Appendix A

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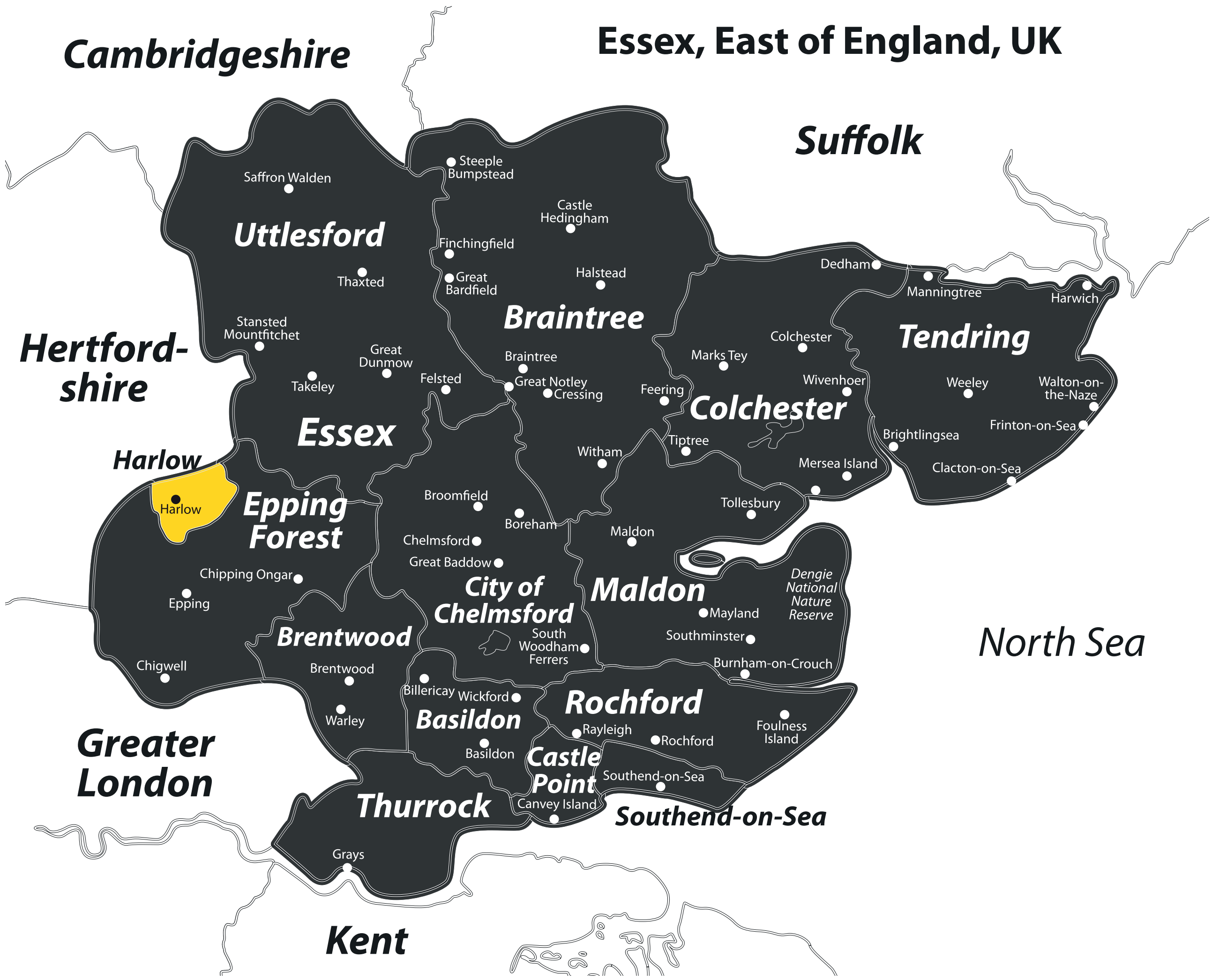

FEASIBILITY REPORT FOR

HTS

JUNE 2022

FEASIBILITY REPORT FOR HTS

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INTRODUCTION

Madison Brook has been commissioned by HTS to conduct a Feasibility Study on scaling their existing five rental property portfolio to 125 properties over 5 years.

The new properties are to be purchased in/around the town of Harlow, should optimise private finance, and be let on open market private rents to generate an income.

AIM

The aim of this study is to conduct market research and analyse the feasibility of expanding the HTS property portfolio. It will consider the structural, operational, and financial viability of such a plan.

