

3 Com Plaza in Ajax

Ajax, Ontario

Presented by:

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Overview

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Purchase Info

Square Feet (3 Units)	3,900
Purchase Price	\$875,000
Initial Cash Invested	\$297,500

Income Analysis

	Monthly	Annual
Net Operating Income	\$3,631	\$43,571
Cash Flow	\$573	\$6,874

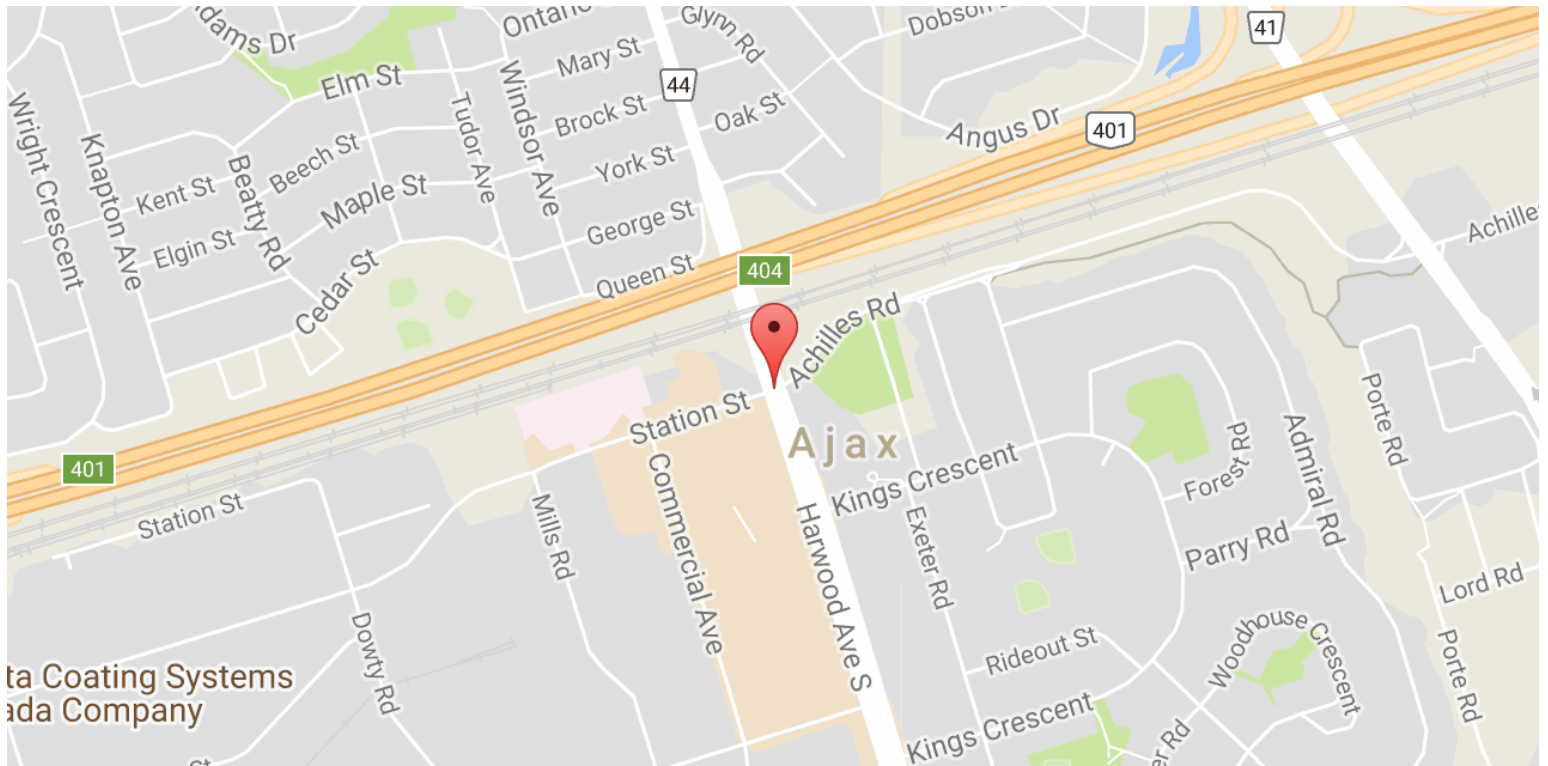
Financial Metrics

Cap Rate (Purchase Price)	5.0%
Cash on Cash Return (Year 1)	2.3%
Internal Rate of Return (Year 10)	11.0%
Sale Price (Year 10)	\$1,175,927

