



Investor Brochure



The Company

Gecko Pads is the leading brand of High Stone Property Limited (HS). The Gecko Pad brand is specific to the company's Serviced Accommodation units. Other more routine properties fall under the High Stone Property name. Their purpose is to add resilience to the portfolio. To this end, all investments are with High Stone Property Limited, not specifically Gecko Pads.



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Executive Summary

- HS focusses on property investment in and around the city of Bristol.
- HS seeks to raise between £1.1m and £1.5m to fund the acquisition and development of up to six further residential and commercial properties.
- In the backdrop of a persistent housing shortage and a robust economy, the UK property market exhibits remarkable resilience. Notably, within the UK, the Bristol property market stands out as one of the fastest-growing and most stable, propelled by its robust and diverse economic foundation.
- After a slight dip in 2023, Savills forecasts a 3% decline in Southwest property values throughout 2024. Starting in 2025, prices are expected to ascend, culminating in a robust 17.9% increase by 2028, outperforming several southern regions. In contrast, London is anticipated to experience a 4% drop in 2024, with a final 2028 increase of only 13.9% from today's value.
- Despite property investment being generally seen as a low-risk market to invest in, HS further reduces risk through disciplined growth and development, low gearing and variety.
- HS believes that the predicted 2024 correction will present the perfect opportunity to purchase discounted properties enabling us to take full advantage of the subsequent boom.

www.savills.co.uk/research_articles/229130/353667-0



Mission

To create a stable income stream by acquiring and managing a diverse portfolio of premium properties. We provide astute investors with appealing and consistent returns while prioritising transparency and sustainability to minimise risk. This enables a stable, profitable and steadfast business.

Vision

HS seeks to be renowned as a prominent and stable member of the Bristol market, known for its transparent and sustainable approach. Offering a diverse and appealing range of premium property assets, HS fosters and reciprocates loyalty among customers and stakeholders for sustained and controlled growth.



Core Values

Resilience. Be it shifting interest rates, lockdowns, or regulations, through strategic diversification and vigilant growth, we cement our position as a steadfast and progressive property market participant.

Sustainability. Combining quality and eco-consciousness, we invest carefully in durable materials, minimising future refurbishments. Our properties exceed energy efficiency requirements which minimise bills and guard against rising energy performance minimal standards.

Transparency. We embrace accountability as the cornerstone of our success strategy. Thus, we consider it imperative to maintain open and candid communication with all pertinent stakeholders and partners.

Consistency. We ensure consistent quality and thus approval in all properties. Unified décor, features, and branding build recognition, trust, and a loyal customer following.

Fun. Why do business for the sake of business alone? Balancing business with life's vibrancy, Gecko Pads are more than functional spaces. They are designed for genuine enjoyment, combining thought-provoking environments with a playful touch. Where possible, we try to carry this same value into the wider HS portfolio.



Portfolio Structure

HS has so far focussed on Serviced Accommodation (SA) as its primary strategy. Indeed, the income is lucrative enabling excellent yields. Whilst SA will remain the flag ship product, we intend to add further resilience to the portfolio by diversifying into other areas of the property market. These options are deliberately low maintenance and will be carried in a way that minimises risk. These are:

- **Serviced Accommodation (Gecko Pads).** This is the short-term letting of properties. Advertised on platforms such as AirBnB and Booking.com, they primarily attract professional guests on weekdays and tourists on weekends. These are the flagship properties that embody the Gecko Pad brand. Sourced in sought after locations, they are refurbished to high standards. If done correctly, Serviced Accommodation is a very lucrative method of property investment, but vulnerable to external trends. To further de-risk the SA portfolio, each unit is setup with a Plan B option from the start.
- **Commercial.** Being a vibrant city, Bristol's numerous high street retail units enjoy a high level of foot traffic while commercial units on the city's outskirts remain in high commercial demand. Light to manage and relatively safe from political agendas, commercial property in Bristol is an excellent hands-free investment method.
- **Supported Living.** Backed by the government, companies exist to provide people-in-need affordable and stable accommodation. With numerous companies serving different group types such as the disabled, the poor, the elderly and the recovering to name a few, HS will acquire affordable properties to cater for these companies. Being less dependent on prime locations, supported living units can be acquired from larger areas and refurbished to a more affordable standard. Meanwhile, the providing companies typically offer 5-year hands free lucrative rental contracts and agree to return houses in the same condition they received them in.
- **Buy-to-Lets.** Where the opportunity is lucrative, Buy-to-Lets are considered. With affordable development costs it is on occasion possible to extract all invested funds when refinancing BTL projects on completion of works. Following numerous government changes to target landlords, BTL supply is now very low and so attracting high demand and thus high rental figures.
- **Buy-to-Sell.** To maintain the availability of cash, development projects are regularly performed. Simply, property is bought, value is applied, then the property is sold for a profit. Property development can take many forms. For now, HS currently focuses on low-risk development options including house refurbishments and developments, small commercial to residential projects and planning gains.