BACKGROUND

Multiple councils have created LATCos (Local Authority Trading Companies) to deliver effective and efficient services and, wherever possible, generate surplus incomes. (LocalGov.co.uk-The LATCo model, 2022).

The ability to conduct commercial activities allows LATCos to operate in the private property space and access all the property opportunities and tools available to private property operators. In London, 23 out of the 32 London Boroughs currently deliver property services through their LATCos (see Appendix 1). These are typically focussed on increasing supply, raising housing standards and/or generating surplus income (either to be re-invested and/or returned as shareholder dividends).

In our experience, councils often have similar challenges and assets, but each has different delivery processes.

EXISTING PORTFOLIO

HTS has an existing portfolio of five properties but is now considering the feasibility of growing this to 125.

Appendix 2 is a breakdown of the acquisition costs for the five existing properties.

It shows an average purchase price of £273,500 plus the acquisition fees such as legals, stamp duty and land registry.

In addition, to bring these up to lettable standard, a combined £44,589 was spent, which averages £8,909 per property.

The breakdown of the operating income for 2021/2022 was:

- Gross Income: £53,383
- Direct Costs: £9,007
- Overheads: £14,549
- Net Operating Income Pre-Financial Costs: £29,827
- Net Operating Income Post-Financial Costs: -£10,438.
- Year End Revaluation Gain: £81,875
- Net Profit Before Tax: £71,437

As can be seen the current five properties delivered a net operating loss of £10,438 in 2021/2022, but the revaluation of £1,463,000 demonstrated a capital gain of £81,875 (this equates to 6%).

The HTS £100 per month repair budget was adequate as the portfolio operated at £48.63 per property per month per property within 2021/2022.

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HTS REQUIREMENTS

The HTS brief is to purchase 120 properties over 5 years, to increase the portfolio to 125 properties.

The portfolio is to be let at Private Rental Sector (PRS) rates but offer a high-level resident experience in terms of housing quality and support services.

The portfolio should generate income, hence the preference for PRS over LHA based activity. The very approximate difference being approximately 20%.

Given its ownership by the council, HTS needs to be an exemplar landlord, offering good quality properties in areas in good local communities. This approach should also deliver robust rents, high tenant satisfaction, low voids, and manageable maintenance costs.

Private finance will be used for the debt financing of the properties. For a portfolio of this size and client of HTS strength and provenance, this will realistically be in the range of 60%-70% LTV.

As the initial properties are operated as a group of separate properties, rather than as a managed portfolio, it is assumed that Year One will be used to seek relevant facilities and approvals to set-up the portfolio platform, followed by four years of x30 pa property acquisitions.

An exit plan (or at least exit options) should be considered prior to commencement of the programme.

MADISON BROOK

Madison Brook is an experienced property services group operating across London and the Home Counties. It specialises in residential sales, letting, property management, investments, advisory services, and affordable housing.

The dedicated Affordable Homes team has developed a Housing Acquisition & Refurbishment Programme (HARP) and through this has sourced, refurbished, let and managed over 1500 homes for council and private clients over the past four years.

HARLOW MARKET OVERVIEW

As at 17 May 2022, the number and average prices of residential properties available for sale in Harlow was as below (source: Rightmove 2022):

Beds	One	Two	Three	Four	Five+
Number of Units	46	66	44	30	13
Average Prices	£175,000	£240,000	£375,000	£475,000	£725,000

The market is split relatively evenly across property sizes (based on number of bedrooms) but the greatest supply is Two Beds. This is most likely in response to market demand from first-time buyers, joint sharing buyers, BTL investors and small family end-users.

Land registry research indicates that the majority of sales in Harlow during 2021 were terraced properties, selling for an average price of £303,303. Flat sales averaged £201,797 and semi-detached houses averaged £385,589 (Rightmove 2022).

The average property price in Harlow during 2021-2022 was £330,000. This is £56,000 higher than the UK average at £274,000 (Rightmove 2022).

From personal research conducted with individual local agents, the market is primarily driven by first-time buyers and young families looking to upsize. This suggests investors are not as active as initially thought in the market, indicating that competition from corporate and institution portfolio investors is not so significant.

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In terms of volume, in 2021/22 938 properties sold in Harlow. This is a 55 property increase from the previous 12 months and a 5.4% volume increase (Harlow house prices 2022). This slight increase shows a healthy market, suggesting demand is increasing but not at an alarming rate to fuel un-manageable market inflation.

