



Report and Consolidated Financial Statements
for the year ended 31 March 2009

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Investment Objective

The objective of O Twelve Estates Limited (the "Company") and its subsidiaries (the "Group") is to generate an attractive return for Shareholders through the assembly of a portfolio of investment properties in its Target Area which comprises the Thames Gateway and the adjacent areas of east London, Essex, south Hertfordshire and north Kent. The Board believes capital and rental values will react favourably to the major regeneration initiatives and infrastructure improvements taking place in these areas. The Olympic and Paralympic Games to be held in and around Stratford, east London, in 2012 are a major catalyst for these improvements which the Board believes will result in a significant structural, economic and cultural repositioning of the Target Area.



Investment Policy

The investment policy of the Group is to establish a property portfolio that is diverse by sector (whether industrial, retail, office, leisure or residential), by tenant and by size. The Group's key criterion for property acquisitions is the potential for rental and capital value growth through active property management and/or through a re-characterisation of the acquired real estate. Re-characterisation may arise purely as a result of the so called "Olympic effect" on the location, or it may need to be actively encouraged. Bringing about such re-characterisation may range from a simple image improvement programme for a previously neglected industrial estate to attract better quality tenants, to a full redevelopment scheme following the grant of planning consent for a change of use (for example from commercial to a residential or mixed-use project).

Whilst the majority of properties acquired are income-producing, the creation of value through development or refurbishment is actively pursued. Development may be undertaken selectively across the sectors either by the acquisition of sites, with or without the benefit of planning consent, or through the management of income-producing properties into development opportunities. In certain locations a site assembly programme may be pursued with a view to obtaining planning consent for a comprehensive re-development. Joint ventures may also be entered into in circumstances where the continuing involvement of existing landowners, local authorities or central government agencies is necessary, or for large projects where a sharing of financial risk is appropriate. The Group may also pursue other indirect investments through property investment partnerships or unit trusts or investments in the equities of other property investment or property holding companies.

The structure to be used for each acquisition of property is reviewed in the context of each particular acquisition, and the Company makes such acquisitions by means of any structure considered to be appropriate in the circumstances of the proposed acquisition. Accordingly, the Company may, without limit, incorporate further subsidiaries to hold property or may acquire the share capital of companies, units in unit trusts, or partnership interests in partnerships which own one or more properties.

Investment Restrictions

No property acquisition or new letting will be made if, immediately after the proposed acquisition or letting:

- less than 75 per cent. of Gross Property Asset Value will be situated within the Target Area; or
- any single tenant, other than any government or governmental (central or local), quasi-governmental, supranational statutory or regulatory body will account for more than 20 per cent. of contracted rental income.

Provided that these restrictions will not apply if Gross Property Asset Value is less than £100 million.

Life span of the Company

There are no specific provisions for the life span of the Company although the Directors estimate it to be up to 12 years.

In accordance with the Articles of Incorporation, a resolution will be proposed at the annual general meeting of the Company to be held in 2014 and at each annual general meeting held every two years thereafter giving Shareholders the opportunity to vote on whether the Company should continue as an investment company or to call for a winding up of the Company and a return of its distributable assets to Shareholders.

Dividend Policy

The initial focus of the Company is the delivery of capital growth for Shareholders and therefore the Company only considers the payment of dividends as and when it is appropriate to do so. To the extent that any dividends are paid they will be paid in accordance with any applicable laws and the regulations to which the Company is subject.

Borrowings

Borrowings will not normally exceed 65 per cent. of the value of the Group's property portfolio at the time new borrowings are drawn down. Interest rate hedging is considered in the light of prevailing conditions at that time.

Chairman's Statement

I am pleased to present the report and consolidated financial statements of the Group for the year ended 31 March 2009.

The continuing global financial crisis has had a significant impact on property values. According to IPD, capital values were down some 30% for the year ended 31 March 2009, 41% between June 2007 and March 2009, and further declines have been reported for April and May. This is a quite unprecedented correction in both speed and quantum. This has been driven by yield expansion and lack of finance required to create a market. The consequence has been significant write-downs in valuations during the financial year for many companies in the sector and your company was no exception. At 31 March 2009 the Group's property investment portfolio was valued by CB Richard Ellis ("CBRE") at £173.6 million (31 March 2008: £249.8 million). After taking into account capital expenditure, the fall of 30.9% in the year was in line with UK commercial properties generally. The rental values of the portfolio have, nevertheless, proved resilient decreasing by 1.4% on a like for like basis which compares favourably with IPD's All Property Monthly Index which decreased by 4.8% over the same period.

Results

The Group reported a net loss for the year ended 31 March 2009 of £92.3 million (31 March 2008: loss of £34.1 million), representing a loss per Ordinary Share of 75.34p (31 March 2008: loss of 27.83p). The major contributors to this result were the unrealised loss of £77.7 million on revaluation of investment properties and an adverse movement in the fair value of fixed interest rate borrowings of £14.0 million. Neither represents any outflow of cash. The consolidated net liability at 31 March 2009 was £7.4 million (31 March 2008: net assets of £84.9 million), being a net liability per Ordinary Share of 6.03p (31 March 2008: net asset value per Ordinary Share of 69.32p).

The key focus of your Board and its advisers has been to deal with these unprecedented conditions. Foreseeing the impact these would have on debt covenants we have been renegotiating the Group's borrowing terms with its lenders and these negotiations are now nearing conclusion. We have also renegotiated a substantial reduction of 40% in the fees payable to the Group's Property Adviser. This is effective from 1 April 2009 and will be applied next year on the lower property values. As part of this cost reduction programme we also continue to work to reduce our administrative cost base. Our Property Adviser has also continued to aggressively manage the portfolio, maintaining rental income and completing £1 million per annum of new leases and rent reviews during the year. Tenant demand is proving resilient and, if space currently under offer completes, the void rate will be more than halved to 6.1% (2008: 14%). Despite the gloom it is heartening to see that, where we can influence and control matters, your Company's efforts are bearing fruit.

Financing

The Group's borrowings comprise a £170 million loan facility with Nationwide Building Society ("Nationwide"). Nationwide has syndicated part of the loan to two other financial institutions (collectively, the "Lenders"). The loan carries interest at a margin of 0.65% per annum over LIBOR. Of the total amount drawn, £138 million (81%) is fixed until December 2014 at an average rate, including margin, of 6.1%. The balance bears interest at a floating rate. Taking three month LIBOR as at 3 July 2009 of 1.14%, the blended average rate payable on borrowings as at that date was 5.29% per annum. The covenants under the loan facility include a loan to value ("LTV") ratio of 75% and an income cover ratio ("ICR") of 120%. At 31 March 2009 the LTV ratio on properties charged as security was 98% and the ICR was 126%. The fall in property values reported above led to the Group breaching its LTV covenant at the year end.

“Your Board will continue its focus on cash and portfolio management to ensure the long-term survival of the Group and ultimately increase shareholder value.”

This breach became increasingly predictable as property values continued to decline throughout the year and your Board, through its advisers, has been negotiating a restructuring of the loan facility with the Lenders for several months. I am pleased to report that heads of terms have now been agreed with the Lenders in principle and we expect to be able to make a further announcement on this shortly. Given the significance of this matter we have provided a full disclosure of these revised terms and their implications for the Group in the Report of the Directors.

As a consequence of the breach, in accordance with International Financial Reporting Standards (“IFRS”) the borrowings have been designated as a current liability. However, assuming the financial restructuring is completed as expected, this will only be a temporary measure to maintain compliance with IFRS, and the borrowings will be re-designated as a non-current liability in the next financial statements.

Going Concern

Provided the financial restructuring is substantially completed on the proposed terms, and on the basis of the Group’s current expectations and projected cash flows your Board believes the Group will be able to satisfy its working capital requirements for at least the next twelve months, and will not be required by its lenders to make early settlement of its outstanding loans. Your Board has therefore concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Property Adviser Agreement

In line with the Board’s aim of reducing costs and in light of the current economic environment, a number of changes have been made to the terms of the Property Adviser Agreement (“PAA”) with Rugby Asset Management Limited. Details of the revised terms, which took effect from 1 April 2009, are disclosed in *note 3* to the consolidated financial statements. A combination of these revised terms and the lower property valuations on which the fee is calculated, is expected to reduce management fees by some £1.4 million, from £2.4 million to £1.0 million, in the year to 31 March 2010 compared to this reporting year.

Dividend

Given the ongoing economic uncertainty and in view of the Group’s financial position, the Board is not recommending the payment of a dividend (31 March 2008: £1.23 million paid during year).

Outlook

Whilst it is widely believed that the financial downturn has started to slow and the UK economy may start to recover before the end of 2009 I am not optimistic that the Group’s property values will show any significant improvement during the course of the next financial year. However, with the assistance of the Property Advisers, your Board will continue its focus on cash and portfolio management to ensure the long-term survival of the Group and ultimately increase shareholder value. The successful conclusion of the renegotiations with our Lenders will be a significant step in that direction.

P B Rhodes
Chairman
14 July 2009

Property Adviser's Report

Rugby Asset Management

Rugby Asset Management Limited ("RAM"), a member of the Rugby Estates Plc group, was appointed Property Adviser to O Twelve Estates Limited on its admission to AIM on 27 March 2006. Our role is to identify transactions for recommendation to and consideration by the Board of the Company and to negotiate on its behalf. We undertake, on a day to day basis, under delegated authority from the Board, all aspects of assembling, managing and financing the Group's property portfolio. Rugby Estates Plc group holds a 5.5% interest in O Twelve Estates Limited.

Market Comment

From the peak of the market in June 2007 to March 2009, a period of just 21 months, the IPD All Property monthly Index has recorded a fall of 41%, the majority of which was in the year under review. The speed of this correction is unprecedented. In the last property downturn of any significance, October 1989 to June 1993, the fall in values was 27% over a period of 44 months. The property market is experiencing a once in a lifetime correction, deeper and more far reaching than any other property downturn. Valuation decline has to date been driven by yield expansion and although yields now show signs of stabilising, there remain concerns that capital values may decline further as a result of weakening occupational demand. To date, we have not experienced significant levels of tenant default and, whilst rental values are starting to come under pressure, we are agreeing lease renewals and new lettings of vacant space, albeit with higher levels of tenant incentives. The Group currently has over £1 million of space by rental value under offer, just over half of the entire void space in the portfolio.

With interest rates at their current low levels, which are anticipated to stay low for some time, and other traditional investment areas yielding low or uncertain returns, property as an investment asset class is beginning to look an interesting play on a medium term view. At some point in late 2009 or early 2010 we expect to see values stabilise and some market activity taking place as more lenders re-enter the market with

relatively high yields and low interest rates creating wider margins for both banks and investors.

Notwithstanding current uncertainties in the real estate market and in the wider economy, we believe that occupational demand in O Twelve's Target Area over the next few years will continue to be sustained by the regeneration initiatives and investment, both public and private, planned and under way, particularly for the area around Stratford in East London and for the Thames Gateway generally. The Olympic Games in 2012 is a major catalyst for these improvements. Since its inception O Twelve has always emphasised the long term prospects of the Target Area. This has not changed fundamentally and it was realistic to expect that at some point a cyclical downturn would be experienced. Although the current downturn is far more severe than anyone had anticipated we remain of the belief that over the long term the regeneration initiatives and investment will have a favourable effect on rental and capital values in the Target Area.

