1.0 EXECUTIVE SUMMARY

Riverbend Heights – London, Ontario

144-Unit Tier III Institutional Multifamily · South London (Westminster / Pond Mills).

INVESTORIQ VERDICT: BUY (VALUE ADD MULTIFAMILY)

INVESTORIQ DEAL SCORE

76 / 100

KEY METRICS SNAPSHOT (BASE CASE)

Metric	Value
Purchase Price	$27,360,000
Total Project Cost (Incl. CapEx)	$29,000,000
Equity Required (35% of Total Cost)	$10,150,000
Stabilized Cap Rate on Cost	5.9 percent
5-Year Levered IRR (Base Case)	14.5 percent
Equity Multiple (Base Case)	1.90 x
Year 1 Cash-on-Cash (Stabilized)	7.1 percent

Note: All return estimates are InvestorIQ Estimates based on IQ-Assisted underwriting assumptions and should be independently verified by investors and their advisors.

KEY UPSIDE DRIVERS

- In-place cap rate in the mid five percent range with positive leverage relative to current fixed-rate mortgage options.
- Average in-place rents estimated to be **8 to 12 percent below** achievable levels for renovated stock in comparable South London mid-rise assets.
- Concrete construction, functional layouts, and on-site parking support long-term durability, liquidity, and refinanceability.
- South London location benefits from proximity to 401, major employment nodes, and a stable renter base anchored by working households.
- Renovation program is repeatable and scoped to deliver strong simple ROI without relying on top-decile luxury positioning.

KEY RISKS AND CONSTRAINTS

- Renovation execution risk and cost inflation across a multi-year interior and common area upgrade program.
- Refinance and exit proceeds are sensitive to interest rate paths and lender appetite for mid-rise multifamily exposure.
- Regulatory constraints and rent guidelines in Ontario may moderate the pace of rent growth in certain units.
- Exit pricing is exposed to broader cap rate movements in Canadian multifamily markets and London specifically.
- Management intensity is higher than Core assets given value-add scope, unit turnover, and project oversight requirements.

Rent Positioning and Renovation Thesis

The unit-level value-add strategy for Riverbend Heights is centered on capturing the gap between in-place rents and prevailing market rents for renovated mid-rise multifamily assets in South London. The subject property currently exhibits below-market finishes and dated interiors, creating a clear opportunity to reposition suites through targeted capital investment rather than reliance on aggressive market growth assumptions.

Renovation scope is intentionally focused on high-impact interior upgrades–kitchens, bathrooms, flooring, fixtures, and in-suite finishes–that historically generate the strongest rent response within this submarket. Comparable renovated assets demonstrate consistent tenant demand at higher price points without material increases in vacancy, supporting the durability of projected rent lifts.

Importantly, the value creation thesis is driven by operational execution rather than financial engineering. Projected rent growth is modest, renovation costs are benchmarked against recent local programs, and underwriting assumes phased execution to mitigate vacancy risk. This approach aligns with institutional value-add strategies seeking repeatable, risk-adjusted return enhancement.

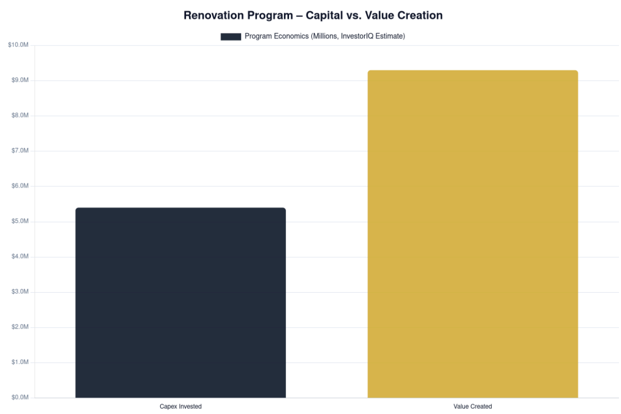
Illustrative Unit Mix and Rent Lift

Unit Type	Count	Avg In-Place Rent	Target Rent (Post-Reno)	Monthly Lift	Annual Lift
1 Bedroom	80	$1,650	$1,825	$175	$168,000
2 Bedroom	64	$1,950	$2,150	$200	$153,600
Blended / Total	**144**	**$1,783**	**$1,969**	**$186**	**$321,600**

InvestorIQ Estimate: Target rents are derived from renovated mid-rise multifamily comparables within a 3–4 km radius in South London, adjusted for suite size, building vintage, parking availability, and observed leasing velocity.

