

Real Estate Investment Opportunity

Woodborough Way

Town House

Unit #156 – Woodborough Way

23rd Street – 138th Ave.

Edmonton Alberta

Contact Information

Russell Westcott

Res. Phone:

Work Phone:

Res. Fax:

Work Fax:

Cell Phone:

email:



Reality Check:

Real Estate is not a suitable investment for everyone.

Real Estate Investing has risks associated with it.

There are no guarantees that Real Estate will rise in value; in fact it could drop in value

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A. Objectives and Summary

- 1) To Purchase a positive or break even cash flow Real Estate Investment property, in the growing Edmonton Alberta market.
 - **\$105,000** – (market value)
- 2) The rental of the properties to provide positive cash flow
 - **\$ 9,900** p.a. rental income represents a yield of **9.42%**
 - Estimated Positive Cash Flow based on attached conservative Proforma **\$52.59/ month** (see attached details)
- 3) The total down payment required including all closing costs is
 - **\$28,670** see attached breakdown (appendix A)

Unit #156 - Woodborough Way Edmonton, Alberta

Property Executive Summary

The Numbers

Purchase Price	\$105,000
Appraised Value	\$105,000
Down payment	\$26,250
Mortgage (New Financing variable rate 3.75%)	\$78,750
Second Financing (VTB)	\$0
Year 1 Annual Cash Flow	\$631.02
Year 1 Mortgage reduction	<u>\$1,938.48</u>
Year 1 Profit	<u>\$2,569.50</u>
Year 1 Cash on Cash Return	2.40%
Year 1 Return on Investment	9.79%
Estimated 5 year value (5% growth/ year)	134,009
Estimated 5 year mortgage balance	\$68,289
Estimated 5 year profit (5% growth/ year)	\$39,470
<i>(Estimated 5 year Value – Mortgage Balance – Down payment)</i>	
Estimated 5 year Return on Investment	<u>150%</u>

Summary:

The Property

Year constructed	1978
Sq ft	1,109 sq ft
Rooms	6 rooms, 3 Bedrooms, 1 bathroom
Appliances Included	Refrigerator, Stove, Washer and Dryer
Taxes	\$872 (2004)
Condo Fees	\$134, include, Lawn and snow care, External maintenance, Insurance and Reserve fund

Foundation
Construction
Roof

Concrete
Frame
Asphalt shingles

Key Features:

The Benefits

Newly upgraded 3-bedroom townhouse in small, well-managed complex, turnkey investment opportunity. Strong positive cash flow and equity appreciation opportunity!

Very spacious, clean 3-bedroom townhouse located in very desirable North East Edmonton.

Immaculate condition, newly upgraded carpets & flooring. Updated kitchen and bathrooms. Very clean & modern, will attract higher than market rents.

Market comparables- 2 recent sales in complex (see attached)

\$104,000 (unit #126)- 04/27/05

\$106,600 (unit #153)- 06/27/05

Tenants, Property Management and Exit Strategy

Tenants

Similar units in Area are renting between \$775 - \$850

Closing strategy to negotiate mid January closing, with right of access to market house to potential renters for February move in. Will provide 7 weeks to find the right equity-building tenant.

Property Management
Strategy

ABC Management Co. to find Equity building tenant and provide full service Property management services.

Exit Strategy

Buy/ hold (5- 7 years), keep property in good shape, renting to equity building tenants. Sell property to tenant after holding period.

Unit #156 - Woodborough Way
Edmonton, Alberta

FIRST YEAR PRO-FORMA CASH FLOW ANALYSIS

PURCHASE PRICE **\$105,000.00**

APPRAISED VALUE **\$105,000.00**

Financial Breakdown

Sale Price		\$105,000.00
Down Payment	25.0%	\$26,250.00
First Mortgage (New Financing, Variable rate @ 3.75%)	75.0%	\$78,750.00
Second Mortgage	0.0%	\$0.00

Income

		Monthly	Annual
Market Rent		\$825.00	
Vacancy factor	5.00%	<u>-\$41.25</u>	
Income (1 st Year)		\$783.75	\$9,405.00

