

Case Study 1: Mistoria Arm Chair Investor

In 2016, a client approached the Mistoria Group seeking advice and guidance as they were contemplating diversifying into the student and young professional lettings market. Following an extensive consultation to ascertain exactly what the client wanted in terms of returns, service provision and property types, The Mistoria Group devised a comprehensive, bespoke and tailored plan that met with all their specific and individual requirements including placing the investment into a family trust, thus maximising the earnings potential and producing strong and consistent rental income streams for the beneficiaries of the trust.

In keeping with their instructions, our property sourcing team acquired 3 suitable properties, ideally situated in prime locations, providing good access to all major amenities and transport links, as well as being close to the local University campuses.

This portfolio consisted of the purchase of three 'university accommodation' assets, that provided 12 lettable rooms once they had been renovated, refurbished and furnished by our own in-house renovations and finishing teams to meet the 5* standards and specifications consistent of all properties acquired through the Mistoria Group.

Once the properties had been made market-ready they were placed under the expert care of our specialised property management team of professional lettings agents who carefully exploited their close working ties with local universities to market the properties, secure, install and fully let the properties to suitable tenants in double-quick fashion.

FINANCIALS:

The 12 rooms of the 3 properties are returning Gross Rental Incomes of:

- Average weekly rental of £100 per room
- Gross Weekly Rental Income of £1,200
- Annual Gross Rental Income of £62,400

With Net Rental incomes of:

- £43,680 per year (less Management, Maintenance & Utilities)
- Net Weekly Rental Income of £70 per room

Acquisition and structure of the portfolio:

- Properties acquired for a total of £450,000 (independently valued by RICS at £150,000 each)
- Return on Capital: $\text{£43,680} / \text{£450,000} \times 100 = 9.7\%$ annually
 - exceptional returns for just 3 property assets

Returns are based on a cash investment as no finance or gearing was used, although the client still retains the option to finance and/or release cash/equity from these high-yielding properties to facilitate the acquisition of additional properties for their portfolio, which would serve to increase capital returns.

Benefits of this acquiring, owning and managing this type of portfolio include:

- a. Client owns the assets, benefiting from the inherent security of legal ownership of 'bricks and mortar'
- b. All sourcing, development and long-term management of the portfolio carried out by the same team
- c. These property assets are providing a strong and consistent monthly income stream to the owner whilst other investments are not
- d. This client intends to hold the assets for 10+ years, however, the 'Return on Capital' only considers the rental income. Any future increase in the capital value of the assets over the next decade would also substantially boost the returns

The client has informed Mistoria that this property portfolio is the best and most consistently performing asset they have amongst a range of investments they currently hold totalling in excess of £2.75 million