



ENGAGEMENT REPORT · REAL ESTATE DEVELOPMENT ADVISORY

# Single-Family Renovation & Resale

## Pro-Forma Budget & Investment Return Analysis

*Anonymised case study · suburban Ottawa, Ontario*

Prepared by Lumenalis Consulting Ltd.

### SUBJECT PROPERTY PROFILE

Asset type	Detached single-family dwelling
Location	Suburban Ottawa, Ontario (address withheld)
Approx. year built	1985
Approx. gross floor area	1,750 sq ft
Approx. lot size	7,700 sq ft
Configuration	5 bedrooms · 2 bathrooms · 2-car garage
Business plan	Acquire, renovate and resell within an approx. 12-month hold

### HEADLINE OUTPUTS

Purchase price	\$610,000
Renovation budget — hard, soft & contingency (itemised)	\$125,193
All-in project cost — deal pro-forma	\$804,319
Gross resale price	\$900,000
Net sale proceeds	\$882,000
Net profit to equity	\$86,848
Return on invested equity	32.5%
Equity multiple	1.33x
Levered IRR — annualised (source-reported)	50.3%

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*Prepared for illustration. Monetary values are those from the underlying engagement; property address, postal code, ownership and document links have been removed for publication under PIPEDA (S.C. 2000, c.5). See Sources & Method for the anonymisation note, the two-basis cost reconciliation, and methodology.*

# Pro-Forma Summary

Single-family acquisition, renovation and resale – deal pro-forma

SOURCES OF CAPITAL		
Source	Amount	% of total
Senior mortgage loan	\$537,160	66.8%
Secondary financing (mezzanine / hard money)	\$0	0.0%
Sponsor equity	\$0	0.0%
Investor equity	\$267,159	33.2%
<b>TOTAL SOURCES</b>	<b>\$804,319</b>	<b>100.0%</b>

DISPOSITION WATERFALL	
Line	Amount
Gross resale price	\$900,000
Less: sale closing costs (2.0%)	(\$18,000)
Net sale proceeds	\$882,000
Less: senior mortgage payoff	(\$527,993)
Equity distribution	\$354,007
Less: investor equity contributed	(\$267,159)
<b>NET PROFIT TO EQUITY</b>	<b>\$86,848</b>

PARTNERSHIP SPLIT			
Party	Contributed	Distributed	Net profit
Sponsor	\$0	\$0	\$0
Investor	\$267,159	\$354,007	\$86,848

USES OF CAPITAL	
Use	Amount
Purchase price + acquisition closing	\$616,100
Loan arrangement fees	\$5,372
Loan payments during hold	\$31,446
Renovation / construction draw (modelled)	\$151,401
<b>TOTAL USES</b>	<b>\$804,319</b>
<i>Sources = Uses (balance check)</i>	
<b>BALANCED</b>	

RETURN METRICS	
Net profit to equity	\$86,848
Return on invested equity	32.5%
Equity multiple	1.33x
Levered IRR – annualised (source-reported)	50.3%
Hold period	1.0 yr

Two cost bases appear in the source model and are preserved here without forcing a false reconciliation: the granular cost tracker (see Hard Costs, Soft Costs, Contingency, Financing & Holding) totals approximately \$773,514 all-in excluding mortgage principal, while the deal pro-forma above models a \$151,401 construction draw and \$31,446 of loan payments, totalling \$804,319 of uses. The authoritative investment outcome (net profit, equity multiple, IRR) is taken from the deal-level weekly cash-flow model. The two bases differ chiefly in interest treatment and the construction-draw assumption.

# Assumptions & Inputs

Values shown are the engagement inputs. Edit an input and the dependent sheets recompute.

