

Under-construction Apartment for Investment – Expected Returns

Analysis outcome:

For a 2-year Investment horizon in an A-grade developer Apartment unit of all-in cost of ₹1.5 cr, in a likely scenario of 7.5% property price appreciation for A-grade developers, 29% annual return (on XIRR basis) is possible by basic leveraging (75% home loan) and a return of 23% annually without leveraging (no Loans).

Particulars	Scenario1	Scenario2	Scenario3
	Conservative	Likely	Optimistic
Under-construction Property Appreciation (% p.a.)	5.0%	7.5%	10.0%
24 months Return on Leveraged Investment (XIRR)	17%	29%	40%
24 months Return on Own Funds Investment (XIRR)	14%	23%	31%

**XIRR – Annualized Return on Investment*

Key Assumptions:

Apartment Cost	(₹)
Agreement Value	1,35,00,000
GST @ 5% of Agreement Value	6,75,000
Sub-total for Milestone Payments	1,41,75,000
Other costs (payable on possession)	8,25,000
All-in cost of Apartment	1,50,00,000
<u>Payments to developer</u>	
Typical construction linked plan	Annexure I
<u>Leveraged Scenario</u>	
Loan % of all-in apartment cost	75%
Interest Rate (Floating per annum)	7.50%
Interest payment frequency (for simplicity)	Quarterly
Own money for leveraged Scenario	25%
Bank Loan drawn for Developer payments	after 20%
Bank Loan Interest payments source	Own funds
Cash Flows	Annexure II
XIRR Calculation	Annexure III
<u>Own Funds Investment Scenario</u>	
All payments out of own funds	
Cash Flows	Annexure IV
XIRR Calculation – own funds	Annexure V
Exit by Sale after 24 months	

Annexure I – Developer Payment Schedule

S.No.	Payment Schedule	%age
1	On Booking	10%
2	On Agreement	10%
3	On Casting of Footing/raft	5%
4	On Casting of Ground floor slab	5%
5	On Casting of Fifth floor slab	5%
6	On Completion of Ninth Floor Slab	5%
7	On Casting of Fourteenth floor slab	5%
8	On Commencement of Flooring	7.5%
9	On Casting of Eighteenth floor slab	5%
10	On Commencement of fixing of windows	7.5%
11	On commencement of Painting	7.5%
12	On Casting of Twenty first floor slab	5%
13	On Casting of Terrace slab	5%
14	On Commencement of installation of lifts	7.5%
15	On Intimation of Possession	10%
	Total	100%

Annexure II – Cash Flows for Leveraged Investment:

Date	Cash Outflow	Payment particulars	Own Money paid	Loan drawn	Outstanding Loan
31-Jul-25	(300,000)	EOI Amount	(300,000)	-	-
31-Aug-25	(1,117,500)	10% on Booking (less EOI)	(1,117,500)	-	-
30-Sep-25	(1,417,500)	10% on Agreement	(1,417,500)	-	-
30-Sep-25	(67,500)	Stamp Duty - Agreement for Sale	(67,500)	-	-
31-Mar-26	(708,750)	5% on Casting of Footing / Raft	-	(708,750)	(708,750)
30-Jun-26	(13,289)	Interest on Bank Loan (Mar-Jun'26)	(13,289)	-	(708,750)
30-Jun-26	(708,750)	5% on Casting of Ground Floor Slab	-	(708,750)	(1,417,500)
30-Sep-26	(26,578)	Interest on Bank Loan (Jul-Sep'26)	(26,578)	-	(1,417,500)
30-Sep-26	(708,750)	5% on Casting of Fifth Floor Slab	-	(708,750)	(2,126,250)
31-Dec-26	(39,867)	Interest on Bank Loan (Oct-Dec'26)	(39,867)	-	(2,126,250)
31-Dec-26	(708,750)	5% on Casting of Ninth Floor Slab	-	(708,750)	(2,835,000)
31-Mar-27	(53,156)	Interest on Bank Loan (Jan-Mar'27)	(53,156)	-	(2,835,000)
31-Mar-27	(708,750)	5% on Casting of Fourteenth Floor Slab	-	(708,750)	(3,543,750)
30-Jun-27	(66,445)	Interest on Bank Loan (Apr-Jun'27)	(66,445)	-	(3,543,750)
31-Jul-27	(22,148)	Interest on Bank Loan (Jul'27)	(22,148)	-	(3,543,750)
	(6,667,734)	Total amount paid out in 24 months	(3,123,984)	(3,543,750)	
31-Jul-27		Apartment sold after 24 months			

Annexure III – XIRR Calculation – Leveraged Investment

Growth and costs assumptions (on sale)	Scenario1	Scenario2	Scenario3
Apartment all-in cost	1,50,00,000	1,50,00,000	1,50,00,000
Property Appreciation (% per annum)	5.0%	7.5%	10.0%
Apartment Sales Value (after 24 months)	1,65,37,500	1,73,34,375	1,81,50,000
Balance due to developer	86,21,250	86,21,250	86,21,250
Cash received by investor	79,16,250	87,13,125	95,28,750
Bank loan repaid	(35,43,750)	(35,43,750)	(35,43,750)
Assignment / Transfer cost	(2,50,000)	(2,50,000)	(2,50,000)
Net Cash received on sale of unit	41,22,500	49,19,375	57,35,000
Cash invested over 2 years	(31,23,984)	(31,23,984)	(31,23,984)
Net Cash Profit	9,98,516	17,95,391	26,11,016
XIRR	17%	29%	40%

Annexure IV – Cash Flows - Own Funds Investment

Date	Cash Outflow	Payment particulars	Own Money paid
31-Jul-25	(300,000)	EOI Amount	(300,000)
31-Aug-25	(1,117,500)	10% on Booking (less EOI)	(1,117,500)
30-Sep-25	(1,417,500)	10% on Agreement	(1,417,500)
30-Sep-25	(67,500)	Stamp Duty - Agreement for Sale	(67,500)
31-Mar-26	(708,750)	5% on Casting of Footing / Raft	(708,750)
30-Jun-26	(708,750)	5% on Casting of Ground Floor Slab	(708,750)
30-Sep-26	(708,750)	5% on Casting of Fifth Floor Slab	(708,750)
31-Dec-26	(708,750)	5% on Casting of Ninth Floor Slab	(708,750)
31-Mar-27	(708,750)	5% on Casting of Fourteenth Floor Slab	(708,750)
	(6,446,250)	Total amount paid out in 24 months	(6,446,250)
31-Jul-27		Apartment sold after 24 months	

Annexure V – XIRR Calculation – Own Funds Investment

Growth and costs assumptions (on sale)	Scenario1	Scenario2	Scenario3
Apartment all-in cost	1,50,00,000	1,50,00,000	1,50,00,000
Property Appreciation (% per annum)	5.0%	7.5%	10.0%
Apartment Sales Value (after 24 months)	1,65,37,500	1,73,34,375	1,81,50,000
Balance due to developer	86,21,250	86,21,250	86,21,250
Cash received by investor	79,16,250	87,13,125	95,28,750
Bank loan repaid	-	-	-
Assignment / Transfer cost	(2,50,000)	(2,50,000)	(2,50,000)
Net Cash received on sale of unit	76,66,250	84,63,125	92,78,750
Cash invested over 2 years	(64,46,250)	(64,46,250)	(64,46,250)
Net Cash Profit	12,20,000	20,16,875	28,32,500
XIRR	14%	23%	31%

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Disclaimer: Information provided is only for representation and discussion