



## Headlines

£1.6 billion	• price paid to H.M. Treasury
£161 million	• profit share paid to H.M. Treasury
£13 million	• value of discounts and incentives given to service families
£1.4 million	• estimated value of charitable donations and services
58%	• discount to open market rent given to MoD
46%	• of private sales to first-time buyers
1,267	• homes sold to Housing Associations and Local Authorities

Annington was created in November 1996 with the purchase from the Ministry of Defence (MoD) of a 999 year lease in 55,060 homes (the “Married Quarters Estate” or MQE), the freehold of 2,374 homes (the “Surplus Estate”) and a number of related assets. The price paid was £1.67 billion plus a share of profits which came to £161 million by November 2011 when it ended.

The MQE was leased back to the MoD for 200 years at a discount of 58% to open market rent. The discount is reviewed site by site, starting in 2021.

39,262 properties from the MQE are still let to the MoD at an average annual rent of £4,223.

The MoD can terminate a lease (on an individual unit or blocks of units) by giving six months’ notice to Annington, which then has an automatic right to acquire the freehold on these ‘released’ properties.

Before sale, most properties undergo significant refurbishment to improve the general environment and street scene and to remove any obstacle that might make it difficult to get a mortgage. A small number are used in redevelopment schemes where Annington can realise significant added value by gaining planning permission, after which it might sell the land, redevelop the site or enter into partnership with a third party.

Including redevelopments and related assets, Annington has sold 17,939 released properties (46% to first time buyers).

The current released stock is fewer than 500 units.

Annington and the Annington Trust have supported a range of diverse charitable projects and activities, including Storybook Soldiers, High Ground and the Ripple Pond. This support is conservatively valued at nearly £1.5 million.

Annington is owned by an investment fund managed by Terra firma Capital Partners Ltd.



Terraced houses at Rowner, Hampshire before and after refurbishment by Annington.



## The MoD

The MoD provides a Minimum Guaranteed Rental payment which declines over the period to 2021.

The MoD has sole responsibility for the condition of the married quarters and for their management and maintenance. This is currently outsourced to Capita.

The number, location and timing of releases is at the **sole** discretion of the MoD.

Released properties should be handed back in 'good and tenable' repair, otherwise Annington is able to claim dilapidations from the MoD.

Apart from condition, other principal issues include title and the condition and routing of utility services.

It is reported that there are more than 7,000 void units in the MoD Estate. Units are left empty for a number of reasons; to provide a management margin, substandard properties, a lack of funds for upgrade or redevelopment, vacancies awaiting redeployments of troops, temporary accommodation while properties are upgraded, and genuine voids arising from a lack of demand. The MoD's housing requirement is dependent on long-term defence strategy.

The Strategic Defence and Security Review (SDSR) 2012 set the tone for a radical reorganisation of the Armed Forces which will see force strength cut by 30,000 servicemen, a withdrawal of 29,000 troops from Germany and a widespread rebasing of units within the UK. This will have far-reaching implications on the MoD's requirements for housing, the exact details of which will emerge from a number of on-going studies (New Employment Model, Rebasing Plan, Living Accommodation Strategy Review).

## The Properties



Uxbridge flats - before release to Annington.



Uxbridge flats - after refurbishment by Annington.



Wrockwardine Hall in Shropshire.  
One of the larger properties in the estate.

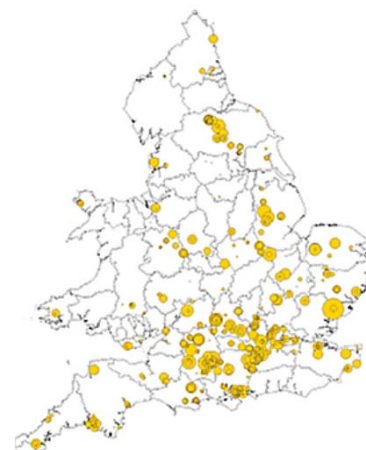
The properties are/were used by the MoD to accommodate service families.

The properties are in England and Wales only – those in Scotland and Northern Ireland were not included in the sale. The properties range from two bedroom flats to eight bedroom houses, from Cumbria to Cornwall and South Wales to Suffolk.

