

52 Noecker Street

52 Noecker Street
Waterloo, Ontario, N2J 2R4

\$1,050,000

\$82,000+ Gross Annualized Income

Purpose Built, 15 Student, City Rental Licensed Triplex
Class A Building, Steps to Wilfrid Laurier University and Uptown
Walk Score of 90 - Walker's Paradise

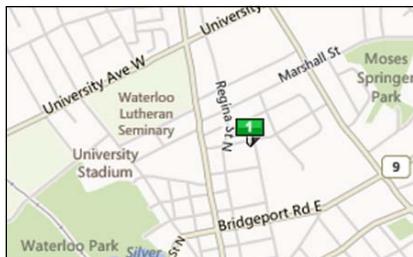
Presented by

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



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Income, Expenses & Cash Flow			Property Overview		
Potential Rental Income	\$ 82,620		Purchase/Asking Price	\$ 1,050,000	Property Type
Other Income			Improvements		No. of Units
Total Vacancy and Credits	(1,652)		Other	18,794	Price Per Unit
Operating Expenses	\$ (26,225)		Closing Costs	8,750	Total Sq Ft
Net Operating Income (NOI)	\$ 54,743		Finance Points		Price Per Sq Ft
					Income per Unit
			Total Acquisition Cost	\$ 1,077,544	\$ 41,310
Debt Service:	\$ (45,772)				Expenses per Unit
Cash Flow Before Taxes	\$ 8,971		Mortgage (s)	\$ 840,000	\$ (13,112)
			Down Payment / Investment	\$ 237,544	

Assumptions		Loan Information		
Rental Growth Rate:	2.90%	Down Payment:	\$ 237,544	% of Asking
Expense Growth Rate:	1.00%	Initial Loan Balance:	\$ 840,000	% of Cost
Appreciation Rate	3.00%			
		<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>
		\$ 840,000	3.59%	30
				<u>Payment</u>
				\$3,814

Financial Measurements	Year 1	Year 3	Year 7	Notes / Discussion
Debt Coverage Ratio (DCR)	1.20	1.29	1.48	
Loan-to-Value Ratio (LVR)	76.2%	68.9%	55.4%	
Capitalization Rate Based on Cost	5.08%	5.46%	6.29%	
Capitalization Rate Based on Resale Price	5.06%	5.13%	5.25%	
Gross Rent Multiplier	12.71	13.12	13.17	
Net Present Value (NPV) - B/Taxes	6.00%	(37,288)	43,011	184,889
Cash on Cash Return - Before Taxes		3.78%	5.49%	9.26%
Internal Rate of Return - Before Taxes			12.26%	16.00%
Modified Internal Rate of Return - Before Taxes			11.85%	14.64%

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	\$ 82,620	\$ 85,016	\$ 87,481	\$ 90,018	\$ 92,629
Less: Vacancy & Credit Losses	(1,652)	(1,700)	(1,750)	(1,800)	(1,853)
Effective Gross Income	\$ 80,968	\$ 83,316	\$ 85,732	\$ 88,218	\$ 90,776
Less: Operating Expenses	(26,225)	(26,565)	(26,912)	(27,264)	(27,622)
Net Operating Income (NOI)	\$ 54,743	\$ 56,750	\$ 58,820	\$ 60,954	\$ 63,154
Less: Annual Debt Service	(45,772)	(45,772)	(45,772)	(45,772)	(45,772)
CASH FLOW Before Taxes	\$ 8,971	\$ 10,979	\$ 13,048	\$ 15,182	\$ 17,382

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 1,081,500	\$ 1,113,945	\$ 1,147,363	\$ 1,181,784	\$ 1,217,238
Less: Selling Expenses	(54,075)	(55,697)	(57,368)	(59,089)	(60,862)
Adjusted Projected Sales Price	\$ 1,027,425	\$ 1,058,248	\$ 1,089,995	\$ 1,122,695	\$ 1,156,376
Less: Mortgage(s) Balance Payoff	(824,125)	(807,670)	(790,615)	(772,938)	(754,615)
SALE PROCEEDS Before Taxes	\$ 203,300	\$ 250,577	\$ 299,380	\$ 349,757	\$ 401,761

