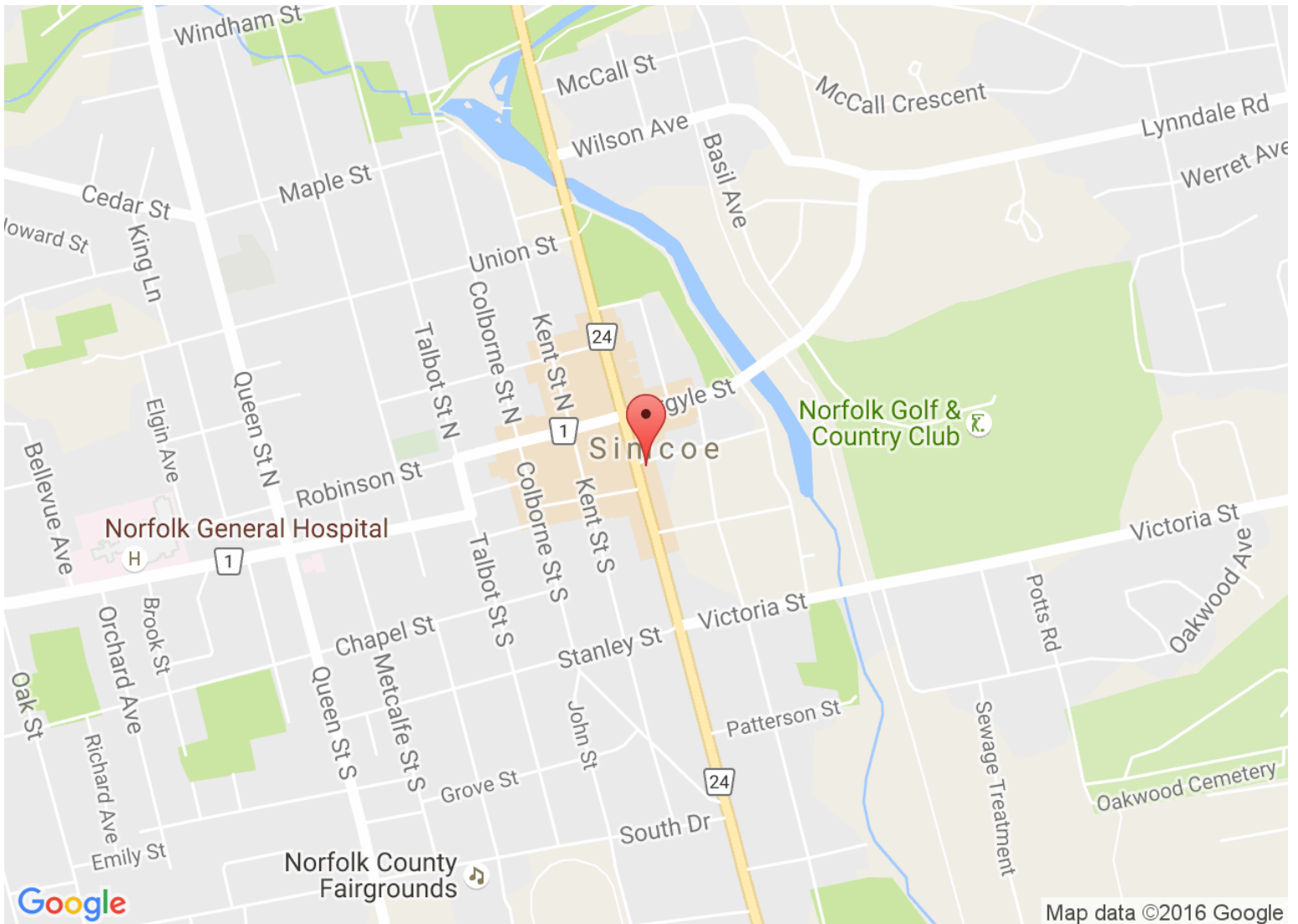
Total Number of Units	37
Purchase Price	\$999,800
Initial Cash Invested	\$339,932

Income Analysis

	Monthly	Annual
Net Operating Income	\$19,793	\$237,515
Cash Flow	\$16,299	\$195,584

Financial Metrics

Cap Rate (Purchase Price)	23.8%
Cash on Cash Return (Year 1)	57.5%
Internal Rate of Return (Year 10)	60.7%
Sale Price (Year 10)	\$1,343,648