The sales data revealed that 31% were in the £300k-£400k price range and 27.2% £250k-£300k. If we connect with the earlier data of average prices, it reinforces that Two Beds are the demand sweet-spot (Harlow house prices 2022).

Capital Appreciation in 2021/22 is approximately £10,500, an 3% increase. This is below the national average of 9.4% (UK House Price Index, 2022). This indicates that the demand/supply ratio is broadly in balance and that the Harlow market is likely more stable than the wider UK market.

In terms of location, Harlow's property prices vary throughout the town with more central properties achieving lower than average values compared to prices in the outskirts. This may change in the medium to long-term as town centre regeneration plans are formalised and delivered. This may present locational investment opportunities.

Our research highlighted some specific postcodes where capital values are low and rental demand is high – compared to Harlow averages. In CM20 properties sell for an average of £266k (Harlow house prices, 2022) but rental demand and performance is robust.

As at 17 May 2022, the number and average guide prices of rental properties is as below:

Beds	One	Two	Three	Four
Number of Units	12	27	13	5
Average Rent (per month)	£850	£1200	£1550	£2000

This data shows that there are x57 properties available for rent across Harlow. Nearly half of the units available are 2 beds.

This data suggests a landlords market currently exists with lower supply than demand. Market research with agents in the area supports strong tenant demand, particularly from working professionals and small families.

This data was used to provide the individual property appraisal as well as the cashflows.

SWOT ANALYSIS

STRENGTHS

- HTS is an established operator with deep local knowledge, existing goodwill and the ability to manage issues locally.
- HTS has many of the property support and maintenance contacts in-house and/or in-place.
- HTS has acquired its first five properties. This represents a pilot scheme and has provided valuable data. It has also provided many lessons learnt and allowed for skills to be acquired.
- The PRS rental market is strong and is expected to strengthen as house prices become increasingly unaffordable to many.
- HTS is an established LATCo with support from its shareholder, Harlow council.

WEAKNESSES

- Brand risk. HTS is owned by Harlow Council and publicly funded, so it must operate to the highest landlord standards. The shareholder will not appreciate negative press and/or poor feedback from HTS tenants.
- Finance Costs. We are in an inflationary period and interest rates are now increasing from historic lows. How far and fast they move will have a very direct impact on the financial viability of the programme. This makes future projections potentially problematic.
- Equity & Security. Debt providers will likely want to see HTS cash invested first and will want strong guarantees/security covenants.
- Limited acquisition experience. HTS has only acquired five properties and has struggled to generate cashflow surpluses.

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OPPORTUNITIES

- Expansion. Harlow is on the edge of Greater London and is close to many expanding towns such as Chelmsford and Chigwell (amongst others). This provides the opportunity to expand and grow its portfolio across a wider area and attract residents from neighbouring towns. This could be structured into different portfolios, to provide maximum re-structuring and/or exit options in due course.
- Diversification. Although initially targeted at PRS tenants, the opportunity exists to provide high-quality housing to Harlow Council in the future – to help with their social and affordable housing demand. This has been executed in other councils, where priority is given to council nominees on LHA pegged AST contracts.

THREATS

- Cost of funding. Interest rates are moving up rapidly in the UK and more widely. With strong inflationary pressure this may push funding costs much higher.
- Supply. Harlow currently has a good supply of available stock, with approximately 197 properties for sale. This will, however, need to be monitored closely as economic and market conditions change. One particular threat is construction inflation, which could (in the short to medium term) reduce the supply and increase the price of new-build properties. This could drive demand and price increases in existing property stocks.
- Competition. Our research suggests current buyer demand is led by end-users. If Institutional investors are squeezed out of London, this could change the balance and drive price inflation.

CASHFLOWS

To reflect the different variations of this programme, three scenarios have been modelled.

- Funding 30% Equity in-house and 70% Commercial Loan.
- Funding 30% Equity financed by PWLB loan at 3.25% and 70% Commercial Loan.
- Funding 30% Equity financed by Commercial loan & 70% Commercial Loan.

For all three scenarios, we have modelled best, medium and worse cases.

