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Annual Results

31st March 2010

Presentation by ram rugby asset management, Property Adviser

July 2010

The Investment Opportunity

31 March 2010

- The Olympic and Paralympic Games in 2012 are a major catalyst for the repositioning of the Target Area –structurally, economically and culturally
- The Target Area is an area to the east of London including the Thames Gateway, Essex, south Hertfordshire and north Kent
- Major regeneration projects and infrastructure improvements in the Target Area provide scope for enhancement in capital and rental values from a low base
- Taken together, the initiatives in these areas represent the largest regeneration project in Europe
- The Target Area has historically had a low rental value and capital value base compared to many other parts of London
- The current objective therefore is to enhance the returns from the established portfolio

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The Non Executive Board

31 March 2010

- Phillip Rhodes – Chairman & Senior Non-Executive Director
- Howard Stanton
- Peter Radford – Chairman of Audit Committee
- Richard Barnes
- Quentin Spicer
- Advisers: ram rugby asset management, ELYSIUM FUND MANAGEMENT, FAIRFAX, NABARRO
- The company was incorporated on 1st March 2006

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The Role of the Property Adviser

31 March 2010

rugby asset management is appointed to:-

- Act as property and financial adviser
- Source and advise on property opportunities
- Asset manage the property portfolio
- Negotiate debt financing
- Liaise with shareholders, analysts and others
- Report to the independent non-executive Board

Rugby Estates Plc has a 5.5% interest in the share capital of O Twelve Estates Limited

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Features of the Reporting Period

31 March 2010

- Property capital values declined by 44% from June 2007 to July 2009
- However, capital values rallied strongly in the fourth quarter of 2009 and continued improving into 2010
- Values in the second quarter of 2010 have shown signs of stabilising
- Key uncertainties remain with regard to the strength of the economy and occupational demand
- The portfolio is now assessed by IPD. The total return of 20.3% calculated by IPD ranked the performance of the portfolio equivalent to 74th out of 238 funds. This compares with the IPD benchmark total return of 17.4% for the property sector generally
- Successful disposals and implementation of asset management initiatives
- Satisfactory debt restructuring

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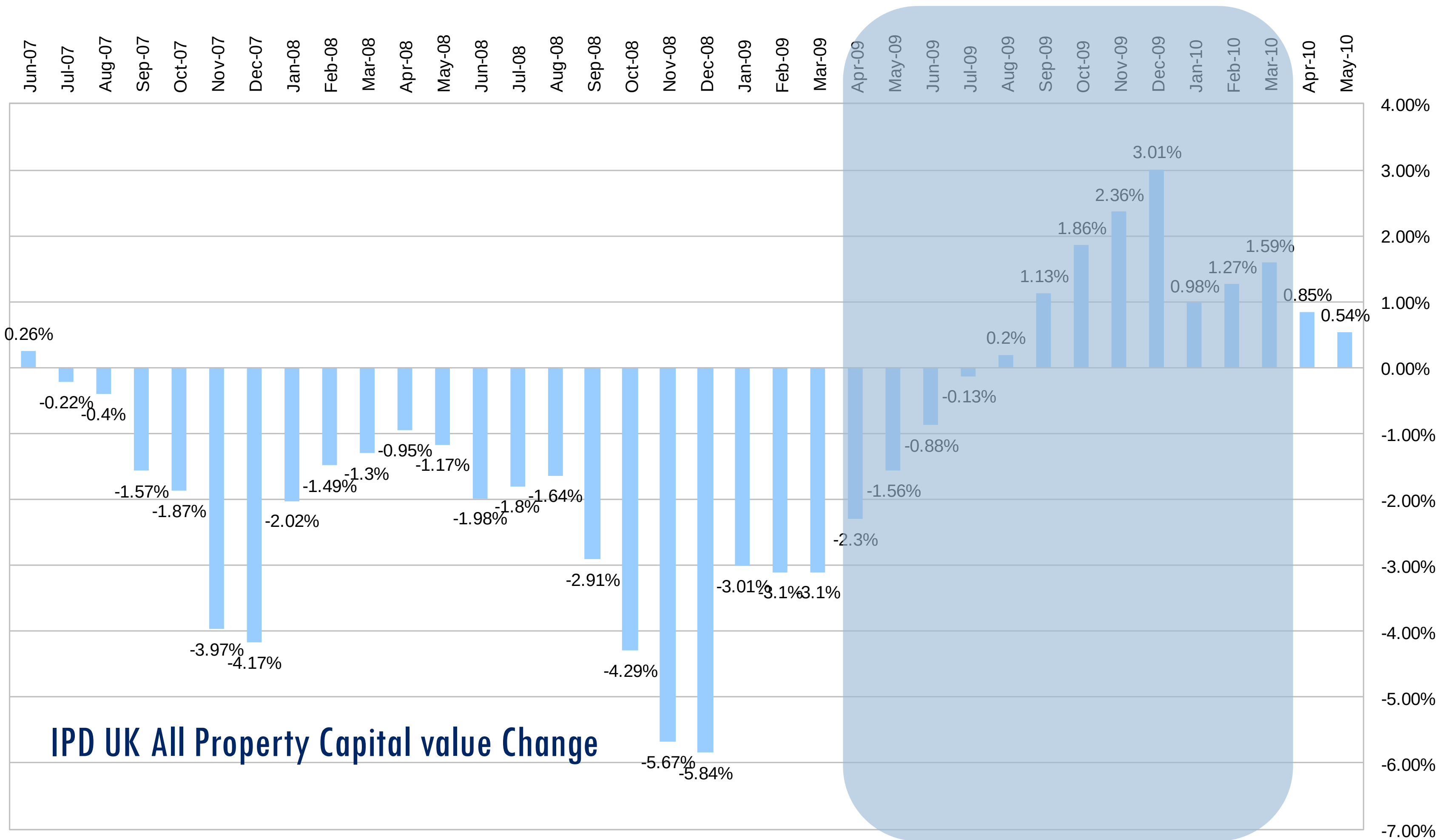
Market Review

