

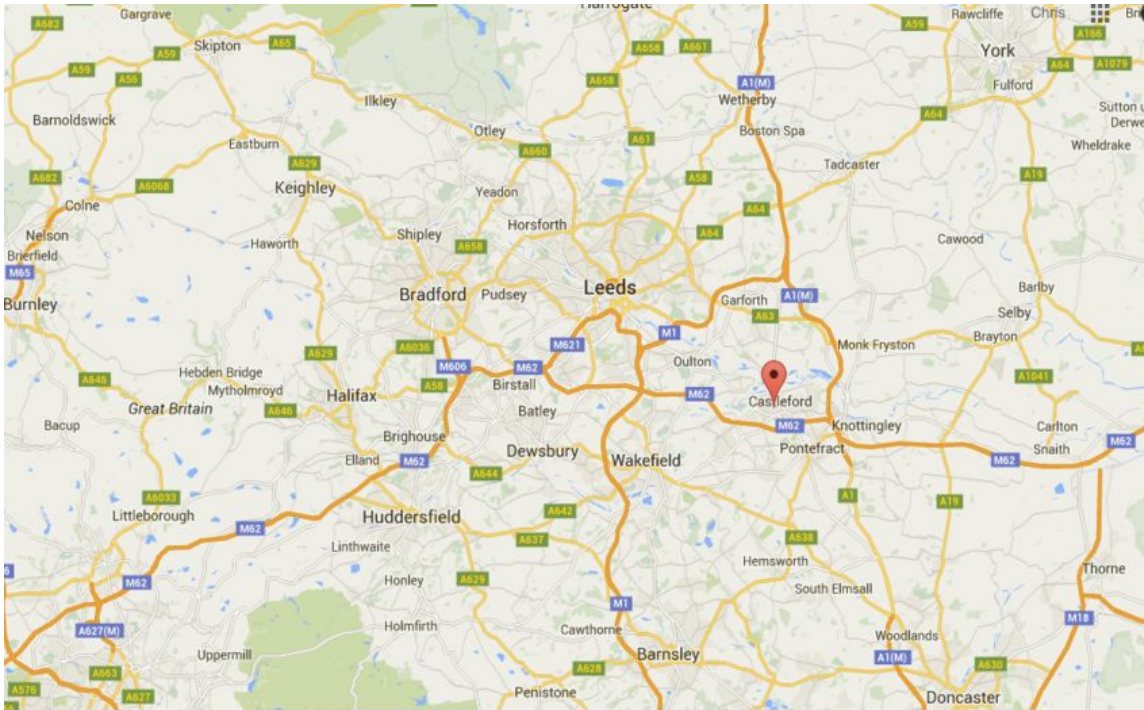


3 Bedroom Terraced House
Longacre, Castleford,
West Yorkshire, WF10 5AJ

INVESTMENT PROPOSAL

We are looking for an investment up to £78,000 to contribute to the purchase and refurbishment of this property to turn it from a residential to a 4 bedroom multi-let. The terms of loan are:

1. Up to £78,000 initial investment with 6% per annum interest.
2. Investment returned within 9 months
3. Interest paid half-yearly
4. Investment secured against the value of the property



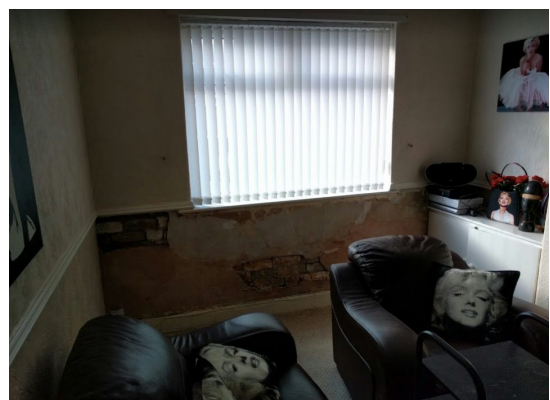
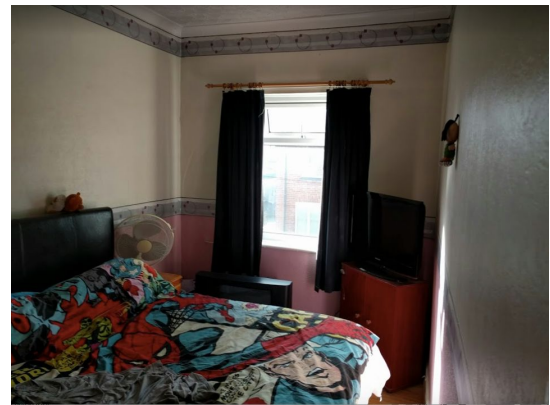
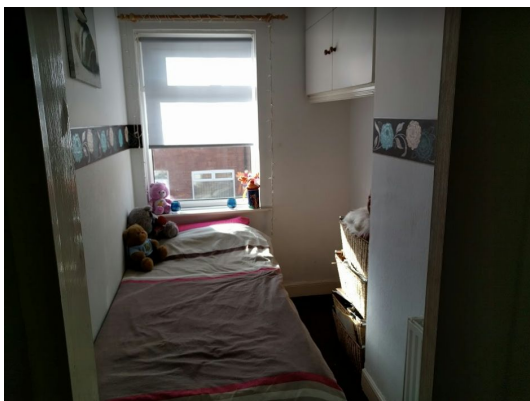
LOCATION – CASTLEFORD, WEST YORKSHIRE

Castleford is the largest of the five towns in the metropolitan borough of the City of Wakefield in West Yorkshire, England, near the M62 motorway. It has easy access into Leeds with less than a 30min drive or a 16 min train journey. Castleford has a population of 39,192.