80% of the stock comprises 'Other Ranks' accommodation, predominantly 2 and 3 bed terraced or semi-detached properties, the balance 'Officers'.

Density averages 10 units/acre or 25/hectare which, under current Government guidelines, provides infill and redevelopment opportunities in some circumstances.

There are broad differences in the quality and condition of the stock, with 11% of all properties of non-traditional construction for which it can be difficult to find a mortgage.



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## Sales

Annington believes in providing good quality, value for money homes.

Annington always tries to offer its homes at competitive prices with the most appropriate financial incentives and, by doing this, aims to make house purchase accessible and affordable to more people.

Annington aims to create environments in which people want to live. This may involve modifying the street scene through landscaping or altering the external appearance of the homes, the aim being to add interest to streetscapes that previously had lacked either individuality or variety.

Annington will normally ensure that the homes it sells meet its 'Safe and Sound' specification before a sale is completed, meaning electric, plumbing and heating systems are thoroughly checked and any defects or issues that might affect a mortgage are dealt with.

Sales values vary widely and are dependent on a range of factors, from location and house type to age and condition. The average net sales price for all private sales in the 12 months to end March 2015 is £226,552 per unit.



Refurbished houses in Henlow, Bedfordshire

## Rentals

Annington Rentals Holdings Ltd (ARHL) owns 1,442 units, comprising flats and houses let on individual and bulk leases. Some, but not all, of these are held to provide evidence of rents in the rent review process.

ARHL manages, on behalf of APL (Annington Properties Ltd) and ADL (Annington Developments Ltd), a further 93 units. These units are rented pending the resolution of legal and utilities issues and the outcome of planning applications. Not all are available for rent.

ARHL assists DIO with the management of 110 long-term voids that are let to the general public.

ARHL currently outsources the day to day management of its rental portfolio to Touchstone Corporate Property Services Ltd based in Bath.



Rented house in Innsworth, Gloucester

## Developments

Annington Developments Ltd (ADL) will always appraise opportunities for infill or wholesale redevelopment on all sites. ADL, as a priority, aims to maximise added value through planning consent where appropriate. Thereafter, ADL will either sell the land, carry out infrastructure works, build out or partner with developers and housebuilders if there is demonstrable added value and benefit in doing so.

Annington has joint ventures with Countryside Properties plc on sites at Colchester (261 units) and Mill Hill (395 units).



New development at Mill Hill, London



## Charitable Activity

The **Annington Trust** was established in 1996 “for the benefit of service families living on the patch, with the objective of sponsoring community activities and projects”. Since then, the trustees, who include the chairmen of the three Services’ Families Federations, have disbursed over £400,000 to support over 400 projects. The grants have varied in size from a few hundred pounds for pre-school activities or sports clubs, to major awards of several thousand pounds.

The Annington Trust has joined forces with The Outward Bound® Trust in an exciting initiative for young people from Service families living in Services’ communities - The Annington Challenge. Since summer 2012, it has sponsored 70 young people aged between 14 and 18 on an 8-day Outward Bound Serious Adventure course.



Outward-bound on the Annington Challenge

Quite separately, **Annington** has supported the Trust financially in a range of diverse projects and activities that do not fall directly within the trust’s charitable objects. As a result, either in cash or kind, the company has made possible the advertising and mounting of events by services clubs and charities. It has responded generously to many appeals by such bodies and, for example, has ensured the continued availability and use of community centres worth several thousands of pounds. A conservative estimate of such ‘goodwill support’ since 1998 is more than £1,000K.

Annington encourages staff participation in charitable activity by match-funding the amount they raise in their own fund-raising efforts.

Annington has long-term commitments to a number of charities, including the following.



In 2014 Annington committed £20k p.a. for three years to help establish High Ground, a charity which supports and improves the wellbeing of those who have served in HM Forces using safe, rural environments where they can access new career and vocational opportunities.

Storybook Soldiers is a scheme, run by volunteers from the Army community, which enables soldiers to record bedtime stories for their children to listen to while they are deployed or away on a long course. Annington has donated £50k to support its administration and other running costs.