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 8,971	\$ 10,979	\$ 13,048	\$ 15,182	\$ 17,382
Cash Generated in Previous Years	n/a	8,971	19,950	32,998	48,180
Cash Generated from Property Sale	203,300	250,577	299,380	349,757	401,761
Original Initial Investment	(237,544)	(237,544)	(237,544)	(237,544)	(237,544)
Total Potential CASH Generated	\$ (25,273)	\$ 32,983	\$ 94,834	\$ 160,393	\$ 229,779

Financial Measurements	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	1.20	1.24	1.29	1.33	1.38
Loan-to-Value Ratio (LVR)	76.2%	72.5%	68.9%	65.4%	62.0%
Capitalization Rate Based on Cost	5.08%	5.27%	5.46%	5.66%	5.86%
Capitalization Rate Based on Resale Price	5.06%	5.09%	5.13%	5.16%	5.19%
Gross Rent Monthly Multiplier (GRM)	152.51	157.23	157.39	157.54	157.69
Gross Rent Yearly Multiplier (GRM)	12.71	13.10	13.12	13.13	13.14
Value of Property Using this GRM	12.00	991,440	1,020,192	1,049,777	1,080,221
Break-Even Ratio	87.14%	85.09%	83.08%	81.13%	79.23%
Operating Expense Ratio	32.39%	31.89%	31.39%	30.91%	30.43%
Net Present Value (NPV) - Before Taxes	6.00%	(37,288)	3,703	43,011	80,712
Cash-on-Cash Return with Equity	-10.64%	28.66%	24.68%	21.90%	19.84%
Cash-on-Cash Return - Before Taxes	3.78%	4.62%	5.49%	6.39%	7.32%
Internal Rate-of-Return (IRR) - Before Taxes	-10.64%	6.84%	12.26%	14.46%	15.43%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	-10.64%	6.72%	11.85%	13.77%	14.49%

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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	2,900	1.0%	1,450.00		11.1%	3.6%
Landscaping/Snow	2,040	1.0%	1,020.00		7.8%	2.5%
Rental License Renewal	683	1.0%	341.38		2.6%	0.8%
Management Fee	4,131		2,065.50		15.8%	5.1%
Property Taxes	9,729	1.0%	4,864.50		37.1%	12.0%
Total Utilities	6,742	1.0%	3,371.00		25.7%	8.3%
<hr/>		<hr/>				
Total Annual Operating Expenses	\$ 26,225		\$ 13,112		100.0%	32.4%

