



otwelve estates

www.otwelveestates.com

Year End Review – 31st March 2008

Property Adviser



The Dedicated Team

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The Role of **ram** rugby asset management

- Property and financial advisor to O Twelve Estates Ltd
- Source and manage property opportunities
- Negotiate debt financing
- Report to the independent non-executive Board
- Liaise with shareholders, analysts, and others



Ingrave Road,
Brentwood, Essex

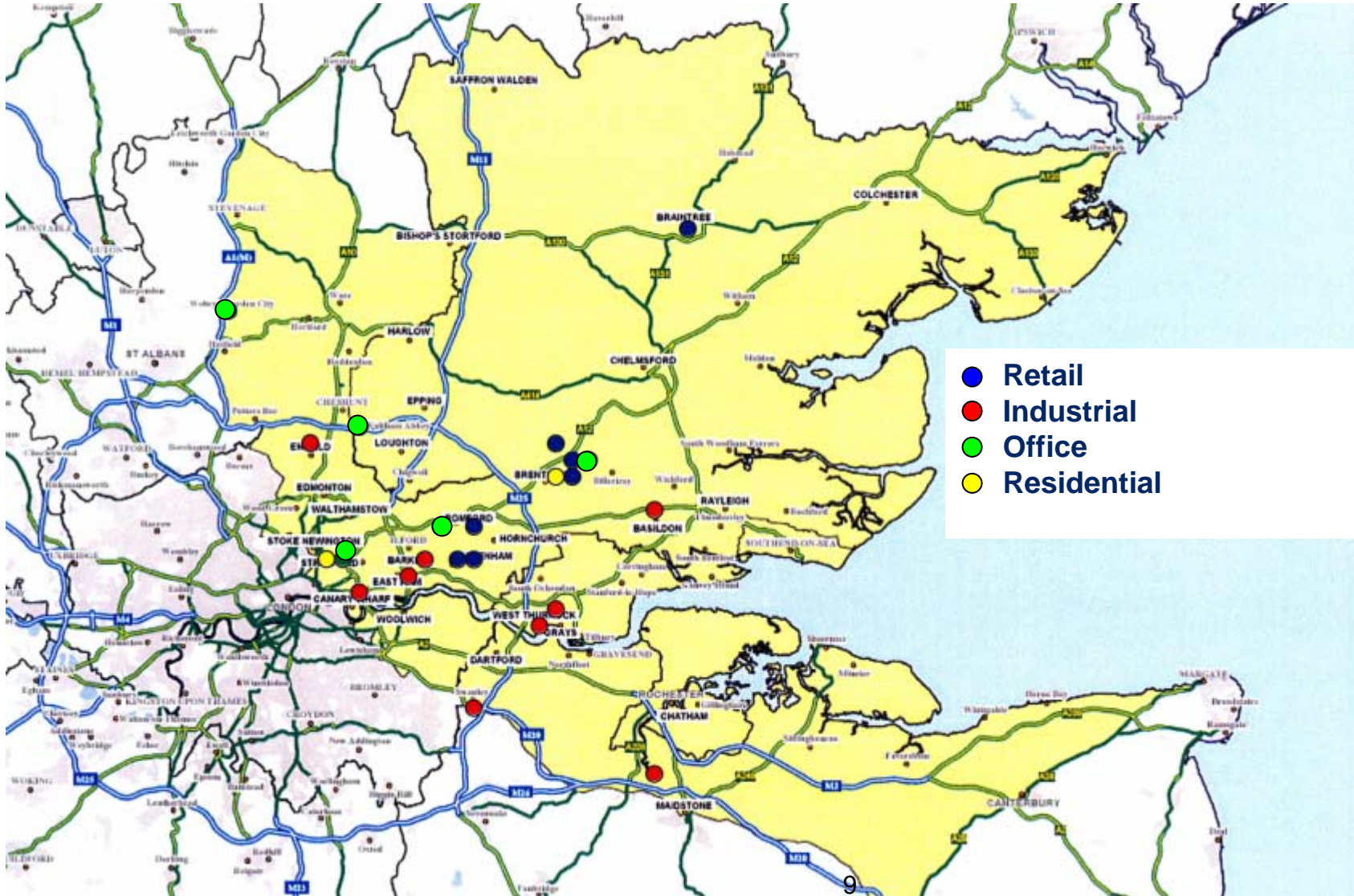
The Opportunity

- To build a substantial and diverse property investment portfolio in the Thames Gateway and the adjacent areas of east London, Essex, south Hertfordshire and north Kent
- Major regeneration projects and infrastructure improvements in the Target Area provide scope for significant capital and rental growth from a low base
- The Olympic and Paralympic Games are a major catalyst for the repositioning of the Target Area - structurally, economically and culturally
- Taken together, the initiatives in these areas represent the largest regeneration project in Europe



Romford Road
Stratford, London, E15

Target Area & Property Portfolio



Results

- Operating profit - £1.1.m (2007 profit - £4.0m)
- Pre tax loss - £33.9m (2007 gain - £3.7m)
- Analysis of £33.9m – operating profit £1.1m; property valuations (£30.8m); debt mark to market (£4.2m)
- Loss per ordinary share - 27.83p (2007 gain - 3.01p)
- Net asset value per share – 69.3p per share (2007 – 98.2p)
- Property portfolio valuation - £249.8m (2007 - £236.6m)
- Dividend paid – 0.5p



Salway Place,
Stratford, London, E15

Financing

- £250m loan facility with Nationwide Building Society
- £170m drawn down
- £138m of £170m (81%) is fixed until December 2014 at an average rate of 6.1% including margin
- The balance is at 0.65% pa over LIBOR
- The blended average rate payable at 31st March 2008 is 6.2%



Larkfield Industrial Estate,
Aylesford, Kent

Financing

- The covenants under the loan facility are
 - Loan to value ratio of 75%
 - Income cover ratio of 120%
 - Cash lock up at 70% LTV
- At 31st March 2008 the loan to value ratio was 68%, the income cover ratio was 131%
- As at 31st March 2008 net cash balances - £4.8m. Additional £5.2m received in April 2008 on completion of Bulgins sale



Gascoigne Road,
Barking, Essex

Portfolio Review

- 22 properties with a total floor area of 1.7m sq ft
- 5 acquisitions and one sale in the year
- Average lot size - £11.4m
- Annual rent - £14.7m (after rent free periods expire)
- Estimated rental value (ERV) - £17.7m pa
- 180 lettable units, let to 159 tenants
- Currently 26 units vacant are to let with a rental value of £2.4m pa, 14% of ERV
- 5 units under offer which if contracted reduces void ERV to 10%

