

# Helical Bar plc



**Friday 25<sup>th</sup> May 2012**

**Preliminary Results for  
the year to 31 March 2012**

## Summary Profit and Loss

Includes share of joint ventures

	Year To 31 March 2012	Year To 31 March 2011
	£m	£m
Net rental income	22.9	17.8
Development profits/(loss)	0.7	(16.6)
Trading property loss	-	(0.4)
Gain on sale and revaluation of investment properties	3.9	8.3
Impairment of available-for-sale investments	-	(1.8)
Administration costs	(7.8)	(7.0)
Net finance costs	(10.0)	(8.1)
Change in fair value of financial instruments	(0.7)	1.8
Foreign exchange losses	(1.4)	(0.1)
Sundry net costs	(0.2)	(0.2)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities	7.4	(6.3)
	=====	=====

## Summary Balance Sheet

Includes share of joint ventures

	At 31 March 2012 £m	At 31 March 2011 £m
Investment properties	394	338
Land, developments and trading properties	144	163
Cash and cash equivalents	40	35
Borrowings	(321)	(277)
Derivative financial instruments	(4)	(7)
Other net assets	<u>1</u>	<u>3</u>
Net assets	<u>254</u>	<u>255</u>
Diluted EPRA net assets	293	295
Number of shares	116.8m	116.8m
Diluted EPRA net asset value per share - pence	250	253

	Pro-forma 25 May 2012	31 March 2012	31 March 2011
Net debt	£276m	£264m	£241m
Net gearing	109%	104%	94%
Property portfolio at valuation	£575m	£573m	£532m
Ratio of net borrowing to property portfolio	48%	46%	45%

	31 March 2012		30 September 2011	
	£m	%	£m	%
Investment	394.0	68.8	303.0	61.2
Development (fair value)	178.6	31.2	192.0	38.8
<b>Total</b>	<b><u>572.6</u></b>	<b><u>100.0</u></b>	<b><u>495.0</u></b>	<b><u>100.0</u></b>

	31 March 12		30 September 11	
	£m	£m	£m	£m
Net Rents		25.9		<u>19.3</u>
Less:	Interest	13.0		12.0
	- Swaps	[ 6.5 ]	[ 5.8 ]	
	- Floating	[ 6.5 ]	[ <u>6.2</u> ]	
	Administration	<u>7.4</u>		<u>7.2</u>
Surplus		<u>5.5</u>		<u>0.1</u>
Cost of Dividend 4.90p / 5.15p per share		6.0		5.7

			25 May 2012	25 May 2011
Hedging	Fixed rate borrowings	-Swaps at average 4.8% (5.8%) -Floor at 4.5%	£120m  -	£75m  £41m
	Interest rate caps at 4.7% (4.9%)		£125m	£91m
	Average rate of interest		4.10%	4.35%

## Debt Profile - Maturity

	25 May 2012	31 March 2012	31 March 2011
	£m	£m	£m
< 1 Year	28.3	62.5	39.6
1-2 Years	72.7	72.5	75.8
2-3 Years	67.5	1.4	88.2
3-4 Years	50.4	82.6	14.2
4-5 Years	101.3	102.4	59.0
Total	<u>320.2</u>	<u>321.4</u>	<u>276.8</u>







## THE FACTS

- Acquired October 2011 for £69.6m
- 8.0% NIY (triple net)

## SINCE ACQUISITION

- Deene House sold for £1.5m, 4.98% NIY
- £160,000 taken out of the non-recoverable service charge
- £20,000 saved from rates liability
- Car park income increased by £60,000
- Circa £400,000 works instructed which will create a further £100,000 of NOI
- 15 lease renewals or new leases completed
- 8 new lettings and 6 re-gears in solicitors' hands
- BUT have lost Priceless Shoes, Bon Marche rent has been reduced, in discussions with Peacocks etc.



