

# THE RUGBY TIMES

www.rugbystates.plc.uk

Spring 2008

## Top 1% IPD Performance

Over 5 years, Rugby's portfolio return as calculated by IPD, was 25.1% per annum. This ranks us second out of over 200 funds in the IPD universe.

## No Gearing

As at Spring 2008 we have no gearing. This is principally the result of our trading activities over recent years and share issue in 2007. Of the 25 property companies analysed by Cazenove in its April 2008 note "A Range of Outcomes", we are the lowest forecast geared property company.

## Rugby Estates Plc

Since flotation in 1994, we have evolved into a group comprising two distinct but complementary divisions.

**Rugby Capital** is our directly owned property trading and development business contributing profit and rental income.

**Rugby Asset Management (RAM)** is our co-investing fund management business focused on the generation of recurring fee income through creating and managing specialist investment vehicles.



**Joint Ventures** are an increasingly important part of our business, allowing us to use our equity base more extensively and our "human capital" more intensively. We participate in Jv's both "upwards" as asset manager and "downwards" as equity provider



Principally through RAM we apply our human resource and asset management expertise to a specific portfolio strategy or buying criteria. We are typically an equity participant although not the main provider, our return comes through a balance of management and performance fees.



Through Rugby Capital we have acquired a number of investment and development properties where we are the principal or entire equity provider. Typically we are backing smaller property companies and developers with a profit share arrangement in place.

## EXIT REIT Gaining from Capital Gains



Rugby Estates Investment Trust Plc, for which RAM is asset manager, has acquired 3 privately owned property companies. The portfolio is now over £80m by capital value, comprising 34 properties diverse by sector, lot size and location.

REIT acquires the share capital in target companies for a mixture of cash and REIT shares. The private company vendors benefit from the sale of an illiquid shareholding in a private company, replacing this with broadly 50% cash and 50% shares in REIT, a fully listed company.

REIT and the vendors alike benefit from the ability to eradicate tax due to capital gains within target portfolio's by paying the 2% REIT conversion charge.

Any private property companies over £15m will be considered for the REIT. Further details on REIT's first year activities are on page 4.

## Additional Fire Power

£27.5 million was raised in January 2007 by way of a share placing. David Tye comments "The funds raised in this placing, together with our negligible gearing, means we are well placed to take advantage of the market correction and expand both our directly owned portfolio and establish new asset management initiatives."

## rugbyCapital

see page 2

**£30m of sales and £26m of acquisitions in the financial year 31 January 2008**

**Maidenhead town centre site assembled & sold**

**More Joint Ventures established**

**Fire Power to more than double the portfolio**

**Multi-let Industrials acquired**



see pages 3 and 4

**Over £550m assets under management**

**Over £210m of Acquisitions in financial year to 31 January 2008**

**REIT Acquired 3 companies in the first 9 months**

**O Twelve Portfolio in excess of £270m**

**ING CGLP is second best performing pooled fund over 3 years**



ING Covent Garden



DAVID TYE  
Chairman



ANDREW WILSON  
Chief Executive



STEPHEN JONES  
Finance Director



rugby estates plc



NEAL TAYLOR



ALEX WILDMAN

# rugbyCapital

## Buying Principles

With the commercial property market having seen such dramatic change in the second half of 2007 and with our minimal gearing and substantial cash resources, we see 2008/9 as an opportunity to materially add to our trading and development portfolio.

Our key requirements;



Multi-let industrial estates with strong arterial route access to the motorway network, with a range of unit sizes and ideally smaller units offering the opportunity to introduce or increase trade counter presence. Particular focus on the South East and Greater London.



Mixed use town centre blocks where the emerging Local Development Framework is supportive of medium term planning changes of use to unlock higher land use value. Particular focus on low density blocks and those which include car parking.



Hotels in the principal city centres nationwide, particularly where an alternative use may be considered appropriate by the planning authority and offers a means to unlock value uplift.



Edge of town "tertiary" industrial estates deemed "brown field" in planning terms when considering alternative uses.



Greater London retail blocks in sub £50 per sq ft zone A locations - particularly with storage or low density upper parts use.

## Maidenhead

### Major Town Centre Development Site assembled and sold

The King Street and Queen Street site, comprising 1.6 acres of Maidenhead town centre, was assembled in early 2007. Having secured a planning consent on part of the site for 50 flats above ground floor retail, a master plan was progressed with the Council for a major town centre redevelopment comprising over 400,000 sq ft of retail, office, residential and hotel space and a car park. In early 2008 the site was sold to an institutional developer for around £15m crystallising a significant profit. Chapman Taylor Architects carried out the master planning exercise; Savills and Evamy Forster advised on the sale.



## Football Club Sponsorship

Rugby Estates Plc is the new sponsor of Maidenhead Football Club, the Magpies, whose home ground is at York Road, Maidenhead. We are working with the Club to identify and secure a relocation site.

## Investment Purchased

A mixed use property at 26-36 King Street has been acquired for just over £2m. The property is opposite one of the entrances to the Nicholson's Shopping Centre and comprises 6 retail units, 5,800 sq ft of offices and 10 flats. The property is let at low average rents of £24 per sq ft zone A for the retail and £14.50 per sq ft for the offices and therefore offers excellent rental growth prospects. The property is also likely to benefit from any future town centre regeneration scheme.