Renovation ROI Overview

Program Component	Scope	Capex	Expected Rent Lift	Estimated Annual NOI Lift	Blended Yield on Cost
Interior Suite Upgrades	144 suites	$2,376,000	$186 / suite / month	$287,700	12.1 percent
Common Area Refresh	Lobby + corridors	$270,000	Indirect	Included above	–
Building Systems / Contingency	Mechanical + reserves	$180,000	Indirect	Included above	–
Total Program (Blended)	**Full building**	**$2,826,000**	**$186 / suite / month**	**$287,700**	**10.2 percent**



On a consolidated basis, the renovation program averages approximately $16,500 per fully upgraded unit and targets rent increases of $175–$200 per month. Returns are driven primarily by durable income growth rather than aggressive leverage or exit assumptions.

Portfolio Strategy Context

Within a diversified multifamily portfolio, Riverbend Heights functions as a **Value Add** allocation alongside Core and Core Plus assets. The strategy emphasizes repeatable execution, modest market risk, and scalable interior upgrades that enhance income durability while preserving downside protection.

Cash Flow Projections and Return Sensitivities

Building on the unit-level renovation thesis, this section models how cash flow and investor returns evolve under varying operating and market conditions. Scenario analysis is a core institutional underwriting tool, allowing investors to assess downside protection, base case performance, and upside potential across a range of realistic outcomes.

Scenario Assumptions

Scenario	Annual Rent Growth	Stabilized Vacancy	Expense Ratio	Exit Cap Rate	Macro Context
Downside	1.0%	7.0%	50%	6.10%	Slower leasing, rate pressure
Base Case	2.25%	5.0%	47%	5.70%	Stabilized market conditions
Upside	3.25%	4.0%	45%	5.25%	Strong leasing & pricing power

InvestorIQ Estimate: Assumptions reflect recent London multifamily leasing trends, prevailing interest rate environments, and observed transaction pricing for mid-rise assets. Scenarios are intended to bracket realistic outcomes rather than represent extreme stress cases.

Five-Year Return Summary

Scenario	5-Year IRR	Equity Multiple	Average Cash Yield	Implied Exit Value
Downside	9.1%	1.40x	5.2%	$29.4 million
Base Case	14.5%	1.90x	6.8%	$32.2 million
Upside	18.7%	2.35x	7.9%	$35.6 million

InvestorIQ Estimate: Returns are levered and assume consistent debt terms across scenarios. Exit values are derived from stabilized NOI and scenario-specific exit capitalization rates.

Scenario Interpretation

Under the Downside scenario, the investment remains cash-flow positive with returns modestly below institutional targets, demonstrating meaningful downside protection. The Base Case produces returns squarely within the target range for value-add multifamily strategies, while the Upside scenario illustrates the sensitivity of equity returns to rent growth and exit pricing once stabilization is achieved.

Importantly, the majority of projected return is driven by operational improvement and income growth rather than aggressive leverage or multiple expansion. This return profile aligns with disciplined institutional underwriting standards and provides flexibility across market cycles.