Purchase Analysis

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Purchase Info	
Purchase Price	\$999,800
- First Mortgage	-\$699,860
- Second Mortgage	-\$0
= Downpayment	\$299,940
+ Buying Costs	\$39,992
+ Initial Improvements	\$0
= Initial Cash Invested	\$339,932
Total Number of Units	37
Cost per Unit	\$27,022
Average Monthly Rent per Unit	\$693

Mortgages	First	Second
Loan-To-Cost Ratio	70%	0%
Loan-To-Value Ratio	70%	0%
Loan Amount	\$699,860	\$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	3.5%	
Payment	\$3,494.19	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	3.2
Operating Expense Ratio	21.3%
Debt Coverage Ratio	5.66
Cap Rate (Purchase Price)	23.8%
Cash on Cash Return	57.5%

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	\$69,986

Income	Monthly	Annual
Gross Rent	\$25,656	\$307,872
Vacancy Loss	-\$513	-\$6,157
Operating Income	\$25,143	\$301,715

Expenses (% of Income)	Monthly	Annual
Taxes (8%)	-\$2,000	-\$24,000
Insurance (1%)	-\$200	-\$2,400
Hydro (2%)	-\$500	-\$6,000
Heat/Gas (2%)	-\$500	-\$6,000
Water/Waste (2%)	-\$550	-\$6,600
Super (6%)	-\$1,600	-\$19,200
Operating Expenses (21%)	-\$5,350	-\$64,200

Net Performance	Monthly	Annual
Net Operating Income	\$19,793	\$237,515
- Mortgage Payments	-\$3,494	-\$41,930
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$16,299	\$195,584

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	\$307,872	\$314,029	\$320,310	\$333,251	\$367,936	\$448,511	\$546,733
Vacancy Loss	-\$6,157	-\$6,281	-\$6,406	-\$6,665	-\$7,359	-\$8,970	-\$10,935
Operating Income	\$301,715	\$307,749	\$313,904	\$326,586	\$360,577	\$439,541	\$535,798

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Taxes	-\$24,000	-\$24,240	-\$24,482	-\$24,974	-\$26,248	-\$28,995	-\$32,028
Insurance	-\$2,400	-\$2,424	-\$2,448	-\$2,497	-\$2,625	-\$2,899	-\$3,203
Hydro	-\$6,000	-\$6,060	-\$6,121	-\$6,244	-\$6,562	-\$7,249	-\$8,007
Heat/Gas	-\$6,000	-\$6,060	-\$6,121	-\$6,244	-\$6,562	-\$7,249	-\$8,007
Water/Waste	-\$6,600	-\$6,666	-\$6,733	-\$6,868	-\$7,218	-\$7,974	-\$8,808
Super	-\$19,200	-\$19,392	-\$19,586	-\$19,980	-\$20,999	-\$23,196	-\$25,622
Operating Expenses	-\$64,200	-\$64,842	-\$65,490	-\$66,807	-\$70,215	-\$77,561	-\$85,675

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$237,515	\$242,907	\$248,413	\$259,779	\$290,362	\$361,981	\$450,123
- Mortgage Payments	-\$41,930	-\$41,930	-\$41,930	-\$41,930	-\$41,930	-\$41,930	-\$0
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	\$195,584	\$200,977	\$206,483	\$217,848	\$248,432	\$320,050	\$450,123
Cap Rate (Purchase Price)	23.8%	24.3%	24.8%	26.0%	29.0%	36.2%	45.0%
Cap Rate (Market Value)	23.1%	22.9%	22.7%	22.4%	21.6%	20.0%	18.5%
Cash on Cash Return	57.5%	59.1%	60.7%	64.1%	73.1%	94.2%	132.4%
Return on Equity	56.2%	50.6%	46.1%	39.2%	29.1%	19.8%	18.5%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$1,029,794	\$1,060,688	\$1,092,508	\$1,159,042	\$1,343,648	\$1,805,750	\$2,426,777
- Loan Balance	-\$681,965	-\$663,438	-\$644,257	-\$603,839	-\$489,628	-\$192,196	-\$0
= Equity	\$347,829	\$397,250	\$448,252	\$555,203	\$854,020	\$1,613,554	\$2,426,777
Loan-to-Value Ratio	66.2%	62.5%	59.0%	52.1%	36.4%	10.6%	0.0%
Potential Cash-Out Refi	\$38,891	\$79,043	\$120,499	\$207,490	\$450,925	\$1,071,829	\$1,698,744

