

511B Glenelm Crescent

511B Glenelm Crescent
Waterloo, Ontario, N2L 5C7

\$264,900

\$24,000+ Gross Annual Income Potential

Class A4 Rental Licensed Home

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

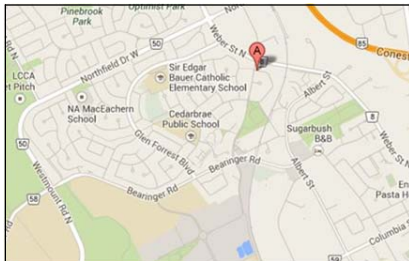
mike@teammilovick.com

15C

370 Highland Road West

Kitchener, Ontario





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Income, Expenses & Cash Flow

Potential Rental Income	\$ 24,000
Other Income	
Total Vacancy and Credits	(480)
Operating Expenses	\$ (9,081)
Net Operating Income (NOI)	\$ 14,439
Debt Service:	\$ (11,548)
Cash Flow Before Taxes	\$ 2,891

Property Overview

Purchase/Asking Price	\$ 264,900	Property Type	Multi-Family
Improvements		No. of Units	4
Other	3,115	Price Per Unit	\$ 67,654
Closing Costs	2,600	Total Sq Ft	
Finance Points		Price Per Sq Ft	
Total Acquisition Cost	\$ 270,615	Income per Unit	\$ 6,000
Mortgage (s)	\$ 211,920	Expenses per Unit	\$ (2,270)
Down Payment / Investment	\$ 58,695		

Assumptions

Rental Growth Rate:	2.90%
Expense Growth Rate:	1.00%
Appreciation Rate	3.00%

Loan Information

		<u>% of Asking</u>	<u>% of Cost</u>
Down Payment:	\$ 58,695	22.16%	21.69%
Initial Loan Balance:	\$ 211,920	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	4.93%	6.89%	11.22%
Internal Rate of Return - Before Taxes		14.15%	17.38%
Modified Internal Rate of Return - Before Taxes		13.55%	15.58%

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

Property Resale Analysis					
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)
Adjusted Projected Sales Price	\$ 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)
SALE PROCEEDS Before Taxes	\$ 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)
Total Potential CASH Generated	\$ (4,513)	\$ 10,874	\$ 27,233	\$ 44,593	\$ 62,988

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%

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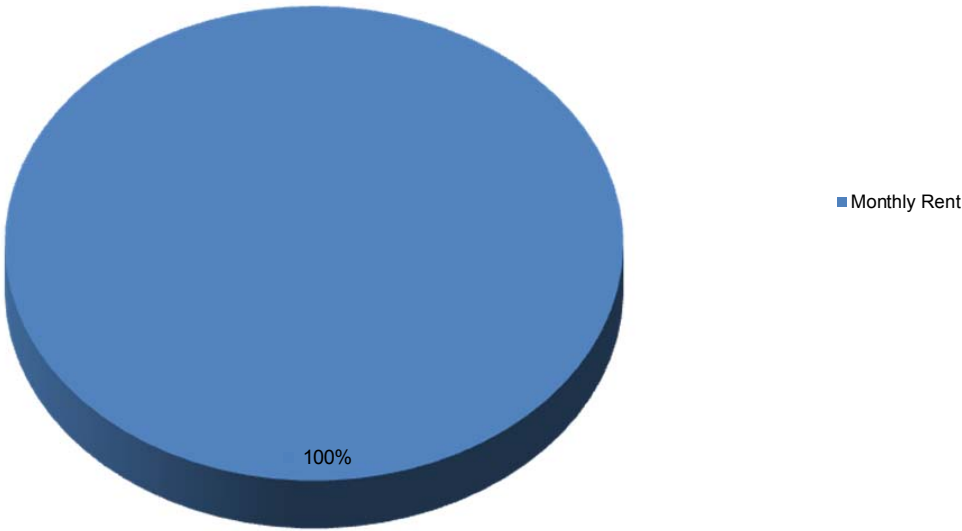
Rent Roll Summary



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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



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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	1,653	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>100.0%</u>	<u>38.6%</u>