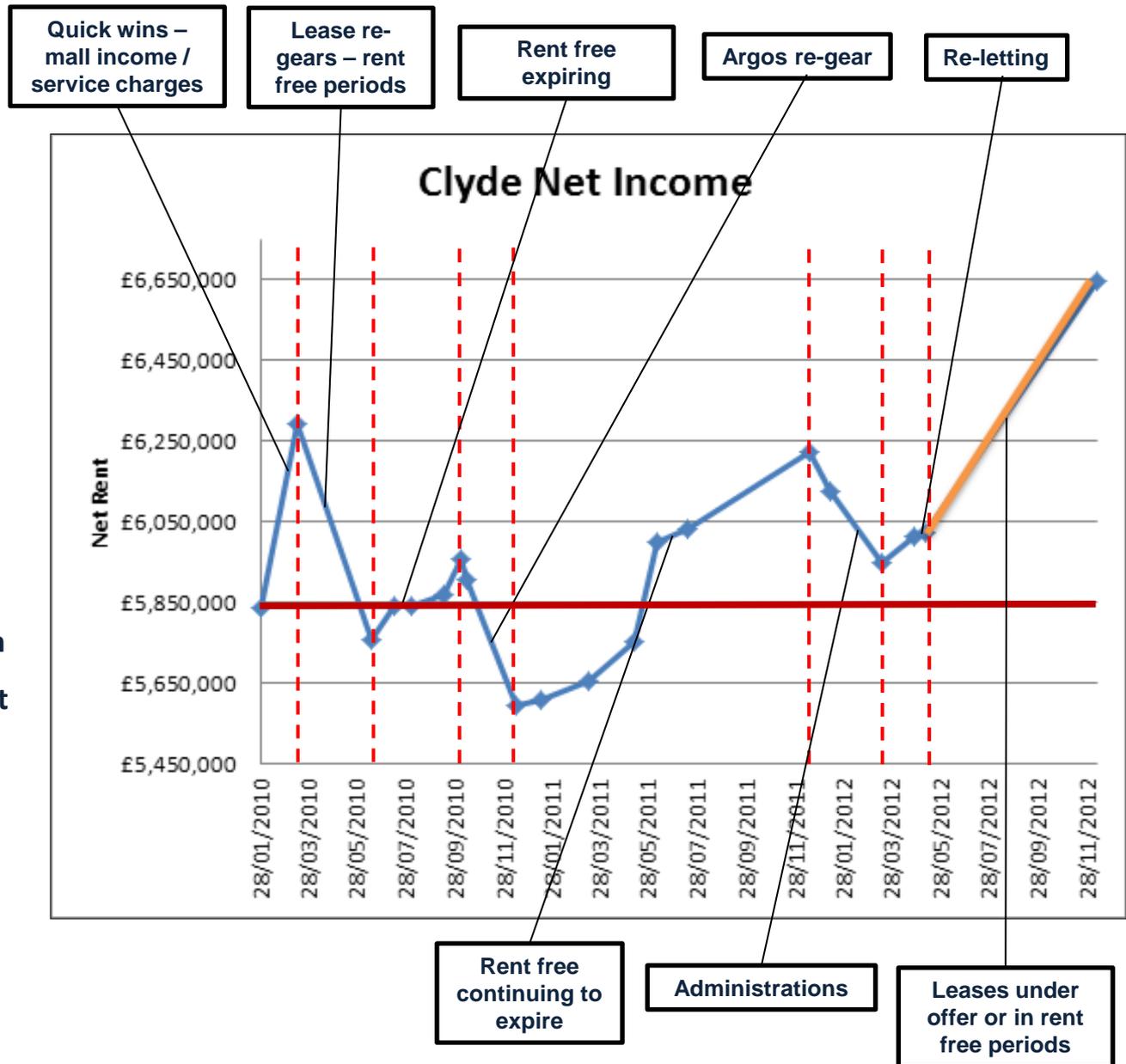
# Cardiff – Morgan Quarter, The Hayes



- Purchased 2005, 225,000 sq ft empty department store on 5 levels, with part let listed Victorian Arcades
- Created and sold 56 flats on upper floors
- Formerly vacant retail now let to Urban Outfitters, White Stuff, Joules, Fred Perry, Molton Brown, Dr. Martens, TK Maxx, Moss Bros
- Sept 2009 valued at £42m (opening of St David's 2 / pedestrianisation of The Hayes)
- Value increased 30% since then to £54.75m, 5.5% IY
- NOI c. £3m, ERV £4.2m, hoping to increase ERV to £4.5m over time (rent reviews 2012-2015)
- Passing rents c. £75-125 Zone A
- Jack Wills new letting at £172 Zone A (May '12)

