

2007

# The Tchenguiz Brothers

And their business pursuits



## NOTE ON RESEARCH

This report profiles the Tchenguiz brothers. We will look at the brothers' personal history and consider their major investments. This report will be updated when new information comes to light or if events warrant an update.

THIS REPORT WAS PREPARED BY

KIRSTIN ELLISON ([kellison@amadaninternational.com](mailto:kellison@amadaninternational.com))

PATRICK FLAHERTY ([pflaherty@amadaninternational.com](mailto:pflaherty@amadaninternational.com))

AMADAN INTERNATIONAL IS A RESEARCH FIRM LOCATED IN WASHINGTON, DC.

*STRATEGIC THINKING, RESEARCH, AND ANALYSIS*

+1 (202) 425-2510

[info@amadaninternational.com](mailto:info@amadaninternational.com)

**NOTE ON RESEARCH.....1**  
**INTRODUCTION .....3**  
**FAMILY BACKGROUND.....3**  
**ROBERT TCHENGUIZ .....4**  
    ROBERT TCHENGUIZ’S INVESTMENTS .....5  
**VINCENT TCHENGUIZ .....8**  
    VINCENT TCHENGUIZ’S INVESTMENTS .....9  
**CONCLUSION.....10**

## INTRODUCTION

In the British investment community, the name Tchenguiz carries a lot of weight. Over the past two decades, the Tchenguiz brothers, Robert and Vincent, have built a name for themselves as aggressive – and highly successful – investors. In the process, they have made themselves two of the richest men in Britain. According to the Sunday Times, with their combined wealth of £850 million they rank 78th on the list of richest people in the UK.

When scrutinizing any deal based in the UK, especially if it involves property, it should be no surprise if the name Tchenguiz pops up. Through a series of acquisitions, stakes, and outright takeovers, the brothers have involved themselves in a broad array of businesses.

## FAMILY BACKGROUND

The brothers' father was born Victor Kedourie Molaaem, an Iraqi Jew who fled his home country in 1948 amid increasing persecution. Victor fled to Iran and changed his last name to Tchenguiz, the Persian for Genghis Khan. Victor married Violet, who came from a wealthy background. Together they had Vincent, Robert, and daughter Lisa. Robert Tchenguiz was born on 9 September 1960 in Tehran, Iran. His brother Vincent was born in Tehran a couple of years earlier.

Victor Sr. made a name for himself buying and selling property, and also managed to become a member of the Shah of Iran's inner circle despite being a foreigner; Victor eventually became the Royal Jeweler and head of the national mint. When the Shah fell in 1979, Victor moved his family to London. Interestingly, where most lost their fortunes, Victor managed to bring his to London with him.

Over the course of their business dealings, and especially since the split of Rotch Property Group into R2O and Consensus, there have been rumors of a rift between brothers Robert and Vincent; both deny this vigorously. The brothers keep offices near each other, and say they see each other and talk every day. They have much in common, including their playboy lifestyles and penchants for expensive cars and boats.

## ROBERT TCHENGUIZ

Robert was educated at the International Community School in Tehran, and studied at Pepperdine University in California. After college, he went to work in the New York trading world, buying and selling heating oil out of offices in the World Trade Center. In 1983 Robert moved back to London and bought his first property with a bank guarantee from his father. Soon thereafter, he set up the Rotch Property Group with his brother Vincent, and the two began making a name for themselves in the real estate investment arena.

Robert recently married a woman named Heather Bird. Previously, he was frequently described as a "playboy." He dated Wonderbra model Caprice, and gained notoriety when he was mugged in her company in 1997. He was even linked to Princess Diana before being rumored to have introduced her to Dodi Fayed at a New Year's party.

Robert is known for his taste for expensive cars and whiskey. His Kensington mansion is so large that for his 40th birthday he threw a Louis XIV-themed party, complete with period costumes, acrobats, and an orchestra -- all in his living room.

Robert is regarded as "snobbish" and as "someone who wants to take companies private, who eschews public ownership and snubs the main stock market." One industry insider said that he "regards whichever business he happens to be investing in as a mere commodity."

