

Guide to Buying Strategic Land

**How UK Land Investments makes the dream
of land ownership an achievable reality**

- See how demand for new homes is making land a high value commodity
- Learn about the excellent potential returns
- Discover how quick and easy it is to become a landowner



UK LAND INVESTMENTS
GROUP

Experts in Land

To find out more call 0845 092 092 9

www.ukland.com

Overview

UK Land Investments is one of the leading strategic land organisations in the UK. Our vision is to make land ownership accessible to ordinary people, allowing them the opportunity to reap the rewards that were once available only to large property development companies with deep pockets.

Our team of land and planning experts carefully selects sites that meet our strict criteria for potential re-zoning (or 'allocation') within 5-7 years. Once a site has been purchased, we subdivide it into parcels and then offer these for sale to the public as an investment.

We retain up to a third of each site, which gives us an enduring stake in the land alongside our clients – because we believe that it is right to share both the risks and rewards.

We invest heavily. We reserve up to £500,000 per site to promote our retained land for re-zoning within its local authority's development framework. Once a site has been re-zoned, its value, as we will demonstrate in this guide, can increase significantly.

Clients are kept updated as to the progress of the promotion of our retained land with the local authority through newsletters and seminars. We have an open door policy, with all our customers welcome to visit our offices and sites – and our consultants are always available to talk to if you have any particular queries or concerns.

Please take a few minutes of your time to read through our Guide to Buying Strategic Land. See how you can become the freehold owner of your own land and reap the potential rewards if re-zoning is achieved.

Driving up the value of land: The demand for housing

Latest Government housing targets have been set at 209,000 homes per year for the next 20 years – that's 4.2 million homes to be built.

Increased life expectancy and the influx of new immigrants has given the United Kingdom a growing population resulting in an unprecedented demand for new homes. The need for housing is compounded by the reduction in the size of households (families living together). In particular, the high demand for homes in the south east of England has led to spiralling house prices and to an acute affordability issue for key workers such as teachers, nurses, the police force and other public sector employees.

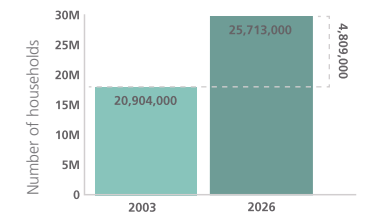
In simple terms, demand for housing in the UK is outstripping the current supply and to improve this situation the Government is setting new, higher house building targets for local authorities.

There is agreement across the housing sector that the lag between supply and demand remains dramatic.

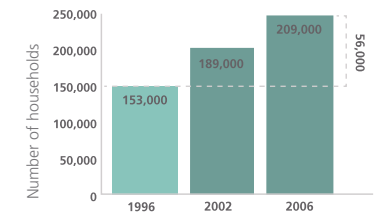
John Slaughter, director of external affairs at private sector trade body, the House Builders Federation, said: "There still remains a shortfall of 50,000 homes per year, a problem which if not addressed will only exacerbate the current affordability crisis."*

Sarah Webb, director of policy and practice at housing professionals' body, the Chartered Institute of Housing, said: "Yes, we are building more housing, but we are not building enough to cover the backlog from underinvestment in previous years, and not enough to keep up with today's demand."*

Number of households in 2003 vs. projected number of households in 2026



Pace of change in annual household projections over last 10 years



"Buying land with development potential isn't a new concept. Large property developers have been doing it for decades. It's just that until now they have been the only ones who could afford to."