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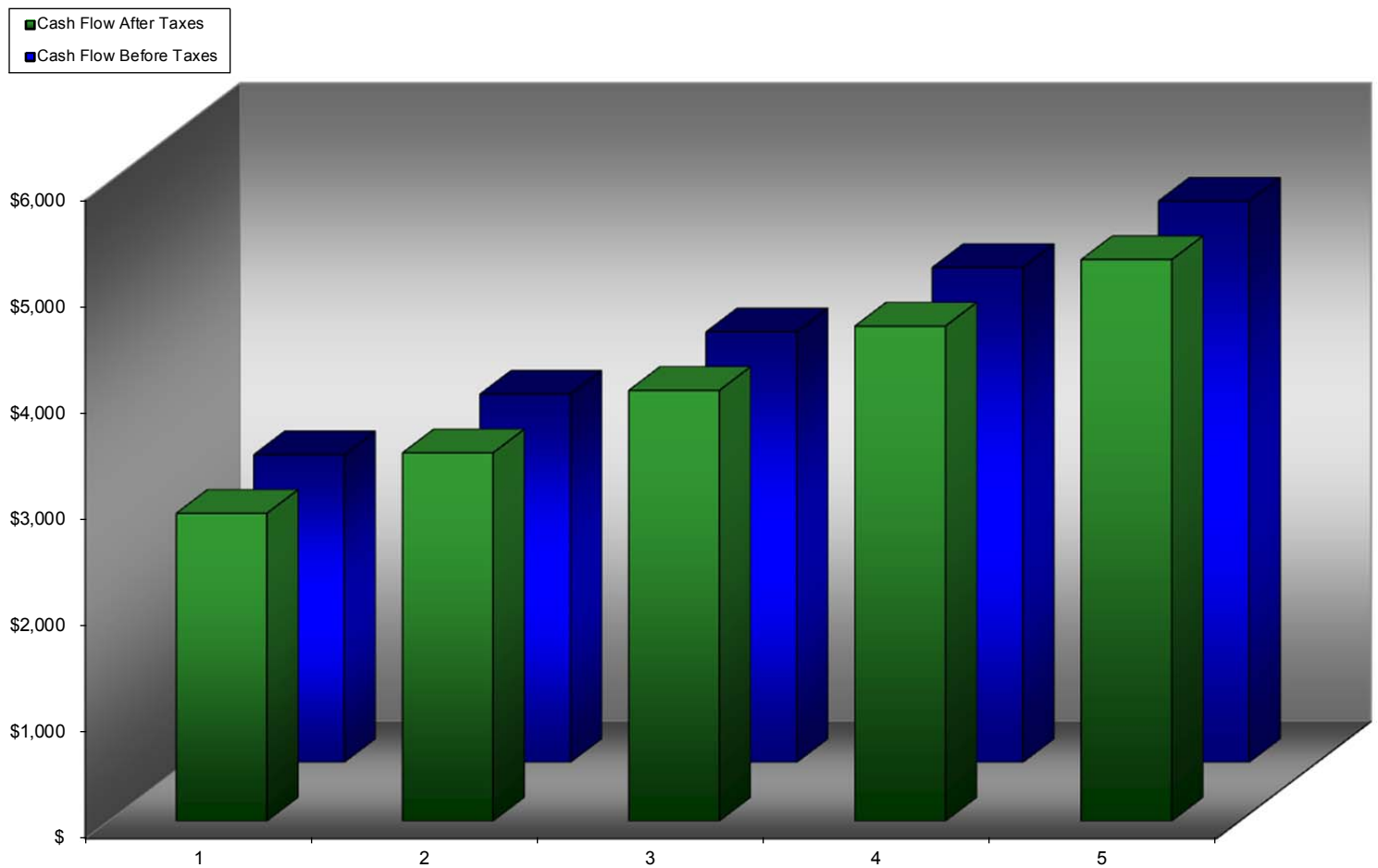
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Annual Property Operating Data

