

## 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

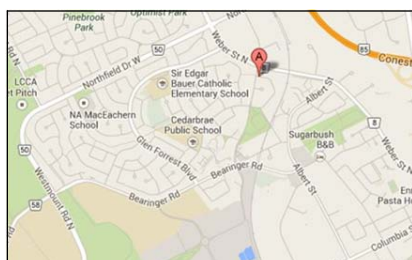
15C

370 Highland Road West

Kitchener, Ontario



## Executive Summary



## 511B Glenelm Crescent

511B Glenelm Crescent  
 Waterloo, Ontario, N2L 5C7



Income, Expenses & Cash Flow		Property Overview			
Potential Rental Income	\$ 24,000	Purchase/Asking Price	\$ 264,900	Property Type	Multi-Family
Other Income		Improvements		No. of Units	4
Total Vacancy and Credits	(480)	Other	3,115	Price Per Unit	\$ 67,654
Operating Expenses	\$ (9,081)	Closing Costs	2,600	Total Sq Ft	
Net Operating Income (NOI)	<u>\$ 14,439</u>	Finance Points		Price Per Sq Ft	
		<b>Total Acquisition Cost</b>	<u>\$ 270,615</u>	Income per Unit	\$ 6,000
Debt Service:	\$ (11,548)	Mortgage (s)	\$ 211,920	Expenses per Unit	\$ (2,270)
<b>Cash Flow Before Taxes</b>	<b>\$ 2,891</b>	Down Payment / Investment	<b>\$ 58,695</b>		

Assumptions		Loan Information			
Rental Growth Rate:	2.90%	Down Payment: \$ 58,695	<u>% of Asking</u>	<u>% of Cost</u>	
Expense Growth Rate:	1.00%	Initial Loan Balance: \$ 211,920	22.16%	21.69%	
Appreciation Rate	3.00%		80.00%	78.31%	
		<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
		\$ 211,920	3.59%	30	\$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.

## Cash Flow Analysis

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

Property Resale Analysis					
<b>Projected Sales Price</b>	\$ 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>	\$ 259,205	\$ 266,981	\$ 274,990	\$ 283,240	\$ 291,737
Less: Mortgage(s) Balance Payoff	(207,915)	(203,764)	(199,461)	(195,001)	(190,379)
<b>SALE PROCEEDS Before Taxes</b>	\$ 51,290	\$ 63,217	\$ 75,529	\$ 88,239	\$ 101,358

Cash Position					
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						
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	322,890
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	33,877
Cash-on-Cash Return with Equity		-7.69%	30.00%	25.88%	22.99%	20.85%
Cash-on-Cash Return - Before Taxes		4.93%	5.89%	6.89%	7.92%	8.99%
Internal Rate-of-Return (IRR) - Before Taxes		-7.69%	9.07%	14.15%	16.14%	16.98%
Modified Internal Rate-of-Return (MIRR) - Before Taxes		-7.69%	8.87%	13.55%	15.18%	15.70%

