

PROPWEALTH

TAILORED PROPERTY INVESTMENTS

DUE DILIGENCE ON LIVERPOOL PROPERTY INVESTMENTS

HAWTHORNE HOUSE



THESE PROPERTIES ARE IN THE PROCESS OF BEING TOTALLY UPGRADED AND RENOVATED FOR TENANTING

PROPWEALTH

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Dear Investors

We are extremely excited about these three new opportunities, which are the “quintessential style” of property we invest in ourselves in Liverpool. Blue collar to middle class areas, huge tenant base and as these are at entry-level prices, there is scope for capital growth over the medium term.

The locations are all well placed as these units are in the heart of the shopping and regeneration areas and are very close to main transport links. Furthermore, these properties are in areas in which we already have other properties, so we have a rental track record in neighbouring investments. We ourselves own a building around the corner.

We also recommend that you look at these investments as buy to hold and to enjoy the cash flows.

Please contact us on +44 7500 166982 or via email on info@propwelath.co.uk to book your unit.

Best regards

Anthony and Craig



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LIVERPOOL CITY REGIONAL INVESTMENT OVERVIEW

Over the past 10 years, £5 billion of investment have transformed the City Region for both tourism and business visitors including flagship projects such as Grosvenor's £1 billion Liverpool ONE development and the Arena and Convention Centre (ACC) Liverpool.

Looking forward major new projects are being developed across the City Region such as as Liverpool 2 (Deep Sea container Terminal) , Mersey Gateway crossing (new toll bridge) , the Liverpool Bio Campus, Wirral Waters and Liverpool Waters. (Both massive regeneration projects)These projects will have a catalytic impact on the economy and help to transform the City Region, making a major contribution to rebalancing the UK economy – one of the Government's key priorities.

Liverpool has seen the fourth largest rise in income per head – ONS (Office for National Statistics) data supports this finding, with Liverpool workers earnings up 40.4 percent from 2002-2014 compared to the GB average of 33.6 percent. Earnings growth from 2012-2013 was 1.4 percent, twice the GB rate of 0.7 percent Liverpool has seen the largest improvement in income equality – ONS earnings data reinforces these findings with the income gap between Liverpool's residents and workers narrowing substantially over recent years. It now stands at £1,426 compared to £3,711 in Manchester.

Liverpool is the second most improved city for private/public sector balance – reducing the city's historic over-reliance on public sector employment. Private sector jobs now account for 74.1 percent of Liverpool's total, up from 70.3 percent in 2009.

There were 2,250 business startups in Liverpool in 2014 – 48 percent more than the year before and ahead of the 28.6 percent increase nationally. It also found that the city's business density increased by 5.1 percent compared to a GB average of 3.3 percent.

Property prices in Liverpool have grown by 7.8%, to £108,700, in the two years since they reached rock bottom in January 2013.

The City has a growing student population of over 60,000.

Liverpool in 2013 was the 5th most popular destination for international visitors with 562,000 staying visits up from 550,000 in 2012 (International Passenger Survey) and was 5th most popular destination for all domestic visitors (1.68m overnight visits). It is also 6th for pure holiday trips (703,000) and 6th for business tourism (289,000)

Liverpool City Region has established itself as a major offshore wind energy hub and is the only west coast UK location to be granted CORE (Centre for Offshore Renewable Engineering) status, ensuring businesses looking to invest in manufacturing for the offshore renewable industry receive the most comprehensive support possible.

Liverpool City Region's Knowledge Economy Plan outlines an ambitious framework to generate nearly 60,000 additional jobs by the early 2020s through further investment in and exploitation of these assets.

HAWTHORNE HOUSE **2 x 1 beds and 1 x 2 bed**

14 Hawthorne Road Liverpool



PRIOR TO RENOVATION

General

Hawthorne Road is a main arterial route connecting the north of the city with the centre. It's characterised by residential and retail properties.

314 is within walking distance (10mins) to the hub of Bootle town centre with thousands of public sector jobs and also Hugh Baird College. There is also the Strand shopping mall. Closer to home and a 2-minute walk is Derby Park, a large, well maintained Victorian park.

14 Hawthorne Road L20 2DN

- 14 Hawthorne Road comprises a 1 x 2-bedroom apartment and 2 x 1-bedroom apartment and an exclusive use outside space.
- The property is in an area of strong rental demand and is also a 2-minute walk to the railway station with connections into central Liverpool to the south and Bootle, Crosby and Southport to the north.
- Hawthorne Road is just a few minutes walking distance (15 mins) to the hub of Bootle town centre with thousands of public and private sector jobs and also Hugh Baird College which has 5,000 students. There is also the Strand shopping mall.
- The property is also a 15-minute walk to the Everton Football Club and 20 minutes to Liverpool Football Club.
- In the immediate vicinity, the property is serviced by local shops, takeaways and other services and the Bootle Recreation Ground.

The Property

The property is a terrace building which has been converted into 3 apartments, over 3 floors - with the ground floor apartment having an outside space area.