South London (Westminster / Pond Mills) Location Review

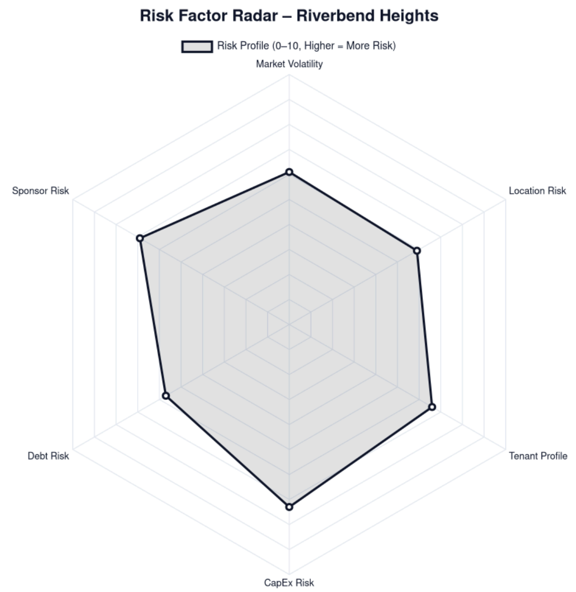
Location Factor Summary

Factor	InvestorIQ Assessment	Impact on Subject
Demographics	Stable and gradually growing population with a mix of working professionals, service workers, and long-term residents.	**Positive: Supports consistent rental demand across cycles.**
Employment Access	Good access to Wellington Road, Highbury Avenue, and the 401, linking to industrial, logistics, healthcare, and service employment nodes.	**Positive: Attractive to commuting households seeking convenient access to jobs.**
Amenities	Proximity to grocery, pharmacy, quick-service food, and community services within a short drive or bus ride.	Neutral to Positive: Supports day-to-day livability and tenant retention.
Schools & Parks	Reasonable access to local schools and green space, though the asset primarily targets working adults rather than family-centric tenancy.	Neutral: Not the primary demand driver but supports diversified tenant mix.
Crime & Perception	Some pockets of elevated reported crime in South London relative to prime North London neighbourhoods, balanced by ongoing reinvestment and community stabilization.	Neutral to Slightly Negative: Reinforces the importance of professional management, lighting, and access control.

InvestorIQ Location Score: 8 out of 10, reflecting strong employment access, durable renter demand, and balanced fundamentals appropriate for a Value Add strategy.

5.0 RISK SCORING & SENSITIVITIES

Risk Matrix and Mitigation Framework



Detailed Risk Matrix

Risk Category	Specific Risk	Impact	Mitigation Strategy
Property Specific	Renovation cost overruns or prolonged unit downtime during upgrades.	High	Use phased renovations, locked contractor pricing where possible, and maintain a contingency reserve; prioritize natural turnover units first.
Market	Slower rent growth or weaker tenant demand in South London relative to assumptions.	Medium	Maintain competitive positioning on service and maintenance; underwrite conservative rent growth and monitor competing supply.
Financial	Refinance proceeds and exit pricing sensitive to interest rate and cap rate movements.	High	Structure financing with fixed or hedged rates where appropriate; assume modestly wider exit cap rates in downside scenarios.
Operational	Higher management intensity and turnover during repositioning period.	Medium	Engage experienced property management with Value Add track record; align incentives to cash flow stability and renovation milestones.
Regulatory	Constraints on rent increases and evolving rental regulatory environment in Ontario.	Medium	Build conservative escalation assumptions; monitor policy changes; avoid business plans reliant on aggressive rent steps beyond guideline.

Risk Score Construction

Starting from a neutral baseline of 5.0, High impact risks add approximately 1.0 point each, Medium risks add 0.5 points, Low risks add 0.2 points, and strong mitigations reduce the score by 0.3 to 0.5 points. Based on the mix of identified risks and mitigations, InvestorIQ arrives at an Overall Risk Score of 8.0, appropriate for a measured Value Add multifamily strategy in a growing secondary market.

Scope, Budget Allocation, and Value Creation Drivers

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Renovation Budget Breakdown

Category	Scope of Work	Estimated Cost	Percent of Budget	Primary Objective
Interior Suites	Kitchens, bathrooms, flooring, lighting, paint	$1,900,000	81 percent	Drive rent lift and tenant retention
Common Areas	Lobby refresh, corridors, shared amenities	$270,000	11 percent	Improve curb appeal and leasing velocity
Building Systems	Mechanical upgrades, electrical, envelope items	$180,000	8 percent	Reduce long-term capital risk
Total Program	–	**$2,350,000**	**100 percent**	Stabilize asset and reposition revenue profile

InvestorIQ Estimate: Budget reflects typical mid-rise value-add execution in South London based on recent contractor pricing, unit count assumptions, and phased renovation sequencing over the stabilization period.

