

29 Young Street West

29 Young Street West
Waterloo, Ontario

\$585,000

\$44,000+ Gross Annual Income

Always Rented, One Block from WLU

Triplex with Three Rental Licenses (5, 2, 2)

Recent, Extensive Fire Code Improvements

Presented by

Royal LePage Grand Valley Realty

Mike Milovick

519 745-7000

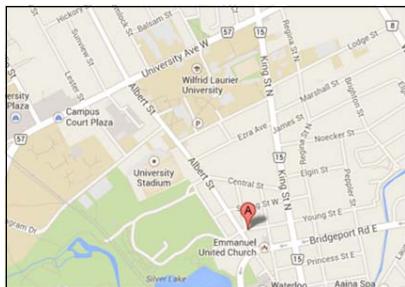
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15C

370 Highland Road West

Kitchener, Ontario

ROYAL LEPAGE
Grand Valley Realty
INDEPENDENTLY OWNED AND OPERATED



29 Young Street West

29 Young Street West
 Waterloo, Ontario



Income, Expenses & Cash Flow			Property Overview		
Potential Rental Income	\$ 44,280		Purchase/Asking Price	\$ 585,000	Property Type
Other Income			Improvements		No. of Units
Total Vacancy and Credits	(886)		Other	9,859	Price Per Unit
Operating Expenses	\$ (9,147)		Closing Costs	5,800	Total Sq Ft
Net Operating Income (NOI)	<u>\$ 34,247</u>		Finance Points		Price Per Sq Ft
			Total Acquisition Cost	<u>\$ 600,659</u>	Income per Unit
Debt Service:	\$ (26,136)				\$ 44,280
Cash Flow Before Taxes	\$ 8,111		Mortgage (s)	\$ 468,000	Expenses per Unit
					\$ (9,147)
			Down Payment / Investment	\$ 132,659	

Assumptions		Loan Information		
Rental Growth Rate:	2.90%	Down Payment:	\$ 132,659	% of Asking
Expense Growth Rate:	1.00%	Initial Loan Balance:	\$ 468,000	% of Cost
Appreciation Rate	3.00%			
		<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>
		\$ 468,000	3.79%	30
				<u>Payment</u>
				\$ 2,178

Financial Measurements	Year 1	Year 3	Year 7	Notes / Discussion
Debt Coverage Ratio (DCR)	1.31	1.40	1.59	
Loan-to-Value Ratio (LVR)	76.3%	69.0%	55.7%	
Capitalization Rate Based on Cost	5.70%	6.08%	6.91%	
Capitalization Rate Based on Resale Price	5.68%	5.71%	5.77%	
Gross Rent Multiplier	13.21	13.63	13.69	
Net Present Value (NPV) - B/ Taxes	6.00%	(18,432)	31,254	118,884
Cash on Cash Return - Before Taxes		6.11%	7.84%	11.60%
Internal Rate of Return - Before Taxes			14.17%	17.63%
Modified Internal Rate of Return - Before Taxes			13.44%	15.53%

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	\$ 44,280	\$ 45,564	\$ 46,885	\$ 48,245	\$ 49,644
Less: Vacancy & Credit Losses	(886)	(911)	(938)	(965)	(993)
Effective Gross Income	\$ 43,394	\$ 44,653	\$ 45,948	\$ 47,280	\$ 48,651
Less: Operating Expenses	(9,147)	(9,281)	(9,417)	(9,555)	(9,697)
Net Operating Income (NOI)	\$ 34,247	\$ 35,372	\$ 36,531	\$ 37,725	\$ 38,955
Less: Annual Debt Service	(26,136)	(26,136)	(26,136)	(26,136)	(26,136)
CASH FLOW Before Taxes	\$ 8,111	\$ 9,236	\$ 10,395	\$ 11,589	\$ 12,818

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 602,550	\$ 620,627	\$ 639,245	\$ 658,423	\$ 678,175
Less: Selling Expenses	(30,128)	(31,031)	(31,962)	(32,921)	(33,909)
Adjusted Projected Sales Price	\$ 572,423	\$ 589,595	\$ 607,283	\$ 625,502	\$ 644,267
Less: Mortgage(s) Balance Payoff	(459,454)	(450,577)	(441,359)	(431,785)	(421,842)
SALE PROCEEDS Before Taxes	\$ 112,969	\$ 139,018	\$ 165,924	\$ 193,716	\$ 222,425

