



QuoinStone
INVESTMENT MANAGEMENT

UK Focused Value-Add
Real Estate Investment Manager



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Property
should
be your
cornerstone

The cornerstone of a property provides both structural integrity and aesthetic appeal. We believe that integrity is fundamental to success. By taking an honest approach to all aspects of real estate we create appealing outcomes.



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1

Executive Summary



Executive Summary

- **QuoinStone believe that a boutique, tailored service focussed on individual investors, delivers superior risk adjusted returns.**
- We use our unique network and experience to source, filter and select assets based on robust property fundamentals.
- **We reconfigure, reposition, refurbish and extend; converting challenging suboptimal assets into institutional grade investments.**
- Our properties go through a transformation in building performance as environmental upgrades across the portfolio deliver real world benefits.
- **QuoinStone is a specialist, UK focused, value-add real estate investor & asset manager.**



Executive Summary

- **Recognised for delivering outstanding performance across asset classes.**
- QuoinStone's value-add strategy includes a resource policy that reduces heat loss and energy consumption to benefit tenants and wider society.
- **Our tailored service provides a flexible framework and broad service menu to suit myriad investor requirements.**
- QuoinStone founders, Tim Struth and Steve Howling, consistently deliver compelling investment opportunities to their clients, who continue to reinvest year after year.
- **QuoinStone is wholly owned by the Founders who share the view that by creating value through astute, proven initiatives, returns are enhanced against background market performance.**





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Opportunity & Strategy



The Opportunity

1

Introduction

- QuoinStone combine an entrepreneurial property company approach with an institutional methodology to secure investments with great potential.
- We reconfigure, reposition, refurbish and extend, converting suboptimal assets into institutional grade investments.

2

Dynamic shift in UK Real Estate Market

- With income yields already very low for commercial real estate in the UK, QuoinStone's strategy focusses on value-add, providing investors with attractive risk-adjusted returns.
- Headwinds induced by rate rises and continuing economic uncertainty increase the risk of downward pressure for real estate values; QuoinStone's approach provides the investor with insulation from these potential yield shifts.

3

Highly experienced management team

- Highly experienced and energetic senior team combining the right skill-set needed to execute a successful value-add real estate investment strategy.
- Enviably track record of successful acquisition, business plan delivery and exit of value-add/opportunistic real estate transactions for repeat investors over many years.
- Investor opportunity to tap into a focussed, experienced and dedicated platform where results matter.

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Highly valuable UK network

- Trusted, long-established relationships built up over a combined 43 years in the industry.
- The team have developed a diverse range of contacts within national and niche investment agencies, as well as with institutional fund managers, to build a sizable pipeline of on and off-market deals.
- With the benefit of a broad team of professional consultants and advisers, value-add initiatives can be executed quickly and efficiently.



QuoinStone – Strategy & Investment Criteria

Value-add/Opportunistic

- Repositioning, re-letting, renewals, planning gains, change of use, refurbishments
- Assets are generally income-producing, providing ongoing cashflow returns with capital up-lift over time

Fundamentals

- Strong primary and secondary locations
- Robust occupational market
- Good liquidity in capital
- Long-term optionality

Hold period

- Typically 3-7 year hold periods
- Regular business plan/market reviews
- Continuous assessment of optimal exit point
- Opportunistic exits considered when appropriate

Lot size

- £10m – £50m+
- Portfolios considered
- Joint ventures & other structures considered
- Forward funding & development agreements a possibility



Strategy

Region

- Immediate UK Focus
- Central and Greater London
- Major UK cities and market towns
- Future expansion into other global regions

Returns

- Returns dependent on extent of value-add initiatives and income profile
- Cash-on-cash of 8% upwards
- IRR 10% upwards



Investment Criteria

Sectors

- Multi-let and single let offices
- Office led mixed use buildings
- Business parks with alternative uses
- Retail warehouse with alternative uses
- Shopping centres with alternative uses
- Hotel where we have operator relationship
- Serviced offices
- Data Centres
- Residential/student as an exit
- Permitted Development as an exit