PROGRAM & TIMING		
Input	Value	Basis / note
Hold period (weeks)	52	Acquisition to resale; approx. 12 months.
Renovation window		Weeks 8-40 of the hold.
Default area unit	sq ft	Imperial, per source.
ACQUISITION		
Input	Value	Basis / note
Purchase price	\$610,000	Negotiated acquisition price.
Deposit (within purchase price)	\$90,000	Paid at agreement; not additive to purchase.
Acquisition closing costs	\$6,100	Legal, land transfer tax, disbursements (single source line – see Acquisition sheet note).
RENOVATION		
Input	Value	Basis / note
Renovation – hard costs	\$86,633	Itemised across six trade divisions; see Hard Costs.
Renovation – soft costs	\$24,660	Design, permitting, administration, disposition; see Soft Costs.
Construction contingency	\$11,900	AACE 18R-97 class band on hard costs.
Design contingency	\$2,000	On soft costs.
FINANCING		
Input	Value	Basis / note
Senior mortgage advance	\$537,160	Construction / acquisition facility.
Senior interest rate (annual)	4.18%	Fixed; amortising (not interest-only).
Amortisation		30-year amortisation; payoff at resale (week 52).
Loan arrangement fees	\$5,372	Charged at facility start.
Senior mortgage payoff at sale	\$527,993	Outstanding balance discharged from sale proceeds.
Secondary financing	\$0	Not used in this scenario.
Sponsor equity	\$0	Not used in this scenario.
Investor equity	\$267,159	Balancing equity contribution.
HOLDING		
Input	Value	Basis / note
Property taxes (hold period)	\$4,400	Municipal taxes over the hold.
Property insurance		Course-of-construction / vacancy cover; nominal in source.
DISPOSITION		
Input	Value	Basis / note
Gross resale price	\$900,000	Post-renovation market value assumption.
Sale closing costs	2.0%	Commission / legal / disbursements as % of resale (= \$18,000).

# Acquisition & Closing

ACQUISITION COST BASE		
Item	Amount	Basis / note
Purchase price	\$610,000	Negotiated price for the subject dwelling.
of which: deposit at agreement	\$90,000	Memo line – included in the purchase price above, not additive.
Acquisition closing costs	\$6,100	Legal fees, land transfer tax and disbursements recorded as a single line.
<b>TOTAL ACQUISITION COST</b>	<b>\$616,100</b>	Excludes deposit memo line.

Land transfer tax check (analytical overlay, not a restatement): Ontario LTT on a \$610,000 conveyance is approximately \$8,675 under the marginal brackets of the Land Transfer Tax Act, R.S.O. 1990, c. L.6, s. 2(1) – 0.5% to \$55,000, 1.0% to \$250,000, 1.5% to \$400,000, 2.0% above. Ottawa levies no municipal land transfer tax. The single \$6,100 closing line therefore appears to exclude or understate statutory LTT; the cost base should be verified before reliance. This mirrors the land-transfer-tax adjustment applied in the comparable ground-up engagement.

## Renovation — Hard Costs

Cost item	Budget	Actual	Variance	% comp.	Cost to complete
<b>Site Preparation &amp; Demolition</b>					
Full demolition of structural components	\$2,250	\$2,250	\$0	100.0%	\$0
Hazardous-materials abatement (asbestos, lead, mould)	\$25	\$25	\$0	100.0%	\$0
Site clearing & waste disposal	\$0	\$0	\$0		\$0
Temporary protection & hoarding	\$500	\$0	(\$500)	0.0%	\$500
<b>Subtotal — Site Preparation &amp; Demolition</b>	<b>\$2,775</b>	<b>\$2,275</b>	<b>(\$500)</b>	<b>82.0%</b>	<b>\$500</b>
<b>Structural &amp; Building Envelope</b>					
Structural framing reinforcement / replacement	\$750	\$0	(\$750)	0.0%	\$750
Foundations & underpinning	\$0	\$0	\$0		\$0
Masonry repair & repointing	\$0	\$0	\$0		\$0
Roofing repair / replacement	\$8,000	\$0	(\$8,000)	0.0%	\$8,000
Exterior wall cladding	\$350	\$0	(\$350)	0.0%	\$350
Window & door replacements	\$9,850	\$0	(\$9,850)	0.0%	\$9,850
<b>Subtotal — Structural &amp; Building Envelope</b>	<b>\$18,950</b>	<b>\$0</b>	<b>(\$18,950)</b>	<b>0.0%</b>	<b>\$18,950</b>
<b>Interior Construction</b>					
Interior framing & drywall	\$15,633	\$0	(\$15,633)	0.0%	\$15,633
Painting & wall finishes	\$6,500	\$0	(\$6,500)	0.0%	\$6,500
Flooring (tile, hardwood, vinyl)	\$4,800	\$0	(\$4,800)	0.0%	\$4,800
Ceiling systems	\$0	\$0	\$0		\$0
Trim	\$1,500	\$0	(\$1,500)	0.0%	\$1,500
Stairs, railings, balustrades	\$2,500	\$0	(\$2,500)	0.0%	\$2,500
<b>Subtotal — Interior Construction</b>	<b>\$30,933</b>	<b>\$0</b>	<b>(\$30,933)</b>	<b>0.0%</b>	<b>\$30,933</b>
<b>Mechanical, Electrical &amp; Plumbing</b>					
HVAC systems (replacement / upgrade)	\$4,500	\$0	(\$4,500)	0.0%	\$4,500
Plumbing fixtures & piping	\$9,725	\$350	(\$9,375)	3.6%	\$9,375
Electrical service upgrades & rewiring	\$4,000	\$0	(\$4,000)	0.0%	\$4,000

