

**Investment Summary**

Weiss Investment Group has acquired a 16 unit apartment building located at 18 Jay Street in the bustling University Heights neighborhood in Newark, NJ.

Each of the 16 apartments have undergone an extensive renovation and feature brand new appliances, flooring, kitchen cabinetry, and plumbing/electric fixtures. All units consist of one bedroom and one bathroom.

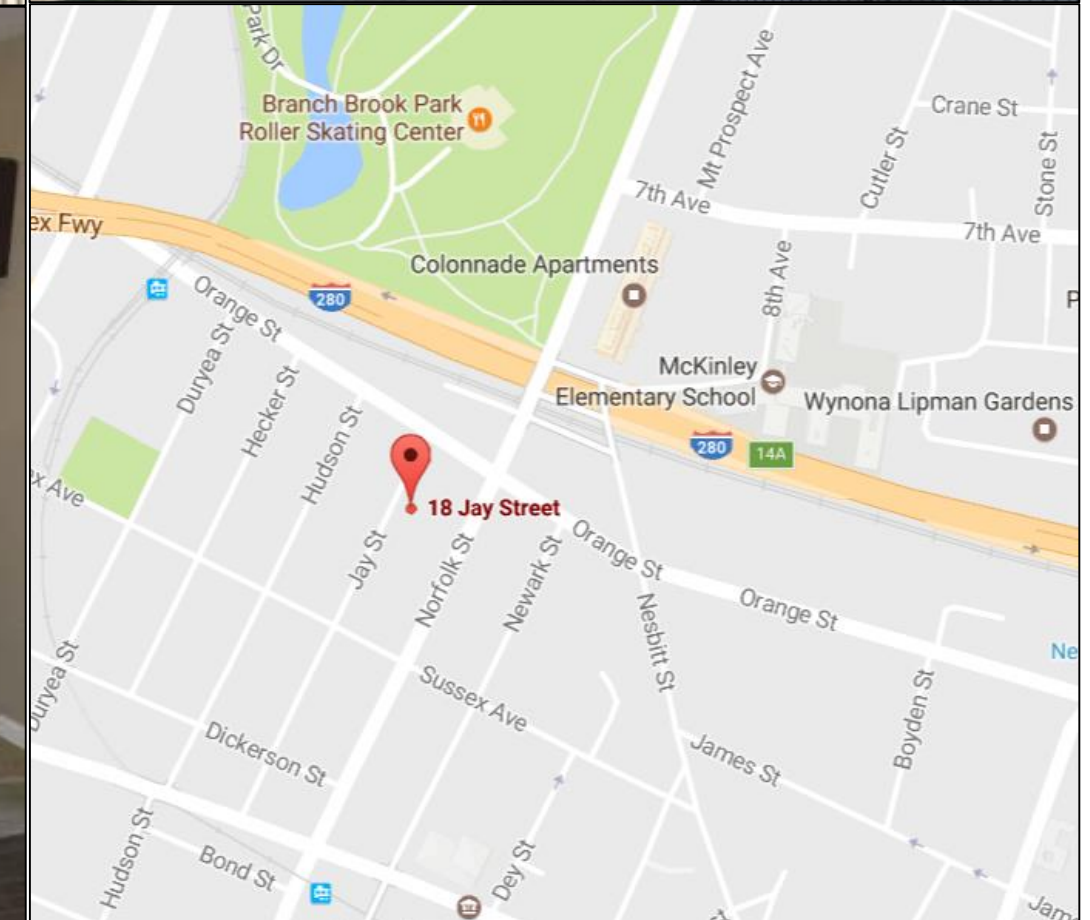
The in-place average rent per unit is approximately \$780, which is 15% below market, creating an opportunity to increase rents to market upon turnover. The tenant's are responsible for their own electric, cooking gas, and hot water.

Recent building upgrades include a new roof, intercom system, and upgraded plumbing and electric.

The property is located only 3 blocks away from the Orange Street light rail station, offering commuters a 10 minute trip to downtown Newark, and a 40 minute trip to Penn Station New York.

**Location Overview**

University Heights derives its name from the number of educational institutions that surround the area, including Rutgers (Medical School), New Jersey Institute of Technology, and Essex County College. Roughly 40,000 students are enrolled in these universities in total. The demand for housing in this area has increased drastically over the past several years as seen by the number of new developments that have sprung up throughout the entire neighborhood (see "Nearby Developments").