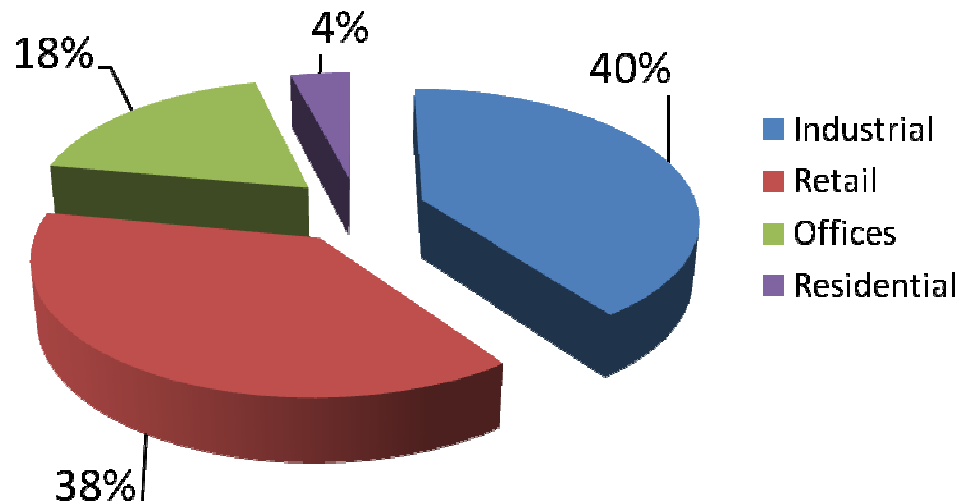


Ashton Road,
Romford, Essex

Portfolio Review

- 236,000sq ft let in 11 transactions at a total rent of 5.8% above CBRE's March 2007 opinion of ERV
- 55% of income from leases with greater than 5 years to expiry
- Weighted average unexpired lease term is 6.8 years

Capital Value Split by Sector

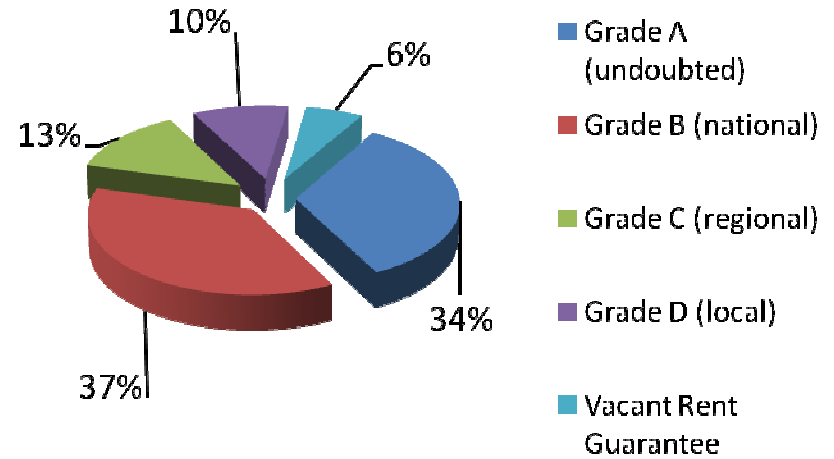


Portfolio Review

Reversion by Sector £m

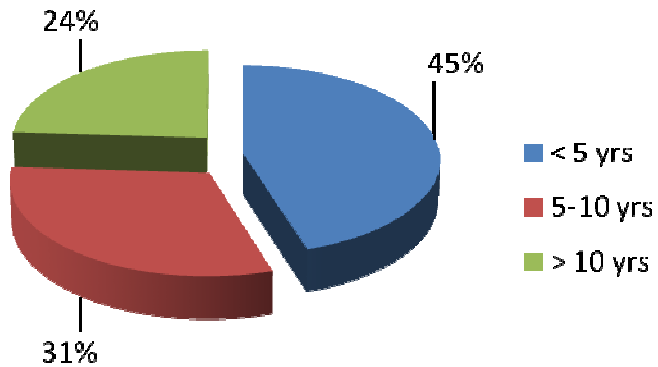


Tenant Covenant Strength

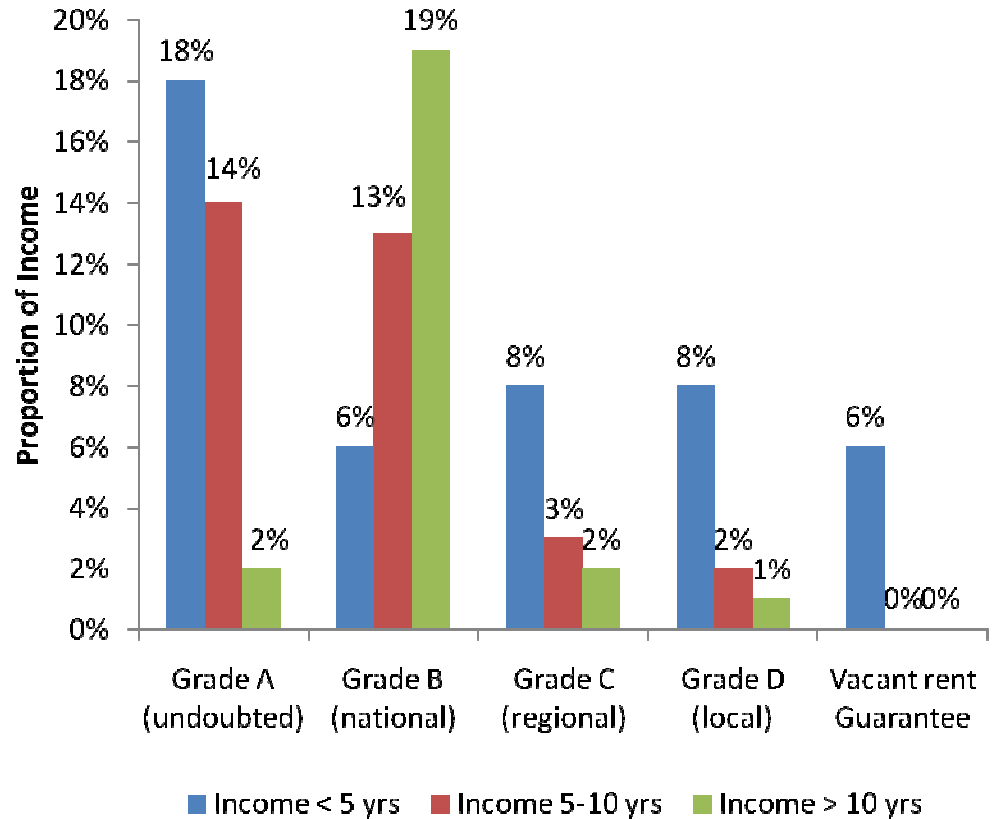


Portfolio Review

Income Expiry Profile



Income Expiry Profile by Covenant Strength



Analysis of Portfolio Capital Valuation

- CBRE valuation as at 31st March 2008 - £249.8m
- Of this £214.1m held throughout the year
- Portfolio decreased in value by 11.3% over the year on a like for like basis taking into account capital expenditure
- IPD monthly capital value index for the same period decreased by 15.1%
- CBRE portfolios valued over the same period decreased by -14.9%
- Portfolio initial yield of 5.27%, reversionary yield of 6.66%
- Portfolio equivalent yield is 6.43% increasing from 5.52% (up 91 bps compared to IPD increase of 114 bps)