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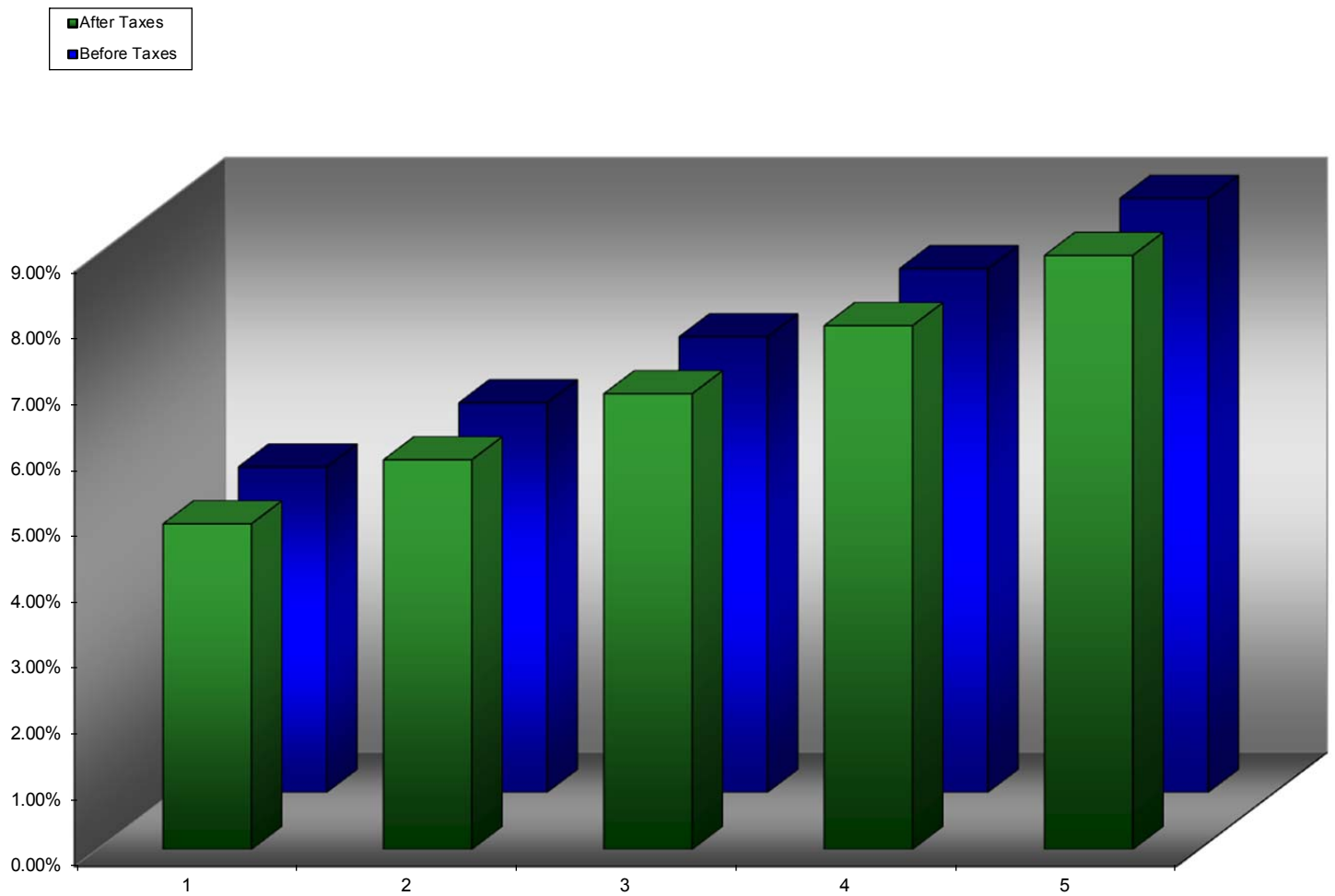
	Year 1			Year 2			Year 3			Year 4			Year 5		
	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit	\$	Sq Ft	Per Unit
Potential Rental Income	\$ 24,000		500.00	\$ 24,696	0.00	514.50	\$ 25,412		529.42	\$ 26,149		544.77	\$ 26,907		560.57
Less: Vacancy & Credit Losses	(480)		-10.00	(494)	0.00	-10.29	(508)		-10.59	(523)		-10.90	(538)		-11.21
Effective Gross Income	<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
Operating Expenses															
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
Total Operating Expenses	<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
Net Operating Income (NOI)	<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
Cash Flow Before Taxes	<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