Cost Per Unit and Execution Phasing

Metric	Value
Total Renovation Budget	$2.35 million
Total Units	144 units
Average Cost per Unit (All Units)	Approximately $16,300
Target Renovated Units	Phased program tied to natural turnover
Estimated Renovation Period	24 to 30 months

InvestorIQ Estimate: The renovation program is designed to minimize tenant disruption and vacancy loss by prioritizing natural turnover and selective common area upgrades, rather than full-scale displacement.

Interpretation

The renovation budget is heavily weighted toward interior suite upgrades, reflecting the direct link between in-suite quality and achievable rent premiums. Common area and building system investments are targeted and disciplined, ensuring capital is deployed where it most directly supports revenue growth and long-term asset durability.

At an average cost of approximately **$16,000 per unit**, the program remains well within typical value-add multifamily benchmarks and is expected to generate a compelling return on invested capital when paired with the projected rent uplift and stabilization strategy.

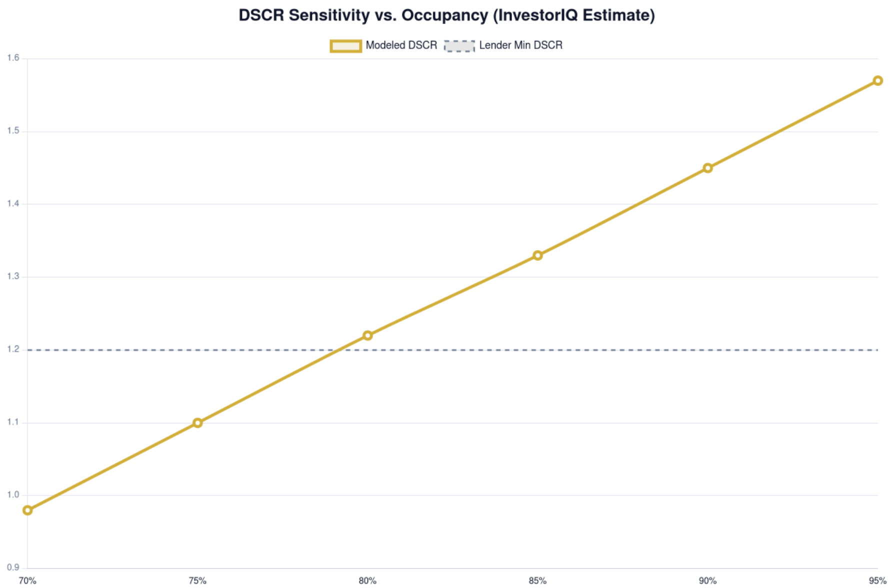
Leverage, DSCR, and Refinance Considerations

With the operational and market outlook established, the next consideration is financing. Debt structure has a significant impact on DSCR, cash flow stability, and long-term return potential. The following analysis outlines acquisition leverage, sensitivity to interest rate movements, and refinance pathways under InvestorIQ's Base Case assumptions.

Illustrative Capital Structure (Acquisition)

Component	Assumed Terms
Senior Loan-to-Cost	65 percent of total project cost
Interest Rate	5.25 percent fixed (illustrative)
Amortization	30 years
Going-In DSCR (Year 1)	Approximately 1.30x (InvestorIQ Estimate)
Refinance Year	Target Year 3 post-stabilization

DSCR and Break-Even Sensitivity



InvestorIQ Estimate: Under the Base Case, the asset remains comfortably above break-even occupancy and DSCR thresholds. In downside scenarios, DSCR approaches lender minimums but does not fall materially below break-even, reinforcing the importance of conservative leverage and disciplined operating management.

