

#15. AKINSDALE GARDENS ST. ALBERT, ALBERTA

Future Growth:

Based upon a fixed growth model of 8% / year, the property based upon the market of \$278,000 at closing will grow to \$408,473, in 5 years.

Future Value Estimate- Fixed Growth Rate

Purchase Price (Est. Value)	\$278,000.00
Growth Estimate (annual %/ yr)	8.00%
Years	5.00
Future Value	\$408,473.21

Net Sale Proceeds:

Upon sale of asset after the hold period of 5 years, the net sale proceeds will be 111,569, when you factor out your investment funds (107,965).

Sale Proceeds

Selling Price	\$408,473.00
Less Commissions	\$12,254.00
Less Additional Costs of Sale	\$1,250.00
Less First Mortgage Payout	\$175,435.00
Less Second Mortgage Payout (LOC)	\$107,965.00
Before Tax - Net Sale Proceeds	\$111,569.00

- Sell property at estimated 5 year value
- No changes to assumptions
- Negotiate a small discount on the selling commission to 3%
- No mortgage pay down over the 5 years- interest only financing for 5 years

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ST. ALBERT, ALBERTA

Revised Investment Calculation:

The property's investment funds (\$107,965) were funded via Line of Credit. These funds are technically the banks funds and we need to calculate what our investment into the property will be for the 5 years. Assuming 6% interest and making interest only payments for the 5 years, your out of pocket investment into this deal is only \$32,890, which represents the interest on the line of Credit for the hold period.

Line Of Credit Interest Payments

Initial LOC	<u>\$107,965.00</u>
Years	<u>5.00</u>
Annual Interest	<u>6%</u>
Monthly Payment	<u>\$539.83</u>
Total Interest for holding period	<u>\$32,389.50</u>

Return on Investment (ROI) Calculation:

Based upon the revised investment calculation, and assuming \$0 cash flow for the entire 5 year period, this investment will still generate a **245% ROI over 5 years**

Return On Investment (ROI)

Financial Investment (interest on LOC)	<u>\$32,390.00</u>
Years	<u>5.00</u>
Before Tax - Net Sale Proceeds	<u>\$111,569.00</u>
Less Financial Investment	<u>\$32,390.00</u>
Plus Cash Flow Estimate	<u>\$0.00</u>
Before Tax - Estimated Profit	<u>\$79,179.00</u>
Before Tax - Calculations	
Return On Investment	244.5%
ROI/ yr (non compounded)	48.9%
ROI/ yr (compounded)	28.1%