Portfolio Review as at 31 March 2009

- Valuation £173.6 million
- 22 properties
- Average lot size is £7.9 million
- Contracted annual rental income is £14.0 million
- The estimated rental value ("ERV") is £17.5 million per annum, thus additional potential rental income from reversions and letting vacant units is £3.5 million per annum
- 205 separately lettable units*
- 173 units are let to 147 tenants*
- 32 units are vacant and available for letting with an ERV of £2.2 million per annum
 - £1.1 million of vacant space by value is under offer, representing just over half the entire void space
- 56% of income is derived from leases with more than 5 years to expiry
- Weighted average unexpired lease term 6.7 years

* Excluding long leasehold ground rents and assured shorthold tenancies



Property Adviser's Report (continued)

Valuation

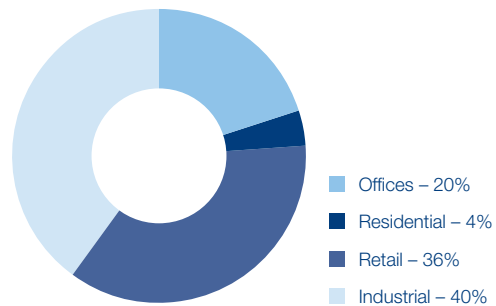
The external valuation of the Group's properties as at 31 March 2009 was £173.6 million. On a like for like basis after taking into account capital expenditure the value of the portfolio fell by 30.9% during the period. This is in line with the IPD All Property Capital Value Index, which showed a fall of 30.3% over the same period. The rate of decline in value was greater in the second half of the year with a valuation decrease of 25.6% as the effects of the "credit crunch" and the wider economic downturn took effect.

Yield expansion has been the key driver of valuation decline. The equivalent yield for the portfolio has increased by 260 basis points over the period from 6.4% to 9.0%, almost exactly in line with the IPD All Property Equivalent Yield Index. Yield expansion in the second half of the period was just over three times that experienced in the first half of the year as the impact of the banking crisis became more apparent and the economy entered into recession.

Rental value levels within the portfolio have proved resilient. During the period the rental value of the portfolio decreased by 1.4% on a like for like basis. Over the same period the IPD All Property Monthly Index showed a decrease of 4.8%. The best performing sector within the portfolio was retail where rental value movement remained positive with growth at 2.4%, which compares favourably with the IPD index where retail rental values actually fell by 2.6%.

Sector Analysis

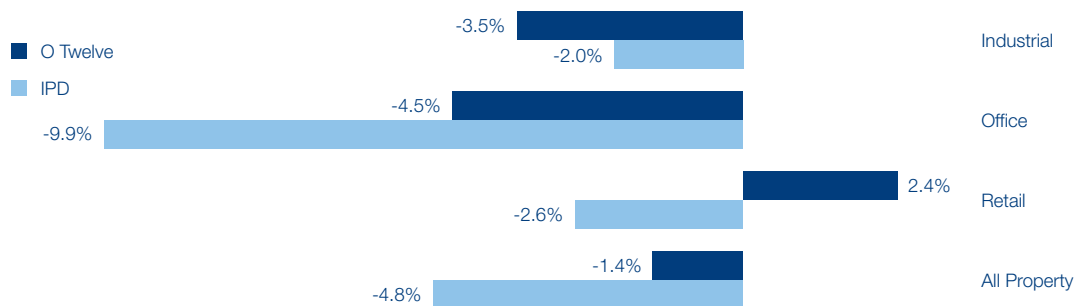
Sector Split by Capital Value



Capital Value Movement compared to IPD Monthly Index



Rental Value Movement compared to IPD Monthly Index



Activity

There have been no acquisitions or sales during the year. Our focus has been on asset management and maintaining and improving cashflow in what has been a very challenging time for investors and occupiers alike. During the year a total of fourteen new leases or reviews were completed, accounting for a total rent of just over £1.0 million. Despite the difficult occupational market good progress continues to be made with lettings.

- At the Interchange, Swanley, Unit 8 has been let during the year and a further three units at the scheme totalling 73,000 sq ft are currently under offer with completion imminent.
- At Barratt Industrial Estate, Bow, we exercised our landlord break option on all but one of the units in September and following a refurbishment of the estate new leases have now completed on three of the nine units.
- During the year we also completed a new lease on a unit of 31,000 sq ft at Larkfield Mill, Aylesford following refurbishment.

- In The Mall, Dagenham, we completed the surrender of Unit 8 simultaneously with a new lease to Brighthouse on a new larger unit created by combining Units 8 and 9.
- During the year, seven rent reviews were completed. Rents achieved were just 0.4% below March 2008 rental values.

Rental Value Analysis – 31 March 2009

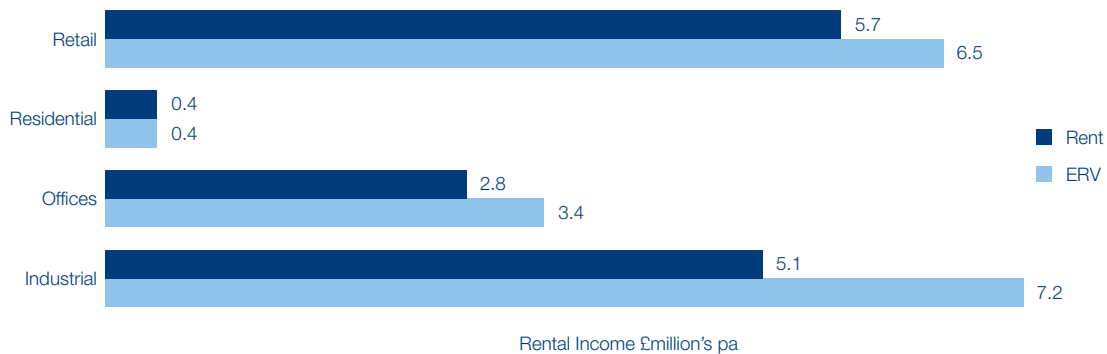
	£million
Current annualised income	13.8
Rent free periods	0.2
Available for letting	2.2
Reversions	1.3
Rental value	17.5

Void Analysis

At 31 March 2009 the void rate in the portfolio stood at 12.5% by rental value. The rental value of vacant space is £2.2 million, of which approximately £1.1 million of this is under offer. Assuming these potential lettings complete the void rate will fall to 6.1%. During the coming year our focus will be on reducing the void rate further and minimising associated void costs.

Property Adviser's Report (continued)

Reversion by Sector



Income Security

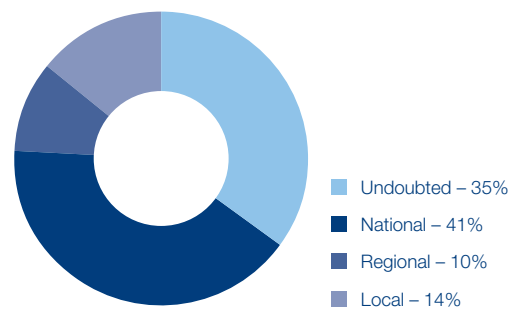
Given the current uncertainty in the economy and in the wider banking and financial markets, investors are increasingly focusing on security of income and tenant covenant strength. Some 56% of current rental income is contracted for more than five years. Where leases have less than five years to run, opportunities exist to refurbish or consider changes of use in order to maximise value. In our view the portfolio offers a good balance between income security and opportunities to add value.

Income Expiry Profile – 31 March 2009

Under 5 years	44%
5 – 10 years	32%
Over 10 years	24%

Out of the portfolio's 147 tenants, 20 account for 46% of the contracted rental income with the top 10 accounting for 33%. Tenants of, in our view, undoubted or of a "national" standard account for 76% of the contracted rent, while smaller regional and local businesses account for 24% of the contracted rent.

Tenant Covenant Strength by Contracted Rent



Rent Collection

Despite the difficult trading conditions we have only seen a very marginal slowdown in the rate of collection. At the start of the year 98% of rental income was successfully collected during the quarter. By the end of the year this figure has fallen slightly to 96%, which we believe is a strong result given the difficult trading conditions. Maintaining a high level of rent collection remains one of our key objectives.

“With interest rates at their current low levels, which are anticipated to stay low for some time, and other traditional investment areas yielding low or uncertain returns, property as an investment asset class is beginning to look an interesting play on a medium term view.”

% Rent collected during each quarter



Tenants in the portfolio include:

Bank of New York Mellon	Halfords	Sainsbury Supermarkets Ltd	Target Express Parcels Ltd
Chelmsford Star Co-Operative Society Ltd	Hitachi Kokusai Electric UK Ltd	Secretary of State	Telford Homes plc
Chubb Electronic Security Ltd	London Eastern Railways Ltd	Smyths Toys Ltd	Toyota Tsusho Automobile London Holdings Ltd
Coutts Retail Communications Ltd	Moss Bros Group Plc	Somerfield Stores Ltd	WH Smith Plc
GE Transportation Systems Ltd	O2 (UK) Ltd	Staples	Wilkinson Hardware Stores Ltd



Property Adviser's Report (continued)

Portfolio at 31 March 2009

Property	Type	Valuation Band at 31 March 2009 £million
Gascoigne Road, Barking	Distribution warehousing	5 – 10
QED, Thurrock	Distribution warehousing	5 – 10
Western Avenue, Thurrock	Distribution warehousing	5 – 10
Bakers Court, Basildon	Industrial	0 – 5
Barratt Industrial Estate, Bow	Industrial	0 – 5
Larkfield Mill, Aylesford	Industrial	10 – 15
Mill River Trading Estate, Enfield	Industrial	5 – 10
The Interchange, Swanley	Industrial	15 – 20
Baytree Shopping Centre, Brentwood	Shopping centre	20 – 25
George Yard, Braintree	Shopping centre	20 – 25
The Mall, Dagenham	Shopping centre	15 – 20
214/216 Heathway, Dagenham	Retail	0 – 5
38-42 High Street, Brentwood	Retail	0 – 5
75 High Street, Brentwood	Retail	0 – 5
Grove Farm, Chadwell Heath	Retail park	5 – 10
Inspira House, Welwyn Garden City	Office	0 – 5
Mellon House, Brentwood	Office	5 – 10
Queensgate, Waltham Cross	Office	5 – 10
Redwing Court, Romford	Office	0 – 5
Solar House, Stratford	Office	10 – 15
34 St Thomas Road, Brentwood	Residential	0 – 5
Salway Place, Stratford	Residential	5 – 10

Going Forward

The Group is now well established as a major investor within its Target Area, holding a diversified well located real estate portfolio.

The forthcoming year will be difficult and our principal focus in the short term will continue to be active management of the portfolio to minimise voids and associated property outgoings. Although there will be further downward pressure on rental values in the short term we do anticipate capital values to start to recover around the end of 2009 slightly in advance of any recovery in the occupational markets.

Our role as Property Adviser includes the financing of the portfolio. We have spent many months, on the instructions of the Board, conducting the detailed negotiations with the Lenders. Heads of terms have now been agreed in principle

and we look forward to completing the new arrangements in the near future.

We continue to believe that the Group's Target Area will benefit from the infrastructure and urban regeneration now in progress in East London and the Thames Gateway and that the benefit will increase as the Olympic Games draw closer. Once the immediate economic turmoil is behind us, and the Financial Restructuring has been completed, we believe the portfolio has strong potential for rental growth and capital value enhancement over the next few years.

David Tye

Andrew Wilson

Rugby Asset Management Limited

14 July 2009

Directors

Phillip Rhodes (Chairman)

Aged 62, Phillip is a chartered accountant with over 30 years of experience in the financial and commercial management of several public and private companies, mainly at board level. He is a past non-executive director and chairman of Workspace Group Plc, a leading specialist property investment company devoted to the provision of flexible workspace for small and medium sized businesses in and around London. Currently he is also involved as a non-executive with private equity investments in the house building sector.

Howard Stanton

Aged 66, Howard is a certified accountant and property and business consultant to a range of businesses. He was chairman and previously managing director of Allied London Properties plc when it was a fully listed property investment company and he is also a non-executive chairman of Delek Global Real Estate Limited, a Jersey AIM company, and a non-executive director of Stylo plc and Anglo Scottish Properties plc.