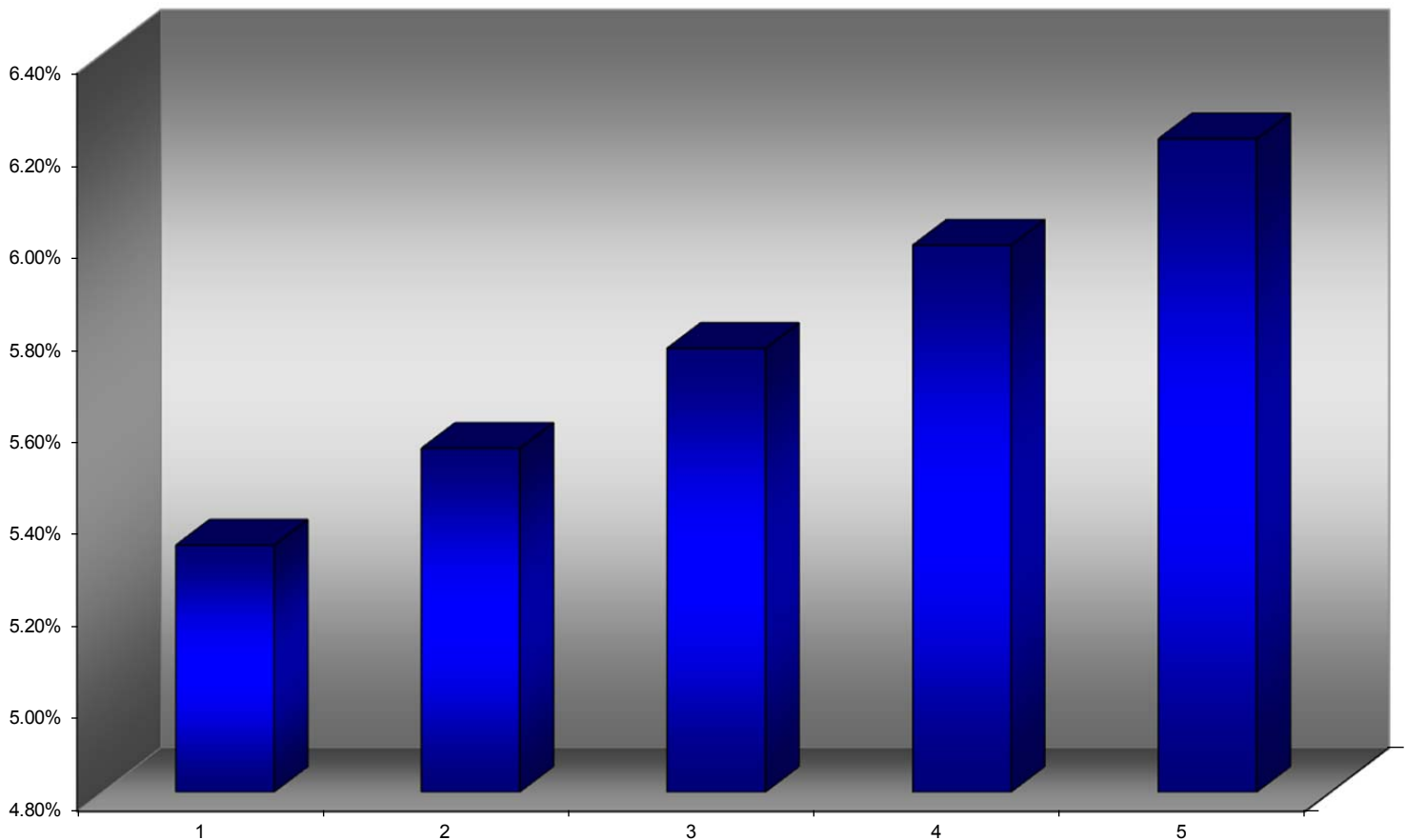
Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment				\$ (58,695)		\$ (58,695)
Year 1	14,439	-	(11,548)	2,891	-	2,891
Year 2	15,007	-	(11,548)	3,460	-	3,460
Year 3	15,594	-	(11,548)	4,046	-	4,046
Year 4	16,199	-	(11,548)	4,651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

