VALUE-ADD INVESTMENT STRATEGY

952 S 6th St, Louisville, KY 40203

Old Louisville / Limerick • MLS #1727191

5	$50K	$925	9.6%	14.1%
UNITS	RENO BUDGET	STABILIZED RENT / UNIT	CAP RATE ON COST	CASH-ON-CASH

VALUE-ADD INVESTMENT BUDGET

Purchase Price	**$325,000**
RENOVATION SCOPE	
Separate Meters & Gas → Electric Range Conversion	**$15,000**
Rear Parking Addition	**$3,000**
Cosmetic Upgrades & Deferred Maintenance	**$25,000**
Common Area & Exterior Improvements	**$7,000**
Value-Add Investment Subtotal	**$50,000**
Total Project Cost	**$375,000**

Renovation budget reflects contractor estimates for unit and common-area scope, including granite countertops and other cosmetic/deferred-maintenance items. Actual costs may vary; assumes work substantially complete before stabilized lease-up.

DEBT SERVICE & CASH FLOW

Total Project Cost	**$375,000**	
Loan Amount (80% LTC)	**$300,000**	
Equity Required (20%)	**$75,000**	
Rate / Term	**7.00% / 25-yr**	
Annual Debt Service	**$25,444**	$2,120
Net Operating Income	**$36,037**	$3,003
Annual Cash Flow	**$10,593**	**$883**
Cash-on-Cash Return	**14.1%**	
DSCR	**1.42x**	

STABILIZED NOI — PRO FORMA (ANNUAL)

Number of Units	**5**	
Stabilized Rent / Unit / Month	**$925**	
Gross Potential Rent	**$55,500**	
		MONTHLY
Effective Gross Income	**$55,500**	**$4,625**
OPERATING EXPENSES		
Water & Sewer	**$4,800**	$400
Common Area Maintenance + Grass	**$2,400**	$200
Common Area Electric	**$1,200**	$100
Repairs & Turnover	**$1,500**	$125
CapEx Reserve	**$1,500**	$125
Property Taxes	**$4,063**	$339
Insurance	**$4,000**	$333
Total Operating Expenses	**$19,463**	**$1,622**
Net Operating Income (NOI)	**$36,037**	**$3,003**
NOI per Unit	**$7,207**	
Operating Expense Ratio	**35.1%**	

Expenses held flat from the as-is pro forma except Repairs & Turnover, reduced to $1,500/yr since deferred maintenance is addressed upfront in the renovation budget. Rent increased to $925/unit/month reflecting post-renovation, separately-metered units. Figures are projections, not a guarantee of performance.

VALUE CREATION AT STABILIZATION

9.6%	$450.5K	$75.5K
CAP RATE ON COST	VALUE @ 8.0% EXIT CAP	VALUE CREATED OVER COST

Cap rate on total project cost: 9.6% (vs. 11.1% on purchase price alone). At an 8.0% stabilized exit cap, NOI of $36,037 implies a value of ~$450,500 — roughly $75,500 above total project cost.

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