31 March 2010

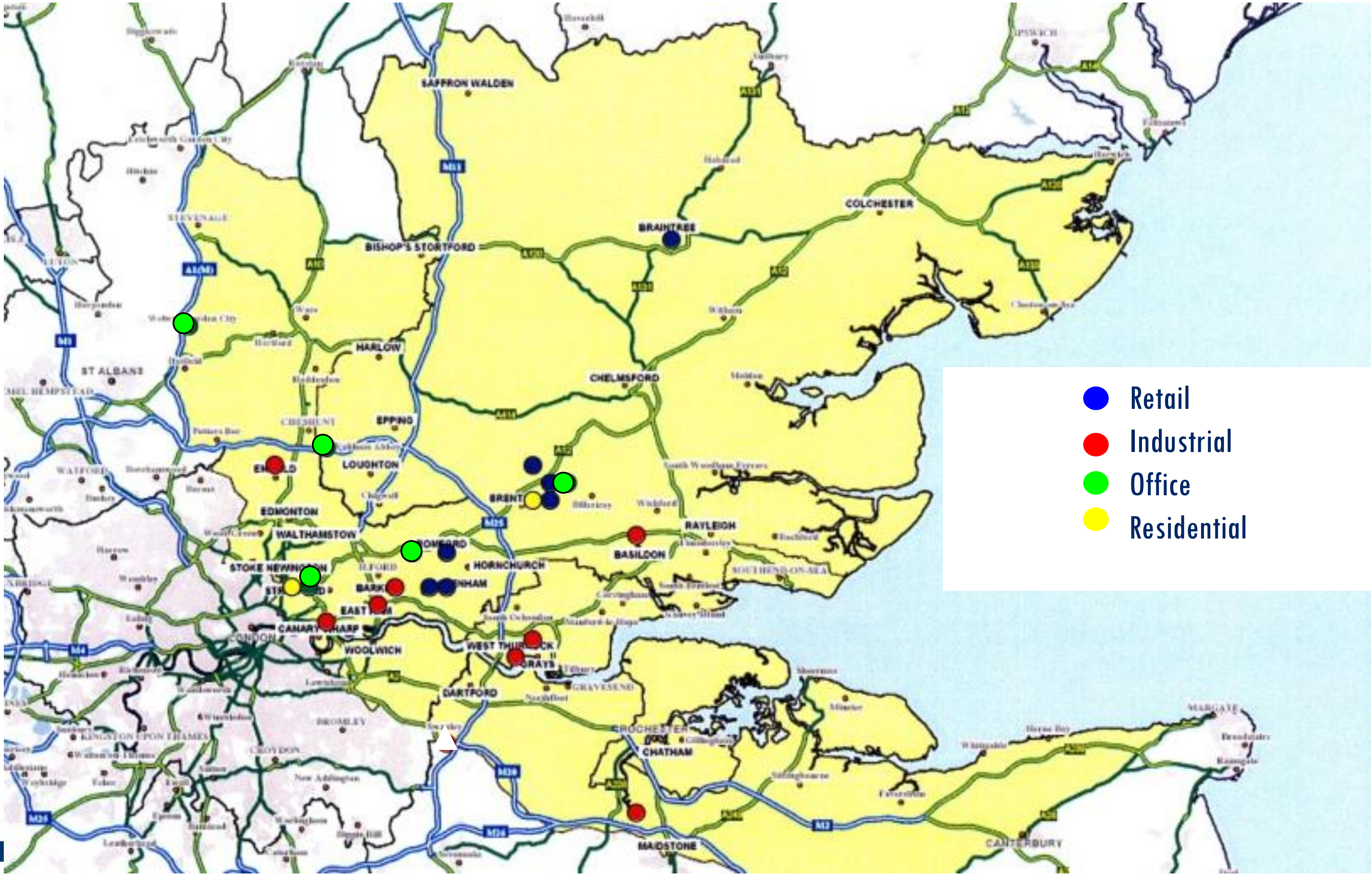


Source

= Reporting Period

Target Area & Property Portfolio

31 March 2010



Source: RAM

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O Twelve Estates Limited

31 March 2010

Brentwood

Aylesford

Waltham Cross

Barking

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Results

31 March 2010

- Pre tax profit: £21.1m (2009 loss: £92.1m)
- Profit per ordinary share: 17.14p (2009 loss: 75.34p)
- Pre tax profit includes:
  - Unrealised gain of £15.6m on investment property revaluation
  - Realised gains on disposal of investment properties of £5.5m
- Consolidated net assets: £13.6m (2009 net liabilities: £7.4m)
- Net asset value per ordinary share: 11.11p (2009 net liability per share: 6.03p)
- Portfolio valuation: £170.2m (2009: £154.2m excluding properties sold during the period)
- Capital growth over the period of 13% taking into account the disposals
- The sale of the Swanley industrial holding for £24.4m compared to a September 2009 valuation of £17.8m, an increase of 37%
- Substantial progress made in the reduction of the debt, ahead of schedule
- Reduction in the debt achieved and the minimum interest cover ratio maintained by repayment of part of the fixed rate loan which incurred a break cost of £3.7m

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Financing

31 March 2010

- Restructuring of the debt facility satisfactorily completed on 14th October 2009
- Original £170m loan with Nationwide Building Society now reduced to £144.7m
- Term of the facility is to December 2014
- Interest margin over LIBOR is 1.25% per annum
- The blended average rate payable is approximately 5.7% per annum
- The covenants under the loan facility are:
  - Cash lock up until loan to value ratio of 70% or less
  - Income cover ratio of 115% to 31st March 2011, 120% thereafter
  - Loan to value ratio tested on valuation at 31st March 2011 when it must not exceed 85%, reducing to 80% from 31st March 2012 and 75% from 31st March 2013