– Brian Smith, Strategic Land Director, UK Land Investments

*Source: Are we building enough new homes? Published: 8 Jun 2006 By: FactCheck for Channel 4



The increasing demand for strategic land

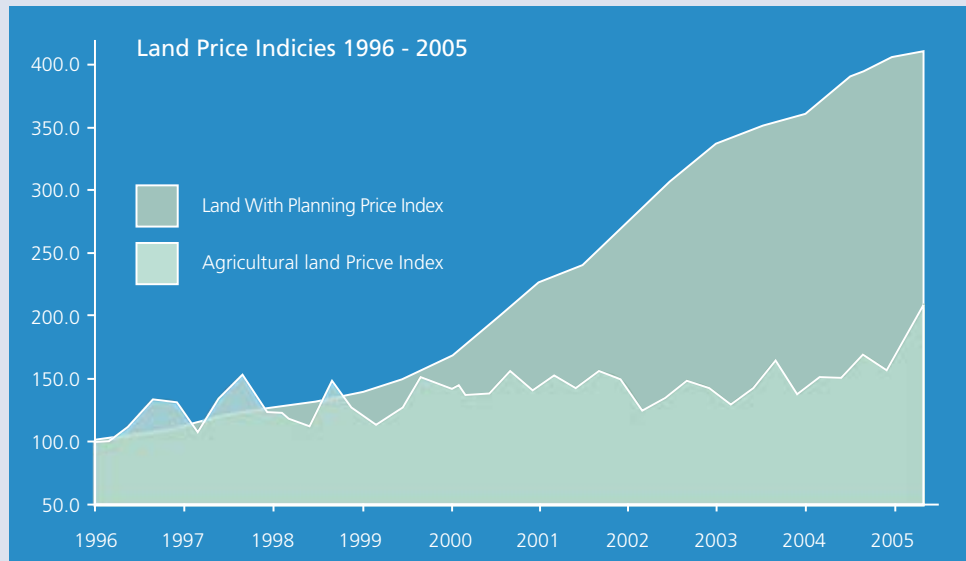
Adam Smith, one of the great economists famously said, "Land is the basis for all wealth".

To provide the required 4.2 million homes over the next 20 years, more land will have to be made available for housing. To achieve this, local authorities have been set new targets by central Government.

When land is re-zoned for future residential development there is a dramatic increase in its value and until the demand for housing is matched by the

supply, the value of land will continue to increase as you can see from the graph below.

In January 2006, the Valuation Office, HM Revenue & Customs, reported that since late 1983 land has increased from an average of £174,000 per hectare to an average of £2,520,000 per hectare in England.



"Availability of land is very restricted, which helps to push prices up."

Source: Royal Institute of Chartered Surveyors (RICS)



What is strategic land?

Land that is well sited for possible future development is strategic land. UK Land Investments has strict criteria that any site must meet before we consider it to be within our definition of what constitutes strategic land.

We have created an expert and highly experienced land and planning team to identify and select strategically placed sites that have the potential to increase significantly in value.

For our clients, strategic land represents a simple and potentially highly profitable investment. It entails buying and holding land with a view to future increases in its value based on its potential to be re-zoned for future residential development.

"The value of residential land across the UK has increased by 808% over the last 20 years."

Source: BBC Feb 2003

Our Land and Planning Team



Our land and planning team, one of the largest in the land industry, is critical to ensuring that we acquire only sites that offer the best potential in terms of re-zoning.

The team comprises seasoned experts with many years experience and hugely successful track records in promoting land for re-zoning, supported by a dynamic, energetic staff of specialist land buyers, town planners and property managers. Meet some of our senior land and planning personnel:



Strategic Land Director
Brian Smith BA (Hons) MRTPI

Brian is a Chartered Town Planner with substantial experience in the UK house building sector. He has worked for a number of local authority planning departments across the UK and has over 25 years experience in the house building industry, with 9 years as a director for several national developers. Brian has, over his career, been involved with or led up to 400 strategic land projects at any one time.



Planning Director
Derek Lawrence BTP MRTPI MRICS

Derek is a Chartered Town Planner and Chartered Surveyor with over 30 years' experience in both the public and private sector. In the public sector, he has worked for local authorities in Greater London, Kent and Norfolk. This culminated in a senior management role at the planning division in the Medway Towns area. In the private sector, he has worked with a number of major house building companies.



