

A panoramic view of Edinburgh, Scotland, at dusk. The city is illuminated with warm lights, highlighting the architecture. The Edinburgh Castle is visible on a hill in the background, and the prominent clock tower (Belfry) is in the foreground on the right. The sky is a mix of deep blue and purple.

# Sandstone Residential REIT



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- (b) made on the basis that the minimum consideration payable by any investor will be not less than €100,000 (or equivalent amount in pounds sterling).



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## Our strategy

**Vision** - help clients of any size, to invest into the UK residential in a very hands off way.

The Sandstone Residential REIT focuses on **high performing traditional properties**, in **prime locations** within the top **regional university cities**. Our target rental group are students, backed by their parents acting as guarantors.

### The REIT offers several benefits

- Investors can access the asset class in a very hands off way
- There are reduced management fees, because of scale.
- Clients can invest personally, , or via a Ltd Co, SIPP or SSAS
- The REIT is a tax efficient structure.

**The REIT will initially be listed on TISE, and will move to the LSE AIM market, as it scales up.**

**Stage 1** Allows existing private clients to invest into the REIT, as an alternative to personal ownership.

**Stage 2** Wealth managers, Family Offices and professional advisors are able to participate.

**Stage 3** Institutional investors will be invited to participate.





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## Landscape

Big picture, the UK has a well documented **shortage of housing** supply and ever increasing demand. As a consequence house prices have risen by 7% per annum over the past 35 years.

Likewise, the **rental demand exceeds rental supply**. That causes rents to increase, particularly in prime city centre locations.

Within the rental market, we focus on **students**. It's a large and growing sector. It's also low risk and recession proof.

**Rental occupancy runs at between 95% and 100% within our target market.**

[Learn more](#) about the UK residential market.







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## Track record

Although the Sandstone Residential REIT PLC was formed in 2021, the Property Manager has **25 years experience** of residential property investment and management.

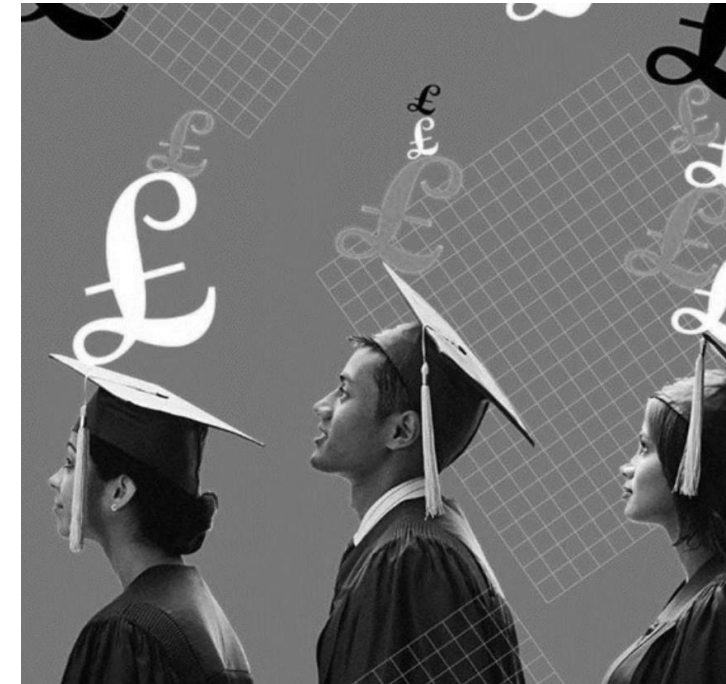
The manager has experience of helping clients from 40 counties to invest **over 3,000 times** in some **£1bn** of UK residential assets. The experience covers all aspects of sourcing, renovation, furnishing, management and sales, across **10 UK cities**. Clients range from smaller private clients to several **£100m funds**.

The investment model being followed has worked in good times as also more difficult periods such as the Financial crisis in 2008. The manager has achieved 28% returns on average over the past 25 years, based on 75% LTV bank gearing.

**The REIT is expected to achieve average returns of 17% pa, and within that a dividend of 4% pa, based on 40% gearing.**

The **majority of the assumptions on which many of the projections are based, are known**, because of the 25 year experience of the manager. We have carried out a sensitivity analysis on interest rates beyond an assumed 1% rate rise.

The single most important driver of performance, rent increases and returns is location.



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## The Director team

The Directors of the Sandstone REIT PLC are very experienced within the property market generally, and the residential sector specifically.



**Peter Grant (MBA, F.CIM)** is the original founder of Sandstone UK, in 1997. [Linked in profile](#)



**Alan Robertson (RICS)** was Senior partner of Jones Lang Lasalle, both in the UK, Europe and MENA. [Linked in profile.](#)



**Lindsay Campbell (CA)** was instrumental in setting up several £100m residential property funds. [Linked in profile.](#)

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## Asset origination

We source properties both on and off market.

We operate in 10 cities and typically acquire 3 properties per week, without compromising on location.

**With an average price per property of £330,000 we can build assets at a rate of £500m per annum.**





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## Returns

**We expect to deliver a 4% dividend, and 17% overall returns, pa.**

We use a detailed financial model built by Grant Thornton, which is populated with known cost and performance factors based on our 25 year track record.

### The key assumptions are, as follows:

- **Interest rates.** We have assumed that BofE base rates to rise by 1%.
- **House prices.** We expect house prices to rise at 7% pa, in line with the long term average.
- **Rental increases:** We rents to rise by 6% pa.
- **Occupancy:** We expect average occupancy to remain at 95%
- **Bank gearing:** We will operate at between 30% and 50%, averaging 40%



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## Green

Property accounts for **52% of all carbon emissions**. And it's the no1 issue for our student tenant group.

Since 2006, we've worked with the Energy Saving Trust to **reduce property emissions by 30%**.

We also set up global trees in 2007, a tree planting charity, which has planted many hundreds of thousands of trees.

**From 2022 we will go one step further and become carbon positive – both as a business and within the Sandstone Residential REIT.**

This is achieved by

1. Reducing carbon emissions in properties, transport and usage behaviours
2. Switching to green energy providers
3. Planting trees to offset and become positive

You can learn more about our journey, and how we're helping others to go carbon positive, by clicking [here](#).





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## FAQ

**What are the tax benefits of the REIT**

**What are the pro's and cons of investing via the REIT versus a personal portfolio**

**Can I invest as a limited company?**

**Why are we listed on TISE**

**Are the setup costs charged to early investors?**

**etc**