Quentin Spicer

Aged 64, Quentin qualified as a solicitor with Wedlake Bell in 1968 and became a partner in 1970. He moved to Guernsey in 1996 as a senior partner in Wedlake Bell Guernsey, specialising in United Kingdom property transactions for non-UK resident entities. He is chairman of the Guernsey Housing Association LBG, RAB Special Situations Company Limited, Atlas Estates Limited and IRP Property Investments Limited and is a non-executive director of several other funds.

Richard Barnes

Aged 47, Richard is chairman of BNP Paribas Real Estate (Jersey) following the sale of his property consultancy business to BNP in 2008. He specialises in Channel Island commercial property investment. Prior to this, Richard was a manager of the Mourant de Feu & Jeune Property Department (1995-1997) and a director of ATIS REAL Weatheralls Jersey (1997-2001) where he was director of a number of offshore property structures administered on behalf of clients. Richard has over 20 years' experience of working in the real estate sector and has also held posts at Hillier Parker, Vigers and Bernard Thorpe. Richard is chairman of the Invesco Property Income Trust and past chairman of the Jersey branch of the Royal Institution of Chartered Surveyors and often acts as an independent expert and arbitrator in Jersey and Guernsey third party disputes.

Peter Radford

Aged 52, Peter was appointed managing director of Bordeaux Services (Guernsey) Limited on its incorporation in 1997. Peter started his career with BDO Reads in 1978 and subsequently worked for Executive Management Trust in Amsterdam (1981-1983) and Fisher Hoffman Stride in Johannesburg (1983-1986). From 1986 to 1991 he was Managing Director of the Abroad Spectrum Group based in Durban, South Africa. In 1991 Peter returned to Guernsey to develop the fund administration and asset management business of the Havelet Trust Group. He also holds a number of directorships with a range of Guernsey-based mutual fund companies and investment companies. Peter is a Fellow of the Institute of Chartered Accountants in England and Wales, the South African Institute of Chartered Accountants, the Securities and Investment Institute and the Society of Trust and Estate Practitioners.

Report of the Directors

The Directors present their report and consolidated financial statements for the year ended 31 March 2009.

Status and Activities

The Company is a closed-ended investment company registered under the provisions of The Companies (Guernsey) Law 2008, as amended.

The Company was incorporated on 1 March 2006 and on 27 March 2006 the Company raised gross proceeds of £122.5 million through the issue of 122.5 million Ordinary Shares of 1.00 pence each at 100.00 pence each with the Ordinary Shares being admitted to trading on AIM, a market operated by the London Stock Exchange.

Following recent changes to the Guernsey regulatory fund regime, the Company has elected to be an "authorised" closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. This has no impact on the operation of the Company.

The Group's objective is to generate an attractive return for Shareholders through the assembly of a portfolio of investment properties in its Target Area which comprises the Thames Gateway and the adjacent areas of east London, Essex, south Hertfordshire and north Kent. The Board believes capital and rental values will react favourably to the major regeneration initiatives and infrastructure improvements taking place in these areas. The Olympic Games to be held in and around Stratford, east London, in 2012 are a major catalyst for these improvements which the Board believes will result in a significant structural, economic and cultural repositioning of the Target Area.

Results

The results for the year are shown in the Consolidated Income Statement on page 22. The Group recorded a loss for the year of £92.3 million (2008: loss of £34.1 million).

Share Capital

The Company has authority to buy back up to 14.99% of the Ordinary Shares issued at the original placing for cancellation. No Shares were purchased for cancellation during the year. The Company intends to seek to renew the necessary authorities to buy back Ordinary Shares at the forthcoming Annual General Meeting.

The Company has authority to purchase up to 10% of the Ordinary Shares in issue and hold them as Treasury Shares. No Shares were purchased during the year to be held as Treasury Shares.

With these measures your Board has the ability to exert a positive influence, as and when deemed appropriate and subject to the availability of sufficient funds, over the level of any discount to net asset value, at which the Ordinary Shares may trade.

Option

An Option Agreement was entered into on 22 March 2006 between the Company and Collins Stewart Europe Limited under which the Company granted Collins Stewart Europe Limited the right to subscribe for up to 1,225,000 Ordinary Shares at the Placing Price (100.00 pence), such option being exercisable at any time up to and including the fifth anniversary of the date of grant. During the year ended 31 March 2009 the option to subscribe for Ordinary Shares was not taken up by Collins Stewart Europe Limited.

Dividends

The Company did not pay an interim dividend during the year and the Board does not propose to pay a final dividend (31 March 2008: £1.23 million paid during year).

Property

The properties were independently valued at £173.6 million as at 31 March 2009 (31 March 2008: £249.8 million). Further details of the properties are given in the Property Adviser's Report on pages 4 to 10.



Report of the Directors (continued)

Material Contracts

The Company's material contracts are with Rugby Asset Management Limited ("RAM"), which acts as Property Adviser, Elysium Fund Management Limited ("Elysium") which acts as Administrator and Secretary, Fairfax I.S. PLC, which acts as Nominated Adviser and Broker, Capita Registrars (Guernsey) Limited, which acts as Registrar and HSBC Bank plc and Nationwide Building Society, the Group's bankers.

Property Adviser

RAM is Property Adviser and is entitled to receive an annual management fee and an annual performance fee (see note 3).

Administration

Elysium is entitled to an administration fee from the Company (see note 3).

Appointment of the Property Adviser

As announced on 17 February 2009, the terms of the Property Adviser Agreement ("PAA") were changed in line with the Board's aim of reducing costs (see note 3).

The Directors believe that RAM performed creditably during the financial year and, in the opinion of the Directors, it is in the interests of Shareholders as a whole to retain the services of RAM on the revised terms of the PAA.

Appointment of the Administrator

The Directors believe that Elysium performed creditably during the financial year and, in the opinion of the Directors, it is in the interests of Shareholders as a whole to retain the services of Elysium on the terms agreed.

Taxation

The Company and its Guernsey subsidiaries have been granted exemption from Guernsey taxation under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and are charged an annual exemption fee of £600.

The property holding subsidiaries are subject to UK income tax on rental income received (see the accounting policies for details).

Directors

The present members of the Board are listed on page 11.

At 31 March 2009 the Directors' interests in the Ordinary Shares of the Group were as follows:

	<i>Ordinary Shares</i>
Phillip Rhodes	150,000
Howard Stanton	75,000
Peter Radford	40,000
Quentin Spicer	25,000
Richard Barnes	50,000

There were no changes in the interests of Directors between 31 March 2009 and 14 July 2009.

There are no service contracts in place between the Company and the Directors.

Substantial Interests

As at 14 July 2009, the following interests of 5% or more of the issued Ordinary Share capital had been notified to the Company:

	<i>Number of shares</i>	<i>% of share capital</i>
<i>Funds managed by:</i>		
Panther Securities Plc	36,650,000	29.92
Utilico Limited	24,675,179	20.14
Threadneedle Asset Management Limited	11,655,844	9.52
Rugby Estates Plc	6,694,502	5.46

Going Concern

As described in the Chairman's Statement and the Property Adviser's Report, the continuing adverse financial and economic conditions have led to an unprecedented reduction in property values throughout the UK. During the year, the Group's property portfolio fell in value by 30.9% to £173.6 million. Due to this and to the adverse movement in the market value of the Group's fixed rate borrowings, as at 31 March 2009 the Group had net liabilities of £7.4 million.

At the year end, the Group's borrowings were £170 million. These are under a facility with Nationwide Building Society, which has syndicated part of the loan to two other financial institutions (collectively, the "Lenders"). In the interim results announcement on 12 December 2008 it was reported that the Group at that time was not in default under its loan facilities but was, and continues to be, in a "cash lock up" situation. Accordingly, the Group does not have access to surplus operating cash flow and must rely on its cash reserves to pay overheads and other expenses. At 31 March 2009, the Group's property portfolio was valued at £173.6 million and the Group is therefore now in default of its loan to value ratio ("LTV") covenant of 75%. Given the current market conditions, the Board does not consider that selling properties to generate cash to reduce the outstanding loan is currently a viable option. Accordingly, acting on behalf of the Board, Rugby Asset Management Limited ("RAM") has been in discussion with the Lenders and heads of terms have now been agreed in principle on which the loan can be restructured. Whilst no binding commitments to vary the existing loan arrangements have yet been entered into, these terms have been approved in principle by the Board and by the Lenders and documentation is now in solicitors' hands. A further announcement will be made in due course. The key terms agreed in principle (the "Financial Restructuring") are as follows:

1. The term of the facility until December 2014 is unchanged;
2. The facility will reduce to £140 million on 31 March 2011;

3. The interest margin over LIBOR will increase from 0.65% per annum to 1.25% per annum;
4. An arrangement fee of £850,000 will be payable on signing;
5. A back-end fee of 3.5% of amounts repaid will be payable at the time of each loan repayment;
6. LTV will not be tested until the Lenders receive the portfolio valuation as at 31 March 2011, at which time LTV must not exceed 85%, reducing to 80% from 31 March 2012 and 75% from 31 March 2013;
7. The minimum interest cover ratio will be 115%, provided that if rent free periods were treated as rent passing the ratio would be at least 120%, until 31 March 2011, increasing to 120% thereafter;
8. Cash lock up will continue until LTV is 70% or less. However, after deducting finance costs, direct property outgoings and RAM's fees, the Lenders will allow the Group to receive up to £400,000 per quarter to cover overheads, tax and other property expenses.

Due to the above breach, in accordance with IAS 1: *Presentation of Financial Statements*, the borrowings have been designated as a current liability. However, should the Financial Restructuring be completed as expected the Lenders will not demand early settlement of the liability, except for the reduction of the facility to £140 million on 31 March 2011. Therefore, the borrowings will be re-designated as a non-current liability in the next financial statements.

The Board announced on 17 February 2009 that it had reviewed RAM's appointment as Property Adviser and had agreed with RAM that, inter alia, RAM's fee would be reduced from 1.0% per annum to 0.6% per annum of gross property asset value with effect from 1 April 2009. In order to facilitate the Financial Restructuring, RAM has agreed in principle that, following completion of the Financial Restructuring, it will defer payment of its management fee

Report of the Directors (continued)

in excess of £200,000 per quarter (plus VAT and disbursements) until the loan facility has been repaid in full, or otherwise with the agreement of the Lenders.

Since the year end, £1.5 million of cash received by the Lenders under the cash lock up has been applied in reducing the outstanding loan principal to £168.5 million. Approximately £1 million of further cash arising under the cash lock up is expected to be applied in partial repayment of the loan on or before completion of the Financial Restructuring. The Board expects the Financial Restructuring to be completed by the end of August 2009.

Taking into account the existing fixed rate debt of £138 million, and assuming three month LIBOR at 1.26% per annum, the blended cost of debt after completion of the Financial Restructuring, including amortisation of the arrangement fee and the back end fee, would be approximately 6.8% per annum.

At 31 March 2009, cash balances available to the Group were £4.9 million. Allowing for settling current liabilities, property outgoings and improvement expenditure, overheads and restructuring costs, it is expected that on completion of the Financial Restructuring available cash will be approximately £1.5 million. This, together with the maximum £400,000 per quarter from the net rental income will be a relatively small financial cushion on which to run a group and portfolio of the size and complexity of O Twelve in these difficult times. In particular, the Group's scope for refurbishments and cash incentives to make vacant properties more attractive to potential tenants is relatively limited. On the basis of the Group's current expectations, and provided the Financial Restructuring is completed substantially on the terms outlined above, the Board has determined that the Group will have sufficient working capital for at least the next 12 months and has therefore concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Future prospects

While the portfolio has so far proved to be relatively resilient, major tenant defaults or other adverse circumstances could destabilise either the loan facilities or the ability of the Board to continue to run the Group effectively. Since 31 March 2009, property capital values generally have continued to fall, although at a slower pace than in the months leading up to that date, and it is not possible to forecast with any degree of accuracy where the bottom of the market will be, nor the time scale and extent of any recovery. To achieve 85% LTV by 31 March 2011 will require either fresh equity, which the Board has under constant review, a significant recovery in property capital values or a combination of both. Subject to completing the Financial Restructuring and these factors, the directors remain cautiously optimistic that the long-term objective of the Group will be achieved.