Senior Land Manager
James Bromhead BSc (Hons) MRICS

James is a qualified Chartered Surveyor with 8 years' experience in property management and acquisition. He is responsible for identifying and researching potential sites prior to negotiating their purchase.



Senior Land Manager
James Brierley MA (Hons) Oxon

James, who has been in the land and planning industry for 7 years, has extensive experience in both short and long term land acquisition, an understanding of the national development industry and first-hand experience of managing sites for major developers through the planning system.



Senior Land Manager
Fergal McGuinness BSc (Hons) MRICS

With 8 years' experience in land and planning, Fergal brings with him a wide range of knowledge and contacts within the South East development industry, with particular experience in Brownfield and city developments.



Planning Manager
Iwan Jones BA (Hons) DipEP MRTPI

Iwan is a Chartered Town Planner with 8 years' experience in the public and private sectors. He has worked as a Senior Planning Consultant where he acted on behalf of numerous, well known development companies and landowners to advise on the development potential of land and to obtain planning permission for large development proposals.

The changing climate of the planning system

Over the last 30 years, the Government has identified that the number of households in England has increased by 30%, yet the rate of house building has fallen by 50%.

Coupled with a concern to deliver the right housing in the right place, at the right time, the Government recognised that a major 'overhaul' of the planning system was required to speed up the process to ensure housing targets are met.

The Planning and Compulsory Purchase Act 2004 became operational in September 2004, repealing certain parts of the Town & Country Planning Act 1990.

Regional Spatial Strategy

This new Act has introduced a simpler, more flexible planning system at regional and local level. At the regional level, each region will have its own Regional Spatial Strategy. Housing allocations for a 20 year period will be settled at this strategic level.

Local Development Framework

At local level, the new style development plan, the Local Development Framework, comprises a series of separate documents that can be reviewed individually as the need arises, dependent upon each local planning authority's priorities and objectives. Once this is defined, a specific site can be put forward for housing promotion to the Local Planning Authority.

Regular reviews and updates

The new Act enables development plan documents such as housing or site allocations to be reviewed and updated at more regular intervals, if it can be demonstrated that the required housing numbers within a district are not being delivered.

One of the main objectives of the new Act is to speed up the decision-making process particularly in respect of delivering housing. The old system was not responsive and housing was being delayed because of the cumbersome and lengthy process involved in adopting the plan.

Annual Monitoring Report

The 2004 Act has sought to provide a more transparent, shorter and more flexible approach to changing local circumstances. Under the new arrangement, it is compulsory for councils to publish an Annual Monitoring Report, which is a factual report on how they have performed over the previous 12 months including whether they are meeting their targets for new homes.

The Annual Monitoring Report enables everyone concerned with issues in a district to be aware of the current circumstances and challenges that it faces. The new Act is a mechanism that can be used to address or meet these challenges.

During the launch of the new Act, the Government stated that the legislation is intended to deliver a new system to 'make better plans and make better planning decisions more quickly'.

How UK Land Investments identifies and acquires strategic land

Only land that passes our strict criteria is considered and selected, with each of our expert land buyers acquiring, on average, only 1 or 2 sites a year. Typically, UK Land Investments will evaluate hundreds of potential sites in a particular local authority area, acquiring only the one that it feels offers the greatest potential for future re-zoning and development.

These and many other critical questions need to be answered to our satisfaction and only then will the site be acquired:

- Is there sufficient local demand for housing over the next 5-7 years?
- Does the local authority need to re-zone land to meet demand?
- What is the current Local Development Plan?
- What level of success have other property developers achieved?
- Does the site have good access to services?
- What are the local facilities, e.g. schools and shops like?
- Does the local area have good transport links?
- Does the site meet current guidelines on sustainability?