High Street,
Brentwood, Essex

Analysis of Portfolio Capital Valuation

Sector	O Twelve	IPD Monthly
Industrial	-8.8%	-15.1%
Office	-11.2%	-13.6%
Retail	-13.5%	-16.4%
All property	-11.3%	-15.1%



George Yard,
Braintree, Essex

Analysis of Portfolio Rental Valuation

- Rental value performance was strong
- Due to asset management initiatives and market forces
- Rental value increased by 5.2% on a like for like basis
- IPD monthly rental value index increased by 3.1% over the same period
- O Twelve's best performing sector was industrial with rental growth of 8.5% (IPD + 1.2%)



The Mall, Heathway
Dagenham, Essex

Analysis of Portfolio Rental Valuation

Sector	O Twelve	IPD Monthly
Industrial	+8.5%	+1.2%
Office	+3.5%	+6.5%
Retail	+4.0%	+1.6%
All property	+5.2%	+3.1%



75 High Street,
Brentwood, Essex

Analysis of Portfolio Valuation





Sector	Average Rental Value (£/sq ft)	Average Capital Value (£/sq ft)
Industrial	6.62	90
Office	17.21	218
Retail	15.43	233
Residential	23.43	463
Overall	10.13	142



Inspira House,
Welwyn Garden City, Herts

Summary Property Review

Summary Property Review

Property	
<p>1. Salway Place, Stratford, E15 38 self contained flats let on AST's. 18,400sq ft. Rent passing - £385,320pa. ERV c. £406,640pa: Freehold</p>	
<p>2. Solar House, Romford Road, Stratford, E15 49,000sq ft office building let to 5 tenants at £831,000pa. ERV c. £1mpa: Freehold</p>	
<p>3. Barratt Industrial Estate, Gillender Street, Bow, E3 9 industrial units of 24,000sq ft let at £164,000pa. ERV c. £282,000pa</p>	
<p>4. Gascoigne Road, Barking 96,000sq ft distribution warehouse let to Moss Bros at £725,000pa ERV c. £750,000pa: Freehold</p>	

Summary Property Review

Properties

5. & 6. Dagenham Shopping Centre & 214/216 Heathway, Dagenham

Shopping centre let to over 30 tenants at £1.09m pa.
 Adjacent Post Office also owned.
 ERV c. £1.3mpa: Long leasehold



7. Grove Farm, Chadwell Heath, Romford

3 unit retail warehouse development of 48,000sq ft let at
 £727,000pa.
 ERV c. £795,000pa: Freehold



8. Redwing Court, Ashton Road, Romford

Recently completed 30,000sq ft office refurbishment of
 6 suites, with a rental value of £432,000pa.
 6,275sq ft let: Freehold



Summary Property Review

Properties

9. QED, Purfleet, West Thurrock

112,000sq ft distribution warehouse split into two with half let. Remaining half unit on the market to let/for sale.



10. Western Avenue, Thurrock

99,000sq ft distribution warehouse let to Coutts Retail Communications at £692,000pa.
 ERV c. £802,000pa: Freehold



11. The Interchange, Swanley (formerly Pedham Place)

9 unit industrial development currently being refurbished: 264,000sq ft with a rental value of £1.92m



12. Bakers Court, Paycocke Road, Basildon




25 industrial units and four yard areas. 81,000sq ft.
 Passing rent c. £300,000pa. ERV c. £410,000pa.



Summary Property Review

Property	
<p>13. Mill River Industrial Estate, Enfield 5 units of c. 94,000sq ft let at £658,000pa. ERV c. £681,000pa: Freehold</p>	
<p>14. Larkfield Mill Industrial Estate, Aylesford 11 units of c. 320,000sq ft let at c. £1.6m pa. ERV c. £1.725mpa: Freehold</p>	
<p>15. Queensgate, Waltham Cross 3 stand alone office investments with a common car park of c. 59,000sq ft let at c. £804,000pa. ERV c. £1,000,000pa: Freehold</p>	
<p>16. Mellon House, Ingrave Road, Brentwood Single let office building of c. 46,000sq ft let at c. £700,000pa ERV c. £820,000pa: Freehold</p>	

Summary Property Overview

Property	
<p>17. Inspira House, Welwyn Garden City Single let office of c. 25,000sq ft at c. £325,000pa. ERV c. £335,000pa: Freehold</p>	
<p>18. 34 St Thomas Road, Brentwood Adjacent Mellon House car park. Refurbished house. Now let on an assured tenancy.</p>	
<p>19. Baytree Shopping Centre, Brentwood 35+ unit scheme of c. 135,000sq ft let at c. £1.94mpa. ERV c. £2.3mpa: Freehold</p>	
<p>20. George Yard Shopping Centre, Braintree 35 tenanted scheme of c. 106,000sq ft let at c. £1.53mpa. ERV c. £1.6mpa: Freehold</p>	

Summary Property Review

Property

21 & 22. 38-42a & 75 High Street, Brentwood

Adjacent and opposite Baytree Shopping Centre, 6 tenants in c. 18,000sq ft. Passing rent c. £340,000pa. ERV c. £385,000pa: Freehold