Corporate Governance and Directors' Remuneration

As a Guernsey incorporated company and under the AIM rules for companies, the Company is not required to comply with the new Combined Code published by the Financial Reporting Council (the "2006 FRC Code"). However, the Directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained and that the Company complies with the Guidance on Corporate Governance in the Finance Sector in Guernsey. As a result, many of the principles set out in the 2006 FRC Code have been adopted and these are summarised below, together with the areas of non-compliance.

The Company complied throughout the year with the provisions of the Combined Code Principles of Good Governance and Code of Best Practice, except in the following aspects:

- A.1.3 The Directors have not met separately, without the Chairman present, to appraise the Chairman's performance. The Board decided that this was not appropriate given the nature of the Company.

- A.3.3 The Chairman, Mr Rhodes, is the senior non-executive Director. This is not in accordance with provision A.3.3 of the 2006 FRC Code but is felt to be appropriate for the size and nature of the Company.
- A.4.1 The Board has not established a nomination committee as it does not consider it to be appropriate for the size and composition of the Board.
- A.6.1 The Board did not undertake a formal performance review of the Board, its committees or the individual Directors during the period. The Board decided that this was not appropriate given the nature of the Company.
- A.7.2 The Directors are not appointed for specific terms as this was not felt to be appropriate for the size and nature of the Company.
- B.2.1 The Board has not established a remuneration committee as it does not have any executive Directors and does not consider it to be appropriate for the size and composition of the Board.

Board Responsibilities

The Board currently comprises five non-executive Directors. As all the Directors are non-executive, the Chairman, Mr Rhodes, is the senior non-executive Director. This is not in accordance with provision A.2.1 of the 2006 FRC Code but is felt to be appropriate for the size and nature of the Company.

The Company has no executive Directors and no employees. However, the Board has engaged external companies to undertake the property investment advisory and administrative activities of the Company. Clear documented contractual arrangements are in place between these firms which define the areas where the Board has delegated responsibility to them. The Company holds at least four Board meetings per year, at which the Directors review the Company's investments and all other important issues to ensure control is maintained over the Company's affairs.

Since all the Directors are non-executive, the Company is not required to state how it has applied B.1 to B.3 of the 2006 FRC Code on directors' remuneration. However, the fee that was paid to each Director during the year is shown in *note 5* to the consolidated financial statements.

All members of the Board are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance is unavoidable in certain circumstances. The table below details the number of Board meetings attended by each Director. During the year to 31 March 2009 four scheduled Board meetings were held, a further three were called at short notice and three Audit Committee meetings were held.

	<i>Meetings attended</i>	<i>Audit Committee meetings attended</i>
Phillip Rhodes	3/7	1/3
Howard Stanton	4/7	2/3
Peter Radford	7/7	3/3
Quentin Spicer	7/7	3/3
Richard Barnes	5/7	3/3

Audit Committee

The Audit Committee has formal written terms of reference which clearly defines its responsibilities. The Audit Committee comprises all the Directors of the Company and meets at least twice a year. Mr Radford is Chairman of the Audit Committee. It provides a forum through which the Company's auditors report to the Board.

Dialogue with Shareholders

The Directors are always available to enter into dialogue with Shareholders. All Ordinary Shareholders will have the opportunity, and indeed are encouraged, to attend and vote at the Annual General Meeting during which the members of the Board and the Property Adviser will be available to discuss issues affecting the Company. The Board stays abreast of Shareholders' views via regular updates from the Property

Report of the Directors (continued)

Adviser as to meetings it may have held with Shareholders. The Property Adviser will also be available to discuss issues at Shareholder presentations.

Litigation

The Company is not engaged in any litigation or claim of material importance, nor, so far as the Directors are aware, is any litigation or claim of material importance pending or threatened against the Company.

Internal Control and Financial Reporting

The Board monitors the performance of the Company's service providers and their obligations under their agreements with the Company, with particular reference to the management of the Company's assets by the Property Adviser.

The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls are as follows:

- Elysium is responsible for the provision of administration and company secretarial duties;
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts;
- The Board reviews financial information produced by the Property Adviser and the Administrator on a regular basis; and
- On an ongoing basis, compliance reports are provided at each quarterly Board meeting by the Administrator.

The Company does not have an internal audit department. All of the Company's management functions are delegated to independent third parties and it is therefore felt that there is no need for the Company to have an internal audit facility.

The Directors do not conduct a formal annual review of the internal controls. However, the Board feels that the procedures employed by the service providers adequately mitigate the risks to which the Company is exposed.

Payment to Creditors

Amounts due to suppliers and service providers are settled promptly within the terms of the payment, except in cases of dispute.

Financial Risk Profile

The Company's financial instruments comprise freehold and leasehold investment property, cash, loans and various items such as debtors and creditors that arise directly from the Company's operations. The main purpose of these instruments is the investment of Shareholders' funds.

The main risks are price risk, interest rate risk, credit risk and liquidity risk. Further details are given in *note 25* to the financial statements.

Auditors

Ernst & Young LLP have expressed their willingness to act as Auditors to the Company and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable laws and regulations.

Company Law requires Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of The Companies (Guernsey) Law 2008, as amended. They are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the website on which these financial statements can be published.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. As required under the EU Transparency Directive, to the best of our knowledge and belief:

- the financial statements have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Property Adviser's Report includes a review of the development, performance and position of the Group during the year; and
- the financial statements include an analysis of the principal risks and uncertainties faced by the Group.

On behalf of the Board.

Phillip Rhodes
Director
14 July 2009

Peter Radford
Director
14 July 2009

Independent Auditor's Report to The Members of O Twelve Estates Limited

We have audited the consolidated financial statements of O Twelve Estates Limited for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable Guernsey law, as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the consolidated financial statements. This other information comprises the Investment Objective, Chairman's Statement, Property Adviser's Report, Property Portfolio, and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the consolidated financial statements give a true and fair view in accordance with International Financial Reporting Standards of the state of the Group's affairs as at 31 March 2009 and of its results for the year then ended and have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

Emphasis of matter – Going concern

In forming our opinion on the consolidated financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the consolidated financial statements concerning the Company's ability to continue as a going concern. The matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Ernst & Young LLP
Guernsey, Channel Islands
14 July 2009

Consolidated Income Statement

for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Income			
Rent receivable		14,289	15,363
Bank interest		324	379
Service charges receivable		3,609	2,435
Total income		18,222	18,177
Expenses			
Administration fees	3	(234)	(279)
Service charges payable		(3,609)	(2,435)
Management fees	3	(2,441)	(2,446)
Other operating expenses	4	(2,021)	(1,982)
Total expenses		(8,305)	(7,142)
Movement in unrealised loss on revaluation of investment properties	10	(77,653)	(31,432)
Realised gain from sale of investment properties		–	599
		(77,653)	(30,833)
Net loss from operating activities		(67,736)	(19,798)
Movement in fair value of interest rate swap		(13,989)	(4,152)
Interest payable and similar charges	6	(10,397)	(9,973)
Finance expenses		(24,386)	(14,125)
Loss before taxation		(92,122)	(33,923)
Taxation	7	(175)	(166)
Loss for the year attributable to Equity Holders		(92,297)	(34,089)
Loss per share – basic	8	(75.34)p	(27.83)p
Loss per share – diluted	8	(75.34)p	(27.83)p

All items in the above statement are derived from continuing operations.

The accompanying notes on pages 26 to 46 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2009

	Note	Share capital £'000	Other reserves £'000	Total £'000
Balance at 1 April 2008		1,225	83,690	84,915
Loss for the year		–	(92,297)	(92,297)
Dividends paid	9	–	–	–
Balance at 31 March 2009		1,225	(8,607)	(7,382)

Consolidated Statement of Changes in Equity

for the year ended 31 March 2008

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Total £'000
Balance at 1 April 2007		1,225	115,925	3,079	120,229
Reclassification of share premium	17	–	(115,925)	115,925	–
Loss for the year		–	–	(34,089)	(34,089)
Dividends paid	9	–	–	(1,225)	(1,225)
Balance at 31 March 2008		1,225	–	83,690	84,915

The accompanying notes on pages 26 to 46 form an integral part of these financial statements.

Consolidated Balance Sheet

as at 31 March 2009

	Note	31 March 2009 £'000	31 March 2008 £'000
Non-current assets			
Investment property	10	173,634	249,765
Restricted cash and cash equivalents	15	3,059	–
		176,693	249,765
Current assets			
Receivables and prepayments	13	5,381	12,027
Cash and cash equivalents		4,928	4,826
		10,309	16,853
Total assets		187,002	266,618
Current liabilities			
Payables and accruals	14	(6,454)	(7,817)
Bank loan	15	(169,684)	–
Fair value of interest rate swap	15	(18,246)	–
		(194,384)	(7,817)
Non-current liabilities			
Bank loan	15	–	(169,629)
Fair value of interest rate swap	15	–	(4,257)
		–	(173,886)
Total liabilities		(194,384)	(181,703)
Net (liabilities)/assets		(7,382)	84,915
Capital and reserves			
Called-up share capital	16	1,225	1,225
Other reserves	17	(8,607)	83,690
Total Equity Holders' funds		(7,382)	84,915
Net (Liability)/Asset Value			
per Ordinary Share – basic	19	(6.03)p	69.32p
Net (Liability)/Asset Value			
per Ordinary Share – diluted	19	(6.03)p	69.32p

The financial statements on pages 22 to 46 were approved by the Board of Directors on 14 July 2009 and were signed on its behalf by:

Phillip Rhodes
Director

Peter Radford
Director

14 July 2009

14 July 2009

The accompanying notes on pages 26 to 46 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Operating activities			
Rent and related income received		13,701	14,961
Purchase/refurbishment of investment property		(1,448)	(94,630)
Sale of investment property		5,225	275
Bank interest received		326	568
Service charges received		3,609	2,435
Management fee paid		(2,608)	(1,972)
Administration fee paid		(248)	(245)
Other expenses paid		(5,588)	(3,520)
VAT receipts		1,056	1,153
Net cash inflow/(outflow) from operating activities	20	14,025	(80,975)
Financing activities			
Loan interest and similar charges paid		(10,589)	(8,707)
Dividend paid on ordinary shares		–	(1,225)
Loan proceeds	15	–	94,000
Loan arrangement fees paid		–	(235)
Net cash (outflow)/inflow from financing activities		(10,589)	83,833
Taxation paid		(275)	(3,462)
Increase/(decrease) in cash and cash equivalents		3,161	(604)
Cash and cash equivalents at beginning of year		4,826	5,430
Increase/(decrease) in cash and cash equivalents		3,161	(604)
Cash and cash equivalents at end of year		7,987	4,826
Cash and cash equivalents at the end of the year comprise:			
Non-current cash and cash equivalents		3,059	–
Cash and cash equivalents		4,928	4,826
		7,987	4,826

The accompanying notes on pages 26 to 46 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2009

1. General information

The Company was incorporated on 1 March 2006 as a closed-ended investment company registered under the provisions of The Companies (Guernsey) Law, 2008, as amended. On 27 March 2006 the Company raised gross proceeds of £122.5 million through the issue of 122.5 million Ordinary Shares of 1.00 pence each at 100.00 pence each with the Ordinary Shares being admitted to trading on AIM, a market operated by the London Stock Exchange.

Following recent changes to the Guernsey regulatory fund regime, the Company has elected to be an "authorised" closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. This has no impact on the operation of the Company.

The Group's objective is to generate an attractive return for Shareholders through the assembly of a portfolio of investment properties in its Target Area, which comprises the Thames Gateway and the adjacent areas of east London, Essex, south Hertfordshire and north Kent.

