



# ADDINGTON

C A P I T A L

PARTNERING IN RESIDENTIAL

Addington is committed to the UK residential sector. We have been acquiring standing residential assets, either alone or as part of mixed use schemes since 2012, which we have then actively managed to create value for our partners and investors. We are experienced in PRS and BTR, offering in-house acquisition, planning and development, professional asset management and property management services to our portfolios. We create quality homes for students, professionals and families, buying or renting properties, and for partners and institutions interested in investing in this fast developing sector.



## Overview



Invested over  
**£170m**  
into the UK  
housing market  
since 2012



Managed over  
**2,000**  
tenants on assured  
shorthold tenancies.



Seeking new  
planning  
consents for  
**600  
units**



Acquired, with  
partners, over 1,665  
houses and apartments  
in 14 regional towns and  
cities across England  
and Scotland.



Completed over  
**£100 m**  
of residential  
sales (over 830  
residential units)



Completed office  
to residential  
conversions for  
**124  
UNITS**





# The Investment Rationale

## BACKGROUND

The UK's regions have continued to suffer from a structural under supply of housing since before the financial crisis in 2007/8. Most regional house builders struggle to find the funding for large high density blocks of apartments and the main national housebuilders prefer low rise housing on the edge of towns and cities.

The shortage of housing in major towns and cities is at odds with the renaissance that the main regional centres experienced during the noughties which has made these cities attractive and vibrant places to live and work.

Capital values for most regional markets have remained depressed despite growing earnings and increasing employment. Housing in regional towns and cities is generally affordable for both owner occupiers and attractive for buy to let investors.

## OPPORTUNITIES

Addington seeks to take advantage of several factors that have come together to make residential investment in the regional markets attractive:

- Structural under supply.
- Affordable house prices with a dual market of owner occupiers and buy to let investors, offering attractive prospects of sustainable growth in rents and capital values.
- Net income yields in regional markets exceeding the cost of borrowing. This looks set to continue for the foreseeable future.
- Lotting discounts for large scale acquisitions rarely seen in the commercial property markets. This provides investors with embedded value on acquisition.

## A Nationwide Portfolio

Acquired, with partners, over 1,665 houses and apartments in 14 regional towns and cities across England and Scotland.





Recently converted office to residential apartments  
in Headingley, Leeds.





## Acquisition - Case Studies



### PROJECT GORSE

In 2012 we acquired 366 houses and apartments in 11 regional university cities of England and Scotland, including Manchester, Bristol, Newcastle and Edinburgh, in partnership with funds managed by Europa Capital for c.£39m. The properties were occupied as Houses in Multiple Occupation (HMO) by over 1,500 students, let on assured shorthold tenancies.

During the period up to 2016 the properties were re-let annually with an ongoing programme of refurbishment producing rental growth. Alongside, we implemented sales of individual units into the local markets which resulted in total receipts of c.£60m.



AQUISITION



ASSET  
MANAGEMENT  
& REPORTING



### WATERSIDE

In 2013 we acquired Waterside, Leeds in partnership with Carval Investors European Real Estate Fund II for £16.3m. The property comprises two residential apartment blocks comprising 183 one, two and three bedroom apartments.

The property was fully occupied on acquisition. We carried out essential repairs and made improvements to the entrance halls and common parts. During our ownership the rental values increased by more than 30%. In early 2016 the property was sold to an institutional purchaser for £25.5m.



AQUISITION



ASSET  
MANAGEMENT  
& REPORTING



### LAKENHEATH

In 2014 we acquired, in partnership with funds managed by Europa Capital, 474 houses in an estate in Lakenheath, Suffolk for £53m. The two, three and four bedroom houses were let to the United States Air Force (USAF) on a lease with approximately 5 years unexpired.

As the houses have been handed back by USAF we have implemented a strategy of refurbishment, sales and lettings. We have overseen the sale of over 125 house sales to the owner occupier market and seen significant rental and capital growth from the units which have been refurbished and modernised.



AQUISITION



ASSET  
MANAGEMENT  
& REPORTING



PROPERTY  
MANAGEMENT



### VELOCITY VILLAGE

In 2016 we acquired Velocity Village in Sheffield city centre for £36.75m. The Village includes 40,000 sq ft of offices and 444 apartments arranged around 3 courtyards let to a mixture of students and professional tenants.

The acquisition was in partnership with funds managed by Europa Capital. We plan to sell non-core units and reposition the tenant mix in the core blocks of the Village which will be held for income growth.



