

James Street, LE9



Purchase Price	£ 140,000.00
Stamp + Legals	£ 5,336.80
Sourcing Fee (inc. VAT)	£ 7,800.00
Refurbishment	£ 17,430.72
Project Management (inc. VAT)*	£ 3,000.00
Total Investment	£ 173,567.52

Rent (monthly)	£ 850.00
Rent (annually)	£ 10,200.00
All costs per annum**	£ 5,100.00
Net cash flow	£ 5,100.00

RICS Valuation	£ 200,000.00
Discount Achieved	13.22%
Paper Capital Earned***	£ 26,432.48
Capital left in property after refinancing	£ 23,567.52



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	£ 26,432.48	£ -	£ -	£ -	£ -	£ -	£ 26,432.48
Est. Net rent****	£ -	£ 2,975.00	£ 5,202.00	£ 5,306.04	£ 5,412.16	£ 5,520.40	£ 24,415.60
House price growth*****	£ -	£ 6,000.00	£ 6,180.00	£ 6,365.40	£ 6,556.36	£ 6,753.05	£ 31,854.81
Total Returns	£ 26,432.48	£ 8,975.00	£ 11,382.00	£ 11,671.44	£ 11,968.52	£ 12,273.46	£ 82,702.90
Cash Return on Capital Employed	0.00%	12.62%	25.26%	34.48%	53.67%	118.15%	
Total Return on Capital Employed	15.23%	38.08%	55.27%	75.84%	118.68%	262.68%	

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.£82,702**, split between paper capital generated from financing after 6 months post-purchase, net rental income, and house price growth.

The payback period is five years, and thereafter no capital shall be employed and returns are infinity.

Footnotes

*Project Management Fee – based on a 5-month project

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

***Paper Capital Earned – based on a 75% LTV

****Est. Net Rent – Increases 2% per annum. Year 1 only takes rent for 7 months to allow for refurbishment in the prior 5

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

*****Year 0 – Total ROCE in this year is based on Paper Capital earned from refinancing, over the Total Investment figure pre-refinancing