

Property Partner offers a wide selection of high quality property investments, with regular new listings, hand-picked by experts. We give private investors the ability to build a diversified portfolio of high grade property holdings, previously only possible for professional investment companies.

In today's low interest rate environment, our primary aim is to deliver a highly competitive rate of rental income, as the driving element of a strong total return, while minimising all manageable risks. We aim to offer a new property listing every week, with deep variety by property type and location, across both Residential and PBSA (purpose-built student accommodation).

- **Residential**
- **PBSA (purpose-built student accommodation)** [Read now](#)

Residential investment strategy

UK residential property is a defensive, total return asset class. It's characterised by a combination of inflation beating capital growth and a growing income stream, closely linked to wages and prices throughout the economy. It has consistently outperformed cash savings, the stock market, bonds and other more volatile investments. Read more about residential property as an asset class [here](#).

We believe that residential property will continue to deliver a strong and stable total return, particularly assets selected by experienced investors. We expect continued long-term growth in rents and capital values, thanks to the rapidly increasing demand for quality housing and the structural shortage of supply, common to economically robust locations throughout the UK. Our belief is mirrored by many large investment institutions, who have recently made private rented residential a fundamental part of their UK property investment strategy.

Property selection strategy and performance criteria

Our property sourcing process begins with comprehensive coverage of the market and ends with the negotiation of a purchase of a small minority of the properties we see, which meet our specific

performance requirements and exacting quality standards. See below for our current residential property criteria.

Properties are favoured which suit our moderate appetite for risk and preference for passive management, i.e. we focus on good quality stock in economically robust areas, with a favourable demand/supply profile for housing, conducive to delivering strong performance over the long term.

Short-listed properties are grouped into two strategic categories based on the performance we believe they can deliver; “**Accretive Income**” and “**Opportunistic Growth**”.

Accretive Income – Typical dividend yield above 4%

Our core residential investment strategy in present market conditions is predicated on a robust and growing income, with returns to investors amplified through the use of gearing. This is supported by a detailed, research-led analysis of potential rental and capital value growth, completing an attractive total return profile with downside protection.

We pick investments which, after all costs and the impact of gearing, deliver;

- A net rental income return (dividend yield) of at least **4%** per annum
- A forecast net capital return of at least **2%** per annum
- A forecast net total return of at least **7%** per annum

We believe this objective can be achieved without compromising on property quality in two categories of location:

1. Key Cities – Typical dividend yield 4% - 4.5%

Major cities, predominantly in the Midlands and North of England, which benefit from robust economies, a strong and diverse employment market and continued public investment into regeneration and infrastructure e.g. Birmingham, Leeds, Manchester.

2. Strategic Provincial – Typical dividend yield 4.25% - 5%

Desirable locations within easy travelling distance from employment hubs. Markets characterised by strong demand for housing from renters and owner occupiers, underpinning capital and rental values e.g. choice locations in the Midlands, North West and Yorkshire. We rule out economically frail locations with potentially weak occupier demand.