All the analysis is based on the following planning assumptions:

- Acquisition fee of 2.00%+VAT paid on completion.
- Refurbishment cost of £24,000+VAT (full modernise).
- Legals £1500 and RICS valuation fees £795+VAT
- SDLT at private rate plus additional property rate (3%).
- LTV of 70% (75% may be available for individual mortgages but not for portfolio funding facility)
- Debt servicing costs of 3.50%, 4.00% and 5.00% (modelled separately)
- Equity costs at 3.25% PWLB
- Commercial equity costs of 4.00%, 4.50% and 5.50% (modelled separately)
- Letting & Management fee 10%+VAT
- Void rates 3%
- Bad debt of 2%
- Maintenance costs 3% pa (of rental value)
- Annual rent inflation 3%
- Debt Arrangement Fee 1%
- Asset Management Fee 1%+VAT of portfolio value

All the Cashflow models can be adapted and altered to any future changes (actual or assumptions).

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FUNDING OPTIONS

HTS is looking to maximise the use of private finance.

Private finance comes with the advantage of minimising equity and providing additional purchasing power but it does involve significant set-up, arrangement and (often) commitment fees.

In the current market, a portfolio of this size and structure could likely achieve an LTV of 60%-70%. Higher LTV are likely to be overly expensive and specialist. This leaves 30-40% equity and all refurbishment and transactions costs to be borne by HTS. This may, however, be recoverable through future refinancing exercises.

Crudely, even with maximum realistic use of private finance, x120 properties in the £200k-£330k range will require £12m-£19m of equity.

FINANCE COSTS

For this study different debt interest rate scenarios were modelled - 3.5%, 4.0%. and 5.0%. With SONIA currently 0.94% - but 3-Year SONIA rates above 2% (SONIA Rate, 22 May 2022) – the expectation is that debt costs will rise – potentially significantly - through the term of the programme.

We are currently working with multiple property banks and margins above SONIA based loans are typically 2%-2.5% on a portfolio of this scale.

PWLB loans are modelled at 3.25%. They are, however, variable on a daily basis and could easily raise with general rate rises. At 3.25% equity loans provide a cheaper alternative to commercial equity loans - modelled at 4.0%, 4.5% and 5.5%.

An arrangement fee for each drawdown has been applied. Depending on the lender there would be the option to finance individual units or collectively as a portfolio. Properties could be purchased and refurbished with equity, then financed at 60-70% LTV of the 'finished' value. This could provide a stronger IRR, as less equity is left in the properties. Depending on HTS cash reserve this may slow the programme down but could provide the extra liquidity to grow the portfolio further.

You should note that the time and skills involved in sourcing a suitable debt partner, plus the negotiation of terms and the preparation of Facility Agreements, can be significant and may require a specialist broker and appropriate lawyer.

LATCO EXAMPLES

London Borough of Hounslow currently uses its LATCo (Lampton 360) to deliver its commercial property activities – both for investment and development purposes.

Currently, the LATCo has acquired and refurbished over 400 homes (mostly in-borough) but it has an aspiration to increase this significantly (likely over 1,000).

All properties are let on 2-Year ASTs – mostly based on LHA rates – and priority is given to nominee families from the council housing team. If/where nominee families are not available, properties are let on the open-market at PRS rents.

Because of the multi-function and commercial nature of the programme, the LATCo has tendered and commissioned a private property partner to deliver all services – in one integrated, turn-key product.

Funding for the programme is provided by the council – at a fixed rate - through a combination of the General Fund and PWLB borrowing.

Through this programme and strategy, the council:

1. delivers more Affordable Housing;
2. raises the standard of rental stock in its borough;
3. generates financial revenues;
4. reduces and avoids the cost of providing housing;
5. lowers the carbon footprint of rental stock; and
6. raises the standard of rental housing in its borough.

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INVESTMENT APPRAISAL EXAMPLE

An appraisal example for a 3 bed privately built property can be found at Appendix 3.

It is based on a guide price of £375,000 plus £10,000 +VAT refurbishment.

LTV of 70% has been applied with 3.50% debt interest costs.

At the bottom of the appraisal Gross, Net and post-finance Net yields are calculated. The projected Gross yield is 4.44%. The Net yield is 3.69%, pre debt costs. The post debt Net yield is 1.49%.

These are direct property costs appraisals. As a portfolio, indirect costs such as staff and asset management should be considered.

STRUCTURAL OPTIONS

Given the publicly funded nature of HTS, perhaps the easiest and most transparent structure is the UK incorporated limited company.

This approach would require registering all properties to one single property company (propco) and running all incomes and costs – direct and indirect – through it.

An alternative, if HTS wanted to acquire properties both in Harlow and beyond, would be multiple propcos – each covering different geographical areas. Multiple propcos may also have merit for different tenant types (PRS, LHA, Social).

