

Real Estate Investment Opportunity

Woodborough Way

Town House

Unit #156 – Woodborough Way

23rd Street – 138th Ave.

Edmonton Alberta

Contact Information

Russell Westcott

Res. Phone:

Res. Fax:

Cell Phone:

Work Phone:

Work Fax:

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	150%

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	Concrete
Construction	Frame
Roof	Asphalt shingles

The Benefits

Key Features: **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

<u>Income</u>	<u>Monthly</u>	<u>Annual</u>
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		<u>\$0.00</u>
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>
TOTAL CASH FLOW	<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:



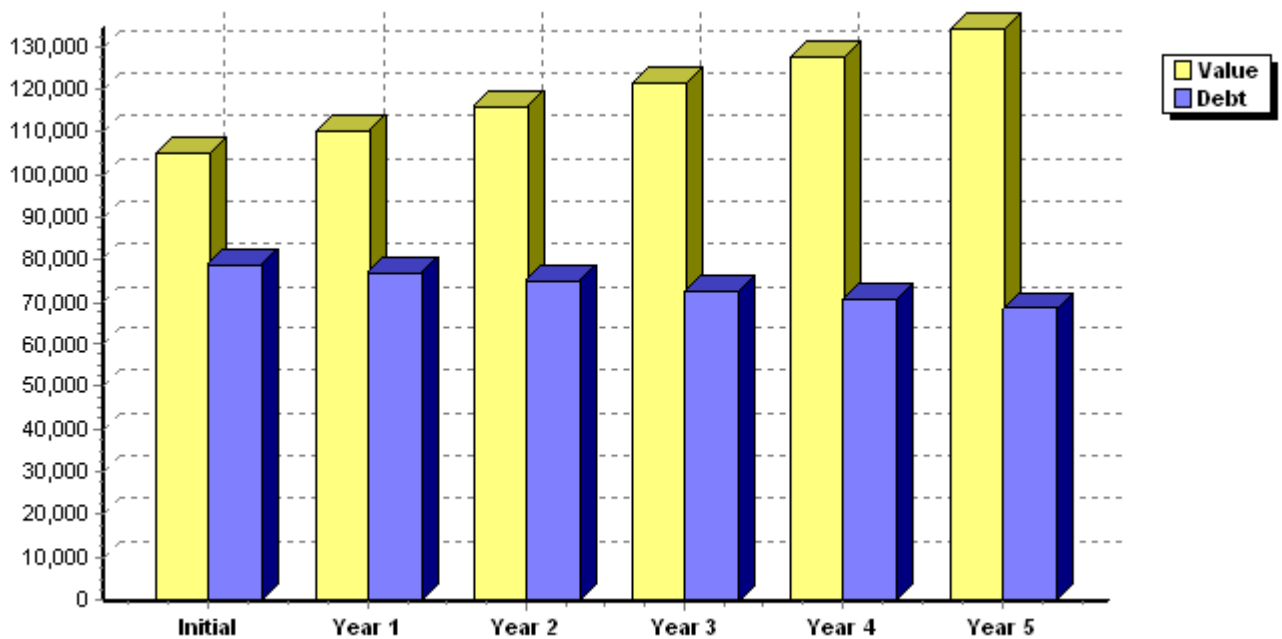
Property Name 156 Woodborough Way, Edmonton, Alberta