Cash on Cash Return



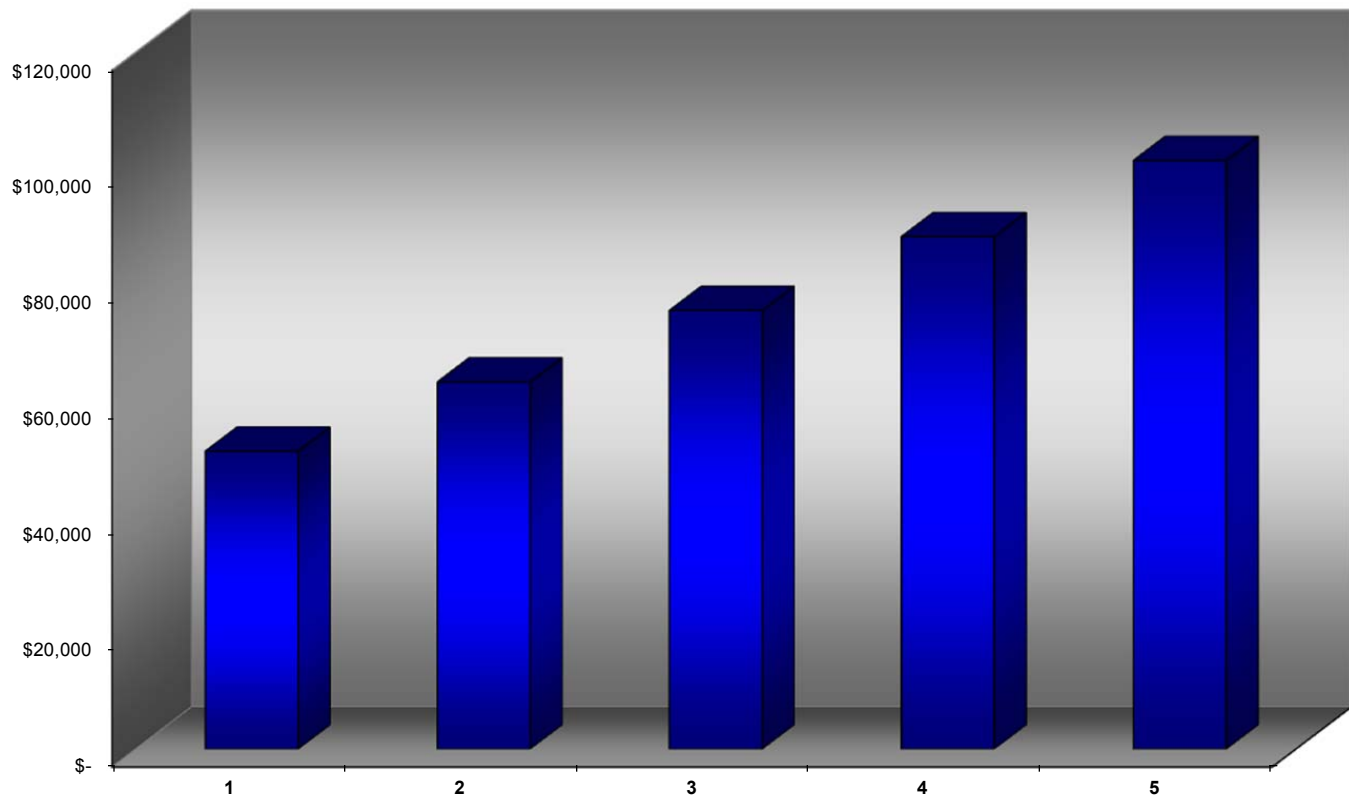
Time Period	Initial Investment Adj for Refinance	Cash Flow Before Taxes	Cash on Cash Before Taxes	Income Taxes	Cash Flow After Taxes	Cash on Cash After Taxes
Year 1	\$ 58,695	\$ 2,891	4.93%	\$ -	\$ 2,891	4.93%
Year 2	58,695	3,460	5.89%	-	3,460	5.89%
Year 3	58,695	4,046	6.89%	-	4,046	6.89%
Year 4	58,695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