Property – Sold

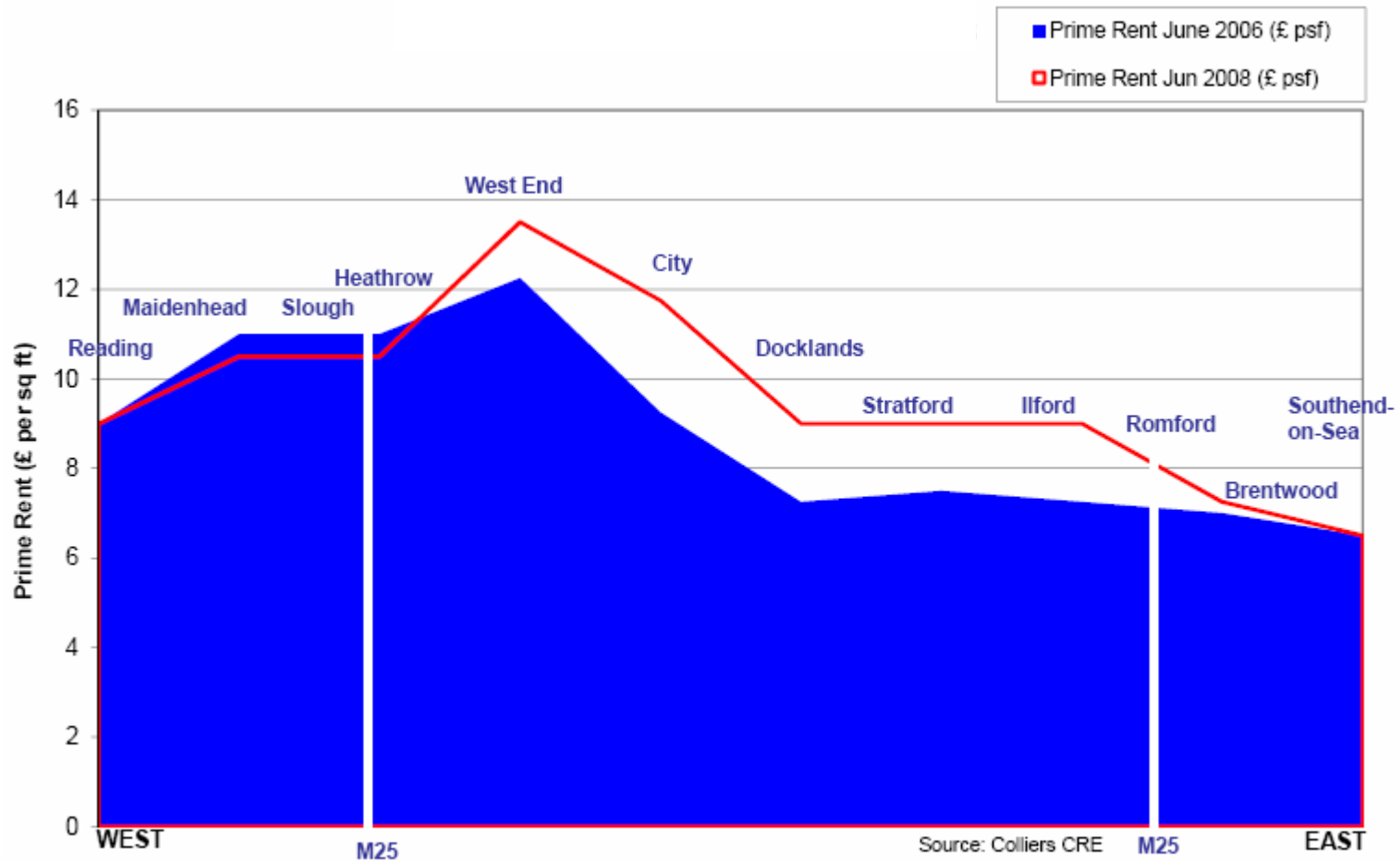
23. Bulgins, A13, Barking

2 acre freehold site acquired for industrial development. Contacts for sale exchanged to an owner/occupier. Sale completion: April 2008. Sale price of £5.5m was 26% in excess of previous valuation.

