Lndn Base
URBAN LIVING REDEFINED

Equity Joint Venture via SPV

60% Investor / 40% LNDN Base
Operator-Guaranteed Bridging Loan (BTS Strategy)

---

1. Overview

This structure is designed for investors seeking higher upside through leverage in a **Buy–Refurbish–Sell (BTS)** strategy, where the **Operator (LNDN Base)** assumes lender and execution risk by signing a **Personal Guarantee (PG)** on the bridging loan.

The Investor:

- Funds the deposit, refurbishment, and project costs
- Does **not** guarantee debt
- Participates in returns through **equity profit**, not interest

This is an **equity joint venture**, not a lending or fixed-return structure.

---

2. Project Type — Light Refurbishment (≈10%)

Scope of Works

- Cosmetic upgrades only
- No planning required
- No HMO conversion
- No structural works

Refurbishment budget:

- Approximately **10% of purchase price**

3. Legal Structure

- Property acquired and sold via a **dedicated UK SPV (Special Purpose Vehicle)**
- Equity split:
  - **60% Investor**
  - **40% LNDN Base (Operator)**
- Operator arranges and **personally guarantees** the bridging loan
- Investor remains fully passive

---

4. Roles & Responsibilities

Investor

Funds:

- Purchase deposit
- Stamp duty & legal costs
- Refurbishment
- Fees & contingency

The Investor:

- Provides equity capital only
- Has **no Personal Guarantee exposure**
- Has **no operational role**

Operator — LNDN Base

- Sources the opportunity
- Arranges and guarantees bridging finance
- Manages refurbishment and sale
- Assumes lender and delivery risk

---

5. Key Commercial Principles

- This is **not a loan**
- **No interest** is paid to the Investor

- Investor returns are generated through **profit participation**
- **Investor capital is repaid in full before any profit is shared**

---

6. Capital Structure — Illustrative Example

Purchase Funding

- Purchase price: **£450,000**
- Bridging loan (70% LTV, Operator PG): **£315,000**
- Investor deposit (30%): **£135,000**

Additional Investor Costs

- Stamp duty & legal: **£40,000**
- Refurbishment (10%): **£45,000**
- Furniture & staging: **£20,000**
- Fees & contingency: **£18,000**

Total Investor Capital Deployed: £258,000

---

7. Gross Development Value (GDV)

Following refurbishment and value creation, the property is assumed to achieve an open-market sale price of:

Gross Development Value (GDV): ≈ £602,000

This represents the expected sale price of the completed asset and forms the basis for the project profit calculation.

---

8. Exit & Capital Waterfall

At sale completion:

1. Property sold on the open market at GDV
2. Bridging loan repaid in full

3. **Investor capital repaid in full (£258,000)**
4. Remaining profit split:
    - **60% Investor**
    - **40% LNDN Base**

---

9. Worked Example — JV Outcome

Gross Project Profit: £152,000

Profit split:

- Investor (60%): **£91,200**
- Operator (40%): **£60,800**

Investor outcome:

- 100% of capital returned, plus
- 60% of net project profit

Capital returned: £258,000
Profit received: £91,200
Total cash returned: £349,200

---

9. Exit & Timing

- Single payment at sale
- No monthly income
- No interest accrual
- Typical project duration: **6–9 months**

---

10. Investment Timing — When Capital Is Required

The total capital invested does not change; only the **timing of deployment** differs.

10.1 Auction Purchase

- 10% deposit paid immediately on auction day
- Completion typically within ~28 days
- Refurbishment funds deployed post-completion

10.2 Off-Market / Open Market Purchase

- No funds required at offer stage
- Deposit paid at exchange (2–6 weeks later)
- Completion 2–4 weeks after exchange
- Refurbishment funds deployed progressively

---

11. Returns & Capital Summary *(Illustrative — £450,000 Purchase)*

This section summarises capital flows, realised profit, and timing of returns.

11.1 Outcome Summary — Investor Snapshot

- Total capital invested: **£258,000**
- Capital returned at exit: **£258,000**
- Capital remaining invested post-exit: **£0**
- Capital at risk duration: **~6–9 months**
- Capital recycling: **100% at sale**
- Equity ownership: **60%**
- Personal guarantee exposure: **None**
- Exit route: **Sale only**

📌 Capital is repaid in priority before any profit distribution.

11.2 Cash Yield Summary — Profit at Exit

- Gross project profit: **£152,000**
- Investor share (60%): **£91,200**
- Cash-on-cash return: **35.3%**
- Income during hold: **None**

11.3 Total Economic Return — Project Lifecycle

- Capital repaid: **£258,000**
- Profit participation: **£91,200**
- **Total cash returned: £349,200**
- **Net ROI: 35.3% (over 6–9 months)**

11.4 Downside Sensitivity — Execution & Exit Risk

- Lower sale price → profit reduced, capital repaid first
- Exit delays → annualized ROI reduces
- Cost overruns → absorbed by profit before capital

11.5 Effective Return Mechanics — Explained

- Capital deployment: Investor funds equity & costs
- Leverage: Operator guarantees 70% bridging loan
- Capital waterfall: Investor repaid first
- Profit split: 60% Investor / 40% Operator
- Liquidity: Full at sale
- Reinvestment: Capital can be redeployed immediately

Investor Summary

Using an illustrative £450,000 acquisition, the Investor commits **£258,000** for approximately **6–9 months**, receives **100% of capital back first**, and participates in **60% of net project profit**, generating **£91,200 of realised profit**. Returns are generated exclusively through **equity participation**, not interest, with full liquidity achieved at sale.