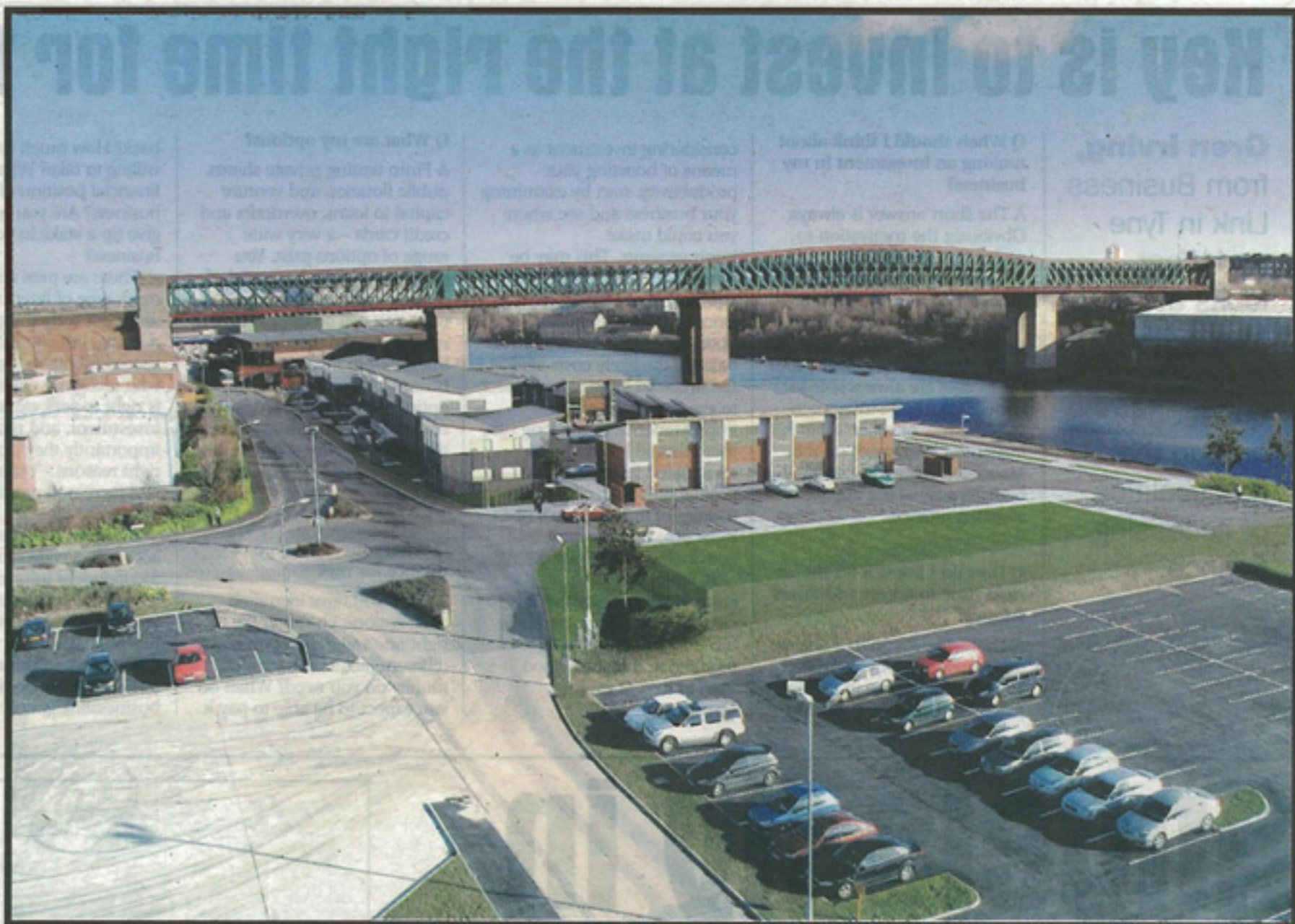


Money backing proves a key chance



ADDERSTONE DEVELOPMENT: A computer generated image of the West Quay project, a 100,000 sq ft office park in Sunderland.

THERE are few growth stories more impressive than that of the Adderstone Group. What is perhaps most impressive about their story is that it all started with no cash input other than bank borrowing.

The Adderstone Group was formed in 2000 with the incorporation of residential development and investment company, Adderstone Properties Limited.

Prior to this, Ian had already built up an enviable track record in this field. Whilst a student at Durham University, Ian carried out his dissertation on the Geography of Student Accommodation in and around Durham.

He explains how this dissertation doubled up as a business plan and enabled him to borrow £13,000 to match the £2,000 deposit inherited from his grandmother and make his first acquisition – long before the days of the buy-to-let phenomenon and easy loans for residential property investors.

Ian said: "The dissertation had established that students were starting to 'leap-frog' the green-belt and source housing in the ex-mining villages around the city. I decided to take a chance on this trend, buying a property in Bowburn, which at the time looked set to become the most popular of the outlying villages.

"Since I was a student, my parents had to guarantee my loan. Worse still for them, they also had to help with the renovations. As a retired woodwork teacher my dad proved very handy. I guess my parents, therefore, were my first business angels."

Ian still feels strongly that if you are prepared to put something on the line and have confidence in your business plan, there is someone out there who will back you:

"My parents didn't have money to put into the deal but were prepared to support me 100%," he said. "This support, coupled with the fact that I had done my research,

From business angels and private investors to the more conventional forms of bank borrowing, Adderstone Group's founder, **Ian Baggett**, proves to doubters that the opportunities to use other people's money to fulfil your aspirations in business are still plentiful here in the North-East.

gave Northern Rock the courage to back me."

By 2000, the growth of Ian's portfolio had been impressive but had been dependent solely on equity release on the back of capital growth or value added through renovation or redevelopment.

It was only through a chance discussion about the hot topic of the day, residential property investment, with local businessman Stuart Sharp, that Ian spotted the opportunity to accelerate the growth of his business.

Quite simply, Stuart was to guarantee the initial loan and Ian was to do the work. Adderstone Properties Ltd was formed.

Ian recalls: "Allied Irish Bank (AIB) thought we were mad. We turned up telling them that we wanted to build a £10m residential investment portfolio in five years without putting any money down.

"Three years later they didn't think we were so mad. Now they think we are great (I hope!). As importantly, we think they're great and certainly owe our rapid growth to the flexible and pragmatic approach they seem to adopt to business banking."

Once again, Ian had managed to convince the bank and a private backer that he could make things work.

"If people believe in you and think you are going to make them money, of course they will back you," he explained. "That

goes for investors or lenders, be they banks or business angels.

"Once you stop making people money, word gets around and they stop backing you. Thankfully, we seem to keep making money for the people we do business with (£3,000 per day to our lenders) and there seems to be no shortage of funding offers or investors who want to do business with us. We work very hard, however, to make sure that this continues to be the case."

Adderstone Group has diversified into commercial property development, construction and property services, employing more than 50 people over the course of the last 18 months and are about to commence work on their business park on Sunderland's riverside.

Last year the main trading company posted £2.7m profit on £27m turnover. Not bad from a derelict terraced house in Bowburn. It is apparent that Ian has little sympathy for those in business who claim to be held back by a shortage of funding.

He said: "There are loads of people out there who want to make money by simply lending to you. There are far less people out there with ideas, drive or expertise to make more from that money than it costs. If you have a business plan, think laterally, work for free, give up equity or in fact do whatever it takes to secure the funding you need. Then the real problems start!"

“Thankfully, we seem to keep making money for the people we do business with”