All apartments will be refurbished to a high standard and will be key ready, with:

- uPVC double glazing
- New kitchen, including an oven, hob and compliant lighting
- New shower suite, toilet and basin and compliant lighting
- New electrical system will be in line with the current legislation and a certificate provided (renewable every 5 years)
- New electrical heating system.
- Full internal redecoration with emulsion paint and gloss where applicable
- External repairs and painting where necessary.
- New carpets/flooring throughout
- A new fire alarm system will be installed throughout the building and will include hard wire smoke/heat detectors/sounders and will comply with current legislation
- Fitted blinds throughout, including black out blinds in bedrooms

Rent

One would expect to achieve £375 to £425 per calendar month for a 1-bedroom apartment and £425 to £450 for a two-bedroom apartment.

We have seen rental growth in the area since we acquired a building opposite (50m). I expect it to continue.

Prices and rent comparisons

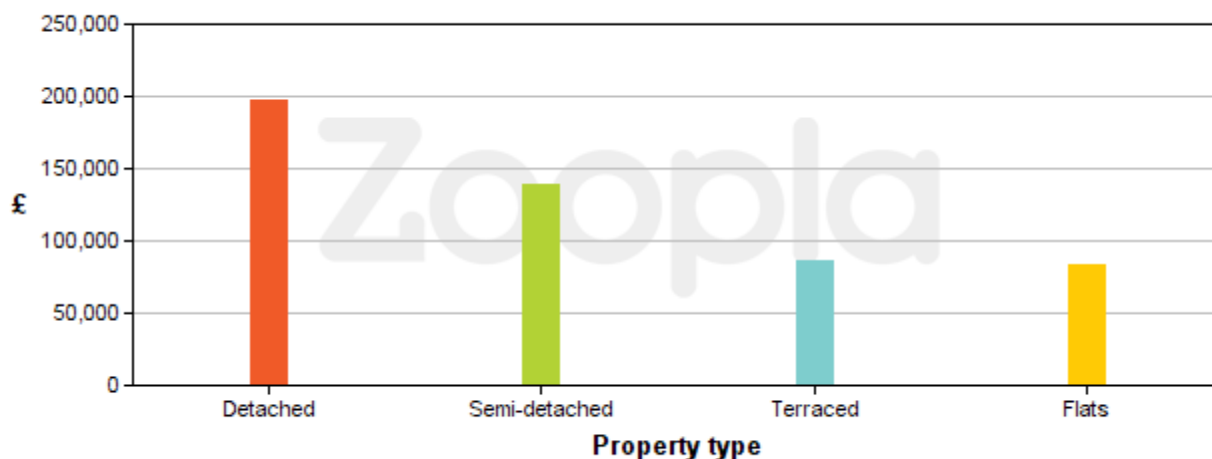
Area guide for Bootle, Merseyside

Property value data/graphs for Bootle, Merseyside as at February 2020

Property type	Avg. current value
Detached	£197,589
Semi-detached	£138,235
Terraced	£85,968
Flats	£83,043



Average values in Bootle (Feb 2020)



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Current asking prices in Bootle, Merseyside

Property type	1 bed	2 beds	3 beds
Houses	-	£77,209	£115,168
Flats	£58,322	£67,318	£99,998

Prices for 14 Hawthorne Road

- Ground floor 1-bedroom apartment (approx. 42m²) with private outside space - £62,950
- First floor 2-bedroom apartment (approx. 42m²) - £67,950
- Second floor penthouse (approx. 40m²) - £59,950

Sourcing and other fees

- £ 3950 per apartment
- Service charge - £35 pcm
- Ground rent £250 pa

PLEASE SEE THE CASH FLOW FOR ALL ADDITIONAL PURCHASE COSTS PLUS MONTHLY ESTIMATES

PLANS TO FOLLOW BY MID APRIL 2020

CURRENT INTERIORS

This property has been partially renovated. The developer will keep items that are up to his standard but will replace other parts and upgrade further.





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TYPICAL INTERIOR RE-DESIGNS – THE BELOW ARE EXAMPLES ONLY

We follow a standard look at feel for our upgraded properties

These can include:

- New UPVC double glazed windows to ensure noise reduction and heat retention
- New electrics and fire safety
- Intercoms
- New or upgraded kitchen and showers
- Tenant friendly carpets
- Painting and common areas are upgraded
- Standard finishes include white wall and blinds, sandstone colour carpets, kitchens with black counter tops, silver oven and hob, walnut or silver beech wood finished units
- Power showers and central heating





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NOTE ON RENTALS

As from 01 April 2015 all Landlords will need to apply for a Landlord License at an initial cost of £ 400 per license going down to £ 350 for each subsequent one. This is in order to legitimize Buy to Let and to rid the market of rogue landlords. This programme is being unrolled throughout the UK. In Liverpool these investment properties will be managed by our in-house Rental Company – TFL limited that has been created to deal exclusively with PropWealth clients. This will ensure cheaper rates, faster service and most importantly cost-effective repairs and maintenance when required

SUMMARY OF INVESTMENT OPPORTUNITIES

1. Strong tenant demand in a good area with existing tenants and historic rental yields
2. Good yields at above market related norms in year 2
3. Good capital growth potential in the medium term
4. Exit is investors looking for yields
5. Good blue collar/ middle class area with plenty of transport and developing employment bases

Making the Investing Process as Simple as Possible

1. Choose your investment

We normally keep all our investors updated on current projects. The Liverpool units are all very much the same. We invest in small one or two bed refurbished Victorian or Edwardian buildings. Cities like London and Birmingham are off-plan new builds.

