



otwelve estates

www.otwelveestates.com

Interim Results

6 months to 30th September 2009

Presentation by  , Property Adviser
rugby asset management

December 2009

- Philip Rhodes – Chairman & Senior Non-Executive Director
- Howard Stanton
- Peter Radford – Chairman of Audit Committee
- Richard Barnes
- Quentin Spicer

- Advisors:





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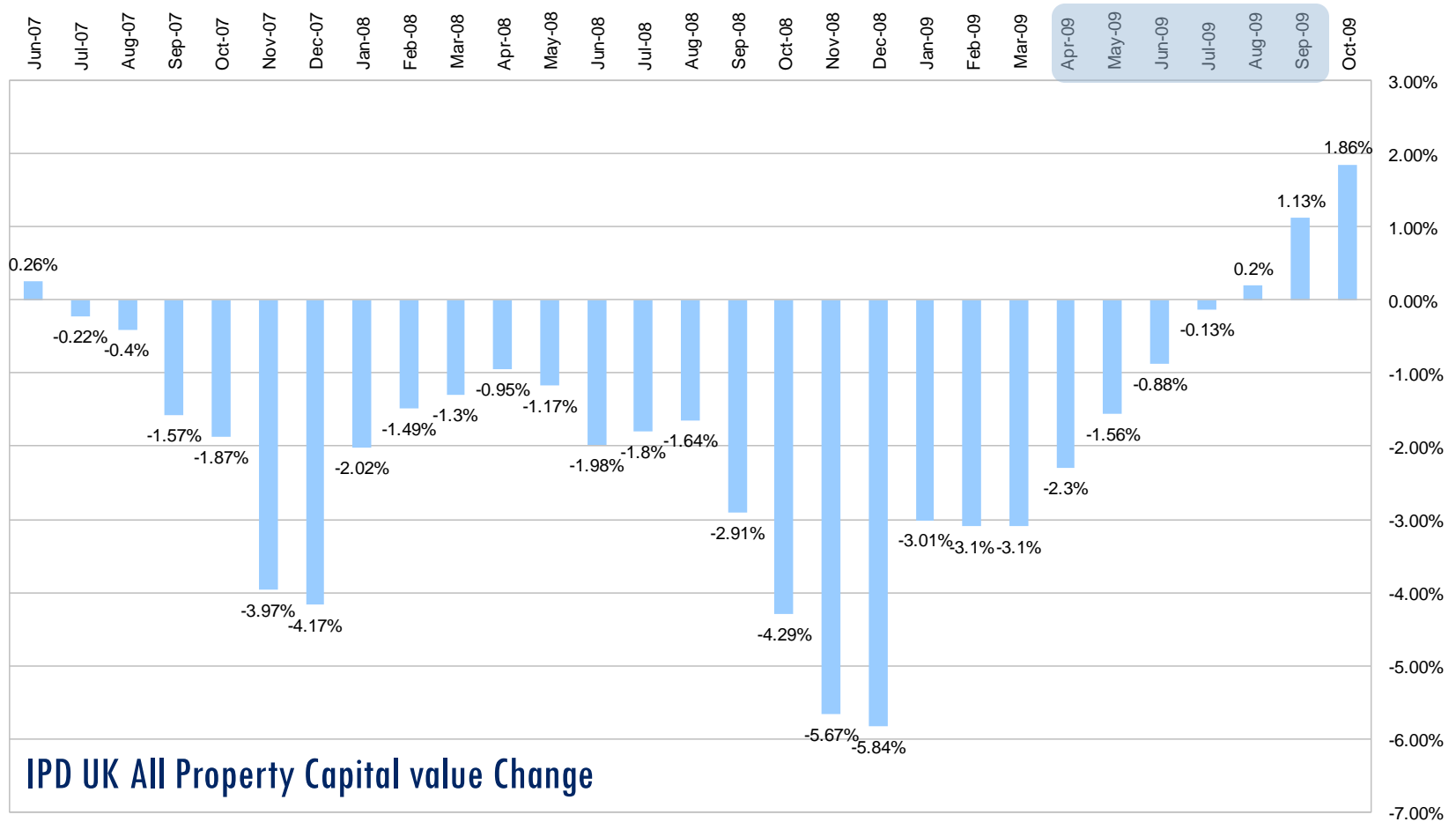
- Property and financial advisor to O Twelve Estates Ltd
- Source and advise on property opportunities
- Property asset management
- Negotiate debt financing
- Liaise with shareholders, analysts and others
- Report to the independent non-executive Board