Annual Property Operating Data

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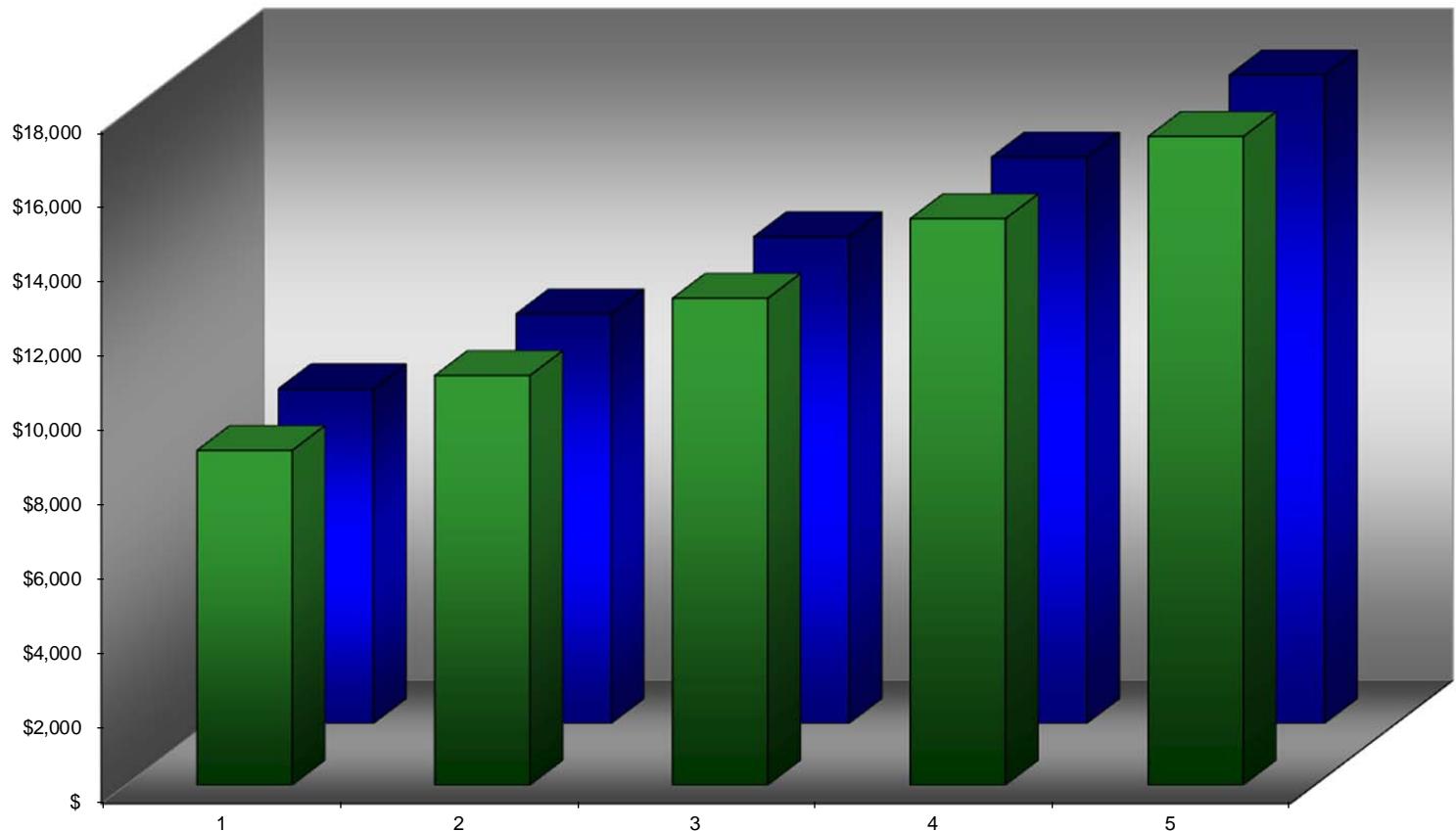
	Year 1	Sq Ft	Per Unit	Year 2	Sq Ft	Per Unit	Year 3	Sq Ft	Per Unit	Year 4	Sq Ft	Per Unit	Year 5	Sq Ft	Per Unit
Potential Rental Income	\$ 82,620	3,442.50		\$ 85,016	0.00	3,542.33	\$ 87,481	3,645.06		\$ 90,018	3,750.77		\$ 92,629	3,859.54	
Less: Vacancy & Credit Losses	(1,652)	-68.85		(1,700)	0.00	-70.85	(1,750)	-72.90		(1,800)	-75.02		(1,853)	-77.19	
Effective Gross Income	<u>\$ 80,968</u>	<u>3,373.65</u>		<u>\$ 83,316</u>	<u>0.00</u>	<u>3,471.49</u>	<u>\$ 85,732</u>	<u>3,572.16</u>		<u>\$ 88,218</u>	<u>3,675.75</u>		<u>\$ 90,776</u>	<u>3,782.35</u>	
Operating Expenses															
Insurance	2,900	120.83		2,929	122.04		2,958	123.26		2,988	124.49		3,018	125.74	
Landscaping/Snow	2,040	85.00		2,060	85.85		2,081	86.71		2,102	87.58		2,123	88.45	
Rental License Renewal	683	28.45		690	28.73		696	29.02		703	29.31		710	29.60	
Management Fee	4,131	172.13		4,251	177.12		4,374	182.25		4,501	187.54		4,631	192.98	
Property Taxes	9,729	405.38		9,826	409.43		9,925	413.52		10,024	417.66		10,124	421.83	
Total Utilities	6,742	280.92		6,809	283.73		6,878	286.56		6,946	289.43		7,016	292.32	
Total Operating Expenses	<u>\$ 26,225</u>	<u>1,092.70</u>		<u>\$ 26,565</u>	<u>1,106.90</u>		<u>\$ 26,912</u>	<u>1,121.33</u>		<u>\$ 27,264</u>	<u>1,136.01</u>		<u>\$ 27,622</u>	<u>1,150.93</u>	
Net Operating Income (NOI)	<u>\$ 54,743</u>	<u>2,280.95</u>		<u>\$ 56,750</u>	<u>2,364.59</u>		<u>\$ 58,820</u>	<u>2,450.83</u>		<u>\$ 60,954</u>	<u>2,539.75</u>		<u>\$ 63,154</u>	<u>2,631.42</u>	
Less: Annual Debt Service	(45,772)	-1,907.15		(45,772)	-1,907.15		(45,772)	-1,907.15		(45,772)	-1,907.15		(45,772)	-1,907.15	
Cash Flow Before Taxes	<u>\$ 8,971</u>	<u>373.80</u>		<u>\$ 10,979</u>	<u>457.44</u>		<u>\$ 13,048</u>	<u>543.68</u>		<u>\$ 15,182</u>	<u>632.59</u>		<u>\$ 17,382</u>	<u>724.27</u>	

