

Investment Document

Kaizen Property Group Limited

AARON MACAULEY

T : 07855 235657

E : aaron@kaizenpg.com

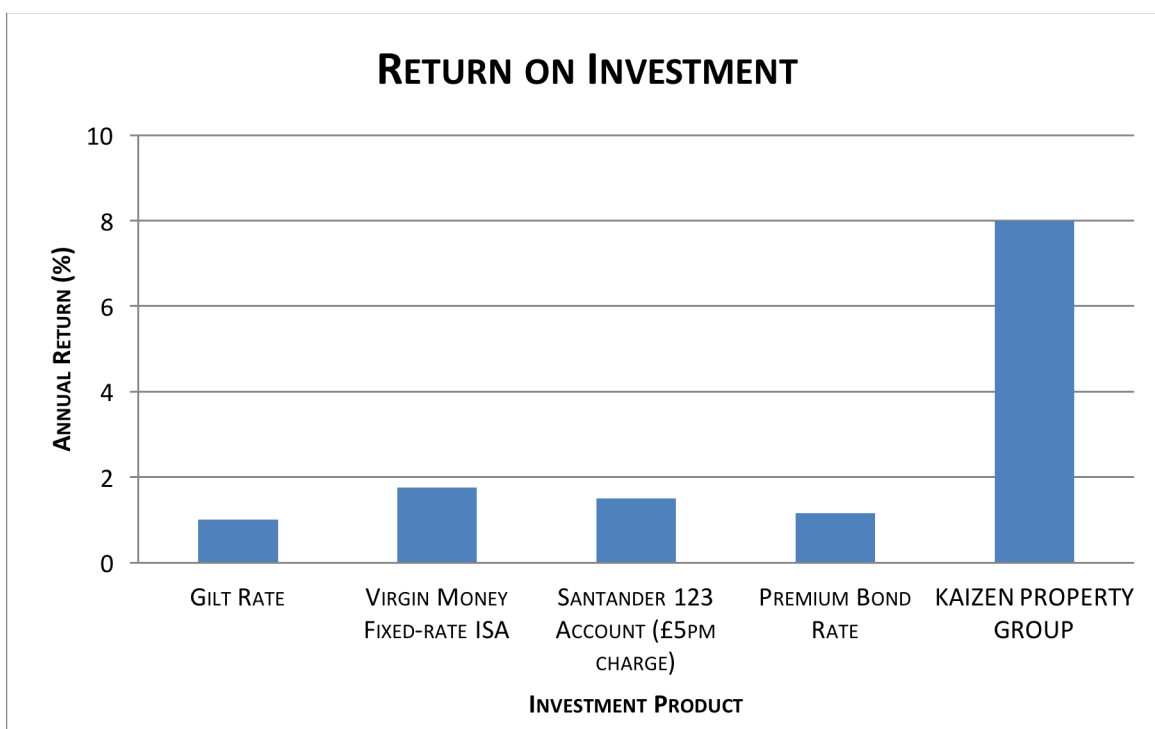
JONATHON FELL

T: 07810 000132

E : jonathon@kaizenpg.com

1 Executive Summary

- 1.1 This document is addressed to investors.
- 1.2 Kaizen Property Group are inviting private funding for investment in our growing property portfolio with the opportunity to earn market beating rates of return on investment in a safe and secure way.
- 1.3 This document sets out and explains our property investment strategy. The enclosed information will demonstrate a sound business model and safe investment opportunity whilst offering strong rates of return.
- 1.4 Current investment products available in the market, such as savings accounts, Gilts, premium bonds etc. return less than 2% on investment. With inflation running at over 2%, the value of that investment, your savings, is actually decreasing year on year.
- 1.5 Kaizen Property Group can offer potential returns of up to 8% per annum to its investors through its strong and proven business model of adding capital value through strategic asset acquisition.



- 1.6 Our business model is not dependant on interest rates or inflation such that we can provide a fixed return on investment far in excess of any bank, building society or investment fund. It is our view, supported by our own recent success, that now is an ideal time to be investing in property.

2 Our Objectives

2.1 Our short term objectives are :

2.1.1 To build an income generating property portfolio consisting of Buy-to-Let (BTL) properties in Stoke-on-Trent generating a minimum monthly cash flow (i.e. profit from rent after deduction of all outgoings) of £150+ per property;

2.1.2 To build a cash flowing (income generating) property portfolio consisting of 3-4 bed Houses in Multiple Occupation (HMO) properties in Stoke-on-Trent generating a minimum monthly cash flow of £500+ per property; and

2.1.3 To purchase properties below market value, add value through refurbishment and then sell for a profit to increase our capital reserves.