Risk

There is an element of risk with any investment scheme. However, when it comes to property investment, many perceive the risk to be tolerably low. HS takes it a step further to ensure that when the market becomes turbulence, it will come out of it standing and ready to exploit the aftermath.

- 1. Property as an asset.** Outside of property, assets such as machinery and vehicles tend to depreciate. Property on the other hand has always appreciated in value over the long term and thus, typically does so in the short term. To this end, simply holding a property can allow an investment to grow. This is an additional way of making cash on the property while letting the property out to tenants and guests for monthly cashflow.
- 2. Controlled growth.** Growing your portfolio with limited cash can be achieved by releasing accumulated equity from the capital growth achieved by a property. In other words, it is common to remortgage it and take a lot of money out in the process. However, this keeps property expenses and therefore risk high. HS avoids refinancing properties for the purpose of growth. Instead, we prefer to allow properties to pay themselves off to both reduce risk and maintain a significant cash reserve.
- 3. Disciplined development.** 'Going big' is an effective way of getting rich quickly, but it has also led to numerous developers going bust. To minimise the risk of unmanageable losses, HS grows in incremental steps; before progressing onto larger projects, we ensure we have a suitable asset-based income stream to help absorb any unforeseen expenses or delays with these projects. Suitable education and research is also invested in before committing to larger projects.
- 4. Tested methods.** We leave the risk taking to the pioneers. There are a lot of well-known trail blazers in the market who have committed to novel and specialist concepts and expanded aggressively. Many have enjoyed great success with such methods, but equally, many have failed. Recent examples of such failures can be found in the high end Serviced Office and Micro-Flat markets. To avoid the risk of failure, HS focuses on steady growth and diversity through proven and established markets.
- 5. Geographic area of focus.** Every city is different. It is not only necessary to learn where to buy what for how much, but also finite resources can only operate over a finite area. For the foreseeable future, HS will continue to focus its operations on Bristol and the surrounding area. This allows us to concentrate on the area in detail whilst maintaining a single geographically based team. This saves significant time and resources.
- 6. Asset Contingency Plans.** This applies primarily to the Serviced Accommodation market. Given the risk of new regulations and rule changes in the SA market, HS ensures that each SA unit has a reversionary plan. Current examples include Sandbed House which is ready to immediately become a Buy-to-Let and Belfry House which has been refurbished to House of Multiple Occupancy (HMO) standards and sits outside of the HMO restricting Article 4 area. This means it can be immediately let as an HMO should the situation require it.
- 7. Multiple Income Streams.** By operating in several markets, HS can spread the risk of significant income affecting market changes. An example includes the instant drop in demand for Serviced Accommodation during the COVID lockdowns. The continued income from the Buy-to-Let portfolio was able to cover the overheads while the Serviced Accommodation units were put to other uses. The next slide lists the advantages and disadvantages of each of the investment methods employed by HS. From this, you can see how they mutually support each other.