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 8,111	\$ 9,236	\$ 10,395	\$ 11,589	\$ 12,818
Cash Generated in Previous Years	n/a	8,111	17,347	27,742	39,331
Cash Generated from Property Sale	112,969	139,018	165,924	193,716	222,425
Original Initial Investment	(132,659)	(132,659)	(132,659)	(132,659)	(132,659)
Total Potential CASH Generated	\$ (11,578)	\$ 23,706	\$ 61,008	\$ 100,389	\$ 141,915

Financial Measurements	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	1.31	1.35	1.40	1.44	1.49
Loan-to-Value Ratio (LVR)	76.3%	72.6%	69.0%	65.6%	62.2%
Capitalization Rate Based on Cost	5.70%	5.89%	6.08%	6.28%	6.49%
Capitalization Rate Based on Resale Price	5.68%	5.70%	5.71%	5.73%	5.74%
Gross Rent Monthly Multiplier (GRM)	158.54	163.45	163.61	163.77	163.93
Gross Rent Yearly Multiplier (GRM)	13.21	13.62	13.63	13.65	13.66
Value of Property Using this GRM	12.00	531,360	546,769	562,626	578,942
Break-Even Ratio	79.68%	77.73%	75.83%	73.98%	72.18%
Operating Expense Ratio	21.08%	20.78%	20.49%	20.21%	19.93%
Net Present Value (NPV) - Before Taxes	6.00%	(18,432)	6,939	31,254	54,562
Cash-on-Cash Return with Equity	-8.73%	31.23%	26.83%	23.73%	21.44%
Cash-on-Cash Return - Before Taxes	6.11%	6.96%	7.84%	8.74%	9.66%
Internal Rate-of-Return (IRR) - Before Taxes	-8.73%	8.82%	14.17%	16.29%	17.19%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	-8.73%	8.57%	13.44%	15.13%	15.66%

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Annual Expenses

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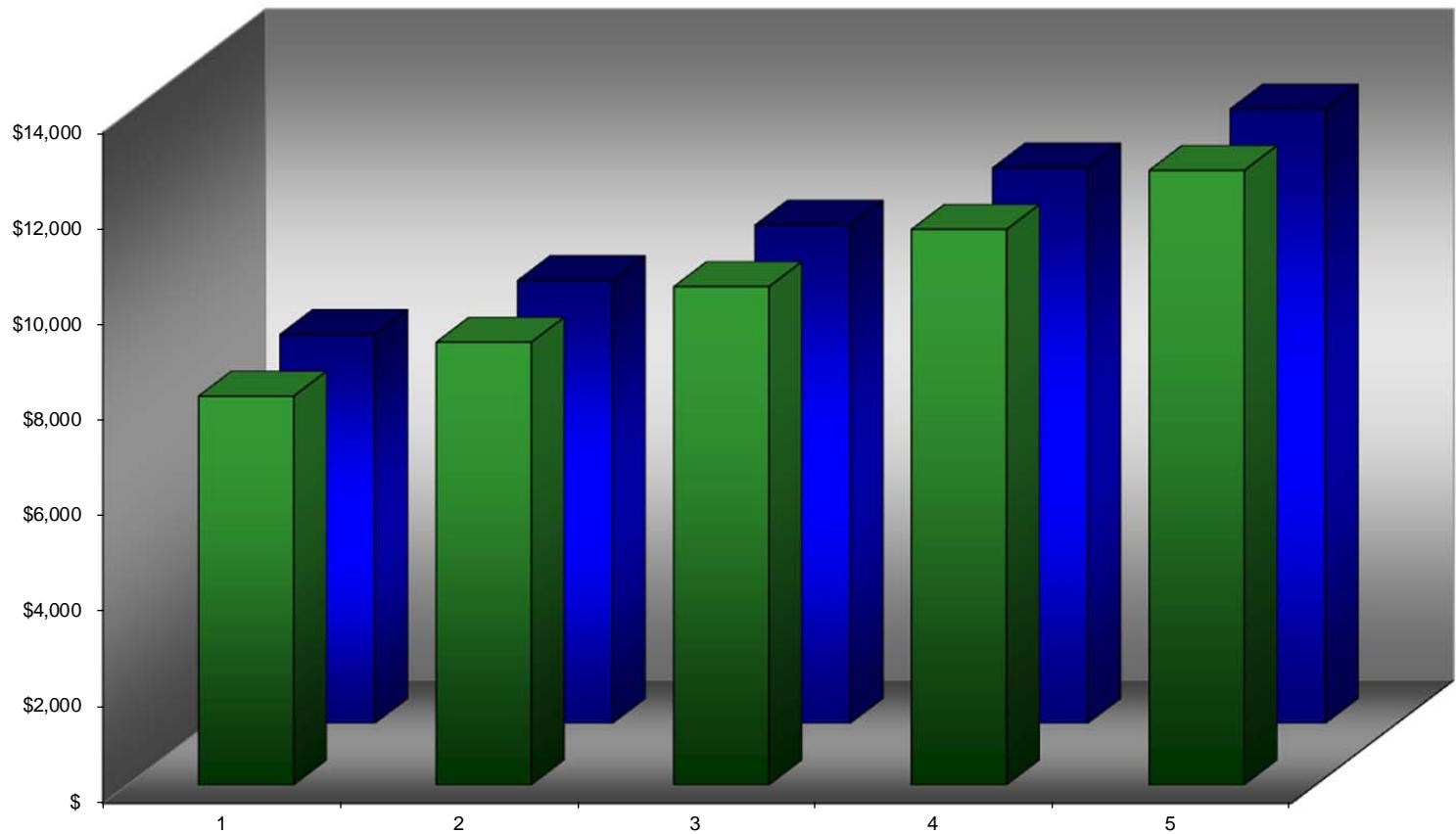
Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Insurance	1,162	1.0%	1,162.00		12.7%	2.7%
Landscaping	500	1.0%	500.00		5.5%	1.2%
Rental License Renewal	879	1.0%	879.00		9.6%	2.0%
Management Fee	2,214		2,214.00		24.2%	5.1%
Property Taxes	4,392	1.0%	4,392.00		48.0%	10.1%
Total Annual Operating Expenses		\$ 9,147		\$ 9,147	100.0%	21.1%