Lighting fixtures & controls	\$1,000	\$0	(\$1,000)	0.0%	\$1,000
Fire alarm & suppression	\$250	\$0	(\$250)	0.0%	\$250
Data, communications & security	\$200	\$50	(\$150)	25.0%	\$150
<b>Subtotal — Mechanical, Electrical &amp; Plumbing</b>	<b>\$19,675</b>	<b>\$400</b>	<b>(\$19,275)</b>	<b>2.0%</b>	<b>\$19,275</b>

### Fixtures, Fittings, Equipment & Insulation

Kitchen cabinetry & countertops	\$5,600	\$1,440	(\$4,160)	25.7%	\$4,160
Insulation	\$4,200	\$0	(\$4,200)	0.0%	\$4,200
Mirrors & accessories	\$1,000	\$0	(\$1,000)	0.0%	\$1,000
Appliances	\$3,500	\$0	(\$3,500)	0.0%	\$3,500
Window coverings	\$0	\$0	\$0		\$0
Built-in furniture	\$0	\$0	\$0		\$0
<b>Subtotal — Fixtures, Fittings, Equipment &amp; Insulation</b>	<b>\$14,300</b>	<b>\$1,440</b>	<b>(\$12,860)</b>	<b>10.1%</b>	<b>\$12,860</b>

<b>TOTAL</b>	<b>\$86,633</b>	<b>\$4,115</b>	<b>(\$82,518)</b>	<b>4.7%</b>	<b>\$82,518</b>
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*Hard-cost line items as scoped in the engagement. Budget is the initial estimate; Actual is recorded spend to the reporting date. The 1985 vintage of the dwelling is the reason a designated-substances (asbestos / lead) abatement line is carried — see Risk & Sensitivity and Sources & Method.*

## Renovation — Soft Costs

Cost item	Budget	Actual	Variance	% comp.	Cost to complete
<b>Professional &amp; Design Services</b>					
Architectural & interior design fees	\$1,000	\$0	(\$1,000)	0.0%	\$1,000
Structural / mechanical / electrical engineering	\$0	\$0	\$0		\$0
Quantity surveying / cost consulting	\$0	\$0	\$0		\$0
Building-envelope consultants	\$0	\$0	\$0		\$0
Specialty consultants (acoustics, heritage, lighting)	\$2,500	\$0	(\$2,500)	0.0%	\$2,500
<b>Subtotal — Professional &amp; Design Services</b>	<b>\$3,500</b>	<b>\$0</b>	<b>(\$3,500)</b>	<b>0.0%</b>	<b>\$3,500</b>
<b>Permitting &amp; Approvals</b>					
Building permit fees	\$500	\$0	(\$500)	0.0%	\$500
Development charges (if applicable)	\$4,100	\$0	(\$4,100)	0.0%	\$4,100
Heritage approvals	\$0	\$0	\$0		\$0
Utility connection fees	\$500	\$0	(\$500)	0.0%	\$500
<b>Subtotal — Permitting &amp; Approvals</b>	<b>\$5,100</b>	<b>\$0</b>	<b>(\$5,100)</b>	<b>0.0%</b>	<b>\$5,100</b>
<b>Project Administration</b>					
Project management fees (internal or external)	\$13,000	\$2,300	(\$10,700)	17.7%	\$10,700
Site supervision (clerk of works)	\$0	\$0	\$0		\$0
Legal fees for contracts & disputes	\$0	\$0	\$0		\$0
Insurance (builder's risk, general liability)	\$2,160	\$180	(\$1,980)	8.3%	\$1,980
<b>Subtotal — Project Administration</b>	<b>\$15,160</b>	<b>\$2,480</b>	<b>(\$12,680)</b>	<b>16.4%</b>	<b>\$12,680</b>
<b>Disposition &amp; Marketing</b>					
Marketing & sale prep (staging, photography, advertising)	\$500	\$0	(\$500)	0.0%	\$500
Moving / clear-out costs	\$400	\$0	(\$400)	0.0%	\$400
<b>Subtotal — Disposition &amp; Marketing</b>	<b>\$900</b>	<b>\$0</b>	<b>(\$900)</b>	<b>0.0%</b>	<b>\$900</b>
<b>TOTAL</b>	<b>\$24,660</b>	<b>\$2,480</b>	<b>(\$22,180)</b>	<b>10.1%</b>	<b>\$22,180</b>