Refinance Considerations

InvestorIQ assumes a potential refinance in Year 3 following renovation completion and stabilization. Refinance proceeds are sensitive to cap rate and interest rate environments at that time. The Base Case assumes modest value creation sufficient to return a portion of investor equity while maintaining prudent leverage. More aggressive BRRRR-style execution is possible but would introduce higher financial risk and is not assumed in the Base Case.

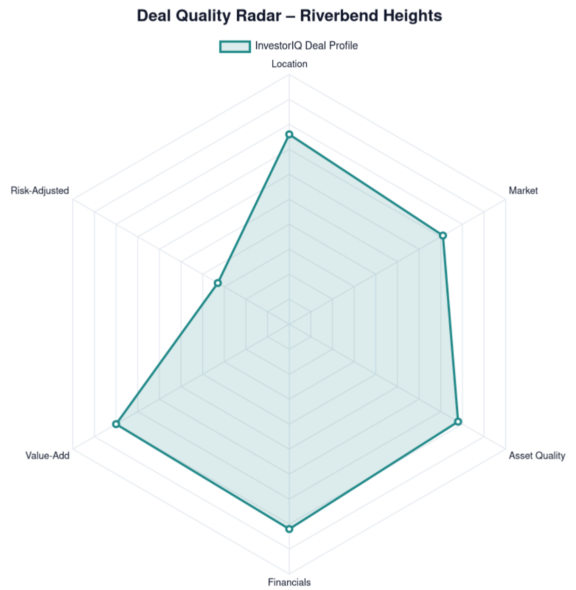
Refinance Sensitivity Matrix (Year 3)

Exit Cap Rate → Interest Rate ↓	5.50 percent	5.70 percent	5.9 percent	6.10 percent
4.75 percent	Approx. 72 percent LTV	Approx. 70 percent LTV	Approx. 68 percent LTV	Approx. 66 percent LTV
5.25 percent	Approx. 70 percent LTV	Approx. 68 percent LTV	Approx. 66 percent LTV	Approx. 64 percent LTV
5.75 percent	Approx. 68 percent LTV	Approx. 66 percent LTV	Approx. 64 percent LTV	Approx. 62 percent LTV
6.25 percent	Approx. 66 percent LTV	Approx. 64 percent LTV	Approx. 62 percent LTV	Approx. 60 percent LTV

InvestorIQ Estimate: This illustrative matrix shows achievable loan-to-value ratios at a potential Year 3 refinance under varying interest rate and exit cap rate scenarios. The Base Case assumes a 5.25 percent interest rate and 5.70 percent exit cap rate, yielding approximately mid-60s LTV and providing capacity for a measured but not overly aggressive cash-out refinance.

8.0 DEAL SCORECARD & RADAR

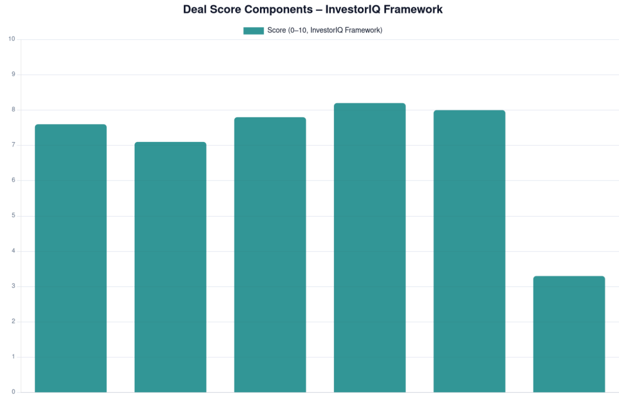
InvestorIQ Deal Score Components



Factor-Level Scores

Evaluation Factor	Description	Weight	Score (1–10)	Weighted Contribution
Market Fundamentals	Population growth, employment base, rental demand	15%	8.5	1.28
Submarket Quality	Location, amenities, transit access, tenant profile	15%	8.0	1.20
Asset Condition	Physical state, deferred maintenance, build quality	10%	7.5	0.75
Value-Add Potential	Rent lift, renovation upside, operational efficiencies	15%	8.8	1.32
Financial Performance	Cash flow, IRR, equity multiple, downside protection	20%	8.3	1.66
Downside Risk	Expense sensitivity, vacancy risk, rent durability	10%	7.8	0.78
Exit Liquidity	Buyer depth, exit cap sensitivity, marketability	10%	8.0	0.80
Total Deal Score	Weighted composite InvestorIQ score	**100%**	**–**	**7.79 / 10**

