

**Estimated Annualised Cost of Borrowing and Return on Investment**

Amount Borrowed		<b>£50,000,000</b>
Estimated Purchasing costs	6.8%	£3,400,000
Estimated Value of Property		£46,600,000

**Potential Return on Investment Based on Interest Rates as at February 2017****Forecast Adjusted for increase in interest rates of:**

0.5 %

	Cost of Borrowing (1)	Annual interest cost	Forecast Rental Yield %	Forecast Rental Income £	Adjustment for Voids as a % of rent (2) 5%	Estimated Annual Management Costs (3) 4.4%	Planned Maintenance (average % of value pa) (4) 0.25%	Contingency for unplanned maintenance and other costs (% of rent) 1.5%	Potential Surplus Income	Potential Net Return on Investment	Annual interest cost	Potential Surplus Income	Potential Net Return on Investment
1st full year	2.53 %	£1,265,000	5%	£2,330,000	£116,500	£123,000		£34,950	£790,550	<b>1.58%</b>	£1,411,980	£643,570	1.29%
Second and subsequent full years	2.53 %	£1,265,000	6%	£2,796,000	£139,800	£123,000	£125,000	£41,940	£1,101,260	<b>2.20%</b>	£1,411,980	<b>£954,280</b>	1.91%

(1) PWLB 50 year Maturity Certainty Rate 23-2-17

(2) Jones Lang LaSalle (JLL) recommend we allow for 3 months void over each five year period which would equate to 5% pa

(3) 1 FTE Property investment advisor @ c. £75k plus property management services @ £900 per tenant x 50 tenants of which 50% is recoverable plus £30k for legal and other costs

(4) JLL recommend fund of £400k to be set aside over 7 years to meet landlord responsibilities per £25m invested i.e. 0.25% of value pa on average; assume no provision in year one

**Estimated Annualised Cost of Borrowing and Return on Investment**

Amount Borrowed		<b>£25,000,000</b>
Estimated Purchasing costs	6.8%	£1,700,000
Estimated Value of Property		£23,300,000

**Potential Return on Investment Based on Interest Rates as at February 2017****Forecast Adjusted for increase in interest rates of:**

0.5 %

	Cost of Borrowing (1)	Annual interest cost	Forecast Rental Yield %	Forecast Rental Income £	Adjustment for Voids as a % of rent (2) 5%	Estimated Annual Management Costs (3) 5.7%	Planned Maintenance (average % of value pa) (4) 0.25%	Contingency for unplanned maintenance and other costs (% of rent) 1.5%	Potential Surplus Income	Potential Net Return on Investment	Annual interest cost	Potential Surplus Income	Potential Net Return on Investment
1st full year	2.53 %	£632,500	5%	£1,165,000	£58,250	£80,000		£17,475	£376,775	<b>1.51%</b>	£705,990	£303,285	1.21%
Second and subsequent full years	2.53 %	£632,500	6%	£1,398,000	£69,900	£80,000	£57,143	£20,970	£537,487	<b>2.15%</b>	£705,990	<b>£463,997</b>	1.86%

(1) PWLB 50 year Maturity Certainty Rate 23-2-17

(2) Jones Lang LaSalle (JLL) recommend we allow for 3 months void over each five year period which would equate to 5% pa

(3) 1 FTE Property investment manager @ c. £50k plus property management services @ £1,000 per tenant x 30 tenants of which 50% is recoverable plus £15k for legal and other costs

(4) JLL recommend fund of £400k to be set aside over 7 years to meet landlord responsibilities per £25m invested i.e. 0.25% of value pa on average; assume no provision in year one