

Appendix 1: Acquisitions calculator

Worked examples based on purchase prices of 2 bedroom house for £105,000, £115,000 and £125,000 and £7,500 capital works upfront

Acquisitions calculator	Rent:	£82.00p.w.														
Complete yellow cells																
Excluded figures (10 years of capital)																
Figure to update each year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Purchase Price + 2% inflation	£105,000	£107,100	£109,242	£111,427	£113,655	£115,928	£118,247	£120,612	£123,024	£125,485	£127,994	£130,554	£133,165	£135,829	£138,545	
Initial Investment and void costs	£7,500															
Management average costs 2%p.a	£348	£355	£362	£369	£377	£384	£392	£400	£408	£416	£424	£433	£441	£450	£459	£6,018
Maintenance average costs 2% p.a	£640	£653	£666	£680	£693	£707	£721	£736	£750	£765	£781	£796	£812	£828	£845	£11,073
Capital average costs 2%p.a	£2,303	£2,349	£2,396	£2,444	£2,493	£2,543	£2,594	£2,645	£2,698	£2,752	£2,807	£2,864	£2,921	£2,979	£3,039	£14,610
Rent per annum CPI+1%	£4,264.00	£4,392	£4,524	£4,659	£4,799	£4,943	£5,091	£5,244	£5,402	£5,564	£5,730	£5,902	£6,079	£6,262	£6,450	£79,306
Void rent loss average	1.50%	£66	£68	£70	£72	£74	£76	£79	£81	£83	£86	£89	£91	£94	£97	£1,126
15 year RTB discount (45%)																£62,345
Total income	£79,306	(Total of rental income for 15 years)														
Total costs	£40,327	(Total of void, management, maintenance, capital and initial investment)														
NET INCOME	£38,979	(Total income - Total costs)														
Outstanding 'debt'	£73,521	(Purchase price + Initial Investment - NET INCOME)														
Est. RTB valuation	£76,199.90	(Cost floor elapsing after 15 years = (Q4 value - (Q4 value*0.45%)))														
Surplus' / 'Loss' (-)	£2,678.81	(Est. RTB valuation - outstanding 'debt')														

In this example above the property will be worth acquiring

Acquisitions calculator	Rent:	£82.00p.w.														
Complete yellow cells																
Excluded figures (10 years of capital)																
Figure to update each year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Purchase Price + 2% inflation	£115,000	£117,300	£119,646	£122,039	£124,480	£126,969	£129,509	£132,099	£134,741	£137,436	£140,184	£142,988	£145,848	£148,765	£151,740	
Initial Investment and void costs	£7,500															
Management average costs 2%p.a	£348	£355	£362	£369	£377	£384	£392	£400	£408	£416	£424	£433	£441	£450	£459	£6,018
Maintenance average costs 2% p.a	£640	£653	£666	£680	£693	£707	£721	£736	£750	£765	£781	£796	£812	£828	£845	£11,073
Capital average costs 2%p.a	£2,303	£2,349	£2,396	£2,444	£2,493	£2,543	£2,594	£2,645	£2,698	£2,752	£2,807	£2,864	£2,921	£2,979	£3,039	£14,610
Rent per annum CPI+1%	£4,264.00	£4,392	£4,524	£4,659	£4,799	£4,943	£5,091	£5,244	£5,402	£5,564	£5,730	£5,902	£6,079	£6,262	£6,450	£79,306
Void rent loss average	1.50%	£66	£68	£70	£72	£74	£76	£79	£81	£83	£86	£89	£91	£94	£97	£1,126
15 year RTB discount (45%)																£68,283
Total income	£79,306	(Total of rental income for 15 years)														
Total costs	£40,327	(Total of void, management, maintenance, capital and initial investment)														
NET INCOME	£38,979	(Total income - Total costs)														
Outstanding 'debt'	£83,521	(Purchase price + Initial Investment - NET INCOME)														
Est. RTB valuation	£83,457.03	(Cost floor elapsing after 15 years = (Q4 value - (Q4 value*0.45%)))														
Surplus' / 'Loss' (-)	-£64.06	(Est. RTB valuation - outstanding 'debt')														

In this example above the property is approaching breaking even. Recommendation would be to purchase

