

**Uff Da Property Ltd**

Front suite first floor
131 High Street
Teddington
Middlesex
TW11 8HH
Company No. 07472352

Project Overview Statement Executive Summary

Project Name: Portfolio Buy-Out
Department: Property – Company Expansion thru Aquisition
Last Updated: 10/03/2013
Author: Christopher Lycksell - Director
Company: Uff Da Property Ltd.

Confidential

Portfolio Buy-Out Executive Summary - 5 houses
Last printed 3/13/2013 8:08:00 AM

Project Business Case

Project Overview

A long time landlord is looking to sell off one of his limited companies, which holds 5 properties in Yorkshire. Total Value £437k, mortgages of £217,000. The Mortgages have approx 9/10 years to run at 1.5% over libor, repayment mortgages. One of the properties offers more room to add value: currently occupied by a family but, at very little cost - because the basement already has a bathroom and living area and separate entrance - change it into 4 bedsits and a basement flat which could produce a further £18,000 per year. Subject to contract and special arrangements/guarantees, the vendor would take £100,000 up front for the shares and a 5 year "consultancy / directorship" at £20,000 per year. Of which, the £20,000 per year could be paid from the established portfolio and offers the opportunity to buy the portfolio out with it's own money.

- Current Rent Role of £34,944 per annum
- Opportunity to Increase cash flow through maximizing the 4 bed property
- Project has the added benefit of 'vendor finance'
- Investor gains a greater return on their money than in the bank, secured against an asset

Business Opportunity

There is the opportunity to expand the current business through an acquisition of an established and cash-flowing Limited Company, which will use vendor finance for half the purchase price.

- 50% discount from day one
- Vendor finance to secure the property – paid by the company itself
- Vast amount of uplift in value at the end of the mortgage/investment period

Project Business Goal

Uff Da Property is a young and ambitious company, looking to take over as much property as possible while market conditions are still at 'sale' prices. The acquisition of this established company will offer many benefits.

- Add value and cash-flow to the existing portfolio
- Expand while the market is still preparing for its upward cycle
- Offer great value returns for investors, with minimal hassle for them

Primary Project Objectives

Primary Project Objectives

Both to utilize the existing owner/landlord's expertise and gain a great cash-flowing investment with minimal up-front funds and vendor finance afterwards. As well as expanding the current business through M&A projects.

- Gain a cash-flowing established business with potential for expansion
- Maximize growth potential by using vendor finance to accomplish
- Possibility to gain access to landlords other portfolios – roughly 40-50 properties

Project Benefits

Project Benefits

The benefits are numerous, a few of which are listed below:

- Growth of existing business and cash flow
- Leveraging available cash to add to the portfolio
- Great returns for investors, with minimal hassle to them
- Leverage the new companies funding power as portfolio is at 50% LTV
- Investors cash creates a better return for them than in the bank, secured against a physical asset

Primary Project Deliverables

Milestone 1

- Raise financing chunks of £25,000 to equal the initial £100,000 buy-out
- Purchase shares in limited company – control new company
- Convert 4 bed property to 4 bedsits and 1 flat to maximize income
- Continue on current path

Milestone 2

- Five years: Vendor been has fully paid out and is out of the picture
- Cash-flow doubles
- Property values have risen and repayment mortgages are ticking down
- Continue on path

Milestone 3

- Ten years: Mortgages paid off, properties all un-encumbered
- Re-evaluate portfolio – sell off or refinance and grow
- Investors paid out, original capital plus interest

Project Interdependencies and Inputs

Project Interdependencies and Inputs

Currently looking at a development project for 10 flats, which, when finished, could provide extra growth funding and/or early buy-out of investors on this project, should their circumstances change.

- The project could provide some 'off-plan' funding for new build flats
- Extra spread of risk as we grow in multiple veins
- Extra cash-flow provided to both projects

Project Conditions

Project Assumptions

We expect/assume that:

- The current mortgages will carry on to be fully paid off in 10 years
- The vendor will finance, via the purchased portfolio for 5 years
- The market will begin to rise in the North of England

Project Issues

Any project issues:

- Subject to raising sufficient finance
- The purchased company will tick along as normal
- No major disasters or works needed to properties

Project Risks

Known/suspected risks:

- The property market may not rise
- There may be void periods in the tenancies
- The extra income from the 4 bed conversion may take more time to convert
- Properties will need maintenance, nothing major

Project Constraints

Known/suspected constraints:

- We may not raise the necessary finance in the vendors time frame
- Investors may want their funds back before 10 years, which we can accomplish by swapping investors and or refinance/sale of properties

Project Critical Success Factors (Key Performance Indicators)

Project Critical Success Factors

These are:

- Initial purchase
- Vendor paid annual 'consultant' fee from the portfolio – 5 years
- 10 years the mortgages are paid off and the investors are paid out

Project Duration Estimates

Project Milestone	Date Estimate	Confidence Level
Project Start Date	ASAP – June	High – dependent upon funding
Milestone 1 – Conversion of 4 bed	01/09/2013	High
Milestone 2 – Vendor paid off/out (5yrs)	2018	High
Milestone 3 – <i>Investors paid out (10yrs)</i>	2023	High
Project End Date	2023	High

APPROVALS

Prepared By CHRISTOPHER LYCKSELL
Project Manager

Approved By Christopher Lycksell
Company Director

Uff Da Property Ltd
Company

Appendix - Portfolio Stack

ABC Property Ltd Co.

	Rent	Int Rate	Mortgag e	Adv	Total Mortgag e	Mortg age Int Pmt	PM Adv Loan/ Int	Total Int	Valuatio n	
Hous es	pwk	%	Balance	Loan						
1	£104. 00	2.10 %	£25,301. 00	£10,69 9.00	£36,000 .00	£44.4 0	£18.7 7	£63.1 7	£72,000 .00	2b d
2	£122. 00	2.10 %	£25,301. 00	£10,69 9.00	£36,000 .00	£44.4 0	£18.7 7	£63.1 7	£75,000 .00	2b d
3	£122. 00	2.10 %	£28,300. 00	£7,700. 00	£36,000 .00	£49.6 6	£13.5 1	£63.1 7	£75,000 .00	2b d
4	£122. 00	2.10 %	£25,326. 00	£10,67 4.00	£36,000 .00	£44.4 4	£18.7 3	£63.1 7	£75,000 .00	2b d
5	£202. 00	2.10 %	£25,327. 00	£26,02 8.00		£44.5 4	£45.6 7		£140,00 0.00	4b d
		5.15 %		£23,67 0.00	£75,025 .00		£95.9 3	£186. 14		
				Mortga ge	£219,02 5.00		Int pmt	£439. 00		
				PCM						
				£2,912.				Tot Val	£437,00 0.00	
Rent Roll per week			£672.00	00						
			£34,944.							
Rent Roll pa			00							
			£5,268.0	£439.0						
Current Interest pa			0	0						
Surplus after interest			£29,676. 00	£2,473. 00						
			<u>£217,97</u>							
Net Asset			<u>5.00</u>							