

## 511B Glenelm Crescent

511B Glenelm Crescent  
Waterloo, Ontario, N2L 5C7

**\$264,900**

**\$24,000+ Gross Annual Income Potential**

**Class A3 Rental Licensed Home (A4 Potential)**

**Oversized Bedrooms, Spacious Common Areas**

**Ideal for Entry Level Investor or Parent Purchaser**

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



## 511B Glenelm Crescent

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| Income, Expenses & Cash Flow  |                  | Property Overview             |                   |                   |
|-------------------------------|------------------|-------------------------------|-------------------|-------------------|
| Potential Rental Income       | \$ 24,000        | Purchase/Asking Price         | \$ 264,900        | Property Type     |
| Other Income                  |                  | Improvements                  |                   | No. of Units      |
| Total Vacancy and Credits     | (480)            | Other                         | 3,115             | Price Per Unit    |
| Operating Expenses            | \$ (9,081)       | Closing Costs                 | 2,600             | Total Sq Ft       |
| Net Operating Income (NOI)    | <b>\$ 14,439</b> | Finance Points                |                   | Price Per Sq Ft   |
|                               |                  |                               |                   | Income per Unit   |
|                               |                  | <b>Total Acquisition Cost</b> | <b>\$ 270,615</b> | Expenses per Unit |
| Debt Service:                 | \$ (11,548)      |                               |                   | \$ (2,270)        |
| <b>Cash Flow Before Taxes</b> | <b>\$ 2,891</b>  | Mortgage (s)                  | \$ 211,920        |                   |
|                               |                  | Down Payment / Investment     | <b>\$ 58,695</b>  |                   |

| Assumptions          |       | Loan Information      |                      |                |
|----------------------|-------|-----------------------|----------------------|----------------|
| Rental Growth Rate:  | 2.90% | Down Payment:         | \$ 58,695            | % of Asking    |
| Expense Growth Rate: | 1.00% | Initial Loan Balance: | \$ 211,920           | % of Cost      |
| Appreciation Rate    | 3.00% |                       |                      |                |
|                      |       | <u>Loan Amount</u>    | <u>Interest Rate</u> | <u>Term</u>    |
|                      |       | \$ 211,920            | 3.59%                | 30             |
|                      |       |                       |                      | <u>Payment</u> |
|                      |       |                       |                      | \$962          |

| Financial Measurements                          | Year 1 | Year 3       | Year 7        | Notes / Discussion |
|---|--------|--------------|---------------|--------------------|
| Debt Coverage Ratio (DCR)                       | 1.25   | 1.35         | 1.57          |                    |
| Loan-to-Value Ratio (LVR)                       | 76.2%  | 68.9%        | 55.4%         |                    |
| Capitalization Rate Based on Cost               | 5.34%  | 5.76%        | 6.70%         |                    |
| Capitalization Rate Based on Resale Price       | 5.29%  | 5.39%        | 5.57%         |                    |
| Gross Rent Multiplier                           | 11.04  | 11.39        | 11.44         |                    |
| Net Present Value (NPV) - B/ Taxes              | 6.00%  | (7,580)      | 13,926        | 52,402             |
| Cash on Cash Return - Before Taxes              |        | <b>4.93%</b> | <b>6.89%</b>  | <b>11.22%</b>      |
| Internal Rate of Return - Before Taxes          |        |              | <b>14.15%</b> | <b>17.38%</b>      |
| Modified Internal Rate of Return - Before Taxes |        |              | <b>13.55%</b> | <b>15.58%</b>      |

**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.

| Rental Activity Analysis          | Year 1           | Year 2           | Year 3           | Year 4           | Year 5           |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Potential Rental Income           | \$ 24,000        | \$ 24,696        | \$ 25,412        | \$ 26,149        | \$ 26,907        |
| Less: Vacancy & Credit Losses     | (480)            | (494)            | (508)            | (523)            | (538)            |
| <b>Effective Gross Income</b>     | <b>\$ 23,520</b> | <b>\$ 24,202</b> | <b>\$ 24,904</b> | <b>\$ 25,626</b> | <b>\$ 26,369</b> |
| Less: Operating Expenses          | (9,081)          | (9,195)          | (9,310)          | (9,427)          | (9,546)          |
| <b>Net Operating Income (NOI)</b> | <b>\$ 14,439</b> | <b>\$ 15,007</b> | <b>\$ 15,594</b> | <b>\$ 16,199</b> | <b>\$ 16,823</b> |
| Less: Annual Debt Service         | (11,548)         | (11,548)         | (11,548)         | (11,548)         | (11,548)         |
| <b>CASH FLOW Before Taxes</b>     | <b>\$ 2,891</b>  | <b>\$ 3,460</b>  | <b>\$ 4,046</b>  | <b>\$ 4,651</b>  | <b>\$ 5,275</b>  |

