

## **Plaza 2 Com Hardwood**

Harwood  
Ajax, Ontario

Presented by:

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# Overview

## Plaza 2 Com Hardwood

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### Purchase Info

Square Feet (2 Units)	15,924
Purchase Price	\$5,850,000
Initial Cash Invested	\$2,281,500

### Income Analysis

	Monthly	Annual
Net Operating Income	\$26,201	\$314,411
Cash Flow	\$4,085	\$49,025

### Financial Metrics

Cap Rate (Purchase Price)	5.4%
Cash on Cash Return (Year 1)	2.1%
Internal Rate of Return (Year 10)	9.6%
Sale Price (Year 10)	\$7,861,911

Land size 90x150 (13,500 sq ft land)

Office space with convention hall which can host up to 110 people, full fledged cocktail lounge with catering facilities. Property has ample parking and landscaping which is maintained by Town of Ajax.

Unit 1 Lease expiring 10/31/2021

Unit 2 Lease expiring 4/30/2027

# Purchase Analysis

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Purchase Info	
Purchase Price	\$5,850,000
- First Mortgage	<b>-\$3,802,500</b>
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$2,047,500</b>
+ Buying Costs	\$234,000
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$2,281,500</b>
Square Feet (2 Units)	15,924
Cost per Square Foot	\$367
Monthly Rent per Square Foot	\$2.00
Cost per Unit	\$2,925,000
Average Monthly Rent per Unit	\$15,963

Mortgages	First	Second
Loan-To-Cost Ratio	65%	0%
Loan-To-Value Ratio	65%	0%
Loan Amount	\$3,802,500	\$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$22,115.53</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	15.3
Operating Expense Ratio	16.3%
Debt Coverage Ratio	1.18
Cap Rate (Purchase Price)	5.4%
<b>Cash on Cash Return</b>	<b>2.1%</b>

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	\$409,500

Income	Monthly	Annual
Gross Rent	\$31,926	\$383,106
Vacancy Loss	<b>-\$639</b>	<b>-\$7,662</b>
<b>Operating Income</b>	<b>\$31,287</b>	<b>\$375,444</b>

Expenses (% of Income)	Monthly	Annual
Taxes (14%)	<b>-\$4,293</b>	<b>-\$51,517</b>
Insurance (2%)	<b>-\$547</b>	<b>-\$6,566</b>
Cleaning & Maintenance (1%)	<b>-\$246</b>	<b>-\$2,950</b>
<b>Operating Expenses (16%)</b>	<b>-\$5,086</b>	<b>-\$61,033</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$26,201</b>	<b>\$314,411</b>
- Mortgage Payments	<b>-\$22,116</b>	<b>-\$265,386</b>
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$4,085</b>	<b>\$49,025</b>

# 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	\$383,106	\$390,768	\$398,583	\$414,686	\$457,847	\$558,113	\$680,337
Vacancy Loss	-\$7,662	-\$7,815	-\$7,972	-\$8,294	-\$9,157	-\$11,162	-\$13,607
<b>Operating Income</b>	<b>\$375,444</b>	<b>\$382,953</b>	<b>\$390,612</b>	<b>\$406,393</b>	<b>\$448,690</b>	<b>\$546,951</b>	<b>\$666,730</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Taxes	-\$51,517	-\$52,032	-\$52,552	-\$53,609	-\$56,343	-\$62,238	-\$68,750
Insurance	-\$6,566	-\$6,632	-\$6,698	-\$6,833	-\$7,181	-\$7,932	-\$8,762
Cleaning & Maintenance	-\$2,950	-\$2,980	-\$3,009	-\$3,070	-\$3,226	-\$3,564	-\$3,937
<b>Operating Expenses</b>	<b>-\$61,033</b>	<b>-\$61,643</b>	<b>-\$62,260</b>	<b>-\$63,511</b>	<b>-\$66,751</b>	<b>-\$73,735</b>	<b>-\$81,449</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$314,411</b>	<b>\$321,309</b>	<b>\$328,352</b>	<b>\$342,881</b>	<b>\$381,939</b>	<b>\$473,216</b>	<b>\$585,281</b>
- Mortgage Payments	-\$265,386	-\$265,386	-\$265,386	-\$265,386	-\$265,386	-\$265,386	-\$0
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$49,025</b>	<b>\$55,923</b>	<b>\$62,966</b>	<b>\$77,495</b>	<b>\$116,553</b>	<b>\$207,830</b>	<b>\$585,281</b>
Cap Rate (Purchase Price)	5.4%	5.5%	5.6%	5.9%	6.5%	8.1%	10.0%
Cap Rate (Market Value)	5.2%	5.2%	5.1%	5.1%	4.9%	4.5%	4.1%
<b>Cash on Cash Return</b>	<b>2.1%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>3.4%</b>	<b>5.1%</b>	<b>9.1%</b>	<b>25.7%</b>
Return on Equity	2.1%	2.2%	2.2%	2.3%	2.3%	2.2%	4.1%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$6,025,500	\$6,206,265	\$6,392,453	\$6,781,753	\$7,861,911	\$10,565,751	\$14,199,485
- Loan Balance	-\$3,723,512	-\$3,640,526	-\$3,553,338	-\$3,365,498	-\$2,806,098	-\$1,173,378	-\$0
<b>= Equity</b>	<b>\$2,301,988</b>	<b>\$2,565,739</b>	<b>\$2,839,115</b>	<b>\$3,416,255</b>	<b>\$5,055,812</b>	<b>\$9,392,373</b>	<b>\$14,199,485</b>
Loan-to-Value Ratio	61.8%	58.7%	55.6%	49.6%	35.7%	11.1%	0.0%
Potential Cash-Out Refi	\$494,338	\$703,860	\$921,379	\$1,381,729	\$2,697,239	\$6,222,647	\$9,939,640

