

## 119 University Avenue West

119 University Avenue West  
Waterloo, Ontario, N2L 3E2

**\$1,394,000**

**\$99,000+ Gross Annual Cash Flow**

**Optimally Located between Two Universities and 56,000 Students**

**Fully Rental Licensed Triplex for 17 Bedrooms**

**Corner of Lester and University - Most Desirable Streets in Town**

Presented by

**Royal LePage Grand Valley Realty**

**Mike Milovick**

**519 745-7000**

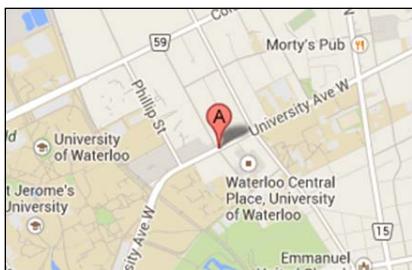
**mike@teammilovick.com**

**15C**

**370 Highland Road West**

**Kitchener, Ontario**

**ROYAL LEPAGE**  
Grand Valley Realty  
INDEPENDENTLY OWNED AND OPERATED



# 119 University Avenue West

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 Waterloo, Ontario, N2L 3E2



Income, Expenses & Cash Flow		Property Overview		
Potential Rental Income	\$ 99,780	Purchase/Asking Price	\$ 1,394,000	Property Type Multi-Family
Other Income		Improvements		No. of Units 17
Total Vacancy and Credits	(1,996)	Other	26,487	Price Per Unit \$ 84,358
Operating Expenses	\$ (26,372)	Closing Costs	13,600	Total Sq Ft
Net Operating Income (NOI)	<b><u>\$ 71,412</u></b>	Finance Points		Price Per Sq Ft
				Income per Unit \$ 5,869
		<b>Total Acquisition Cost</b>	<u>\$ 1,434,087</u>	Expenses per Unit \$ (1,551)
Debt Service:	\$ (61,900)	Mortgage (s)	\$ 1,115,200	
<b>Cash Flow Before Taxes</b>	<b>\$ 9,512</b>	Down Payment / Investment	<b>\$ 318,887</b>	

Assumptions		Loan Information		
Rental Growth Rate:	2.90%	Down Payment:	\$ 318,887	% of Asking 22.88% 22.24%
Expense Growth Rate:	1.00%	Initial Loan Balance:	\$ 1,115,200	% of Cost 80.00% 77.76%
Appreciation Rate	3.00%			
		<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>
		\$ 1,115,200	3.74%	30
				<u>Payment</u>
				\$ 5,158

Financial Measurements	Year 1	Year 3	Year 7	Notes / Discussion
Debt Coverage Ratio (DCR)	1.15	1.23	1.41	
Loan-to-Value Ratio (LVR)	76.2%	69.0%	55.6%	
Capitalization Rate Based on Cost	4.98%	5.33%	6.10%	
Capitalization Rate Based on Resale Price	4.97%	5.02%	5.10%	
Gross Rent Multiplier	13.97	14.42	14.47	
Net Present Value (NPV) - B/ Taxes	6.00%	(55,790)	45,370	223,203
Cash on Cash Return - Before Taxes		2.98%	4.56%	8.02%
Internal Rate of Return - Before Taxes			10.94%	15.05%
Modified Internal Rate of Return - Before Taxes			10.64%	13.96%

**Disclaimer: All information presented is believed to be accurate.**

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

## Cash Flow Analysis

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 99,780	\$ 102,674	\$ 105,651	\$ 108,715	\$ 111,868
Less: Vacancy & Credit Losses	(1,996)	(2,053)	(2,113)	(2,174)	(2,237)
Effective Gross Income	\$ 97,784	\$ 100,620	\$ 103,538	\$ 106,541	\$ 109,630
Less: Operating Expenses	(26,372)	(26,731)	(27,095)	(27,467)	(27,845)
Net Operating Income (NOI)	\$ 71,412	\$ 73,890	\$ 76,443	\$ 79,074	\$ 81,786
Less: Annual Debt Service	(61,900)	(61,900)	(61,900)	(61,900)	(61,900)
CASH FLOW Before Taxes	\$ 9,512	\$ 11,990	\$ 14,543	\$ 17,174	\$ 19,886

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 1,435,820	\$ 1,478,895	\$ 1,523,261	\$ 1,568,959	\$ 1,616,028
Less: Selling Expenses	(71,791)	(73,945)	(76,163)	(78,448)	(80,801)
Adjusted Projected Sales Price	\$ 1,364,029	\$ 1,404,950	\$ 1,447,098	\$ 1,490,511	\$ 1,535,227
Less: Mortgage(s) Balance Payoff	(1,094,659)	(1,073,336)	(1,051,202)	(1,028,225)	(1,004,375)
SALE PROCEEDS Before Taxes	\$ 269,370	\$ 331,614	\$ 395,897	\$ 462,286	\$ 530,852