Rugby Estates Plc holds a 5.5% interest in O Twelve Estates Limited

- Stabilisation of property capital values
- Satisfactory refinancing completed in October
- Good take up of vacant space in the portfolio
- Very high rental collection continues
- Successful asset management initiatives
- Rationale upon which company was established has not changed

Market Review

30th Sept 2009



Source: IPD/RAM

- The global financial crisis has had a significant impact on property values
- Capital values for UK commercial properties generally were down 30% for the year ended 31st March 2009
- Capital values appear to have bottomed out during the period under review
- With interest rates low, well-let properties are commanding strong investor interest
- Property yields appear attractive compared to prevailing levels of interest rates
- The weakness of Sterling is encouraging overseas investors to acquire property investments in the UK
- Increasing investor demand for property as an asset class is expected to continue into 2010

- The Olympic and Paralympic Games in 2012 are a major catalyst for the repositioning of the Target Area —structurally, economically and culturally
- 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 objective therefore is to enhance the value of the portfolio which has been established

INFRASTRUCTURE TIMELINE: 1960 - 2017

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 A408

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 8/11/07
Second DLR platform
opened at Stratford
DLR tunnels to Woolwich
breakthrough
Six architects chosen for
for Olympic village
ELTR bus way complete

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

2008

Olympic village started
Olympic stadium started
Aquatics centre started
Marina finished
3 hotels completed in City
Construction started on
linking bridge to stadium
Westfield work started

2009

Cobham Academy started
Velodrome started
Stratford regional station
upgrade
Crossrail preliminary work
Media centre started
Eton Dorney started
Canoe course started
DLR Woolwich tunnel
Olympic Park Loop
Handball arena starts

2009-2010

Wind turbine finished
Javelin service tested
New Cross Gate rail depot
Milharbour mixed-use
development finished
E. London line extn
trials begin
DLR and Jubilee Line
upgrades finished

Hockey centre finished
Olympic stadium finished
Olympic village finished
Woolwich/Greenwich
transit system
Northern extn of
E.London Line

2011

Velodrome finished
Stratford City retail
All main infrastructure
Ldn Arena mixed-use
development finished
Aquatics Centre finished

2012

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

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

2013/2014

DLR Barking and
Dagenham extn
Thames Gateway Bridge
Park 'reprofiling finished'