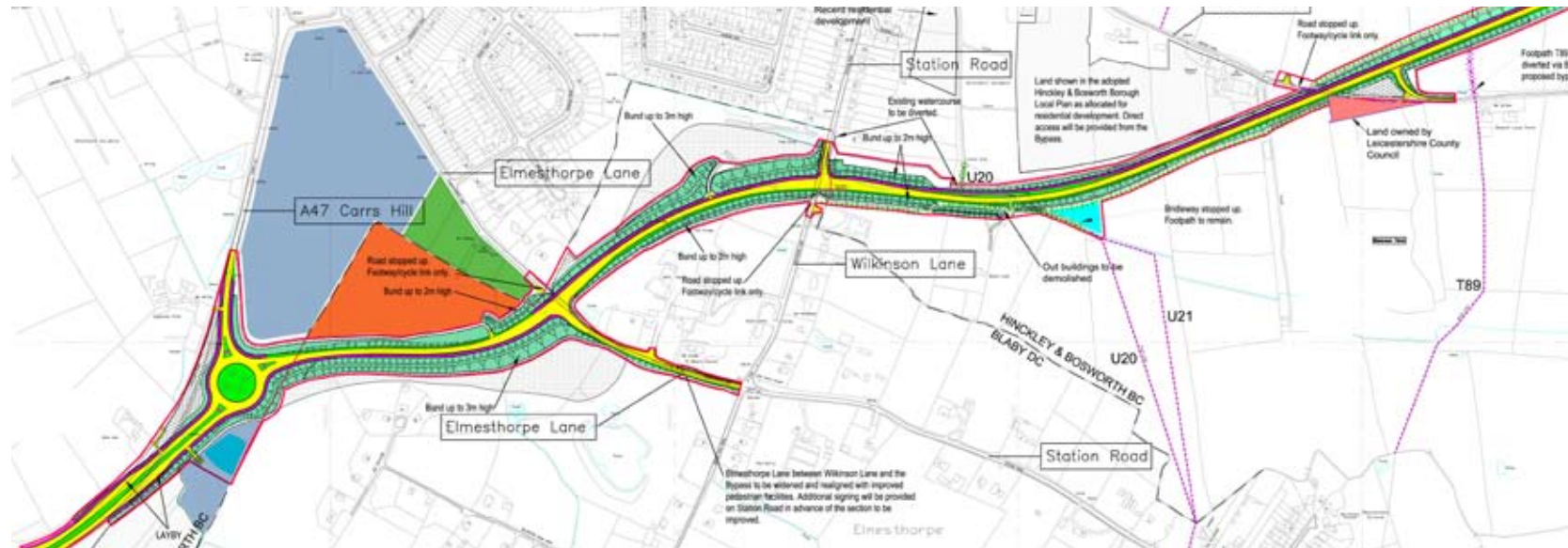
Generally, we avoid Greenbelt designated areas, unless our team has identified that the only

sustainable way for a local authority to achieve their housing target in the next 5-7 years is to re-zone an area of land in the Greenbelt and that the site we choose is not sustainable for its current use.

Sub-dividing

Once a site has been acquired, our team then subdivides it into parcels, the sizes of which depend on numerous site and local plan-related factors, taking into account rights of access and potential services provision. These parcels of land are then registered with the Land Registry, each with a separate freehold title deed, as we sell them to clients.

UK Land Investments retains up to a third of the land on each site. This gives us an enduring stake in the site alongside our clients and we do everything possible – reserving up to £500,000 of our own resources per site – to promote our retained land to be re-zoned for residential development.



Promoting our land for re-zoning

The exceptional potential returns from land come with getting the site re-zoned (allocated) by the local authority for residential development. Achieving re-zoning is a very expensive, highly skilled process.