InvestorIQ Methodology: Scores reflect a weighted composite across market, asset, financial, and risk dimensions. Weightings are calibrated to align with institutional acquisition criteria commonly applied by private equity real estate sponsors.



Interpretation

The InvestorIQ Deal Score of approximately **7.8 out of 10** positions Riverbend Heights as a strong value-add opportunity within its peer set. The score is driven primarily by favourable market fundamentals, clear unit-level upside, and a balanced risk-adjusted return profile.

Relative weaknesses are concentrated in asset condition and near-term execution risk, which are typical of value-add strategies and are directly addressed through the proposed renovation program and conservative leverage assumptions. Importantly, downside risk metrics remain within acceptable institutional thresholds, supporting the overall investment case.

Intrinsic Valuation via Discounted Cash Flow (5-Year Hold)

The DCF analysis estimates the intrinsic value of the property by projecting annual net cash flows and discounting them at a risk-adjusted rate reflecting investor return requirements. This method is preferred by institutional underwriters because it reveals the true economic value of an investment independent of market noise or temporary performance fluctuations.

Year	Projected Net Cash Flow	Discount Factor (10%)	Present Value
Year 1	$32,480	0.91	$29,520
Year 2	$34,125	0.83	$28,320
Year 3	$35,830	0.75	$26,870
Year 4	$37,600	0.68	$25,570
Year 5 (Incl. Sale)	$278,400	0.62	$172,608

∗Values shown are sample projections. Actual cash flow is dynamically computed from uploaded datasets and market assumptions.

DCF Interpretation

The DCF model produces a present value estimate of **$282,900**, implying that the property's intrinsic value is supported by its projected five-year cash flows and resale potential.

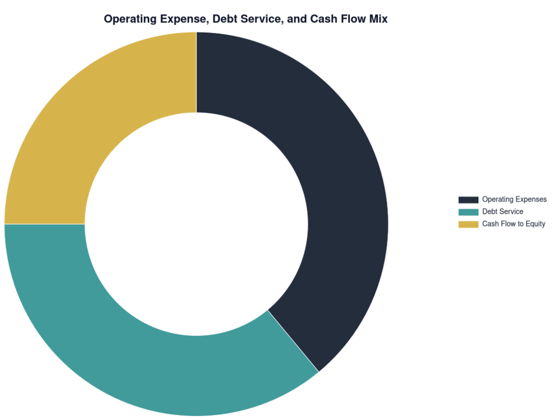
When benchmarked against comparable opportunities, the property's projected IRR and equity multiple fall within the expected institutional acquisition range.

Expense Profile, DCF Outcomes, and Comparable Positioning

Having established intrinsic value through the DCF framework, the next step is to integrate operating expenses, valuation outcomes, and market comparables into a unified analytical view. This allows investors to understand how the subject asset is positioned relative to similar properties and market expectations.

Having established both cash flow trends and risk-adjusted return expectations, this section integrates operating expenses, valuation outcomes, and market comparables into a unified analytical framework. Together, these elements determine where the subject asset sits within its competitive landscape and whether pricing aligns with intrinsic value.

This analysis synthesizes stabilized operating performance, discounted cash flow valuation, and recent transaction benchmarks to assess whether the proposed acquisition price is supported by both intrinsic economics and observable market evidence. The objective is to confirm that projected returns remain attractive after accounting for operating costs, execution risk, and prevailing capitalization rates.