2.2 Our medium term objective is to increase the range of properties in which we invest to include:

2.2.1 6 bed+ Houses of Multiple Occupancy (HMO's) generating £1,000+ pcm; and

2.2.2 Larger scale refurbishment projects.

2.3 Our long term objective is to supplement the above with commercial property and residential development.

3 Achieving our Short Term Objectives

3.1 As above, our current short term objectives are focused on BTL and HMO properties and re-selling properties in Stoke-on-Trent. We target properties that guarantee a return on investment by implementing the following:

3.1.1 We target terraced and semi-detached properties in specific areas of Stoke where, through research, we are confident that both rental and purchasing demand is strong, thus ensuring that every property can either be rented or sold to allow for market fluctuations following purchase;

3.1.2 We purchase properties at, at least, 20% below market value;

3.1.3 We target properties which require refurbishment works in order to add value;

3.1.4 We ensure that the value we add is at least 20%;

3.1.5 We ensure that the properties, once refurbished, will generate a new cash flow of at least £150 per property per month for a BTL or £500 per property per month for an HMO;

3.1.6 All our properties will be professionally managed and a reserve fund will be set up to deal with day-to-day repairs as required;

3.1.7 The net cash flow is calculated after mortgage payments, professional management fees and the reserve fund have been deducted from the headline rent; and

3.1.8 The minimum level of cash flow ensures that the property will continue to produce an income even if interest rates increase or house prices decrease.

4 Funding our Short Term Objectives

4.1 There are a significant number of opportunities in Stoke-on-Trent. The ability to obtain investment from a variety of sources will ensure that we are able to take as many of those opportunities as possible and progress them simultaneously.

4.2 We currently employ the following investment strategies:

4.2.1 Mortgages and/or Bridging Finance;

4.2.2 Personal capital reserves; and

4.2.3 Angel or Private Investor Finance

5 Investment Options and Return

5.1 We are confident that this document demonstrates our sound business model and the ability to offer high levels of return on investment without exposing that investment to risk.

5.2 A case study is appended to this Investment Document by way of example as to how our business model operates.

5.3 As above, investments in Kaizen Property Group's Portfolio produce far greater returns than any bank or building society.

5.4 To our investors we offer the following returns on investment:

5.4.1 An Annual Investment

Term: 12 month fixed term. The investment is returned in full at the end of the term.

Interest: 6% per annum and interest is paid monthly during the Term; or
8% per annum and the interest is paid in one payment at the end of the Term.

5.4.2 A Project Investment

Term: The term will be for the duration of one project, namely from purchase until the property is either re-financed or sold. The usual period from purchase until re-financing/sale is 6-9 months.

Interest: 9% per annum calculated pro rata and paid at the end of the Term.
By way of example:

A 6 month project: Term: 6 months

Interest: 4.5%

A 9 month project: Term: 9 months

Interest: 6.75%

- 5.5 Thank you for taking the time to consider our Investor Document. We trust that you agree that this document demonstrates a strong and successful business model and we would be delighted to discuss any aspect of this document, or our business, with you. We would equally be delighted to work with you as an investor.
- 5.6 If you wish to discuss anything contained in this document further, please do not hesitate to contact either of us.

Yours sincerely

Directors, Kaizen Property Group Limited

Aaron Macauley

T : 07855 235657

E : Aaron@kaizenpg.com

Jonathon Fell

T: 07810 000132

E : Jonathon@kaizenpg.com

Case Study

Property:	43 Edward Street, Fenton Stoke on Trent – Comprising of (originally) 2 reception rooms, 2 double bedrooms, kitchen, bathroom and back yard
Purchase Price:	£47,000 Completion date 1 st November 2016
Done up Value (DUV):	£77,500
Refurbishment:	Cost £12,000 to convert to 3 bedrooms and 1 reception room, comprising: <ul style="list-style-type: none">• Full re-plastering and redecoration throughout;• Replace and fit new kitchen and bathroom suites;• Install laminate flooring throughout;• New doors throughout;• Install electrical sockets, light fittings throughout;• Interlinked smoke and fire detectors;• Furnishing throughout
Total invested:	£62,000 (purchase price, refurbishment, tax and fees)
Rental Income:	£1,000 PCM (3 room HMO)
Mortgage:	£200 PCM (interest only)
Man. Agent:	£110 PCM (10% of the rent)
Reserve for repairs:	£165 PCM (15% of the rent)
Profit:	£525 PCM or £6,300 PA

43 Edward Street has recently been revalued at £77,500. The bank will lend us 75% of this value, namely £58,125.

The £58,125 is applied the total invested to repay investment and cover the costs spent on the property. As a result, the purchase of the property and its renovation will have cost a net of £3,875

(£62,000 total spend less £58,125 from the refinance) and will produce a profit of £525pcm or £6,300pa.

Accordingly, the return on investment on this property is 162.6%.

The above model demonstrates how we are able to offer returns on investment to our investors at levels of 10% safely and sustainably.

Below are some before and after photographs of the completed project.

Before	After
	
	
	