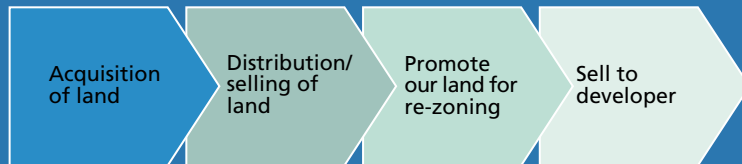
In conjunction with specialist consultants, our land and planning team conducts a thorough investigation of the site that includes amongst other things, environmental, archaeological, geological and sustainability audits.

We study the successes or failures of other site promotions in the area and look at potential enhancements to the locality such as schools or medical facilities that could be offered within the site

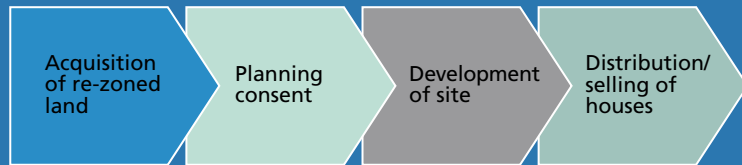
plan to help it gain acceptance. We attend public meetings to understand the 'mood' of the community and to see what level of support we can expect.

Once they have this key information, our land and planning team prepares and submits its initial representation for the local authority to consider. A series of further submissions and public inquiry appearances follow as the local authority refines and finally adopts its development plan.

The UK Land Investment model compared to that of a typical developer.



The UK Land Investments model



A typical developer's model

Selling to a developer once re-zoning has been achieved

Once a site has been successfully re-zoned, the value of the land will increase dramatically. It is at this stage that we recommend all investors on a site sell to the highest bidding developer, who will then agree and finalise a site development plan over the next few years with the local authority, to build and sell on homes on the open market.

Once successfully re-zoned, land is typically worth 80% of the value it could achieve with outline planning permission. However, as this process can take more than 2 years, it reduces your annualised return significantly, which is why we strongly recommend you exit your investment at the same stage as we do.

How we calculate the potential returns on your land

To calculate the potential returns for our clients we work from the retail value of our sites with housing and then subtract all the associated costs a developer would experience. Below is an illustration of how we do this, based on a 250 sq m parcel of land.

Typical value of an acre of housing:	£2,842,000
Typical building and development costs per acre <i>(Any planning application will usually include 20% Open Space and 30% of the remaining land to be Affordable/Key Worker Housing which has no land value to a developer but is required to gain planning consent)</i>	£1,450,400
Remaining value of land:	£1,391,600
Value of parcel of land with outline planning:	£86,975
Value of parcel of land which has been re-zoned: <i>(80% of parcel of land value with planning consent)</i>	£1,391,600
Typical cost of a parcel of land:	£20,000
Potential profit with re-zoning:	£49,580

Explanation of terms

Affordable/Key Worker Housing

This is low-cost housing for people who are unable to afford a property in the open market. Planning applications are required to include a proportion of the houses for this purpose and typically has no land value to the developer.

Open Space

For any planning application to be successful a developer will typically need to show 20% public open space, such as a park, to meet local planning requirements.

Uplift or Clawback

During negotiations with a landowner to buy their land freehold, we sometimes agree to pay an uplift or clawback to them if it achieves planning permission. This often happens if the landowner believes the site has a high chance of gaining planning consent or if the land otherwise would become too expensive as an initial outlay for our clients. Your land consultant will be able to discuss any potential uplift on a site you may be interested in.

How your investment in land increases in value

Over the last 10 years, land, as an asset, has steadily increased in value. Even when the stock market has plummeted and interest rates have remained low, the value of land has proven to be one of the most robust and resilient investments. This perhaps isn't entirely surprising. Against a current undersupply, a growing UK population stimulates the demand for new homes.