## Increase in Joint Venture Activity

Three recent acquisitions where Rugby Capital is the equity provider continues the expansion of our joint venture activity. We have backed a number of individual developers and private property companies over recent years by providing the entirety of the equity to acquire project specific sites. The asset strategy will then be run by our introducing partner through to sale. After a minimum return to Rugby Capital, the profit share agreement will kick in. Please contact Alex Wildman or Neal Taylor for further details or to discuss a particular opportunity.

### Chelmsford Site Purchased

A 1.3 acre site in Chelmsford has been acquired unconditionally. The site is extremely prominent, located on Parkway fronting the Army and Navy roundabout. The site is allocated in the submission Area Action Plan, together with adjoining land, for a food store. Discussions are being progressed with the Council and a supermarket operator for a new 40,000 sq ft store.



### Rare Office Purchase in Bath

We have acquired a 12,000 sq ft office building in central Bath. The property is of a good specification, let to 2 tenants and is 2 storeys in a predominantly 4 storey location which should provide longer term extension opportunity. CBRE Bristol advised on the acquisition.



### Trade Counter Sales in Fulham and Fleet

The Jewson stores in Carnwarth Road, Fulham and Clarence Road, Fleet have been sold in separate transactions realising proceeds in excess of £6m. Both properties were originally acquired as part of the Jewson portfolio in 2004. Savills advised on the sale.



### Bridgwater Schemes Progress

At Chilton Trinity, we are promoting our 6 acre edge of town brownfield industrial site in the emerging Local Development Framework for allocation as residential. With our partner, Commonwealth Group, we are also progressing a trade counter scheme in Wyls Road, on the eastern side of the town. This scheme is fully let with a site for further development.



### Industrial Purchases in Leeds, Sydenham and Harlow

In 3 separate transactions we acquired multi-let industrial estates in these locations for total consideration of £14.5m. The 3 estates are multi-let offering active management angles over the short and medium term. Overall the net running yield on these 3 estates combined is now in excess of 7%. Savills, Gerald Eve and Derrick Wade Waters acted on Leeds, Sydenham and Harlow respectively.



### Cranleigh Development Completed

The development of a new trade counter and showroom for Jewson in Cranleigh, near Guildford, has now been completed. The store comprises 15,000 sq ft on 1.5 acres and is prominently located on Guildford Road. Jewson have entered into a new 25 year institutional lease at a rent of £140,000 per annum.





ROGER MONTAUT

# Adding Value through Active Management



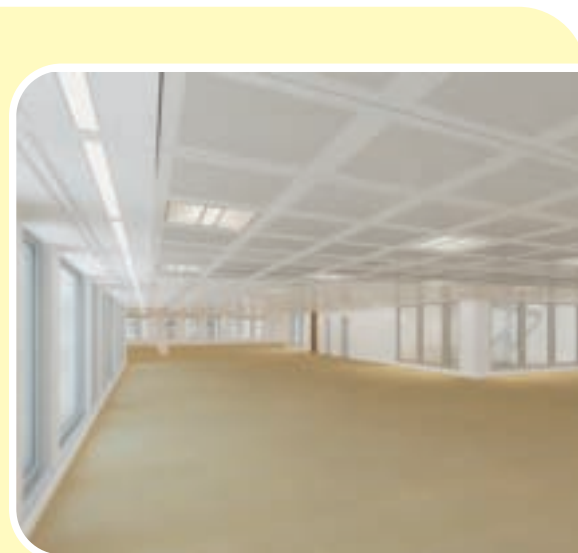
## Covent Garden Partnership continues to out perform

ING Covent Garden



Limited Partnership

According to HSBC/AREF property fund index for 2007, the ING Covent Garden Partnership was the second best performing pooled fund over the last three years, recording a total return of 26.7% per annum.



## Now on Site at 60 St Martins Lane

We are now on site at 60 St Martins Lane with completion scheduled for the summer of 2009. This is a new development behind a retained facade and once complete, will provide approximately 31,000 sq ft of high quality offices, 10 residential apartments and 5,500 sq ft of retail space in 6 units. 60 St Martins Lane is held within the ING Covent Garden Fund and the project is being managed by ING Real Estate Investment Management and Rugby Asset Management. Further information on this development can be found on our website: 60stmartinslane.com Cushman & Wakefield and E A Shaw are letting agents for the scheme. Hunter Evans is architect.



otwelve estates

www.otwelveestates.com

## Over £100m acquired to January 2008

O Twelve Estates, the AIM listed vehicle in which Rugby Estates is an investor and RAM the Property Advisor has continued to be acquisitive in 2007. During the course of the year a further £109m of assets were acquired, taking total acquisitions to over £270m in 2 years.

The Guernsey based company is focused on acquiring income producing assets in the Thames Gateway, Essex, East London, South Hertfordshire and Kent areas, which are benefitting from significant infrastructure improvements and regeneration activities.