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Current Assets



Current Assets

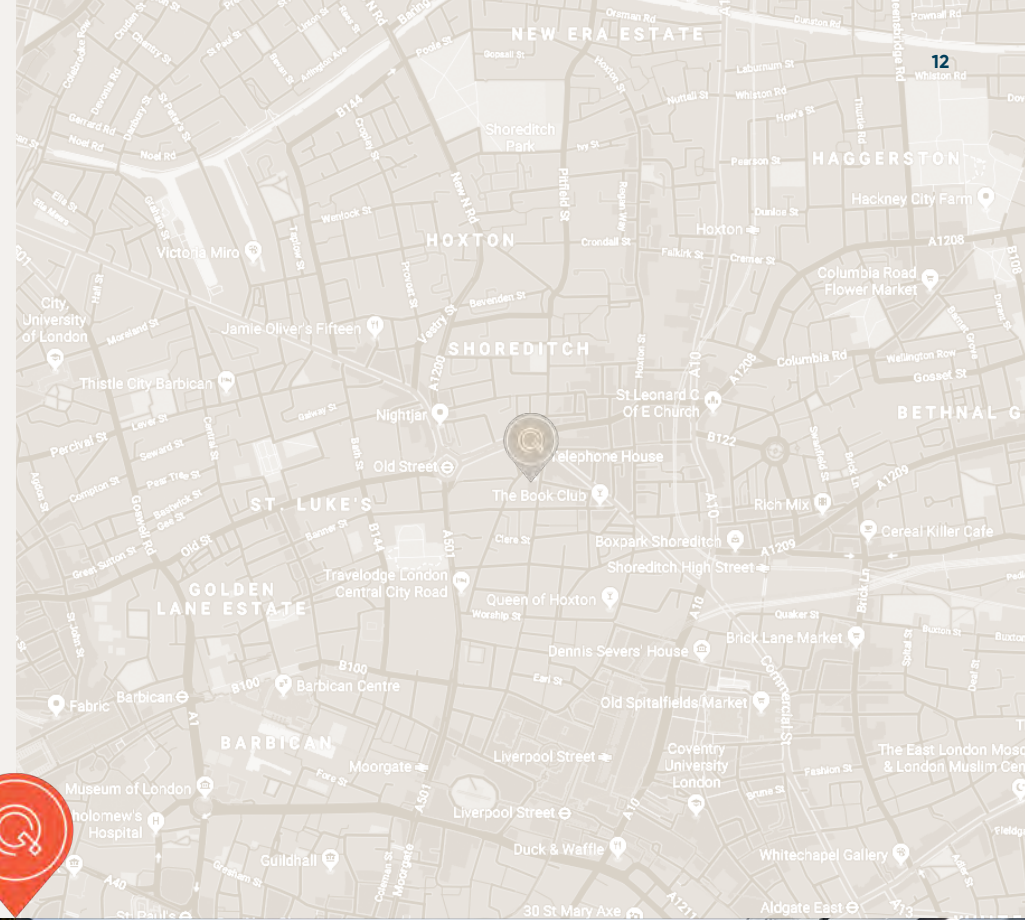
Telephone House, Shoreditch, EC2

A former BT warehouse offering high quality office space currently multi-let and income producing.

QuoinStone are mandated to manage the 120,000 sq ft building for the owners at a strategic and asset level.

QuoinStone are investigating options for the building over the mid to long-term in order to enhance the income stream and maximise the value.