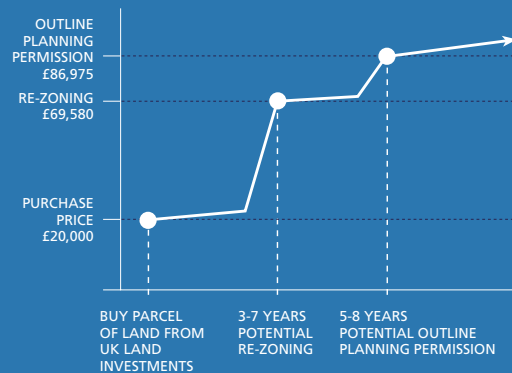
Between 1994 and 2004 the value of land has risen by 370%



Source: The Valuation Office Agency, Financial Times

By promoting our land for re-zoning with the local authority we are confident that we will increase its value significantly, should we be successful.

Potential uplift for re-zoning/outline planning permission



We make investing in strategic land easy

With prices starting from £10,000, becoming a landowner through UK Land Investments couldn't be easier. Our simple 1-2-3 process means that you could be the freehold title landowner of a parcel of land – or several parcels in just a few weeks.

3 quick steps to owning strategic land

1. Select your parcel of land from one of the numerous sites available
2. Pay your 10% reservation fee. We will prepare your legal documents to transfer the land into your name
3. Pay the remaining balance within 14 days. We will then complete the transfer of the land into your name

Bespoke options for larger investors

Regent's Land, a sister company to UK Land Investments, specialises in developing tailor-made land investment projects for investor groups who wish to invest between £200,000 and £20 million. These projects typically range from 2-6 years in duration with varying IRRs of between 15% and 35%. To find out more, contact John Doyle on 0800 091 0092.



Take advantage of these excellent incentives

Introduce a friend

We pay a generous introducer fee of as much as £1,000 to any of our existing clients who get their friends and family to purchase land through UK Land Investments. Indeed, some of our clients have managed to pay for the whole cost of their parcels of land just from fees they have earned!

Repeat purchasers

Many of our clients have later invested in more UK Land Investments sites and benefited from a 10% discount on these subsequent purchases.

Suggest a site

Our land and planning team is always very interested in hearing about potential sites. If you know of any land that is, or that might become available, call your land consultant with the details. If the site meets the strict criteria laid down by our land and planning team and is purchased by us, you will automatically be rewarded.

Sell your land

If you own land and you believe it might meet the criteria expected by our land and planning team, please contact us. We have the option of several payment mechanisms to ensure that you receive a more than fair deal if we should acquire your site.

About UK Land Investments

UK Land Investments' vision is to make land ownership accessible and affordable to ordinary investors.

Formed in 2003 with a staff compliment of just 5, the UK Land Investments Group has grown into a 300-strong business, headquartered in Mayfair, London. We have 6 offices spread across the United Kingdom.

We have evolved a strict code of practice and maintain an 'open door' policy where our clients can, at any time they choose, pay us a visit and get the latest update on the progress of the land they have bought.

In this fledgling industry, we have shouldered the responsibility of defining and refining best practices in the hope that our clients will tell their friends about their positive experiences with us, growing our market and reinforcing our reputation.

Frequently asked questions

Q: How many parcels can I buy?

A: Because we aim to bring property ownership to the ordinary person, we limit the number of parcels on a site that an individual can buy. Different sites have different limits, generally it is up to 3 parcels per site.

Q: Can I pursue planning permission for my own parcel of land?

A: You can, but you are unlikely to easily succeed. UK Land Investments' land and planning team is made up of some of the UK's foremost experts in the promotion of land for re-zoning. They know what it takes and have a thorough understanding of both local and national laws, requirements and procedures.

Q: Can I use my own builders, or build myself?

A: We do not suggest that you enter this investment with the expectation of building your own home. If our site is re-zoned, you can negotiate with a developer to build you a house within the overall scheme design in an agreed suitable location. A developer may be happy to do this as it would guarantee a sale and avoid them having to buy your land. Obtaining planning consent for a single dwelling on the site is very unlikely and we do not recommend you enter any investment such as this if that is your ambition.

