

# Investor-Owned BTS Flip

## 1. Overview

This structure is designed for investors seeking **short-term, low-complexity property flips** in the UK market.

The investor:

- Funds **100% of the project**
- Owns 100% of the asset via SVP
- Exits via **open-market sale**
- Earns returns through **profit participation**, not interest

This is the **most common BTS structure in the UK** for light refurbishments.

## 2. Project Type — Light Refurbishment

### Scope of Works (UK Definition)

- Like-for-like kitchen replacement
- Bathroom refresh
- Flooring, painting, decoration
- Minor electrical and plumbing upgrades
- Basic fire safety where required

### Excluded

- Structural works
- Planning or licensing
- Change of use
- HMO conversion

Typical refurbishment budget:  
**~10% of purchase price**

### 3. Roles & Responsibilities

The property is owned 100% by the Investor (directly or via a wholly owned UK SPV). LNDN acts exclusively as **Project Administrator and Asset Manager**, operating under fixed contractual agreements. LNDN holds no equity, no ownership rights, and no beneficial interest in the property.”

#### Investor

- Funds:
  - Purchase price
  - Stamp duty & legal costs
  - Refurbishment
  - Furniture, fees & contingency
- Fully passive
- No operational involvement

#### Operator (LNDN Base)

- Sources the opportunity
  - Manages refurbishment and delivery
  - Oversees compliance and sale
  - Paid **only on performance**
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### 4. Commercial Structure

- Investor owns **100% of the asset**
- No SPV required (may be held personally or via investor SPV)
- Operator holds **0% equity**

#### Fees & Profit Participation

- **BTS / Development Fee:**  
**5% of final sale price (GDV)**
- **Profit Share:**  
**30% of net profit, payable only after investor capital is fully repaid**

## 5. Capital Protection & Waterfall

At sale completion:

1. **Investor capital repaid in full**
2. **BTS fee paid (5% of GDV)**
3. **Remaining profit split:**
  - **70% Investor**
  - **30% Operator**

If there is **no profit**, the operator earns **no profit share**.

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## 6. Worked Example — Light Refurbishment

### Assumptions

- Purchase price: **£450,000**
- Refurbishment (10%): **£45,000**
- Fees, furniture & contingency: **£78,000**
- **Total investor capital: £573,000**
- Sale price (GDV): **£725,000**
- Timeline: **6–9 months**

### Gross Project Profit

**£152,000**

### Fee & Profit Allocation

- BTS fee to operator (5% of GDV): **£36,250**
- Remaining profit: **£115,750**

Profit split (70% / 30%):

- Investor: **£81,025**
- Operator: **£34,725**

## Investor Outcome

- Capital returned: **£573,000**
- Profit: **£81,025**
- **Total returned – Single Payment : £654,025**

## 7. Exit & Timing

- Single exit event: **sale completion**
- No monthly payments
- No interest accrual

Typical exit: **6–9 months**

## Refurbishment Intensity — Cost & Outcome Comparison

*(Illustrative — £450,000 Purchase)*

Refurb Type	Refurb % of Purchase	Refurb Cost (£)	Total Capital Invested (£)	Typical Timeline	Sale Price (GDV)	Net Investor Profit (£)	Total ROI	Risk Level
Light Refurb	~10%	£45,000	£573,000	6–9 months	£725,000	£81,025	~14.1%	Low
Medium Refurb	~15–20%	£67,500–£90,000	£600,000–£620,000	8–10 months	£775,000	£85,000–£90,000	~14–15%	Medium
Heavy Refurb	~25%	£112,500	£652,500	9–12 months	£825,000	£91,875	~14.1%	Higher

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

### 9.1 Outcome Summary — Investor Snapshot

This table provides a clear overview of **capital deployed, capital returned, and profit realized**.

Metric	Investor Outcome
Total capital invested	£573,000
Ownership	100%
Investment duration	~6–9 months
Capital returned	100% at sale
Net profit (after fees & split)	£81,025
Total cash returned	£654,025
Exit type	Single sale event
Reinvestment ability	Immediate (full capital released)

 *All capital and profit are returned in one payment at completion.*

### Key Clarifications

- This is **not an income strategy**
- Returns depend on:
  - Purchase price discipline
  - Cost control
  - Sale execution
- There is:
  - No rental income
  - No refinancing
  - No retained equity

### Best Suited For

- Private investors
- Overseas investors
- Family offices
- Investors seeking simplicity and control