—telephone
house—



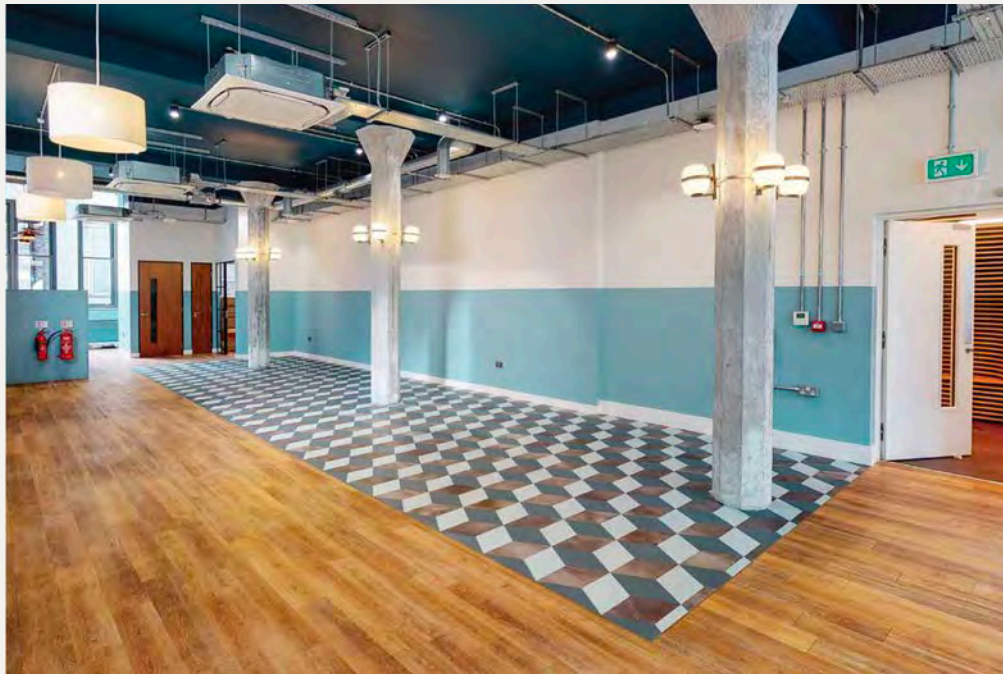
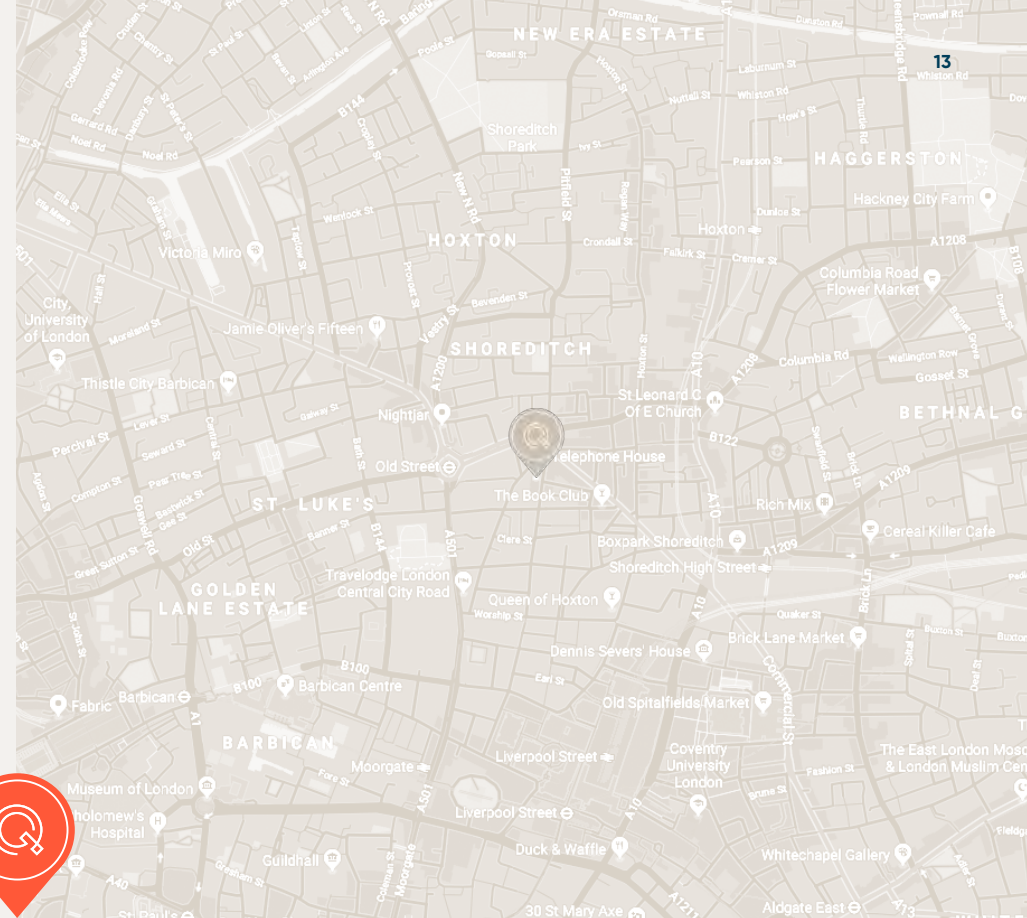
Current Assets

79-81 Paul Street, Shoreditch

79-81 Paul Street is a classic Shoreditch warehouse style building with an abundance of character.

Brockton Everlast bought the vacant building that adjoins their existing holding of Telephone House to gain control over the wider investment. QuoinStone were appointed as asset managers to initiate and manage the refurbishment and leasing.

