



**rugby estates plc**

[www.rugbyestates.plc.uk](http://www.rugbyestates.plc.uk)

# Annual Results

Twelve Months to 31<sup>st</sup> January 2010

## Shareholder & Analyst Presentation

April 2010

# Crystallising Shareholder Value

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We aim to achieve this through the activities and growth of our asset management business and through returning cash to shareholders following the orderly disposal of our directly held property portfolio.



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rugby asset management

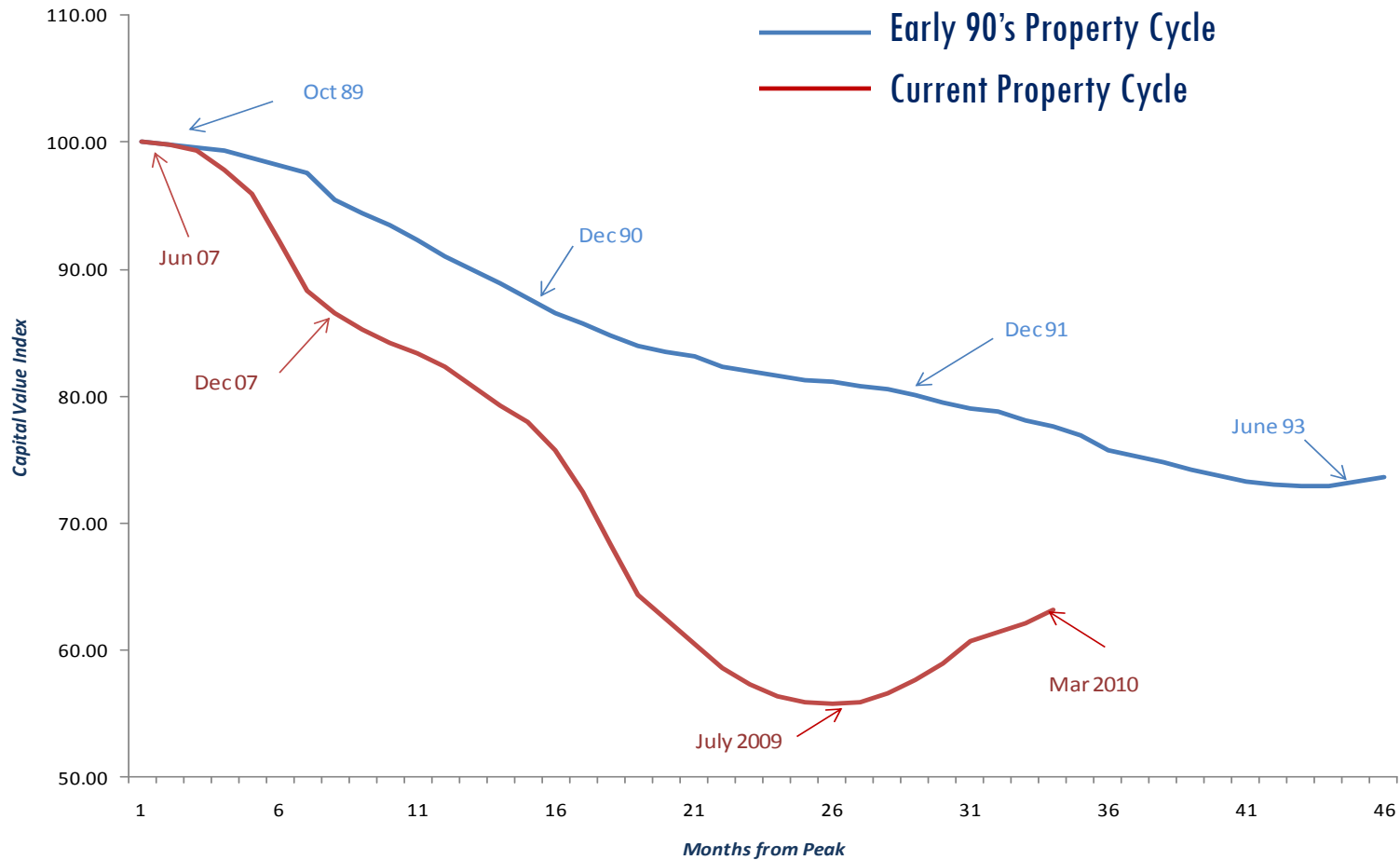
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# How We Operate