Diversity of Risk

Serviced Accommodation	Commercial Property	Houses of Multiple Occupancy	Buy-to-Let	Buy-to-Sell
Advantages <ul style="list-style-type: none">• Very high yield• Units regularly cleaned and inspected allowing for preventative maintenance	Advantages <ul style="list-style-type: none">• Consistent rent• Minimal maintenance• Affordable• Politically safe• Eviction is easy when tenants default• Numerous options of use	Advantages <ul style="list-style-type: none">• High yield• Consistent rent• Lower maintenance• Well Established Strategy	Advantages <ul style="list-style-type: none">• Satisfactory yield due to high demand• Any house is rentable• Low Maintenance• Residential capital growth opportunities	Advantages <ul style="list-style-type: none">• High short-term payout (20% of capital employed or above)• Quick (typically 3 to 9 months)• Short term Joint venture opportunities• Short term nature make projects less prone to market changes
Disadvantages <ul style="list-style-type: none">• Volatile market• Regulation uncertainty• Regular maintenance• Heavier upfront costs	Disadvantages <ul style="list-style-type: none">• Modest rent• Capital growth can be modest• Changing market	Disadvantages <ul style="list-style-type: none">• Property committed for five years (usually)	Disadvantages <ul style="list-style-type: none">• Modest rent• Capital growth can be modest• Changing market	Disadvantages <ul style="list-style-type: none">• Resource heavy• Can not take advantage of Capital Growth• Tax heavy

Portfolio Building

Cash Generation



Why Bristol – At a glance

Economic

- Two well established internationally recognised Universities from which the city enjoys a high level of graduate retention.
- Technology, Media and Telecom (TMT) is Bristol's largest sector with significant increases in deal sizes since the pandemic. The City is also home to the largest robotics laboratory in Europe.
- £2.2bn of Venture Capitalist investment in Bristol over 2022 and 2023. 50% of this was in software companies.
- Home to a range of industry including Airbus Operations Limited, Hargreaves Lansdown PLC and OVO Group.
- The wide range of growing markets maintains an influx of settling professionals and visiting contractors alike making Bristol ripe for wealthy tenants and professional short stay guests.

Social and Culture

- Museum destination of the year 2018
- Numerous festivals, museums and murals by leading artists such as Banksy give Bristol a sought-after alternative status making it popular to domestic and foreign visitors.
- High turnover of tourist and leisure visitors.

