

PROPWEALTH

TAILORED PROPERTY INVESTMENTS

DUE DILIGENCE ON LIVERPOOL PROPERTY INVESTMENTS

MERSEY HOUSE STUDIO ROOMS



THIS PROPERTY IS IN THE PROCESS OF BEING TOTALLY UPGRADED AND RENOVATED FOR TENANTING

PROPWEALTH

TAILORED PROPERTY INVESTMENTS

Dear Investors

We are extremely excited about this new opportunity that has been presented to us by a Liverpool developer.

These have a huge tenant base and are at entry-level prices with a very high yield.

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 own a building a few blocks away in King Street.

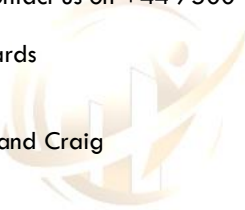
There is a severe shortage of quality studio rooms with shared facilities in Liverpool and The Wirral. The developer works with many government, and charitable organisations which require this type of accommodation. Furthermore, many others, including blue collar workers, single people and those on short contracts and others for various reasons, require accommodation of this type.

These studio rooms come with a higher yield and their own title deeds so you can sell on if and when you wish. However, 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.

Mersey House - 102 King St, Wallasey CH44 8AW

Studio rooms, with shared facilities

Highlights

- No Stamp Duty
- High net yields from 10% with potential to 11% increasing from here
- Low entry prices from £28,290
- Furniture pack included in price
- An under supplied market in high demand
- A fully managed, hands-free investment
- A developer with a proven track record
- £ 1 billion area regeneration underway.

Background

There is a severe shortage of quality studio rooms with shared facilities in Liverpool and the Wirral. The developer works with many government, and charitable organisations which require this type of accommodation. Furthermore, many others, including blue collar workers, single people and those on short contracts and others for various reasons, require accommodation of this type.

Mersey House

Mersey House is in a prime blue-collar area, only a 3 minutes' walk to the River Mersey waterfront with some studio rooms having river views. There is a parade of shops within a 1-minute walk with many services and products for sale. There is a Tesco mini-supermarket, Subway snack bar and bank ATM all 30m away.





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The area and neighbourhood

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Liverpool

Liverpool city centre is 15 minutes away by car and can also be accessed by train, bus and ferry. The port is only a very short walk from Mersey House along the promenade to the passenger ferry terminal, as immortalised in the Gerry Marsden song, "Ferry Across the Mersey."

New Brighton

Mersey House is 5 minutes by car or bus and only a 30-minute walk to New Brighton which is a famous seaside resort forming part of the town of Wallasey within the Metropolitan Borough of Wirral in Merseyside. It has sandy beaches which line the Irish Sea and mouth of the Mersey, and the UK's longest promenade at slightly over 2 miles. It has received significant investment in recent years.





Track Record

We own properties on this road and have let them very successfully for many years. The developer owns the property next door, 102a.

Upgrade

The building will be refurbished to a good standard and will feature:

- Complete refurbishment of the outside of the building
- Double glazed windows
- Gas fired communal heating
- Upgraded electrics complying with the latest UK Electrical Regulations and certified for 5 years.
- New electricity fuse board complying to the latest standards
- Broadband WIFI internet throughout
- New flooring throughout
- New interlinked smoke and heat detectors
- New carbon monoxide detectors
- New bathroom with overhead shower
- New kitchen, incl. fridge freezer, washing machine, microwave and cooker plus all utensils and plates all shared
- New fire doors, smoke seals, door closures and locks

Please note that the roof is second generation, recently replaced. Please see photo.

FREE Furniture Pack

The aim is to make the studio rooms and shared facilities as homely and comfortable as possible for the tenants; therefore, each studio room will have:

- Digital SMART HD TV connected to the internet to obtain Netflix, Freeview and other channels
- Bed, mattress, pillows, quilt, linen and bedside lamp
- Wardrobe and chest of drawers
- Pictures on the wall

Rentals/Prices

Room	Size	River View	*Rental PCM	* Rental PA	Price
1	14m2	Yes	£346 (£80pw)	£4,152	£28,290
2	17m2	No	£346 (£80pw)	£4,152	£28,950
3	12m2	No	£346 (£80pw)	£4,152	£28,290
4	12m2	No	£346 (£80pw)	£4,152	£28,290
5	20m2 (plus small storage area)	Yes, penthouse panoramic view from the top of the house.	£390 (£90pw)	£4,680	£32,950

Propwealth and Legal Fees

- £ 2500 sourcing and organization fee
- £ 500 Legal fees - approximately

*Rental figures are based on a similar property on the same road and advice from organisations we work with. Local agencies we work with believe that £85pw (£368 pcm) and £90pw (£390 pcm) is achievable, but we are using a lower conservative figure for the analysis. Over last 9 years we have seen a steady increase in rents.

It is estimated that the annual costs will be 34% of the annual rent, which will include a service charge of £25 per month.

Annual costs estimate includes:

£300 service (levy) charge
£200 council tax
£373 management charge (9%) (£421 at higher rental)
£400 Utilities
Ground Rent pa is £50
Total = £1,323

Example:

Annual Rental	Expected Costs	Net Income	Net Yield
£4,152	£1,323	£2,829	10%
£4,680	£1,371	£3,309	10%

Legals

Every studio room will have a 999 years lease, as per a standard leasehold apartment. You will own the studio room and have the right to sell it at any point.

Payments Schedule

- 35% deposit upon reservation
- £ 2500 Propwealth sourcing fee upon deposit
- Remainder of purchase price payable on physical completion – estimated 6-7 months

Summary

This is a great opportunity to invest with a relatively small amount of cash and receive a significant above market return with an established developer and property manager. All-inclusive income and expenditure which reduces risk, and an excellent way to break into – and fully understand – the UK property market.

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

PLANS TO FOLLOW BY END MARCH 2020

**INDICATIVE IMAGES FROM AN EXISTING STUDIO ROOM DEVELOPMENT
ALSO IN KING STREET**





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 the in-house Rental Company – TFL limited that has been created to deal with the developer who owns units as well as ours and our investors. This ensures better management and maintenance 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. Exit is investors looking for yields
4. 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 tenanting 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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