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 9,512	\$ 11,990	\$ 14,543	\$ 17,174	\$ 19,886
Cash Generated in Previous Years	n/a	9,512	21,502	36,045	53,219
Cash Generated from Property Sale	269,370	331,614	395,897	462,286	530,852
Original Initial Investment	(318,887)	(318,887)	(318,887)	(318,887)	(318,887)
Total Potential CASH Generated	\$ (40,004)	\$ 34,229	\$ 113,054	\$ 196,618	\$ 285,069

Financial Measurements	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	1.15	1.19	1.23	1.28	1.32
Loan-to-Value Ratio (LVR)	76.2%	72.6%	69.0%	65.5%	62.2%
Capitalization Rate Based on Cost	4.98%	5.15%	5.33%	5.51%	5.70%
Capitalization Rate Based on Resale Price	4.97%	5.00%	5.02%	5.04%	5.06%
Gross Rent Monthly Multiplier (GRM)	167.65	172.85	173.01	173.18	173.35
Gross Rent Yearly Multiplier (GRM)	13.97	14.40	14.42	14.43	14.45
Value of Property Using this GRM	12.00	1,197,360	1,232,083	1,267,814	1,304,580
Break-Even Ratio	88.47%	86.32%	84.24%	82.20%	80.22%
Operating Expense Ratio	26.97%	26.57%	26.17%	25.78%	25.40%
Net Present Value (NPV) - Before Taxes	6.00%	(55,790)	(4,107)	45,370	92,745
Cash-on-Cash Return with Equity	-12.54%	27.56%	23.77%	21.11%	19.13%
Cash-on-Cash Return - Before Taxes	2.98%	3.76%	4.56%	5.39%	6.24%
Internal Rate-of-Return (IRR) - Before Taxes	-12.54%	5.31%	10.94%	13.28%	14.35%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	-12.54%	5.23%	10.64%	12.76%	13.62%

**Rent Roll Summary**

Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Monthly Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent	
Bedroom 11	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 12	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 14	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 15	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 16	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 21	1				\$ 510	\$ 510	\$ 510	\$ 6,120	
Bedroom 22	1				\$ 500	\$ 500	\$ 500	\$ 6,000	
Bedroom 23	1				\$ 500	\$ 500	\$ 500	\$ 6,000	
Bedroom 24	1				\$ 525	\$ 525	\$ 525	\$ 6,300	
Bedroom 25	1				\$ 500	\$ 500	\$ 500	\$ 6,000	
Bedroom 26	1				\$ 500	\$ 500	\$ 500	\$ 6,000	
Bedroom 31	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 32	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 33	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 34	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 35	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
Bedroom 36	1				\$ 480	\$ 480	\$ 480	\$ 5,760	
<hr/>									
<b>Totals</b>	<b>17</b>				<b>\$ 8,315</b>	<b>\$ 8,315</b>	<b>\$ 99,780</b>		

**119 University Avenue West**

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# Annual Expenses



Mike Milovick  
519 745-7000

Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Insurance	2,449	1.0%	144.06		9.3%	2.5%
Rental License Renewal	1,126	1.0%	66.24		4.3%	1.2%
Maintenance	3,552	1.0%	208.94		13.5%	3.6%
Management Fee	4,989		293.47		18.9%	5.1%
Property Taxes	9,096	1.0%	535.06		34.5%	9.3%
Total Utilities	5,160	1.0%	303.53		19.6%	5.3%
<b>Total Annual Operating Expenses</b>		<b>\$ 26,372</b>		<b>\$ 1,551</b>	<b>100.0%</b>	<b>27.0%</b>