Cash Flows <i>for the year ending</i>	Year 0	Year 1 <i>2/28/2018</i>	Year 2 <i>2/28/2019</i>	Year 3 <i>2/29/2020</i>	Year 4 <i>2/28/2021</i>	Year 5 <i>2/28/2022</i>	Year 6 <i>2/28/2023</i>	Year 7 <i>2/29/2024</i>
Total Revenues		137,940	146,923	151,331	155,871	160,547	165,363	170,324
Total Expenses		(78,420)	(81,412)	(84,327)	(87,358)	(90,510)	(93,789)	(97,200)
Net Operating Income		59,520	65,511	67,004	68,513	70,037	71,575	73,124
CapEx Reserve		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Cash Flow Before Debt		58,520	64,511	66,004	67,513	69,037	70,575	72,124
Interest Expense		(27,375)	(26,866)	(26,338)	(25,791)	(25,222)	(24,633)	(24,021)
Amortization Expense		(13,569)	(14,078)	(14,606)	(15,153)	(15,722)	(16,311)	(16,923)
Net Exit Proceeds		-	-	-	-	-	-	571,326
Net Cash Flow	(314,346)	17,576	23,567	25,060	26,569	28,093	29,631	602,506
Full Capitalization Cap Rate		5.60%	6.18%	6.32%	6.46%	6.61%	6.76%	6.91%
Cash on Cash	Avg. 8.26%	5.59%	7.50%	7.97%	8.45%	8.94%	9.43%	9.92%
DSCR		1.45	1.60	1.64	1.67	1.71	1.75	1.79