Acquisitions calculator	Rent:	£82.00p.w.														
Complete yellow cells																
Excluded figures (10 years of capital)																
Figure to update each year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Purchase Price + 2% inflation	£125,000	£127,500	£130,050	£132,651	£135,304	£138,010	£140,770	£143,586	£146,457	£149,387	£152,374	£155,422	£158,530	£161,701	£164,935	
Initial Investment and void costs	£7,500															
Management average costs 2%p.a	£348	£355	£362	£369	£377	£384	£392	£400	£408	£416	£424	£433	£441	£450	£459	£6,018
Maintenance average costs 2% p.a	£640	£653	£666	£680	£693	£707	£721	£736	£750	£765	£781	£796	£812	£828	£845	£11,073
Capital average costs 2%p.a	£2,303	£2,349	£2,396	£2,444	£2,493	£2,543	£2,594	£2,645	£2,698	£2,752	£2,807	£2,864	£2,921	£2,979	£3,039	£14,610
Rent per annum CPI+1%	£4,264.00	£4,392	£4,524	£4,659	£4,799	£4,943	£5,091	£5,244	£5,402	£5,564	£5,730	£5,902	£6,079	£6,262	£6,450	£79,306
Void rent loss average	1.50%	£66	£68	£70	£72	£74	£76	£79	£81	£83	£86	£89	£91	£94	£97	£1,126
15 year RTB discount (45%)																£74,221
Total income	£79,306	(Total of rental income for 15 years)														
Total costs	£40,327	(Total of void, management, maintenance, capital and initial investment)														
NET INCOME	£38,979	(Total income - Total costs)														
Outstanding 'debt'	£93,521	(Purchase price + Initial Investment - NET INCOME)														
Est. RTB valuation	£90,714.16	(Cost floor elapsing after 15 years = (Q4 value - (Q4 value*0.45%)))														
Surplus' / 'Loss' (-)	-£2,806.92	(Est. RTB valuation - outstanding 'debt')														

In this example the property would be anticipated to lose money if purchased at year 15. Recommendation would not be to purchase

Examples Based on purchase 3 bedroom former Council property for £120,000, £130,000 and £140,000 with £7,500 works up front

Acquisitions calculator	Weekly rent: £86.00															
Complete yellow cells																
Exclude 1st 10 years of capital works																
Figure to update each year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Purchase Price + 2% inflation	£120,000	£122,400	£124,848	£127,345	£129,892	£132,490	£135,139	£137,842	£140,599	£143,411	£146,279	£149,205	£152,189	£155,233	£158,337	
Initial Investment and void costs	£7,500															
Management average costs 2%p.a	£348	£355	£362	£369	£377	£384	£392	£400	£408	£416	£424	£433	£441	£450	£459	£6,018
Maintenance average costs 2% p.a	£640	£653	£666	£680	£693	£707	£721	£736	£750	£765	£781	£796	£812	£828	£845	£11,073
Capital average costs 2%p.a	£2,303	£2,349	£2,396	£2,444	£2,493	£2,543	£2,594	£2,645	£2,698	£2,752	£2,807	£2,864	£2,921	£2,979	£3,039	£11,802
Rent per annum CPI+1%	£4,472.00	£4,606.16	£4,744.34	£4,886.68	£5,033.28	£5,184.27	£5,339.80	£5,500.00	£5,665.00	£5,834.95	£6,009.99	£6,190.29	£6,376.00	£6,567.28	£6,764.30	£83,174
Void rent loss average	1.50%	£69.09	£71.17	£73.30	£75.50	£77.76	£80.10	£82.50	£84.97	£87.52	£90.15	£92.85	£95.64	£98.51	£101.46	£1,181
15 year RTB discount (45%)																£71,251.85
Total income	£83,174	(Total of rental income for 15 years)														
Total costs	£37,574	(Total of void, management, maintenance, capital and initial investment)														
NET INCOME	£45,600	(Total income - Total costs)														
Outstanding debt	£81,900	(Purchase price + Initial Investment - NET INCOME)														
Estimated RTB valuation	£87,085.60	(Cost floor elapsing after 15 years = (P5 value - (P4 value*0.45%))														
Surplus' / 'Loss' (-)	£5,185.57	(Est. RTB valuation - outstanding 'debt')														