Capitalization Rate



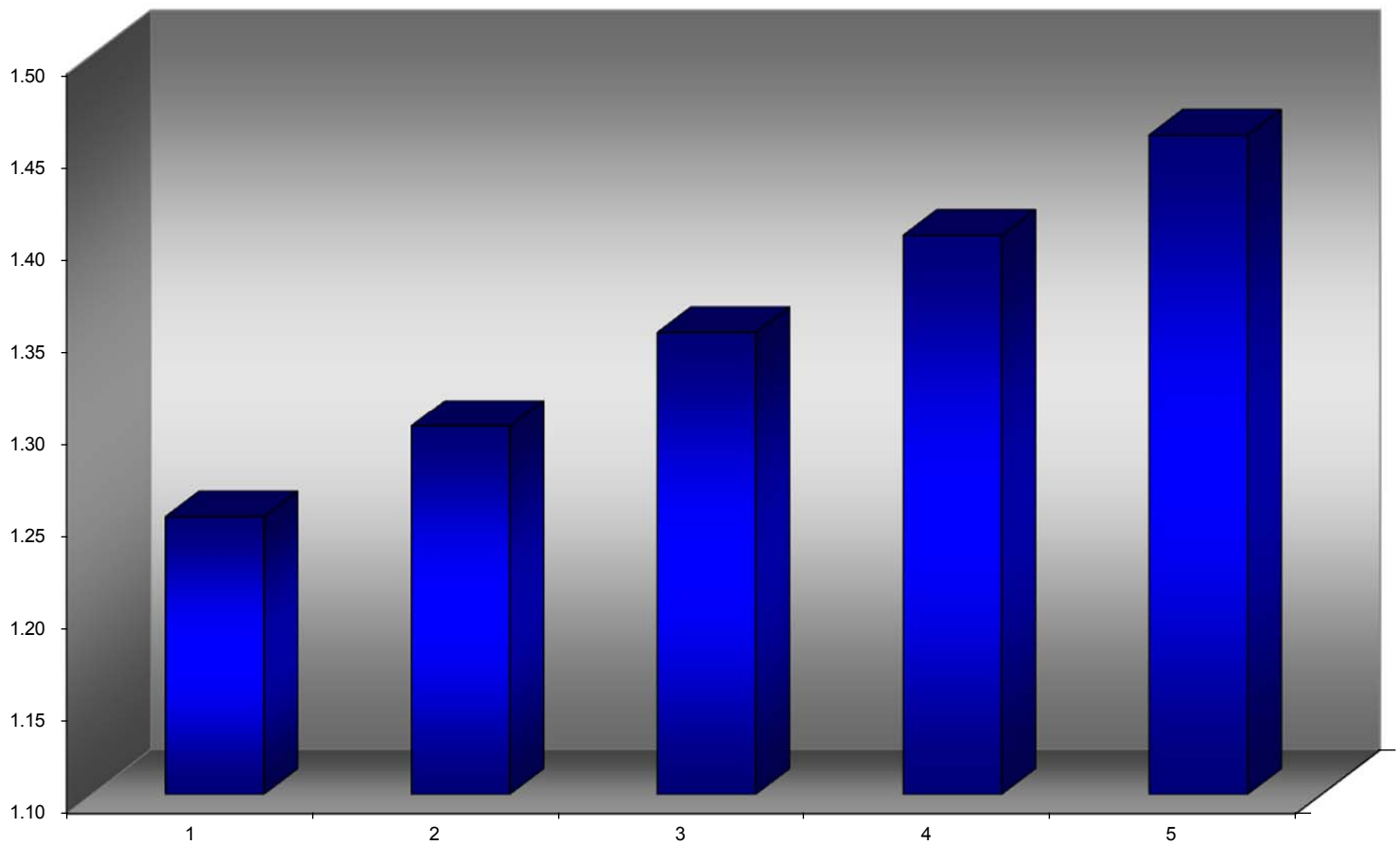
<i>Time</i>	<i>Net Operating</i>	<i>Cap Rate on Cost</i>	<i>Resale</i>
<i>Period</i>	<i>Income (NOI)</i>	<i>\$ 270,615</i>	<i>Value</i>
Year 1	\$ 14,439	5.34%	\$ 272,847
Year 2	15,007	5.55%	281,032
Year 3	15,594	5.76%	289,463
Year 4	16,199	5.99%	298,147
Year 5	16,823	6.22%	307,092