| Property Resale Analysis              | Year 1            | Year 2            | Year 3            | Year 4            | Year 5            |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Projected Sales Price                 | \$ 272,847        | \$ 281,032        | \$ 289,463        | \$ 298,147        | \$ 307,092        |
| Less: Selling Expenses                | (13,642)          | (14,052)          | (14,473)          | (14,907)          | (15,355)          |
| <b>Adjusted Projected Sales Price</b> | <b>\$ 259,205</b> | <b>\$ 266,981</b> | <b>\$ 274,990</b> | <b>\$ 283,240</b> | <b>\$ 291,737</b> |
| Less: Mortgage(s) Balance Payoff      | (207,915)         | (203,764)         | (199,461)         | (195,001)         | (190,379)         |
| <b>SALE PROCEEDS Before Taxes</b>     | <b>\$ 51,290</b>  | <b>\$ 63,217</b>  | <b>\$ 75,529</b>  | <b>\$ 88,239</b>  | <b>\$ 101,358</b> |

| Cash Position                         | Year 1            | Year 2           | Year 3           | Year 4           | Year 5           |
|---------------------------------------|-------------------|------------------|------------------|------------------|------------------|
| Cash Generated in Current Year        | \$ 2,891          | \$ 3,460         | \$ 4,046         | \$ 4,651         | \$ 5,275         |
| Cash Generated in Previous Years      | n/a               | 2,891            | 6,351            | 10,398           | 15,049           |
| Cash Generated from Property Sale     | 51,290            | 63,217           | 75,529           | 88,239           | 101,358          |
| Original Initial Investment           | (58,695)          | (58,695)         | (58,695)         | (58,695)         | (58,695)         |
| <b>Total Potential CASH Generated</b> | <b>\$ (4,513)</b> | <b>\$ 10,874</b> | <b>\$ 27,233</b> | <b>\$ 44,593</b> | <b>\$ 62,988</b> |

| Financial Measurements  | Year 1        | Year 2       | Year 3        | Year 4        | Year 5        |
|---|---------------|--------------|---------------|---------------|---------------|
| Debt Coverage Ratio (DCR)                                     | 1.25          | 1.30         | 1.35          | 1.40          | 1.46          |
| Loan-to-Value Ratio (LVR)                                     | 76.2%         | 72.5%        | 68.9%         | 65.4%         | 62.0%         |
| Capitalization Rate Based on Cost                             | 5.34%         | 5.55%        | 5.76%         | 5.99%         | 6.22%         |
| Capitalization Rate Based on Resale Price                     | 5.29%         | 5.34%        | 5.39%         | 5.43%         | 5.48%         |
| Gross Rent Monthly Multiplier (GRM)                           | 132.45        | 136.56       | 136.69        | 136.82        | 136.95        |
| Gross Rent Yearly Multiplier (GRM)                            | 11.04         | 11.38        | 11.39         | 11.40         | 11.41         |
| Value of Property Using this GRM                              | 12.00         | 288,000      | 296,352       | 304,946       | 313,790       |
| Break-Even Ratio  | 85.95%        | 83.99%       | 82.08%        | 80.21%        | 78.39%        |
| Operating Expense Ratio                                       | 38.61%        | 37.99%       | 37.38%        | 36.79%        | 36.20%        |
| Net Present Value (NPV) - Before Taxes                        | 6.00%         | (7,580)      | 3,376         | 13,926        | 24,088        |
| <b>Cash-on-Cash Return with Equity</b>                        | <b>-7.69%</b> | 30.00%       | 25.88%        | 22.99%        | 20.85%        |
| <b>Cash-on-Cash Return - Before Taxes</b>                     | <b>4.93%</b>  | 5.89%        | 6.89%         | 7.92%         | 8.99%         |
| <b>Internal Rate-of-Return (IRR) - Before Taxes</b>           | <b>-7.69%</b> | <b>9.07%</b> | <b>14.15%</b> | <b>16.14%</b> | <b>16.98%</b> |
| <b>Modified Internal Rate-of-Return (MIRR) - Before Taxes</b> | <b>-7.69%</b> | <b>8.87%</b> | <b>13.55%</b> | <b>15.18%</b> | <b>15.70%</b> |

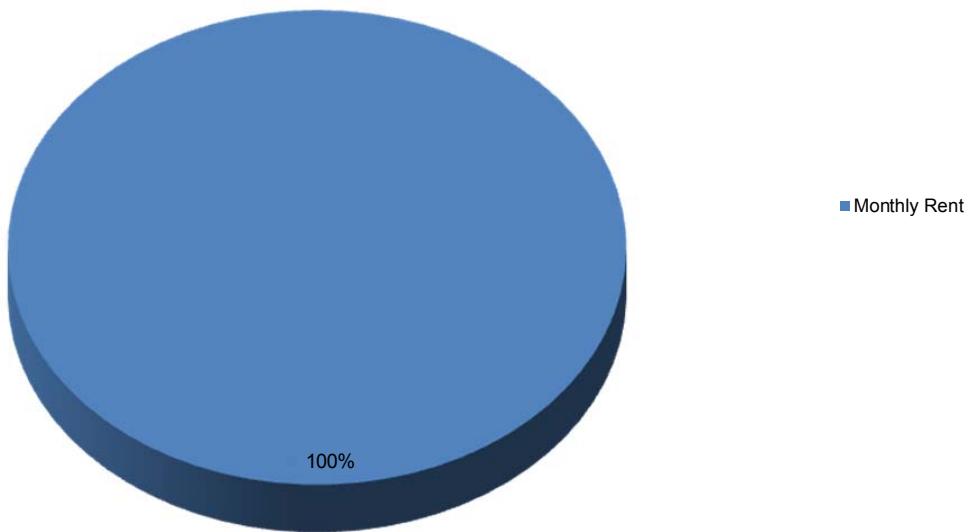
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**Rent Roll Summary**