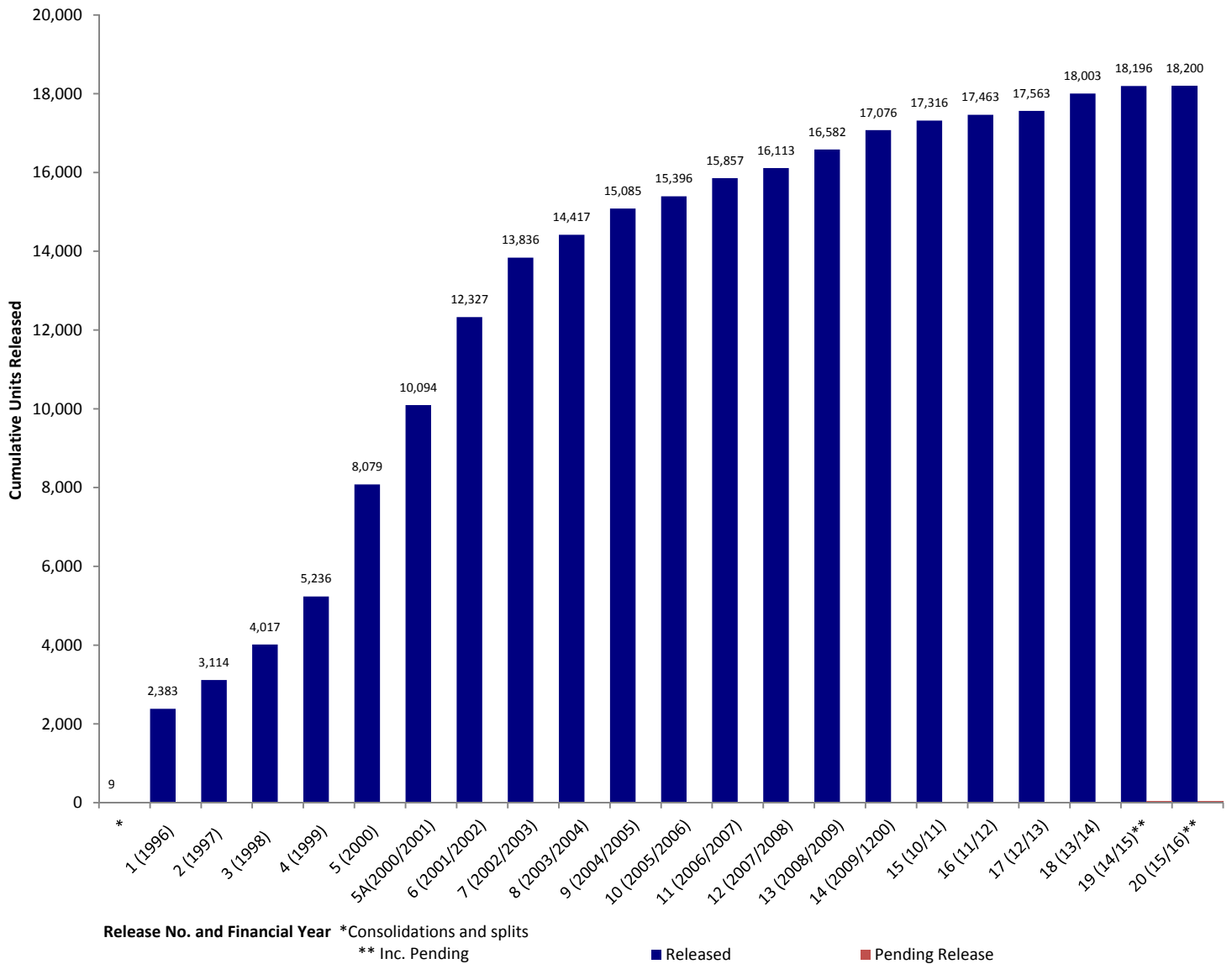
## *The Ripple Pond*

Annington has committed £25k p.a. for the next 3 years to help establish The Ripple Pond as a charity. Ripple Pond is a network of local, peer-led, self-help support groups for the family members of wounded, injured and sick servicemen and women, reservists & veterans.