For both a single propco or multiple propcos, there may be merit in creating a single Operational company (opco) - designed and resourced to deliver all advisory, governance, and reporting functions. This opco could also help raise equity and debt funding, provide Investment Committee functions, provide Asset Management, and research exit and/or refinance options. It may also have other future property-related roles if HTS expands its property activities.

OPERATIONAL REQUIREMENTS

The operational requirement to assemble and operate a portfolio of 125 properties is significant. This can either be undertaken in-house by HTS or delegated to a dedicated specialist property partner. If the latter, ideally a single property partner, as the integration involved in managing multiple delivery partners is formidable and often problematic.

Within the cashflows a Portfolio Manager (PM) plus support staff is inputted. The PM is responsible for all operational and delivery matters and will prepare all information for regular Investment Committee (IC) meetings to assess what is required.

If a property partner is employed, costs can be accurately budgeted, and performance benchmarked against pre-agreed KPIs. With the correct oversight and reporting in place, an experienced delivery partner could acquire, refurbish, let and manage the portfolio on behalf of HTS. This would reduce HTS set-up costs significantly and pass responsibility to the partner to secure x30 per year on clearly defined purchase metrics. One of the hardest tasks when starting a programme such as this is establishing the team and developing robust operational processes.

PILOT

A pilot scheme is an important risk-mitigation measure before assembling a large portfolio. HTS has already acquired five properties which has, effectively, acted as the pilot.

Generally, the HTS pilot was successful, with good rental occupancy, and strong capital appreciation (even over a relatively short term).

However, the assembly took longer than desirable, the indirect costs were high (calculated per property) and the first years cashflow was negative.

Overall, valuable lessons were learnt and a more scaled approach would bring strong economies of scale.

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EXIT OPTIONS

At the commencement of any large project of this nature, thought should be given to the likely Exit Options.

Restructure. The creation of propcos, overseen by an opco, would create multiple exit and restructuring options for any future changes in shareholder appetite. It would also allow for future changing market conditions. The set-up and running costs would be marginally higher but the tax exposure should be broadly similar (subject to expert tax advice).

Disposal. Although HTS will be acquiring individual street properties – which are non-institutional grade assets - once sufficient scale is achieved and the portfolio is fully operational – the portfolio could be deemed as ‘institutional grade’. The valuation effect of this status change could be significant. Rather than being valued as the sum of the individual RICS valuations, a well-run residential portfolio of >£30M (based on current market conditions) could be valued on a ‘compressed yield’ basis. In the current market, a compressed yield of c.3.85% interests institutional funds.

No Action. If no action is taken, the running of the existing five properties will still need to go ahead until a decision is taken to dispose of them (probably separately) or absorb them into another (larger) portfolio.

NO ACTION

For any feasibility study, one possible consideration is to take no action.

In this case, that means HTS will acquire no further properties and continue to operate its exiting holding of five properties.

With rising inflation rates (Consumer price inflation, 2022), no action could have a negative effect on non-distributed cash. This depends on the scenario that is chosen, with commercial loan costs having a large effect resulting in a IRR of 1.02% and best case being a IRR of 5.05% with low debt costs.

For every year this programme is paused, there is the risk of market and/or debt cost inflation. This would increase the required equity to start the programme.

If no action is taken the management of the existing five properties will still be needed, with them operating at a net operating income of -£10,438 no action would see this figure continue. The loss comes from economy of scale, with a portfolio of five having similar admin costs to a portfolio of 30 but not the same income. The private financial costs on the existing portfolio are also high, with the loan not being interest only.

The capital appreciation of the of the portfolio from 2021/2022 was 6%, this provided a £81,875 increase in value. This brings the overall portfolio net income to £71,437. If no action was taken then the portfolio will continue to provide a capital appreciation, however a rise of 6% is unlikely for future years and a more realistic figures of 3% is predicted.

We would recommend a review to be conducted on the existing portfolio every 6 months. Within this review you will analyse the cash invested alongside capital appreciation, to see if the portfolio is operating at key efficiency or if recycling the cash into a different sector within real estate eg. commercial has a larger benefit.

SUMMARY / RECOMMENDATIONS

This study set out to analyse the feasibility of expanding the HTS portfolio from five to 125-properties over five years. It has been based on PRS rents in the Harlow open market and providing high quality properties and landlord services.