Going concern

As described in the Chairman's Statement and the Property Adviser's Report, the continuing adverse financial and economic conditions have led to an unprecedented reduction in property values throughout the UK. During the year, the Group's property portfolio fell in value by 30.9% to £173.6 million. Due to this and to the adverse movement in the market value of the Group's fixed rate borrowings, as at 31 March 2009 the Group had net liabilities of £7.4 million.

At 31 March 2009, cash balances available to the Group were £4.9 million. Allowing for settling current liabilities, property outgoings and improvement expenditure, overheads and restructuring costs, it is expected that on completion of the Financial Restructuring, as described in the Report of the Directors, available cash will be approximately £1.5 million. This, together with the maximum £400,000 per quarter from the net rental income will be a relatively small financial cushion on which to run a group and portfolio of the size and complexity of O Twelve in these difficult times. In particular, the Group's scope for refurbishments and cash incentives to make vacant properties more attractive to potential tenants is relatively limited. On the basis of the Group's current expectations, and provided the Financial Restructuring is completed substantially on the terms outlined in the Report of the Directors, the Board has determined that the Group will have sufficient working capital for at least the next 12 months and has therefore concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Material uncertainty

As noted above, the financial statements have been prepared on a going concern basis. However, the conditions noted in respect of the Financial Restructuring indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

2. Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and applicable legal and regulatory requirements of Guernsey Law and reflect the following policies, which have been adopted and applied consistently.

The financial statements were authorised for issuance by the Board of Directors on 14 July 2009.

b) Basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at fair value of investment properties and the interest rate swap.

The functional currency of the Group is Sterling as this is the currency of the primary economic environment within which the Group operates, the debt and equity was generated in Sterling and all receipts from operating activities are received in Sterling. The presentational currency of the Group is also Sterling and the financial statements have been rounded to the nearest thousand.

c) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2009. The results of the subsidiary undertakings are accounted for in the Consolidated Income Statement.

Acquired companies have been included in the consolidated financial statements using the purchase method of accounting when, and only when, the transaction can be identified as a business combination. When determining if an acquisition qualifies as a business combination or not, management consider if the transaction includes the acquisition of supporting infrastructure, employees, service provider agreements and major input and output processes, as well as active lease agreements. To date, management have determined that these criteria have not been met and so no business combinations have been recorded.

When the transaction has not been identified as being a business combination, the transaction has been accounted for as an acquisition of individual assets and liabilities at their relative fair values where the initial purchase consideration is allocated to the separable assets and liabilities acquired.

The cost of investment in a subsidiary is eliminated against the Group's share in net assets at the date of acquisition. All intercompany receivables, payables, income and expenses are eliminated. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Group financial statements incorporate the net assets and liabilities of the Company and its subsidiaries at the balance sheet date and their results for the year then ended. All intercompany balances and transactions are eliminated.

d) Segmental reporting

In accordance with IAS 14: *Segment Reporting* financial information is disclosed by geographical segment and line of business. The Directors are of the opinion that the Group is engaged in four segments of business, being investment in offices, residential property, retail property and industrial property, which is carried out in one geographic area.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

e) Income recognition

Short-term deposit interest is accounted for on an accruals basis.

Rental income arising from operating leases on properties owned and leased by the Group is accounted for on a straight line basis over the period commencing on the later of the start of the lease or acquisition of the property by the Group, and ending on the earlier of the end of the lease and the next break point, unless it is reasonably certain that the break option will not be exercised. Rental income revenue excludes service charges and other cash directly recoverable from tenants. Direct costs of rental income comprise head rents payable, irrecoverable service charge costs and other property outgoings. Rental income is shown gross of any UK income tax.

Notes to the Consolidated Financial Statements (continued)

2. Significant accounting policies (continued)

f) Expenses

All expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses (with the exception of share issue costs, which are charged directly to Other reserves) are charged through the Consolidated Income Statement in the period in which they are incurred.

g) Taxation

Investment income is recorded gross of applicable taxes and tax expense is recognised through the Consolidated Income Statement as incurred. The property subsidiaries are subject to UK income tax on income arising on the property portfolio, after deduction of its debt financing costs and allowable expenses.

h) Cash and cash equivalents

Cash in hand and in banks and short-term deposits, which are held to maturity, are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits at banks with original maturities of three months or less but does not include deposits with solicitors.

i) Investment properties – freehold and leasehold

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property.

After initial recognition, freehold and leasehold investment properties are measured at fair value, with unrealised gains and losses recognised through the Consolidated Income Statement. The fair value of the investment property is largely based on estimates using property appraisal techniques and other valuation methods as outlined below. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

The appraisers determine the fair value by applying the methodology and guidelines as set out in the Appraisal and Valuation Standards 6th Edition issued by the Royal Institution of Chartered Surveyors in the United Kingdom in accordance with IAS 40: *Investment Property*. This approach is based on discounting the future net income receivable from properties to arrive at the net present value of the future income stream. Future net income comprises the rent secured under existing leases, less any known or expected non-recoverable costs and the current market rent attributable to future vacancy years. The consideration basis for this calculation excludes the effects of any taxes. The discount factors used to fair value are consistent with those used to value similar properties, with comparable leases in each of the respective markets.

Judgements and key sources of estimation uncertainty

In determining fair value by applying the methodology and guidelines as set out in the Appraisal and Valuation Standards 6th Edition issued by the Royal Institution of Chartered Surveyors in the United Kingdom in accordance with IAS 40: *Investment Property*, judgements and estimations are made over the future net income receivable from properties and discounting factors.

All investment properties are valued twice per year by independent appraisers. The last valuation for investment properties carried out by CB Richard Ellis ("CBRE") was at 31 March 2009.

j) Net (liability)/asset value per share and loss per share

The net (liability)/asset value per share disclosed on the face of the Consolidated Balance Sheet is calculated by dividing the net (liabilities)/assets by the number of Ordinary Shares in issue at the year end.

Loss per share is calculated by dividing net loss for the year by the weighted average number of Ordinary Shares in issue during the year.

k) Receivables and prepayments

Receivables are carried at the original invoice amount, less allowance for doubtful receivables. Provision is made when there is objective evidence that the Group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

l) Bank loan arrangement fees

Bank loan arrangement fees are deducted from the carrying amounts of the loan in accordance with IAS 39: *Financial Instruments: Recognition and Measurement*, and amortised over the period of the loan.

m) Non-current liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received. After initial recognition, all floating-rate interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement.

n) Derivative financial instruments

The Group uses an interest rate swap to hedge its risks associated with interest rate fluctuations. It is the Group's policy not to trade in derivative financial instruments.

The fair value of the interest rate swap contract is determined on a bid basis as the amount that the Group would receive or pay to terminate the contract at the Balance Sheet date, taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties, with movements in fair value recognised through the Consolidated Income Statement.

o) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Operating lease payments are recognised as an expense in the Consolidated Income Statement on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

2. Significant accounting policies (continued)

p) New standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the commencement date of these financial statements:

<i>International Accounting Standards (IAS/IFRS)</i>		<i>Effective date</i>
IAS 1	Presentation of Financial Statements (amended 2007, 2008 and April 2009)	1 January 2009 and 1 January 2010
IAS 7	Statement of Cash Flows (amended April 2009)	1 January 2010
IAS 16	Property, Plant and Equipment (amended May 2008)	1 January 2009
IAS 17	Leases (amended April 2009)	1 January 2010
IAS 19	Employee Benefits (amended May 2008)	1 January 2009
IAS 20	Government Grants and Disclosures of Government Assistance (amended May 2008)	1 January 2009
IAS 23	Borrowing Costs (amended 2007 and May 2008)	1 January 2009
IAS 27	Consolidated and Separate Financial Statements (amended 2008)	1 January 2009 and 1 July 2009
IAS 28	Investments in Associates (amended 2008)	1 January 2009 and 1 July 2009
IAS 29	Financial Reporting in Hyperinflationary Economies (amended May 2008)	1 January 2009
IAS 31	Interests in Joint Ventures (amended 2008)	1 January 2009 and 1 July 2009
IAS 32	Financial Instruments: Presentation (amended 2008)	1 January 2009
IAS 36	Impairment of Assets (amended May 2008 and April 2009)	1 January 2009 and 1 January 2010
IAS 38	Intangible Assets (amended May 2008 and April 2009)	1 January 2009 and 1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement (amended 2008, March 2009 and April 2009)	1 January 2009, 30 June 2009, 1 July 2009 and 1 January 2010
IAS 40	Investment Property (amended May 2008)	1 January 2009
IAS 41	Agriculture (amended May 2008)	1 January 2009
IFRS 1	First time Adoption of International Financial Reporting Standards (amended May 2008)	1 January 2009 and 1 July 2009
IFRS 2	Share-based Payment (amended 2008 and April 2009)	1 January 2009 and 1 July 2009
IFRS 3	Business Combinations (amended 2008)	1 July 2009
IFRS 5	Non current Assets Held for Sale and Discontinued Operations (amended May 2008 and April 2009)	1 July 2009 and 1 January 2010
IFRS 7	Financial Instruments: Disclosures (amended March 2009)	1 January 2009
IFRS 8	Operating Segments (original issuance and amended April 2009)	1 January 2009 and 1 January 2010

<i>International Financial Interpretations Committee (IFRIC)</i>		<i>Effective date</i>
IFRIC 9	Reassessment of Embedded Derivatives	1 July 2009
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009

The Directors have chosen not to early adopt the above standards and interpretations. Therefore, the standards and interpretations will be adopted from the effective date, as stated. Upon adoption, the Directors do not anticipate that they would have a material impact on the Group's financial statements in the period of initial application.

Upon adoption of the amended IFRS 7: *Financial Instruments: Disclosures*, on 1 January 2009, the Group will have to assess and provide enhanced disclosures about the fair value of financial instruments and liquidity risk, including establishing a three level hierarchy for making fair value measurements. The Directors do not believe this amended standard will have a material effect on the financial statements in the year of adoption.

Upon adoption of IFRS 8: *Operating Segments*, on 1 January 2009, the Group will have to disclose additional information about its Operating segments, including how the Group identifies its operating segments, and the type of products and services from which each operating segment derives its revenue. There will be no effect on reported income or net assets.

3. Management and administration fees

Property Adviser

The Property Adviser, Rugby Asset Management Limited ("RAM") was previously entitled to an aggregate annual management fee payable quarterly in arrears, at the rate of 1.0% per annum of the Gross Property Asset Value ("GPAV"), subject to receiving a minimum annual fee of £250,000. However, as announced on 17 February 2009, a number of changes to the terms of the Property Adviser agreement ("PAA") with RAM have been made with effect from 1 April 2009. The principal changes being:

- The annual management fee has been reduced from 1.0% of the GPAV to 0.6% of the GPAV, subject to a minimum annual fee of £250,000.
- Any performance fee which may become payable to RAM will be calculated on the basis of the performance of the Group after 31 March 2009, at which date net assets per share are deemed to be 50p and from which the performance benchmarks will be based.
- At the option of the Company, any performance fee payable to RAM may be settled by the issue of Ordinary Shares in the Company instead of cash.
- The Company will not exercise its right to terminate the PAA as at 31 March 2009.
- The Company will have the right to terminate the PAA if growth in net assets per share (with dividends added back) for the three years ending 31 March 2012 is less than 5% per annum and net assets per share as at 31 March 2009 are deemed to be 50p for this purpose.

All other principal terms of the PAA remain the same.

Notes to the Consolidated Financial Statements (continued)

3. Management and administration fees (continued)

In addition to the annual management fee, the Property Adviser is entitled to an annual performance fee. In summary, the performance fee (to the extent payable) is linked to cumulative total return per Ordinary Share ("CTR") (comprising the Group's net asset value per share ("NAPS") plus the aggregate dividends per share paid since Admission) exceeding the Performance Benchmarks. To the extent that it becomes payable, the performance fee will comprise the First Performance Fee and the Second Performance Fee (both as described below) and together referred to below as the "Performance Fee".