All Leases are Net Net basis

Grocery Store lease expires Sept 2017 others are month to month leases

Comparable plaza are selling for over \$300 per square foot. Priced at \$224



Purchase Analysis

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Purchase Info	
Purchase Price	\$875,000
- First Mortgage	-\$612,500
- Second Mortgage	-\$0
= Downpayment	\$262,500
+ Buying Costs	\$35,000
+ Initial Improvements	\$0
= Initial Cash Invested	\$297,500
Square Feet (3 Units)	3,900
Cost per Square Foot	\$224
Monthly Rent per Square Foot	\$1.31
Cost per Unit	\$291,667
Average Monthly Rent per Unit	\$1,700

Mortgages	First	Second
Loan-To-Cost Ratio	70%	0%
Loan-To-Value Ratio	70%	0%
Loan Amount	\$612,500	\$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	3.5%	
Payment	\$3,058.03	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	14.3
Operating Expense Ratio	27.4%
Debt Coverage Ratio	1.19
Cap Rate (Purchase Price)	5.0%
Cash on Cash Return	2.3%

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	\$61,250

Income	Monthly	Annual
Gross Rent	\$5,101	\$61,207
Vacancy Loss	-\$102	-\$1,224
Operating Income	\$4,999	\$59,983

Expenses (% of Income)	Monthly	Annual
Taxes (23%)	-\$1,168	-\$14,012
Insurance (4%)	-\$200	-\$2,400
Operating Expenses (27%)	-\$1,368	-\$16,412

Net Performance	Monthly	Annual
Net Operating Income	\$3,631	\$43,571
- Mortgage Payments	-\$3,058	-\$36,696
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$573	\$6,874

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	\$61,207	\$62,431	\$63,680	\$66,252	\$73,148	\$89,167	\$108,694
Vacancy Loss	-\$1,224	-\$1,249	-\$1,274	-\$1,325	-\$1,463	-\$1,783	-\$2,174
Operating Income	\$59,983	\$61,183	\$62,406	\$64,927	\$71,685	\$87,384	\$106,520

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Taxes	-\$14,012	-\$14,152	-\$14,294	-\$14,581	-\$15,325	-\$16,928	-\$18,699
Insurance	-\$2,400	-\$2,424	-\$2,448	-\$2,497	-\$2,625	-\$2,899	-\$3,203
Operating Expenses	-\$16,412	-\$16,576	-\$16,742	-\$17,078	-\$17,950	-\$19,827	-\$21,902

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$43,571	\$44,606	\$45,664	\$47,849	\$53,736	\$67,556	\$84,618
- Mortgage Payments	-\$36,696	-\$36,696	-\$36,696	-\$36,696	-\$36,696	-\$36,696	-\$0
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	\$6,874	\$7,910	\$8,968	\$11,153	\$17,039	\$30,860	\$84,618
Cap Rate (Purchase Price)	5.0%	5.1%	5.2%	5.5%	6.1%	7.7%	9.7%
Cap Rate (Market Value)	4.8%	4.8%	4.8%	4.7%	4.6%	4.3%	4.0%
Cash on Cash Return	2.3%	2.7%	3.0%	3.7%	5.7%	10.4%	28.4%
Return on Equity	2.3%	2.3%	2.3%	2.3%	2.3%	2.2%	4.0%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$901,250	\$928,288	\$956,136	\$1,014,365	\$1,175,927	\$1,580,347	\$2,123,855
- Loan Balance	-\$596,839	-\$580,624	-\$563,838	-\$528,465	-\$428,510	-\$168,205	-\$0
= Equity	\$304,411	\$347,663	\$392,299	\$485,900	\$747,417	\$1,412,143	\$2,123,855
Loan-to-Value Ratio	66.2%	62.5%	59.0%	52.1%	36.4%	10.6%	0.0%
Potential Cash-Out Refi	\$34,036	\$69,177	\$105,458	\$181,590	\$394,639	\$938,038	\$1,486,698