Expenses

Property Taxes		<u>-\$72.67</u>
Condo Fees (include Insurance, Lawn and Snow care, External maintenance and Reserve fund)		<u>-\$134.00</u>
Repairs and Maintenance factor	5%	<u>-\$41.25</u>
Property Management (% of Actual Rent)	10%	<u>-\$78.38</u>
Property Management- Rental Pool Admin		\$0.00
Property Management- Resident Manager		<u>\$0.00</u>
Total Expenses		<u>-\$326.30</u>

Cash Flow Before Debt Payment **\$457.46** **9,405.00**

First Mortgage Payment (3.75% interest + principle)		<u>-\$404.87</u>	<u>-\$4,858.44</u>
Second Mortgage Payment		\$0.00	\$0.00

Cash Flow		<u>\$52.59</u>	<u>\$631.02</u>
Mortgage Principle reduction		<u>\$161.54</u>	<u>1,938.48</u>
<u>TOTAL CASH FLOW</u>		<u>\$214.13</u>	<u>\$2,569.50</u>

Pre- Tax CASH ON CASH RETURN **2.40%**

RETURN ON EQUITY **9.79%**

Unit #156 - Woodborough Way
Edmonton, Alberta

CASH TO CLOSE PROJECTION

Down Payment	\$26,250.00
Immediate Renovations	\$0.00
Approximate closing costs	
Inspection	\$350.00
Value Appraisal	\$250.00
Legal Costs	\$995.00
Tenant costs (agent, marketing, reserve)	\$0.00
Staying Power Fund (1 month rent)	<u>\$825.00</u>
Total Estimate Cash To Close	<u>\$28,670</u>

Unit #156 - Woodborough Way
Edmonton, Alberta

Appendix

1. Pictures
2. 5- year Investment Analysis
3. Property Value & Debt Analysis
4. Property Cash Flow Analysis
5. Property Condition Report
6. Market comparables

Unit #156 - Woodborough Way
Edmonton, Alberta

Pictures

Exterior:



Well-maintained building complex, new paint on exterior.
Grounds immaculately landscaped and high pride of ownership through out complex.

Living Room:



Very Clean and Modern, recently upgraded flooring, doors and windows.
Will attract higher end tenant.

Bathroom:



New sinks, Tubs, vanities and toilet.

Master Bedroom



3 large bright clean bedrooms.

Kitchen



Updated Kitchen bright and clean, new lino and new appliances

Misc Pictures:



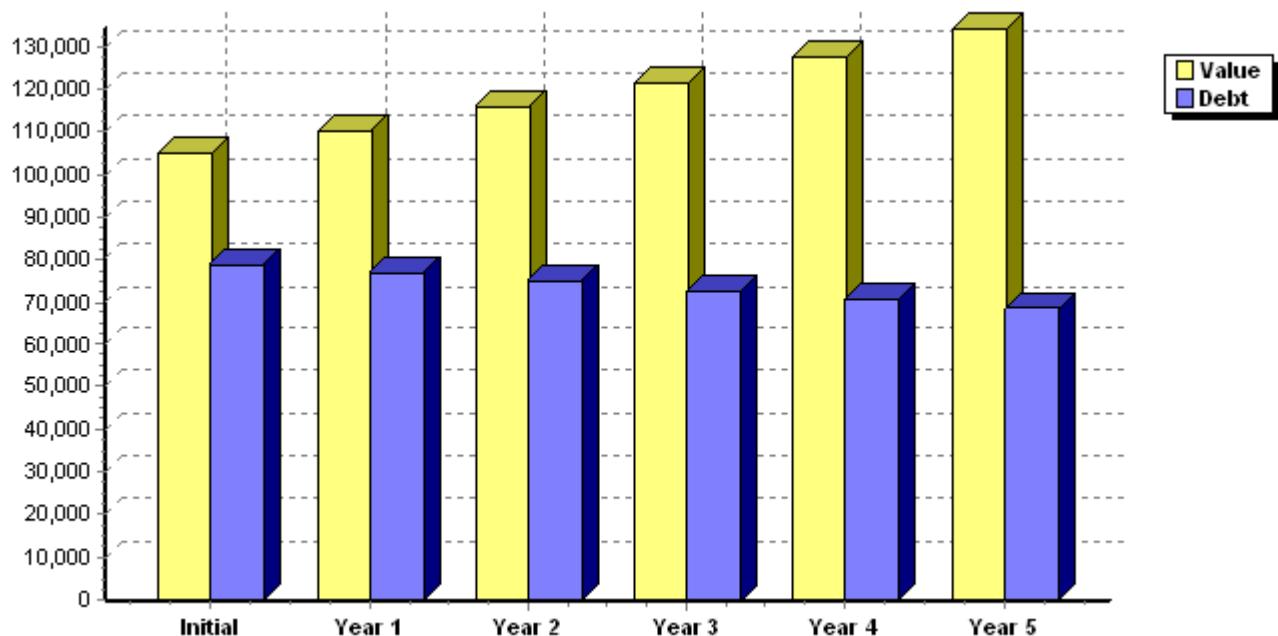
Property Name 156 Woodborough Way, Edmonton, Alberta