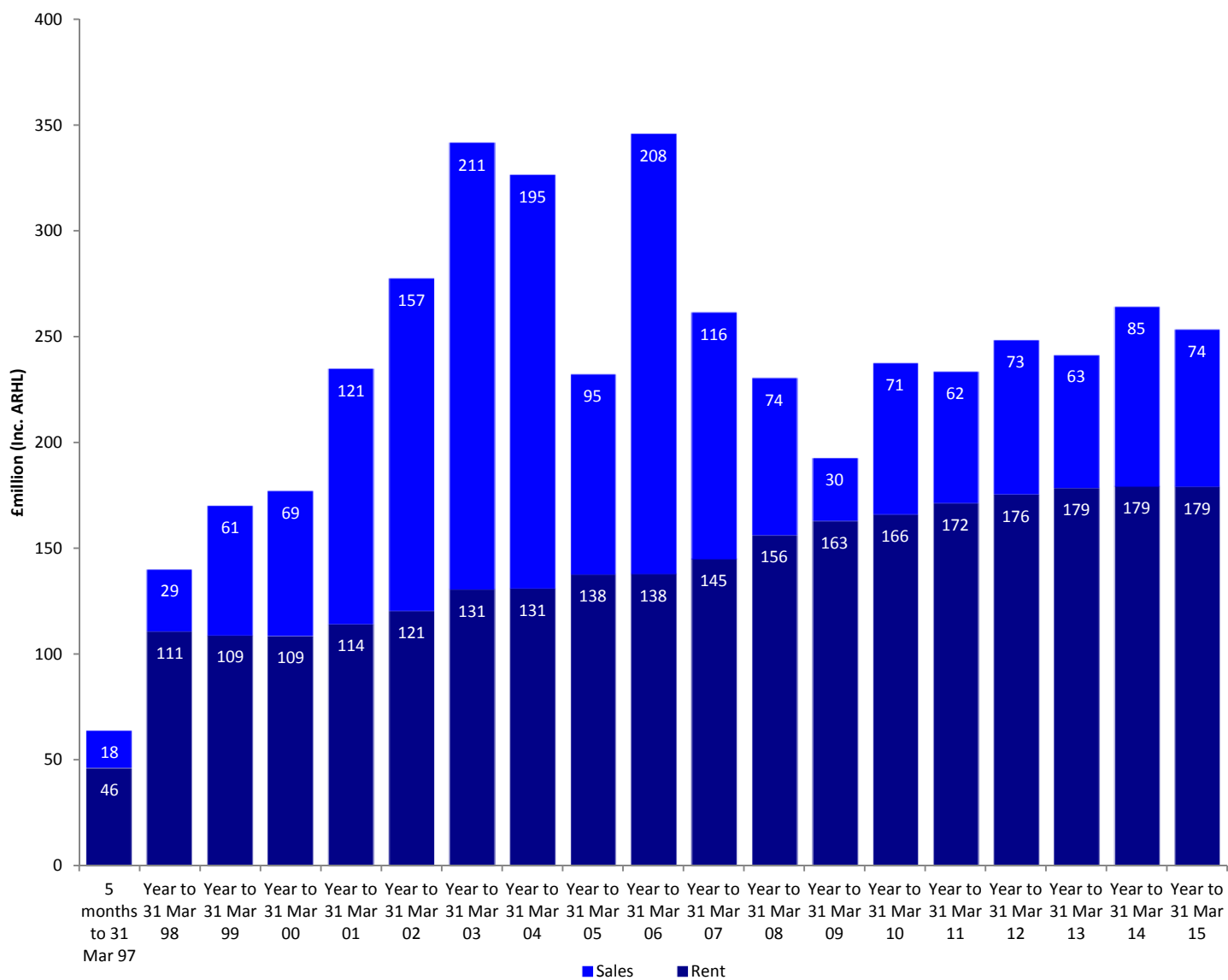
## Release History – Units

Released 18,163  
 Pending release (terminated by MoD) 37





## Group Turnover £m Inc. ARHL





## Units Sold

From MQE and Surplus Estate	17,673
New Build and Related Assets	266
<b>Units Sold</b>	<b>17,939</b>