Previously the "First Performance Benchmark" was an amount per share representing the net proceeds of the Placing per share compounded up to 10.0% per annum from the date of Admission. However, following the renegotiation of the terms of the PAA, the First Performance Benchmark will be an amount per share representing 50p per share compounded up to 10.0% per annum from 31 March 2009. If at the end of any financial period of the Company the CTR is in excess of the First Performance Benchmark, the First Performance Fee will be calculated as 15.0% of the amount by which such CTR exceeds the higher of the First Performance Benchmark, and the highest previous CTR that has been used in the calculation of the First Performance Fee, multiplied by the weighted average number of Ordinary Shares in issue during the financial period.

Previously the "Second Performance Benchmark" was an amount per share representing the net proceeds of the Placing per share compounded up to 15.0% per annum from the date of admission. However, following the renegotiation of the terms of the PAA, the Second Performance Benchmark will be an amount per share representing 50p per share compounded up to 15.0% per annum from 31 March 2009. If at the end of any financial period of the Company the CTR is in excess of the Second Performance Benchmark, the Second Performance Fee will be calculated as 10.0% of the amount by which such CTR exceeds the higher of the Second Performance Benchmark and the highest previous CTR that has been used in the calculation of the Second Performance Fee multiplied by the weighted average number of Ordinary Shares in issue during the period.

The Performance Fee is structured so that no fee is payable if the CTR decreases. However, the Property Adviser will not be required to repay any previously earned Performance Fee, but no further Performance Fee will be payable until such time as the period on period CTR benchmark has been achieved.

NAPS will be calculated from the audited consolidated balance sheet of the Group adjusted to exclude any accrual for any Performance Fee and further adjusted if necessary to reflect the best estimates reasonably available of the market value of the Group's assets and liabilities and the dilution effect of outstanding share options over the shares in the share capital of the Company.

Administrator

Elysium Fund Management Limited ("Elysium") is entitled to a fee from the Company at a rate of 0.025% per quarter of the net asset value, after adding back the long-term borrowings, of the Group paid quarterly in arrears and subject to a minimum amount of £100,000 in respect of the period from Admission to 31 March 2007 and for each consecutive twelve months thereafter.

The fees payable in respect of the year were:

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Management fee	2,441	2,446
Administration fee	234	279

4. Other operating expenses

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Directors' fees (<i>note 5</i>)	200	200
Custodian and settlement fees	–	1
Auditor's remuneration: – audit services	124	80
– other professional services	27	30
Nominated adviser and broker fees	32	40
Registrar fees	12	14
Aborted purchase costs	–	30
Irrecoverable property costs: – Rental generating	345	435
– Non-rental generating	738	395
Other expenses	543	757
	2,021	1,982

5. Directors' fees

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
P Rhodes	70	70
H Stanton	40	40
P Radford	30	30
Q Spicer	30	30
R Barnes	30	30
	200	200

No bonuses or pension payments were paid or were payable on behalf of the Directors.

Details of the Directors' interests in the share capital are set out in the Report of the Directors on page 14.

6. Interest payable and similar charges

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Bank loan interest payable	10,342	9,926
Amortisation of bank loan arrangement fees (<i>note 15</i>)	55	47
	10,397	9,973

Notes to the Consolidated Financial Statements (continued)

7. Taxation

The Company and its Guernsey-registered subsidiaries have been granted exemption from Guernsey taxation under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and are charged an annual exemption fee of £600.

The property subsidiaries are subject to UK income tax on income arising on the property portfolio, after deduction of its debt financing costs and allowable expenses.

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Loss before taxation	(92,122)	(33,923)
Tax losses brought forward	(1,623)	(366)
	(93,745)	(34,289)
At UK statutory income tax rate of 20% (31 March 2008: 22%)	(18,749)	(7,544)
Income not taxable, including interest receivable, at UK statutory income tax rate of 20% (31 March 2008: 22%)	(65)	(2,601)
Expenditure not allowed for income tax purposes at UK statutory income tax rate of 20% (31 March 2008: 22%)	21,698	10,575
Inter-company interest payable at UK statutory income tax rate of 20% (31 March 2008: 22%)	(3,141)	(4,326)
Tax losses carried forward at UK statutory income tax rate of 20% (31 March 2008: 22%)	420	4,062
Adjustment to prior year	12	–
Tax charge for the year	175	166

8. Loss per share

The loss per Ordinary Share is based on a loss of £92,297,000 (31 March 2008: loss of £34,089,000) and on a weighted average number of 122,500,002 (31 March 2008: 122,500,002) Ordinary Shares in issue.

The average price of the Ordinary Shares of 17.51p during the year (31 March 2008: 73.13p) was below the exercise price of the Options (exercise price 100.00p). Therefore, in accordance with IAS 33: Earnings per share, there is no dilution (31 March 2008: no dilution).

9. Dividends

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Final dividend in respect of the prior year	–	612
First interim dividend paid of 0.50p per Ordinary Share	–	613
	–	1,225

The Directors do not propose an interim, or final, dividend for the year ended 31 March 2009.

10. Investment property

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Freehold		
At 1 April 2008	202,785	187,950
Purchases at cost	–	46,495
Refurbishments	574	1,707
Sale proceeds	–	(5,500)
Movement in unrealised loss on revaluation of investment properties	(61,075)	(28,466)
Realised gain on disposal	–	599
At 31 March 2009	142,284	202,785
Leasehold		
At 1 April 2008	46,980	48,625
Purchases at cost	–	1,245
Refurbishments	948	76
Movement in unrealised loss on revaluation of investment properties	(16,578)	(2,966)
At 31 March 2009	31,350	46,980
Total		
At 1 April 2008	249,765	236,575
Purchases at cost	–	47,740
Refurbishments	1,522	1,783
Sale proceeds	–	(5,500)
Movement in unrealised loss on revaluation of investment properties	(77,653)	(31,432)
Realised gain on disposal	–	599
At 31 March 2009	173,634	249,765
Cost	282,926	281,404
Unrealised loss on revaluation of investment properties	(109,292)	(31,639)
Fair value at 31 March 2009	173,634	249,765

At the year end £16,700,000 (31 March 2008: £22,930,000) of the property was held through two Jersey Property Unit Trusts, where control of the financial and operating policies, in order to obtain economic benefit, remain with the Group.

The properties were valued by CB Richard Ellis ("CBRE"), international property advisers, at open market value as at 31 March 2009 in accordance with the latest edition of the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and have been primarily derived using comparable recent market transactions on arms length terms.

CBRE made various assumptions regarding tenure, letting, town planning and the condition and repair of buildings in the valuation process, and also relied upon certain pieces of information provided to them by the Group or its Advisers.

Notes to the Consolidated Financial Statements (continued)

11. Investments in subsidiary undertakings

Details of the investments in the wholly-owned, Guernsey-registered (except where indicated) subsidiary undertakings held by the Company at 31 March 2009 were as follows:

O Twelve Barking Limited	Property investment
O Twelve Baytree Limited	Property investment
O Twelve Beckton Limited	Property investment
O Twelve Dagenham Limited	Property investment
O Twelve Gascoigne (1) Limited	Property investment ^[2]
O Twelve Gascoigne (2) Limited	Property investment ^[2]
O Twelve George Yard Limited	Property investment
O Twelve Grove Farm Limited	Property investment
O Twelve Ingrave Limited	Property investment
O Twelve Larkfield Limited	Property investment
O Twelve NBS Limited	Holding company
O Twelve Pedham Limited	Property investment
O Twelve Properties Limited ^[1]	Dormant
O Twelve Queensgate Limited	Property investment
O Twelve Redwing Limited	Property investment
O Twelve Salway Limited	Property investment
O Twelve Stonehill Limited	Property investment
O Twelve Weston (1) Limited	Property investment ^[2]
O Twelve Weston (2) Limited	Property investment ^[2]
Solar House Limited	Property investment
Tabletop Estates Limited ^[1]	Dormant

As at 31 March 2009 O Twelve Properties Limited and O Twelve NBS Limited are directly owned by the Company and Tabletop Estates Limited is wholly-owned by O Twelve Redwing Limited. All other companies are wholly-owned by O Twelve NBS Limited.

O Twelve Redwing Limited was wholly-owned by the Company until 20 March 2008 when the share capital was transferred to O Twelve NBS Limited.

^[1] Incorporated and registered in the United Kingdom.

^[2] Invest in property via a Jersey Property Unit Trust.

12. Loans to subsidiary undertakings

Non-current loan

The Company made available a revolving credit facility of up to £250 million to O Twelve NBS Limited, which is repayable on demand. However, on 20 December 2006 the Company entered into a Subordination Agreement with O Twelve NBS Limited and Nationwide Building Society such that the loan from the Company to O Twelve NBS Limited is subordinated in favour of the loan from Nationwide Building Society to O Twelve NBS Limited.

During the year the loan from the Company to O Twelve NBS Limited bore interest at the Bank of England base rate plus 1.00% and was payable quarterly in arrears.

13. Receivables and prepayments

	31 March 2009 £'000	31 March 2008 £'000
Deposits with solicitors	38	504
Due from agents	1,265	1,016
Rent due	3,061	2,975
Recoverable property costs	545	689
VAT recoverable	12	1,104
Accrued proceeds on sale of investment property	–	5,225
Other receivables and prepayments	460	514
	5,381	12,027

In the opinion of the Directors, all receivables and prepayments are recoverable at the stated value.

14. Payables and accruals

	31 March 2009 £'000	31 March 2008 £'000
Rent received in advance	2,905	3,009
Interest payable	1,642	1,890
Taxation creditor	92	173
VAT payable	609	645
Other payables and accruals	1,206	2,100
	6,454	7,817

15. Bank Loan

On 20 December 2006 the Group entered into an eight year £150 million Loan Facility Agreement with Nationwide Building Society for the purpose of acquiring and refinancing the Group's property portfolio in England. On 12 June 2007 the loan facility was increased to £250 million. On 24 November 2008 the undrawn balance of the facility was cancelled. Therefore, at the year end the loan facility was £170 million.

£138 million of the loan facility incurred interest at a fixed rate (see below) and the remaining £32 million incurred interest at the aggregate of LIBOR plus:

- 0.625% per annum if the principal amount of the loan is equal to or greater than 60% but less than or equal to 65% of the aggregate market values of the properties, as indicated in the independent valuations; and
- 0.60% per annum if the principal amount of the loan is less than 60% of the aggregate market values of the properties, as indicated in the independent valuations.

The Nationwide Facility Agreement contains financial and other covenants, including, inter alia, that:

- the principal amount of the loan drawn down (less the aggregate of any balances standing to the credit of any cash collateral account, disposal proceeds holding account or security substitution account) shall not immediately following any utilisation exceed 70% of the sum of the aggregate market values of the properties;
- the principal amount of the loan drawn down (less the aggregate of any balances standing to the credit of any cash collateral account, disposal proceeds holding account or security substitution account) shall not, at any time, exceed 75% of the sum of the aggregate market values of the properties;

Notes to the Consolidated Financial Statements (continued)

15. Bank Loan (continued)

- on each interest payment date, actual quarterly rental income is at least 120% of actual quarterly finance costs and prospective annual rental income is at least 120% of prospective annual finance costs; and
- If the principal amount of the loan drawn down (less the aggregate of any balances standing to the credit of any cash collateral account, disposal proceeds holding account or security substitution account) exceeds 70% of the sum of the aggregate market values of the properties then the excess of rental income over finance costs must be paid to a cash collateral account and would therefore not be available for the general purposes of the Group.