511B Glenelm Crescent

511B Glenelm Crescent  
Waterloo, Ontario, N2L 5C7

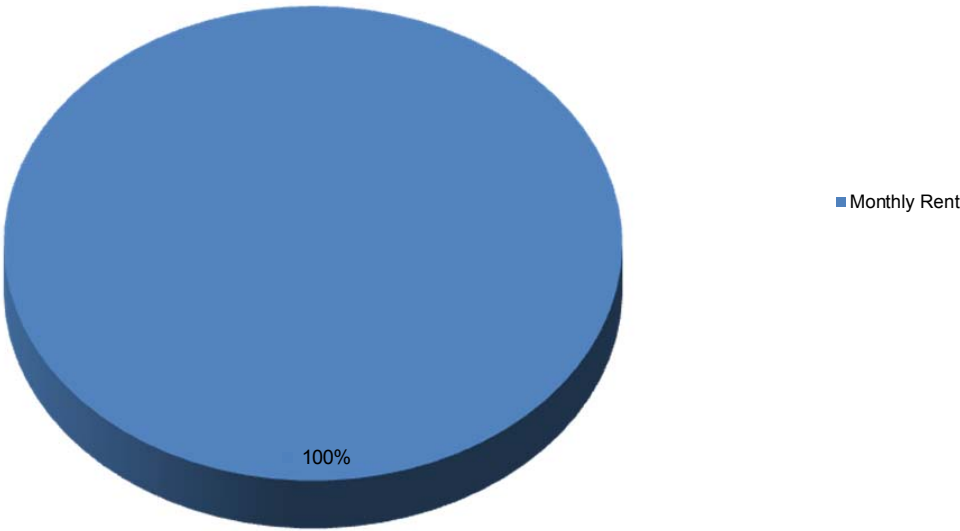
Rent Roll Summary



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
Totals	4					500	\$ 2,000	\$ 24,000

Unit Mix



**511B Glenelm Crescent**

511B Glenelm Crescent  
Waterloo, Ontario, N2L 5C7

# 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%
<hr/>						
Total Annual Operating Expenses	<u>\$ 9,081</u>		<u>\$ 2,270</u>	<u>-</u>	<u>100.0%</u>	<u>38.6%</u>

**511B Glenelm Crescent**

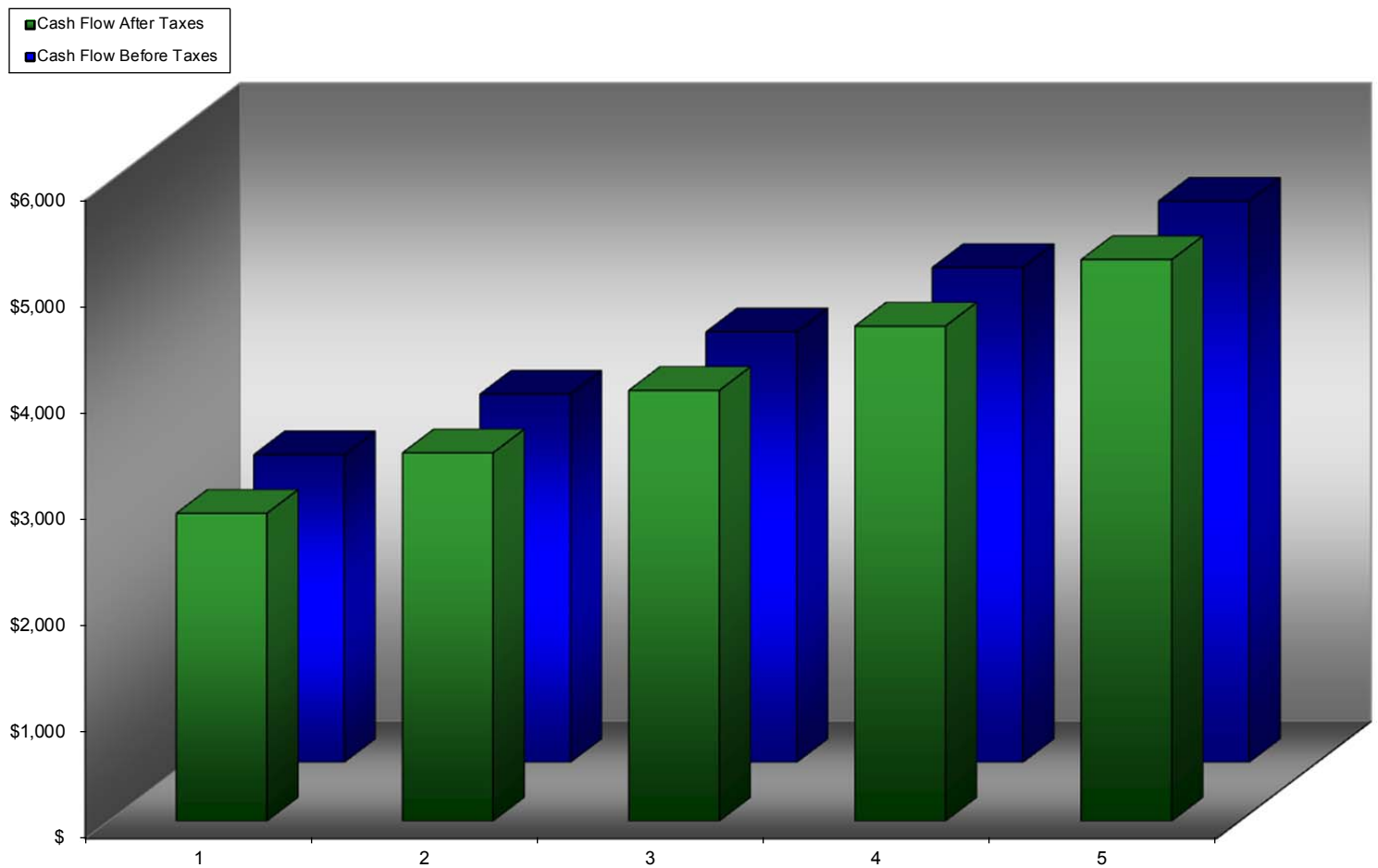
511B Glenelm Crescent  
 Waterloo, Ontario, N2L 5C7

