

Data Assumptions/ input for model Annual Costs

Rental Income Calculations

	100% MR £'s
Rent per unit Per Month	900
Annual Rent per unit	10,800
Rent Per Week per unit	207.7
Rental Income (Gross Rent)	442,800
Lease Payment (70% GR in Initial lease period)	309,960
Lease Payment (50% GR in secondary lease period)	221,400
net Operating Income (Initial Lease period)	132,840
net Operating Income (Secondary Lease period)	221,400
Void Costs 5% year 1	22,140
Void Costs 2.5% year 2	11,070
Bad debts 2%	8,856
Net Rental Income year 1	420,660
Net Rental Income year 2	431,730

Key Assumptions

Initial leasing Period assumes 30% net operating income to cover costs 20% and profit 10%
 Secondary Leasing Period is Full Repairing and Insuring (FRI) lease
 with responsibility passing to company for major works and this assumes 50% net operating income
 Assumed Inflation factors
 Rents assumed to increase in line with CPI CPI = 2%
 Costs assumed to Increase by RPI RPI = 3%

Lease rent review every 5 years assumed to be 10.4%

Operating Costs

	Per Unit £'s	Cost £'s	Mark-up (5%) £'s	Vat £'s	met by Company £'s
On boarding year 1*	500	20,500		4,100	24,600
On boarding year 2 (assume 50% churn)	250	10,250	513	2,050	12,813
ongoing Mgmt.	475	19,475	1,025	3,895	24,395
Reactive repairs	475	19,475	1,025	3,895	24,395
Buildings insurance	100	4,100	205	820	5,125
depreciation (white Goods)	150	6,150			6,150
					<u>97,478</u>

* On boarding includes marketing, finding tenants, taking inventory, taking references, deposits and signing up and advising prospective tenants of rights

Model assumed that 0.8% of the reinstatement value is required years 16-30, proxy is market value -30% assumed
 land value = £1,064 per unit per year at todays price base
 note depreciation is written of over life of lease so increases significantly in years from year 16

Potential Building related service charges

	Cost £'s	Mark-up (5%) £'s	Vat £'s	met by Company £'s
Grounds maintenance caroline	1,919	96	403	2,418
Lift maintenance AK	1,000		200	1,200
Communal cleaning fiona	2,132	107	448	2,686
Electrical servicing	500		100	600
Sprinkler system/Pump set - 3month check	500		100	600
Door entrance/CCTV/Fob access	500		100	600
Lighting common areas - NO	500		100	600
cost of servicing AECB standard* - PV monitoring and maintenance	1,000		200	1,200
	<u>8,051</u>	<u>203</u>	<u>1,651</u>	<u>9,904</u>

APPENDIX A

White Goods

Washing Machine/Condenser
HOB/Oven/hood
Fridge Freezer

Cost per unit £'s	Cost (Inc. Vat) £'s	met by Company £'s
500	20,500	20,500
500	20,500	20,500
500	20,500	20,500
1,500	61,500	61,500
Assumed 10 year life		6,150

Assumed to be provided by HRA at onset and then Financed at replacement by Company

Company Overheads

Governance
audit
Financial support
Directors insurance
Directors remuneration
Company secretary
Bank charges
Use GL/Orchard

Cost £'s	Mark-up (5%) £'s	Vat £'s	met by Company £'s
1,000	50	210	1,260
4,000		800	4,800
3,000	150	630	3,780
3,000		600	3,600
2,000	100	420	2,520
500	25	105	630
500		100	600
2,000	100	420	2,520
16,000	425	3,285	19,710

Equity Investment is £300k