**Financial Summary**

Cash on Cash: Over 8% average rate of return throughout course of investment

Accretive Financing: 3.75% fixed interest rate for 7 years at 75% loan to value

Attractive basis: 61K/unit purchase price

Investment Horizon: 7 years

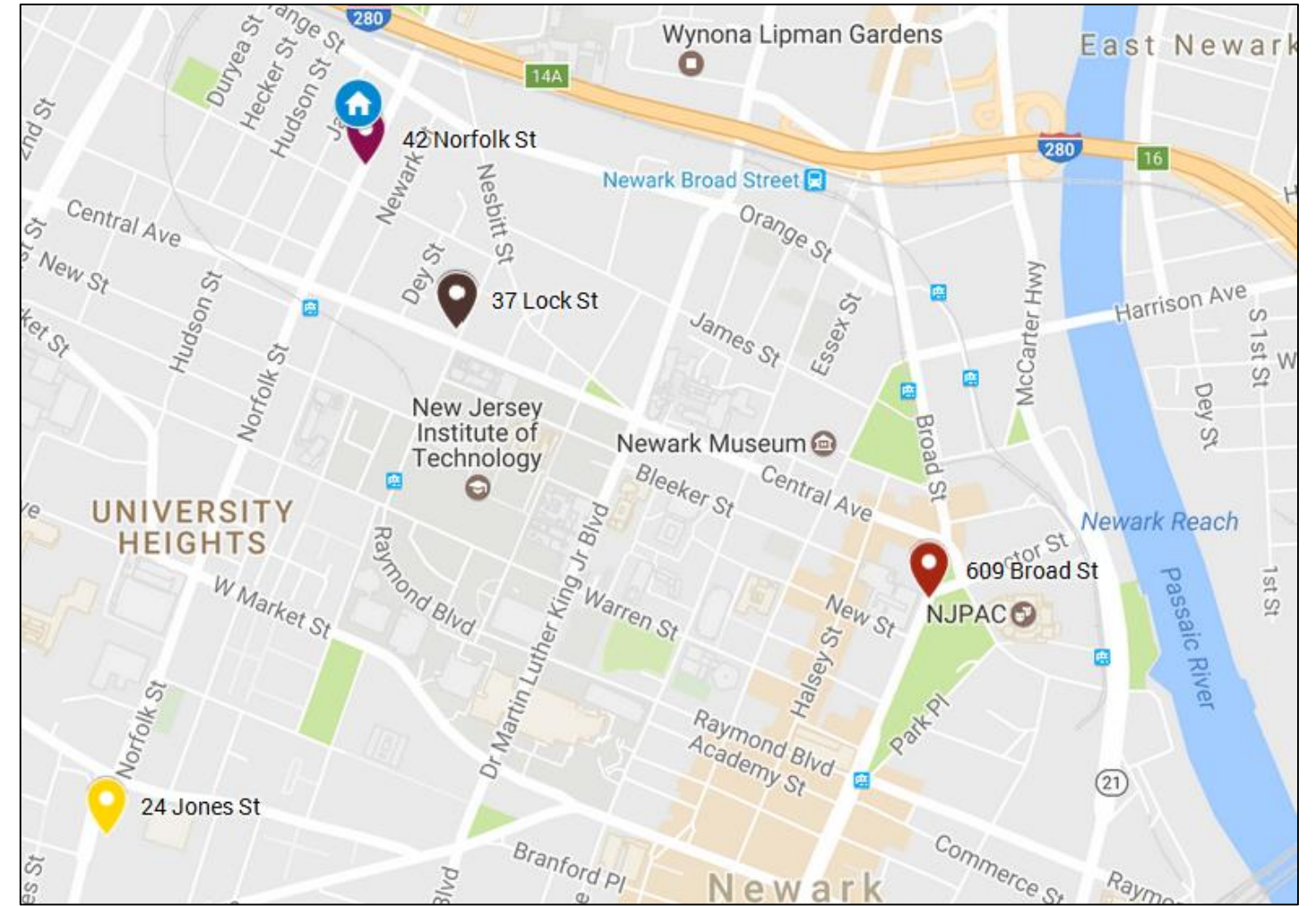
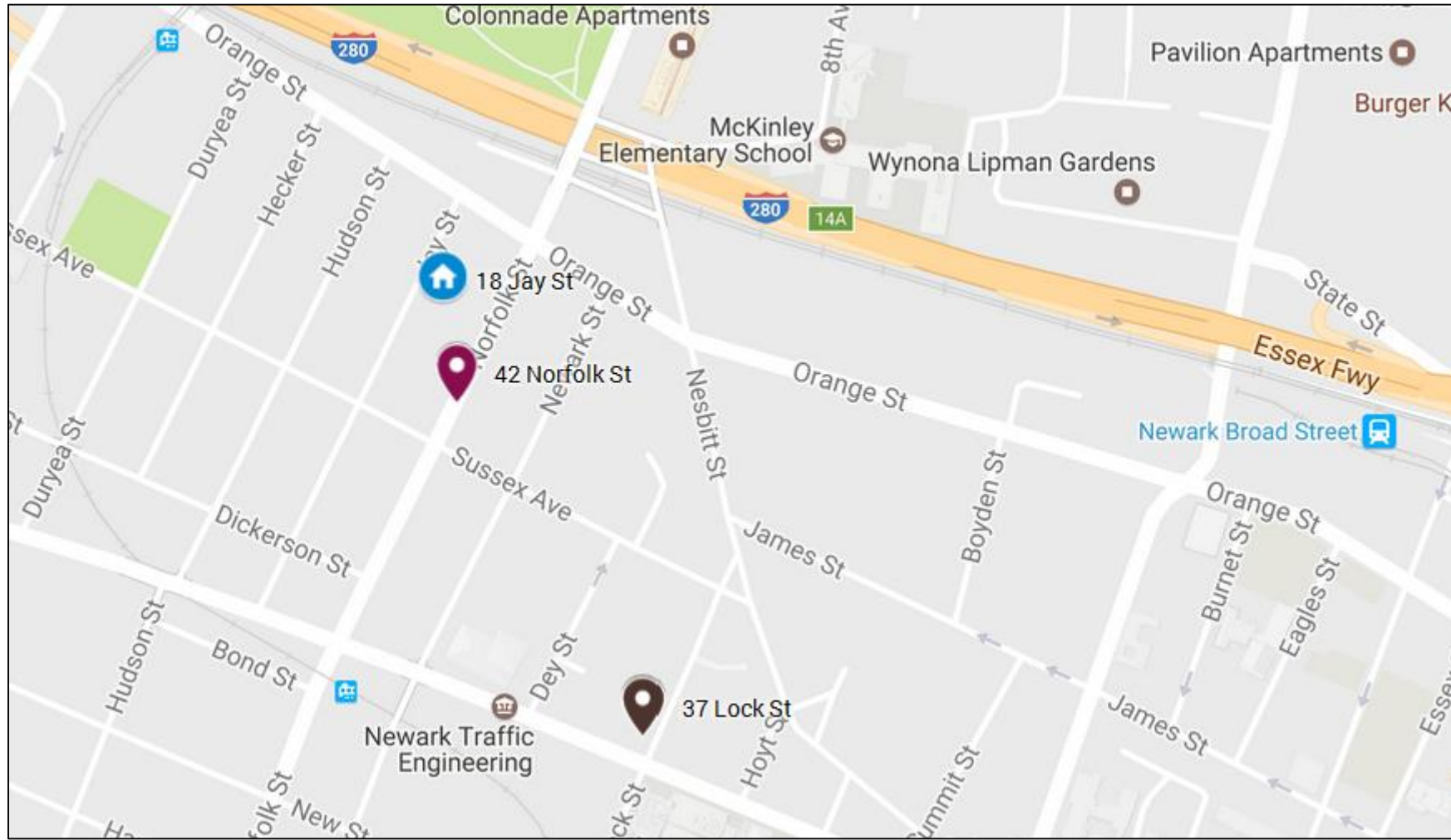
**Cash Flow Projections**