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- Based at the heart of the property investment industry in Mayfair, London
- Focused and experienced team of 13 people
- Two business divisions— directly held portfolio and asset management mandates
- Day to day operational management and other advisory requirements outsourced to a long established network of experienced advisers under our strict supervision
- Close monitoring of assets, projects, and risk
- Tight financial controls
- Executive Directors closely involved with the day to day running of the business each with a meaningful and significant personal shareholding
- Constant availability of management to shareholders, analysts, tenants and clients
- Focus on income and cash flow maximisation and shareholder value

# The Market - A Comparison



# Year End Review

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- Gearing: 0%
- Rental income: £3.55m
- Fees receivable: £3.25m
- Total income/fees: £6.8m
- Administrative expenses: £3.23m
- Pre-tax profit: £0.2m (2009: loss £15.8m)
- Triple net assets per share: 421p (2009: 556p — restated). This incorporates our underlying share of the estimated net assets of our co-investment vehicles
- Returns of cash to shareholders in the financial year totalled £14.6m equivalent to 86p per share held at 31<sup>st</sup> January 2009 or 129p per share held at 31<sup>st</sup> January 2010
- Intention to return approximately 100p per share to shareholders in the next few months

# Financial Review

	Year Ended 31/01/10 (£m)	Year Ended 31/01/09 (£m)
Sales of Properties	6.9	2.4
Rental Income	3.6	3.9
Fees Receivable	3.3	4.2
<b>Turnover</b>	<b>13.8</b>	<b>10.5</b>
Profit (Loss) before taxation	0.2	(15.8)
Net Cash	5.7	10.9
Triple net assets	48.1	62.5
Cash Payments to Shareholders	14.6	2.1 (dividend)
Total of co-investments (share of net assets)	7.3	6.5
Triple net assets per share	421p	556p (restated)