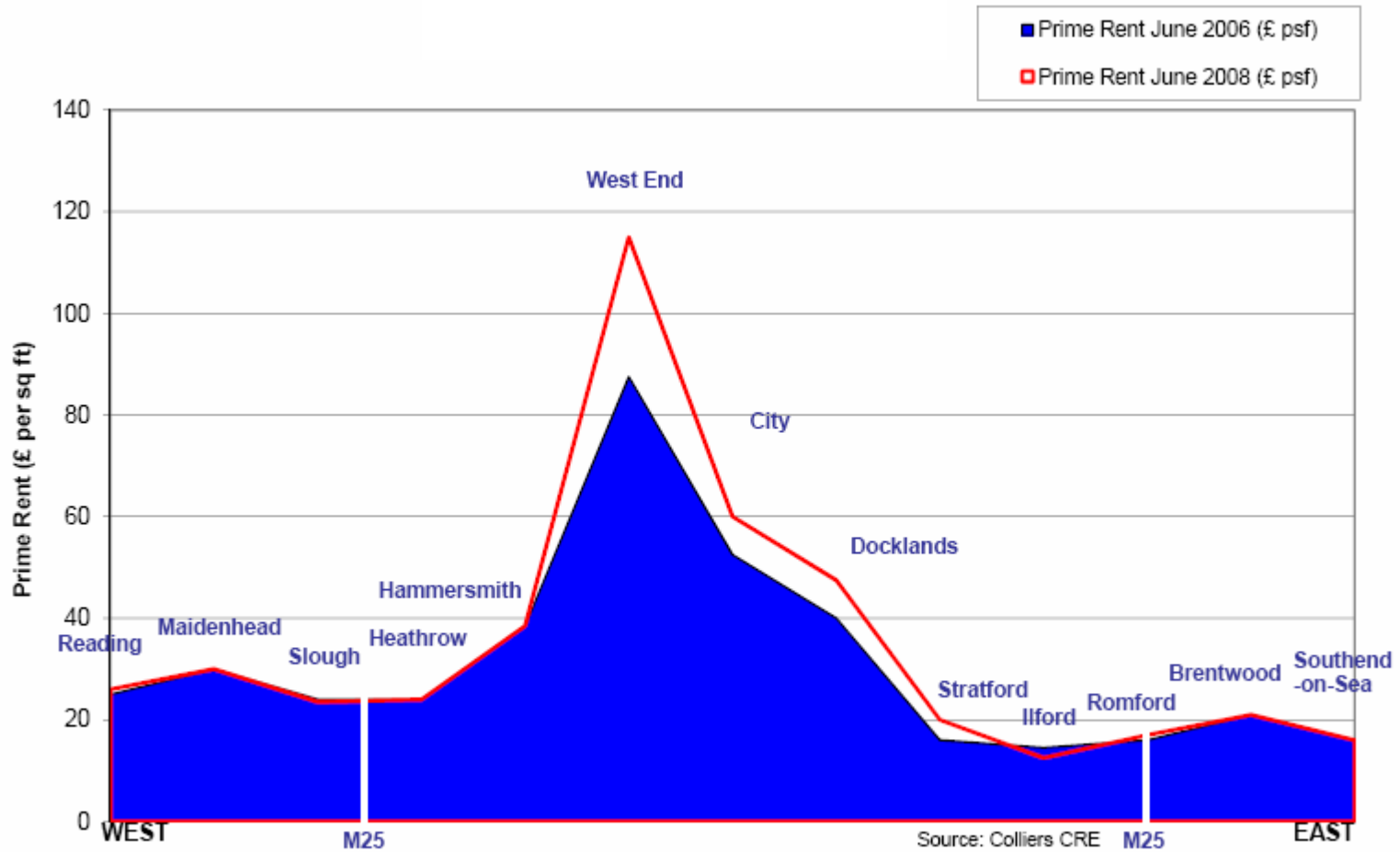


Independent Research – Colliers CRE

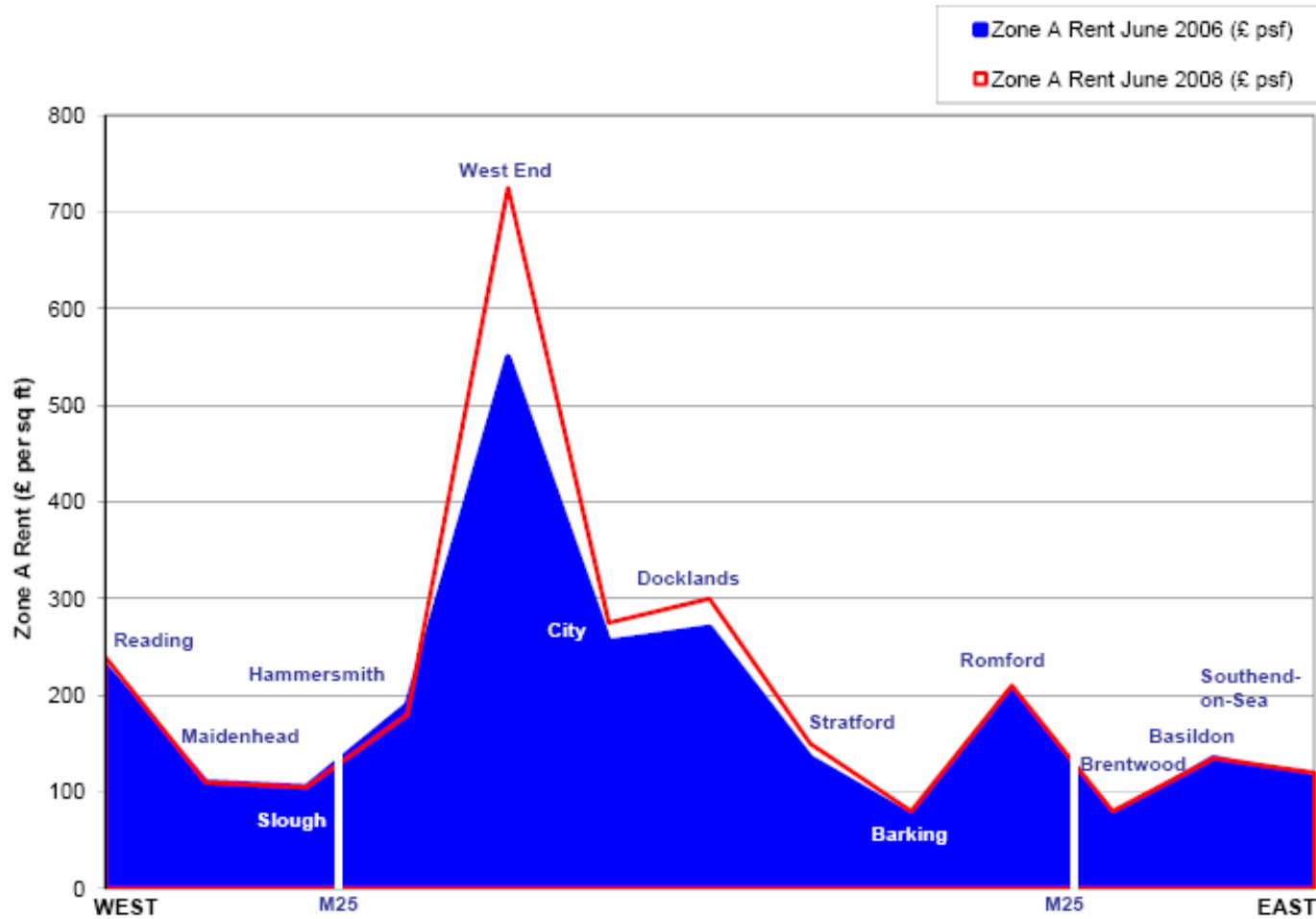
Independent Research – Industrial – West to East – 2006 v 2008



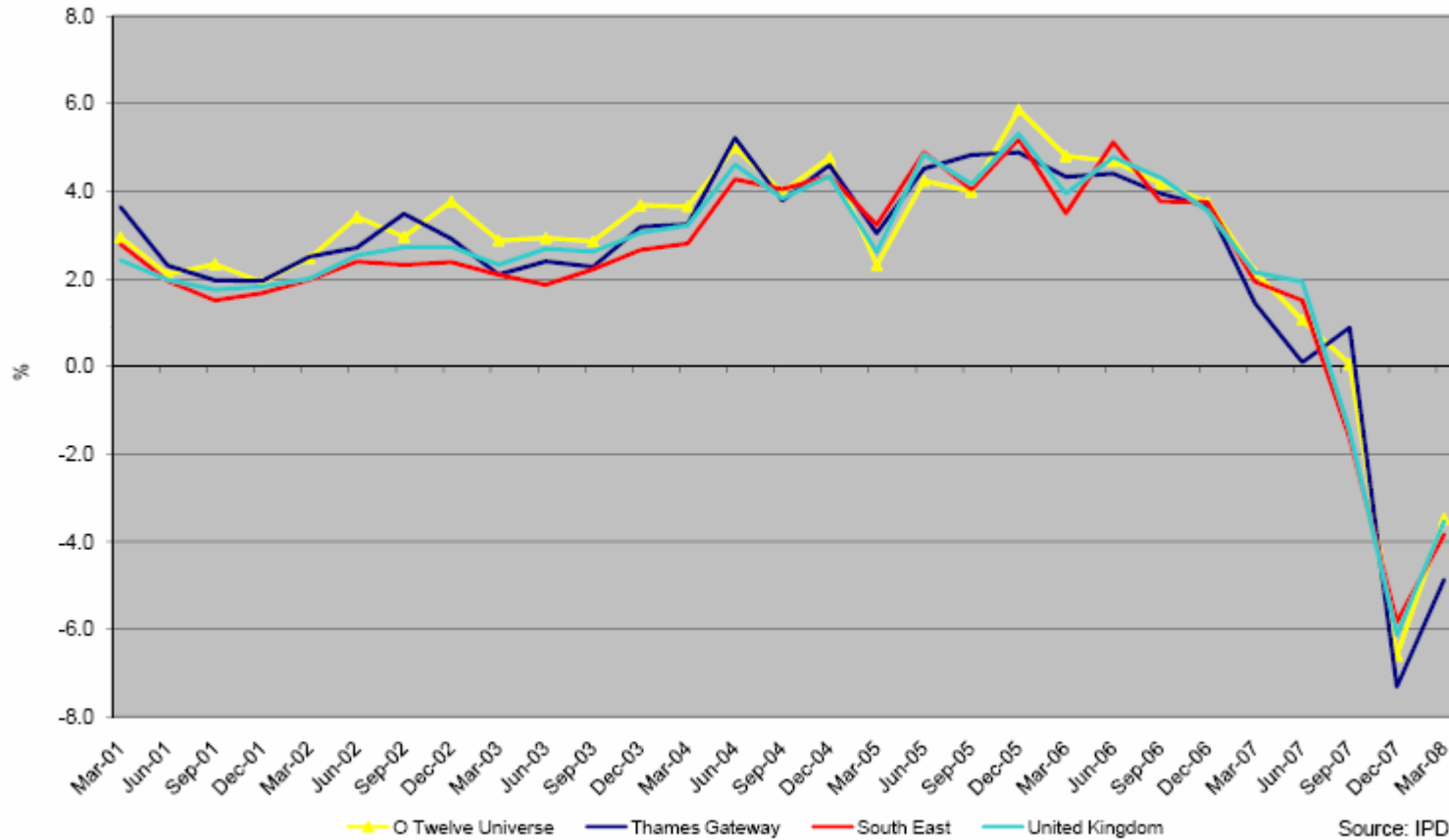
Independent Research – Offices – West to East – 2006 v 2008