Our research suggests:

1. The Harlow property market has robust stock levels and a supply/demand ratio that allows for the acquisition of x30 properties per year, without causing localised inflation.
2. There is little corporate and/or institutional buyer competition (currently).
3. The letting market is strong, in fact demand outweighs supply.
4. We modelled 3 scenarios with best, medium and worst cases:

- 30% Equity and 70% Commercial Loan
- 30% Equity financed by PWLB Loan at 3.25% and 70% Commercial Loan
- 30% Equity financed by Commercial Loan & 70% Commercial Loan

5. Only if equity is in-house, supported by commercial debt, are positive cashflows generated. A fully commercially funded model with no equity is not viable.

Quarterly Net Income	3.50%		4.00%		5.00%	
	2 Bed	3 Bed	2 Bed	3 Bed	2 Bed	3 Bed
LTV 70%	£34,140	£36,510	£13,140	£1,860	-£28,860	-£67,440
LTV 70% (Equity PWLB)	-£52,440	-£88,095	-£73,440	-£122,745	-£115,440	-£192,045
LTV 70% (Equity Commercial)	-£72,420	-£116,850	-£106,740	-£170,670	-£175,380	-£278,310

6. Interest rates are rising significantly, mostly to counter inflationary pressure. This creates uncertainty and puts future cashflows under pressure – especially in heavily leveraged portfolios.
7. Mortgage costs are rising but property prices are not yet softening. This is expected to change in the future but predicting when and to what degree is difficult. This requires close monitoring.

8. Rental values are increasing significantly, as inflation raises the cost of living and property prices become increasingly unaffordable.

RECOMMENDATION

Overall, the fundamentals underpinning expansion of the HTS portfolio are strong (rising rental values, strong demand, limited competition, regional attractiveness) but uncertainty around interest rates, and its affect on future cashflows, suggests that HTS should monitor the Harlow property market to determine the best entry point and timing. The suggested timetable for tracking and reviewing these factors is bi-annual.

ANNEX A - SPECIFIC REPORT QUESTIONS

Details of the acquisition costs.

The average purchase price of the existing five HTS properties was £273,500. Future property purchases will attract legal and valuation costs (modelled at £1,500 and £795 +VAT respectively) plus SDLT at the prevailing investor rate. If a property partner were employed acquisition fees would also apply (modelled at 2%+VAT).

Details of the costs per property of refurbishment to bring up to rental standard

A combined total of £44,589 was spent to bring the HTS properties up to rental standard. This averaged £8,909 per property. For the future 120 properties a higher refurbishment cost is expected to deliver an excellent and consistent standard, and to meet higher compliance standards.

Monthly management/landlord costs.

As stated on page 4, direct costs in 2021/2022 were £9,007 and overheads were £14,549. As the portfolio grows we would expect these to reduce per property, due to economies of scale and improvement in efficiencies.

Rental performance – monthly amounts, collection performance, arrears, vacancy periods.

Please see below the rental income from the 2021/2022 financial year of the five existing properties.
125 RW - £7,182, **22 BH** - £14,162, **151 CP** - £14,941, **133 HF** - £11,187, **192 SW** - £5,911
Total - £53,383.

From the financials provided a void period for April 2021 is seen in all properties except 22BH. From May 2021 full rent was paid each month. For the future 120 properties a void period of 3% pa has been modelled. We would recommend this to be reviewed yearly.

Return on capital employed gross and net per property.

As shown on page 4, the gross income in 2021/2022 was £53,383, or £10,676 per property. Pre financial costs this related in a net income of £29,827 or £5,965 per property, with post financial costs relating in loss of £10,438 or £2,087 per property. The portfolios year ends revaluation throughout the five properties was £81,875 which results in a net profit before tax of £71,437.

Allowances for future repairs and maintenance.

A monthly budget of £100 per property per month has been budgeted, however with the five properties averaging £48.63 per month per property this provides a strong surplus which should be reassessed.

Estimated current market values.

The estimated market value of the five properties is £1,463,500. This shows a capital appreciation of 6%. This is above the Harlow average and we would expect this to level out at 3% per annum in coming years.

Benchmark data against private sector and other similar local authority company performance.

A market overview has been provided within this report, showing live data which was used for the cash flow analysis. This shows that the average purchase price of the existing five is similar to the current market conditions. Alongside this a LATCo example of Lampton Investments 360 has been provided in the report, detailing their programme of 1,000 units using general funds and PWLB loans.