Property Equity Analysis



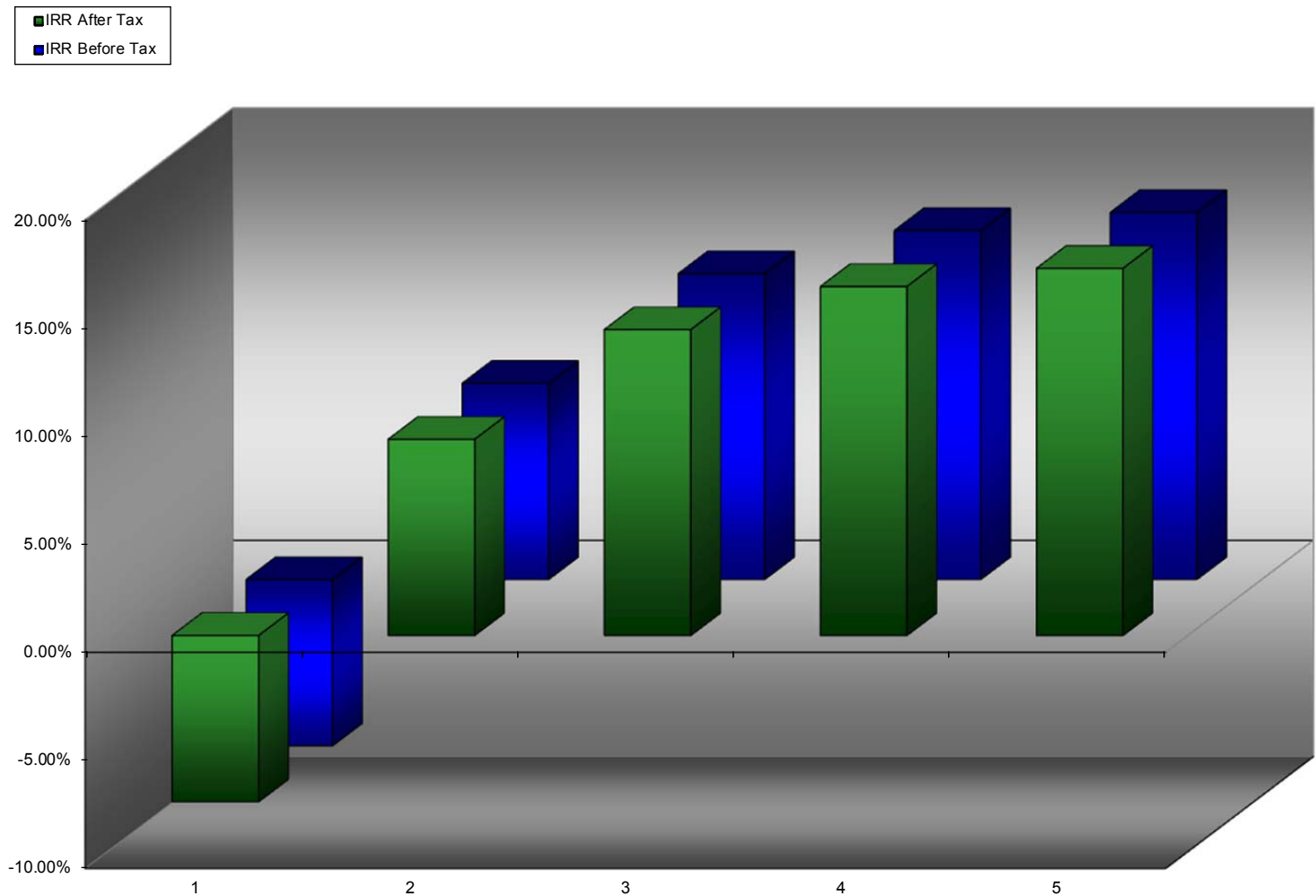
Time Period	Projected Adj Resale Value	Projected Increase	Refi Proceeds (if any)	Mortgage(s) Balance Payoff	Sale Proceeds Before Taxes	Income Taxes From Sale	Sale Proceeds After Taxes	Property Equity	Year / Year Equity Increase
Year 1	\$ 259,205	-2.15%	\$ -	\$ (207,915)	\$ 51,290	\$ -	\$ 51,290	\$ 51,290	\$ (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



<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

Internal Rate of Return



Time Period	Internal Rate of Return (IRR)	
	Before Taxes	After Taxes
Year 1	-7.69%	-7.69%
Year 2	9.07%	9.07%
Year 3	14.15%	14.15%
Year 4	16.14%	16.14%
Year 5	16.98%	16.98%

Input Data Screen

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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

Annual Increase

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

Down Payment Percentage

20.0%

Amount Borrowed or Assumed:

\$ 211,920

Interest Rate:

3.590%

[Enter Loan Rate](#)

[Enter Loan Rate](#)

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

\$

\$

Loan Origination Points

-

-

Loan Origination Points (In Dollars)

\$

\$

\$

Amortization Type

12 Months First Year

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

\$ 58,695

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
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Kitchener, Ontario

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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)