2. Reservation

When you have read through the Due Diligence and Cash Flow Analysis and have made your decision, we will email an initial reservation form for you to complete. We will require your buying entity (personal, company or partnership, for example) and your contact details. Our advice is to keep it simple. The more complicated with trusts and non standard structures, the more the costs and complexity to operate. As per FICA (Financial Intelligence Act) you are required to have a UK bank account and complete the UK money laundering act form. The account is also necessary as a rental deposit account. A UK Limited company is very easy and quick to set up. You can either set it up yourself or do it with our accounting firm. You will need to pay the Sourcing Fee and Deposit at this stage.

3. Legal Process Begins

We can introduce you to a solicitor or you are free to use your own. We use Donn & Co in Shropshire, who are an independent legal firm that we have dealt with over the years. Their fees are highly competitive and they will look after your interests and protect you during the process of purchasing. Donn and Co will mail you a client acceptance form which you will need to sign and return to them via email. At this stage you would make a £300 deposit into their account.

4. There are also two contractual steps to buying.

The first is what the attorneys call "exchange of contracts". This is when the sellers' attorney sends through the purchase contract and the report on the property. Donn and Co will, on your

behalf, go through the contract in great detail and undertake a legal Due Diligence. Once you are happy with the contract report the two attorneys will then exchange contracts. At this point, you are legally bound to buy the property. The second step occurs once the property is fully upgraded and you will pay the remainder and "complete" on your investment. That's the day you get the key ! (See below)

5. Property Development

If construction and refurbishment work must be done (which is 90% of the time) then the developer will complete this within a certain period. Once it is complete and has received building and council inspectors approval, the two attorneys then legally complete on the flat. The unit then becomes your property. You will receive your title deeds approximately two months later. Donn and Co will send you a copy and keep the originals in their office safe.

6. Rentals

Depending on where you have bought will depend on the rental company that you use. In Liverpool the developer has opened his own rental company to deal with tenancy and day to day management. It gives more control over the tenancing process.

Once a tenant has been approved you will receive the lease to sign and the first rental cheque should be paid a month or so after that. The cash flows we have shown you reflect the expenses taken off the first month and so you may not see income for the first two months. These initial costs include the finders fees for the tenant, the 10% that the rental agent charges each month to collect the rent and the landlords license. (if applicable). Please also remember that generally the tenant pays water, gas and electricity as well as council taxes. However if your unit stands open for a period of time then you are liable for the council tax and other running costs as above. Rentals are not taken on by calendar month. They start at any day of the month and will be paid out pro rata around the 10th of each month.. Escalation on rent is also very low each year (outside London) and normally increases according to inflation or when your tenant vacates. At this stage the new market level of rent clicks in.

7. Licensing

In certain areas of the UK, you will require a landlord license which lasts 5 years and costs approximately £400. The licence has been set up by the local council to regulate the buy-to-let market. Again the license amount is included in the cash flows and in Liverpool they have got the license down to around £200 for the five year period.

8. Non Residents Landlord Exemption

If you are not based in the UK you will need to register as a Non Resident Landlord so that you are not taxed at the point of rental collection. This will only apply if you purchase in your own name. If you purchase in a limited company then it is run like a company. We have an independent accounting company called Exceed Accounting that we can recommend should you need accounting advice. Exceed are excellent and we use them for both our personal and business accounting needs

PLEASE NOTE

1. Propwealth gives notice that: (a) these particulars do not constitute in whole or in part an offer or contract for sale or lease; (b) none of the statements contained in these particulars as to the property are to be relied on as statements or representative of fact; and (c) the vendor/lessor does not make or give, and neither Propwealth nor any of its members or any person in its employment has any authority to make or give, any representation or warranty whatsoever in relation to the property. The only representations, warranties, undertakings and contractual obligations to be given or undertaken by the vendor/lessor are those contained and expressly referred to in the written contract for sale or agreement for lease between the vendor/lessor and a purchaser or tenant.

2. Prospective purchasers or tenants are strongly advised to: (a) satisfy themselves as to the correctness of each statement contained in these particulars; (b) inspect the property and the neighbouring area; (c) ensure that any items expressed to be included are available and in working order; (d) arrange a full structural (and where appropriate environmental) survey of the property; and (e) carry out all necessary searches and enquiries.

3. Plans supplied as attachments might be subject to final changes according to building regulations

4. Interior images are indicative and are subject to change

5. We advise that the purchaser ensures that all the upgrades mentioned by the developer to the Company in this document are listed in the Exchange Documents upon signature.

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