rugbyCapital **Directly held assets**

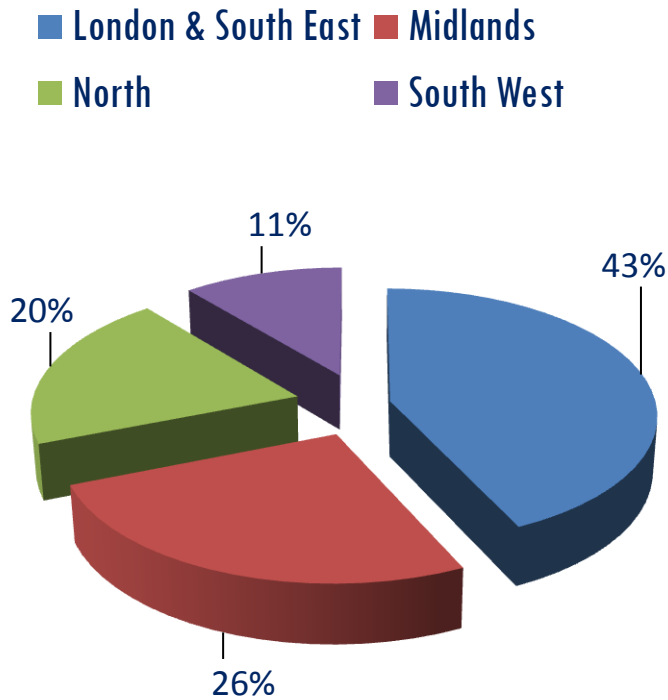
# Rugby Capital: Year End Review

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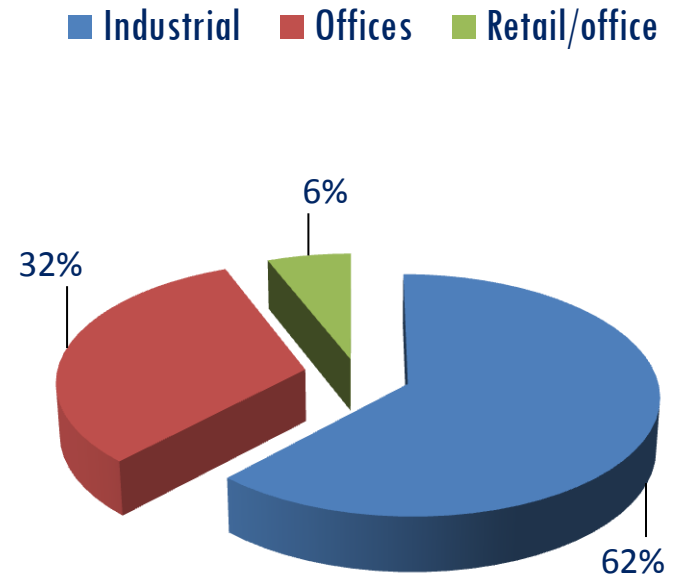
- Market value of directly owned portfolio: £38.2m (2009: £46.0m)
- Three principal disposals accounting for 15% of the total portfolio capital value
- Total portfolio return as calculated by IPD was 4.2%, comprising 3.2% capital reduction and 7.7% income return. The corresponding IPD figures were 3.0%, minus 3.8% and 7.0% respectively
- 19 properties, 121 lettable units, 89 tenancies
- Weighted average unexpired term: 5.5 years
- Average office rent disregarding vacant units: £16.24psf. Estimated rental value (ERV): £15.00psf
- Average industrial rent disregarding vacant units: £5.00psf. ERV: £5.50psf
- Gross contracted rent: £3.3m pa. ERV: £3.7m pa
- Reversionary value of existing leases: £0.08m. ERV of vacant space: £0.26m pa
- Portfolio initial yield: 8.0%
- Portfolio reversionary yield: 9.0%
- Vacant units account for 8.0% of the ERV

# Rugby Capital: Capital Value Analysis

## Location



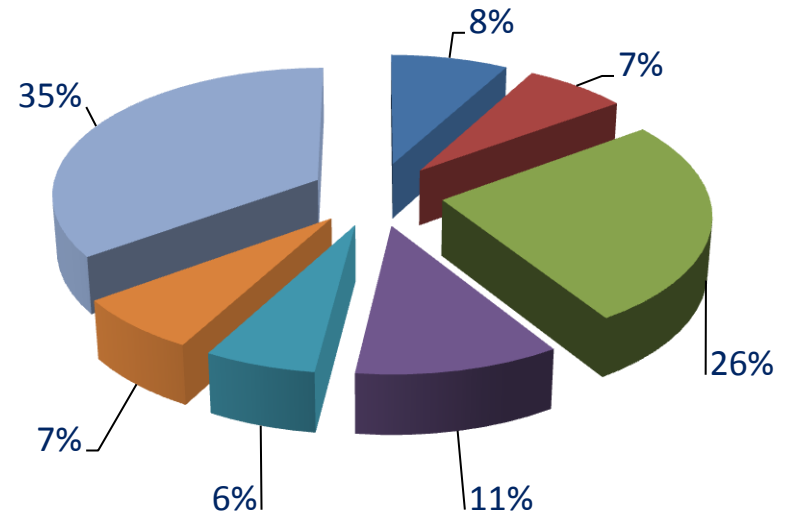
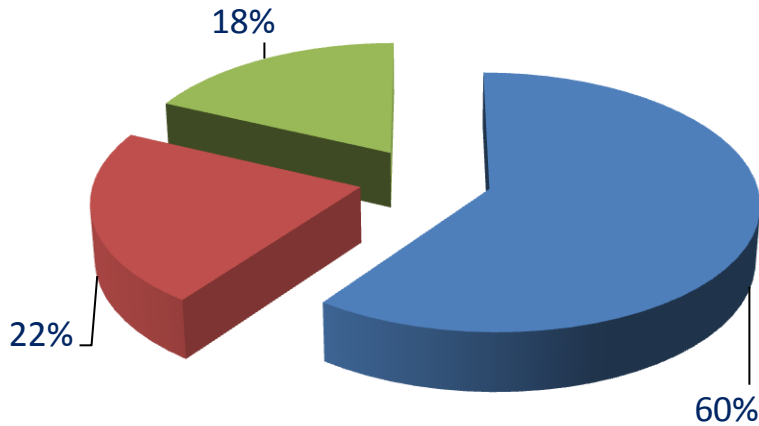
## Sector



# Rugby Capital: Income Expiry Profile

- Leases expiring within 5 years
- Leases expiring between 5 and 10 years
- Leases expiring after 10 years

- Holding Over
- Exp. 2010
- Exp. 2012
- Exp. > 2013
- Exp. 2009
- Exp. 2011
- Exp. 2013



# Rugby Capital: Portfolio Location





**rugby asset management**

**Property Adviser & Co-investor**

# Rugby Asset Management: Year End Review

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- Three advisory mandates: ING Covent Garden Limited Partnership, O Twelve Estates Limited, Rugby Estates Investment Trust Plc
- Fee income: £3.3m (2009: £4.2m)
- Share of estimated underlying net assets in co-investments increased by £0.8m to £7.3m (2009: £6.5m)