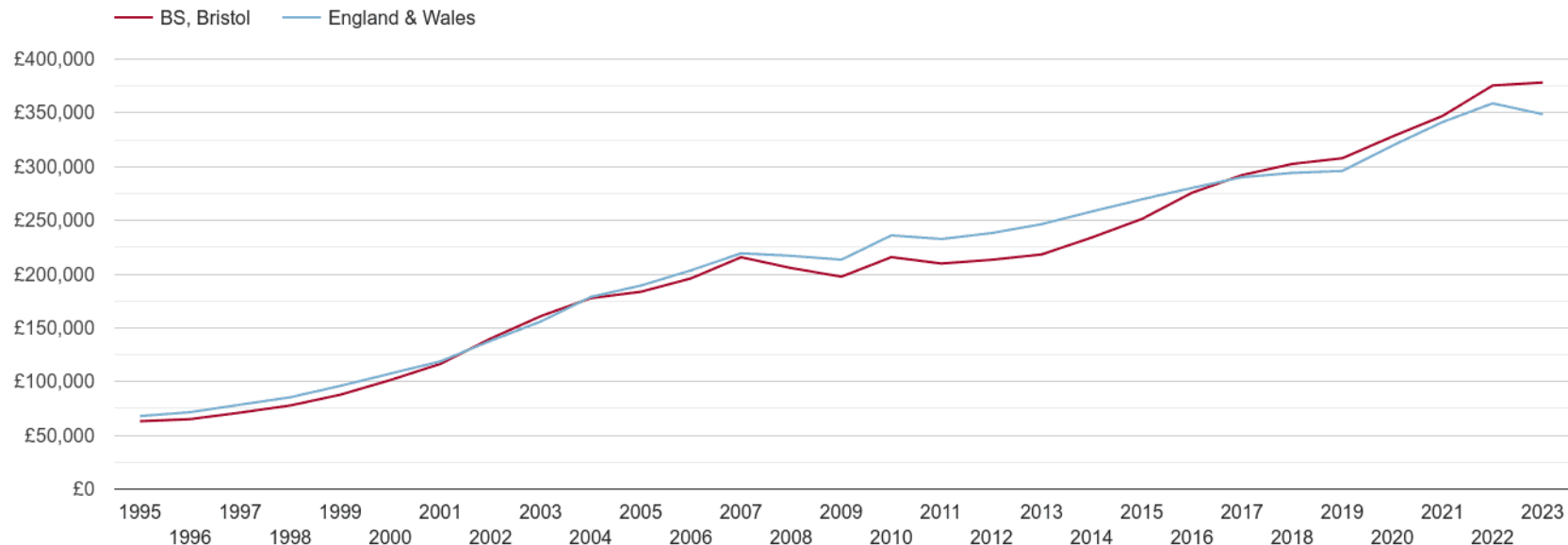
Geographic

- Gateway to the Southwest and South Wales
- Established Lines of Communication including the M4/M5 crossroads, over 40 trains a day direct to London in less than two hours, and its own international airport.
- Not only does this make Bristol a desirable base to live in, but it is also a convenient place to visit or stop by as part of a longer journey.



Bristol House Prices

Fuelled by communication technology, improving transport and high London house prices, businesses continue to seek bases outside of London. With a pool of strong graduates and a growing tech industry, Bristol is arguably the natural alternative for any Southerly focused business. This is a key reason, but not the only reason, as to why Bristol house prices have continued to rise faster than the rest of the UK over the last decade.



Source: <https://www.plumplot.co.uk/Bristol-house-prices.html>

The Director

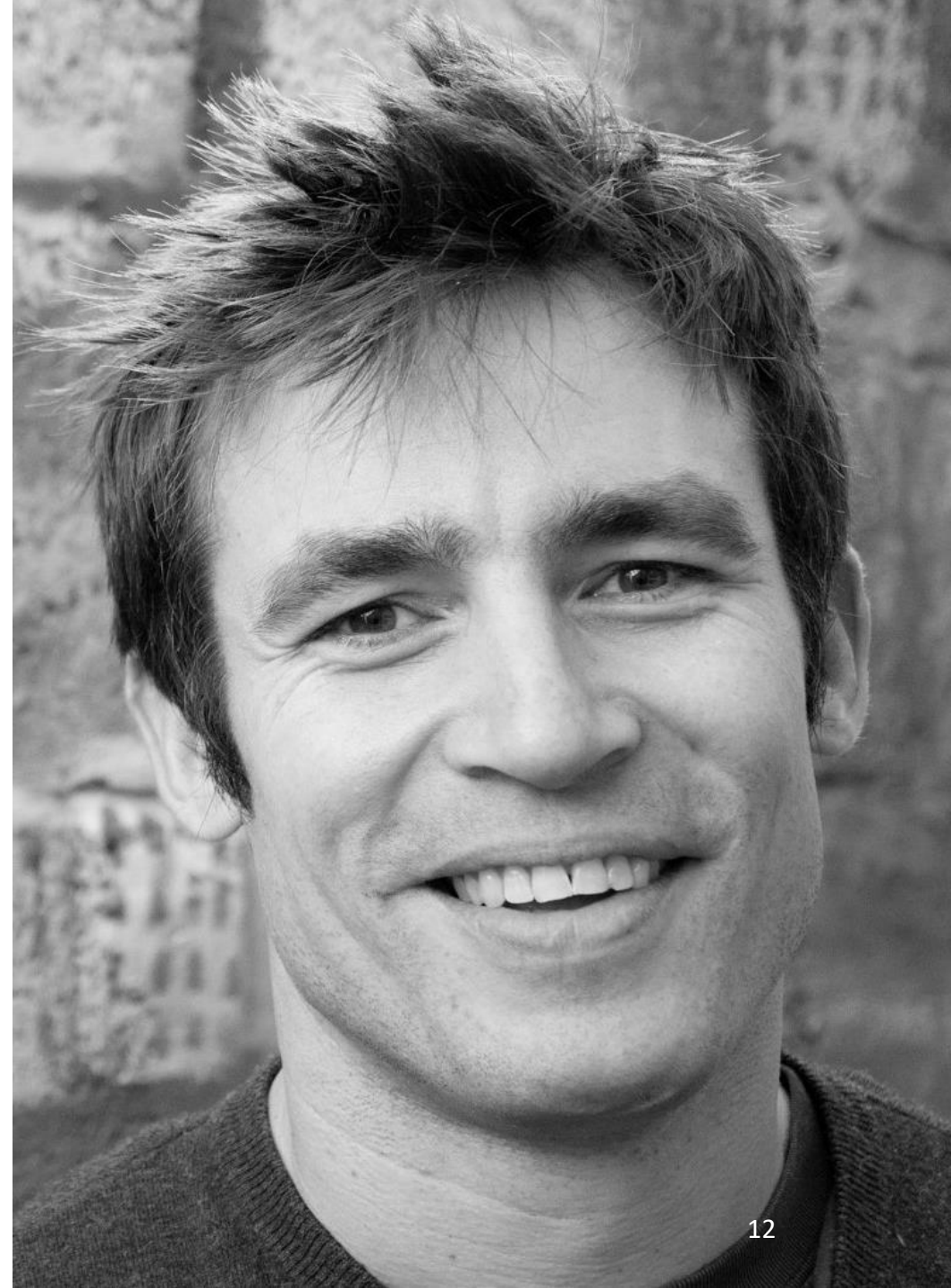
As a family, my father's military career made us military nomads, moving house in Germany or the UK every two years. Despite the transient lifestyle, our constant was a residence in Wandsworth, where my parents shrewdly rented rooms, creating a stable second income. For me, the pivotal moment came in 2004 when he sold the house acquired for £25,000 in 1978 for an astonishing £620,000 – a 2,480% increase, potentially quadrupled with a 75% Loan to Value mortgage.