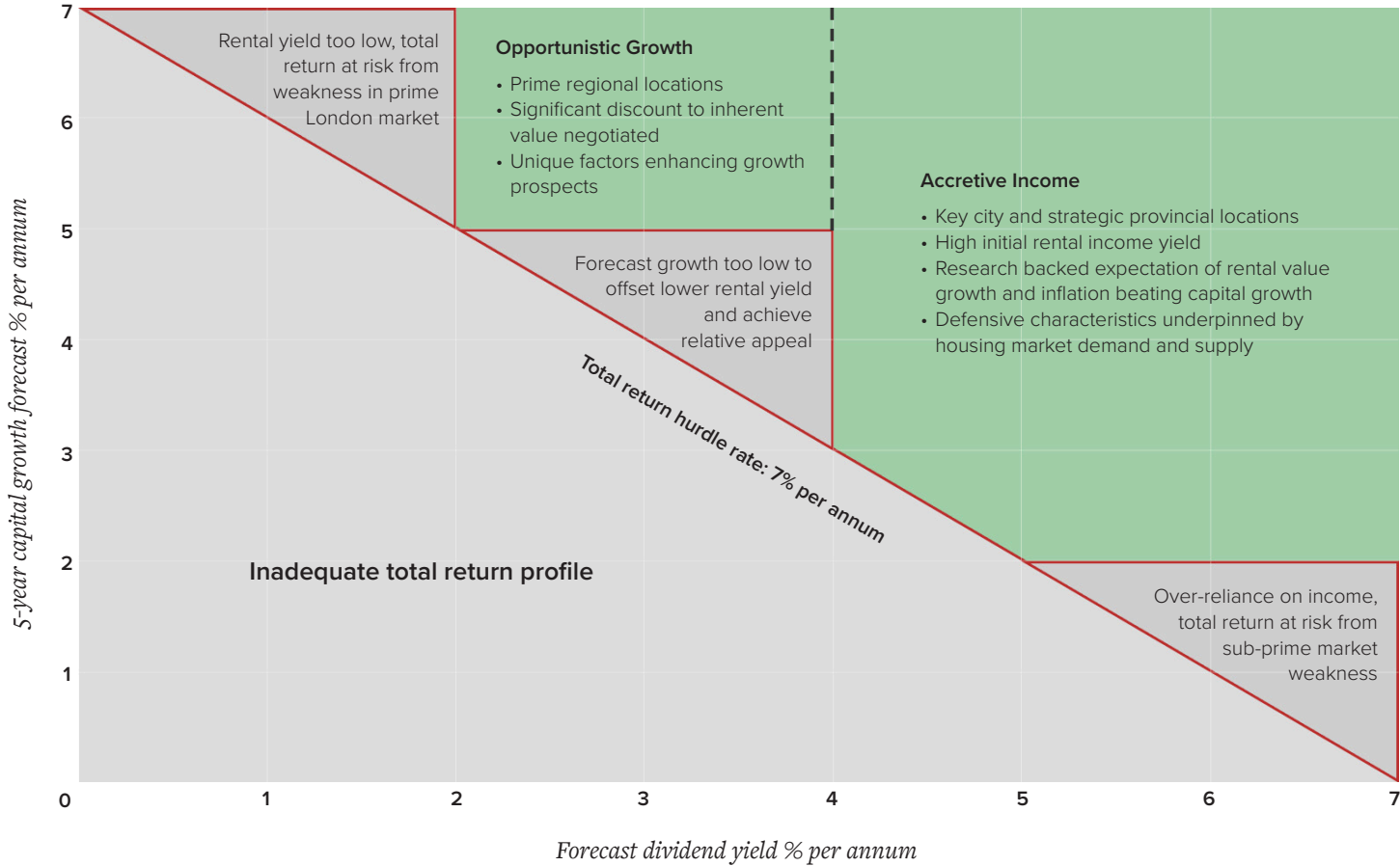
Opportunistic growth – Forecast capital growth >5% p.a. Typical dividend yield >2%

We expect the heat to come out of the higher end of the regional market in the next 3-6 months, creating opportunities to enter quality residential investments at prices well below their intrinsic value, creating a platform for market beating capital growth, further amplified through the use of gearing. As a fast moving and professional cash buyer, we're ideally placed to negotiate the best possible deals for our investors.

We won't move up the risk curve and will only acquire growth focused investments on an opportunistic basis, in traditionally high performing, "Prime Regional" locations e.g. South East commuter hubs and larger cities in the South West, such as Bath, Bristol and Exeter.

Ultimately, every asset must fit into a performance category which we are confident will achieve our total return objective, at a controlled level of risk. Figure 1 shows how properties are judged by the strength of their rental income and our research based forecasts for capital growth, to determine whether they meet our specific requirements.

Figure 1. Performance hurdles by residential strategy, Q1 2018



N.B. Performance forecasts include all property purchase costs and the 2% Property Partner transaction fee

Residential property sourcing and criteria

In-house technology is used to efficiently search the market on a daily basis, with new listings filtered according to the characteristics which ensure fundamental suitability for the platform e.g. multiple units to mitigate the risk of vacancy and be suitable for gearing. Off-market opportunities are sourced through our network of professional property investment contacts.

- Minimum of **3 independently lettable units**
- Value range between **£0.75m and £2m**
- **Completed and operational**, not in need of refurbishment or significant capex in the foreseeable future
- **Fully tenanted** on an AST basis, or minimal voids with strong local demand from tenants

Comprehensive appraisal and due diligence of property investments

We use our expert knowledge, gained through decades of property investment experience, to rigorously appraise properties, avoiding the pitfalls to which untrained buyers can fall victim, therefore minimising risk. Every property we acquire is visited by a member of our property team, who carries out a full assessment of the physical attributes and potential appeal to renters. Our in-house property legal team conduct searches to ensure there are no hidden complications concerning leases, covenants or charges held against the property.

Put simply, buying property is our day job. We believe we add significant value for investors through our comprehensive process of appraisal and due diligence. You can [read more](#) about our highly experienced property investment and management team here.

Final approval to purchase is given by the investment committee, which includes the Director of Property, the CEO and the CFO. The panel determine whether our required levels of quality and the minimum performance criteria are met. From the point of receiving the green light from the investment committee, a property can be launched on the platform within a week.

Capital at risk.

The value of your investment can go down as well as up. The Financial Services Compensation Scheme (FSCS) protects the cash held in your Property Partner account, however, the investments that you make through Property Partner are not protected by the FSCS in the event that you do not receive back the amount that you have invested. Forecasts are not a reliable indicator of future performance. Gross rent, dividends and capital growth may be lower than estimated. 5 yearly exit protection or exit on platform subject to price & demand. Property Partner does not provide tax or investment advice and any general information is provided to help you make your own informed decisions. Customers are advised to obtain appropriate tax or investment advice where necessary.

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