Annual Property Operating Data

	Year 1	Sq Ft	Per Unit	Year 2	Sq Ft	Per Unit	Year 3	Sq Ft	Per Unit	Year 4	Sq Ft	Per Unit	Year 5	Sq Ft	Per Unit
Potential Rental Income	\$ 44,280	3,690.00		\$ 45,564	0.00	3,797.01	\$ 46,885	3,907.12		\$ 48,245	4,020.43		\$ 49,644	4,137.02	
Less: Vacancy & Credit Losses	(886)	-73.80		(911)	0.00	-75.94	(938)	-78.14		(965)	-80.41		(993)	-82.74	
Effective Gross Income	<u>\$ 43,394</u>	3,616.20		<u>\$ 44,653</u>	0.00	3,721.07	<u>\$ 45,948</u>	3,828.98		<u>\$ 47,280</u>	3,940.02		<u>\$ 48,651</u>	4,054.28	
Operating Expenses															
Insurance	1,162	96.83		1,174	97.80		1,185	98.78		1,197	99.77		1,209	100.77	
Landscaping	500	41.67		505	42.08		510	42.50		515	42.93		520	43.36	
Rental License Renewal	879	73.25		888	73.98		897	74.72		906	75.47		915	76.22	
Management Fee	2,214	184.50		2,278	189.85		2,344	195.36		2,412	201.02		2,482	206.85	
Property Taxes	4,392	366.00		4,436	369.66		4,480	373.36		4,525	377.09		4,570	380.86	
Total Operating Expenses	<u>\$ 9,147</u>	762.25		<u>\$ 9,281</u>	773.38		<u>\$ 9,417</u>	784.72		<u>\$ 9,555</u>	796.28		<u>\$ 9,697</u>	808.06	
Net Operating Income (NOI)	<u>\$ 34,247</u>	2,853.95		<u>\$ 35,372</u>	2,947.69		<u>\$ 36,531</u>	3,044.26		<u>\$ 37,725</u>	3,143.74		<u>\$ 38,955</u>	3,246.22	
Less: Annual Debt Service	(26,136)	-2,178.02		(26,136)	-2,178.02		(26,136)	-2,178.02		(26,136)	-2,178.02		(26,136)	-2,178.02	
Cash Flow Before Taxes	<u>\$ 8,111</u>	675.93		<u>\$ 9,236</u>	769.67		<u>\$ 10,395</u>	866.24		<u>\$ 11,589</u>	965.73		<u>\$ 12,818</u>	1,068.20	