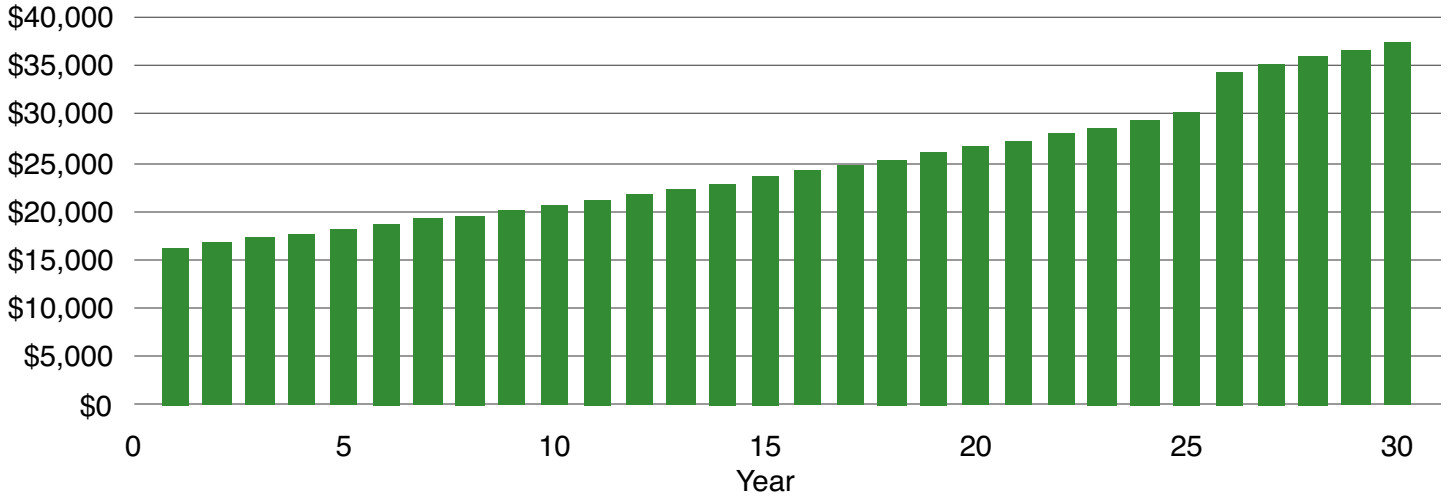
Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$347,829	\$397,250	\$448,252	\$555,203	\$854,020	\$1,613,554	\$2,426,777
- Selling Costs	-\$72,086	-\$74,248	-\$76,476	-\$81,133	-\$94,055	-\$126,403	-\$169,874
= Proceeds After Sale	\$275,744	\$323,002	\$371,776	\$474,070	\$759,964	\$1,487,151	\$2,256,903
+ Cumulative Cash Flow	\$195,584	\$396,561	\$603,044	\$1,032,999	\$2,212,713	\$5,078,645	\$8,958,533
- Initial Cash Invested	-\$339,932	-\$339,932	-\$339,932	-\$339,932	-\$339,932	-\$339,932	-\$339,932
= Net Profit	\$131,396	\$379,631	\$634,888	\$1,167,137	\$2,632,746	\$6,225,864	\$10,875,504
Internal Rate of Return	38.7%	56.2%	60.5%	61.8%	60.7%	60.3%	60.3%
Return on Investment	39%	112%	187%	343%	774%	1,832%	3,199%