During the financial year the principal amount of the loan drawn down (less the aggregate of any balances standing to the credit of any cash collateral account, disposal proceeds holding account or security substitution account) exceeded 70% of the sum of the aggregate market values of the properties. Therefore, the excess of rental income over finance costs has been paid into a cash collateral account held with Nationwide which is not currently available for the general purposes of the Group. The balance in this account as at 31 March 2009 was £1,538,000 which has been designated as a non-current asset in the Balance Sheet, together with £1,521,000 being an amount held as part of the Property Adviser's client account at the Balance Sheet date which was due to be transferred into the cash collateral account.

The Property Adviser continues to monitor the loan covenants and reports to Nationwide Building Society quarterly.

Several Security Interest Agreements, creating security interests over the shareholdings in some of the property holding subsidiaries, have been entered into by the Group and Nationwide Building Society.

The Group entered into fixed rate Loan Agreements with Nationwide Building Society for £138 million for a period of almost eight years expiring 20 December 2014 at an average rate including margin of 6.1%. As at 31 March 2009, the fair value of the interest rate swap was a liability of £18,245,400 (31 March 2008: liability of £4,257,460).

The bank loan arrangement fees amounted to £425,000. They have been deducted from the amount of the loan and are being amortised over the period of the loan.

	31 March 2009 £'000	31 March 2008 £'000
Loan drawn down	170,000	170,000
Loan arrangement fees	(425)	(425)
Amortisation of loan arrangement fees	109	54
	169,684	169,629
Fair value of interest rate swap	18,246	4,257
	187,930	173,886
<i>Designated in the Balance Sheet as:</i>		
Current liabilities	187,930	–
Non-current liabilities	–	173,886
	187,930	173,886

As described in the Chairman's Statement and the Property Adviser's Report, the continuing adverse financial and economic conditions have led to an unprecedented reduction in property values throughout the UK. During the year, the Group's property portfolio fell in value by 30.9% to £173.6 million. Due to this and to the adverse movement in the market value of the Group's fixed rate borrowings, as at 31 March 2009 the Group had net liabilities of £7.4 million.

At the year end, the Group's borrowings were £170 million. These are under a facility with Nationwide Building Society, which has syndicated part of the loan to two other financial institutions (collectively, the "Lenders"). In the interim results announcement on 12 December 2008 it was reported that the Group at that time was not in default under its loan facilities but was, and continues to be, in a "cash lock up" situation. Accordingly, the Group does not have access to surplus operating cash flow and must rely on its cash reserves to pay overheads and other expenses. At 31 March 2009, the Group's property portfolio was valued at £173.6 million and the Group is therefore now in default of its loan to value ratio ("LTV") covenant of 75%. Given the current market conditions, the Board does not consider that selling properties to generate cash to reduce the outstanding loan is currently a viable option. Accordingly, acting on behalf of the Board, Rugby Asset Management Limited ("RAM") has been in discussion with the Lenders and heads of terms have now been agreed in principle on which the loan can be restructured. Whilst no binding commitments to vary the existing loan arrangements have yet been entered into, these terms have been approved in principle by the Board and by the Lenders and documentation is now in solicitors' hands. A further announcement will be made in due course. The key terms agreed in principle (the "Financial Restructuring") are as follows:

1. The term of the facility until December 2014 is unchanged;
2. The facility will reduce to £140 million on 31 March 2011;
3. The interest margin over LIBOR will increase from 0.65% per annum to 1.25% per annum;
4. An arrangement fee of £850,000 will be payable on signing;
5. A back-end fee of 3.5% of amounts repaid will be payable at the time of each loan repayment;
6. LTV will not be tested until the Lenders receive the portfolio valuation as at 31 March 2011, at which time LTV must not exceed 85%, reducing to 80% from 31 March 2012 and 75% from 31 March 2013;
7. The minimum interest cover ratio will be 115%, provided that if rent free periods were treated as rent passing the ratio would be at least 120%, until 31 March 2011, increasing to 120% thereafter;
8. Cash lock up will continue until LTV is 70% or less. However, after deducting finance costs, direct property outgoings and RAM's fees, the Lenders will allow the Group to receive up to £400,000 per quarter to cover overheads, tax and other property expenses.

Due to the above breach, in accordance with IAS 1: *Presentation of Financial Statements*, the borrowings have been designated as a current liability. However, should the Financial Restructuring be completed as expected the Lenders will not demand early settlement of the liability, except for the reduction of the facility to £140 million on 31 March 2011 as noted above.

The Board announced on 17 February 2009 that it had reviewed RAM's appointment as Property Adviser and had agreed with RAM that, inter alia, RAM's fee would be reduced from 1.0% per annum to 0.6% per annum of gross property asset value with effect from 1 April 2009. In order to facilitate the Financial Restructuring, RAM has agreed in principle that, following completion of the Financial Restructuring, it will defer payment of its management fee in excess of £200,000 per quarter (plus VAT and disbursements) until the loan facility has been repaid in full, or otherwise with the agreement of the Lenders.

Since the year end, £1.5 million of cash received by the Lenders under the cash lock up has been applied in reducing the outstanding loan principal to £168.5 million. Approximately £1 million of further cash arising under the cash lock up is expected to be applied in partial repayment of the loan on or before completion of the Financial Restructuring. The Board expects the Financial Restructuring to be completed by the end of August 2009.

Taking into account the existing fixed rate debt of £138 million, and assuming three month LIBOR at 1.26% per annum, the blended cost of debt after completion of the Financial Restructuring, including amortisation of the arrangement fee and the back end fee, would be approximately 6.8% per annum.

Notes to the Consolidated Financial Statements (continued)

16. Share capital

	31 March 2009 £'000	31 March 2008 £'000
Authorised:		
200,000,000 Ordinary Shares of 1p each	2,000	2,000
Issued and fully paid:		
122,500,002 Ordinary Shares of 1p each	1,225	1,225

The Company has the authority to utilise the other reserves to buy back up to 14.99% of the Ordinary Shares issued at the Placing for cancellation. No shares were purchased for cancellation during the year (31 March 2008: nil). However, the Company intends to seek to renew the necessary authority to buy back Ordinary Shares at the forthcoming Annual General Meeting.

In addition, the Company has authority to purchase up to 10% of the Ordinary Shares in issue and hold them as Treasury Shares. No shares were purchased to be held as Treasury Shares during the year (31 March 2008: nil).

17. Other reserves

Other reserves consist of a transfer of £115,925,000 from the share premium account, following approval from the Royal Court in Guernsey on 25 January 2008, and retained earnings.

From 1 July 2008, and pursuant to The Companies (Guernsey) Law, 2008, as amended, all reserves can be designated as distributable.

18. Duration of the Company

There are no specific provisions for the life span of the Company although the Directors estimate it to be up to twelve years.

At the Annual General Meeting of the Company to be held in 2014, a special resolution shall be proposed that the Company ceases to continue as an investment company. If that resolution is passed, the Directors are required to formulate proposals to put to Shareholders to reorganise, unitise or reconstruct the Company or to wind up the Company. If the resolution to cease being an investment company is not passed, a similar resolution will be proposed at every second Annual General Meeting thereafter.

19. Net (liability)/asset value per Ordinary Share

Basic

The net liability per Ordinary Share is based on the net liabilities attributable to equity shareholders of £7,382,000 (31 March 2008: net assets of £84,915,000) and on 122,500,002 (31 March 2008: 122,500,002) Ordinary Shares in issue at the end of the year.

Diluted

The 31 March 2009 price of the Ordinary Shares of 3.50p (31 March 2008: 39.75p) was below the exercise price of the Options (exercise price of 100.00p). Therefore, there is no dilution (31 March 2008: no dilution).

20. Reconciliation of net (loss)/gain from operating activities to net cash (outflow)/inflow from operating activities

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Net loss from operating activities	(67,736)	(19,798)
Purchase/refurbishment of investment property	(1,522)	(49,523)
Sale proceeds	–	5,500
Movement in unrealised loss on revaluation of investment properties	77,653	31,432
Realised gain from sale of investment properties	–	(599)
Change in receivables and prepayments	6,667	(2,590)
Change in other payables and accruals	(1,037)	(45,397)
Net cash inflow/(outflow) from operating activities	14,025	(80,975)

21. Commitments and contingencies

	31 March 2009 £'000	31 March 2008 £'000
<i>Operating lease commitments from lessees</i>		
Not later than one year	13,164	12,762
After one year but no more than five years	42,262	42,766
After five years	39,035	42,879
	94,461	98,407

There were no contracted capital commitments as at 31 March 2009.

22. Share option

An Option Agreement was entered into on 22 March 2006 between the Company and Collins Stewart Europe Limited ("CSEL") under which the Company granted CSEL the right to subscribe for up to 1,225,000 Ordinary Shares at the Placing Price (100.00 pence), such option being exercisable at any time up to and including the fifth anniversary of the date of grant. During the year to 31 March 2009 the option to subscribe for Ordinary Shares was not taken up by CSEL.

Notes to the Consolidated Financial Statements (continued)

23. Segmental information

The Directors are of the opinion that the Group is engaged in four segments of business, being investment in offices, residential property, retail property and industrial property, which is carried out in one geographic area.

31 March 2009	Office £'000	Residential £'000	Retail £'000	Industrial £'000	Unallocated £'000	Group £'000
Income Statement						
Rent receivable	2,800	423	5,653	5,413	–	14,289
Bank interest	–	–	4	24	296	324
Service charges receivable	1,569	–	1,490	550	–	3,609
Income	4,369	423	7,147	5,987	296	18,222
Expenses	(2,236)	(251)	(2,682)	(2,122)	(1,014)	(8,305)
Movement in unrealised loss on revaluation of investment properties	(11,446)	(1,244)	(33,577)	(31,386)	–	(77,653)
Net loss from operating activities	(9,313)	(1,072)	(29,112)	(27,521)	(718)	(67,736)
Movement in fair value of interest rate swap	–	–	–	–	(13,989)	(13,989)
Finance expenses	–	–	–	–	(10,397)	(10,397)
Loss before taxation	(9,313)	(1,072)	(29,112)	(27,521)	(25,104)	(92,122)
Taxation	(39)	(1)	(62)	(73)	–	(175)
Loss for the year	(9,352)	(1,073)	(29,174)	(27,594)	(25,104)	(92,297)
Balance Sheet						
Investment property	34,004	7,300	62,340	69,990	–	173,634
Other assets	591	42	2,053	2,926	7,756	13,368
Assets	34,595	7,342	64,393	72,916	7,756	187,002
Liabilities	(839)	(55)	(2,081)	(1,615)	(189,794)	(194,384)
Net assets/(liabilities)	33,756	7,287	62,312	71,301	(182,038)	(7,382)

31 March 2008	Office £'000	Residential £'000	Retail £'000	Industrial £'000	Unallocated £'000	Group £'000
Income Statement						
Rent receivable	2,863	382	5,921	6,197	–	15,363
Bank interest	12	–	9	5	353	379
Service charges receivable	851	–	1,307	277	–	2,435
Income	3,726	382	7,237	6,479	353	18,177
Expenses	(1,469)	(256)	(2,588)	(1,680)	(1,149)	(7,142)
Movement in unrealised loss on revaluation of investment properties	(5,778)	(490)	(14,833)	(10,331)	–	(31,432)
Realised gain on sale of investment properties	–	–	–	599	–	599
Net loss from operating activities	(3,521)	(364)	(10,184)	(4,933)	(796)	(19,798)
Movement in fair value of interest rate swap	–	–	–	–	(4,152)	(4,152)
Finance expenses	–	–	–	–	(9,973)	(9,973)
Loss before taxation	(3,521)	(364)	(10,184)	(4,933)	(14,921)	(33,923)
Taxation	12	–	(23)	(155)	–	(166)
Loss for the year	(3,509)	(364)	(10,207)	(5,088)	(14,921)	(34,089)
Balance Sheet						
Investment property	45,415	8,540	95,800	100,010	–	249,765
Other assets	(4,358)	(80)	2,423	7,337	11,531	16,853
Assets	41,057	8,460	98,223	107,347	11,531	266,618
Liabilities	(1,317)	(69)	(1,986)	(2,365)	(175,966)	(181,703)
Net assets/(liabilities)	39,740	8,391	96,237	104,982	(164,435)	84,915

24. Related parties

The relationships between the Group and Rugby Asset Management Limited and Elysium Fund Management Limited are disclosed in *note 3*. All of the transactions between the parties were performed on terms equivalent to those that prevail in an arms length transaction.