Cash Flow Projections

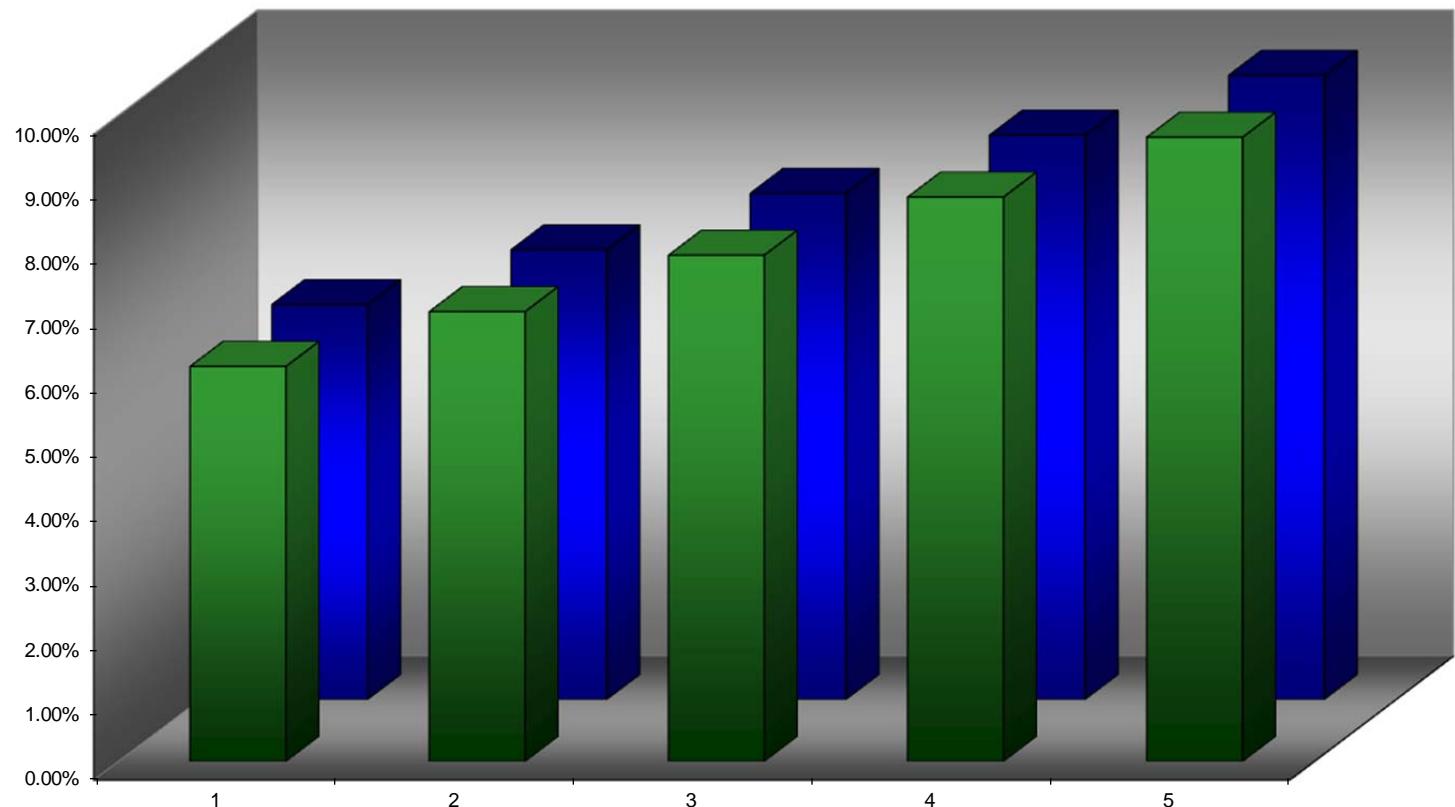
 Cash Flow After Taxes
 Cash Flow Before Taxes



Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment						
Year 1	34,247	-	(26,136)	8,111	-	8,111
Year 2	35,372	-	(26,136)	9,236	-	9,236
Year 3	36,531	-	(26,136)	10,395	-	10,395
Year 4	37,725	-	(26,136)	11,589	-	11,589
Year 5	38,955	-	(26,136)	12,818	-	12,818

