



Compass Point  
Property Investments

Building Wealth  
Through Property



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## **Returns of 2.5% PER MONTH** **Surrey Property Conversions**

**Compass Point** offers a return 2.5% per month on funds loaned short-term for conversion of houses in Surrey into modern apartments.

**Compass Point Property Investments Ltd (CPPI)** has linked with two Surrey-based organisations to undertake a flow of small property renewal projects in Surrey. We are now seeking Investors to provide funding in return for priority returns of 2.5% per month.

**The Business:** Renewal (conversion, refurbishment and redevelopment) of residential and commercial properties in the Surrey area, particularly in the Guildford and Godalming areas, for resale and rental. Typical deal size will be £200,000 to £700,000.

**The Market:** Surrey is the centre for a large number of established and growing businesses within easy commuting distance of London, as well as a popular place to live for youngsters and commuters. The lively town centres are well served by railway and bus connections, and are popular among both first-time buyers and renters, due to ease of access to London.

We identify suitable properties close to transport nodes and town centres in areas most popular with both first-time buyers and renters. Typically, we purchase sound but run-down properties and refurbish or convert these to provide attractive modern accommodation for young single occupants or couples in town centers and, elsewhere, for professionals and families.

**Experience:** The three Partners in the business each bring complimentary specialist experience:

- **Compass Point Property Investments Ltd (CPPI)** was established in 2005 by **John Thornely** to build on his own experience of over 20 property investments and his experience as a chartered project manager in major property-based projects. CPPI offers investments and property in the UK and elsewhere.
- **McCarthy Developments: Richard McCarthy** is a professional accountant and was formerly Finance Director for a leading Hotel chain and Director of a property development company. He has been responsible for a number of significant developments and property deals in the past 10 years and, through his own businesses, has undertaken several refurbishment and development projects. His latest refurbishment project in Surrey was sold in August 2005 and he is currently re-developing several properties in Godalming.
- The **Hinge Associates** Architectural Design practice, established by **Nick Hinge** in Godalming in 2000, focuses on smaller residential and retail developments, refurbishment, re-development and interior design, with direct experience in the South East, and an intimate understanding of the needs of clients and occupants in residential, commercial and retail developments.

For further details on how to purchase this property, please contact:  
Compass Point Property Investments Limited T/F: 01372 453758  
E: [info@compass-point-investments.com](mailto:info@compass-point-investments.com) W: [www.compass-point-investments.com](http://www.compass-point-investments.com)



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**Roles:** The roles of the Partners in the venture are as follows:

- **McCarthy Developments** identifies suitable properties for re-development and manages the procurement, implementation and resultant sales.
- **Hinge Associates** advises on suitability of target properties and is responsible for all design, planning and contracted construction aspects.
- **CPPI** identifies appropriate funding and investors, sets up the appropriate business and commercial structures, and markets the redeveloped properties.

**Business Model:** We are undertaking an on-going series of small refurbishment and conversion projects to provide attractive modern accommodation that will find ready buyers and renters. An example town-centre project is set out at the end of this document. Individual projects will be undertaken through special purpose project vehicles (SPVs – which will be either Limited Companies or Limited Liability Partnerships, as appropriate), set up to purchase and re-develop the property.

**Funding:** Commercial loans will be obtained to finance the bulk of the purchase and development work (typically 70% of the purchase price and 100% of the development work). The business partners will generally contribute part of the required equity funding and Investors will be invited to provide funding for the balance of the purchase and/or re-development, in order to enable the business to undertake a steady stream of projects.

**Investment:** Investment will be in units of a minimum of £10,000. For shorter-term projects, Investors will sign loan agreements with the SPV (or CPPI) and will be offered either a second charge over the respective property, after the lender, or on other suitable assets owned by the Partners. For more significant developments, Investors may be invited to contribute both equity and loan funding, in return for a share of development returns and interest on their loans. Investors will be offered the opportunity to purchase the redeveloped properties.

Funds provided by investors will be held by the Developer's Solicitor and released only against bona fide transactions and work completed certified by a Chartered Surveyor.

**Return:** Interest will be payable at 2.5% simple per month on the amount of the funds borrowed and will be paid following the sale of the last apartment. Interest payments to investors will have priority over payment of investment returns to equity investors (including the developer). Tax on the interest will be for each investor to settle on their own account.

**Next Steps:** Indications of interest in participation are welcomed. Please confirm your interest in participation and the amount you would like to invest to **Compass Point Property Investments Ltd** by contacting **John Thornely** by 'phone on **077 1953 2487** (or e-mail at [info@compass-point-investments.com](mailto:info@compass-point-investments.com)). We will then send you the appropriate application and loan documentation. We would recommend that you then meet with the Partners and view current and proposed development projects. If you wish, we will put you in touch with the Solicitor who will prepare all legal documentation and the loan agreements.

Thank you

**John Thornely**

Managing Director

**Compass Point Property Investments Ltd**

**We look forward to your call on +44 (0)77 1953 2487**  
**e-mail: [info@compass-point-investments.com](mailto:info@compass-point-investments.com)**



## TYPICAL RESIDENTIAL CONVERSION PROJECT

### Project Outline:

- Terraced house near railway and bus stations, 5 mins walk to town centre.
- Property currently comprises 2 bedrooms, bathroom, living room and kitchen on 2 floors + basement.
- Conversion to 3 flats of 1 or 2 bedrooms with communal access through locked entrances.
- Sale of all property as long leasehold (probably excluding share of leasehold), and sale of leasehold.

### Commercial Profile:

- Vehicle: Special Purpose Vehicle = Limited Liability Partnership (LLP) or Ltd Company
- Planning: Positive indications from Planning Authority – adjacent properties already converted.
- Market: Active, good market for product, selling well, good prospects for the next 6-9 months.
- Availability: For quick sale with early completion.
- Pricing: Pricing assumed is conservative in comparison with recent sales of equivalent conversions which resulted in less attractive & lower quality accommodation.
- Risk: Overall Low – proven precedents, costs and comparables, good market, appropriate pricing.

### Financial Profile:

• Purchase Price (inc stamp duty):	£326,000
• Development Costs:	£100,000
• Other costs (legal, funding, financial, fees, etc):	<u>£ 41,000</u>
• Total Costs:	<b>£467,000</b>
• Purchase & Development Loan (70%/100%):	£323,000
• Equity/Investor funding (remainder):	<u>£144,000</u>
• Total Funding:	£467,000
• Selling price (3 flats, net of sales commission):	<b>£527,000</b>
• Net Development Margin (after costs)	£ 60,000

### Timescales:

- Negotiations & Purchase: 2-3 weeks
- Planning consent: 4-8 weeks
- Design & procurement: 4-8 weeks (in parallel with Planning)
- Implementation: 8-10 weeks
- Marketing & Sales: 2-6 weeks (partly in parallel with Implementation)
- Investment period: Purchase to Sales: 5 months (or Development to sales: 3 months).

**Comparables:** Several adjacent properties have already been converted to lower standards and readily sold for the prices assumed in this business plan.

**Summary:** A low-risk project, against known precedents, in a proven market, with good cover on potential cost uncertainties and a good projected return.