## Annual Property Operating Data

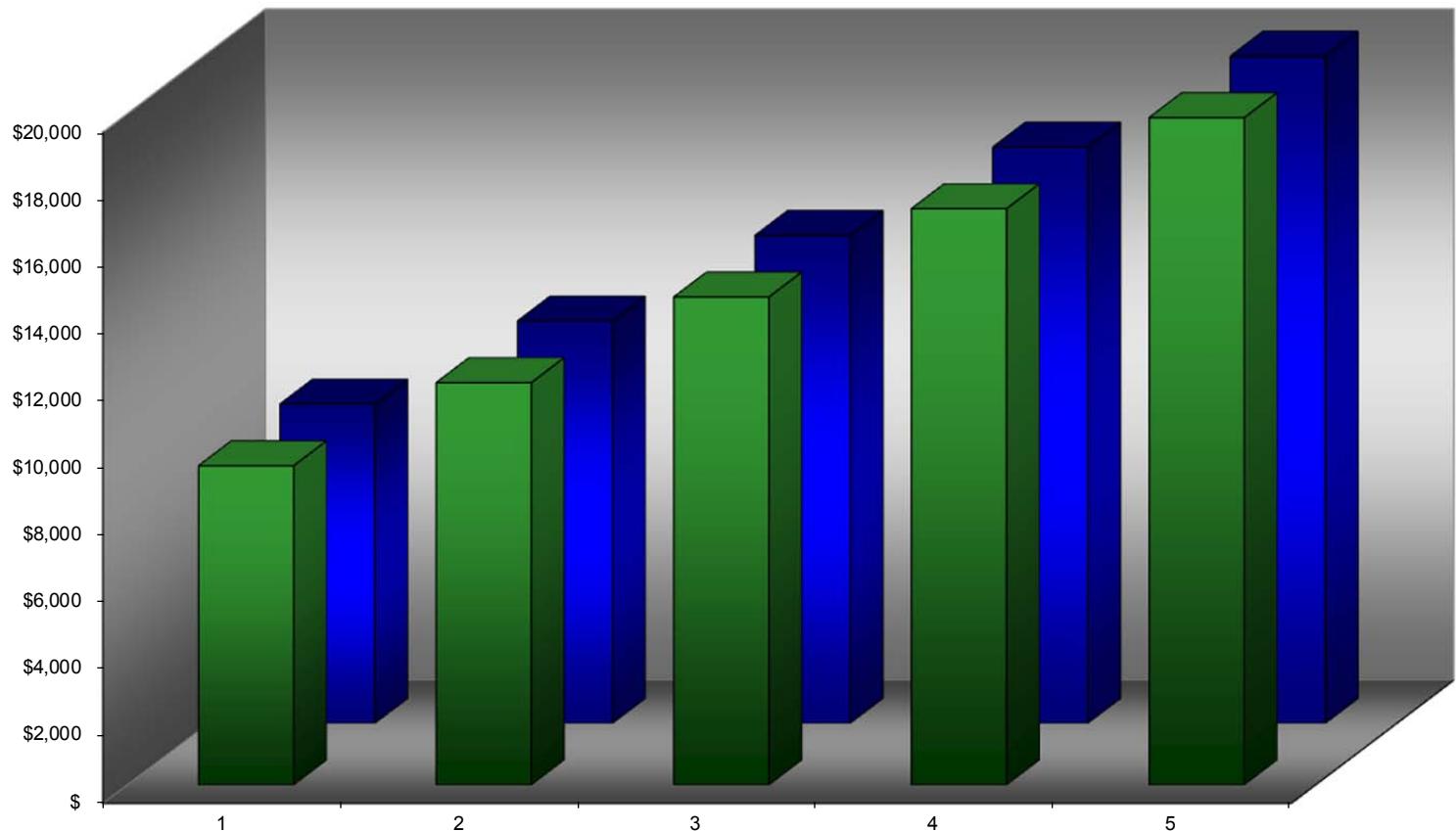
	<b>Year 1</b>	<b>Sq Ft</b>	<b>Per Unit</b>	<b>Year 2</b>	<b>Sq Ft</b>	<b>Per Unit</b>	<b>Year 3</b>	<b>Sq Ft</b>	<b>Per Unit</b>	<b>Year 4</b>	<b>Sq Ft</b>	<b>Per Unit</b>	<b>Year 5</b>	<b>Sq Ft</b>	<b>Per Unit</b>
<b>Potential Rental Income</b>	\$ 99,780	489.12		\$ 102,674	0.00	503.30	\$ 105,651	517.90		\$ 108,715	532.92		\$ 111,868	548.37	
Less: Vacancy & Credit Losses	(1,996)	-9.78		(2,053)	0.00	-10.07	(2,113)	-10.36		(2,174)	-10.66		(2,237)	-10.97	
<b>Effective Gross Income</b>	<u>\$ 97,784</u>	479.34		<u>\$ 100,620</u>	0.00	493.24	<u>\$ 103,538</u>	507.54		<u>\$ 106,541</u>	522.26		<u>\$ 109,630</u>	537.40	
<b>Operating Expenses</b>															
Insurance	2,449	12.00		2,473	12.12		2,498	12.25		2,523	12.37		2,548	12.49	
Rental License Renewal	1,126	5.52		1,137	5.57		1,149	5.63		1,160	5.69		1,172	5.74	
Maintenance	3,552	17.41		3,588	17.59		3,623	17.76		3,660	17.94		3,696	18.12	
Management Fee	4,989	24.46		5,134	25.17		5,283	25.89		5,436	26.65		5,593	27.42	
Property Taxes	9,096	44.59		9,187	45.03		9,279	45.48		9,372	45.94		9,465	46.40	
Total Utilities	5,160	25.29		5,212	25.55		5,264	25.80		5,316	26.06		5,370	26.32	
<b>Total Operating Expenses</b>	<u>\$ 26,372</u>	129.27		<u>\$ 26,731</u>	131.03		<u>\$ 27,095</u>	132.82		<u>\$ 27,467</u>	134.64		<u>\$ 27,845</u>	136.49	
<b>Net Operating Income (NOI)</b>	<u>\$ 71,412</u>	350.06		<u>\$ 73,890</u>	362.20		<u>\$ 76,443</u>	374.72		<u>\$ 79,074</u>	387.62		<u>\$ 81,786</u>	400.91	
Less: Annual Debt Service	(61,900)	-303.43		(61,900)	-303.43		(61,900)	-303.43		(61,900)	-303.43		(61,900)	-303.43	
<b>Cash Flow Before Taxes</b>	<u>\$ 9,512</u>	46.63		<u>\$ 11,990</u>	58.77		<u>\$ 14,543</u>	71.29		<u>\$ 17,174</u>	84.19		<u>\$ 19,886</u>	97.48	