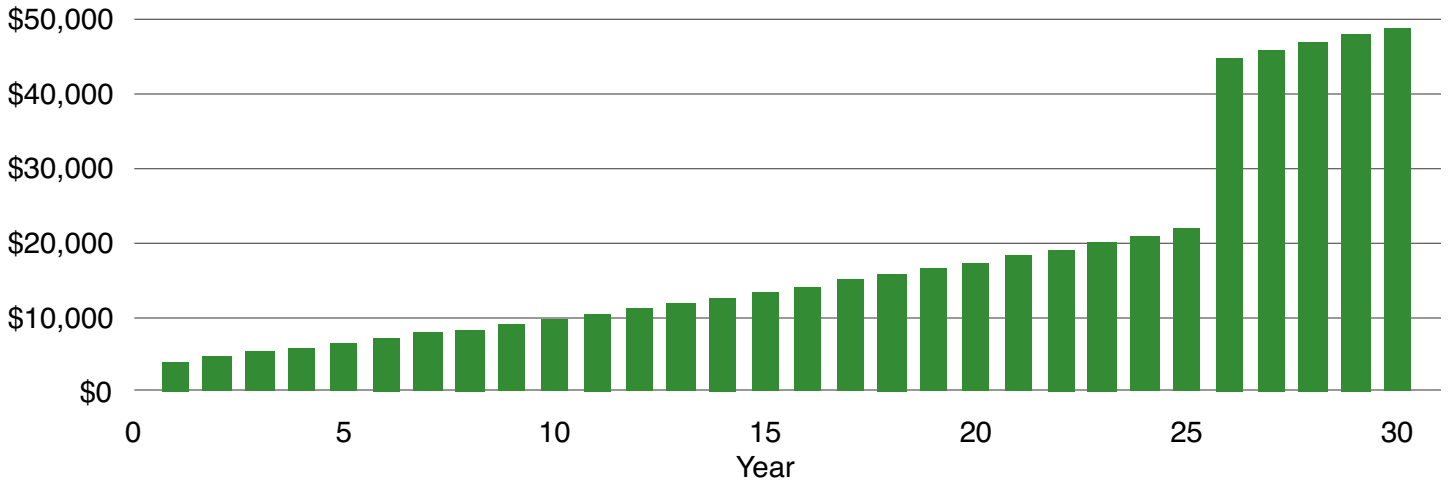
Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$2,301,988	\$2,565,739	\$2,839,115	\$3,416,255	\$5,055,812	\$9,392,373	\$14,199,485
- Selling Costs	-\$421,785	-\$434,439	-\$447,472	-\$474,723	-\$550,334	-\$739,603	-\$993,964
<b>= Proceeds After Sale</b>	<b>\$1,880,203</b>	<b>\$2,131,301</b>	<b>\$2,391,643</b>	<b>\$2,941,533</b>	<b>\$4,505,479</b>	<b>\$8,652,770</b>	<b>\$13,205,521</b>
+ Cumulative Cash Flow	\$49,025	\$104,948	\$167,913	\$315,564	\$818,602	\$2,470,686	\$6,473,352
- Initial Cash Invested	-\$2,281,500	-\$2,281,500	-\$2,281,500	-\$2,281,500	-\$2,281,500	-\$2,281,500	-\$2,281,500
<b>= Net Profit</b>	<b>-\$352,273</b>	<b>-\$45,252</b>	<b>\$278,056</b>	<b>\$975,596</b>	<b>\$3,042,581</b>	<b>\$8,841,956</b>	<b>\$17,397,374</b>
<b>Internal Rate of Return</b>	<b>-15.4%</b>	<b>-1.0%</b>	<b>4.0%</b>	<b>7.7%</b>	<b>9.6%</b>	<b>9.5%</b>	<b>9.1%</b>
Return on Investment	-15%	-2%	12%	43%	133%	388%	763%