Alternatively, you could use the potential profit in the value of your parcels to find and buy an area of land suitable for a single dwelling if your ambition is to self-build to a unique design.

Q: How long does it take to get the land re-zoned?

A: On average we expect it to take between 5 and 7 years although there is the possibility that it could take considerably less or more time.

Q: What is the difference between re-zoning and gaining outline planning permission?

A: Re-zoning happens when land is converted from one purpose (say, agriculture) to another (residential development). Outline planning permission is when a developer submits a basic plan for a housing scheme on land zoned for residential development.

Q: Can I place my land investment into a SIPP?

A: Yes. If you would like any further advice on how to put your land investment into a SIPP please ask your land consultant who can put you in touch with an Independent Financial Advisor who can do this on your behalf.

Q: Will I be kept informed as to the progress my parcel of land is making with regard to re-zoning?

A: Yes. We send you newsletters, site reports and hold annual seminars to keep you updated. You are of course, welcome to call or visit your land consultant at any time too.

Q: Can I sell my parcel of land at any time?

A: It is your parcel of land. You own it freehold and can sell it if you wish.

Q: Why would a local authority say that re-zoning will not happen in the near future, or during their lifetime?

A: Until a site is promoted to a local authority, and they have made a decision on which areas to re-zone for the future development, it would be unprofessional for them to give anything other than a view based on current policy. As we will be seeking a change of policy (re-zoning), their initial views will normally be negative, or at best, neutral.

In most areas existing residents initially resist change; they are the local electorate, and therefore another reason for a negative response from elected councillors. One of our tasks is to explain our proposals to local residents, key influencers and councillors, and to detail how a development can enhance local services.

In our experience, after we have sold a site and purchasers stop visiting it, the local tension reduces considerably and we go about our business of promoting our retained part of the site to the local authority.

Q: What makes you so sure you will get the site re-zoned?

A: Unlike many other companies, we employ our own team of experts who carefully research any site before we purchase it. We also commission a detailed external consultants' report to corroborate their views – remember it is not in our interests to invest in land that we do not believe has a very good chance of being re-zoned, as we retain up to a third of each site.

We also reserve £500,000 per site to promote our retained land to its local authority for potential re-zoning for residential development – no other company in this industry makes such a commitment.

Q: Do I need a solicitor to purchase land?

A: No. You are of course welcome to use one if that gives you piece of mind, however 85% of our clients use our free legal service, as we prepare the contracts and get all the land searches and details when we purchase a site.

It is important that if you elect to use a solicitor you find one who is familiar with dealing with land transactions – in our sales pack we include a list of independent solicitors who we have found have the necessary experience to facilitate your transaction, although you are of course free to select anyone you wish.

If there is anything in our agreement which is not clear, you are welcome to call our in-house legal team who are happy to answer any questions you may have – if you are still not sure on any points then we would recommend that you do consult an independent solicitor who has experience in dealing with land transactions.

Any other questions

Should you have any other questions not answered here, please contact your land consultant. Alternatively, you can visit our website at www.ukland.com.

“You need expert advice when buying strategic land; UK Land Investments is by far the best at offering this. They offer an unmatched product and service. I was very impressed by the speed, expertise and support they provided.”

David Mullin, Manchester



The time to purchase strategic land is now!

Free strategic land seminars

UK Land investments holds regular seminars for prospective land owners. You are most welcome to attend one of these events where our land and planning team will give you an in-depth perspective on:

- How land values are rising
- How UK Land Investments seeks and acquires land
- How our experts promote our land to the local authority for re-zoning within the local development framework

You also have the chance to ask one-on-one questions to members of our team.

If you would like to attend one of these seminars, please book your place by calling us on **0845 092 092 9**

Call now to hear what land we have available

If you wish to purchase some strategic land without attending a seminar, or have a few questions you want to ask one of our experts please call us on **0845 092 092 9** or visit our website, **www.ukland.com**

We look forward to hearing from you

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