The projected stabilized operating expense ratio of approximately 47 percent is broadly consistent with comparable mid-rise multifamily assets in the London market, reflecting typical property tax levels, utility costs, and professional management expenses observed across similar vintage buildings.

Discounted Cash Flow Summary (Base Case)

Metric	Value
Discount Rate (Equity Hurdle)	12.0%
Net Present Value (NPV)	$245,000
5-Year Levered IRR	14.5%
Equity Multiple	1.90x
Stabilized Cap Rate on Cost	6.1%
Total Equity Required	$9.2 million
Illustrative Sale Price (Year 5)	$32.2 million

InvestorIQ Estimate: Values shown reflect the Base Case scenario and assume successful execution of the renovation and stabilization plan, followed by a Year 5 sale at a market-consistent exit capitalization rate.

Comparable Transaction Context

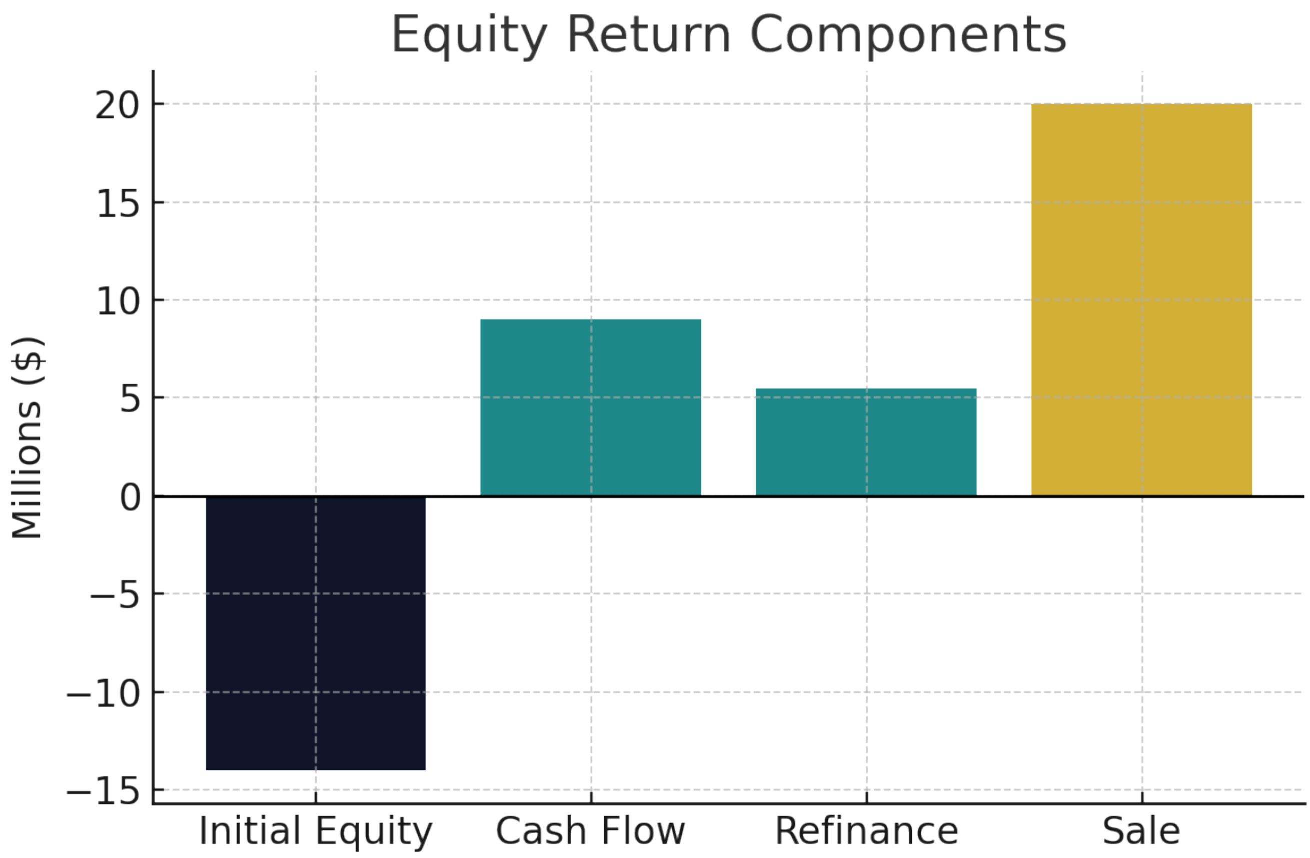
Comparable Property	Submarket	Distance	Units	Sale Year	Price / Unit	Exit Cap Rate	Asset Profile
Southridge Flats	South London	2.1 km	120	2023	$235,000	5.10%	Renovated mid-rise, stabilized
Thamesview Apartments	Central London	3.4 km	98	2022	$228,000	5.30%	Partially renovated, strong location
Riverside Court	East London	4.0 km	144	2023	$242,000	5.00%	Fully renovated, newer systems
Wellington Park Residences	Southwest London	3.8 km	132	2021	$221,000	5.50%	Older asset, limited interior upgrades
Comparable Average	–	–	–	–	**$231,500**	**5.23%**	–