Cash Flow Projections

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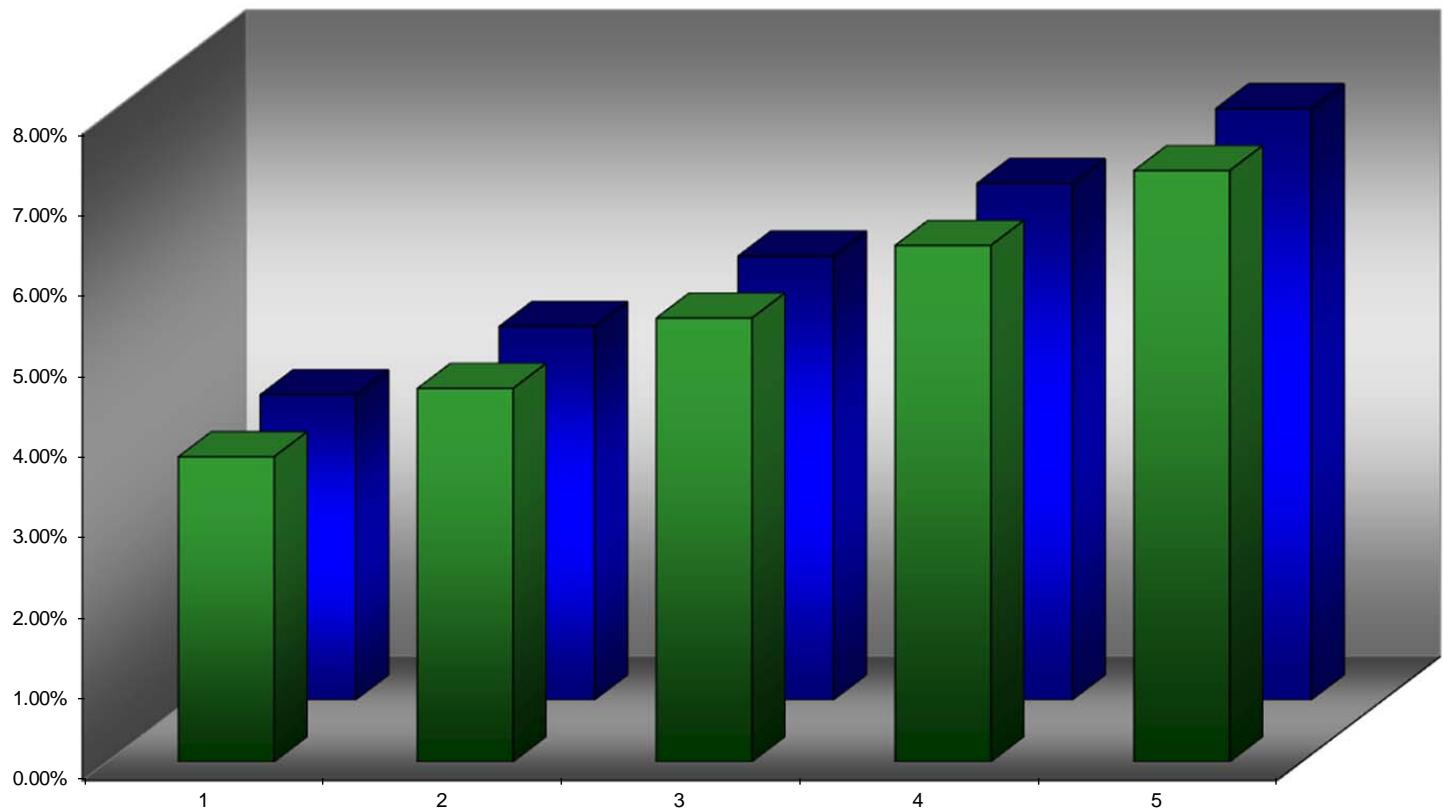
■ Cash Flow After Taxes
 ■ Cash Flow Before Taxes



Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment						
Year 1	54,743	-	(45,772)	8,971	-	8,971
Year 2	56,750	-	(45,772)	10,979	-	10,979
Year 3	58,820	-	(45,772)	13,048	-	13,048
Year 4	60,954	-	(45,772)	15,182	-	15,182
Year 5	63,154	-	(45,772)	17,382	-	17,382

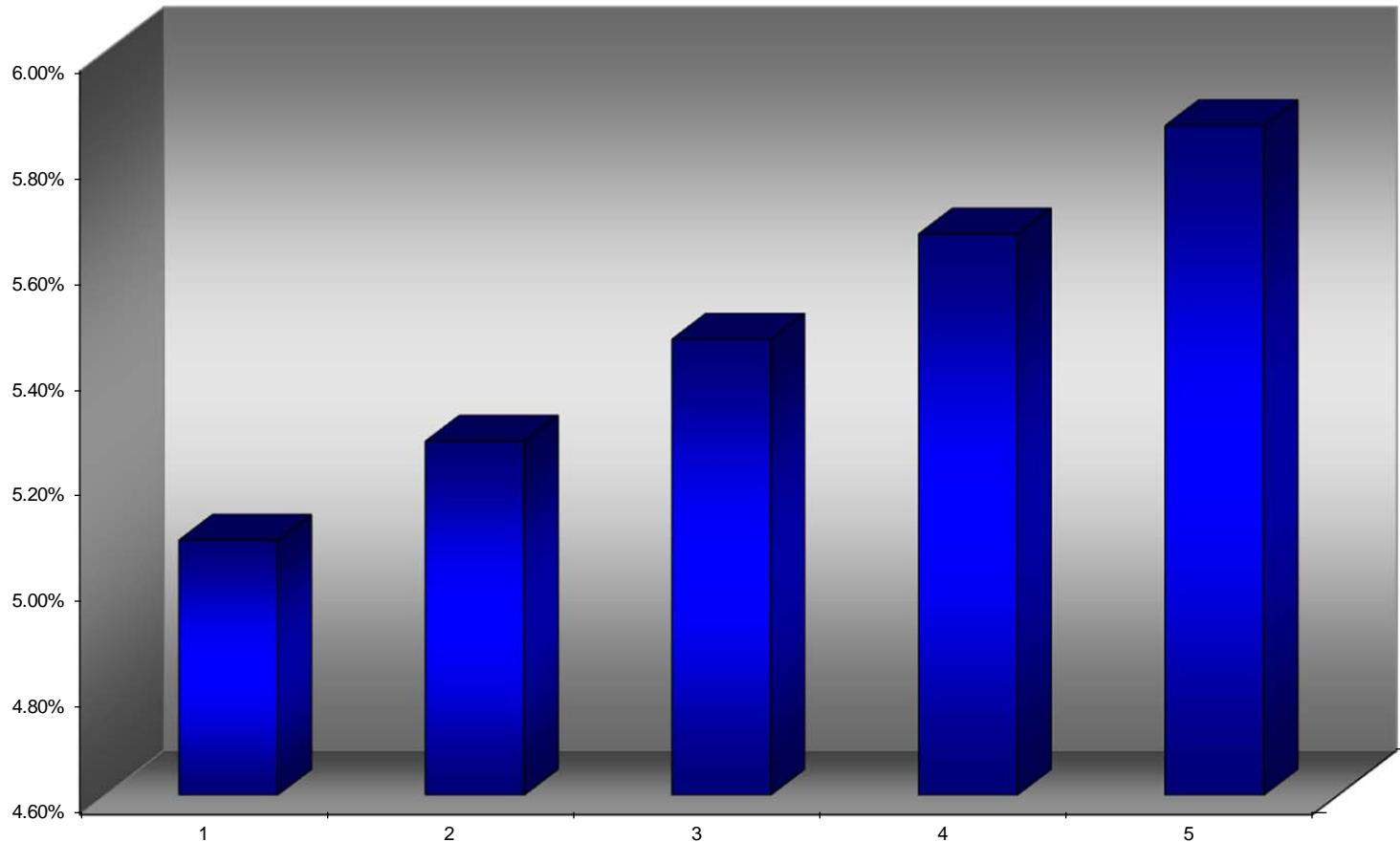
Cash on Cash Return

■ After Taxes
■ Before Taxes

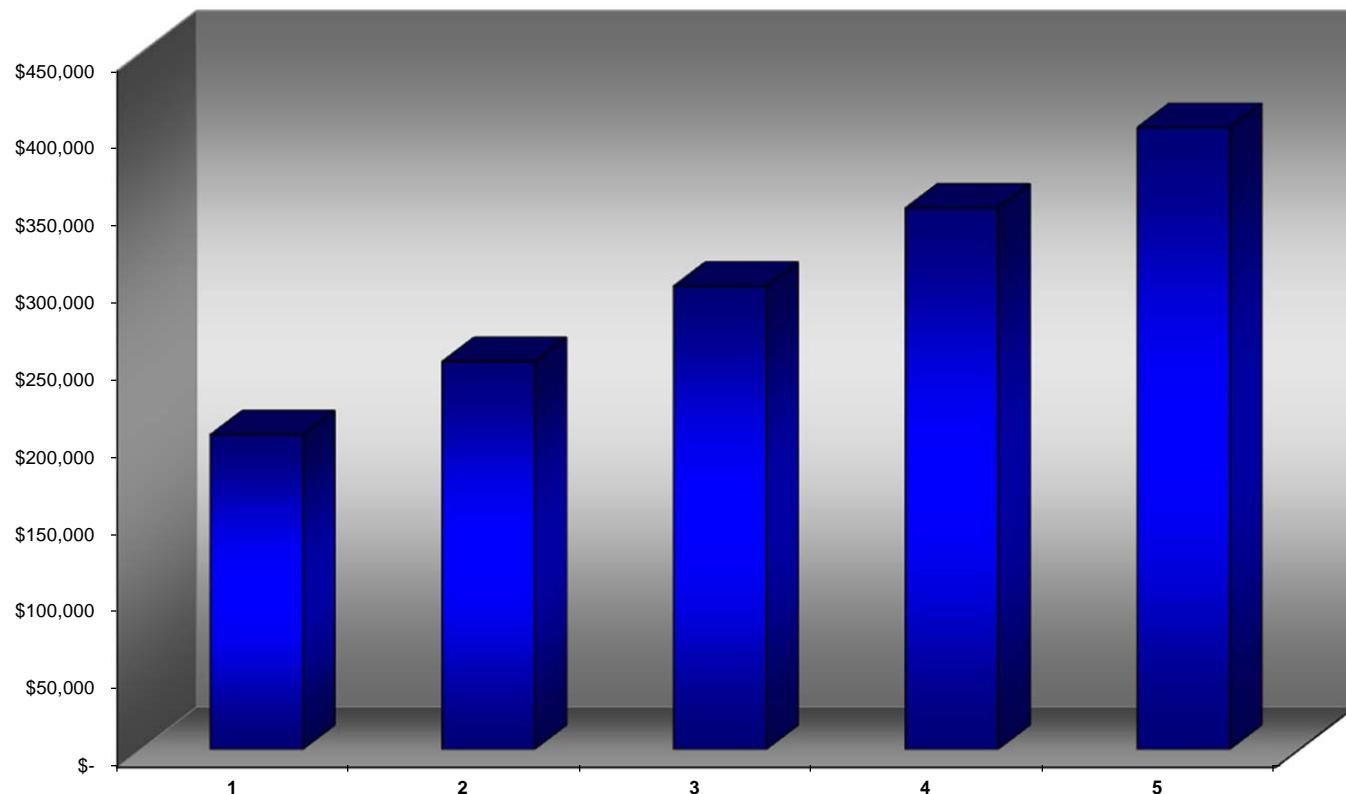


Time	Initial Investment		Cash Flow		Cash on Cash		Income		Cash Flow		Cash on Cash	
Period	Adj for Refinance		Before Taxes		Before Taxes		Taxes		After Taxes		After Taxes	
Year 1	\$	237,544	\$	8,971	3.78%	\$		\$	8,971	3.78%		
Year 2		237,544		10,979	4.62%		-		10,979	4.62%		
Year 3		237,544		13,048	5.49%		-		13,048	5.49%		
Year 4		237,544		15,182	6.39%		-		15,182	6.39%		
Year 5		237,544		17,382	7.32%		-		17,382	7.32%		