- At 31st March 2010 the loan to value ratio was 85% and the income cover ratio was 122%
- Under the cash lock up arrangements, the company has access to surplus rents (after loan interest deductions) for the payment of property expenditure, advisory fees and (up to a maximum of £400,000 per quarter) other corporate overheads

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RAM Management Fee

31 March 2010

- Reduced from 1.0%pa to 0.6%pa of gross property assets with effect from 1st April 2009
- For 2009/2010 it decreased by 57% from £2.44m to £1.05m compared to 2008/2009

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Portfolio Capital Valuation

31 March 2010

- CBRE valuation as at 31st March 2010: £170.2m
- Portfolio produced a capital return of 13% over the year taking into account capital expenditure and three disposals
- Portfolio initial yield: 7.0%. Reversionary yield: 8.6% (before costs)
- Portfolio equivalent yield has decreased to 7.5% from 9.0% over the twelve month period
- Capital value changes for each sector compared to IPD were:-

Sector	O Twelve (%)	IPD Monthly Index (%)
Industrial	16.9	6.3
Office	-5.3	7.8
Retail	18.4	12.3
All Property	**12.6**	**9.7**

The residential element accounts for approximately 4.0% of the portfolio by capital value

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Portfolio Rental Valuation

31 March 2010

- Rental value levels have moved in line with IPD
- Rental values have fallen by 6.1% over the period
- Rental value change for each sector compared to IPD were:-

Sector	O Twelve (%)	IPD Monthly Index (%)
Industrial	-4.8	-4.2
Office	-6.1	-7.8
Retail	-7.5	-5.7
All Property	**-6.1**	**-5.9**

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Portfolio Valuation Analysis

31 March 2010

Sector	Average Passing Rental (£/sq ft)	Average Rental Value (£/sq ft)	Average Capital Value (£/sq ft)
Industrial	6.13	5.94	69
Office	14.57	15.77	156
Retail	14.53	14.62	180
Residential	21.00	23.44	410
Overall	10.21	9.88	115