Mike Milovick  
519 745-7000

| 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      |
|------------------|-----------------|----------------|-------------|------------------|--------------------|---------------|-----------------|------------------|
| Monthly Rent     | 4               |                |             |                  |                    | \$ 500        | \$ 2,000        | \$ 24,000        |
| <b>Totals</b>    | <b>4</b>        |                |             |                  |                    | <b>500</b>    | <b>\$ 2,000</b> | <b>\$ 24,000</b> |

**Unit Mix**

**511B Glenelm Crescent**

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# Annual Expenses



Mike Milovick  
519 745-7000

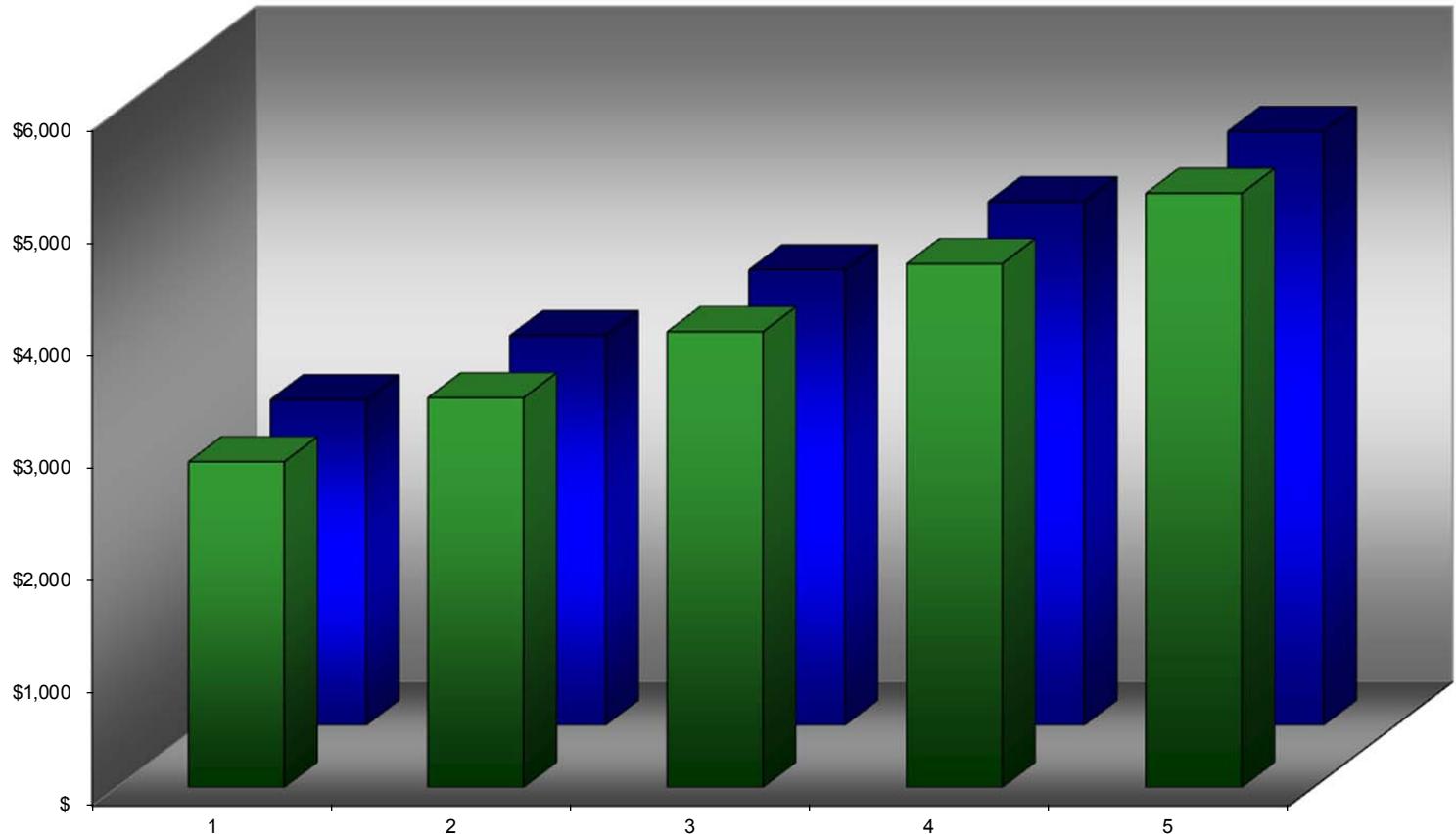
| Expense Description                    | Annual Amount   | Annual Increase | Per Unit        | Per Sq Ft | % of Expenses | % of Revenue |
|--|-----------------|-----------------|-----------------|-----------|---------------|--------------|
| Insurance                              | 1,653           | 1.0%            | 413.25          |           | 18.2%         | 7.0%         |
| Landscaping                            | 500             | 1.0%            | 125.00          |           | 5.5%          | 2.1%         |
| Rental License Renewal                 | 326             | 1.0%            | 81.50           |           | 3.6%          | 1.4%         |
| Snow Removal                           | 500             | 1.0%            | 125.00          |           | 5.5%          | 2.1%         |
| Management Fee                         | 1,200           |                 | 300.00          |           | 13.2%         | 5.1%         |
| Property Taxes                         | 2,359           | 1.0%            | 589.75          |           | 26.0%         | 10.0%        |
| Gas                                    | 819             | 1.0%            | 204.64          |           | 9.0%          | 3.5%         |
| Electricity                            | 1,162           | 1.0%            | 290.51          |           | 12.8%         | 4.9%         |
| Water                                  | 562             | 1.0%            | 140.59          |           | 6.2%          | 2.4%         |
| <b>Total Annual Operating Expenses</b> | <b>\$ 9,081</b> |                 | <b>\$ 2,270</b> |           | <b>100.0%</b> | <b>38.6%</b> |