2015 - 2017

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

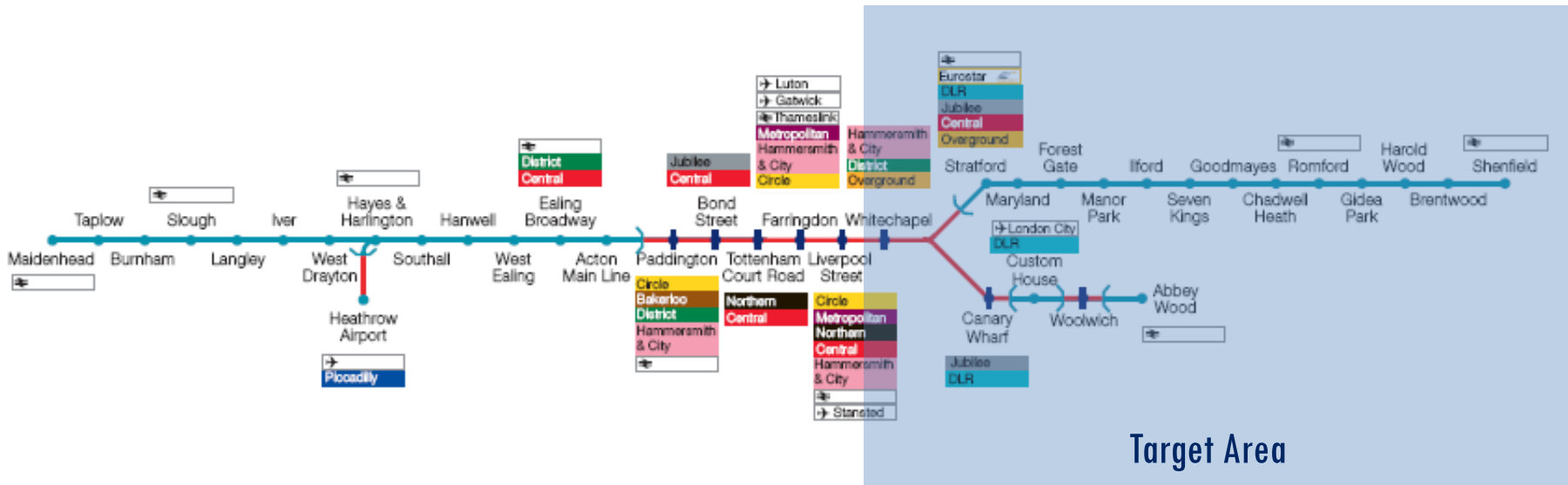
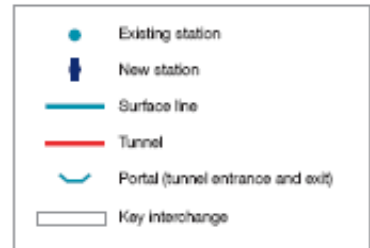
The Investment Opportunity

30th Sept 2009



Crossrail

Route Connections Map



- Pre tax profit: £2.9m (Year to 31st March 2009: loss of £92.1m. 2008 loss: £33.9m)
- Profit per ordinary share: 2.38p (Year to 31st March 2009: loss of 75.34p. 2008 loss: 27.83p)
- Consolidated net liability: £4.5m (Year to 31st March 2009: net liability of £7.4m. 2008 net assets: £84.9m)
- Net liability per ordinary share: 3.65p (Year to 31st March 2009: 6.03p. 2008 NAV per share: 69.32p)
- Property portfolio valuation: £171.5m (Year to 31st March 2009: £173.6m. 2008: £249.8m)
- After allowing for capital expenditure, and the sale of three vacant units the like for like comparison reflects a fall in capital value of 0.4%