The property is now fully let to 6 high quality occupiers from the tech, finance and property sectors.



Current Assets

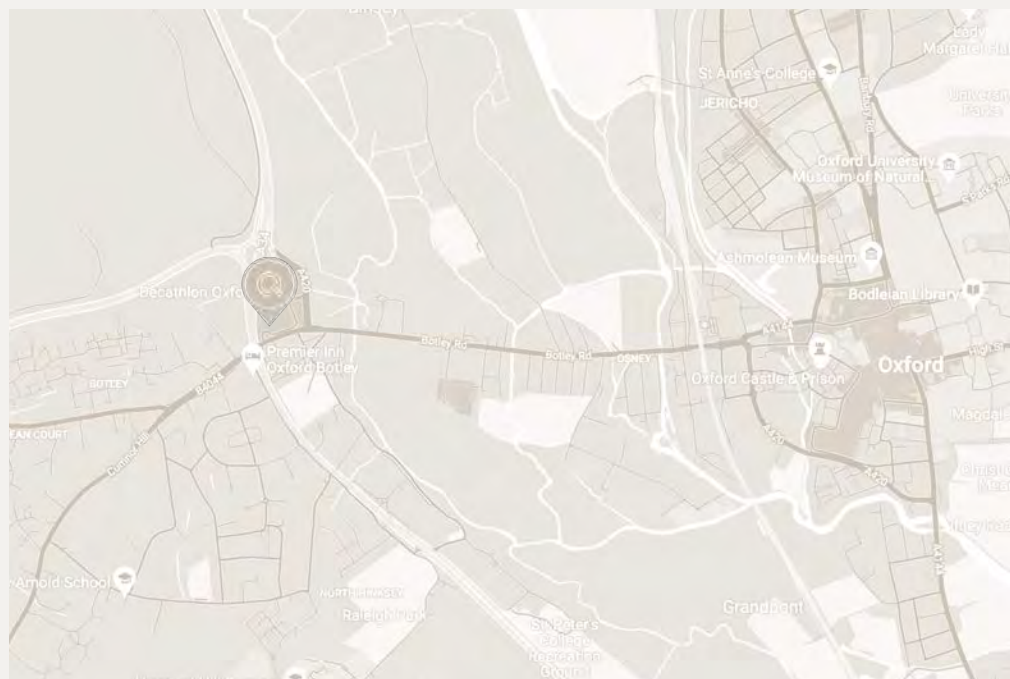
Seacourt Tower and Retail Park, Oxford

Seacourt Tower is a high quality office and retail location within a hyper-connected business park situated at Oxford's Western Gateway.

Brockton Everlast bought the income producing investment and appointed QuoinStone as asset managers to oversee refurbishment projects, re-let vacant parts and to manage the estate.

QuoinStone constantly review and implement asset management opportunities to maintain and improve income across the estate.

Seacourt Tower





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Past Performance



Great Tower Street, EC3

An 18,500 sq ft long-leasehold office building on Great Tower Street with B1 space on 7 floors over ground and basement retail.

This investment property was acquired from an institutional fund with short term income across various tenants, the investment was actively managed to increase lease lengths and rental income

The original 3-5 year business plan was delivered through careful management of tenant relationships in part by undertaking the property management directly.



The investment proved a good opportunity to buy into the City market with a building showing a sensible yield and with income maintained through difficult market conditions.

The investment sold off the back of increased AWULT and improved rental income.



Past Performance

St George's House, Ipswich

The site comprised 1.20 acres and 30,412 sq ft of retail and multi-level parking close to the centre of Ipswich and directly on the inner ring-road.

The property was high yielding (10%+) due to the short term tenancies and had excellent future development potential being located close to the main car park for town centre shoppers.

Following a detailed review of the options and consultation with potential occupiers, a scheme was drawn up to include a 120 bed Premier Inn Hotel, 36 apartments and a new 12,000 sq ft retail parade at ground floor level.

The proposed scheme also provided car parking and servicing for the hotel and retail.

The income was maintained throughout the planning process, leases were re-gearred and improvements made to the parking revenue and the site was subsequently sold with the benefit of planning consent.



Creechurch Street, EC3

An existing block of 12 serviced apartments in need of full refurbishment to bring up to modern competitive standards.