Location CANADA

Purchase Price	\$105,000.00	Market Value	\$105,000.00
Closing Costs	\$2,420.00	Cash In	\$28,670.00
Total Cost	\$107,420.00	Loan Amount	\$78,750.00
Building Value	\$89,250.00	Loan Cost	\$0.00
Contents	\$5,000.00	Annual Rent	\$9,405.00
Expenses	\$2,975.04	Management	\$940.50



Property value and debt



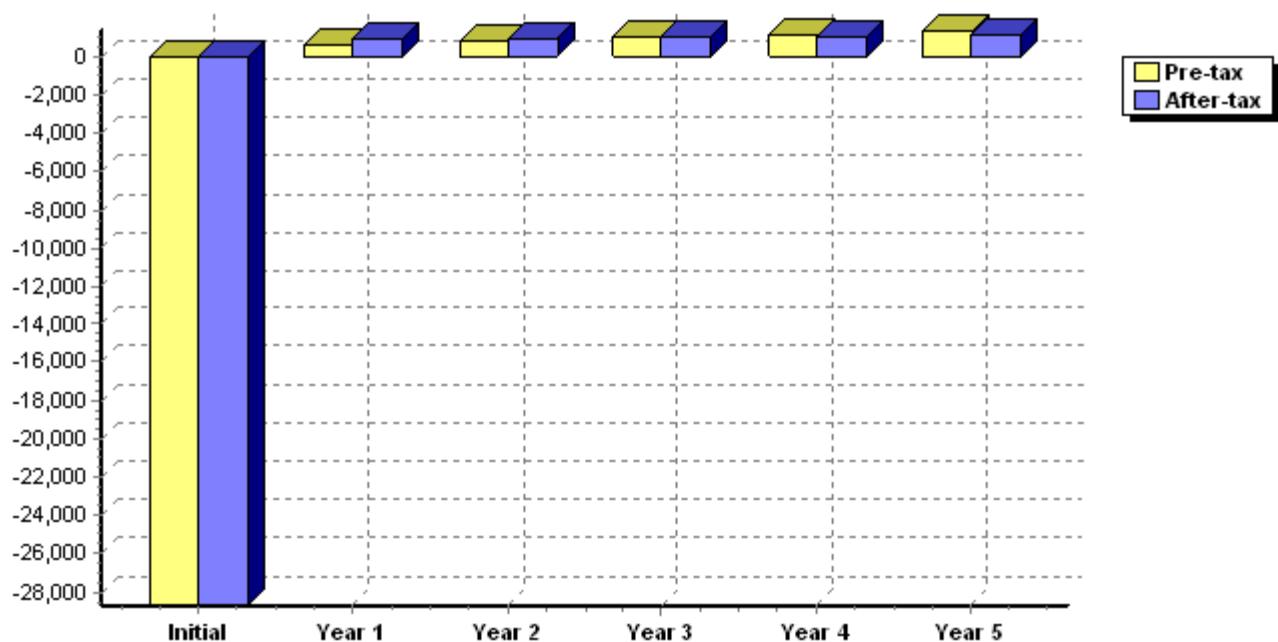
	Growth rate	Property value	Amount owing	Equity
Initial		105,000.00	78,750.00	26,250.00
Year 1	5.00%	110,250.00	76,811.49	33,438.51
Year 2	5.00%	115,762.50	74,799.03	40,963.47
Year 3	5.00%	121,550.62	72,709.79	48,840.83
Year 4	5.00%	127,628.16	70,540.84	57,087.32
Year 5	5.00%	134,009.56	68,289.14	65,720.42