# Cash Flow Projections

Mike Milovick

519 745-7000

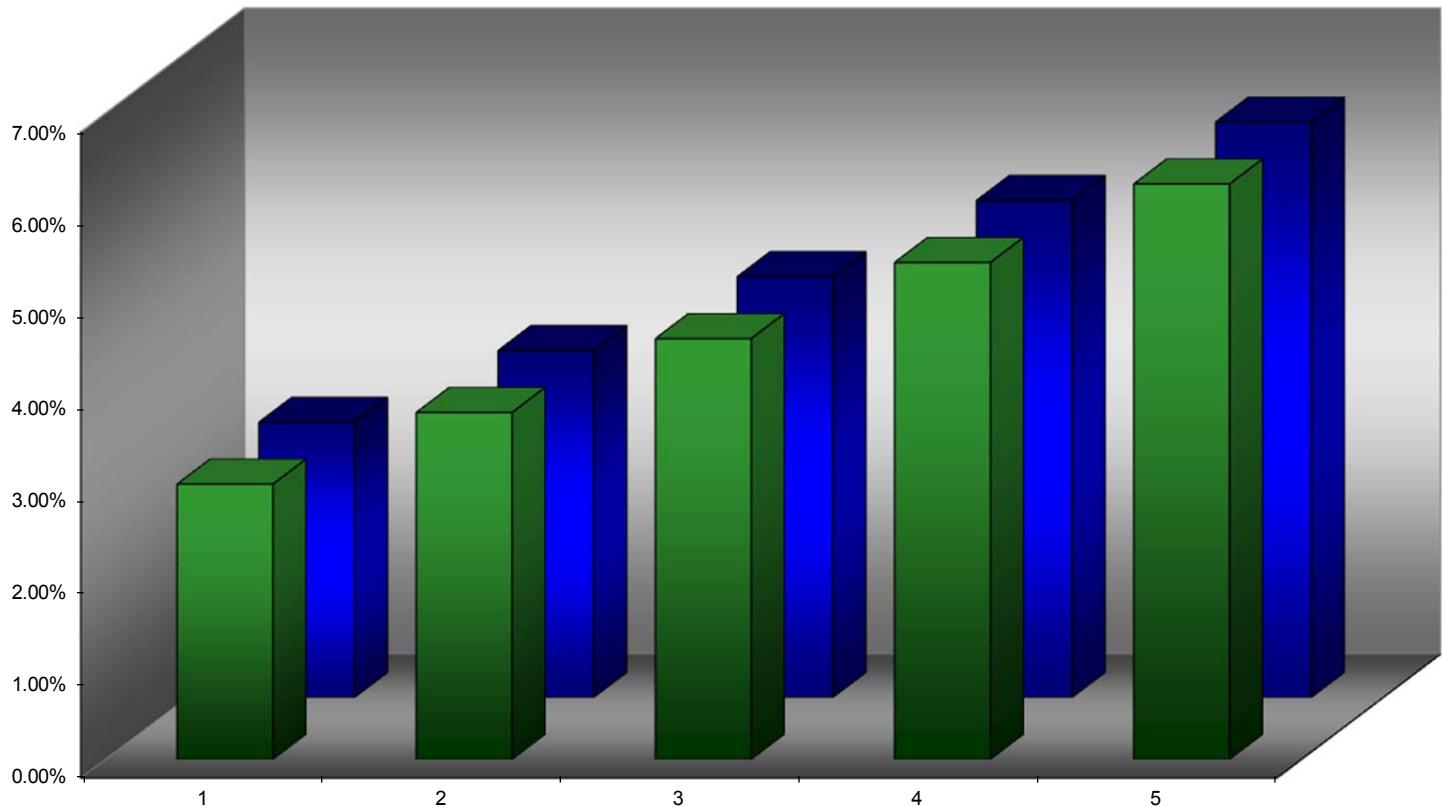
■ Cash Flow After Taxes  
 ■ Cash Flow Before Taxes



Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
<b>Int Investment</b>						
Year 1	71,412	-	(61,900)	9,512	-	9,512
Year 2	73,890	-	(61,900)	11,990	-	11,990
Year 3	76,443	-	(61,900)	14,543	-	14,543
Year 4	79,074	-	(61,900)	17,174	-	17,174
Year 5	81,786	-	(61,900)	19,886	-	19,886

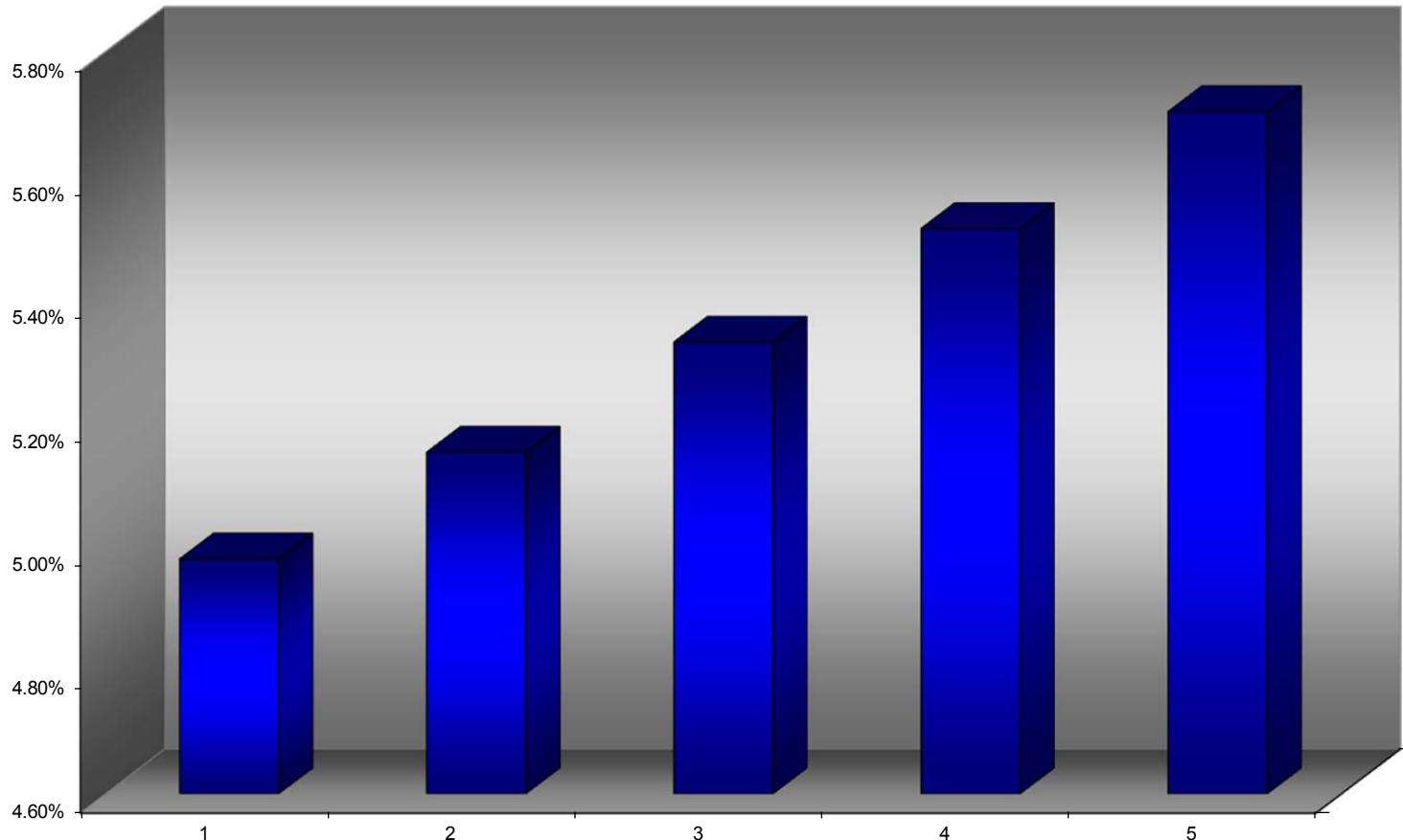
# Cash on Cash Return

■ After Taxes  
■ Before Taxes

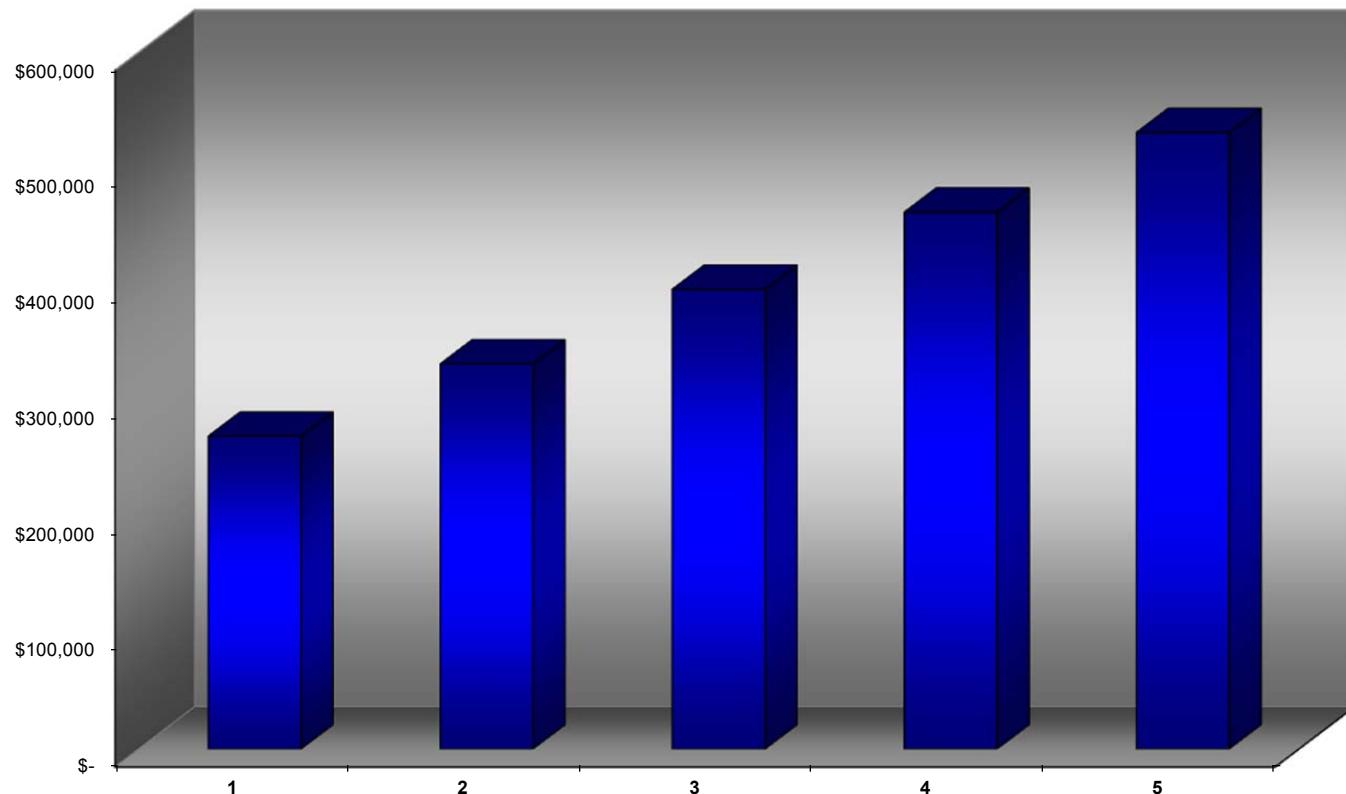


Time	Initial Investment		Cash Flow		Cash on Cash		Income		Cash Flow		Cash on Cash	
Period	Adj for Refinance		Before Taxes		Before Taxes		Taxes		After Taxes		After Taxes	
Year 1	\$	318,887	\$	9,512		2.98%	\$		\$	9,512		2.98%
Year 2		318,887		11,990		3.76%	-			11,990		3.76%
Year 3		318,887		14,543		4.56%	-			14,543		4.56%
Year 4		318,887		17,174		5.39%	-			17,174		5.39%
Year 5		318,887		19,886		6.24%	-			19,886		6.24%

