

Chad House, Newcastle, Sunderland Road, Gateshead, NE8 3HY

£144,300

The rent is guaranteed by the British government. The government guarantees a 10 % return to investors for 25 years and the rent rises every year with inflation. After all the fees and taxes on the purchase, it's 9 %.

The yield is linked to the consumer price index, so we assume a steady increase in the yield achieved.
Leasehold for 125 years (running from 2017).

Can be bought on Ltd and in 3 years to be refinanced (take out a UK mortgage). Cannot buy from outset on a mortgage through a UK bank as they will not allow a charge on the property due to the 3 year option. After 3 years it's not a problem.

The management costs are fully secured, the investor pays nothing from the rent. They don't pay for the boiler or electricity report certificate either. Everything is paid for by the managing agent, which is covered by the UK government. This is accommodation for the physically or mentally disabled.

Some people who have been admitted under the Mental Health Act can get free help and support when they leave hospital. The law that provides this right is section 117 of the Mental Health Act and is often referred to as 'section 117 aftercare'.

The rent is £1,083 per month, giving you an annual income of £13,000. As mentioned, the property has an inclusive FRI (full repairing and insuring lease) so the provider will pay for all service charges, insurance, maintenance etc. There are no rent defaults either. Neither management fees nor ground rent are paid, so it's a real net amount for you as an investor with no unexpected bills.

EPC B

CASHFLOW STATEMENT

		GBP	
		month	year
Finance	Purchase price		£130,000
	Own finance		£130,000
One-off costs	Solicitor fee		£1,500
	License to rent (5yr)		£500
	Refurb		£0
	Broker fee and consultation		£5,800
	<u>SDLT (tax 2% or 5%)</u>	5%	£6,500
Total	All costs		£14,300
	Total own finance and costs		£144,300
Income		měsíc	rok
	Rent	£1,083	£12,996
Regular costs	10% management fee + VAT (20%)	£0	£0
	Building insurance + boiler certificate (£5)	£0	£0
ROI	[%] Yield		9.01%
	Per year		£12,996
	Monthly		£1,083

RETURN ON INVESTMENT

Appreciation (growth of value) + cash-flow		
Appreciation (growth of value)		79.08%
		£102,810
Cash-flow		£129,960
		£232,770

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