*Soft costs cover design, approvals, project administration and disposition. Development charges are carried as a contingent line; most renovations of an existing single dwelling do not trigger them, but the allowance is retained pending confirmation of scope.*

# Contingency

Cost item	Budget	Actual	Variance	% comp.	Cost to complete
<b>Contingency</b>					
Construction contingency (on hard costs)	\$11,900	\$0	(\$11,900)	0.0%	\$11,900
Design contingency (on soft costs)	\$2,000	\$0	(\$2,000)	0.0%	\$2,000
Escalation allowance (inflation over the build)	\$0	\$0	\$0		\$0
Unforeseen-conditions allowance (existing-building unknowns)	\$0	\$0	\$0		\$0
<b>Subtotal — Contingency</b>	<b>\$13,900</b>	<b>\$0</b>	<b>(\$13,900)</b>	<b>0.0%</b>	<b>\$13,900</b>
<b>TOTAL</b>	<b>\$13,900</b>	<b>\$0</b>	<b>(\$13,900)</b>	<b>0.0%</b>	<b>\$13,900</b>

*Contingency is decomposed by risk category after AACE International Recommended Practice 18R-97. The construction contingency of \$11,900 is approximately 14% of itemised hard costs – defensible for a renovation of a 40-year-old dwelling where concealed conditions are likely.*

## Financing & Holding Costs

Cost item	Budget	Actual	Variance	% comp.	Cost to complete
<b>Financing Costs</b>					
Loan arrangement fees	\$5,372	\$5,372	\$0	100.0%	\$0
Interest during renovation (senior facility)	\$9,350	\$779	(\$8,571)	8.3%	\$8,571
Appraisal fees	\$1,500	\$750	(\$750)	50.0%	\$750
Legal closing costs (financing)	\$11,600	\$11,600	\$0	100.0%	\$0
Loan origination fees	\$0	\$0	\$0		\$0
Lender's cost-consultant fees	\$0	\$0	\$0		\$0
Title insurance	\$0	\$0	\$0		\$0
<b>Subtotal — Financing Costs</b>	<b>\$27,822</b>	<b>\$18,501</b>	<b>(\$9,321)</b>	<b>66.5%</b>	<b>\$9,321</b>
<b>Holding Costs</b>					
Property taxes (hold period)	\$4,400	\$2,200	(\$2,200)	50.0%	\$2,200
Property insurance (course-of-construction)	\$0	\$0	\$0		\$0
<b>Subtotal — Holding Costs</b>	<b>\$4,400</b>	<b>\$2,200</b>	<b>(\$2,200)</b>	<b>50.0%</b>	<b>\$2,200</b>
<b>TOTAL</b>	<b>\$32,222</b>	<b>\$20,701</b>	<b>(\$11,521)</b>	<b>64.2%</b>	<b>\$11,521</b>

### SENIOR FACILITY — TERMS & FLOWS

Senior mortgage advance	\$537,160
Annual interest rate (fixed)	4.18%
Amortisation	30-yr (not interest-only)
Indicative monthly payment	\$2,620.54
Payoff at resale (week 52)	\$527,993