# Capitalization Rate

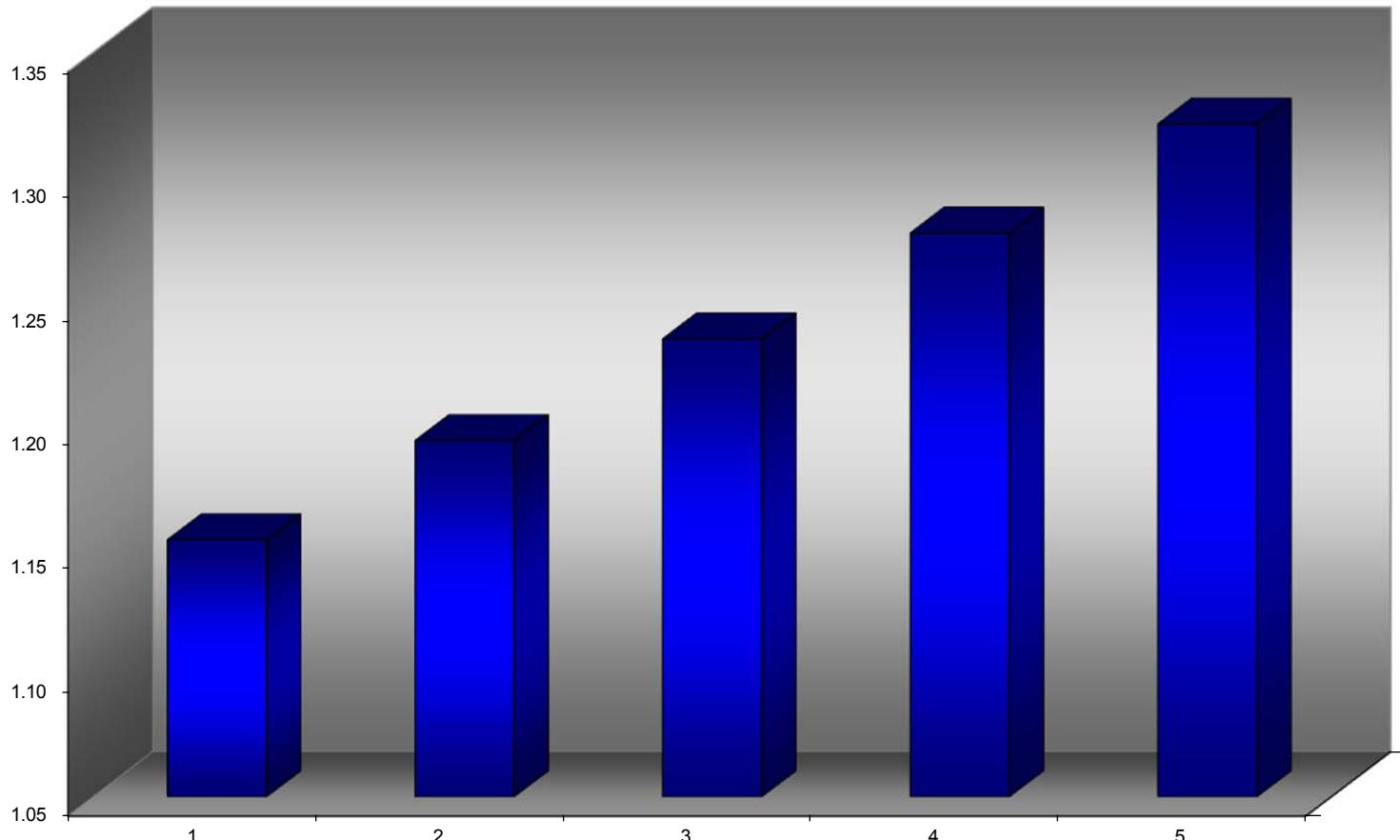


Time Period	Net Operating Income (NOI)	\$	Cap Rate on Cost	Resale Value
Year 1	\$ 71,412		4.98%	\$ 1,435,820
Year 2	73,890		5.15%	1,478,895
Year 3	76,443		5.33%	1,523,261
Year 4	79,074		5.51%	1,568,959
Year 5	81,786		5.70%	1,616,028