## Annual Property Operating Data

|                                   | <b>Year 1</b>    | Sq Ft   | Per Unit | <b>Year 2</b>    | Sq Ft | Per Unit | <b>Year 3</b>    | Sq Ft | Per Unit | <b>Year 4</b>    | Sq Ft   | Per Unit | <b>Year 5</b>    | Sq Ft   | Per Unit |                  |         |
|-----------------------------------|------------------|---------|----------|------------------|-------|----------|------------------|-------|----------|------------------|---------|----------|------------------|---------|----------|------------------|---------|
| <b>Potential Rental Income</b>    | \$ 24,000        | 500.00  |          | \$ 24,696        | 0.00  | 514.50   | \$ 25,412        |       | 529.42   | \$ 26,149        |         | 544.77   | \$ 26,907        |         | 560.57   |                  |         |
| Less: Vacancy & Credit Losses     | (480)            | -10.00  |          | (494)            | 0.00  | -10.29   | (508)            |       | -10.59   | (523)            |         | -10.90   | (538)            |         | -11.21   |                  |         |
| <b>Effective Gross Income</b>     | <u>\$ 23,520</u> | 490.00  |          | <u>\$ 24,202</u> | 0.00  | 504.21   | <u>\$ 24,904</u> |       | 518.83   | <u>\$ 25,626</u> |         | 533.88   | <u>\$ 26,369</u> |         | 549.36   |                  |         |
| <b>Operating Expenses</b>         |                  |         |          |                  |       |          |                  |       |          |                  |         |          |                  |         |          |                  |         |
| Insurance                         | 1,653            | 34.44   |          | 1,670            | 34.78 |          | 1,686            | 35.13 |          | 1,703            | 35.48   |          | 1,720            | 35.84   |          |                  |         |
| Landscaping                       | 500              | 10.42   |          | 505              | 10.52 |          | 510              | 10.63 |          | 515              | 10.73   |          | 520              | 10.84   |          |                  |         |
| Rental License Renewal            | 326              | 6.79    |          | 329              | 6.86  |          | 333              | 6.93  |          | 336              | 7.00    |          | 339              | 7.07    |          |                  |         |
| Snow Removal                      | 500              | 10.42   |          | 505              | 10.52 |          | 510              | 10.63 |          | 515              | 10.73   |          | 520              | 10.84   |          |                  |         |
| Management Fee                    | 1,200            | 25.00   |          | 1,235            | 25.73 |          | 1,271            | 26.47 |          | 1,307            | 27.24   |          | 1,345            | 28.03   |          |                  |         |
| Property Taxes                    | 2,359            | 49.15   |          | 2,383            | 49.64 |          | 2,406            | 50.13 |          | 2,430            | 50.64   |          | 2,455            | 51.14   |          |                  |         |
| Gas                               | 819              | 17.05   |          | 827              | 17.22 |          | 835              | 17.40 |          | 843              | 17.57   |          | 852              | 17.75   |          |                  |         |
| Electricity                       | 1,162            | 24.21   |          | 1,174            | 24.45 |          | 1,185            | 24.70 |          | 1,197            | 24.94   |          | 1,209            | 25.19   |          |                  |         |
| Water                             | 562              | 11.72   |          | 568              | 11.83 |          | 574              | 11.95 |          | 579              | 12.07   |          | 585              | 12.19   |          |                  |         |
| <b>Total Operating Expenses</b>   | <u>\$ 9,081</u>  | 189.19  |          | <u>\$ 9,195</u>  |       | 191.55   | <u>\$ 9,310</u>  |       | 193.96   | <u>\$ 9,427</u>  |         | 196.40   | <u>\$ 9,546</u>  |         | 198.88   |                  |         |
| <b>Net Operating Income (NOI)</b> | <u>\$ 14,439</u> | 300.81  |          | <u>\$ 15,007</u> |       |          | 312.66           |       |          | <u>\$ 15,594</u> | 324.87  |          | <u>\$ 16,199</u> | 337.48  |          | <u>\$ 16,823</u> | 350.48  |
| Less: Annual Debt Service         | (11,548)         | -240.57 |          | (11,548)         |       |          | -240.57          |       |          | (11,548)         | -240.57 |          | (11,548)         | -240.57 |          | (11,548)         | -240.57 |
| <b>Cash Flow Before Taxes</b>     | <u>\$ 2,891</u>  | 60.24   |          | <u>\$ 3,460</u>  |       |          | 72.08            |       |          | <u>\$ 4,046</u>  | 84.30   |          | <u>\$ 4,651</u>  | 96.90   |          | <u>\$ 5,275</u>  | 109.90  |

