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## ORCHARD STREET INVESTMENT MANAGEMENT

### **Orchard Street grows assets under management by 50% in 2011**

In 2011 Orchard Street Investment Management LLP, the specialist commercial property investment manager, increased assets under management by £800 million to £2.5 billion and completed £580 million of investment transactions.

In September, Orchard Street was appointed by St James's Place Wealth Management as investment manager of over £800 million of property funds. The mandate includes the St. James's Place UK Life and Pension Property Fund and the St. James's Place Authorised Property Unit Trust. Following this appointment, Orchard Street recruited six new team members including Richard Walters, Michael Cecil, Ian Gibson, and Lawson Shepherd, all of whom have in depth knowledge of the properties from their previous roles at the former investment manager (Invista Real Estate Investment Management), and will provide an important level of continuity.

Since January 2011, Orchard Street has been an active investor across all the various client funds under management. In total, it has acquired nineteen properties with a combined value of £414 million. Of these, seven were retail assets, boosting retail assets under management to over £1 billion. Key purchases included the Old George Mall Shopping Centre in Salisbury for £80 million; Cardiff Bay Retail Park for £54.5 million; and 61-65 Conduit Street for £36 million. Orchard Street also completed sales totalling £167 million including Marble Arch Tower, Belvedere, – a 102,000 sq ft office building in Manchester, and 60 Cannon Street in London EC4. The average initial yield on acquisitions was 6.3% and on disposals 5.7%.

Asset management activity included over 850,000 sq ft of new lettings, lease renewals and lease restructurings with a total rental value of around £12.4 million. Significant among these were the lettings of 35,200 sq ft of office space at the newly refurbished 11 Strand in London, 15,264 sq ft of retail warehouse space at Glamorgan Vale Retail Park in Llantrisant to national furniture retailer DFS, a 25 year lease with the UK pub and restaurant manager Mitchells & Butlers on 10,000 sq ft of retail space at St Catherine's Walk Shopping Centre in Carmarthen and a five year lease extension to HMG for 155,355sq ft at Rose Court, London SE1.

At the end of 2011, vacancy levels across all portfolios were comparable in the range of 3-5% in all cases.

Commenting on the property market, and the past year, Chris Bartram, Chairman at Orchard Street Investment Management, said: "2011 has been a successful and busy year for Orchard Street on many levels. We are delighted to have been appointed as Property Investment Manager by St James's Place, and to have been able to add several assets to all our client fund portfolios. In a challenging market we believe that we have positioned each of our client funds well for further outperformance. We have also taken the opportunity to grow our team to a total of 17 professionals.

"Over the year ahead, while there is much uncertainty in the politics and markets that surround us, we are comfortable to have fairly fully invested client portfolios, which produce an income yield, in all cases, significantly in excess of the other principal investment sectors in UK, and which have low vacancy. Our style is to focus on the active management of assets chosen with that potential in mind, and that will remain our priority in the months to come. We also anticipate that we will have capacity for new investment, or sales and re-purchases over the year, and will be watchful for any market weakness to stimulate that activity."

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**Notes to Editors**

Established in 2004, Orchard Street Investment Management LLP is a leading specialist commercial property investment manager, focused on the UK market. It acts on behalf of institutional clients world-wide to advise on investing in and the active management of property assets, including industrial, retail warehouses, offices and shopping centres. Orchard Street currently has assets under management totalling £2.5 billion.