*Interest during renovation (\$9,350 budgeted) is the carry over the active build window; the deal-level cash-flow model instead books total loan payments of \$31,446 across the full 52-week hold, which is why the two cost bases differ. The senior facility is discharged from sale proceeds at resale.*

## Returns & Investor Analysis

### DISPOSITION WATERFALL

Gross resale price	\$900,000
Less: sale closing costs (2.0%)	(\$18,000)
Net sale proceeds	\$882,000
Less: senior mortgage payoff	(\$527,993)
Equity distribution	\$354,007
Less: investor equity contributed	(\$267,159)
<b>NET PROFIT TO EQUITY</b>	<b>\$86,848</b>

### RETURN METRICS

Net profit to equity	\$86,848
Equity multiple	1.33x
Return on invested equity	32.5%
Levered IRR — annualised (source-reported)	50.3%
Hold period	1.0 yr

### PARTNERSHIP DISTRIBUTION

Party	Contributed	Distributed	Net profit
Sponsor	\$0	\$0	\$0
Investor	\$267,159	\$354,007	\$86,848

*Equity multiple = equity distribution ÷ equity contributed. Return on invested equity = net profit ÷ equity contributed. The levered IRR (50.3%, annualised) is taken from the source's weekly cash-flow model and is reported here rather than recomputed. In this scenario the sponsor co-invests no equity, so the modelled profit accrues to the investor; any sponsor promote or fee split would be layered on top and is out of scope for this sample.*

## Risk & Sensitivity

### NET-PROFIT SENSITIVITY — RESALE PRICE × RENOVATION OVERRUN

Net profit to equity (\$). Rows = resale price; columns = renovation cost vs. budget.

Resale \ Reno	-10%	Budget	+10%	+25%
\$850,000	\$50,367	\$37,848	\$25,329	\$6,550
\$875,000	\$74,867	\$62,348	\$49,829	\$31,050
\$900,000	\$99,367	\$86,848	\$74,329	\$55,550
\$925,000	\$123,867	\$111,348	\$98,829	\$80,050
\$950,000	\$148,367	\$135,848	\$123,329	\$104,550

Computed from the deal's own figures (net sale = resale × 0.98; senior payoff \$527,993 fixed; renovation overrun adds dollar-for-dollar to required investor equity because the debt is fixed). Base case is shaded. The single largest driver of outcome is the resale assumption: a \$50,000 swing in resale moves net profit by roughly \$49,000, materially more than a 25% renovation overrun (~\$31,000).

### RISK REGISTER (ILLUSTRATIVE — LUMENALIS METHODOLOGY OVERLAY)

Risk	Primary driver	Exposure	Mitigation
Resale-price softening	Ottawa resale market at disposition	Highest single sensitivity	List early; price to comparable evidence; hold-period flexibility.
Renovation cost overrun	Concealed conditions in a 1985 dwelling	Adds dollar-for-dollar to equity	Pre-purchase inspection; designated-substances survey; 14% construction contingency.
Schedule slippage	Trade availability; permit timing	Extends interest & tax carry	Critical-path sequencing; lock subcontractor scopes; weekly tracking.
Interest / carry	Senior facility cost over the hold	Erodes net profit	Fixed-rate facility; minimise hold; staged draws.
Disposition liquidity	Buyer demand at the price point	Delays payoff; raises carry	Pre-market the asset; staging budget retained.
Permitting / compliance	Building-permit and inspection regime	Delay and rework risk	Confirm scope-of-work permits early; engage trades with inspection track record.

*The register is an analytical overlay applying Lumenalis methodology; likelihood and dollar-impact scoring are deliberately omitted because they were not part of the client engagement and would be fabricated if asserted here.*

# Document Register

Standard document checklist maintained for the engagement. Repository links removed for publication.