**Annual Property Operating Data**

Mike Milovick  
 519 745-7000

	Year 1			Year 2			Year 3			Year 4			Year 5		
	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	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

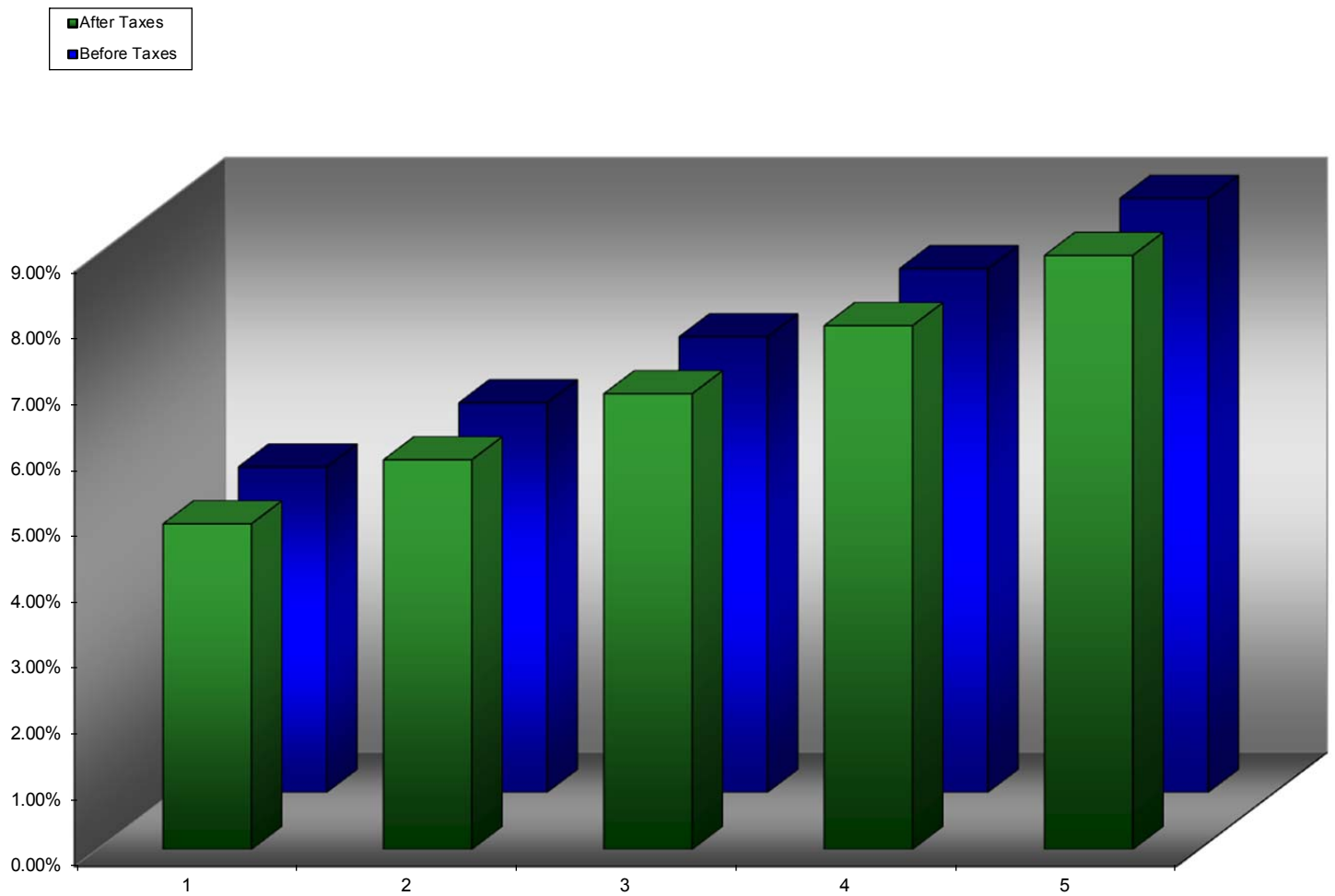