An income producing asset let to serviced apartment operator GoNative in need of significant capital expenditure.

Following detailed assessment of the options and costs involved, the decision was made to undertake a full strip out and refurbishment programme over an intensive time-frame so that the interruption to the income was as short as possible.



In order to manage risk, following a competitive bidding process and prior to start on site, a new management agreement was put in place with GoNative.

A professional team were appointed and the construction contract was let quickly and the building was handed back on time and has since outperformed expected occupancy and rents, boosting the income stream.



Past Performance

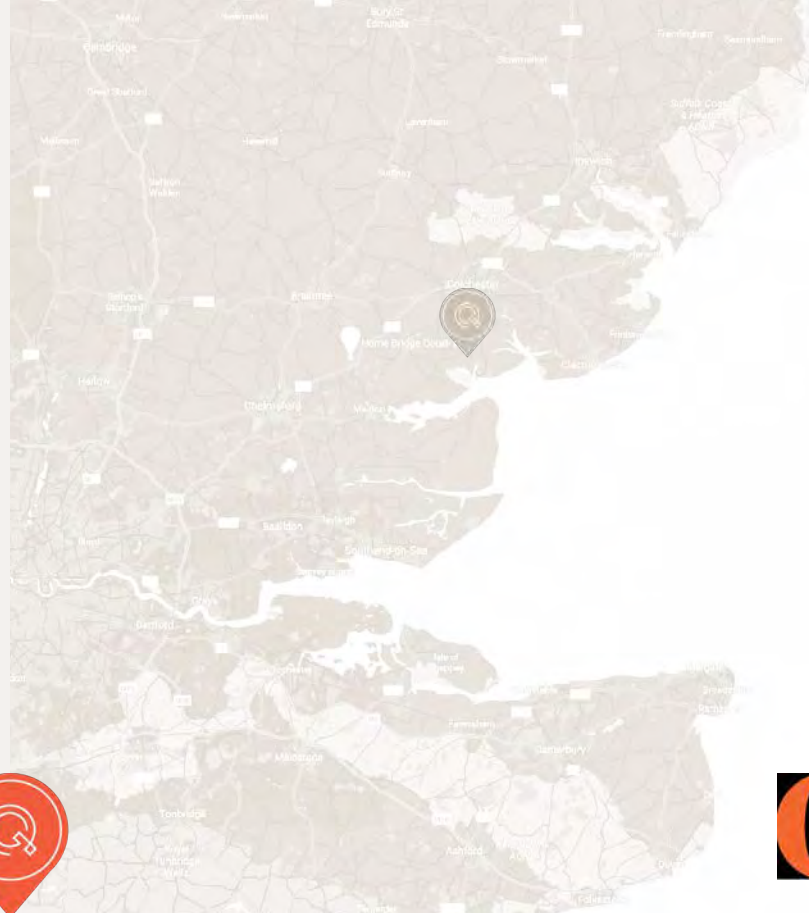
Homebridge Manor, Witham, Essex

A single let office building with potential for alternative use close to Colchester High Street and in the principle restaurant pitch.

As lease expiry approached, a planning application was submitted for the conversion of the building to residential apartments.

Once planning consent was achieved vacant possession was secured and the building was converted into 24 new apartments.

The scheme was built out over 18 months and the residential units sold quickly and above expectation.



Past Performance

Others

Description

Charlton in South East London, Walthamstow in East London and Leeds

Acquisition of 3 industrial warehouses from a company that had entered administration.

Post purchase the tenant was bought out by a storage company of better covenant which improved the valuation of all 3 of the assets.

It was identified pre-purchase that the Charlton site would be of interest to housebuilders as a residential development opportunity and therefore generate a higher value than the apportioned price.

An early surrender of the property was negotiated with the tenant in return for the tenant paying on early dilapidations settlement and was subsequently sold. The Leeds and Walthamstow assets were retained in the portfolio providing reliable income returns.