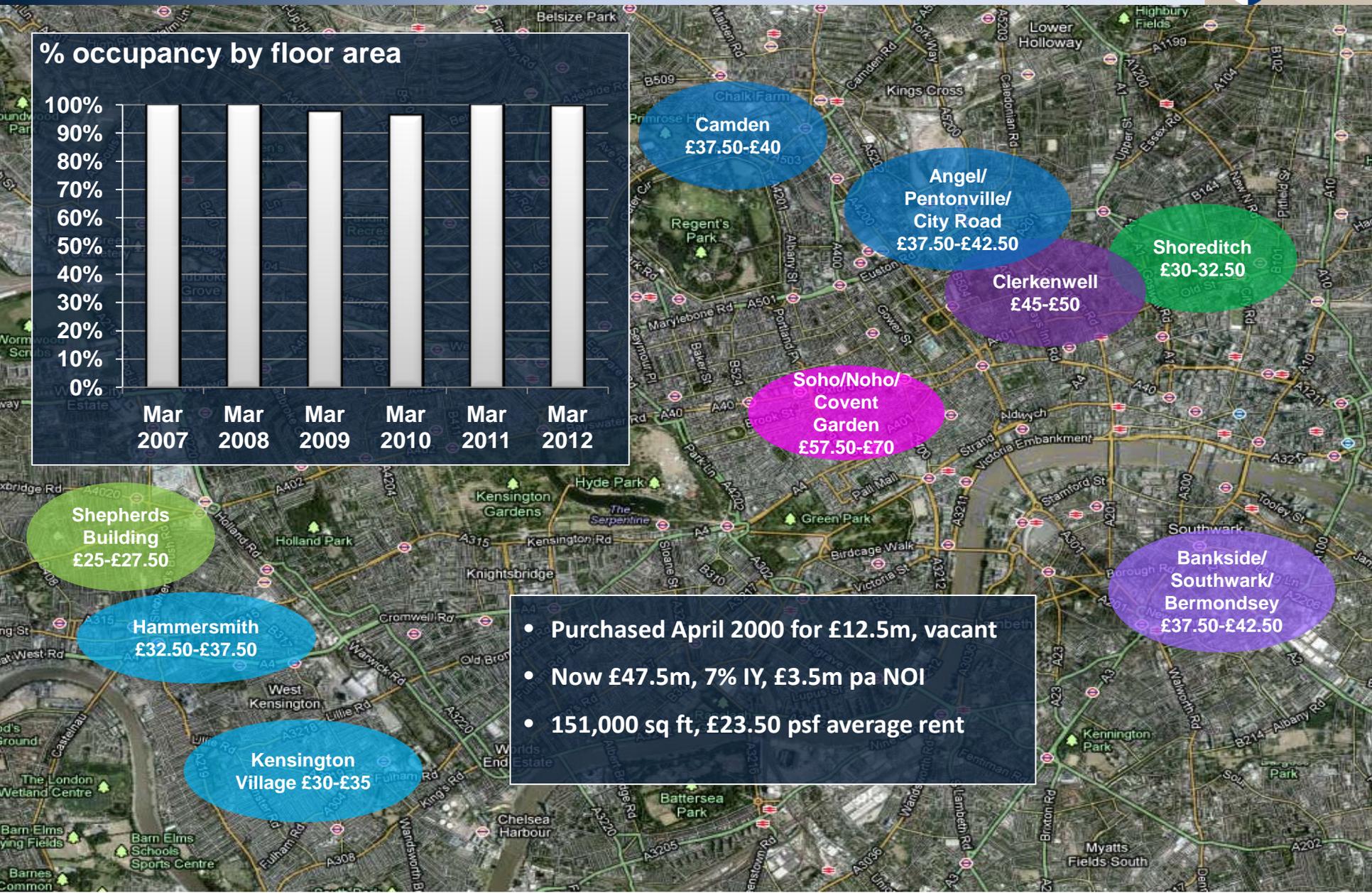
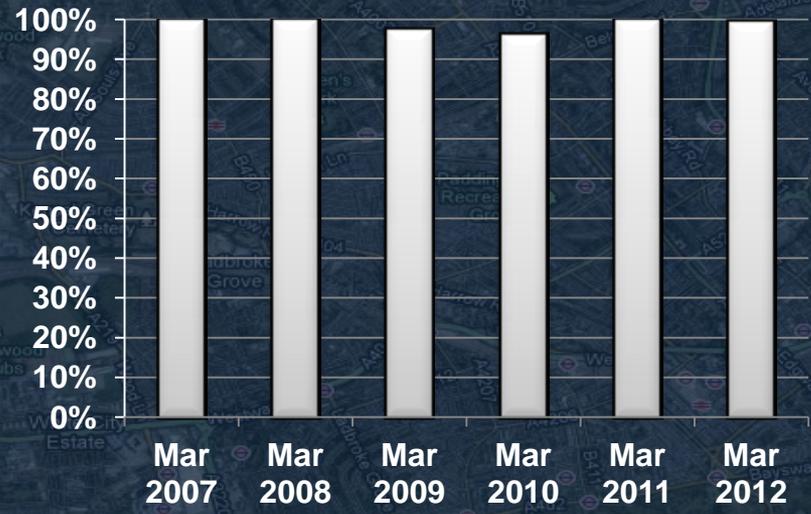
# Clydebank Shopping Centre