# Cash Flow Projections



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



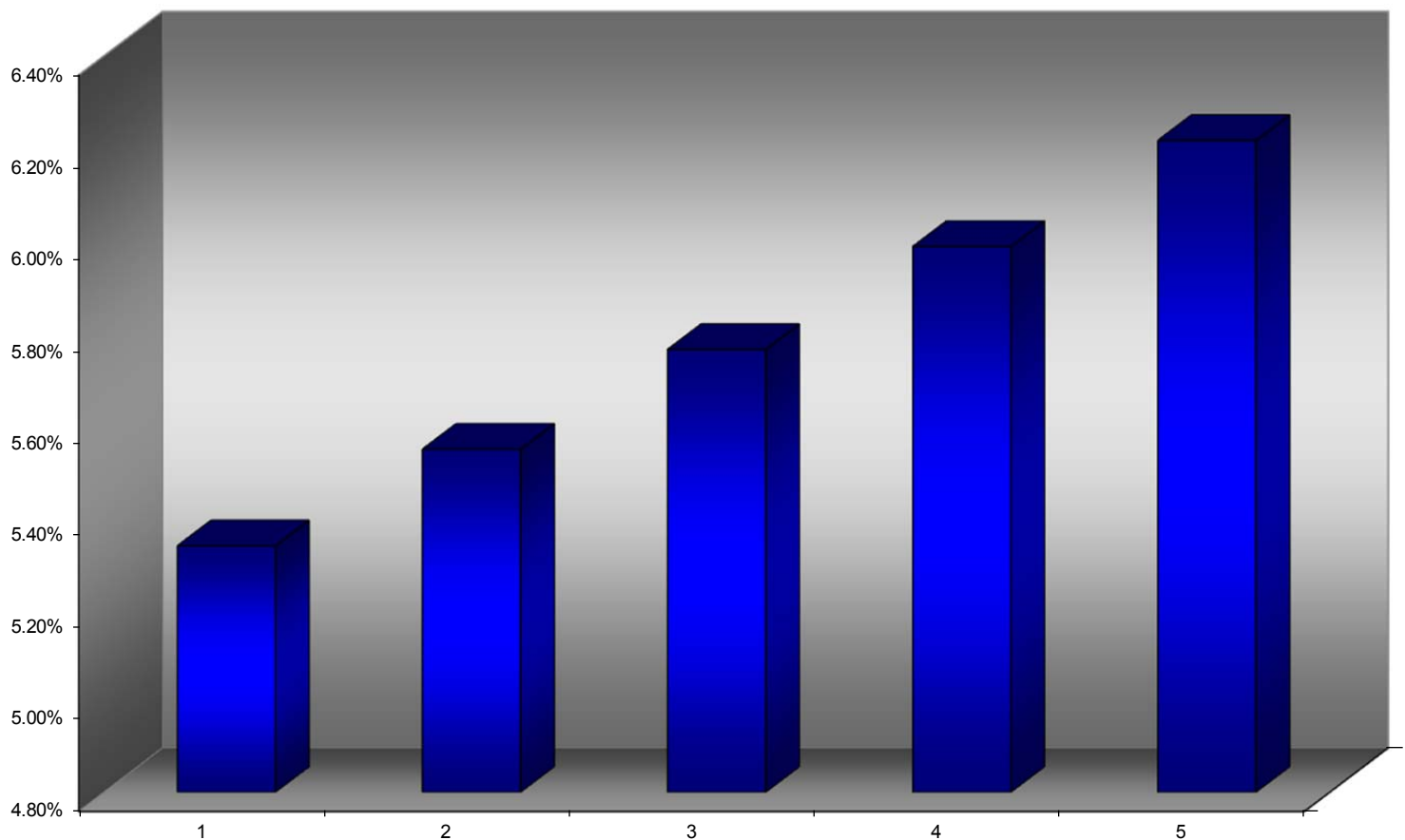
# Cash on Cash Return



Time Period	Initial Investment	Cash Flow	Cash on Cash	Income	Cash Flow	Cash on Cash