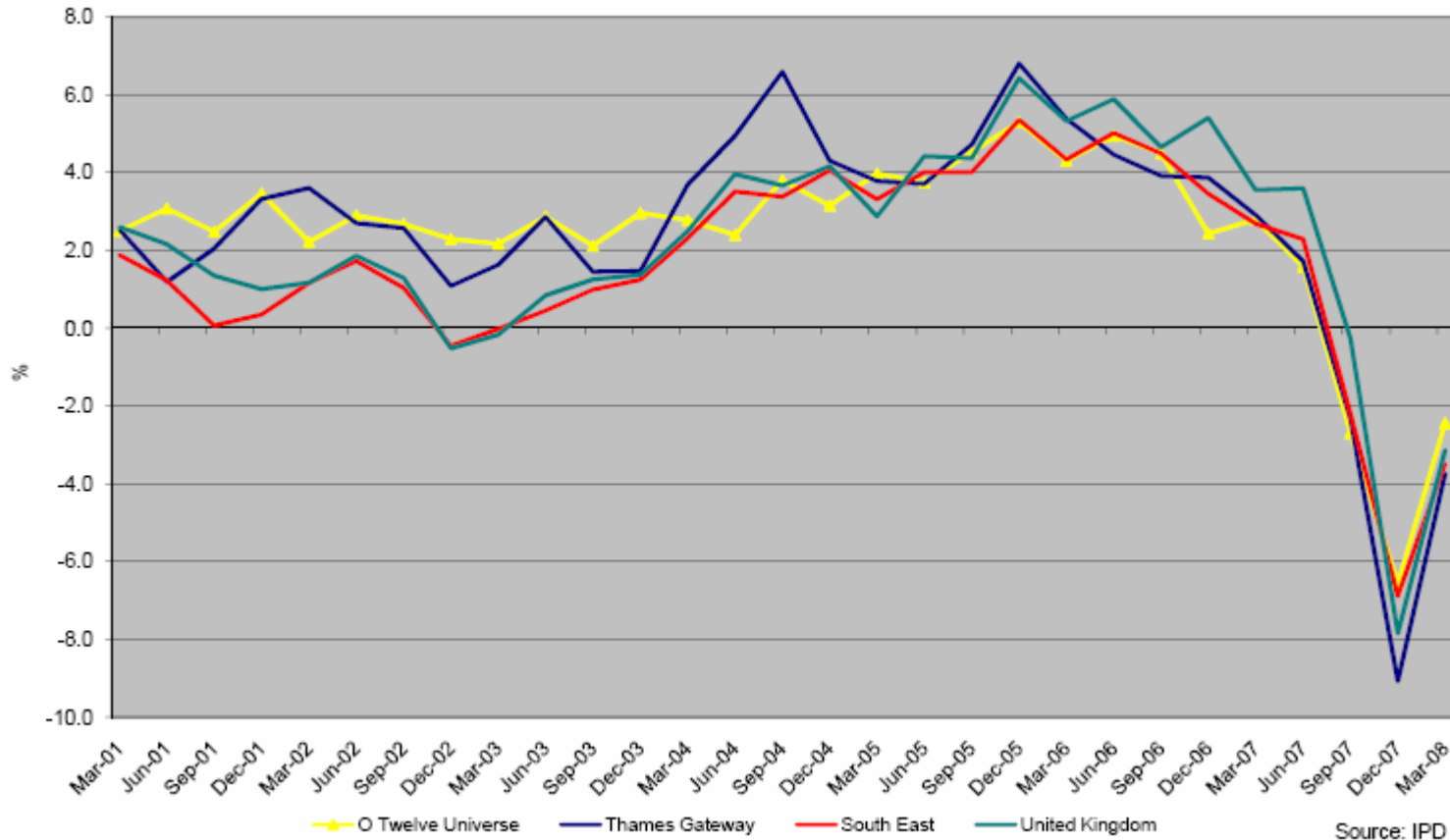
Independent Research – Retail – West to East – 2006 v 2008



