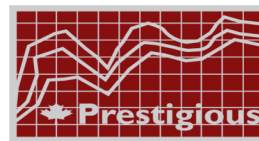


How Profitable is Real Estate: VERY US vs. W-Canada



Prestigious Properties

W-Canada

W-Canada: low CAP rates, higher growth compared to US: lower interest rates, lower leverage, worse cash-flow, slightly lower return over all but still

Reserve Factor 105% Interest Rate 5.5%
CAP 5.0%

Overall ROI / Cash-on-Cash PLUS Equity									
Growth / Year:	-2%	-1%	0%	2%	4%	6%	8%	10%	12%
Leverage 0%	2.9%	3.8%	4.8%	6.7%	8.6%	10.5%	12.4%	14.3%	16.2%
25%	2.0%	3.3%	4.5%	7.0%	9.5%	12.0%	14.5%	17.0%	19.5%
50%	0.5%	2.3%	4.1%	7.7%	11.4%	15.0%	18.6%	22.3%	25.9%
60%	-0.7%	1.6%	3.8%	8.2%	12.7%	17.1%	21.6%	26.0%	30.4%
70%	-2.4%	0.4%	3.3%	9.0%	14.7%	20.4%	26.1%	31.9%	37.6%
75%	-3.8%	-0.4%	2.9%	9.6%	16.3%	22.9%	29.6%	36.3%	42.9%
80%	-5.6%	-1.6%	2.4%	10.4%	18.4%	26.4%	34.4%	42.4%	50.4%
85%	-8.4%	-3.4%	1.6%	11.6%	21.6%	31.6%	41.6%	51.6%	61.6%
90%	-13.0%	-6.3%	0.3%	13.7%	27.0%	40.3%	53.7%	67.0%	80.3%

Cash-Flow

Leverage	
0%	4.8%
25%	4.5%
50%	4.1%
60%	3.8%
70%	3.3%
75%	2.9%
80%	2.4%
85%	1.6%
90%	0.3%

Formula for ROI:
(CAP + Growth - Mortgage Payment) / ((Reserve Factor - Leverage))

Modify CAP and Interest Rate to see values change

US Market:

Selected US Markets: higher CAP rates, medium growth, higher interest rates, higher leverage and better cash-flow !!

Reserve Factor 105% Interest Rate 7.0%
CAP 8.0%

Overall ROI / Cash-on-Cash PLUS Equity									
Growth / Year:	-2%	-1%	0%	2%	4%	5%	6%	7%	8%
Leverage 0%	5.7%	6.7%	7.6%	9.5%	11.4%	12.4%	13.3%	14.3%	15.2%
25%	5.3%	6.6%	7.8%	10.3%	12.8%	14.1%	15.3%	16.6%	17.8%
50%	4.5%	6.4%	8.2%	11.8%	15.5%	17.3%	19.1%	20.9%	22.7%
60%	4.0%	6.2%	8.4%	12.9%	17.3%	19.6%	21.8%	24.0%	26.2%
70%	3.1%	6.0%	8.9%	14.6%	20.3%	23.1%	26.0%	28.9%	31.7%
75%	2.5%	5.8%	9.2%	15.8%	22.5%	25.8%	29.2%	32.5%	35.8%
80%	1.6%	5.6%	9.6%	17.6%	25.6%	29.6%	33.6%	37.6%	41.6%
85%	0.2%	5.3%	10.3%	20.3%	30.3%	35.3%	40.3%	45.3%	50.3%
90%	-2.0%	4.7%	11.3%	24.7%	38.0%	44.7%	51.3%	58.0%	64.7%

Cash-Flow

Leverage	
0%	7.6%
25%	7.8%
50%	8.2%
60%	8.4%
70%	8.9%
75%	9.2%
80%	9.6%
85%	10.3%
90%	11.3%

Formula:
(CAP + Growth - Mortgage Payment) / ((Reserve Factor - Leverage))

Modify CAP and Interest Rate to see values change