	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	Net Operating	Cap Rate on Cost	Resale
Period	Income (NOI)	\$ 270,615	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

**511B Glenelm Crescent**

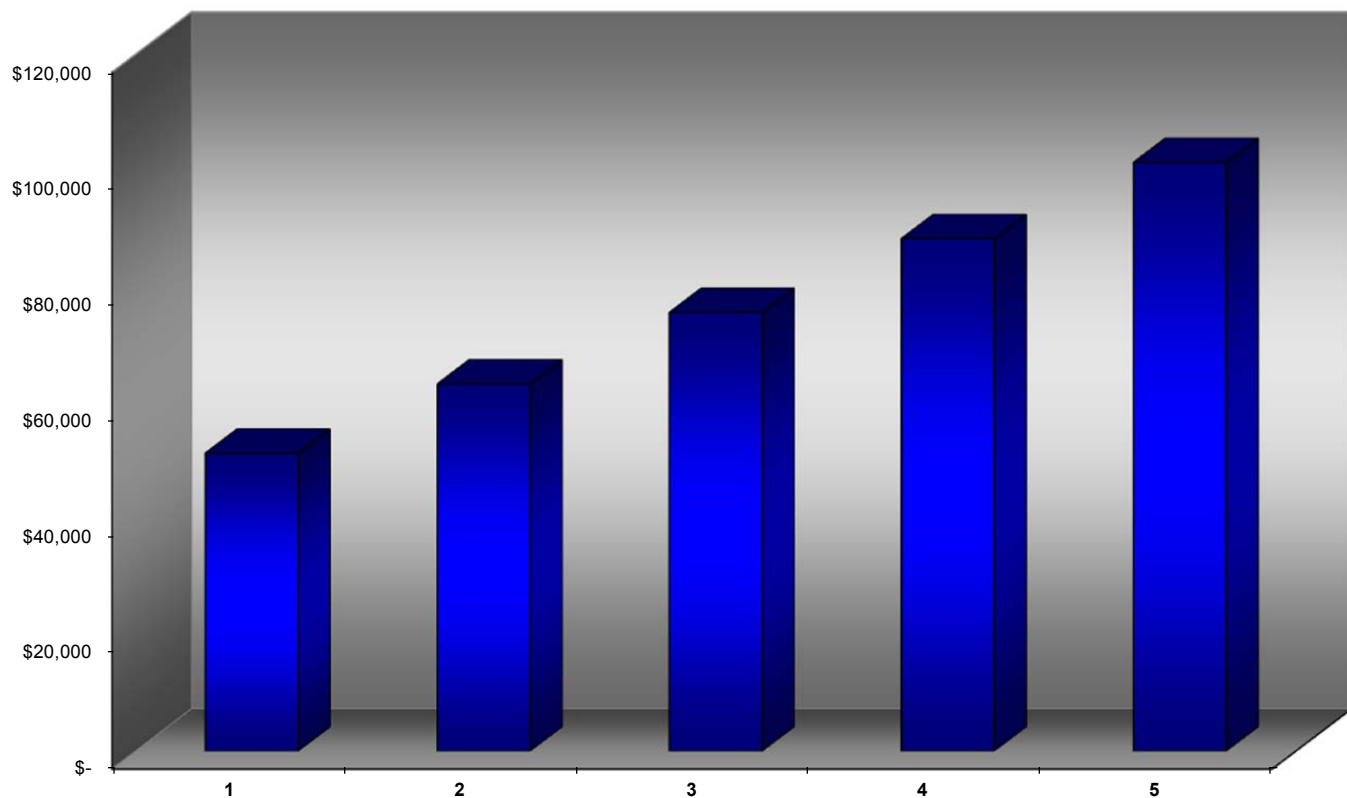
511B Glenelm Crescent  
 Waterloo, Ontario, N2L 5C7

