



RENT 2 BUY (R2B)

How would you love to have a guaranteed sale on your property after a pre agreed number of years for a pre agreed futuristic price that takes into consideration annual increase in house prices. Hence, your property's monetary value which would have most likely increased over the pre agreed number of years is factored into the pre agreed selling price during negotiations.

With this strategy, Dynasty Homes Ltd rents your property from you as for an agreed period of 10 years. Throughout the period that we rent the property, we pay monthly rent on it, look after the property, do any necessary maintenance, refurbs etc.

However, due to the nature of this strategy, we tend to take on smaller properties with asking prices not above the £100,000 mark at the moment.

We pay a top-up over the agreed rent every single month which adds up to be our deposit for the property in 10 years' time. For convenience's sake, we use a 75% deposit in determining the monthly top-up payment.



At the end of the pre agreed period of 10 years, we typically go ahead to complete the purchase by paying the balance left from the pre agreed price.

Please see below a partial illustration of a Rent 2 Buy (R2B) project for the purpose of clarity.

Pre-Agreed Purchase Price of Property: £60,000

Agreed Monthly Rent for the Property: £400 pcm.

Pre-Agreed Period of Completion of Purchase: 10 years

Property Value in 10 years' time (this is typically ascertained using either a Risk Valuer or we use a 4% increase year on year as this is generally how much house prices increase each year).

Hence, 4% of £60,000: $4 \times 60,000 = 240,000 / 100 = £2,400$

So, the property value goes up by £2,400 each year.

Since pre agreed period of completion of purchase is 10 years, property value in 10 years: $10 \times £2,400 = £24,000 + £60,000 = £84,000$

75% Deposit: $75 \times 84,000 = 6,300,000 / 100 = \underline{£63,000}$

This is the total amount which will be split over the 10-year period and paid as top-up on top of the rent on a monthly basis.

Hence, $£63,000 / 10 \text{ years} = £6,300 \text{ per year}$

$£6,300 / 12 \text{ months} = \underline{£525 \text{ pcm}}$

Hence, total amount payable each month: $£ (400 + 525) = \underline{£925 \text{ pcm}}$.

Hence, at the end of the 10-year period, balance due for the completion of the purchase: $£ (84,000 - 63,000) = \underline{£21,000}$

BENEFITS OF DOING A PROPERTY SALE ON RENT 2 BUY WITH DYNASTY HOMES LTD

- It is a win-win situation for both parties involved. As a landlord, you don't have any problems with rent payment for 10 years.
- You don't have any problems with voids for the 10-year period.
- Property is well looked after for the entire 10-year period.
- You have a guaranteed sale price that takes into account annual increase in property value over the 10-year period.
- You have a guaranteed sale period.
- If we default in payment in any month during the period, you can dip into the top-up to cover up for missed payment.

EXIT OPTIONS

At the end of the 10-year period, there are four exit options as stated below:

1. We walk away if we decide that we are no longer interested in the property and the property owner gets all of the top-up we have saved up.
2. We go ahead with the completion and purchase the property as intended.
3. We seek another interested buyer who is willing to pay higher than the initial agreed price and as soon as the purchase is made by that buyer, we get our top-up saved up to date.
4. We can seek to re-negotiate an extension of the completion date.