**PROPERTY ACQUISTION PROPOSAL**

**House and Mill, near Williamsburg Ontario**

As of November 09, 2018

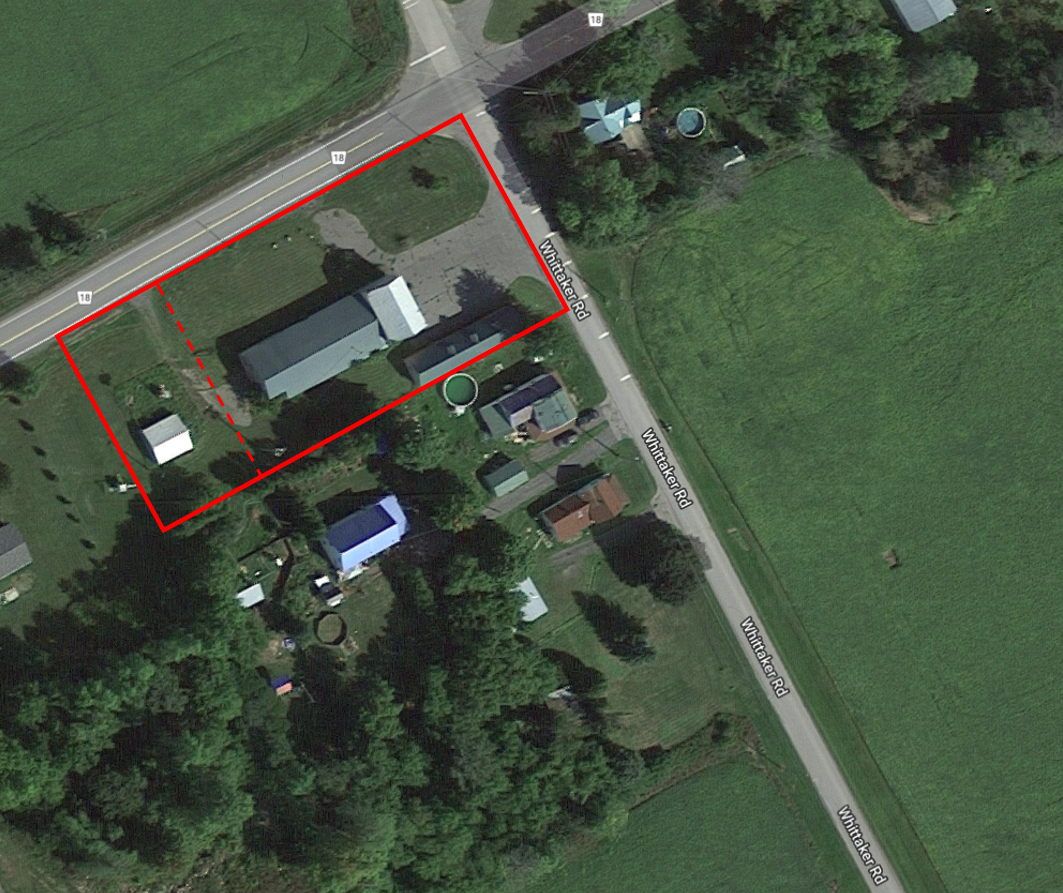
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| Property Address: | Near Williamsburg ON |
| Property Description & Opportunity Relevant Info.: | 4-Bedroom Custom Converted Carriage House and WoodWorking Barn/Mill. Severance of empty lot on west side of property possible.  Property zoned Residential. This is a recent change from Industrial to Residential. Property has a current environmental test and is sound.  Parking lot for 10 cars.  Located on the former primary route to Ottawa from Hwy 2, at the cross-roads of Bouck’s Hill, 5 minutes from Williamsburg. |
| Price: | $135,000 |
| Appraisal | 2006 by Affiliate Appraisers for $300,000. |
| Market Value | 2018-19 $340,000 |
| Zoning | R1 |
| Buildings/Structures: | 1. Residential building. Originally a carriage house, converted by current owner into a 3-bedroom single-family dwelling that is to code. 2. Commercial-Industrial building. Previously used as a woodworking mill. |
| Current Use | 1. Vacant house – can be rented for $950/mo plus utilities. 2. Vacant commercial-industrial building – can be rented separately from house, or included in the house rental. |
| Proposed Use/Development: | Maintain the property as a rental with shop/business. Sever the back of the property and develop 4-unit multi-residential rental to hold, long-term. Asset value of this Armour Development real estate project is estimated at $750k (cost to build $600k). |
| Investment | $41,000 (for purchase down-payment and 1st mortgage through bank)   * 3 year term, at 12% ROI, paid at the end of the term. * investor would be listed on title for the duration of the first mortgage, or until the refinance date (between 6 mo-1 yr). * investor will net a cashflow from NOI, up to ~30% for the duration of the agreement * Investor will retain 50% ownership of the property under a JV agreement. * Ownership will convert to a majority owned by Armour at a future date at the end of the JV. |
| Cash-Flow Investment Strategy | Refinance the first mortgage after 6 mos – 1 year to unlock equity. This equity will be applied to:  a) repay up to 100% of investor(s) principal equity investment;  b) operationalize the mill/furniture/construction business on site;  c) soft development costs for the 4-plex severance, zoning, investor relations and design. |
| Cash Flow Projections | **3-Year Gross Cash-Flow Projections**   |  |  |  |  | | --- | --- | --- | --- | | **Rents** | **Year 1** | **Year 2** | **Year 3** | | House (3-bdrm) | $11,400 | $11,628 | $11,860 | | 4-Plex | $48,000 | $48,960 | $49,939 | | Mill Rental | $6,000 | $6,120 | $6,242 | | **Annual Total** | **$65,400** | **$66,708** | **$68,042** | | Annual **\*Mill Co.** Total | $50,000 | $100,000 | $150,000 | | **Gross Cash-Flow** | **$115,400** | **$166,708** | **$218,042** | |

**\*Wood Mill, Construction Co. and Furniture Studio Business Strategy**

The Mill would produce base board, trim and construction materials for large builders and the Furniture studio would build one of a kind pieces and sell these to larger client markets and online. Concepts <https://www.pinterest.ca/johnmeharg/startuphouseca/>

The Mill and Studio should generate an annual revenue of approx. $200k top line income per year by year 3. This would be divided by equity partners after operating expenses.

**Aerial View of Property:**

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* Dotted line denotes area for possible residential property severance on the west side of the lot.

**Property Location:**

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**Site Photos**

**East View of Carriage House and Lumber Mill**

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**Houses to the South of the Carriage House**

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**North View of Lumber Mill, right side of track possible for residential severance**

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**Mill and North-East Corner of Property**

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