# Rugby Asset Management: ING Covent Garden Limited Partnership

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- Established: 2002
- Closed ended to March 2009
- £5m initial investment by Rugby: 6.5%
- Investment property portfolio sold for £119.5m
- One development property retained, completed April 2010
- Estimated share of net assets: £2.8m



31 January 2010

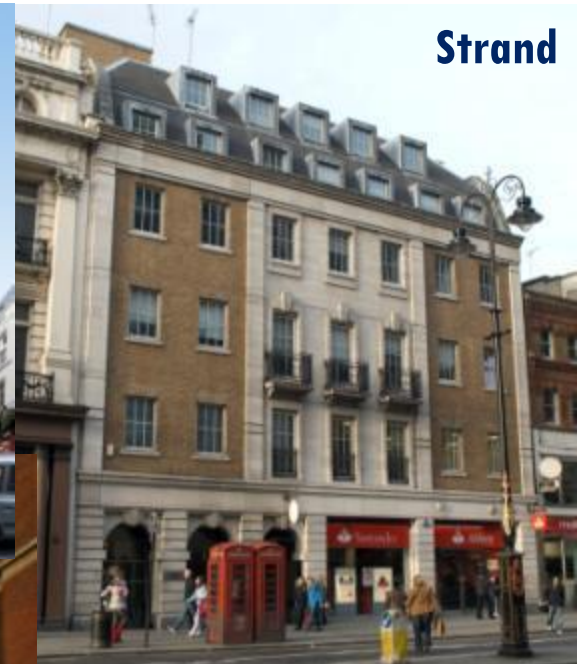
# ING Covent Garden Limited Partnership



**Strand/Agar Street/Bedford Street**



**St Martins Lane**



**Strand**



**Strand/Southampton Street**



**Southampton Street**



**Strand**

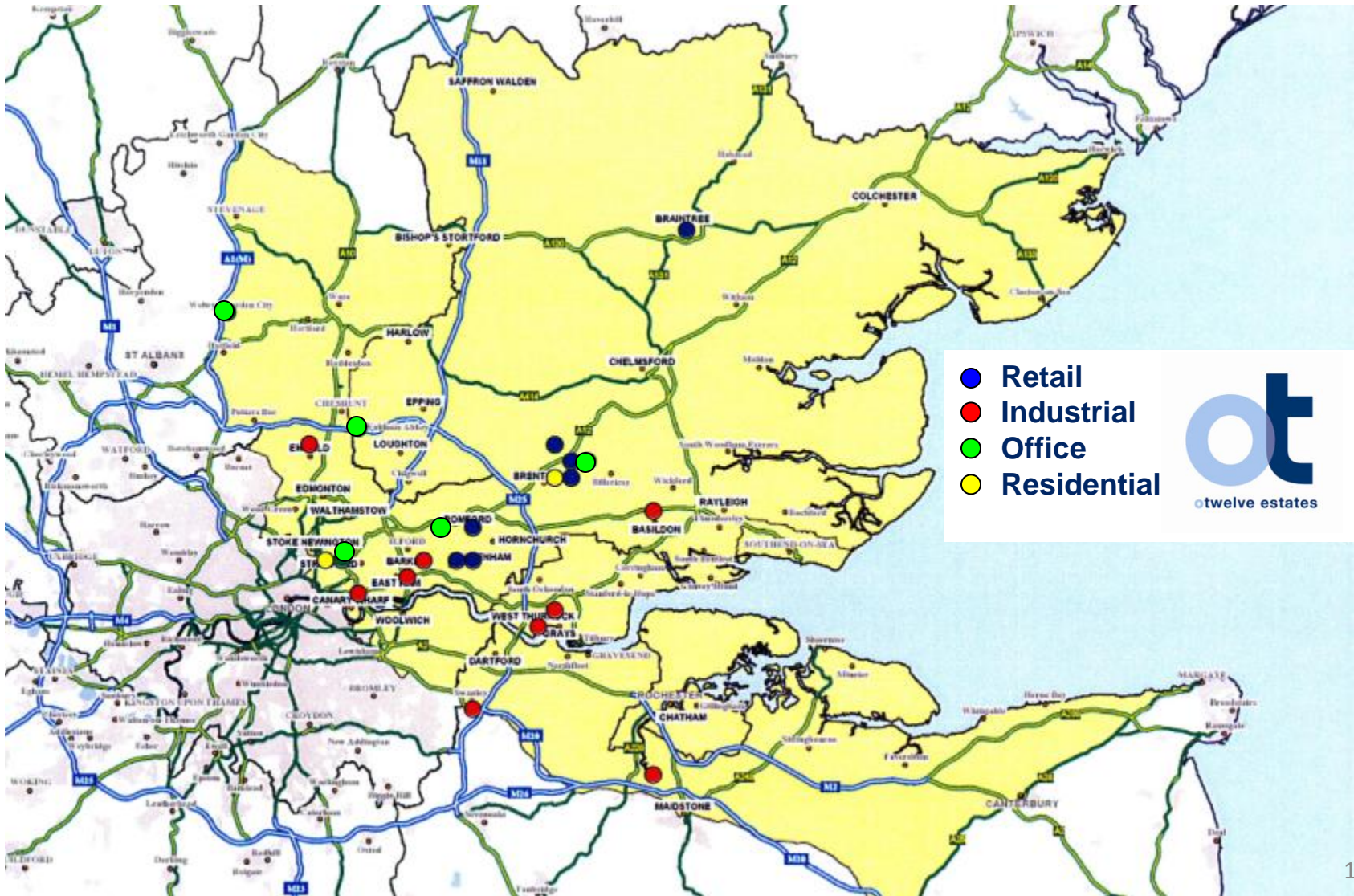
## Rugby Asset Management: O Twelve Estates Ltd