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$304,411	\$347,663	\$392,299	\$485,900	\$747,417	\$1,412,143	\$2,123,855
- Selling Costs	-\$63,088	-\$64,980	-\$66,930	-\$71,006	-\$82,315	-\$110,624	-\$148,670
= Proceeds After Sale	\$241,324	\$282,683	\$325,369	\$414,894	\$665,102	\$1,301,518	\$1,975,185
+ Cumulative Cash Flow	\$6,874	\$14,785	\$23,752	\$44,954	\$118,126	\$362,123	\$945,091
- Initial Cash Invested	-\$297,500	-\$297,500	-\$297,500	-\$297,500	-\$297,500	-\$297,500	-\$297,500
= Net Profit	-\$49,302	-\$32	\$51,622	\$162,348	\$485,728	\$1,366,141	\$2,622,776
Internal Rate of Return	-16.6%	-0.0%	5.6%	9.5%	11.0%	10.4%	9.7%
Return on Investment	-17%	-0%	17%	55%	163%	459%	882%

Graphs

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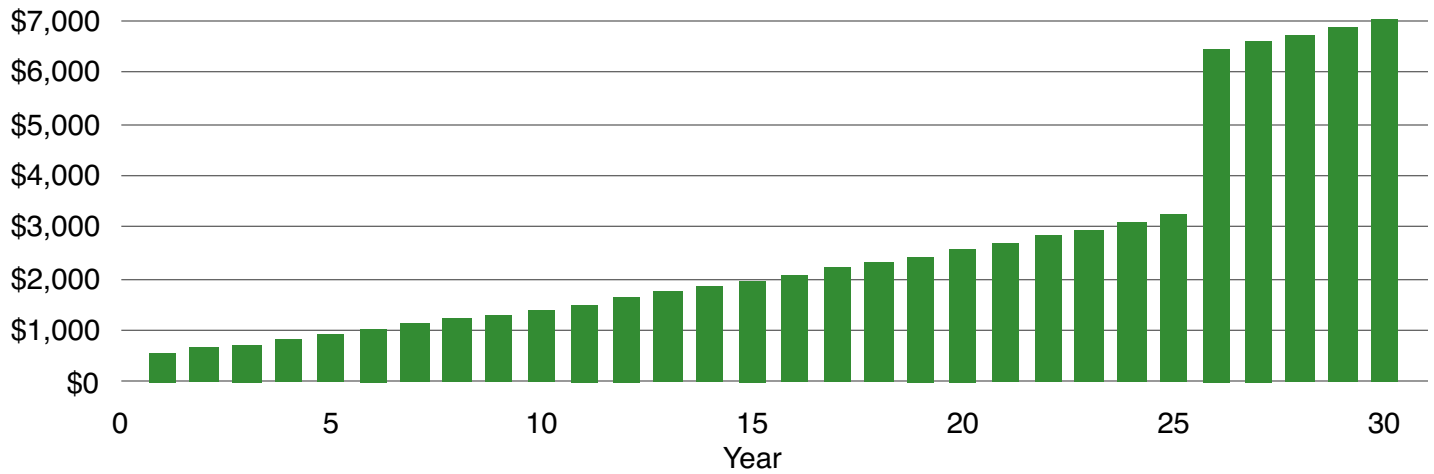
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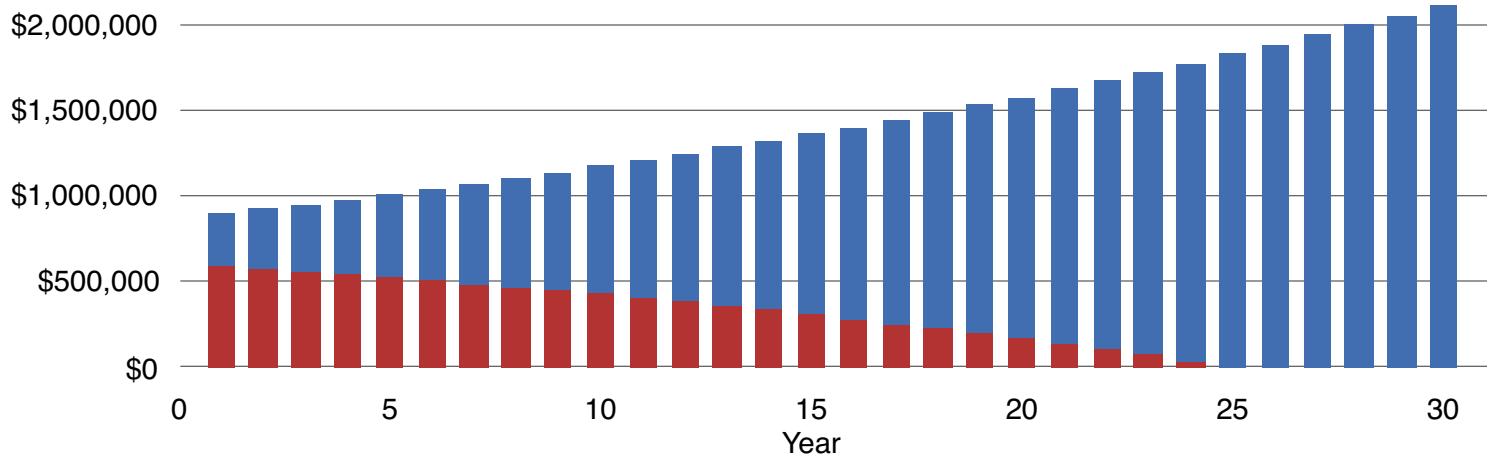
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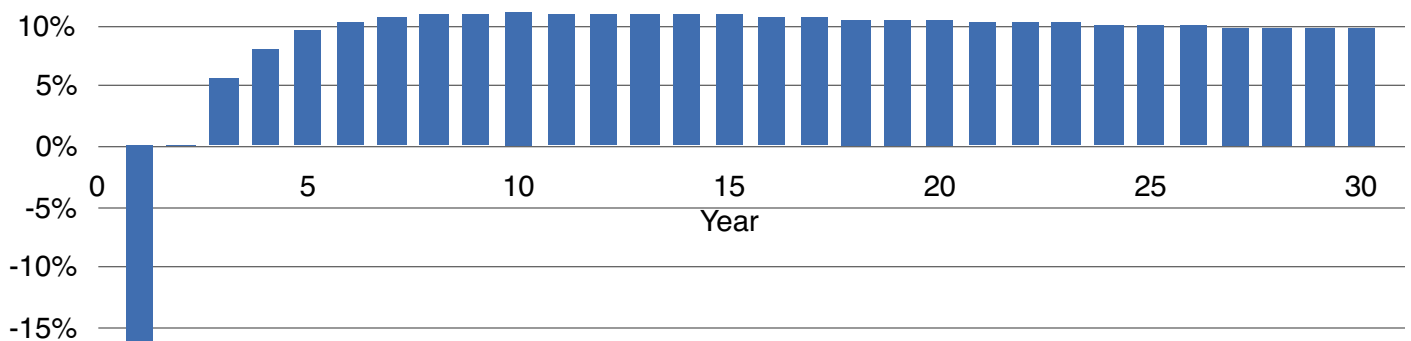
Monthly Cash Flow



■ 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)
Electronics Store	800	1	\$9,600 Per Year
Grocery Store	2,200	1	\$34,804 Per Year
Hair Salon	900	1	\$16,803 Per Year

Totals for Year 1			
Total Number of Units			3
Total Area (Sum of Units)			3,900 Square Feet
Total Rent (Sum of Units)			\$5,101 Per Month, \$61,207 Per Year