- NOI at acquisition £5.85 m
- Current NOI £6.02 m
- Unexpired rent free £374k
- Leases in solicitors hands £206k
- Re-letting well following insolvencies. Peacocks unit under offer to national covenant within 3 months at same rent
- 4 units entered administration up to year end 2012. Total rent £261k. All 4 re-let / under offer, total rent £273k
- No breaks effected or leases terminated at lease end March 2011 to March 2012



# Shepherds Building, W14

**% occupancy by floor area**



**Camden**  
£37.50-£40

**Angel/  
Pentonville/  
City Road**  
£37.50-£42.50

**Shoreditch**  
£30-32.50

**Clerkenwell**  
£45-£50

**Soho/Noho/  
Covent  
Garden**  
£57.50-£70

**Shepherds  
Building**  
£25-£27.50

**Hammersmith**  
£32.50-£37.50

**Kensington  
Village** £30-£35

**Bankside/  
Southwark/  
Bermondsey**  
£37.50-£42.50

- Purchased April 2000 for £12.5m, vacant
- Now £47.5m, 7% IY, £3.5m pa NOI
- 151,000 sq ft, £23.50 psf average rent

# Asset Management Overview

	Rent	No. of leases	% of rent roll
Rent lost at break/expiry	-£2,040,771	37	7.6%
Net rent lost through administration at year end	-£569,507	16	2.1%
Leases renewed	£1,758,526 (£96,415 uplift)	37	6.5%
Fixed uplifts	£445,671	40	1.7%
New lettings	£1,886,127	76	7.0%
Total rent lost	-£2,610,278		
Total rent gained	£2,428,213		
<b>Net reduction</b>	<b>-£182,065</b>		
Net gain excluding reduction at Barts and 200 Great Dover Street	£942,935		

Pre-Clintons, we have retained or re-let 63% of the income from tenants entering administration assuming deals in solicitors hands complete. We have £275k of income exposure to Clintons

- London offices, multi-let, low rents (£20/30 psf) in 'villages' (Southwark, Clerkenwell, Hammersmith)
- Tired buildings in need of capex, vacancies

## Example

- Broadway House, King Street, Hammersmith
- Acquired January 2012 from receivers for £14.1m, 5.7% IY
- Retail let at low rent (£105-125 Zone A) to Café Nero, Thomas Cook, Dolland & Aitchison and others
- Already agreed lease renewal 11% ahead of ERV on purchase
- 22,270 sq ft offices, 50% let at £24.50 psf, 50% vacant, being refurbished
- Once vacant offices let at £30 psf, yield on cost of 8 % (including capex)
- 52% income from retail at this point



## Recycling Capital

Liphook, Hants	<ul style="list-style-type: none"><li>• 23 units sold during year, £2.1m profit</li><li>• Construction will be completed Sept '12</li><li>• 67 units to sell (24 under offer / exchanged) will return c. £6m cash after debt repaid, c. £4m of further profit</li></ul>
Milton, Cambridge	<ul style="list-style-type: none"><li>• Exchanged contract to sell for c. £7m, completion Sept '12</li></ul>
Exeter	<ul style="list-style-type: none"><li>• Part under offer to sell, net proceeds c. £7m</li></ul>

## Developing Out

Faygate, Horsham	<ul style="list-style-type: none"><li>• Construction started May '12, Bank facility for 75% of construction cost (171 units)</li></ul>
Exeter	<ul style="list-style-type: none"><li>• Start late 2012 once part sold (164 units)</li></ul>
Great Alne, Warwickshire	<ul style="list-style-type: none"><li>• Following receipt of planning consent April '12, working up detailed consent, start demolition Sept '12 (132 units)</li></ul>