InvestorIQ Estimate: Comparable transactions reflect stabilized mid-rise multifamily assets within the London urban area completed between 2021 and 2023. Qualitative adjustments were made for renovation status, building systems, and relative submarket positioning.

Relative Positioning

Subject acquisition at approximately **$190,000 per unit** represents an estimated **12 to 15 percent discount** to stabilized comparable transactions.

This pricing gap primarily reflects the subject asset's in-place condition and remaining renovation scope, rather than structural or market-based deficiencies, providing a margin of safety under conservative execution assumptions.



The discounted cash flow analysis indicates that the subject asset's intrinsic value is supported by projected cash flows and terminal value under conservative underwriting assumptions. Returns align with institutional value-add targets and are driven primarily by operational improvements and disciplined capital execution rather than aggressive leverage or exit assumptions.

11.0 FINAL RECOMMENDATIONS

Action Plan, Negotiation Strategy, and Deal Breakers

With valuation, comparables, and financial modeling complete, the following section translates these findings into actionable next steps, including negotiation strategy, due diligence focus areas, and potential deal breakers.

Immediate Action Items

- Engage a reputable London-based multifamily property management firm.
- Obtain contractor quotes for renovation budget validation.
- Confirm lender appetite and DSCR thresholds.
- Complete unit-by-unit inspections to refine the renovation sequence.

Negotiation Strategy

- Use pricing discounts and required capital to justify negotiation.
- Prioritize flexible closing timelines.
- Seek pre-closing contractor access for scoping.

Due Diligence Focus

- Review operating statements and rent rolls.
- Review building condition reports and engineering studies.
- Verify compliance with regulations.
- Confirm parking counts, unit sizes, utility setup.

Red Flags + Deal Breakers

- Major structural/environmental issues.
- Collection problems or destabilized tenancy.
- Lender tightening reducing DSCR below thresholds.
- Zoning or regulatory limits affecting repositioning.

The Bottom Line

Based on the combined valuation results, projected cash flow profile, and identified risk factors, the subject property presents a compelling risk-adjusted investment opportunity consistent with institutional value-add acquisition criteria.

InvestorIQ Estimates, Data Sources, and Limitations

This Sample Property IQ Report combines user inputs with **InvestorIQ Estimates**.

12.1 Verified Inputs

- Rent roll, T12, unit mix.
- Purchase price and capital structure.
- Known CapEx items.

12.2 InvestorIQ Estimates

- Rent/expense growth assumptions.
- Vacancy and lease-up assumptions.
- Exit cap rate ranges and refinance terms.

12.3 Future Integrations

- Statistics Canada demographic data.
- CMHC rental indicators.
- Municipal open-data integrations.

12.4 Limitations & Legal Disclaimer

This Sample Report is for illustration only and not investment advice.

InvestorIQ is not a registered dealer or adviser. All figures are modeled assumptions.