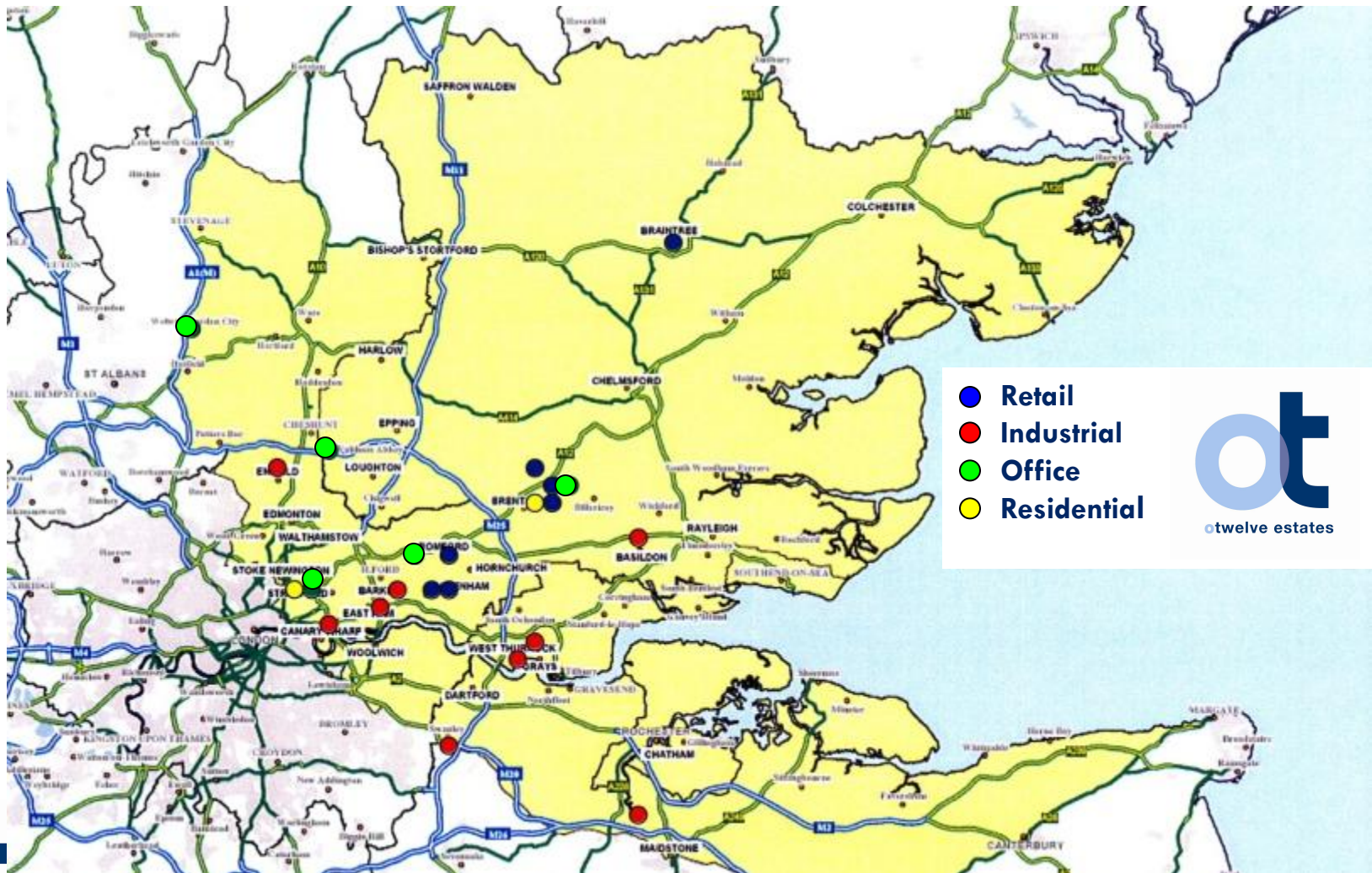
- Successful restructuring completed in October
- Facility term to December 2014 remains unchanged
- The facility will reduce to £140m on 31st March 2011
- The interest margin over LIBOR is 1.25% per annum
- An arrangement fee of £850,000 was paid on signing
- A fee of £5.95m is payable on final repayment of the facility
- The LTV will not be tested until the lenders receive the portfolio valuation as at 31st March 2011 at which time the LTV must not exceed 85%, reducing to 80% from 31st March 2012 and 75% from 31st March 2013

- The minimum interest cover is 115% provided that if rent free periods are treated as rent passing, the ratio will be at least 120% until 31st March 2011 and 120% thereafter. Cover at 26th October 2009 was 129%
- Cash lock-up will continue until LTV is 70% or less
- £400,000 per quarter is allocated for overheads, tax and other property expenses
- Post restructuring the blended cost of debt is approximately 6.7% per annum (including bank arrangement and exit fees amortised over 5 years)

- On 17th February 2009 it was announced that the management fee was to be reduced from 1.0%pa to 0.6%pa of gross property assets with effect from 1st April 2009
- As part of the refinancing and on completion of the restructuring the amount of fees payable in cash is limited to £200,000 per quarter. The balance of fees payable will accrue until the loan facility has been repaid in full, or otherwise with the consent of the lenders
- Therefore over the reporting period the RAM management fee has decreased by 58% from £1.3m to £0.5m compared to the same period in 2008

Target Area & Property Portfolio

30th Sept 2009



Source: RAM

O Twelve Estates Limited

30th Sept 2009



- Valuation undertaken by the company's external valuers, CB Richard Ellis
- Valuation as at 30th September 2009: £171.5m (31st March 2009: £173.6m)
- Portfolio decreased in value by 0.4% over the six months on a like for like basis taking into account capital expenditure and the disposal of three vacant properties
- UK commercial property values according to IPD fell over the same period by 3.5%
- All sectors in the portfolio performed better than the corresponding fall in the IPD Index with retail being the best performing sector increasing in value by 1.7% compared to a 3.1% fall in the monthly index
- Since September 2009 UK commercial property values have increased by approximately 5.0% (CBRE Index)
- The rental value of the portfolio has decreased over the reporting period by 4.3%, the same as the IPD All Property Monthly Index