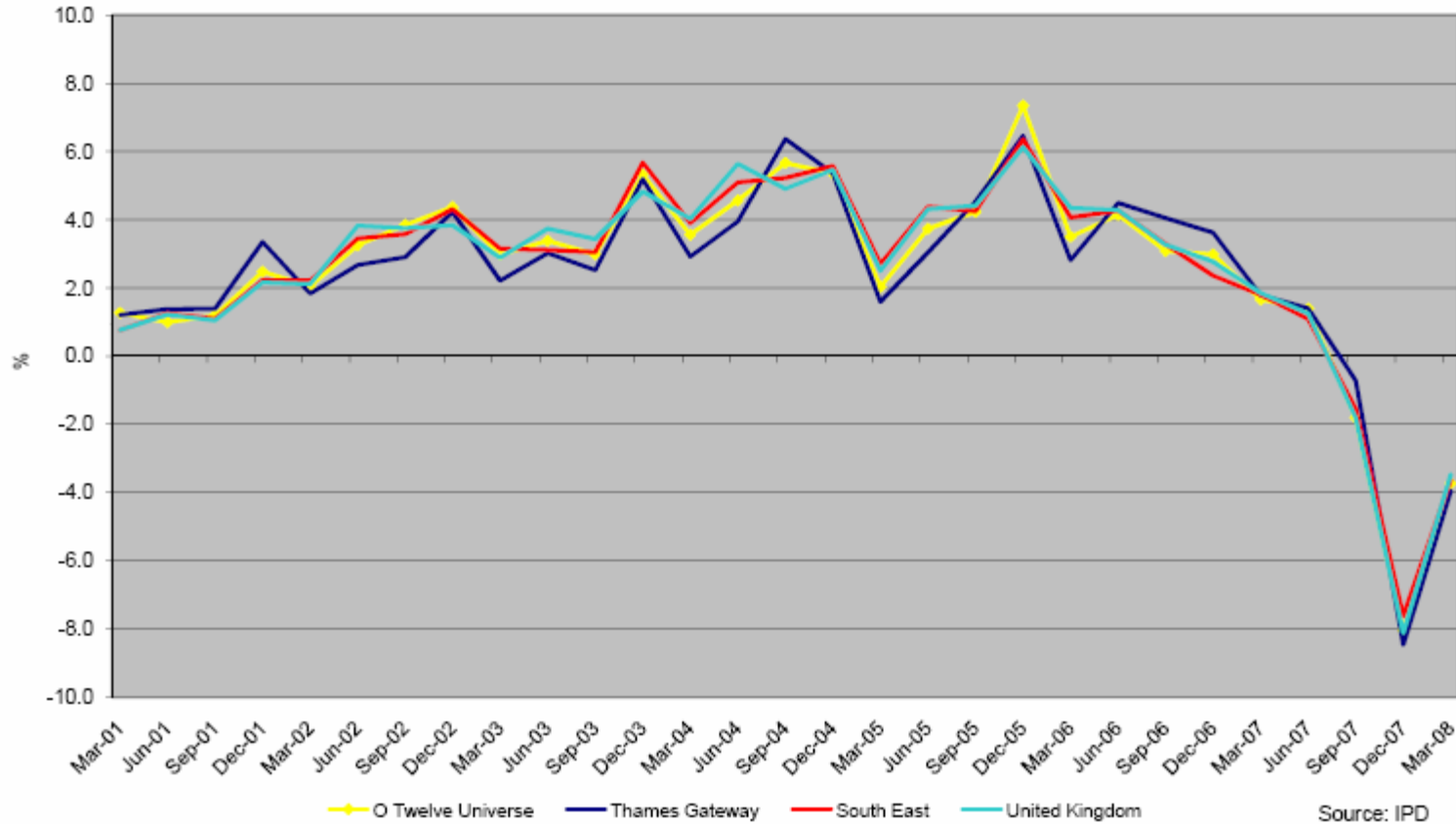
Industrial Quarterly Total Return



Offices Quarterly Total Return



Retail Quarterly Total Return



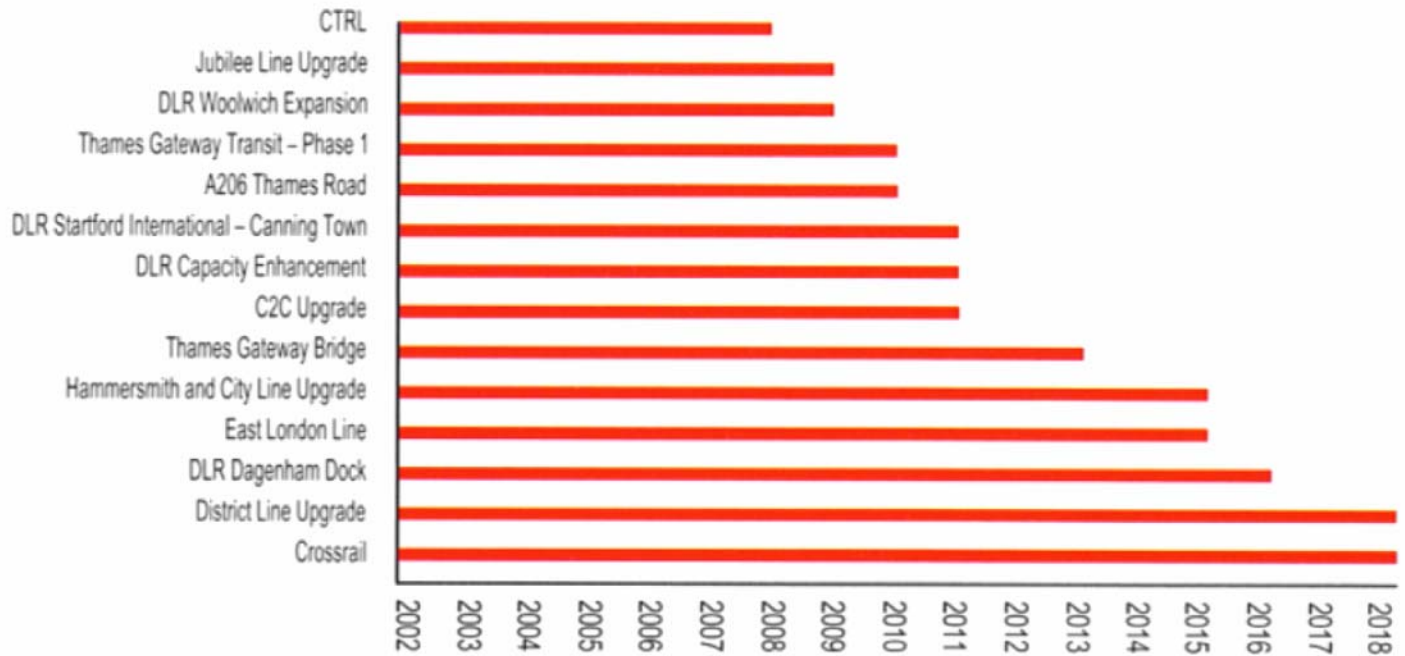
Government Forecasts

- Thames Gateway is home to approximately 1.45m people with 160,000 new homes and 180,000 new jobs projected to be created by 2016
- Since 2003 Government has spent over £7bn in investment in the Gateway: November 2007 – Another £9bn committed by the Government
- Tourist industry expected to receive a £3bn boost with the Games
- East London boroughs by 2016 are targeted to have 40% of London's employment growth and 33% of the population growth



QED, Purfleet Bypass
West Thurrock, Essex

Transport Timeline



Source TfL



The Interchange,
Swanley, Kent

Infrastructure Timeline 1960-2016

1960-1965

M20 J 5-8
M2 completed
Dartford Tunnel 1

1971-1973

A 102(M)
M20 J 4-5

1975-1977

M11 J 4-8
M20 J 1-2

1979-1980

M11 J 9-4
Dartford Tunnel 2
M20 J 2-4
M26 completed
Stansted's 3rd airport

1981-1984

M20 J 9-13
M25 J 25-31
M25 J 1a-5
Stansted expansion
by-pass

1985-1988

DLR opens
City airport opens
New Luton terminal
Thameslink opens
DLR Bank extn opens
Barking Relief Rd A406