Property Name 156 Woodborough Way, Edmonton, Alberta
Location CANADA

Purchase Price	\$105,000.00	Market Value	\$105,000.00
Closing Costs	\$2,420.00	Cash In	\$28,670.00
Total Cost	\$107,420.00	Loan Amount	\$78,750.00
Building Value	\$89,250.00	Loan Cost	\$0.00
Contents	\$5,000.00	Annual Rent	\$9,405.00
Expenses	\$2,975.04	Management	\$940.50



Property cash flow



	Rental income	Loan payments	Rental expenses	Pre-tax cash flow	Tax credit	After-tax cash flow
Initial				-28,670.00		-28,670.00
Year 1	9,405.00	4,858.54	3,915.54	630.92	269.58	900.50
Year 2	9,687.15	4,858.54	4,033.01	795.60	142.37	937.97
Year 3	9,977.76	4,858.54	4,154.00	965.22	24.52	989.74
Year 4	10,277.10	4,858.54	4,278.62	1,139.94	-86.39	1,053.55
Year 5	10,585.41	4,858.54	4,406.97	1,319.90	-192.27	1,127.63

MLS# None	SF	Condo	Duplex	Address: 156 Woodborough Way
Exterior	Condition		Comments	
Roof	newer	ok	repair	replace
Siding	newer	ok	repair	replace
Soffits, Facia, Eaves	newer	ok	repair	replace
Windows	newer	ok	repair	replace
Driveway, sidewalks	newer	ok	repair	replace
Fence(s)	newer	ok	repair	replace
Deck(s)	newer	ok	repair	replace
Landscape	newer	ok	repair	replace
Door(s)	newer	ok	repair	replace
Garage	newer	ok	repair	replace
				Newer patio doors.
				N/A
Interior				
Living Room				
Window Covering(s)	newer	ok	repair	replace
Paint	newer	ok	repair	replace
Flooring	newer	ok	repair	replace
Baseboards, Trim	newer	ok	repair	replace
Plugs & Switches	newer	ok	repair	replace
Light Fixture(s)	newer	ok	repair	replace
				N/A
Kitchen				
Cupboards	newer	ok	repair	replace
Countertops	newer	ok	repair	replace
Sinks & Fittings	newer	ok	repair	replace
Flooring	newer	ok	repair	replace
Light Fixture(s)	newer	ok	repair	replace
Plugs & Switches	newer	ok	repair	replace
Paint	newer	ok	repair	replace
Refridgerator	newer	ok	repair	replace
Stove (E) (G)	newer	ok	repair	replace
Dishwasher	newer	ok	repair	replace
				N/A
Dining Room				
Paint	newer	ok	repair	replace
Flooring	newer	ok	repair	replace
Baseboards, Trim	newer	ok	repair	replace
Plugs & Switches	newer	ok	repair	replace
Light Fixture(s)	newer	ok	repair	replace
Bedrooms	(1)	(2)	(3)	(4)
Paint	newer	ok	repair	replace
Flooring	newer	ok	repair	replace
Baseboards, Trim	newer	ok	repair	replace
Plugs & Switches	newer	ok	repair	replace
Light Fixture(s)	newer	ok	repair	replace
Door(s)	newer	ok	repair	replace
				No closet doors in 2 smaller bedrooms.