His formula when it comes to property deals rarely varies much: he borrows heavily in order to buy the property, and then uses high rental returns to pay off the loan. Robert has transferred this formula to some of his non-real estate deals, as well, borrowing at the outset and then using the resulting cash flow to pay off the debt. Robert and his brother Vincent also use devices such as securitization - borrowing against a property's future earnings - in order to squeeze out more money from their investments.

Since buying their first property in 1983, the Tchenguiz brothers have become two of the biggest players in the UK investment community. They have acquired several companies, moving into the pub, restaurant, and service station industries; they have built up stakes in several other companies. Throughout these years they have sold a number of their acquisitions, always at a large profit. Thanks to their aptitude for investing, the Tchenguiz brothers have become two of the richest people in Britain.

## Robert Tchenguiz's Investments

**1982:** Robert enters the New York trading world, buying and selling heating oil out of offices in the World Trade Center.

**1983:** Closes his first property deal in the UK, a £50,000 apartment in Marble Arch, with the help of a bank guarantee from his father. He maintains that this is the only help his father ever gave him in the business world. Robert then forms Rotch Property Group with his older brother Vincent. Numerous property deals followed.

**1987:** Completes development of 400 flats at Windsor Plaza in Earls Court, London.

**1990s:** Number of properties grows, though there are a few non-successes; the brothers buy South Quay Plaza in London's Docklands, but then could not find tenants.

**2001:** Robert and Vincent split their Rotch Property Group business into two separate entities, R20 Limited and Consensus Business Group. Robert operates R20 Limited.

**2002:** Rotch buys Shell Mex House, an Art-Deco landmark on the Thames, for £350 million.

**2003:** A potential bid from Tchenguiz of £600 million for Selfridges department store attracts attention from the FSA. The FSA makes inquiries into contracts for difference involved with his bid, and though Victor Tchenguiz is rumored to be a target of the investigation, nothing ever comes of it, and Robert Tchenguiz himself is not targeted.

**2003:** Rotch buys Odeon Cinemas in a consortium that included The Entertainment Group and WestLB.

**June 2004:** Robert and RBS buy eight Welcome Break service stations for £270 million.

**September 2004:** The consortium sells Odeon to the private equity firm Terra Firma.

**November 2004:** Robert Tchenguiz makes a bid to take the Yates Group of pub properties private, but lost out to £155 million bid by a US private equity firm named GI Partners.

**December 2004:** The Tchenguiz Family Trust buys the Laurel Pub Company and its 157 locations for £153 million.

**December 2004:** While the separate deal for the Laurel Pub Group is going on, the Spirit Pub Group sells 364 pubs to Robert Tchenguiz's Globe Pub Company for £345 million. They are managed as tenancies by Scottish & Newcastle Pub Enterprises.

**May 2005:** Laurel, led by Tchenguiz, buys the Yates Group for £202 million, bringing in 158 new pub and restaurant locations.

**June 2005:** Laurel buys 98 pubs out of administration for £80 million from the struggling SFI group, including the Slug and Lettuce brand.

**December 2005:** Robert loses out to Punch Taverns in a £2.7 billion bidding war for the Spirit Pub Group. Robert already controls more than 850 pubs by this point, and is looking to expand his holdings.

**December 2005:** The Tchenguiz Family Trust acquires the Somerfield chain as part of a consortium including Apax Partners Worldwide LLP and Barclays Capital. The deal is estimated at around £1.1 - £1.5 billion.

**March 2006:** Business partner Paul Taylor leaves the Rotch Property Group, Consensus, and R2O to start his own firm, Three Delta.

**March 2007:** Robert's R20 vehicle launches a bidding war on behalf of Laurel for the La Tasca Spanish tapas restaurant chain. R20 offers a £98.6 million bid over competitor Tragus Holdings' £96 million offer. When Tragus revises their bid to £99.7 million, R20 counters and wins with a £104.2 million offer. When the deal is completed in May, the total is £123 million, including debt. The acquisition brings 73 new locations under the Laurel fold.