This taught me two crucial lessons: Property investment can be hands-free, and exponential appreciation offers transformative benefits. In the wake of 9/11, I embarked on a ten-year military career myself. Alongside this, I ventured into real estate, acquiring my first houses. Driven by a desire for more time and financial freedom, and with a modest portfolio as a safety net, I made the decision to transition into full-time property investment upon leaving the Army in 2018.

Post-Army, I founded my personal holding company and a joint venture development firm with a fellow investor. I have acquired thirteen properties, a mix of commercial and residential, currently holding ownership in nine of them. To diversify risk, my portfolio includes Buy-to-Lets, shops, Serviced Accommodation units, and Houses of Multiple Occupancy. Being a strong believer in outsourcing, the management of these properties takes very little of my time.

I aim to expand my holding company, High Stone Property Limited, to enhance cash flow and establish a robust foundation for undertaking larger development projects with manageable risk. In addition to my existing property investments, I engage in low-risk Buy-to-Sell operations, primarily focused on residential refurbishments and small commercial conversions. I am actively incorporating 'planning gain' opportunities into this strategy, paving the way for future involvement in more substantial projects.

Property will always be my core wealth strategy and something that I will continue to professionally focus on both full time and part time throughout life. This is to both fund a happy family as well as my ambitions to conduct a segmented multi-sport human and wind powered trip around the world.





Past Projects

Of the thirteen completed projects, the following slides highlight three examples which illustrate the typical project types we currently undertake. We assess the suitability of buy-to-keep projects by calculating their likely 'yield' and evaluate buy-to-sell projects using the 'return on capital employed' calculation (ROCE), both expressed as percentages. See formulas below:

Yield: $(\text{Annual Rent} / \text{Costs}) \times 100$

ROCE: $(\text{Profit} / \text{Capital Employed}) \times 100$

Buy-to-Sell

Bedminster Lodge

- PP: £177,000.00
- Fees: £8,017.20
- Work Costs: £86,807.30
- Total Costs : £271,824.50
- End Value: £325,000 (2023)
- Profit: £53,175.50
- ROCE*: 20%

*Return on Capital Employed



Buy-to-Keep

Sandbed House

- PP: £243,770
- Work Costs: £53,861
- Total Costs: £308,279
- Completion Value: £360,000
- Profit: £51,721
- ROCE: 17%
- Yield: 16%

- Value Dec 2023: £420,000



Commercial Conversion

124 Church Road

- PP: £140,000
- Work Costs: £74,450
- Total Costs: £214,450
- End Value: £285,950
- Profit: £71,500
- ROCE: 33%

After converting the second floor into a flat, we sold the flat for £185,000. We kept the shop and refinanced it with a £60,000 mortgage. This allowed us to extract all invested cash and keep £40,000 of the generated profit in the shop which continues to serve a monthly income, and cake.