Capitalization Rate

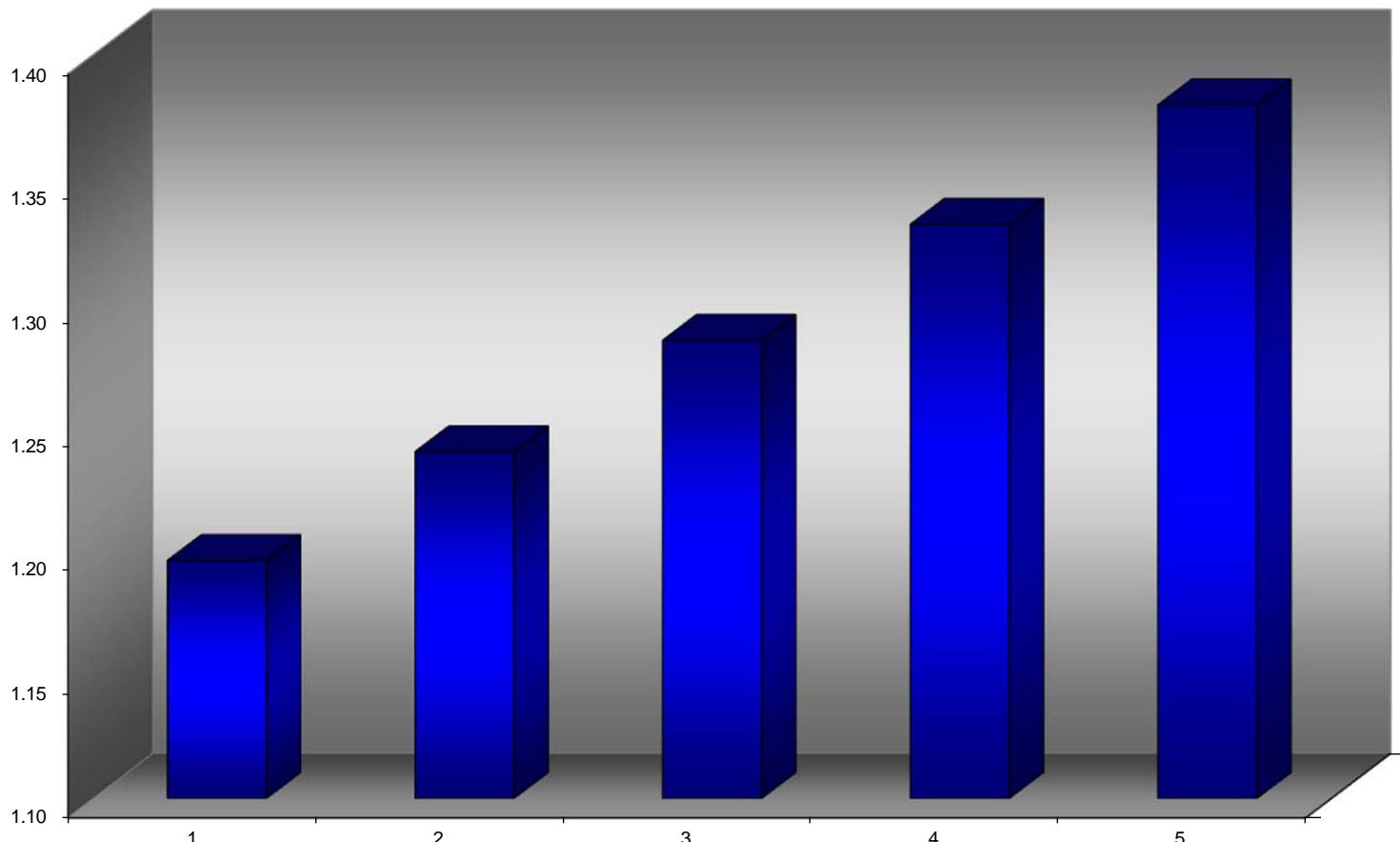


Time Period	Net Operating Income (NOI)	\$	Cap Rate on Cost	Resale Value
Year 1	\$ 54,743		5.08%	\$ 1,081,500
Year 2		56,750	5.27%	1,113,945
Year 3		58,820	5.46%	1,147,363
Year 4		60,954	5.66%	1,181,784
Year 5		63,154	5.86%	1,217,238



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	\$ 1,027,425	-2.15%	\$	\$ (824,125)	\$ 203,300	\$	\$ 203,300	\$ 203,300	\$ (34,244)
Year 2	1,058,248	3.00%	-	(807,670)	250,577	-	250,577	250,577	47,277
Year 3	1,089,995	3.00%	-	(790,615)	299,380	-	299,380	299,380	48,802
Year 4	1,122,695	3.00%	-	(772,938)	349,757	-	349,757	349,757	50,377
Year 5	1,156,376	3.00%	-	(754,615)	401,761	-	401,761	401,761	52,004

Debt Coverage Ratio



<i>Time</i>	<i>Net Operating</i>	<i>Mortgage</i>	<i>Debt Coverage</i>
<i>Period</i>	<i>Income</i>	<i>Payments</i>	<i>Before Taxes</i>
Year 1	\$ 54,743	\$ (45,772)	1.20
Year 2	56,750	(45,772)	1.24
Year 3	58,820	(45,772)	1.29
Year 4	60,954	(45,772)	1.33
Year 5	63,154	(45,772)	1.38

Input Data Screen

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I. Rental Income & Expenses

Rental Income / Rent Roll:

Operating Expenses:

II. Property Costs & Characteristics

Select Property Type from Drop-Down Menu:

Purchase Price of Property:

Contract Purchase Price

\$ 1,050,000

Initial Improvements

\$

Closing Costs

8,750

Land Transfer Tax

17,475

Other Initial Costs

1,319

% of Cost Allocated to Land

20.00%

\$ 1,077,544

Reserves & Specific Improvements

Reserve Amount

Annual Increase

1.00%

Expense Portion

50.00%

Description

Amount

Select Year

Increase FMV?