# Property Equity Analysis



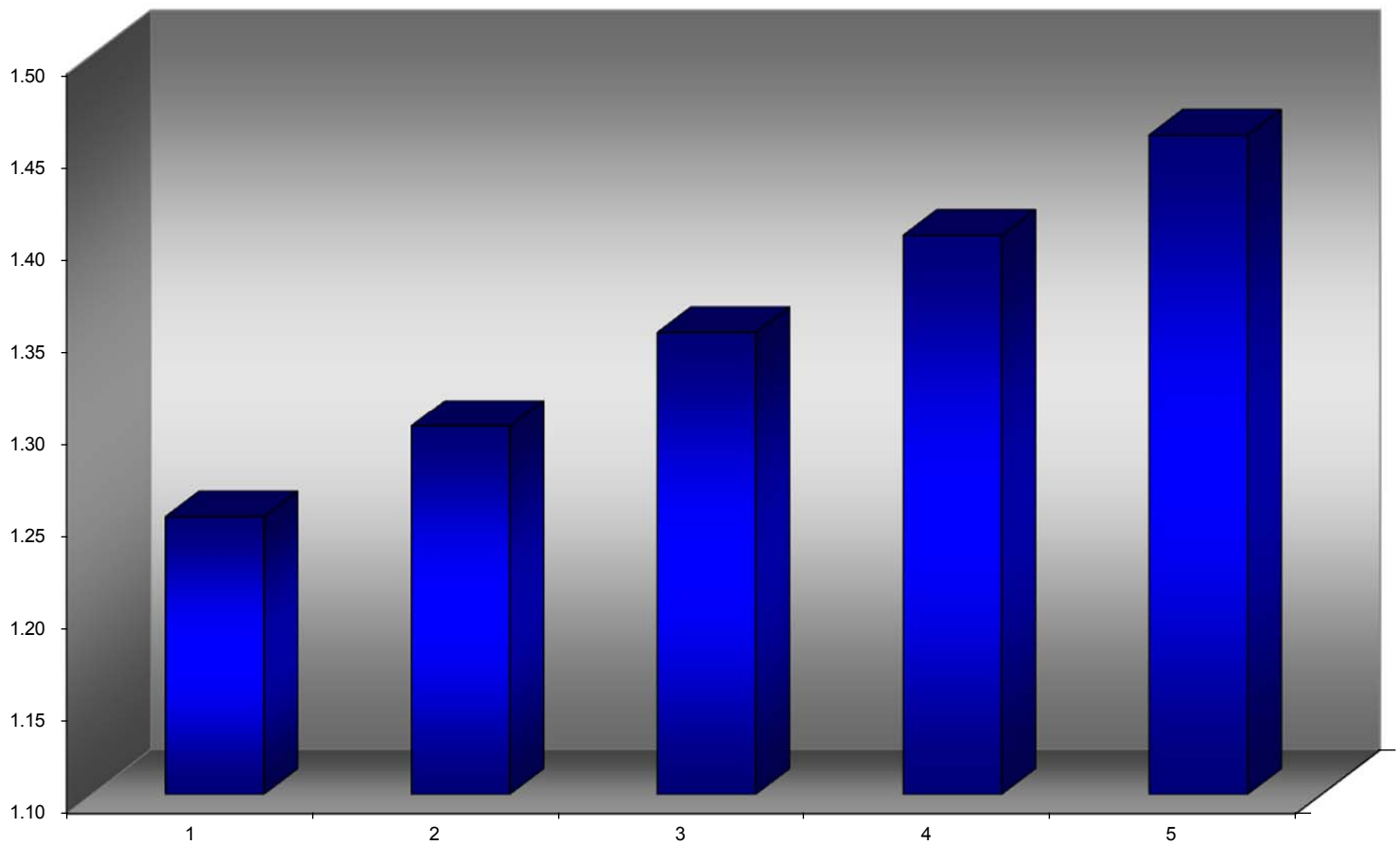
**Mike Milovick**

519 745-7000



<i>Time</i>	<i>Projected Adj</i>	<i>Projected</i>	<i>Refi Proceeds</i>	<i>Mortgage(s)</i>	<i>Sale Proceeds</i>	<i>Income Taxes</i>	<i>Sale Proceeds</i>	<i>Property</i>	<i>Year / Year</i>
<i>Period</i>	<i>Resale Value</i>	<i>Increase</i>	<i>(if any)</i>	<i>Balance Payoff</i>	<i>Before Taxes</i>	<i>From Sale</i>	<i>After Taxes</i>	<i>Equity</i>	<i>Equity Increase</i>
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



<i>Time Period</i>	<i>Net Operating Income</i>	<i>Mortgage Payments</i>	<i>Debt Coverage Before Taxes</i>
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

## Input Data Screen

511B Glenelm Crescent  
511B Glenelm Crescent  
Waterloo, Ontario, N2L 5C7

### I. Rental Income & Expenses

Rental Income / Rent Roll:

[Enter Rent Roll](#)

Operating Expenses:

[Enter Expenses](#)

### II. Property Costs & Characteristics

Select Property Type from Drop-Down Menu:

Multi-Family

Purchase Price of Property:

Contract Purchase Price

\$ 264,900

Initial Improvements

Closing Costs

2,600

Land Transfer Tax

2,449

Other Initial Costs

666

% of Cost Allocated to Land

20.00%

\$ 270,615

Reserves & Specific Improvements

Reserve Amount

1.00%

Expense Portion

50.00%

Description	Amount	Select Year	Increase FMV?