# Cash Flow Projections

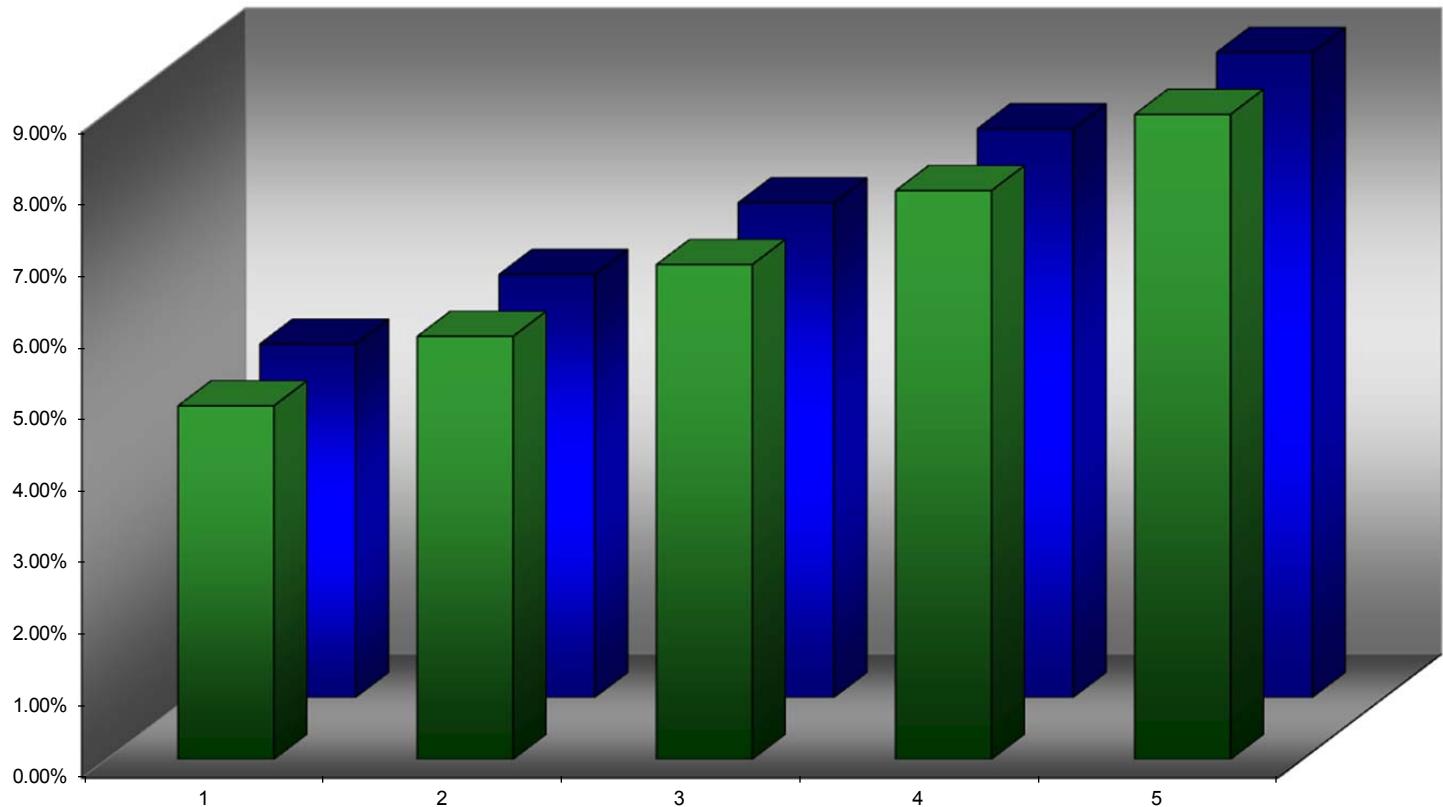
 Cash Flow After Taxes  
 Cash Flow Before Taxes



| Time Period    | Net Operating Income | MIP Payments | Debt Service | Cash Flow Before Tax | Incomes Taxes | Cash Flow After Tax |
|----------------|----------------------|--------------|--------------|----------------------|---------------|---------------------|
| Int Investment |                      |              |              | \$ (58,695)          |               | \$ (58,695)         |
| Year 1         | 14,439               | -            | (11,548)     | 2,891                | -             | 2,891               |
| Year 2         | 15,007               | -            | (11,548)     | 3,460                | -             | 3,460               |
| Year 3         | 15,594               | -            | (11,548)     | 4,046                | -             | 4,046               |
| Year 4         | 16,199               | -            | (11,548)     | 4,651                | -             | 4,651               |
| Year 5         | 16,823               | -            | (11,548)     | 5,275                | -             | 5,275               |