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- AIM listed Guernsey company: £122m equity raised in 2006
- Target area: East London and neighbouring counties
- £5m investment by Rugby: 5.5%
- Fully invested with a restructured debt facility
- At September 2009 the property portfolio was valued at £172m and net asset value per share was minus 4p
- Year end 31<sup>st</sup> March 2010: expected to report June/July
- Applying the IPD Monthly All Property Capital Value Movement for October 2009 to January 2010 inclusive of 8.44% the share of estimated underlying net assets as at 31<sup>st</sup> January 2010 was £0.5m, the same as the share price of O Twelve Estates Limited of 7.75p
- In March 2010 one of the assets in the property portfolio, an industrial investment in Swanley, Kent, was sold for £24.4m, 37% above the September 30<sup>th</sup> 2009 valuation. The proceeds have been used to reduce the fixed rate debt, strengthening the balance sheet



# Target Area & Portfolio Location



31 January 2010

# O Twelve Estates Limited



**Romford**



**Brentwood**



**Brentwood**



**West Thurrock**



**Stratford**



**Swanley**



**Aylesford**

## Rugby Asset Management: Rugby Estates Investment Trust Plc



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

- Established: 2007
- £5m initial investment by Rugby: 8.5%
- At 31<sup>st</sup> December 2009 portfolio valued at £68.3m, with net assets per share of 79p
- Estimated share of net assets of £4.0m which is £1.5m more than the balance sheet value of £2.5m based on a share price of 50.5p as at the 31<sup>st</sup> January 2010
- On 15<sup>th</sup> April 2010 ING UK Real Estate Income Trust Limited (ING) announced a recommended cash offer (alternatives to cash are also available) for the whole of the share capital of REIT Plc of 63p per share. Triple net assets per share on this value would be 413p
- Rugby Estates, in the absence of a higher offer, has undertaken to accept an offer from ING which, if it becomes unconditional will mean a cash inflow of £3.1m to Rugby
- In addition a fee of £600,000 is to be paid to Rugby Asset Management for early termination of the Management Agreements
- REIT Plc's portfolio return for 2009 as measured by IPD was 22% equivalent to 4<sup>th</sup> place of the 286 funds monitored by IPD

31 January 2010

# Rugby Estates Investment Trust Plc



London, E16



Leeds



London, EC4



Reading



London, WC2



Epsom



Kingston upon Thames



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# Outlook

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- Active approach to asset management continues to impact favourably on the performance of the company
- £14.6m returned to shareholders during the year: further 100p expected to be returned shortly
- Highly successful orderly disposals programme to date with more sales anticipated
- Entrepreneurial and experienced management team now focused on future opportunities to grow the business and create shareholder value:
  - Constant evaluation of new initiatives
  - Top priority to win new RAM mandates
  - Geographic focus on London and South East

# Contact

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