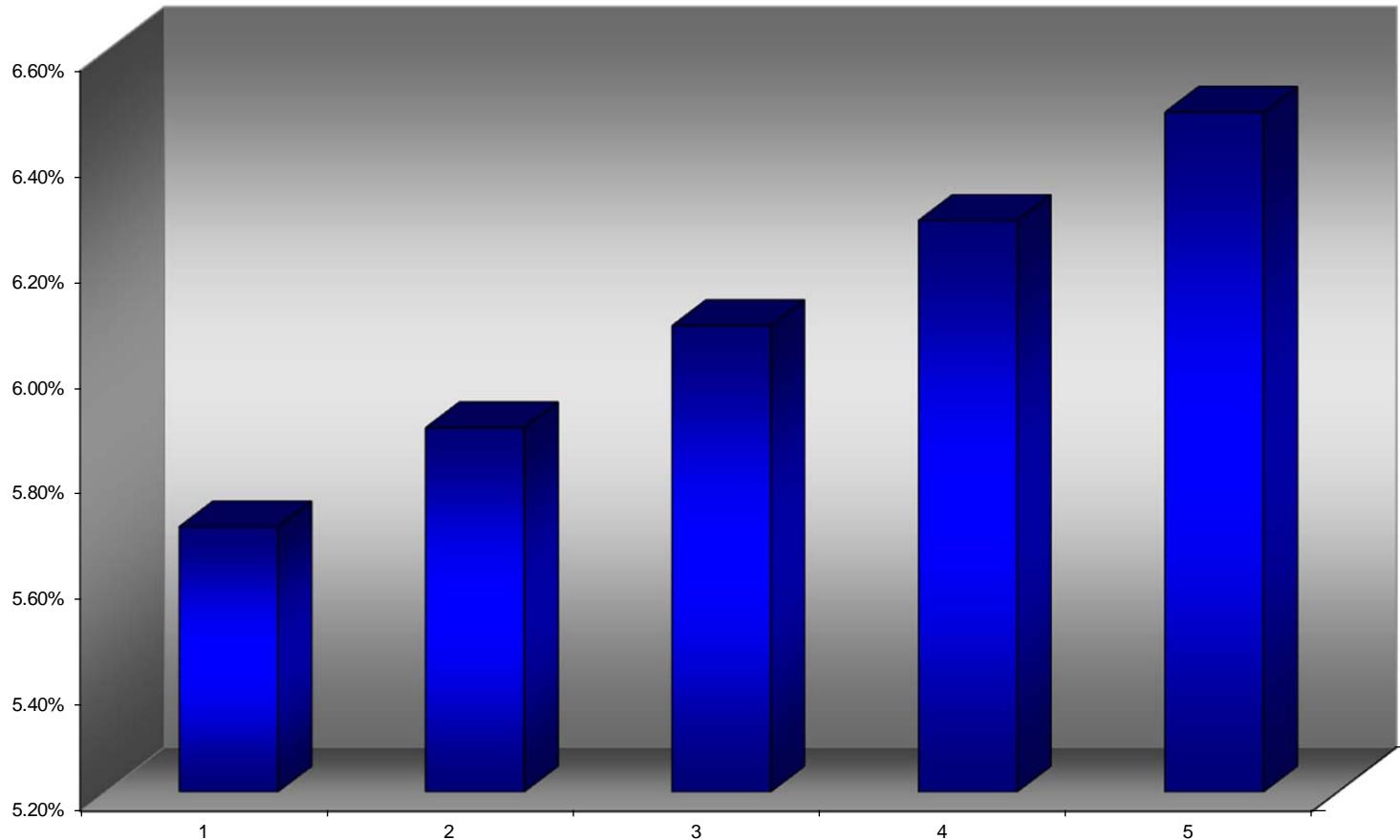
Cash on Cash Return



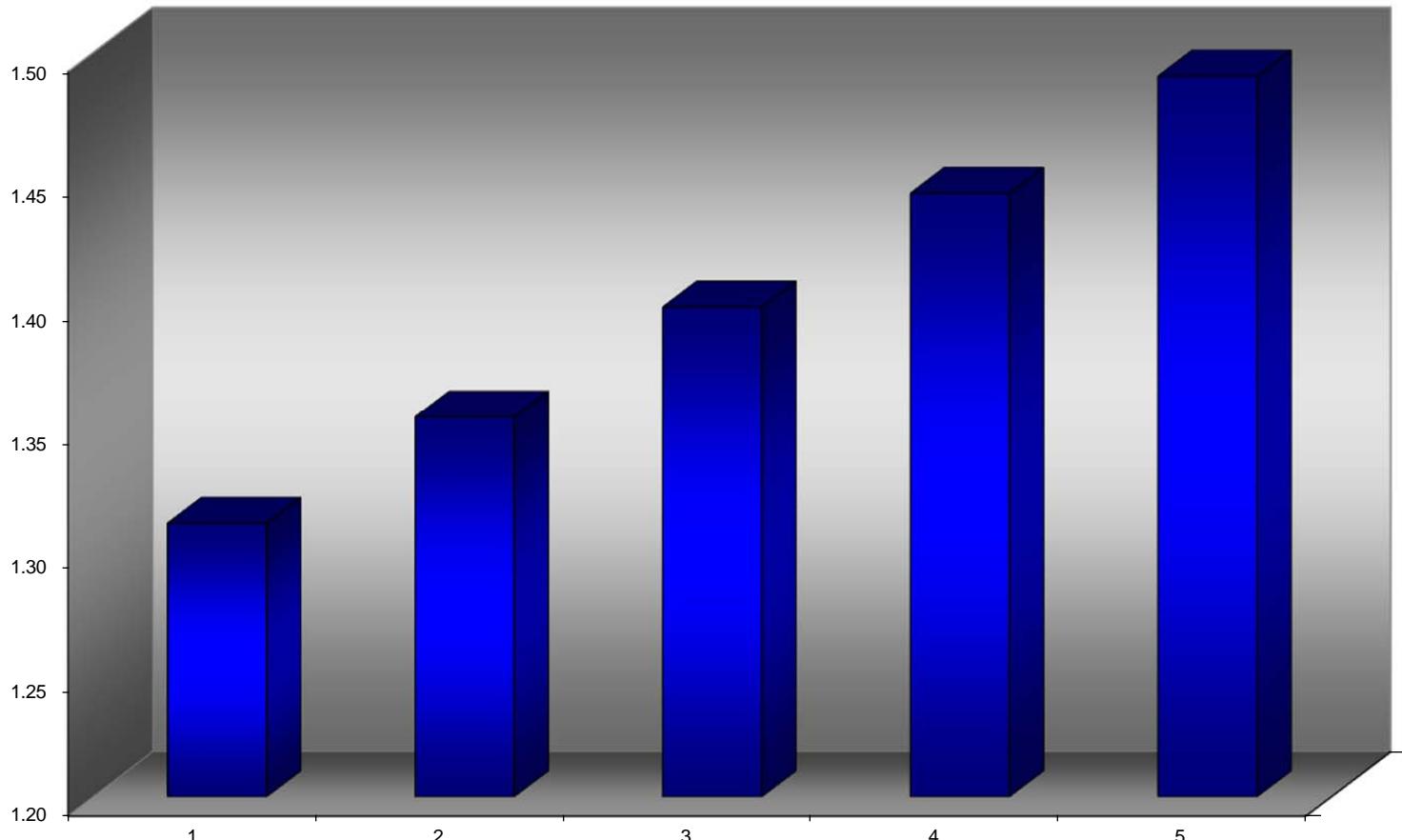
Time	Initial Investment		Cash Flow		Cash on Cash		Income		Cash Flow		Cash on Cash	
Period	Adj for Refinance		Before Taxes		Before Taxes		Taxes		After Taxes		After Taxes	
Year 1	\$	132,659	\$	8,111	6.11%	\$		\$	8,111		6.11%	
Year 2		132,659		9,236	6.96%		-		9,236		6.96%	
Year 3		132,659		10,395	7.84%		-		10,395		7.84%	
Year 4		132,659		11,589	8.74%		-		11,589		8.74%	
Year 5		132,659		12,818	9.66%		-		12,818		9.66%	

Capitalization Rate



Time	Net Operating Income (NOI)	Cap Rate on Cost	Resale Value
Period	\$	\$ 600,659	
Year 1	\$ 34,247	5.70%	\$ 602,550
Year 2	35,372	5.89%	620,627
Year 3	36,531	6.08%	639,245
Year 4	37,725	6.28%	658,423
Year 5	38,955	6.49%	678,175