1991-1992

M20 J 8-9
A14 completed
Queen Elizabeth II Bridge
City airport runway extension
Stansted Express opens

1993-1994

Limehouse Link opens
DLR Beckton extn

1997-2000

New Luton terminal
Luton Parkway Stn
Jubilee Line extn to
Stratford
DLR Lewisham extn
Silverlink Metro starts
A13 Dagenham by-pass
A12 Incorporates A102(M)

2004-2006

DLR City Airport extn
A13 Improvements
Fastrack

2007

CTRL opened 6/11/07
Second DLR platform
opened at Stratford
DLR tunnels to Woolwich
breakthrough
Six architects chosen for
for Olympic village
ELTR busway complete

2008

Olympic stadium
design revealed
Logistics bridges in place
Demolition work finished
University of Essex
campus opened

2008

Olympic village started
Olympic stadium started
Aquatics centre started
BMX circuit finished
Marina finished
3 hotels completed in City

2009-2010

E. London line extn
DLR and Jubilee Line
upgrades finished
DLR Woolwich tunnel
Olympic Park Loop
Stratford regional station
upgrade

2009-2010

Windturbine finished
Javelin service tested
Velopark started
Media centre started
Canoe course started
Millharbour mixed-use
development finished

2011

Hockey centre finished
Olympic stadium finished
Olympic village finished
Woolwich/Greenwich
transit system
E. London line extn
Velodrome finished
Stratford City retail
All main infrastructure
Ldn Arena mixed-use
development finished

2012

Olympic village finished
27/07 Opening ceremony
09/09 Closing ceremony
Legacy build starts
Paralympic Games – August
New pedestrian/cycle
bridge: loDogs-Rotherhithe

2012

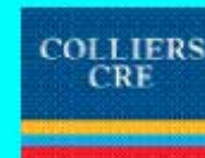
Javelin Shuttle Service
(St Pancras to Stratford)
Clearing/decontamination
Land sales (est £800m)

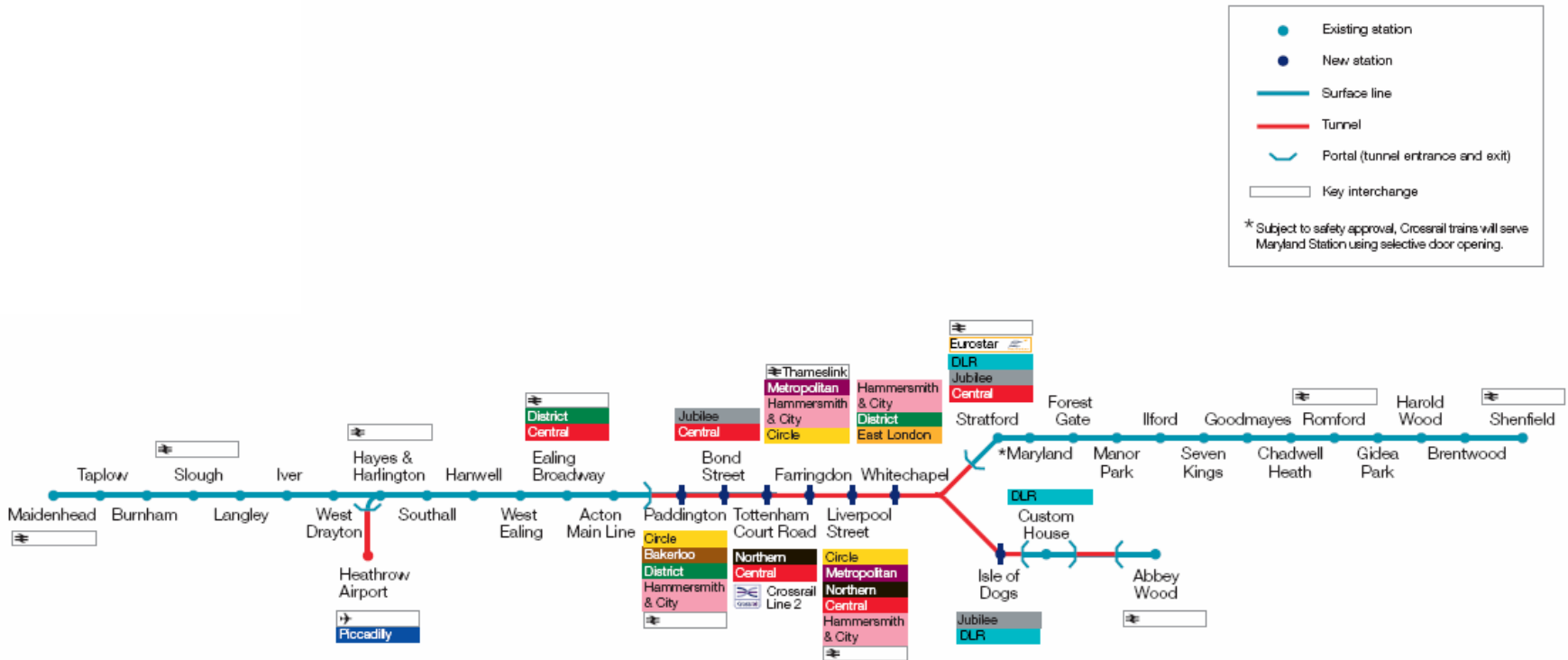
2013

DLR Barking and
Dagenham extn
Thames Gateway Bridge

2015/2016

Crossrail completed
110,000 TG homes built
London Gateway Port
and business park





St Thomas Road, Brentwood, Essex

Principal Shareholders

Shareholder	Percentage
F & C Asset Management Plc	12.40
Threadneedle Asset Management Ltd	9.64
Midas Balanced Income Fund	8.37
Utilico	8.34
AEGON Asset Management UK Plc	6.91
Gartmore Investment Management Ltd	6.02
Rugby Estates Plc	5.46
Rathbone Investment Management Ltd	3.53
UBS Global Asset Management (UK) Ltd	2.99



Grove Farm,
Chadwell Heath, Essex 36

Therefore.....

- A mixed sector portfolio has been established
- In an area with good rental and site value growth prospects
- The properties have innate opportunities to add value
- The majority of which are income producing
- With a reasonable security of income portfolio
- The potential of the target area continues to be positive compared to other parts of London both up to and after the 2012 Games



Western Avenue,
Thurrock, Essex



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