

# The igloo Regeneration Fund

Quarter One 2010



## Igloo – A Sustainable<sup>1</sup> Property Investment

### Key features

#### The igloo offering

- **Opportunity:** The Fund is targeting a return of 12% p.a. and has developed a competitive advantage in its market niche of regeneration and place-making partnerships with the public sector. It now also has the opportunity to acquire distressed assets to take advantage of future market recovery aiming to deliver superior returns. Returns may be further enhanced with environmental future proofing, design quality, regeneration potential and the growth of creative and knowledge industries.
- **Established market-leading fund:** The igloo Regeneration Partnership (“igloo”) was formed in 2002 and invests in sustainable urban place-making. igloo’s investments are well designed, environmentally sustainable, mixed-use assets on the edge of the top 20 city centres in the UK.
- **Sustainable place-making:** The United Nations has referred to igloo as the “world’s first sustainable property fund”<sup>2</sup>. This reflects igloo’s approach to delivering mixed-use schemes that are well designed and environmentally sustainable. Each scheme adheres to the standards defined in igloo’s pioneering Sustainable and Responsible Investment (SRI) policy, “Footprint”.
- **Strong management team:** The Fund has assembled an experienced management team from Aviva Investors and igloo Regeneration Limited. The igloo Fund has a successful track record through the recession and committed existing investor capital. The team has also established a reputation as market leading innovators in regeneration within the private and public sectors.

### What our investors say

*“The West Midlands Pension Fund’s main objective is to invest in assets that generate consistent and strong returns. We already invest in infrastructure and property so finding a fund that meets these requirements combined with a socially responsible investment element is particularly attractive. We believe that pursuing SRI and good corporate governance is best practice and so where we find investments (igloo) where both these criteria are met, we will make a commitment”.*

**West Midlands Pension Fund, Chief Investment Officer**

*“Barclays Bank is delighted to be an investor in igloo Regeneration Partnership which shows not only our commitment to regeneration, but also to the socially responsible investment approach that is taken”.*

**Barclays Bank, National Regeneration Director**

### The sustainable place-making opportunity

- Returns from regeneration property can outperform mainstream property over the medium to long term<sup>3</sup>.
- We believe that igloo is well placed to take advantage of opportunities in the regeneration sector, delivering sustainable mixed-use developments on brownfield land in the UK<sup>4</sup>.
- Igloo believes it can deliver higher returns through its “Footprint” policy, by delivering green buildings that integrate communities and manage estates over the long term, as well as delivering well-designed places for people to work, live and play<sup>5</sup>.
- “Footprint” also enables us to align our interests with the public sector. For example, we work with the public sector in public-private partnerships such as Blueprint and Isis. Footprint is audited independently and reported to an audit committee led by Jonathan Porritt, the first chair of the Government’s Sustainable Development Commission.

### Fund data

- £130m current capital commitment: 65% is held in direct projects and 35% in joint ventures.
- £500m GAV target Fund size.

### Existing assets

#### Direct

- Bermondsey Square, London SE1: mixed-use investment with an 80-room boutique hotel, 30,000 sq ft of office space, 76 residential units, cinema, bars and restaurants.
- Roath Basin, Cardiff: Mixed-use regeneration partnership project on 38 acres of brownfield land in Cardiff Bay in which igloo has a 12.5% pa priority real return.
- Marshalls Mill and Round Foundry, Leeds: two mixed-use investment assets with a combined floor space of 140,000 sq ft and development sites with potential for 245,000 sq ft of gross external floor space.



Bermondsey Square,  
London SE1



Round Foundry,  
Holbeck, Leeds

1. <http://www.igloo.uk.net/sustainable-investment>  
2. United Nations November 2006

3. IPD Regeneration Index 2008  
4. UNEPFI Report ‘Responsible Property Investing – What the Leaders are Doing’ 2007  
5. RICS Green Value Report 2005

## Indirect

- **Blueprint:** regeneration partnership, 50% owned by the public sector and 50% by igloo; delivering physical regeneration in the East Midlands; two completed investments, a portfolio of small business units and nine mixed-use pipeline projects. igloo has a pre-emption right on assets from the partnership.
- **ISIS Waterside Regeneration:** a partnership in which igloo is a 25% investor with a 10% p.a. priority return; delivering physical regeneration of British Waterways canal-side brownfield sites; one project completed, one under construction and nine in the pipeline. igloo has a pre-emption right on assets from the partnership.



Blueprint, Nottingham  
Science Park



ISIS, Manchester,  
Islington Wharf

## Why invest?

- The Fund has the following features, which we believe make it attractive from an investment perspective:
  - Skilled, highly resourced and experienced fund and development management teams.
  - Opportunity to invest in mixed-use place-making and regeneration potential and value enhancement initiatives.
  - Quality portfolio diversified across the whole country with proven project delivery.
  - Strong pipeline of potential projects.
  - Limited gearing
  - Diversification into a climate change orientated property asset sector.

## New equity

- The minimum investment is £1m. Significant additional investors may be offered a seat on the investment committee.
- The Fund is targeting new equity of £30m.

## Fund structure

- The underlying Fund structure is an unregulated English Limited Partnership.
- The Fund's life runs until December 2016. The Fund has the ability to gear to 60% loan to value and, as at the end of Q1 2010, it was 16% geared.
- The Fund is managed by Aviva Investors and governed by a General Partner board made up of directors from Aviva Investors, Barclays and Igloo Regeneration Limited.

## Management team

### Fund manager

- The Fund Manager for igloo is Aviva Investors. Aviva Investors has a property investment team comprising over 170, including 95 investment professionals and has a dedicated specialist real estate funds team running nine sector-focused funds (including regeneration, healthcare, student accommodation, retail, industrials and offices).
- Aviva Investors role on igloo includes determining and implementing investment strategies, approval of business plans and approving all capital decisions, equity and debt management, fund administration and regulatory compliance.

### Development manager

- The Development Manager for igloo is igloo Regeneration Limited (IRL). IRL is a recognised regeneration expert with over 250 years of cumulative experience in the regeneration sector.
- This team covers the sourcing of assets, managing the acquisition process, appraising development and investment projects and asset enhancement (e.g. reconfiguration, refurbishment, tenant reorganisation).

## Contact

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## Important Information

Unless otherwise stated, the source of all information is Aviva Investors Global Services Limited ("Aviva Investors") as at 31 March 2010.

Past performance is not a guide to the future.

The value of an investment and any income from it may go down as well as up, and the investor may not get back the original amount invested.

This Fund is an unregulated collective investment scheme for the purpose of the UK Financial Services and Markets Act. Information regarding the scheme is therefore intended only for those to whom the scheme can be promoted under the Act. As this Fund is an unregulated collective investment scheme all or most of the protections provided by the UK regulatory system do not apply and compensation under the Financial Services Compensation Scheme will not be available. Information regarding the scheme should not be regarded as constituting an offer to invest.

Where funds are invested in real estate, investors may not be able to realise their investment when they want as property in the Fund may not always be readily saleable. If this is the case we may defer investors' requests to cash in their units. Investors should also bear in mind that the valuation of property is generally a matter of valuers' opinion rather than fact.

Details of the fund including the risks and charges associated when making an investment can be found in the Information Memorandum, available on request.

The future returns and opinions expressed are based on Aviva Investors internal forecasts and should not be relied upon as indicating any guarantee of return from an investment managed by Aviva Investors nor as advice of any nature.

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