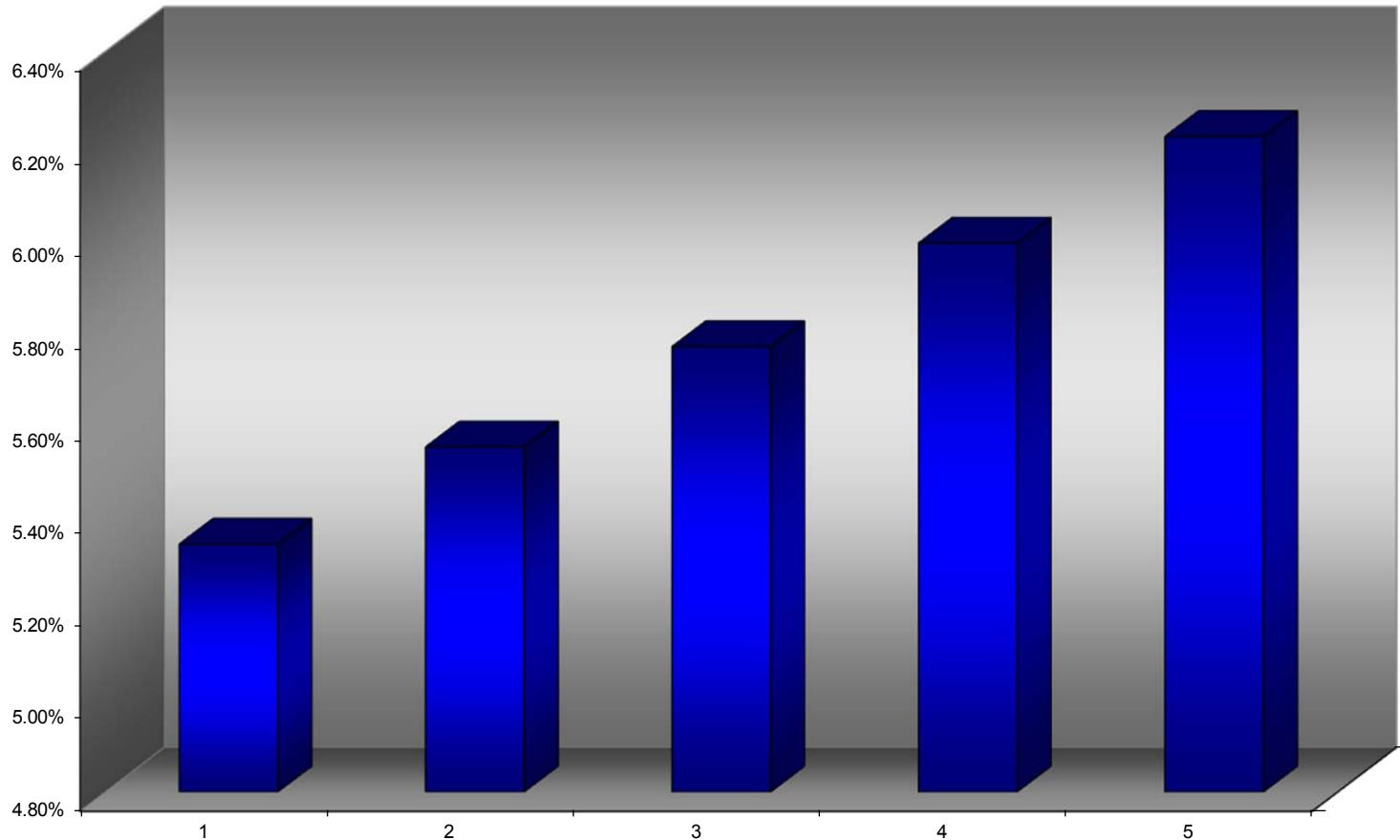
# Cash on Cash Return

■ After Taxes  
■ Before Taxes

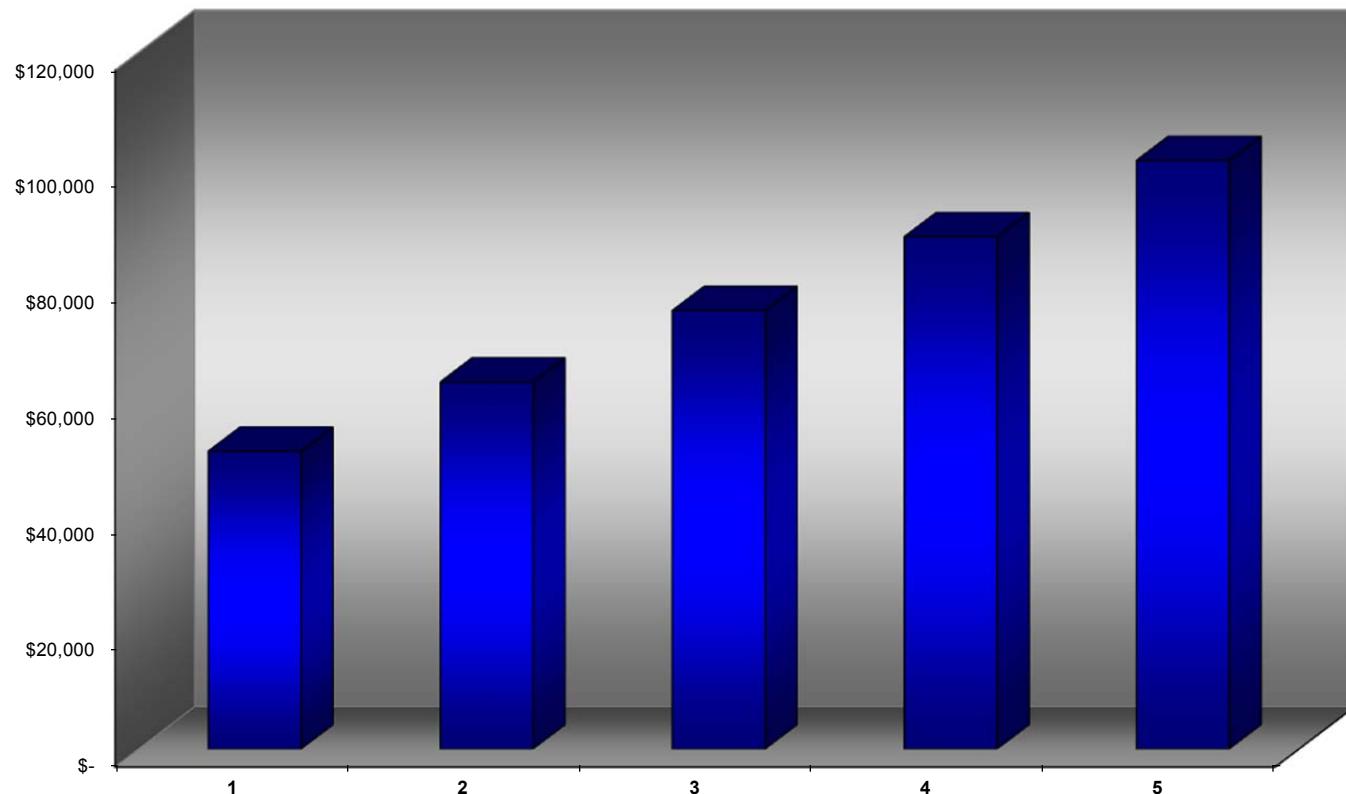


| Time   | Initial Investment |        | Cash Flow    |       | Cash on Cash |    | Income |    | Cash Flow   |       | Cash on Cash |  |
|--------|--------------------|--------|--------------|-------|--------------|----|--------|----|-------------|-------|--------------|--|
| Period | Adj for Refinance  |        | Before Taxes |       | Before Taxes |    | Taxes  |    | After Taxes |       | After Taxes  |  |
| Year 1 | \$                 | 58,695 | \$           | 2,891 | 4.93%        | \$ |        | \$ | 2,891       | 4.93% |              |  |
| Year 2 |                    | 58,695 |              | 3,460 | 5.89%        |    | -      |    | 3,460       | 5.89% |              |  |
| Year 3 |                    | 58,695 |              | 4,046 | 6.89%        |    | -      |    | 4,046       | 6.89% |              |  |
| Year 4 |                    | 58,695 |              | 4,651 | 7.92%        |    | -      |    | 4,651       | 7.92% |              |  |
| Year 5 |                    | 58,695 |              | 5,275 | 8.99%        |    | -      |    | 5,275       | 8.99% |              |  |