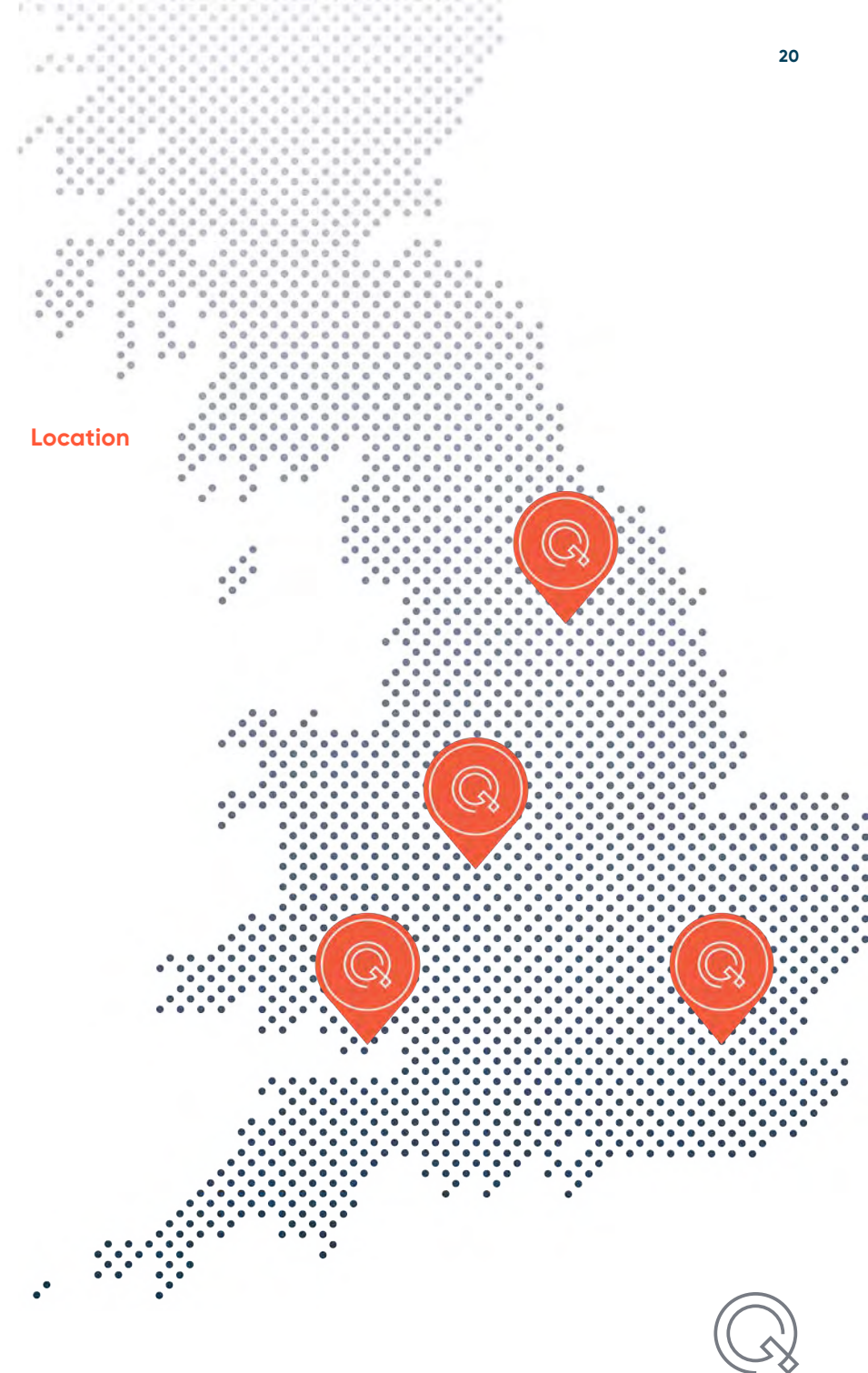
Colmore Row, Birmingham

Off-market acquisition of a multi-let office building in Birmingham's CBD from a private vendor. The building had been under managed, with 2 floors vacant and in need of full refurbishment. Many tenants had short leases or outstanding renewals/rent reviews and were willing to enter into negotiation. Ongoing asset management initiatives pursued.

Cardiff

Acquisition of a single let office building in Cardiff. The tenant's lease was 1.5 years to expiry and the building required refurbishment. The low rent of c. £15psf was at a significant discount to prime Cardiff buildings and had good prospects for re-letting should the tenant vacate. The building was priced attractively at a yield of over 10% and the deal was negotiated directly with a well-known contact at the vendor.

Location





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Management Team



Management Team

Tim Struth MRICS

Co-founder & Chief Executive Officer

QuoinStone Investment Management was co-founded by Tim who was keen to use his wealth of experience to provide access for investors to high quality property opportunities suited to his experience in delivering enhanced value.