Discussions ongoing with potential joint venture partners to develop out these three schemes



**Aim to be ‘Equity Lean’ - To use equity aggressively and to maximise returns by:**

- **Participate in profit share situations where no equity is required. We will minimise our fee to maximise profit share e.g. Fulham Wharf and 200 Aldersgate**
- **Reduce upfront equity required by entering into conditional contracts or options. e.g. Mitre Square – conditional contracts and Helical Retail**
- **Co-investment with a minority stake e.g. Barts – “waterfall” above a hurdle which skews super profit towards Helical and White City where our equity contribution entitles Helical to an enhanced profit share**
- **Traditional forward funding – this requires the institution to want the cost overrun risk to be covered by the developer in return for a commensurate profit participation**



- Acquired jointly with Baupost in March 2011
- Baupost two thirds and Helical one third interest
- Currently let to NHS at £3.3 million per annum
- Vacant possession between 2014 and 2016
- Planning application submitted Q1 2012 for major mixed use scheme of circa 226,000 sq ft offices, 216 residential apartments (202,000 sq ft) and 24,000 sq ft retail and restaurants
- Total development value of £460m

# Barts Square, London EC1



# Barts Square, London EC1

## St Barts, London EC2 - Scheme Schedule of Areas

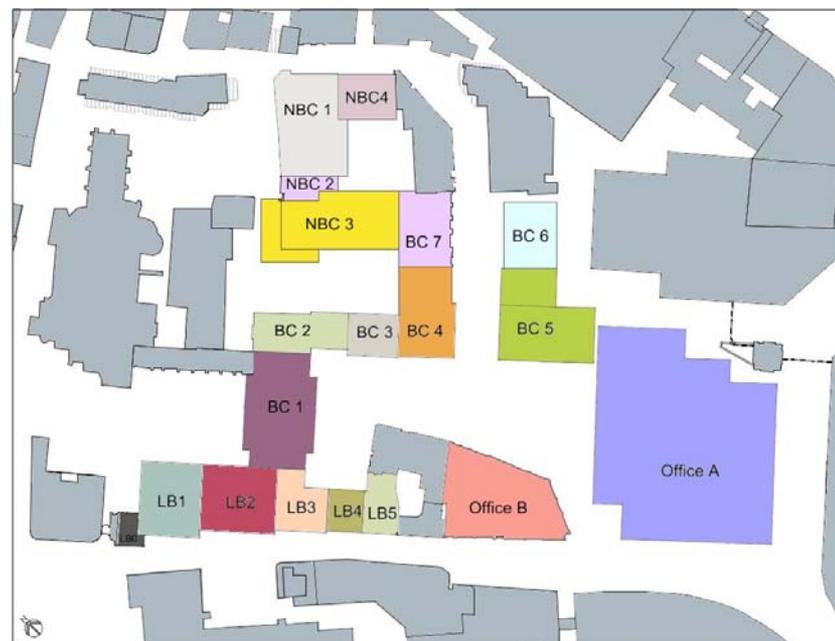
	<i>gross external</i>		<i>gross internal</i>		<i>net internal</i>	
	<i>m<sup>2</sup></i>	<i>ft<sup>2</sup></i>	<i>m<sup>2</sup></i>	<i>ft<sup>2</sup></i>	<i>m<sup>2</sup></i>	<i>ft<sup>2</sup></i>
<b>Office</b>						
Office A	28,366	305,333	27,415	295,097	19,080	205,379
Office B	3,676	39,565	3,396	36,551	2,202	23,698
<b>TOTAL</b>	<b>32,042</b>	<b>344,898</b>	<b>30,811</b>	<b>331,648</b>	<b>21,282</b>	<b>229,077</b>