# Graphs

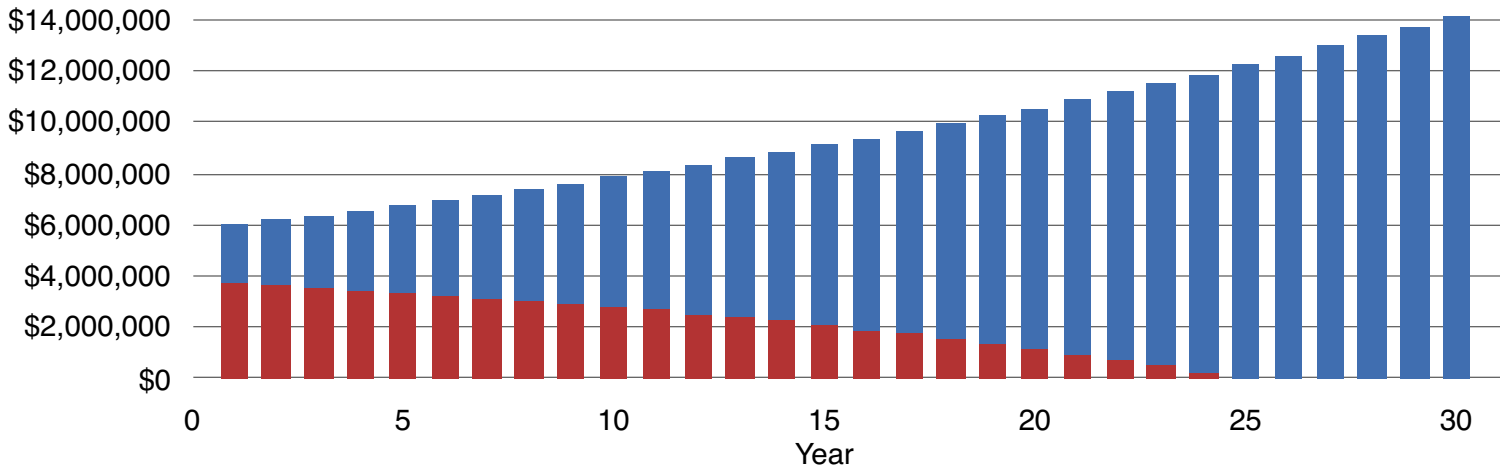
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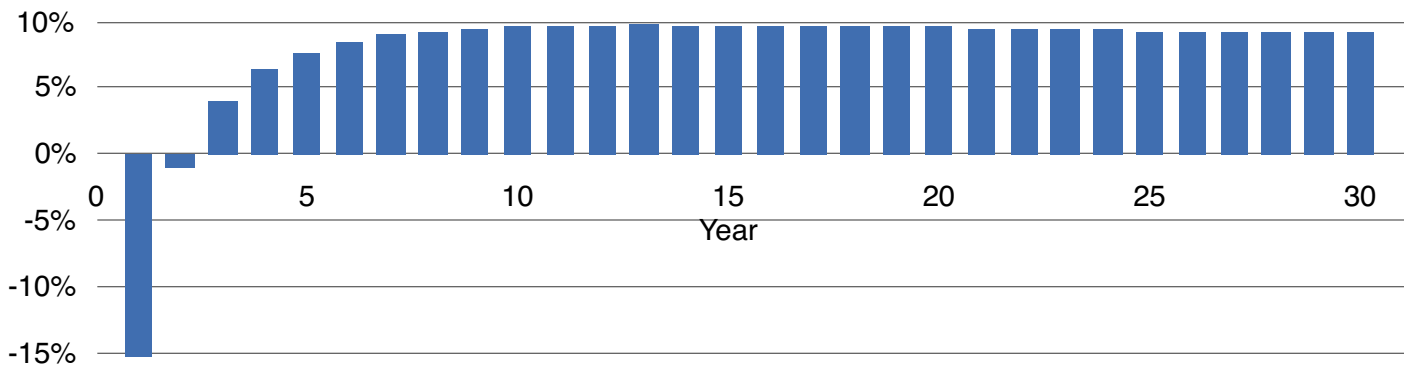
## Monthly Cash Flow



**■ 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)
Unit #1	1,800	1	\$30,006 Per Year
Unit 2	14,124	1	\$353,100 Per Year
<b>Totals for Year 1</b>			
<b>Total Number of Units</b>			<b>2</b>
<b>Total Area (Sum of Units)</b>			<b>15,924 Square Feet</b>
<b>Total Rent (Sum of Units)</b>			<b>\$31,926 Per Month, \$383,106 Per Year</b>