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



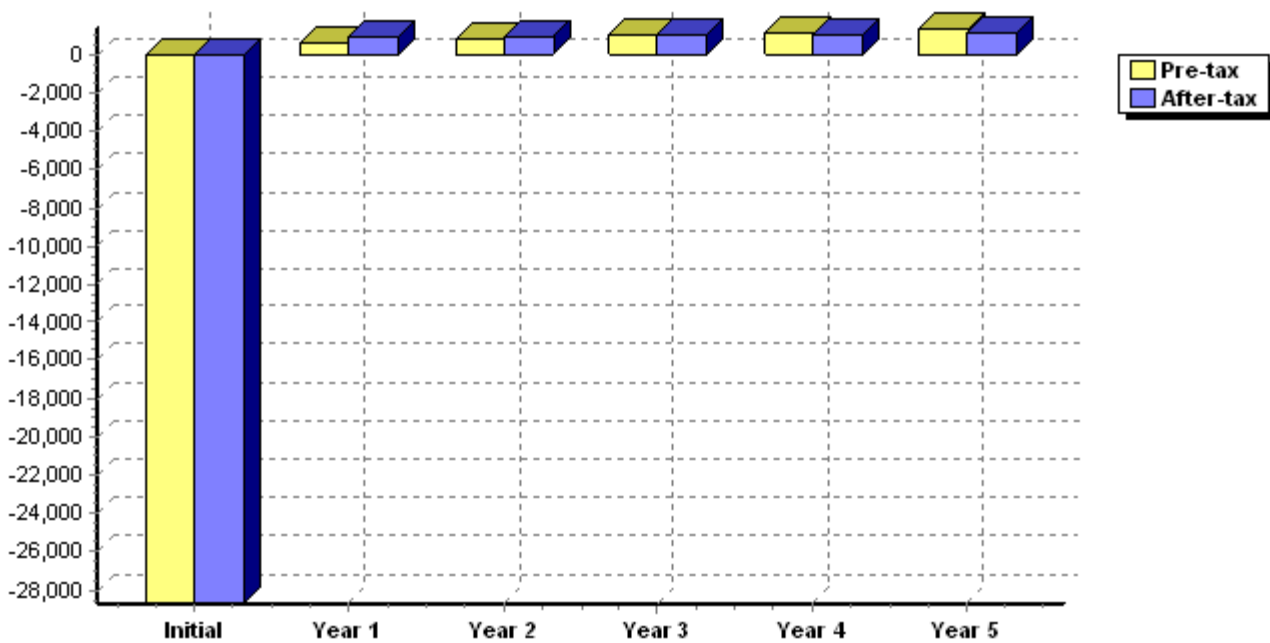
	Growth rate	Property value	Amount owing	Equity
Initial		105,000.00	78,750.00	26,250.00
Year 1	5.00%	110,250.00	76,811.49	33,438.51
Year 2	5.00%	115,762.50	74,799.03	40,963.47
Year 3	5.00%	121,550.62	72,709.79	48,840.83
Year 4	5.00%	127,628.16	70,540.84	57,087.32
Year 5	5.00%	134,009.56	68,289.14	65,720.42

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	Newer patio doors.
Garage	newer	ok	repair	replace	N/A
Interior					
Living Room					
Window Covering(s)	newer	ok	repair	replace	
Paint	newer	ok	repair	replace	
Flooring	newer	ok	repair	replace	Parquet
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	Painted, new hardware
Countertops	newer	ok	repair	replace	
Sinks & Fittings	newer	ok	repair	replace	
Flooring	newer	ok	repair	replace	Laminate
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	Parquet
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	Berber is going two different ways in Master Bdrm.
Baseboards, Trim	newer	ok	repair	replace	None in Master Bdrm.
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	Stick Tile.
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	One room has new laminate in it and the other has old lino.
Light Fixtures	newer	ok	repair	replace	
Plugs, Switches	newer	ok	repair	replace	
Bedrooms	(1)	(2)	(3)		
Bathroom(s)					
Family Room					Basically, one room is newer and has been repaired
Kitchen					while the other one is older and dated.
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**126 WOODBOROUGH WY NW**

Woodborough Way

Condo Fee: \$ 134.00

Sold**10290.
ST2****Rms 6**

Beds: 3 / 3

Bath: F 1 H

Year Blt: 1978

Taxes: 872 -2004

ROYAL LEPAGE WESTGATE REAL EST

TOWNH**Bannerman****Bdrms: 3**

Garage: STALL

Fireplace:

Basement: FULL - P-FIN

Occupancy: SELLR

Sq.Ft: 1108.7**Sq M: 103.0**

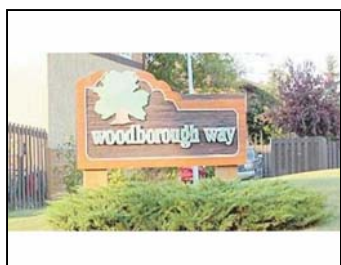
Lot Front:

Faces: S

Shape:

Edmonton**E3027267****List Price: 102,900****CTM: 102,900****Sold Price: 104,000****Sold Pr/SqFt: \$94****Sold Date 04/27/05****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.

**153 WOODBOROUGH WY**

Woodborough Way

Condo Fee: \$ 131.00

Sold**10290.
ST2****Rms 6**

Beds: 3 / 3

Bath: F 1 H

Year Blt: 1978

Taxes: 852 -2005

RE/MAX ELITE

TOWNH**BANNERMAN****Bdrms: 3**

Garage: STALL

Fireplace:

Basement: FULL - F-FIN

Occupancy: VACNT

Sq.Ft: 1149.9**Sq M: 106.8**

Lot Front:

Faces: N

Shape: REC

Edmonton**E3033492****List Price: 109,900****CTM:****Sold Price: 106,000****Sold Pr/SqFt: \$92****Sold Date 06/27/05****DOM: 13**

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.

RES A CMA Client