A full breakdown of acquisition and operational costs of the portfolio.

A full breakdown of these costs has been provided in the attached cashflows, showing 18 different scenarios and the acquisition costs as well as the operational costs involved. For each of these scenarios the operational costs differ, depending on purchase price alongside rental income. For the individual appraisal all the costs can be found on appendix 3.

Inclusion of estimates for void periods and rent arrears.

A 3% void period has been included within the cashflow, this will need to be monitored on a yearly basis. Rent arrears are typically modelled at 2-3% pa. For reference, MB is currently collecting 97% of rents due on a large council portfolio.

Inclusion of landlord's repairs allowances.

A landlord repair allowance of 3% has been included within the report, as seen on appendix 3. This averages £46.50 per month.

Updates to reflect the growth in costs of acquisitions linked to the House Price index.

Acquisition costs are calculated as a % of negotiated property prices. This therefore aligns to actual property price inflation.

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Updates to the borrowing costs assuming private finance is the option to be pursued.

Three scenarios have been modelled for this report, with each having a best, medium and worse case for a 2 and 3 bed property. This created 18 different cashflows. Each of these scenarios shows a different borrowing rate on equity and debt, with the quarterly net incomes of all these scenarios provided within the summary.

Overhead costs required to manage the growth in the portfolio.

Within the cashflow two HTS staff have been modelled, to manage the portfolio. In addition, an Asset Management fee of 1%+VAT has been included to provide governance, revaluations, active asset management etc.

Options to minimise taxation leakage from the business.

The recommendation is to operate as a UK registered limited company. If multiple propcos were created then an operating company to oversee these would be beneficial. Either way, all income surpluses, plus any capital gains from disposals, less deductible expenses and costs, would be taxable at prevailing UK corporation tax rates for both structural approaches.

Should HDC equity be required then this must be costed into the borrowing costs to offset the costs to the shareholder.

A PWLB equity fee has been included within the model at 3.25%. This rate is variable and is likely to increase with UK BBR (Bank Base Rates).

APPENDIX 1

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We have been asked to produce a combined list of all 32 London boroughs that currently have a; LATCo, existing portfolio or an active purchasing programme. To obtain this list external market research was conducted, alongside internal connections to these existing LATCos governing bodies.

LONDON BOROUGH	LATCO
Tower Hamlets	Seahorse Homes & Mulberry Housing Society
Newham	Red Door Ventures & Local Space
Redbridge	Redbridge Living
Waltham Forest	More Homes WF & Sixty Bricks
Barking and Dagenham	Be First
Havering	Mercury Holdings
Greenwich	Meridian Home Start
Lewisham	Lewisham Homes
Southwark	One Tower Partnership [Southwark Housing Company]
Enfield	Housing Gateway & Enfield Innovations Ltd
Hounslow	Lampton 360
Ealing	Broadway Living
Hillingdon	Hillingdon First Ltd
Brent	i4B Holdings Ltd
Barnet I	Barnet Homes
Lambeth	Homes for Lambeth
Camden	Camden Living
Westminster	Westminster Builds
Bexley	BexleyCo
Bromley	More Homes Bromley
Croydon	Brick by Brick & Croydon Affordable Homes
Merton	Merantun Developments Ltd
Sutton	Encompass

As you can see from this list, 23 out of the 32 London boroughs currently have a; LATCo, existing portfolio or an active purchasing programme. This provides an existing opportunity within these 23 boroughs, as well as an emerging market within the borough that are still to expand.