Ensuite or 1/2 Bath	N/A			
Vanity	newer	ok	repair	replace
Counter	newer	ok	repair	replace
Sink & Fittings	newer	ok	repair	replace
Mirror	newer	ok	repair	replace
Toilet	newer	ok	repair	replace
Tub & Surround	newer	ok	repair	replace
Flooring	newer	ok	repair	replace
Paint	newer	ok	repair	replace
Fan	newer	ok	repair	replace
Light Fixture(s)	newer	ok	repair	replace
Main Bathroom				
Vanity	newer	ok	repair	replace
Counter	newer	ok	repair	replace
Sink & Fittings	newer	ok	repair	replace
Mirror	newer	ok	repair	replace
Tub Surround	newer	ok	repair	replace
Tub & Fittings	newer	ok	repair	replace
Toilet	newer	ok	repair	replace
Flooring	newer	ok	repair	replace
Paint	newer	ok	repair	replace
Fan	newer	ok	repair	replace
Light Fixture(s)	newer	ok	repair	replace
Door	newer	ok	repair	replace
Basement	Fully	Partly	Suite	
Flooring	newer	ok	repair	replace
Light Fixtures	newer	ok	repair	replace
Plugs, Switches	newer	ok	repair	replace
Bedrooms	(1)	(2)	(3)	
Bathroom(s)				
Family Room				
Kitchen				
Washer	newer	ok	repair	replace
Dryer	newer	ok	repair	replace
Furnace	newer	ok	repair	replace
Hot Water Tank	newer	ok	repair	replace
Electrical	(60amp)		(100amp)	
Plumbing	newer	ok	repair	replace
Additional Comments: All appliances stay. The seller is buying a house and takes possession in January. Although I do believe the condo is over priced at \$109,000, I gave the owner comparables of others sold in the same complex since the new year. These comparables show he is over priced.				
Agent: Debbie Jeannotte	Date: October 25th, 2005			

JASON MATTERN

SUTTON CENTRAL COMMERCIAL REAL E

Sunday, November 13, 2005

COMPARATIVE MARKET ANALYSIS



1 / 8

Sold

10290

ST2

Rms 6

TOWNH

Bannerman

Edmonton

E3027267

Bdrms: 3

Sq.Ft: 1108.7

List Price: 102,900

Beds: 3 / 3 Garage: STALL

Sq M: 103.0

CTM: 102,900

Bath: F 1 H Fireplace:

Lot Front:

Sold Price: 104,000

Year Blt: 1978 Basement: FULL- P-FIN

Faces: S

Sold Pr/SqFt: \$94

Taxes: 872 -2004 Occupancy: SELLR

Shape:

Sold Date 04/27/05

ROYAL LEPAGE WESTGATE REAL EST

DOM: 9

Bright & cheery, fresh paint on walls, cupboards, ceilings. New railing going upstairs, new laminate floor in kitchen. Track lighting in kitchen. New windows, new decking for patio. Basement 80% complete.

126 WOODBOROUGH WY NW

Woodborough Way

Condo Fee: \$ 134.00

Sold

10290

ST2

Rms 6

TOWNH

BANNERMAN

Edmonton

E3033492

Bdrms: 3

Sq.Ft: 1149.9

List Price: 109,900

Beds: 3 / 3 Garage: STALL

Sq M: 106.8

CTM:

Bath: F 1 H Fireplace:

Lot Front:

Sold Price: 106,000

Year Blt: 1978 Basement: FULL- F-FIN

Faces: N

Sold Pr/SqFt: \$92

Taxes: 852 -2005 Occupancy: VACNT

Shape: REC

Sold Date 06/27/05

DOM: 13

RE/MAX ELITE
This 3 bedroom end unit is a 10 out of 10 and has been completely renovated from top to bottom. New flooring, paint, fixtures, kitchen, bathroom, doors and frames, blinds, lighting, windows and backyard landscaping. This unit also has 5 appliances - just move in.

153 WOODBOROUGH WY

Woodborough Way

Condo Fee: \$ 131.00

RES A CMA Client