Category	Document	Status / note
Admin	Project document repository	[ project drive – link redacted for publication ]
Acquisition	Purchase and Sale Agreement (PSA)	
Acquisition	Deposit receipt	
Acquisition	Title search / title report	
Acquisition	Title insurance policy	
Acquisition	Property survey	
Acquisition	Deed / transfer of title	
Acquisition	Property disclosure statement (if applicable)	
Financing	Loan commitment letter	
Financing	Promissory note	
Financing	Mortgage / charge	
Financing	Personal guarantee (if required)	
Financing	Loan draw schedule	
Financing	Appraisal report	
Financing	Lender inspection reports	
Renovation	Scope of work (SOW)	
Renovation	Construction budget	
Renovation	General contractor agreement	
Renovation	Subcontractor agreements	
Renovation	Change-orders log	
Renovation	Permits & permit applications	
Renovation	Inspection reports (building, electrical, plumbing)	
Renovation	Material & fixture specifications	
Renovation	Warranties	
Renovation	Lien waivers	
Insurance	Builder's risk insurance policy	
Insurance	General liability insurance policy	
Insurance	Workers' compensation certificates	
Compliance	Zoning verification letter	
Compliance	Environmental reports (Phase I ESA if applicable)	
Compliance	Occupancy certificate / final inspection approval	
Disposition	Listing agreement	
Disposition	Comparative market analysis (CMA)	
Disposition	Offer / agreement of purchase & sale	
Disposition	Vendor disclosure statement	
Disposition	Statement of adjustments	
Disposition	Final settlement documents	
Project mgmt.	Project schedule / Gantt	
Project mgmt.	Weekly progress reports	
Project mgmt.	Invoice log	
Project mgmt.	Receipts archive	
Project mgmt.	Photo documentation (before / during / after)	

# Advisory Time Log

Advisory hours recorded against the engagement. Shown for illustration of scope.

Session	Activity	Hours	Recorded value
Session 1	Meeting / site visit	2.25	\$150.75
Session 2	System work	1.33	\$89.33
Session 3	Strategy / calculation	2.25	\$150.75
Session 4	Strategy / calculation	1.25	\$83.75
Session 5	Strategy / calculation	0.58	\$39.08
Session 6	Strategy / calculation	0.33	\$22.33
Session 7	Strategy / calculation	4.50	\$301.50
<b>TOTAL</b>		<b>12.50</b>	<b>\$837.49</b>

Recorded value reflects advisory time only and is shown for transparency of engagement scope; it is not a quote of current Lumenalis rates.

# Sources & Method

## ANONYMISATION NOTE

### Standard applied

*Personal Information Protection and Electronic Documents Act (PIPEDA), S.C. 2000, c. 5. Direct identifiers removed: street address, postal code, ownership, and the project document-repository link. The property profile (vintage, area, configuration) and all monetary figures are retained because, absent the address, they do not identify an individual and they carry the analytical value of the sample.*

## METHOD & CITATIONS

### Cost-classification & contingency

*AACE International, Recommended Practice 18R-97 – Cost Estimate Classification System. Used to frame the contingency decomposition.*

### Land transfer tax

*Land Transfer Tax Act, R.S.O. 1990, c. L.6, s. 2(1). Basis for the LTT check on the Acquisition sheet. Ottawa levies no municipal land transfer tax.*

### Designated substances

*O. Reg. 278/05 (Designated Substances – Asbestos) under the Occupational Health and Safety Act. Basis for carrying an abatement allowance on a 1985 dwelling.*

### Return definitions

*Equity multiple = distribution ÷ contribution; return on invested equity = net profit ÷ contribution; levered IRR from the weekly cash-flow model (source-reported, not recomputed here).*

### Two-basis reconciliation

*The granular cost tracker (Hard, Soft, Contingency, Financing & Holding) totals approx. \$773,514 all-in excluding mortgage principal. The deal pro-forma (Summary, Returns) models a \$151,401 construction draw and \$31,446 of loan payments for \$804,319 of uses. The bases differ in interest treatment and construction-draw assumption; neither was altered.*

### Source workbook

*Single-family acquisition-renovation-resale model (engagement working file). Tabs not used in the engagement – a bundled generic development template and operating-income modules – were excluded.*

## BRAND & FORMAT

### Standard

*Produced to the Lumenalis brand standard v2.0 (Charcoal #3D3D3D, Stone #8C8C8C, White; Montserrat display, Lato body). Spreadsheet weight contrast is a justified functional deviation from the prose 'no-bold' rule, used only on section bands and totals. Saved as .xlsx for lossless import into Google Sheets.*