

Headlease - Example Case Studies (applies to properties that would be considered commercial)

Property Types

Leased Retail Outlet		Care Homes		Apartment block		Student Blocks	
Property Valuation	£5,800,000.00	Property Valuation	£25,000,000.00	Property Valuation	£6,500,000.00	Property Valuation	£6,200,000.00
40% of valuation - Capital Release	£2,320,000.00	35% of valuation - Capital Release	£8,750,000.00	40% of valuation - Capital Release	£2,600,000.00	40% of valuation - Capital Release	£2,480,000.00
Approximate Charges	3.50%	Approximate Charges	3.50%	Approximate Charges	3.50%	Approximate Charges	3.50%
Quarterly Cost	£20,300.00	Quarterly Cost	£20,300.00	Quarterly Cost	£20,300.00	Quarterly Cost	£20,300.00
Annual Cost	£81,200.00	Annual Cost	£81,200.00	Annual Cost	£81,200.00	Annual Cost	£81,200.00
Turnover P/A (est)	£461,567.00	Turnover P/A (est)	£461,567.00	Turnover P/A (est)	£461,567.00	Turnover P/A (est)	£461,567.00
Turnover after finance cost	£380,367.00	Turnover after finance cost	£380,367.00	Turnover after finance cost	£380,367.00	Turnover after finance cost	£380,367.00
Current Yield	8%	Current Yield	2%	Current Yield	7%	Current Yield	7%
Yield after Headlease finance	7%	Yield after Headlease finance	2%	Yield after Headlease finance	6%	Yield after Headlease finance	6%
If current property is financed (LTV % will need to be factored in to these example calculations)	6%	If current property is financed	6%	If current property is financed	6%	If current property is financed	6%

Example Other Property Type Capital Release can vary dependent of asset class and location

- Hotels**
- Office**
- Multiple residential groups**
- Retail sites**

Other information

We could buy your clients freehold for 40% of the value.
 Does not usually benefit properties recently financed
 You will need to take independent advice before you refinance
 The new headlease loan is interest only
 Due to the ground rent payable this 40% should not be taxable as it is considered 'debt'.
 Asset Class makes a difference to finance charges and the amount that can be capitalised
 You will be granted a headlease, circa 100 years which they can retain. This does not stop the owner selling the headlease.
 Normally for Headleases banks will lend 40% as well.
 By owning the Headlease there will be a ground rent to the freehold