- Portfolio initial yield: 7.60%
- Portfolio reversionary yield: 9.13%
- The portfolio equivalent yield has reduced by 48bps over the period from 9.0% to 8.5% which compares to an average equivalent yield for the IPD Monthly Index of 9.1% at September which has reduced by 8bps over the six months to September

Capital Value Movement Compared to the IPD Monthly Index

Sector	O Twelve (%)	IPD Monthly Index (%)	Capital Value Split by Sector (%)
Industrial	-0.2	-2.7	40.0
Office	-4.5	-4.8	20.0
Retail	1.7	-3.1	36.0
All Property	-0.4	-3.5	-

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

Rental Value Movement Compared to IPD Monthly Index

30th Sept 2009

Sector	Q Twelve (%)	IPD Monthly Index (%)	Rental Value Split by Sector (%)
Industrial	-4.3	-2.6	41.0
Office	-4.9	-6.3	18.8
Retail	-4.0	-3.8	37.6
All Property	-4.3	-4.3	-

The residential element accounts for 2.6% of the portfolio by rental value

Rental Value Analysis	£m
Current annualised income	13.8
Rent free periods	0.6
Total contracted rent	14.4
Available for letting	1.6
Reversions	0.6
Rental value	16.6

Analysis of Portfolio Valuation

30th Sept 2009

Sector	Average Passing Rental (£/sq ft)	Average Rental Value (£/sq ft)	Average Capital Value (£/sq ft)
Industrial	6.03	6.11	63
Office	15.09	15.97	158
Retail	14.30	15.17	154
Residential	22.79	23.38	358
Overall	9.61	9.54	100

* All figures exclude 34 St Thomas Road, Brentwood

- 22 properties with a total floor area of 1.7m sq ft
- Average lot size - £7.8m
- Contracted rent - £14.4m pa
- Estimated rental value (ERV) - £16.6m pa, a 17% reversionary potential
- 203 lettable units of which 172 units are let to 149 tenants
- 31 units vacant and available for letting with a rental value of £1.6m pa, 9.6% of ERV
- 53% of income from leases with greater than 5 years to expiry
- Weighted average unexpired lease term is 6.4 years
- Rent collection remains encouraging with an average of 96% collected each quarter
- 47% of the income expires within 5yrs, 74% within 10yrs with 26% in excess of 10yrs
- 20 of the company's 149 tenants account for 53% of the contracted annual rental income, 10 accounting for 37%
- Tenants having an undoubted or "national" covenant classification account for 76% of the contracted rental income

- No acquisitions but three disposals of vacant units at Redwing Court, Romford
- 11 new lettings totalling 157,000sq ft and £840,000pa of additional rental income
- Void rate (and irrecoverable outgoings) reduced from 12.5% as at 31st March 2009 to 9.4% as at 30th September 2009
- If agreed lettings complete, the void rate will further reduce to 6.7%
- Five rent reviews completed during the period realising £90,000pa of reversionary income, 8.0% above CBRE's rental value opinion

Principal Shareholders as at 8th December 2009

30th Sept 2009

Shareholder	Percentage (%)
Panther Securities & Portnard Ltd	29.92
Utilico Ltd	20.14
Rugby Estates Plc	5.46
Octopus Investments	3.92
Rathbone Investment Management	3.24
Rensburg Sheppards IM	3.01
TOTAL	65.69

- 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 substantial infrastructure and regeneration improvements continue to reposition the Target Area
- A feature of the six months reporting period has been the increased letting activity in the portfolio
- The 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 current property market backcloth is one of an improving property investment market with capital value increases following a period of 24 months during which capital values fell by 44%

Bearing in mind the successful financial restructuring, the ongoing repositioning of the target area and the health of the property investment market, improving the financial base of the Company is a priority



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