Graphs

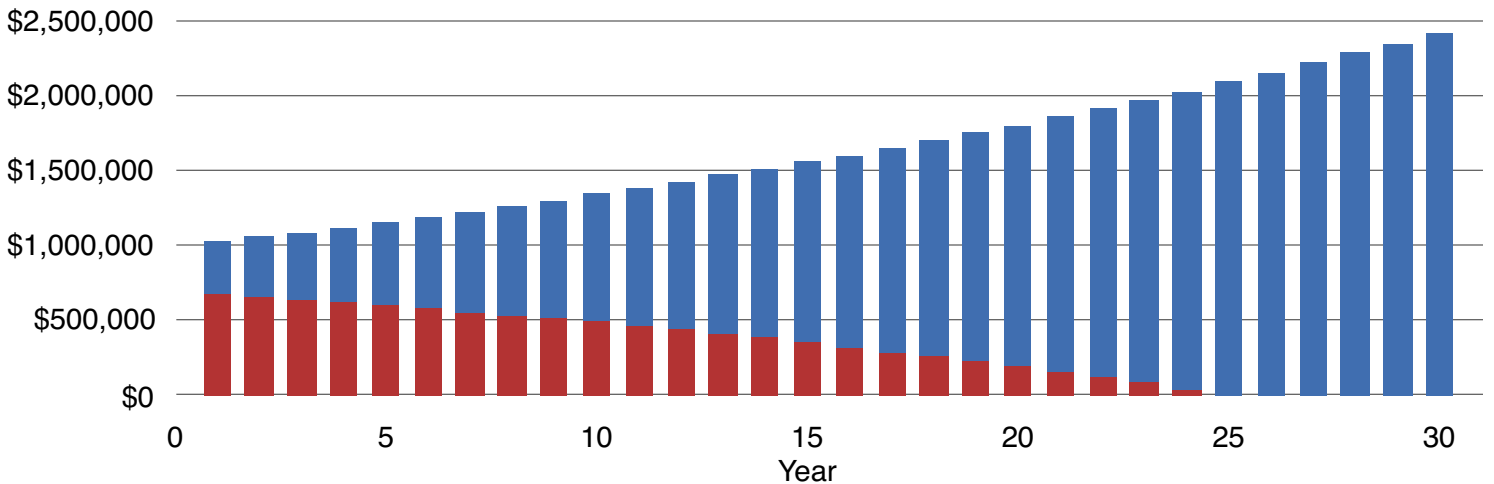
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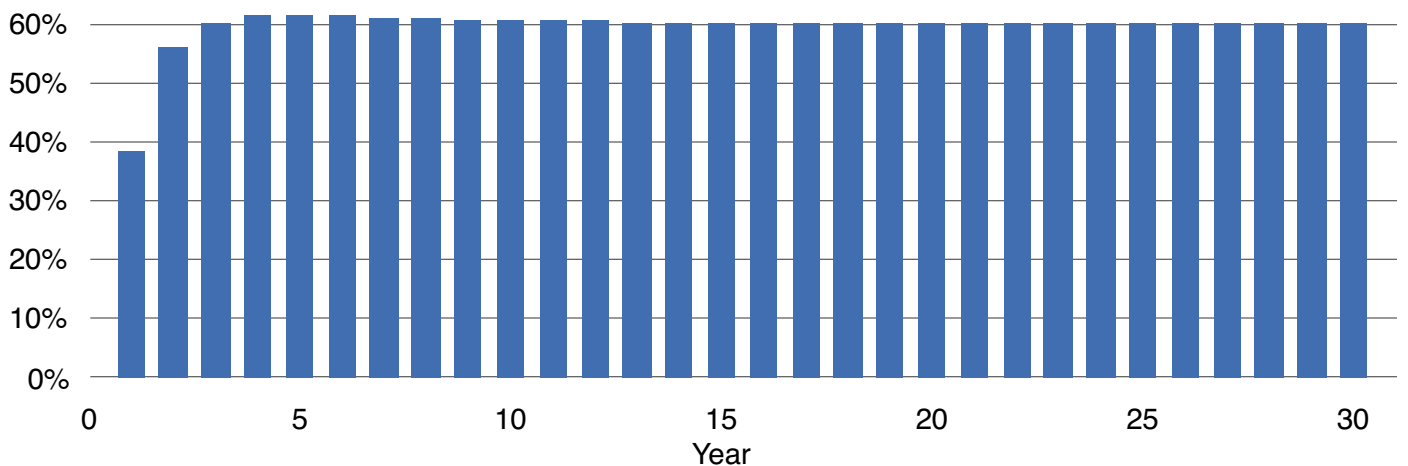
Monthly Cash Flow



■ 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)
1 Br Units	0	34	\$534 Per Month
Cafe 41	0	1	\$1,500 Per Month
Gatsby Vacant	0	1	\$2,500 Per Month
Marcos Vacant	0	1	\$3,500 Per Month

Totals for Year 1			
Total Number of Units			37
Total Area (Sum of Units)			0 Square Feet
Total Rent (Sum of Units)			\$25,656 Per Month, \$307,872 Per Year