AQUISITION



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& REPORTING



PROPERTY  
MANAGEMENT



## Planning & Development

Addington has an in-house planning and development team experienced in large scale planning and change of use submissions for ground up development and for office to residential conversions.



### NORTHERN QUARTER, LEEDS

Currently office buildings, a pre-application has been submitted for a 152 unit residential scheme over 7 storeys. The development has been designed for the rental market and will provide studio, one, two and three bedroom apartments.



PLANNING &  
DEVELOPMENT



### HARLOW

In Harlow we manage a 4 acre site in the town centre in a joint venture with funds managed by Tristan Capital. We have run a pre-application process and public consultation with the local community, and have submitted a planning application for:

- 468 new homes, including a mix of types and tenures.
- Around 30,000 sq ft of new commercial space.
- Significant public realm and landscaping improvements across the entirety of the site.



PLANNING &  
DEVELOPMENT





## Asset Management & Reporting

Our approach to residential management mirrors the disciplined approach to financial control and reporting that we practice in the management of our commercial property portfolio.

We have set up our resources to accommodate detailed monthly and quarterly reporting to equity and banking partners.

With monthly rents, landlord repairing obligations, statutory compliance and individuals as tenants, the monitoring and control of cash collection, credit control and capital expenditure is an essential pre requisite to institutional investment.

Addington has two financial controllers, qualified accountants, who prepare audited annual accounts, general ledgers and trial balance, VAT reporting and quarterly balance sheet and profit and loss management reports.

As asset manager we manage sales directly with local agents and implement strategy, independently of the property manager.



### LEEDS - CASE STUDY

In 2014 we acquired Headingley Business Park in a joint venture with EPISO III, a fund managed by Tristan Capital. The Park comprises 121,000 sq ft in 5 buildings on a 5.5 acre site with mature landscaping. We obtained permitted development rights to convert 3 of the vacant buildings into 124 apartments. The conversion of two of the properties, comprising 81 apartments, are now complete and fully let and we are redeveloping the third building with a new façade which has consent for an additional 43 units.

The remaining two office buildings are currently occupied as offices but offer the potential to create a private rented estate of over 250 units if these buildings are converted.



PLANNING & DEVELOPMENT



ASSET MANAGEMENT & REPORTING

## Property Management & ADDliving

We firmly believe that effective residential property management has to be done locally.

Our approach to property management will vary depending on the location and spread of properties, we will either outsource to locally run specialist property teams or use directly employed on-site centre management where viable.

AddLiving is a separate residential property management business, owned by the principals of Addington Capital. AddLiving was set up to improve the professionalism and efficiency of the day to day leasing, rent collection and monitoring of repairs and maintenance, using an on-line platform.

The AddLiving platform enables the letting process, including credit checks and 'signing' the tenancy agreement, to be completed entirely online.

The platform includes a 'dashboard' providing reports to monitor requests for repairs and the onsite responses together with online maintenance and self-help

videos for tenants meeting compliance requirements and user guides for appliances.

The online system is supported by on-site staff who can respond to requests for repairs and maintenance and front of house liaison and credit support.

The AddLiving property management system results in lower property management costs and improved cost control.

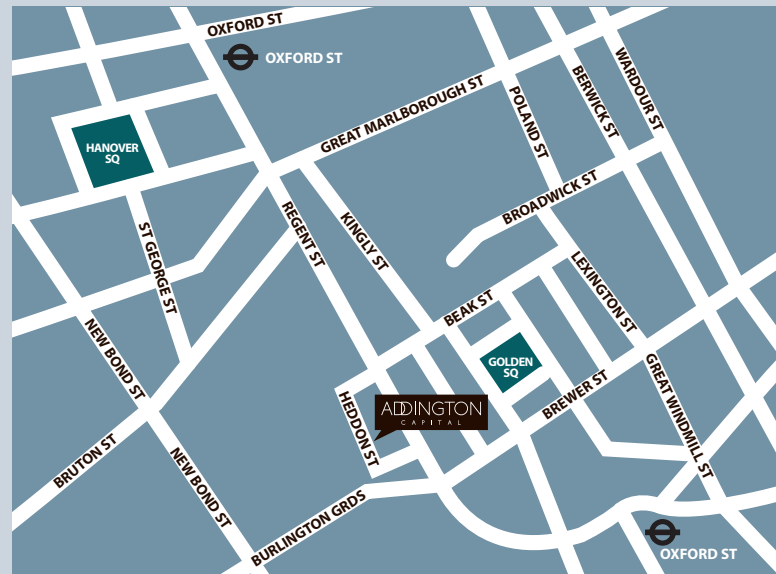
# ADDINGTON

C A P I T A L

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