At the year end, £50,231 (31 March 2008: £63,932) was payable to Elysium Fund Management Limited in respect of administration fees, and £574,389 (31 March 2008: £675,838) was payable to Rugby Asset Management Limited in respect of management fees.

The Directors are not aware of any ultimate controlling party.

Notes to the Consolidated Financial Statements (continued)

25. Derivatives and other financial instruments

Treasury policies

The objective of the Group's treasury policies is to manage the Group's financial risk, secure cost effective funding for the Group's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities on reported profitability and on cash flows of the Group.

The Group finances its activities with a combination of bank loans, cash and short-term deposits. Other financial assets and liabilities, such as trade debtors and creditors, arise directly from the Group's operating activities. The Group may also enter into derivative transactions, principally interest rate swaps, to manage the interest rate risk arising from the Group's operations and its sources of finance. The Group does not trade in financial instruments. The main risks associated with the Group's financial assets and liabilities are set out below, together with the policies currently applied by the Board for their management. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Group's treasury policies.

Fair value

In the opinion of the Directors, the carrying amounts of financial assets and financial liabilities are a reasonable approximation of their fair value.

Financial instrument risks

The main risks arising from the Group's financial instruments are as follows.

Market risk

Interest rate risk

The Group's policy is to manage its cost of borrowing using a mix of fixed and variable rate debt. Most fixed rate interest-bearing debt is not exposed to cash flow interest rate risk as there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling. In addition, the fair value risk of fixed rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early (see *note 15*). In contrast, whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risks as costs increase if market interest rates rise.

The Group's borrowings are under a £170 million loan facility with Nationwide Building Society. The loan carries interest at a margin of up to 0.65% per annum. Of the total amount drawn, £138 million (81%) is fixed until December 2014 at an average rate including margin of 6.1%. The balance is at a floating rate. Taking the average three month LIBOR for the year ended 31 March 2009 of 4.62%, the blended average rate payable on borrowings was 5.82% per annum. (31 March 2008: 6.09% per annum).

The margin between the high and low of the three month LIBOR during the year ended 31 March 2009 is approximately 4.66%. On the assumption that the three month LIBOR follows this trend during the next year, the maximum potential increase in interest (based on the £32 million floating element of the loan) is £1,490,800 (20.2% of net liability at 31 March 2009) and the maximum potential decrease, assuming the rate fell to 0%, is £527,600 (7.1% of net liability at 31 March 2009), assuming all other factors remain constant.

Due to the unprecedented interest rate cuts during 2008, and based on expectations for the forthcoming year, it is reasonable to conclude that the margin used in the above analysis is likely to be the maximum potential movement in the three month LIBOR.

Cash and cash equivalents of £8.0 million (2008: £4.8 million) are also exposed to movements in interest rates, however, the income/expense generated from cash and cash equivalents is not considered material, therefore, a movement in interest rates would not have a material financial impact on the Group.

Other price risk

The Group's exposure to other price risk consists mainly of movements in the value of the investment properties. The Board have contracted Rugby Asset Management Limited to provide up-to-date information regarding the market in which the properties are invested. The properties are independently valued bi-annually by property valuers CB Richard Ellis in order that the Board can respond to any adverse effects on a timely basis.

The value of the investment properties fell by 30.9% during the year. The Board consider it unlikely that the investment properties will change by such a significant percentage in the next financial year. However, a movement in Investment property values of 15% would result in a movement in net (liability)/asset value of approximately £26 million, assuming all other factors remain constant.

An increase in Investment property values of approximately 4.2% would result in the Group returning to a positive net asset value position, assuming all other factors remain constant.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations or commitments that it has entered into with the Group. The carrying amounts of financial assets best represent the maximum credit risk exposure as at the Balance Sheet date, as below.

	31 March 2009 £'000	31 March 2008 £'000
Cash and cash equivalents	7,987	4,826
Receivables in connection with property leases	4,871	4,680
Receivables in connection with property transactions	38	5,729
	12,896	15,235

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or if necessary to terminate the lease. Deferred consideration terms are only agreed with counterparties approved by the Board or where some additional security is available. Funds may be invested and derivative transactions contracted only with banks and financial institutions with a high credit rating.

As at the Balance sheet date the Directors considered all of the receivables to be recoverable, and current relative to the credit terms of the Group.

Liquidity risk

The Group has invested in investment properties, which, by their very nature, are illiquid. If the Financial Restructuring, as detailed in the Report of the Directors, was not to proceed as expected the Lenders could demand early settlement of the loan which the Group would be unable to meet from existing cash balances.

The financial liabilities of the Group were all repayable on demand. Due to the breach of the LTV covenant the Bank loan of £170 million (see note 15) was repayable on demand as at the Balance Sheet date. However, should the Financial Restructuring proceed as expected £30 million of the bank loan would become payable by 31 March 2011 and the remaining £140 million would become repayable in 2014.

The expected gross undiscounted contracted payments in respect of the bank loan in the next year are capital repayments of £2,500,000 and interest payments of £9,108,000.

The Interest rate swap, fair value at the Balance sheet date of £18 million, would only become payable should the fixed element of the bank loan be repaid early.

Notes to the Consolidated Financial Statements (continued)

26. Capital management policy and procedures

The Group's capital (consisting of issued shares and other reserves) management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise its total return primarily through the capital appreciation of its investments.

The Board, with the assistance of the Investment Manager, monitors and reviews the structure of the Company's capital on an ad hoc basis. This review includes:

- the current and future levels of gearing;
- the renegotiation of the loan facility with the Lenders;
- cash flow projections for the Group;
- the working capital requirements of the Group;
- the need to buy back equity shares for cancellation or to be held in treasury, which takes account of the difference between the net asset value per share and the share price; and
- the current and future dividend policy.

The Company's objectives, policies and processes for managing capital remain unchanged from the previous year.

As at 31 March 2009 the Company had a bank loan of £170 million (2008: £170 million). In addition, if the loan were to be repaid at the balance sheet date, fixed rate break costs of £18 million (2008: £4 million) would be payable.

As disclosed in the Consolidated Balance Sheet the total equity holders funds at 31 March 2009 were £(7,382,000) (2008: £84,915,000).

The Group is not subject to any externally imposed capital requirements.

27. Events after the Balance Sheet date

As disclosed in the Report of the Directors discussions have taken place regarding restructuring the bank loan facility and heads of terms have now been agreed in principle. As part of the planned restructuring £1.5 million of cash received by the Lenders under the cash lock up has been applied in reducing the outstanding loan principal to £168.5 million.

There were no other material events after the balance sheet date that require disclosure as at 14 July 2009.

O TWELVE ESTATES LIMITED

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the third ANNUAL GENERAL MEETING of O TWELVE ESTATES LIMITED will be held at No. 1 Le Truchot, St Peter Port, Guernsey, GY1 3JX on 27 August 2009 at 10.30am for the following purposes:

Resolution on Form of Proxy

As ordinary business:

Ordinary Resolution 1

To receive and, if thought fit, to accept the reports of the Directors and Auditors and the audited financial statements for the year ended 31 March 2009.

Ordinary Resolution 2

To re-appoint Ernst & Young LLP as Auditors and to authorise the Directors to agree their remuneration.

Ordinary Resolution 3

To re-elect Mr Rhodes, who offers himself for re-election, as a Director.

As special business:

Ordinary Resolution 4

That the Company be and is hereby generally and unconditionally authorised in accordance with section 315 of The Companies (Guernsey) Law 2008, as amended to make market purchases, as defined in that Law, of and cancel its Ordinary Shares of 1p each, provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 18,362,750;
- (ii) the minimum price which may be paid for an Ordinary Share shall be 1p;
- (iii) the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105% of the average of the middle market quotations for an Ordinary Share taken from and calculated by reference to the London Stock Exchange Alternative Investment Market Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;
- (iv) the price paid per Ordinary Share shall be less than the net asset value per Ordinary Share;
- (v) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2010, unless the authority is renewed prior to such time; and
- (vi) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

Registered office:
No. 1 Le Truchot
St Peter Port
Guernsey
GY1 3JX
14 July 2009

Elysium Fund Management Limited, Secretary

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his or her stead. A proxy need not also be a member of the Company. To be effective, forms of proxy must be lodged with the Company's Secretary, Elysium Fund Management Limited, not less than 48 hours before the time appointed for holding the meeting. Lodgement of the form of proxy will not preclude a shareholder from attending the meeting and voting in person.

Note:

The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays, Sundays and public holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting:

- a) A statement of Directors' interests in the share capital of the Company; and
- b) The Articles of Incorporation.

O TWELVE ESTATES LIMITED

Form of Proxy

For use at the ANNUAL GENERAL MEETING (Block capitals please)

I/We, the undersigned,

Of

being a member/members of O Twelve Estates Limited, hereby appoint the Chairman of the meeting/

.....
 as my/our proxy to vote for me/us on my/our behalf at No. 1 Le Truchot, St Peter Port, Guernsey, GY1 3JX on 27 August 2009 at 10:30am and at any adjournment thereof and at his discretion on any other matter arising at such meeting.

Signature

Dated

Please indicate with an X in the spaces below how you wish your votes to be cast.

		For	Against	Abstain
Ordinary Resolution 1	To receive and, if thought fit, to adopt the reports of the Directors and Auditors and the audited financial statements for the year ended 31 March 2009.			
Ordinary Resolution 2	To re-appoint Ernst & Young LLP as Auditors and to authorise the Directors to agree their remuneration.			
Ordinary Resolution 3	To re-elect Mr Rhodes, who offers himself for re-election as a Director.			
Ordinary Resolution 4	To authorise the Company to buy back its own shares.			

Notes

1. A member may appoint a proxy of his or her own choice. If such an appointment is made, delete the words 'the Chairman of the meeting' and insert the name of the person appointed proxy in the space provided.
2. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all joint holders should be stated.
4. If this form is returned without any indication as to how the person appointed proxy shall vote, he or she will exercise his or her discretion as to how he or she votes or whether he or she abstains from voting.
5. To be valid, this form must be completed and deposited at the office of the Company's Secretary not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

Third fold and tuck in

Affix
stamp
here

Elysium Fund Management Limited
PO Box 650
No. 1 Le Truchot
St Peter Port
Guernsey, GY1 3JX

First Fold

Second fold

Directors

Phillip Rhodes (*Chairman*)

Howard Stanton

Peter Radford

Quentin Spicer

Richard Barnes



Advisers

Property Adviser

Rugby Asset Management Limited
4 Farm Street
Mayfair
London
W1J 5RD

Registrar

Capita Registrars (Guernsey) Limited
Longue Hougue House
St Sampson
Guernsey
GY2 4JN

English Legal Adviser to the Company

Nabarro
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84 Theobald's Road
London
WC1X 8RW

Guernsey Legal Adviser to the Company

Mourant
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Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 6HJ

Financial PR Consultants

Financial Dynamics
Holborn Gate
Southampton Buildings
London
WC2A 1PB

Administrator, Secretary, and Registered Office

Elysium Fund Management Limited
No. 1 Le Truchot
St Peter Port
Guernsey
GY1 3JX

Nominated Adviser and Broker

Fairfax I.S. PLC
46 Berkeley Square
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W1J 5AT

Auditors

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14 New Street
St Peter Port
Guernsey
GY1 4AF

Valuers

CB Richard Ellis
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Bankers

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