The Next Phase

With 2024 widely assessed to see a nationwide drop in the property market, HS is preparing to exploit the opportunity through a round of acquisitions. By the end of 2024, HS aims to have made a further four long term acquisitions placing it well to enjoy the predicted rise to 2028. The target properties include two supported living units (residential houses) and two commercial properties. Buy-to-Let options will also be considered where the figures are favourable.

To enable this, HS will raise £750,000 of investor cash at 8% APR (Annual Percentage Rate). Once the new properties are established and earning revenue, a second funding round for up to a further £750,000 will be conducted. This will go towards two new Serviced Accommodation units. Throughout all of this, Buy-to-Sell projects will be conducted in the background to maintain the availability of cash.

Meanwhile, for the well-established investors, HS offers the opportunity to build joint-venture portfolios and conduct joint-venture Buy-to-Sell projects allowing investors to benefit from capital appreciation and project profits.



Investment Opportunities

1. APR (Annual Percentage Rate) Investment

- We offer a competitive annual return of interest. This can be paid annually or monthly.
- We typically accept anything between £50,000 and £250,000 for a minimum of 18 months.
- Security is given in the form of a personal guarantee.

2. Single Joint Venture projects – HNWI or SI qualified investors only*

- This is typically for larger Buy-to-Sell projects where there is assessed to be suitable profit for both parties. We aim for a minimum profit of 20% of the Gross Development Value (GDV). GDV is the assessed final value of the property following the conclusion of all works.
- The investing partner provides the funds whilst HS does the work. The profit is split 50/50.
- Funds required are project dependant.
- A very hands-off way to be a part of a specific project. You provide the funds, we do the work.

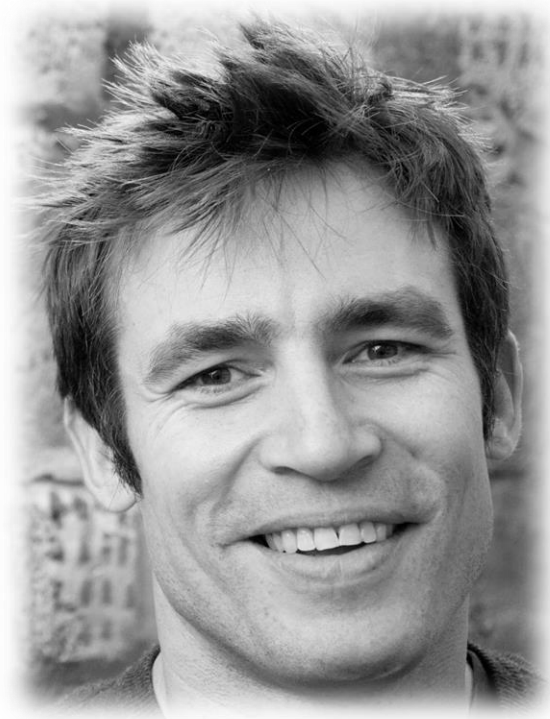
3. JV holding companies (£1m upwards)

- For the established investor, we can provide the option to build a portfolio holding company with HS. In such a scheme, the investor will benefit from the time enabled capital gains of property as well as the cashflow and any project profits. Please contact us for more information.

*The criteria by which a High Net Worth Individual (HNWI) or Sophisticated Investor (SI) is determined is available in the Financial Conduct Authority's PS13/3 publication: <http://www.fca.org.uk/publications/policy-statements/ps13-3-restrictions-retail-distribution-unregulated-collective>



Contact us



07590765909
james@geckopads.co.uk
www.geckopads.co.uk



Allmylinks.com: @james-d-scott