

Nottingham, NG15 (Turnkey Investment)



Purchase Price	£	95,000.00
Stamp + Legals	£	4,381.04
Sourcing Fee (inc. VAT)	£	-
Refurbishment	£	-
Project Management (inc. VAT)*	£	-
Total Investment	£	99,381.04

Rent (monthly)	£	550.00
Rent (annually)	£	6,600.00
All costs per annum**	£	3,300.00
Net cash flow	£	3,300.00

Expected RICS Valuation	£	105,000.00
Discount Achieved		5.35%
Paper Capital Earned***	£	5,618.96
Capital left in property at purchase	£	28,131.04



Based on the above figures, the below table shows:

- the 5-year payback period for the capital which remains in the property once the property is put onto term finance,
- the annual estimated net rental income, and
- the overall wealth uplift when factoring paper capital earned via the initial RICS valuation, and annual house price inflation.

Type of Income	Year 0*****	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Paper Capital	£ 5,618.96	£ -	£ -	£ -	£ -	£ -	£ 5,618.96
Est. Net rent****	£ -	£ 3,300.00	£ 3,366.00	£ 3,433.32	£ 3,501.99	£ 3,572.03	£ 17,173.33
House price growth*****	£ -	£ 3,150.00	£ 3,244.50	£ 3,341.84	£ 3,442.09	£ 3,545.35	£ 16,723.78
Total Returns	£ 5,618.96	£ 6,450.00	£ 6,610.50	£ 6,775.16	£ 6,944.08	£ 7,117.38	£ 39,516.07
Cash Return on Capital Employed	0.00%	11.73%	13.56%	15.99%	19.42%	24.58%	
Total Return on Capital Employed	5.65%	22.93%	26.62%	31.56%	38.51%	48.98%	

The cash returns on capital employed, where we only factor net rental income and deduct this each year from the capital left in the property minus previous net rent, is highlighted in orange. The total returns on capital employed, where we factor paper capital and house price growth is highlighted in green.

Over a 5-year period, this asset is expected to generate c.£40K, split between paper capital earned at the point of purchase, net rental income, and house price growth.

The payback period is forecasted at five years when factoring house price growth.

Footnotes

*Project Management Fee – based on a 2-month project (not applicable for Turnkey)

**Running costs pa – 50% of gross rent factoring agency fees, interest payments, insurance, maintenance, voids and arrears (based on experience)

***Paper Capital Earned – for Turnkey products this is based on our expected valuation figure minus all-in at purchase

****Est. Net Rent – Increases 2% per annum.

*****House price growth – Increases 3% per annum

*****Year 0 – Total ROCE in this year is based on Paper Capital at purchase, over the Total Investment figure