

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**

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**.

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