# Capitalization Rate

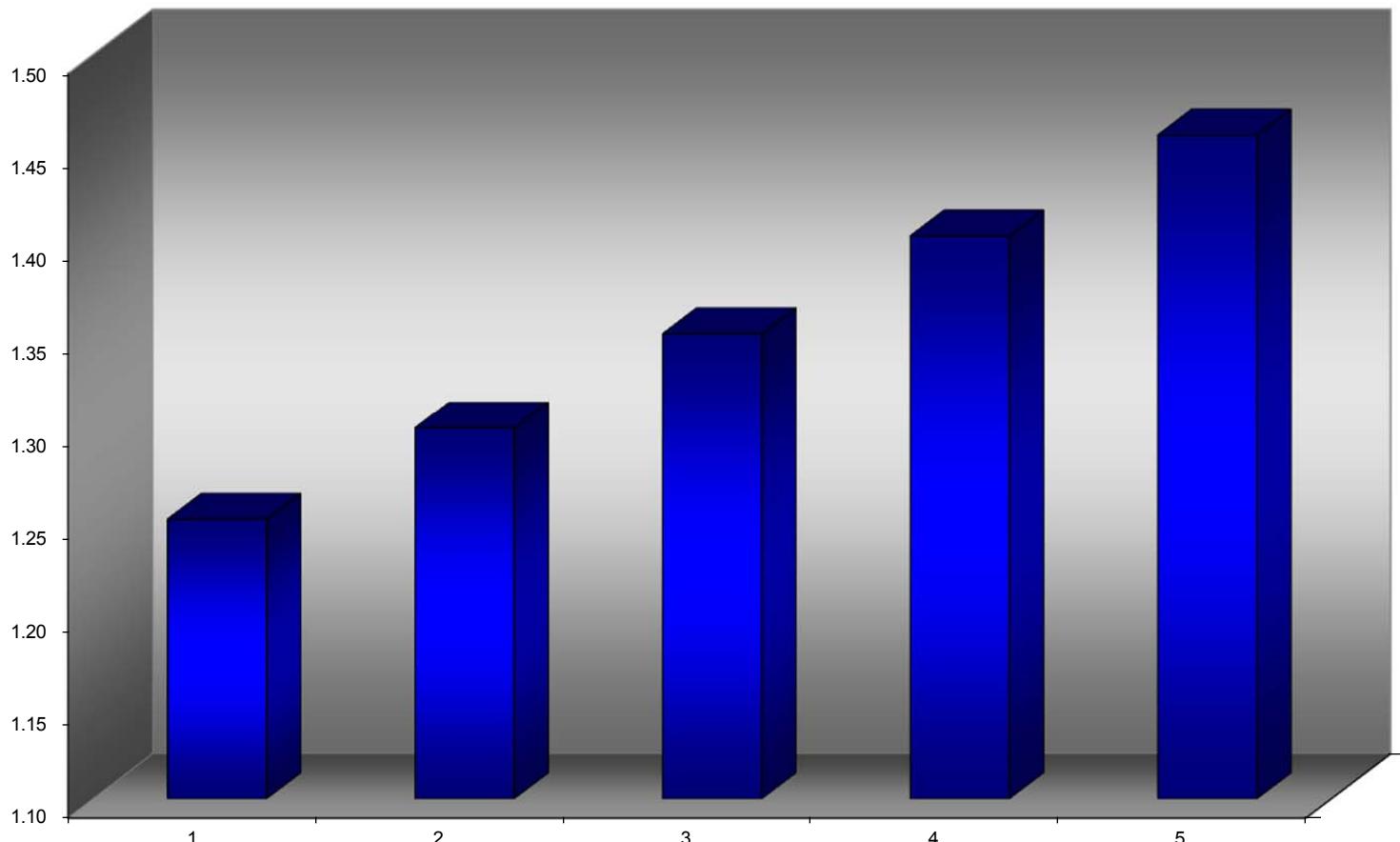


| Time Period | Net Operating Income (NOI) | \$ 270,615 | Cap Rate on Cost | Resale Value |
|-------------|----------------------------|------------|------------------|--------------|
| Year 1      | \$ 14,439                  | 5.34%      | \$ 272,847       |              |
| Year 2      | 15,007                     | 5.55%      |                  | 281,032      |
| Year 3      | 15,594                     | 5.76%      |                  | 289,463      |
| Year 4      | 16,199                     | 5.99%      |                  | 298,147      |
| Year 5      | 16,823                     | 6.22%      |                  | 307,092      |



| 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 | \$ 259,205    | -2.15%    | \$            | \$ (207,915)   | \$ 51,290     | \$           | \$ 51,290     | \$ 51,290 | \$ (7,405)      |
| Year 2 | 266,981       | 3.00%     | -             | (203,764)      | 63,217        | -            | 63,217        | 63,217    | 11,927          |
| Year 3 | 274,990       | 3.00%     | -             | (199,461)      | 75,529        | -            | 75,529        | 75,529    | 12,312          |
| Year 4 | 283,240       | 3.00%     | -             | (195,001)      | 88,239        | -            | 88,239        | 88,239    | 12,709          |
| Year 5 | 291,737       | 3.00%     | -             | (190,379)      | 101,358       | -            | 101,358       | 101,358   | 13,120          |

## Debt Coverage Ratio



| Time<br>Period | Net Operating<br>Income |           | Mortgage<br>Payments | Debt Coverage<br>Before Taxes |
|----------------|-------------------------|-----------|----------------------|-------------------------------|
|                | Year 1                  | \$ 14,439 | \$ (11,548)          | 1.25                          |
| Year 2         |                         | 15,007    | (11,548)             | 1.30                          |
| Year 3         |                         | 15,594    | (11,548)             | 1.35                          |
| Year 4         |                         | 16,199    | (11,548)             | 1.40                          |
| Year 5         |                         | 16,823    | (11,548)             | 1.46                          |



# About Me



**Mike Milovick**



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**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)**