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APPENDIX 2

Project	Details	Amount	Debit	Credit		
	CS701 Purchase Price	277500.00	277500.00	0.00		
	CS701 SDLT	8325.00	8325.00	0.00		
	CS701 Birketts' fees	600.00	600.00	0.00		
	CS701 Land Registry fees	135.00	135.00	0.00		
	CS701 Search Fees	133.00	133.00	0.00		
	CS701 OS1 Search	3.00	3.00	0.00		
	CS701 TT Fee For Completion Monies	30.00	30.00	0.00		
	CS101 Companies House Fee for Reg	15.00	15.00	0.00	286741.00	Acquisition Cost
	22BH YE VALUITON MOVEMNET	3741.00	0.00	3741.00	283000.00	Valuation as at 31.03.2021
	MAR22 REVALUATION OF PROPERTY 701-22 BYNHAMS	19200.00	19200.00	0.00	302200.00	Valuation as at 31.03.2022
	CS702 Purchase Price	287500.00	287500.00	0.00		
	CS702 SDLT	8625.00	8625.00	0.00		
	CS702 Birketts' Fees	600.00	600.00	0.00		
	CS702 Land Regitry Fees	135.00	135.00	0.00		
	CS702 Search Fees 133	133.00	133.00	0.00		
	CS702 Os1 Search	3.00	3.00	0.00		
	CS702 TT Fee For Completion Monies	30.00	30.00	0.00		
	CS702 Companies House Fee For Reg	15.00	15.00	0.00	297041.00	Acquisition Cost
	151CP YE VALUATION MOVEMENT	8041.00	0.00	8041.00	289000.00	Valuation as at 31.03.2021
	MAR22 REVALUATION OF PROPERTY 702-151 COALPORT	4800.00	4800.00	0.00	293800.00	Valuation as at 31.03.2022
	CS401 Purchase Pric	275000.00	275000.00	0.00		
	CS401 SDLT	8625.00	8625.00	0.00		
	CS401 Birketts' Fees	600.00	600.00	0.00		
	CS401 Land Registry Fees	135.00	135.00	0.00		
	CS401 Search Fees	133.00	133.00	0.00		
	CS401 OS1 Search	3.00	3.00	0.00		
	CS401 TT Fee For Completion Monies	30.00	30.00	0.00		
	CS401 Companies House Fee For Reg	15.00	15.00	0.00		
	BIRKETTS - stamp duty ammendment	375.00	0.00	375.00	284166.00	Acquisition Cost
	133HF YE VALUATION MOVEMENT	9541.00	0.00	9541.00	274625.00	Valuation as at 31.03.2021
	MAR22 REVALUATION OF PROPERTY 401-133 HOOKFIELD	25375.00	25375.00	0.00	300000.00	Valuation as at 31.03.2022
	CS101 Purchase Price	272500	272500	0		
	CS101 SDLT	8175	8175	0		
	CS101 Birketts' fees	600	600	0		
	CS101 Land Registry Fees	135	135	0		
	CS101 Search Fees	133	133	0		
	CS101 OS1 Search	3	3	0		
	CS101 Companies House Fee for Reg	15	15	0	281561	Acquisition Cost
	125RW YE VALUATION MOVEMENT	6561	0	6561	275000	Valuation as at 31.03.21
	MAR22 REVALUATION OF PROPERTY 101-125 RED WILLOW	20000	20000	0	295000	Valuation as at 31.03.22
	CS102 Purchase Price	255000	255000	0		
	CS102 SDLT	7650	7650	0		
	CS102 Birketts' fees	600	600	0		
	CS102 Land Registry Fees	135	135	0		
	CS102 Search Fees	133	133	0		
	CS102 Os1 Search	3	3	0		
	CS102 TT Fee For Completion Monies	30	30	0		
	CS102 House Fee For Reg	15	15	0	263566	Acquisition Cost
	192SW YE VALUATION MOVEMENT	3566	0	3566	260000	Valuation as at 31.03.21
	MAR22 REVALUATION OF PROPERTY 102-192 SPINNING WHEEL	12500	12500	0	272500	Valuation as at 31.03.22

Harlow Appraisal

17/05/2022

Business Plan Assumptions	
Rent increase p.a	3.00%
Voids	3.00%
Bad debts	2.00%
Letting fees inc VAT	6.00%
Management fees inc VAT	6.00%
Sink fund per property	3.00%
Capital Appreciation	3.00%
Interest rate	3.50%

Property Details
Guilfords, Old Harlow
3 bed room semi detached home
Freehold

Property Acquisition	
Guide Price	**375,000**
Acquisition Price	387,000
Estimated month of completion	Jan-23
Contract:	375,000
Refurbishment Costs inc VAT:	12,000
SDLT	20,000
Acquisition Fee	9,000
Legal Fees	1,500
Surveys	954
Drawndown	262,500
Equity Required	155,954
Total:	**418,454**

Property Rental Income / Service Charge	
Total rent pw	357.69
Total rent pm	1,550.00
Total rent pa	**18,600.00**

Capital Appreciation	
Year 1	400,000.00
Year 2	412,000.00
Year 3	424,360.00
Year 4	437,090.80
Year 5	450,203.52

Yield Check	Gross	Net	Net (Post Finanace Costs)
Rent	18,600	15,438	6,251
Total investment	418,454	418,454	418,454
Yield	4.44%	3.69%	1.49%

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