Time	Projected Adj	Projected	Refi Proceeds	Mortgage(s)	Sale Proceeds	Income Taxes	Sale Proceeds	Property	Year / Year
Period	Resale Value	Increase	(if any)	Balance Payoff	Before Taxes	From Sale	After Taxes	Equity	Equity Increase
Year 1	\$ 1,364,029	-2.15%	\$	\$ (1,094,659)	\$ 269,370	\$	\$ 269,370	\$ 269,370	\$ (49,517)
Year 2	1,404,950	3.00%	-	(1,073,336)	331,614	-	331,614	331,614	62,244
Year 3	1,447,098	3.00%	-	(1,051,202)	395,897	-	395,897	395,897	64,283
Year 4	1,490,511	3.00%	-	(1,028,225)	462,286	-	462,286	462,286	66,389
Year 5	1,535,227	3.00%	-	(1,004,375)	530,852	-	530,852	530,852	68,566

## Debt Coverage Ratio



Time Period	Net Operating Income		Mortgage Payments	Debt Coverage Before Taxes
	Year 1	\$ 71,412	\$ (61,900)	1.15
		Year 2	73,890	(61,900)
		Year 3	76,443	(61,900)
		Year 4	79,074	(61,900)
		Year 5	81,786	(61,900)

## Input Data Screen

119 University Avenue West  
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Waterloo, Ontario, N2L 3E2

I. Rental Income & Expenses	
Rental Income / Rent Roll:	<input type="button" value="Enter Rent Roll"/>
Operating Expenses:	<input type="button" value="Enter Expenses"/>
II. Property Costs & Characteristics	
Select Property Type from Drop-Down Menu:	
Purchase Price of Property:	Contract Purchase Price Initial Improvements Closing Costs Land Transfer Tax Other Initial Costs % of Cost Allocated to Land
Ontario	\$ 1,394,000 13,600 24,355 2,132 20.00% \$ 1,434,087
Reserves & Specific Improvements	
Description	Reserve Amount Annual Increase Expense Portion
Total	\$ 1.00% 50.00%
III. Resale Valuation Method	
Choose Resale Method	<input type="checkbox"/> Enter FMV and Use One Appreciation Rate for All Years <input type="checkbox"/> Enter FMV and Enter Different Annual Appreciation Rates <input type="checkbox"/> Use Cap Rate Based on Current Year's NOI <input type="checkbox"/> Use Cap Rate Based on Following Year's NOI
Current Fair Market Value (FMV):	\$ 1,394,000
Enter Property's Appreciation Rate:	3.00%
Future Selling Expense (% of Selling Price):	5.00%
IV. Financing	
Use % on Contract Price	Mortgage #1 20.0% \$ 1,115,200 3.740% 360 Simple Interest Month 1 Year 1 No - New Loan
Down Payment Percentage	Mortgage #2 Enter Loan Rate 360 Simple Interest Month 1 Year 1 No - New Loan
Amount Borrowed or Assumed:	Mortgage #3 Enter Loan Rate 360 Simple Interest Month 1 Year 1 No - New Loan
Interest Rate:	
Term / Remaining Term of Loan (In Months):	
Interest Calculation Type:	
Start Month:	Month 1
Start Year:	Year 1
Refinance Mortgage #1 or #2?	
Additional Monthly Payment:	
Finance Points?	Monthly Mortgage Payment: (Formula)
<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ 5,158
Loan Origination Points	\$ -
Loan Origination Points (In Dollars)	\$ -
Amortization Type	12 Months First Year
Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)	\$ 318,887
MIP Payments?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Down Payment as a % of Cost	22.24%
Down Payment as a % of FMV	22.88%
V. Income Taxes	
Before Tax Present?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Province of Residence:
Ontario	
Federal & Provincial Combined Marginal Income Tax Rate:	0.00%
Are Your Losses Limited by the Passive Loss Rules?	Yes
Like-Kind Exchange on Disposition?	No

# About Me



**Mike Milovick**



Royal LePage Grand Valley Realty  
15C  
370 Highland Road West  
Kitchener, Ontario

mike@teammilovick.com  
519 745-7000

**Grand Valley Realty Kitchener's Top Salesperson, 2004-2007, 2009-2013**

**Royal Lepage Diamond Award Recipient, 2012-2013 (Top 3% of the Royal Lepage Network)**

**Prudential Legend Award Recipient, 2010 (Top 1% of the Prudential Network)**

**Prudential Chairman's Circle Award Recipient, 2005-2010**

**Prudential President's Circle Award Recipient, 2004**

**Member, Ontario Real Estate Association's Commercial Council**

**Registrant, Real Estate Council of Ontario, 2002 - Present (over 500+ trades)**

**President, Waterloo Regional Apartment Manager's Association**

**President, Protecting Rental Options Waterloo**

**Owner, Student Income Properties, 1998 - Present**

**Certified Commercial Investment Member (CCIM)**