In this example above the property will be worth acquiring

Acquisitions calculator	Weekly rent: £86.00															
Complete yellow cells																
Exclude 1st 10 years of capital works																
Figure to update each year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Purchase Price + 2% inflation	£130,000	£132,600	£135,252	£137,957	£140,716	£143,531	£146,401	£149,329	£152,316	£155,362	£158,469	£161,639	£164,871	£168,169	£171,532	
Initial Investment and void costs	£7,500															
Management average costs 2%p.a	£348	£355	£362	£369	£377	£384	£392	£400	£408	£416	£424	£433	£441	£450	£459	£6,018
Maintenance average costs 2% p.a	£640	£653	£666	£680	£693	£707	£721	£736	£750	£765	£781	£796	£812	£828	£845	£11,073
Capital average costs 2%p.a	£2,303	£2,349	£2,396	£2,444	£2,493	£2,543	£2,594	£2,645	£2,698	£2,752	£2,807	£2,864	£2,921	£2,979	£3,039	£11,802
Rent per annum CPI+1%	£4,472.00	£4,606.16	£4,744.34	£4,886.68	£5,033.28	£5,184.27	£5,339.80	£5,500.00	£5,665.00	£5,834.95	£6,009.99	£6,190.29	£6,376.00	£6,567.28	£6,764.30	£83,174
Void rent loss average	1.50%	£69.09	£71.17	£73.30	£75.50	£77.76	£80.10	£82.50	£84.97	£87.52	£90.15	£92.85	£95.64	£98.51	£101.46	£1,181
15 year RTB discount (45%)																£77,189.51
Total income	£83,174	(Total of rental income for 15 years)														
Total costs	£37,574	(Total of void, management, maintenance, capital and initial investment)														
NET INCOME	£45,600	(Total income - Total costs)														
Outstanding debt	£91,900	(Purchase price + Initial Investment - NET INCOME)														
Estimated RTB valuation	£94,342.73	(Cost floor elapsing after 15 years = (P5 value - (P4 value*0.45%))														
Surplus' / 'Loss' (-)	£2,442.70	(Est. RTB valuation - outstanding 'debt')														

In this example above the property will be worth acquiring

Acquisitions calculator	Weekly rent: £86.00															
Complete yellow cells																
Exclude 1st 10 years of capital works																
Figure to update each year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Purchase Price + 2% inflation	£140,000	£142,800	£145,656	£148,569	£151,541	£154,571	£157,663	£160,816	£164,032	£167,313	£170,659	£174,072	£177,554	£181,105	£184,727	
Initial Investment and void costs	£7,500															
Management average costs 2%p.a	£348	£355	£362	£369	£377	£384	£392	£400	£408	£416	£424	£433	£441	£450	£459	£6,018
Maintenance average costs 2% p.a	£640	£653	£666	£680	£693	£707	£721	£736	£750	£765	£781	£796	£812	£828	£845	£11,073
Capital average costs 2%p.a	£2,303	£2,349	£2,396	£2,444	£2,493	£2,543	£2,594	£2,645	£2,698	£2,752	£2,807	£2,864	£2,921	£2,979	£3,039	£11,802
Rent per annum CPI+1%	£4,472.00	£4,606.16	£4,744.34	£4,886.68	£5,033.28	£5,184.27	£5,339.80	£5,500.00	£5,665.00	£5,834.95	£6,009.99	£6,190.29	£6,376.00	£6,567.28	£6,764.30	£83,174
Void rent loss average	1.50%	£69.09	£71.17	£73.30	£75.50	£77.76	£80.10	£82.50	£84.97	£87.52	£90.15	£92.85	£95.64	£98.51	£101.46	£1,181
15 year RTB discount (45%)																£83,127.16
Total income	£83,174	(Total of rental income for 15 years)														
Total costs	£37,574	(Total of void, management, maintenance, capital and initial investment)														
NET INCOME	£45,600	(Total income - Total costs)														
Outstanding debt	£101,900	(Purchase price + Initial Investment - NET INCOME)														
Estimated RTB valuation	£101,599.86	(Cost floor elapsing after 15 years = (P5 value - (P4 value*0.45%))														
Surplus' / 'Loss' (-)	-£300.16	(Est. RTB valuation - outstanding 'debt')														

In this example the property would be anticipated to lose money if purchased at year 15. Recommendation would not be to purchase