**May 2007:** Robert begins to plan a joint venture with Mitchells & Butlers, a pub group that owns the All Bar One chain, Harvester restaurants, and Hollywood Bowl bowling alleys, but is "rebuffed" when they say he was not offering enough.

**2007:** Very soon after the Mitchells & Butlers deal collapses, Robert is dealt another setback when a sale of eight Welcome Break service stations has to be scrapped when the last two potential bidders withdraw their offers.

**2007:** Coming on the heels of his failed Mitchells & Butlers and Welcome Break deals, Robert Tchenguiz is forced to shelve the refinancing of the Somerfield supermarket chain, the UK's fifth largest. Tchenguiz thinks the deal can be worked out in the winter or spring once the markets stabilize.

**2007:** Despite the setbacks so far this year, Robert begins investing in Sainsbury's, quickly building up a 10% stake once rumors of a takeover start. He lobbies vigorously for Sainsbury's to spin off its property portfolio - estimated to be worth £8.6 billion - into a tax-efficient real estate investment trust (Reit).

**November 4, 2007:** Delta Two pulls out of its bid to take over Sainsbury's. As a result, Robert Tchenguiz endures losses of around £200 million.

## VINCENT TCHENGUIZ

After completing his schooling in Tehran in 1973, Vincent attended a Business Administration course at Boston University before obtaining a BSc Honours in Economics and a BSc in Commerce at McGill University, Montreal, in 1978. Vincent also has a Masters Degree in Business Administration (MBA) from New York University, which he completed in 1980.

Vincent is single, and has been described as a "playboy." He has houses in Mayfair (along with an office), South Africa, and the Cote d'Azur. He also owns five Rolls-Royces, two Bentleys, an Aston Martin, and a Lamborghini. He is known to like big boats; while in Cannes for a conference he rented a yacht so large it had to be moored out at sea. A few years ago Vincent began betting on football, and in fact won £1 million on Greece's 2004 European Championship win. Even gambling is treated like a business, he acknowledges.

## Vincent Tchenguiz's Investments

Vincent's interest in making money began at an early age in Tehran. He started collecting empty Coke bottles for the deposits, and soon moved up into more enterprising ventures, such as buying American chewing gum at American football games and selling it on the streets for more.

In the 1970s Vincent experienced losing money on his investments for the first time when he had an options portfolio that expired when the bull market ended. He convinced his father to give him \$500,000, and then entered the futures, gold, and foreign exchange worlds.

In 1984 Vincent moved to London to take a position with Prudential Bache, and later Shearson Lehman, as a Senior Vice-President. As his brother Robert found success in the property business, his father Victor finally convinced Vincent to join him. They formed Rotch Property Group together and bought £4 billion worth of property in its first three years, with funding from £3.5 billion in debt.

In November 2007 (at the same time his brother Robert saw his investment plans in Sainsbury's and Mitchells & Butlers collapse) Vincent announced that he was selling about £30 million worth of stakes in roughly 50 different small listed companies. He attributed the "selling down" to the current credit crunch, and said he is "repositioning" his business and "currently adjusting our business model and rationalising our portfolio to reduce our exposure to equity market risk." He denies that he is looking to sell stakes in his 40 or so investments in unlisted funds.

His investments include a 30% stake in Bramdean Alternatives, which he recently paid £40 million for. Vincent also maintains major interests in the Hilton Hotel chain (£500 million) and Tesco supermarkets (£500 million).

Vincent claims to trade up to £750 million a day in currencies, futures, and bonds. He has revealed a recent interest in green, eco-friendly technology, though he says it's only "to make money." His fleet of gas-guzzling luxury cars backs that up.

## CONCLUSION

Though they have split their business into two separate entities, so that each brother can focus on his own main interests, Robert and Vincent together remain a force to be reckoned with. Their individual and combined wealth automatically places them in position to take over or build a stake in any company they set their sights on.

However, the Tchenguiz brothers have hit upon hard times lately, with Robert especially seeing his investments and attempted deals fall through. They are hardly in danger of losing their fortunes, but they are unused to losing. These setbacks will, most likely, not have a major effect on their future investments and knowing their previous history, they will pick up a few solid and cheap investments due to the worsening credit and investment market.