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
	\$	1	No
Total	\$		

### 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):

\$ 264,900

Enter Property's Appreciation Rate

3.00%

Future Selling Expense (% of Selling Price):

5.00%

### IV. Financing

Use % on Contract Price		Mortgage #1	Mortgage #2	Mortgage #3
Down Payment Percentage	20.0%	20.0%		
Amount Borrowed or Assumed:	\$ 211,920			
Interest Rate:	3.590%	<a href="#">Enter Loan Rate</a>	<a href="#">Enter Loan Rate</a>	
Term / Remaining Term of Loan (In Months):	360	360	360	
Interest Calculation Type:	Simple Interest	Simple Interest	Simple Interest	
Start Month:	Month 1	Month 1	Month 1	
Start Year:	Year 1	Year 1	Year 1	
Refinance Mortgage #1 or #2?		No - New Loan	No - New Loan	
Additional Monthly Payment:				
Monthly Mortgage Payment: (Formula)	\$ 962	\$	\$	
Finance Points	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Loan Origination Points	-			
Loan Origination Points (In Dollars)	\$	\$	\$	
Amortization Type	12 Months First Year			
Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)		\$	\$	\$
MIP Payments?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Down Payment as a % of Cost				21.69%
Down Payment as a % of FMV				22.16%

### V. Income Taxes

Before-Tax Presentation?

☒ Yes ☒ 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)**