The above cash flow projections are based off of the operating assumptions on the right:

- Assumes current superintendent unit is rented out at market rate
- Utility assumptions are based off of seller’s trailing 12’s and past billings by utility companies
- Assumes moderate real estate tax growth as RE taxes are currently 22% of gross potential revenue (will look to file an appeal with city)
- Cash flows include roughly 30K for capital improvements, which consists of base building work and some cost saving measures such as replacing the boiler controls to better regulate the boiler and replacing all common area lights with LED’s
- Assumes sale at a 6% cap rate in year 7

Operating Assumptions	
Rent Growth	3.00%
Vacancy Loss	3.00%
Collection Loss	2.00%
Super Unit Downtime	6 Months
Rent Out Super Unit	\$850 / Month
Payroll	\$113 / unit \$1,800 total
Accounting	\$156 / unit \$2,500 total
General R&M	\$350 / unit \$5,600 total
Apt. Turnover	\$800 / unit on 20% turnover
Exterminating	\$35 / unit \$560 total
Legal	\$150 / unit \$2,400 total
Water & Sewer	\$550 / unit \$8,800 total
Electric	\$50 / unit \$800 total
Heat	\$500 / unit \$8,000 total
Insurance	\$469 / unit \$7,500 total
RE Tax Growth	5.00%
Expense Growth	2.50%
Management Fee	4.00%
Capex Reserve	\$1,000 total

# Nearby Developments



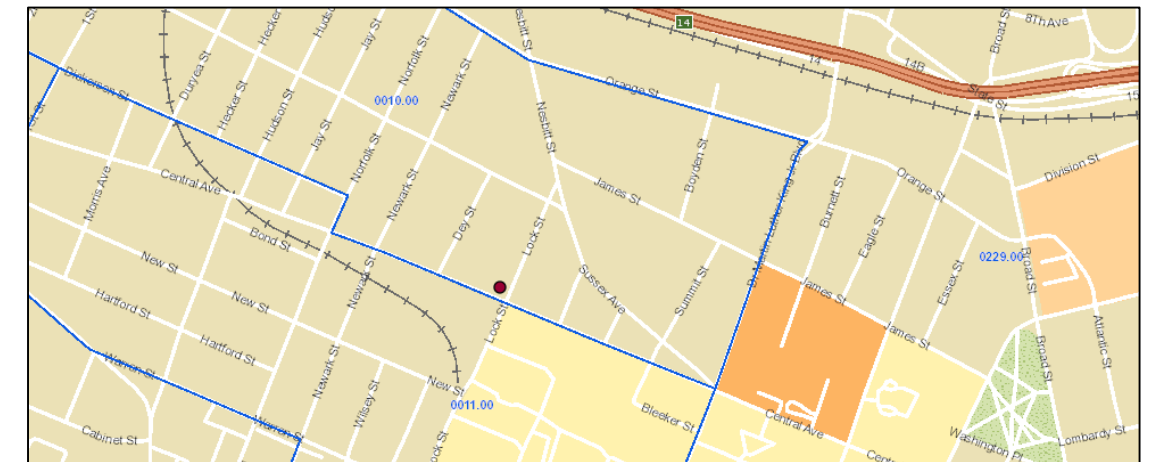
**42-48 Norfolk Street**

Type: New Construction  
 Asset class: Mixed Use  
 Number of resi units: 18  
 Status: Completed



**23-37 Lock Street**

Type: New Construction  
 Asset class: Office/Retail  
 17 Lot Development  
 Status: Planning



**24 Jones Street**

Type: New Construction  
 Asset class: Multifamily  
 Number of units: 152  
 Status: Completed



**609 Broad Street**

Type: Redevelopment  
 Asset class: Mixed Use  
 Key Tenants: Whole Foods, Barnes & Nobles  
 Status: Completed