Debt Coverage Ratio

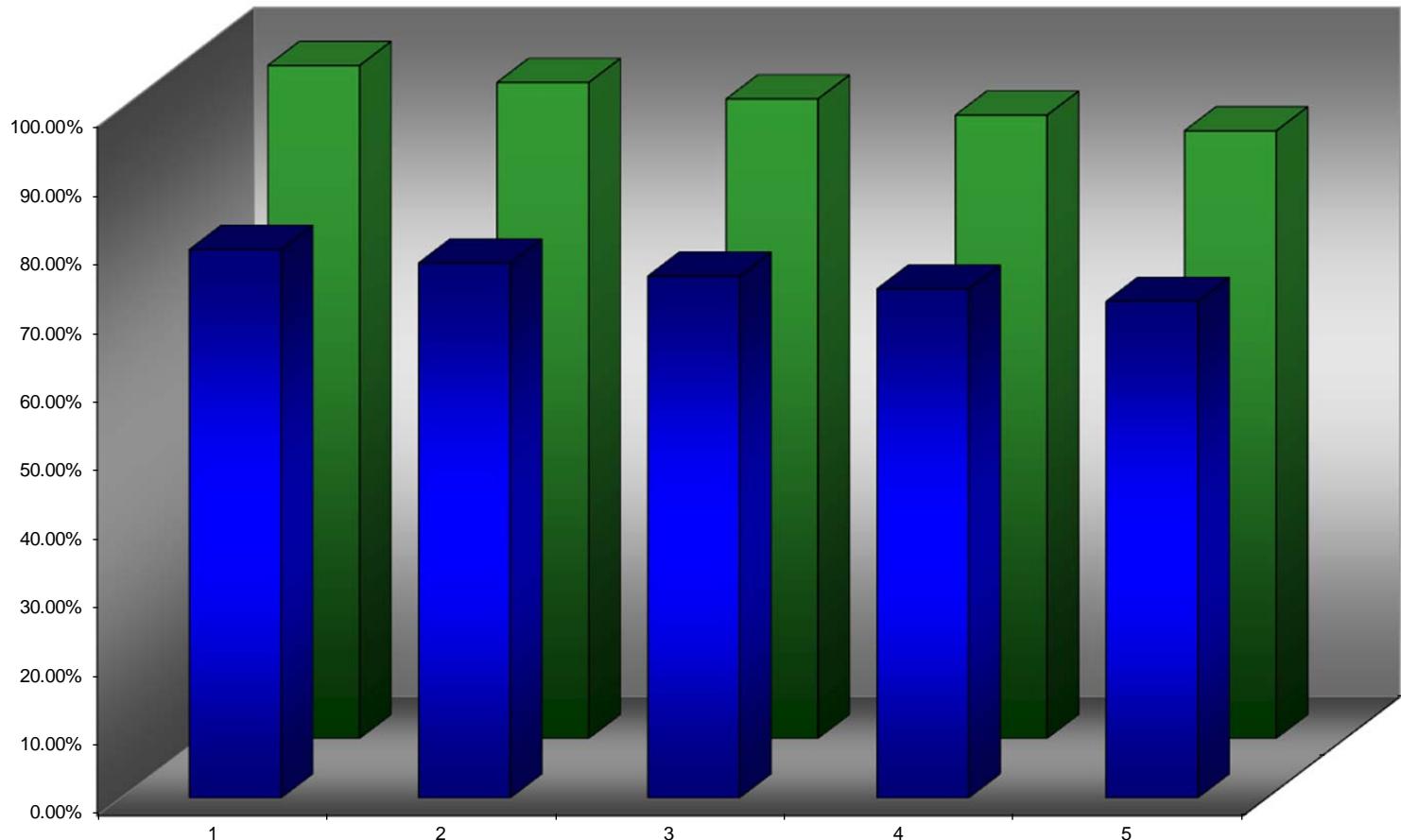


Time Period	Net Operating Income		Mortgage Payments	Debt Coverage Before Taxes
	Year 1	\$ 34,247	\$ (26,136)	1.31
Year 2		35,372	(26,136)	1.35
Year 3		36,531	(26,136)	1.40
Year 4		37,725	(26,136)	1.44
Year 5		38,955	(26,136)	1.49

BreakEven Occupancy

■ BreakEven Occupancy

■ BreakEven Occupancy with Cash on Cash Requirement



Cash on Cash Requirement	Time Period	Potential	Operating, Debt,	Occupancy	BreakEven	Max Vacancy	BreakEven	Max Vacancy
		Rental Income	Reserve Expenses	Rate (Existing)	Occupancy Rate	BreakEven Rate	Occupancy Rate	BreakEven Rate
6.00%	Year 1	44,280	(35,283)	98.00%	79.68%	20.32%	97.66%	2.34%
	Year 2	45,564	(35,417)	98.00%	77.73%	22.27%	95.20%	4.80%
	Year 3	46,885	(35,553)	98.00%	75.83%	24.17%	92.81%	7.19%
	Year 4	48,245	(35,692)	98.00%	73.98%	26.02%	90.48%	9.52%
	Year 5	49,644	(35,833)	98.00%	72.18%	27.82%	88.21%	11.79%
						w/ Cash on Cash	w/ Cash on Cash	