<input type="button" value=""/>	\$ <input type="button" value=""/>	<input type="button" value="1"/>	<input type="button" value="No"/>
<input type="button" value=""/>	\$ <input type="button" value=""/>	<input type="button" value="1"/>	<input type="button" value="No"/>
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<input type="button" value="Total"/>	\$ <input type="button" value=""/>	<input type="button" value="1"/>	<input type="button" value="No"/>

III. Resale Valuation Method

Choose Resale Method

- Enter FMV and Use One Appreciation Rate for All Years
- Enter FMV and Enter Different Annual Appreciation Rates
- Use Cap Rate Based on Current Year's NOI
- Use Cap Rate Based on Following Year's NOI

Current Fair Market Value (FMV): \$ 1,050,000

Enter Property's Appreciation Rate

3.00%

Future Selling Expense (% of Selling Price): 5.00%

IV. Financing

Mortgage #1 Mortgage #2 Mortgage #3

Down Payment Percentage 20%

20.0%

Amount Borrowed or Assumed: \$ 840,000

Interest Rate: 3.590%

Term / Remaining Term of Loan (In Months): 360

Interest Calculation Type: Simple Interest

Start Month: Month 1

Start Year: Year 1

Refinance Mortgage #1 or #2?

Additional Monthly Payment:

Monthly Mortgage Payment: (Formula) \$ 3,814

Finance Points

Loan Origination Points

Loan Origination Points (In Dollars) \$ -

Amortization Type: 12 Months First Year

Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)

\$ 237,544

Down Payment as a % of Cost

Down Payment as a % of FMV

V. Income Taxes

Before Tax Presentation?

Province of Residence:

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



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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