Leeds is home to numerous companies including Asda head office, Britvic bottling plant, Arla Foods, Dr Oetker Lt, Greggs PLC and Northern Foods Grocery Group.

THE PROPERTY

- Terraced House
- 3 bedrooms
- Loft conversion opportunity (only needs stairs)
- 2 Receptions





Property available at the pre-negotiated Purchase Price of £78,000

To convert this home into a 4 bedroom multi-let it we have an itemised quote for the following:



QUOTE

KBM Property Repairs
5 Progress Drive Bramley
Rotherham, South Yorkshire S66 1TT

Phone: 074 9502 8175
Email: contactus@kbmpropertyrepairs.co.uk
Web: www.kbmpropertyrepairs.co.uk

Chris Gilsean

079 6860 6044
0151 324 1414

Estimate # 000156
Date 26/02/2016

Description	Total
Stairs Installation Installing a new staircase into loft. This will require staircase fitting also includes understairs cupboard.	£1,120.00
Redecorating Throughout This price includes materials and labour to decorate throughout ready for rental.	£1,000.00
Boxing Pipework Boxing in pipework where needed this price includes materials and labour.	£90.00
Kitchen Re-fit Removing old suite and fitting full new suite. This price includes all materials and labour.	£1,600.00
Loft En-suite Adding a new en-suite to loft bedroom. This price includes all materials and labour also this includes adding the partition.	£1,400.00
Fire Doors Adding fire doors throughout property. This price includes all materials including fixtures and fittings also wired in fire detectors.	£1,750.00
Repairing Front Room Wall To repair front room interior wall and replaster. This price includes all materials and labour.	£200.00

Subtotal £7,160.00
Total £7,160.00

We will also allow a 20% contingency fund, so total of renovation budget will be £8,600.

THE NUMBERS

The **primary strategy** is to rent out as a 4 bedroom multi-let

ITEM	AMOUNT or NUMBERS	COMMENTS
Purchase Price	£78,000	Agreed
Renovations	£8,600	Quote + Contingency
Market Value	£110,000	Based on comparable
Rental as a 4 bed multi-let	£1,473 PCM	Based on £85 per room per week (Estimated by Legacy trained lettings agent)
Net Cashflow PCM	£644	
Money left in deal	£20,400	
ROI	38%	2 years and 7 months to pay back
Sourcing Fees*	£3,000	Inclusive of VAT
Management Fee	12% of rent	Inclusive of VAT

Detailed Cashflow Calculation

Max Offer Price	£78,000	71%	Remortgage	£110,000
Market Value	£110,000		Mortgage @ 65%	£71,500
			Mortgage fee	0
			Interest @ 6%	£4,290
			Cash out	£71,500
Renovations and other costs	£8,600		Original costs	£90,800
Conveyancing & broker	£1,200		Remortgage Costs (inc survey)	£1,000
Sourcing fee	£3,000		Money left in	£20,300
TOTAL CASH	£90,800			
First 6 months				
Rent	£1,473		Future	
Yield	20.42%		Rent @ £85 per room	£1,473
COB @ 8%	£605		Yield	16%
Management	£177		Mortgage repay	£358
MOE 20%	£295		Management	£177
Net Cash Flow	£397		MOE 20%	£295
			Net Cash Flow	£644
ROI	5.2%		ROI	38%
			Payback period in years	2.63

The **2nd exit** strategy is to flip this property. Basic refurb cost would be £5000 with a profit of £10,000.



RENTAL COMPARABLES (1/4 MILE) – Source: Sparreroms

Date	Address	Bed	Rent
Feb 16	Longacre	1 double room	£350 PCM / £80 PW
Feb 16	Smawthorne Grove	1 double room	£300 PCM / £70 PW
Feb 15	Smawthorne Lane	1 double room	£350 PCM / £80 PW
Feb 15	Lower Oxford St	1 double room	£300 PCM / £70 PW
Feb 15	Lower Oxford St	2 x double room	£240 PCM / £60 PW each
Feb 16	Cross St	1 double room	£385 PCM / £96 PW

SALE COMPARABLES (¼ MILE) – Source: Rightmove

Date	Address	Beds	Price Paid
Sep 15	30 Ridgefield St	3 bed terraced house	£98,000
Sep 15	31 Ashton Rd	3 bed terraced house	£113,000
Sep 15	48 Smawthorne Lane	3 bed terraced house	£100,000
Jul 15	87 Smawthorne Lane	3 bed terraced house	£127,000
Feb 15	62 Longacre	3 bed terraced house	£110,000

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