Input Data Screen

29 Young Street West

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Waterloo, Ontario

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: <input type="button" value="Multi-Family"/>			
Purchase Price of Property: <input type="button" value="Contract Purchase Price"/> Initial Improvements <input type="text" value="\$ 585,000"/> Closing Costs <input type="text" value="5,800"/> Land Transfer Tax <input type="text" value="8,175"/> Other Initial Costs <input type="text" value="1,684"/> % of Cost Allocated to Land <input type="text" value="20.00%"/>		<input type="text" value="\$ 600,659"/>	
Reserves & Specific Improvements		Reserve Amount <input type="text"/> Annual Increase <input type="text" value="1.00%"/> Description <input type="text"/> Amount <input type="text" value="\$"/> Select Year <input type="text"/> Increase FMV? <input type="text"/>	Expense Portion <input type="text" value="50.00%"/>
Description <input type="text"/> Amount <input type="text" value="\$"/> Select Year <input type="text"/> Increase FMV? <input type="text"/>		Reserve Amount <input type="text"/> Annual Increase <input type="text" value="1.00%"/> Description <input type="text"/> Amount <input type="text" value="\$"/> Select Year <input type="text"/> Increase FMV? <input type="text"/>	Expense Portion <input type="text" value="50.00%"/>
III. Resale Valuation Method			
Choose Resale Method		Current Fair Market Value (FMV): <input type="text" value="\$ 585,000"/> Enter Property's Appreciation Rate <input type="text" value="3.00%"/> Future Selling Expense (% of Selling Price): <input type="text" value="5.00%"/>	
IV. Financing			
Use % on Contract Price <input type="text"/>			
Mortgage #1 <input type="text"/>			
Mortgage #2 <input type="text"/>			
Mortgage #3 <input type="text"/>			
Down Payment Percentage <input type="text" value="20%"/>			
Amount Borrowed or Assumed: <input type="text" value="\$ 468,000"/>			
Interest Rate: <input type="text" value="3.790%"/>			
Enter Loan Rate <input type="text"/>			
Enter Loan Rate <input type="text"/>			
Term / Remaining Term of Loan (In Months): <input type="text" value="360"/>			
360 <input type="text"/>			
360 <input type="text"/>			
360 <input type="text"/>			
Interest Calculation Type: <input type="text"/>			
Simple Interest <input type="text"/>			
Simple Interest <input type="text"/>			
Simple Interest <input type="text"/>			
Start Month: Month 1 <input type="text"/>			
Month 1 <input type="text"/>			
Year 1 <input type="text"/>			
Start Year: Year 1 <input type="text"/>			
Month 1 <input type="text"/>			
Year 1 <input type="text"/>			
Refinance Mortgage #1 or #2? <input type="text"/>			
No - New Loan <input type="text"/>			
No - New Loan <input type="text"/>			
Additional Monthly Payment: <input type="text"/>			
Monthly Mortgage Payment: (Formula) <input type="text" value="\$ 2,178"/>			
Finance Points <input type="text"/>			
Yes <input type="radio"/> No <input type="radio"/>			
Loan Origination Points <input type="text" value="-"/>			
Loan Origination Points (In Dollars) <input type="text"/>			
Amortization Type <input type="text" value="12 Months First Year"/>			
Initial Investment or Down Payment (Cost less Debt - Automatically Calculated) <input type="text" value="\$ 132,659"/>			
Down Payment as a % of Cost <input type="text" value="22.09%"/>			
Down Payment as a % of FMV <input type="text" value="22.68%"/>			
V. Income Taxes			
Before Tax Presentation? <input type="text"/>			
Province of Residence: <input type="button" value="Ontario"/>			
Federal & Provincial Combined Marginal Income Tax Rate: <input type="text" value="0.00%"/>			
Are Your Losses Limited by the Passive Loss Rules? <input type="text" value="Yes"/>			
Like-Kind Exchange on Disposition? <input type="text" value="No"/>			

About Me



Mike Milovick



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Grand Valley Realty Kitchener's Top Salesperson, 2004-2007, 2009-2012

Royal Lepage Diamond Award Recipient, 2012 (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)

Graduate, Bachelor of Business Administration, Wilfrid Laurier University