* All figures exclude 34 St Thomas Road, Brentwood

Portfolio Review

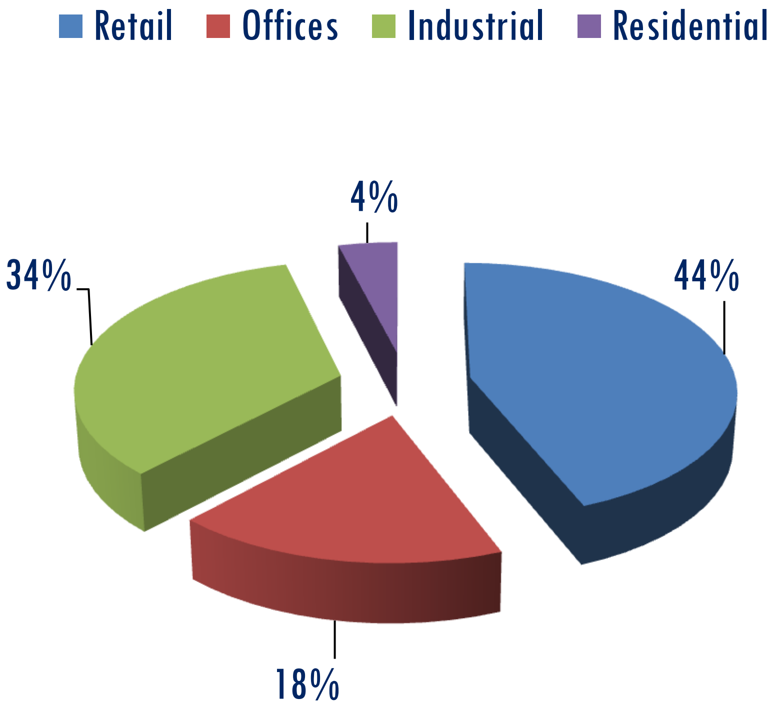
31 March 2010

- 21 properties with a total floor area of 1.5m sq ft
- Average lot size: £8.1m
- Contracted rent: £12.3m per annum
- Estimated rental value (ERV): £14.6m per annum
- 194 lettable units of which 152 units are let to 134 tenants
- The reversionary potential of £2.3m is split between £2.0m from properties available to let and £0.3m from let properties
- Current voids by ERV: 14.1%, reducing to 13.3% if agreed lettings complete
- 15 new leases completed in the reporting period accounting for £1.1m per annum of rental income after expiry of rent free periods
- 174,000sq ft of space let during the period, 11.6% of the total floor area

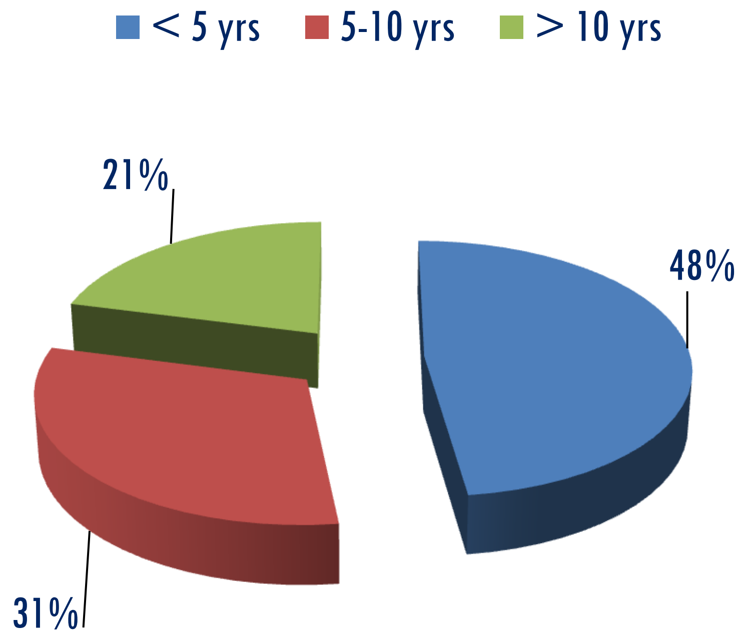
Portfolio Analysis

31 March 2010

Sector Split by Capital Value



Income Expiry Profile



Principal Shareholders as at 17.06.2010

31 March 2010

Shareholder	Percentage (%)
Panther Securities Plc	29.92
Utilico Ltd	23.00
Rensburg Sheppards IM	6.08
Rugby Estates Plc	5.46
TOTAL	64.46

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Prospects

31 March 2010

- A diversified portfolio has been established in the Target Area
- The portfolio is principally income producing with reasonable security
- A key characteristic of the portfolio is its low rental basis and capital value per square foot
- The value potential of the Target Area continues to be positive compared to other parts of London and the UK generally both up to and after the 2012 games
- The substantial infrastructure and regeneration improvements continue to reposition the Target Area
- To continue to take the company forward the possibility of an additional capital fundraising is being actively explored

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Contact

31 March 2010

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