## Acquisitions



Braintree - Shopping Centre



Welwyn Garden City - Industrial



Romford - Retail Warehouse



Brentwood - Retail Unit



Swanley - Multi-Let Industrial



Dagenham - Shopping Centre



Enfield - Industrial



Aylesford - Multi-Let Industrial



Barking - Development Site



Brentwood - Retail Block

## Sainsbury Settle in Swanley

Sainsbury has entered into an agreement for lease on 115,000 sq ft of distribution space at O Twelve Estates' "The Interchange, Swanley". The letting to Sainsbury follows completion of the letting of Unit 2 to Toyota.

This 266,000 sq ft industrial estate formerly known as "Pedham Place" was acquired in 2007. Since acquisition the estate has been comprehensively refurbished and re-branded as "The Interchange". Approximately 100,000 sq ft of space remains available and is being marketed by Jones Lang Lasalle and Glenny.



before



after



[www.rugbyreit.com](http://www.rugbyreit.com)

## Rugby REIT established

Rugby Estates Investment Trust Plc is a new public limited company established to embrace the recently introduced real estate investment trust tax regime in the UK. £50m of initial equity was raised by way of a share placing and the Company's shares were listed and commenced trading on the London Stock Exchange on 15 May 2007.

The objective of the REIT is to assemble a portfolio of investment properties in the UK principally through the acquisition of privately owned property investment companies. The favourable REIT tax regime offers tax transparency and enables latent tax liabilities within companies to be extinguished on the payment to HMRC of an entry charge of 2% of the relevant property assets.

In the first 8 months, the company has acquired 3 private property investment companies and established an £81m property portfolio.

Conversion of the company to REIT status was achieved on 1 January 2008.

### Stanford House in Long Acre acquired by REIT

In December 2007 REIT completed the acquisition of George Philip Properties Group Ltd, which owned Stanford House, Covent Garden and two further properties in Belfast. Stanford House provides 9,100 sq ft of offices and a residential flat.

EA Shaw acted for REIT in the acquisition.



### Fund Manager Appointed for Rugby REIT

Paul Hillier joined the Rugby team in January of this year as Fund Manager for Rugby Estates Investment Trust. Paul joins from BNP Paribas where he was employed in a similar role.

### With thanks to:

Allsop  
Altus Edwin Hill  
Aptaker & Partners  
Awbery Morris  
Bank of Scotland  
Barclays  
Barton Wilmore  
BDO Stoy Hayward  
Blue Sky Planning  
Bowyer Bryce  
Brackenridge Hanson Tate  
Brewster Leech  
Brian Champion Long  
Bridger Bell  
Burgess Salmon  
CB Richard Ellis  
Chapman Taylor  
Chivers Commercial  
Churston Heard  
Clark Associates  
CNP  
Colliers CRE  
Colliers Godfrey Vaughan  
Collins Stewart  
Commonwealth Group  
Concept Art  
Crisp Cowley  
Cushman & Wakefield  
DE & J Levy  
Deal Varney  
Derrick Wade Waters  
Dovetail  
DP9  
Dresler Smith  
DTZ  
EA Shaw  
EC Harris  
Elysium  
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ESA  
Evamy Forster  
FHP  
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Forsters  
Gardiner & Theobald  
GBR Property Consultants  
Gerald Eve  
Glenny  
Gooch Cunliffe Whale  
GVA Grimley  
Hartnell Taylor Cook  
Hawkins Brown  
HBOS  
Hicks Baker  
Hunter Evans  
Hurford Salvi Carr  
ING Real Estate  
Jackson Criss  
James Smith Associates  
Jones Lang LaSalle  
Kemsley  
King Sturge  
Lambert Smith Hampton  
London & Newcastle  
Lund Watson  
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Taylor Weaver  
Tuckerman  
Tughans  
Tushingham Moore  
Vail Williams  
Wedlake Bell  
Whitby Bird  
Workman

## Citylands Investment Corporation Limited

During 2007, REIT acquired the share capital of this privately held property company from 50 private shareholders. On acquisition the inherent capital gains tax liability was passed on to REIT and was extinguished when conversion to REIT status was achieved in January of this year. The company's portfolio comprised 25 properties across most sectors and throughout the UK. DTZ acted for REIT in the acquisition.



Citylands - Bath St, Bath



Citylands - Bartholomew Sq, Brighton



Citylands - Briggate, Leeds



Citylands - Middleton Trade Park, Oldham



Citylands - Austin Friars, London



JRPA - Highgrove Ind Park, Portsmouth



JRPA - Datapoint Bus. Centre, London

## JRPA Properties Ltd acquired in September 2007

JRPA Properties Ltd was a privately owned property company with 5 shareholders. The company held a portfolio of predominantly industrial assets, all located in the south east. DE & J Levy acted for REIT in the acquisition.

## Ponders End Sale

London Industrial Partnership's Ponders End Industrial Estate was sold during 2007 for £47.5m. The sale took place after RAM had secured a planning consent for a small unit industrial scheme on part of the site for c. 107,000 sq ft. London Industrial Partnership is a joint venture with Bank of Scotland and Merrill Lynch Global Investors. DTZ was selling agent on behalf of London Industrial Partnership.



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