Professional Experience

- Tim started his career at Healey & Baker (Cushman & Wakefield) in 1999 as a graduate surveyor in retail agency before joining Savills in 2000.
- Over 6 years at Savills in the commercial Development Team he was quickly promoted to Associate Director and was responsible for large scale projects including Greenwich Peninsula & Wembley Arena for Quintain & Lend Lease and the Brent Cross Cricklewood Regeneration project.
- Prior to founding QuoinStone, Tim established SB2Property a private property investment and development business.
- The business was built up to become a prolific investor and developer of a diverse range of properties across multiple sectors including offices, hotels, retail and residential.
- Tim sourced, funded and managed property transactions worth more than £275m, with major projects including Helix, a 36 storey, dual tower residential scheme of 414 units in Canary Wharf and Pocket Hotel, an 8 storey, 213 bed hotel in the heart of Shoreditch.



22
years



36m
sq ft



£12bn
GDV

SB2 Property/SBLiving

Owner
2006 – 2017

Savills, Commercial Development

Associate Director
2000 – 2006

Healey & Baker

Surveyor
1999 – 2000

Oxford Brookes University

Student
1996 – 1999



Management Team

Steve Howling MRICS

Co-Founder & Chief Investment Officer

Steve co-founded QuoinStone Investment Management to harness and exploit his experience of building and managing large mixed property portfolios on behalf of institutional investors.

Professional Experience

- Steve started his career in 2000 and has been responsible for managing in excess of £1bn of commercial real estate assets over the last 10 years on behalf of numerous major corporate and local authority pension fund clients.
- At Savills Steve worked in the capital markets team & latterly investment agency.
- He then joined CBRE Global Investors in 2006 as Fund Manager responsible for multiple portfolios where he managed over £750m AUM.
- In 2010, he joined Fidelity as Portfolio Manager to grow their nascent fund from £100m to £500m AUM.
- Steve is a well-rounded and seasoned individual and was responsible for deal origination and execution, portfolio and business plan strategy and asset management, across all UK regions.
- He formulated the strategy for capital raising, new business origination and real estate product development, winning new business from the Middle East and many UK corporations.



21
years



1.5m
sq ft



£1bn
AUM

Fidelity International

Portfolio Manager
2010 – 2017

CBRE Global Investors

Fund Manager
2006 – 2010

Savills, Investment Agency

Associate Director
2000 – 2006

Oxford Brookes University

Student
1996 – 2000



QuoinStone Founders: **The Numbers**



2m
Sq ft of
floorspace



92
No. of
individual assets



£1.3bn
Gross development
value



43
Years of
experience



Appendices



1

Appendix
Risks & Mitigation



Risks & Mitigation

Risks

Yield Shift

Investor sentiment and broader implications of Brexit could lead to increased softening of the market.

Occupational Market

UK economic instability, rising interest rates could contribute to a weaker occupational market.

Increased Competition

The real estate market is highly competitive, with large number of buyers and sheer weight of money forcing down yields.

Asset Management

Deploying asset management initiatives requires strong relationships with multi-discipline professional teams.

Mitigation

- The team's strategy is to decouple QuoinStone's investment portfolio from the background market through value-add initiatives which insulate from the impact of negative yield shifts.
- Additionally, we see opportunity, should yields move out and prices fall, to buy at a low point in the cycle over the next 12-18 months.
- A sound property strategy and robust approach to buying well located, high quality buildings help to mitigate this risk.
- Multi-let buildings provide a risk-spreading feature to the income stream.
- A meticulous approach to due diligence on prospective tenants is imperative both during an acquisition and throughout the future letting strategies.
- QuoinStone buy outside of the markets that the institutional funds typically operate within.
- Most competition is currently focused upon what they consider the core markets including multi-let industrial and logistics sectors, together with other long-income real estate products.
- The QuoinStone strategy is value-add and opportunistic, and as such we typically acquire assets that have been over-looked by the usual institutions because they do not have the mandate for true value-add, asset management opportunities. These institutions however, are the buyers when QuoinStone exit their assets as core product.
- Tim has a real depth of development experience across a variety of real estate sectors, including residential, hospitality and commercial at both the management level, and at 'ground' level. He has successfully managed and exited many assets for investor clients.
- Steve has many years of operational and asset management experience, including re-negotiating leases & rents, repositioning, planning gain, refurbishment and change of use.





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