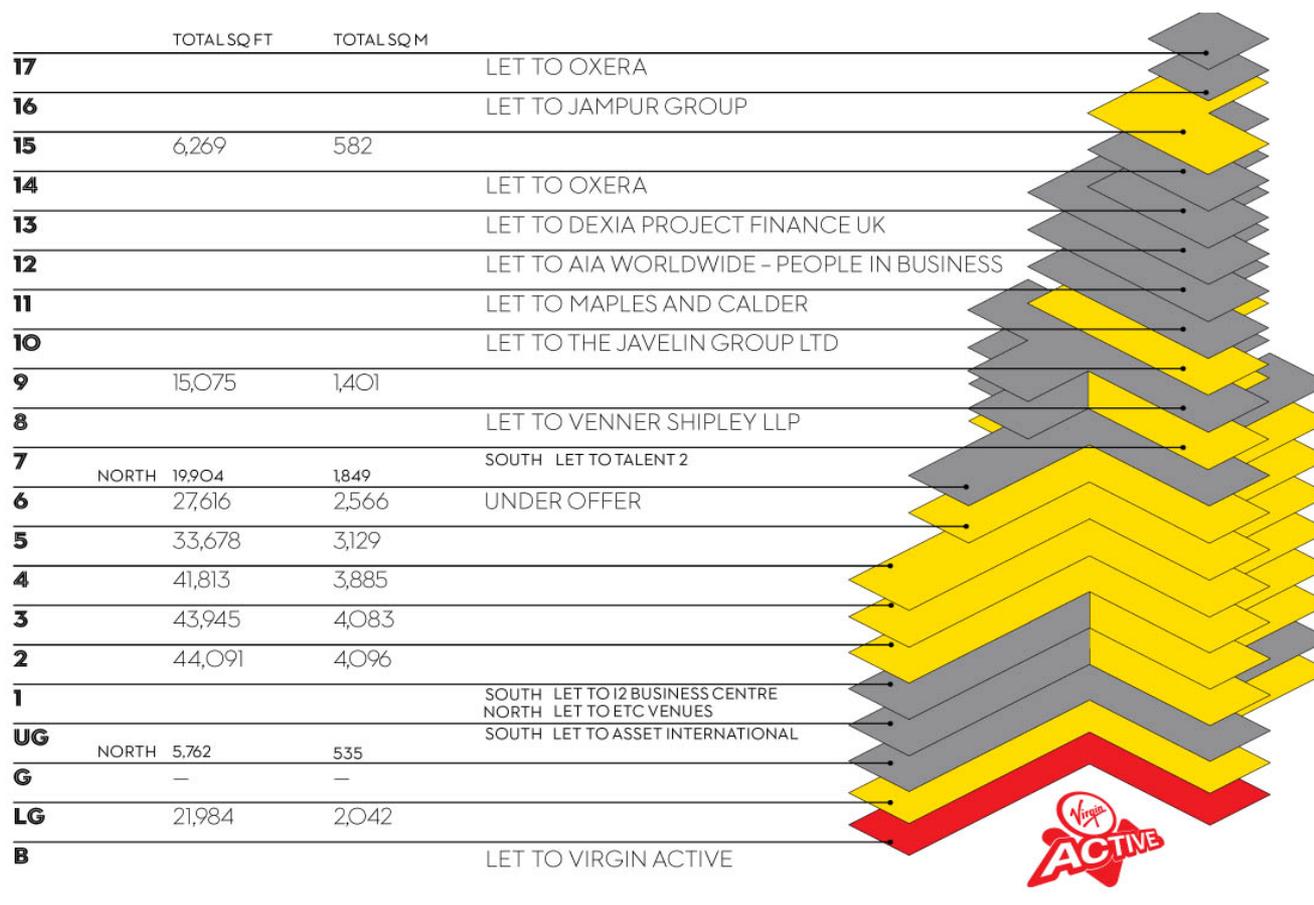
### Residential

BC1	3502	37,696	2,763	29,741	2,257	24,294
BC2 & BC3	2001	21,539	1762	18,966	1,290	13,866
BC4 & BC7	4108	44,219	2,737	29,461	2,086	22,454
BC5	4572	49,213	3,157	33,982	2,523	27,158
BC6	1410	15,177	1,228	13,218	911	9,806
LB0	163	1,755	123	1,324	123	1,324
LB1, LB2 & LB3	6408	68,976	4,849	52,195	3,909	42,076
LB4 & LB5	1204	12,960	992	10,678	743	7,998
NBC1 & NBC 4	4572	49,213	3,045	32,776	2,540	27,341
NBC2 & NBC3	4389	47,243	2,967	31,937	2,395	25,780
<b>TOTAL</b>	<b>32329</b>	<b>347991</b>	<b>23623</b>	<b>254278</b>	<b>18777</b>	<b>202097</b>

### Retail/Food and Beverage

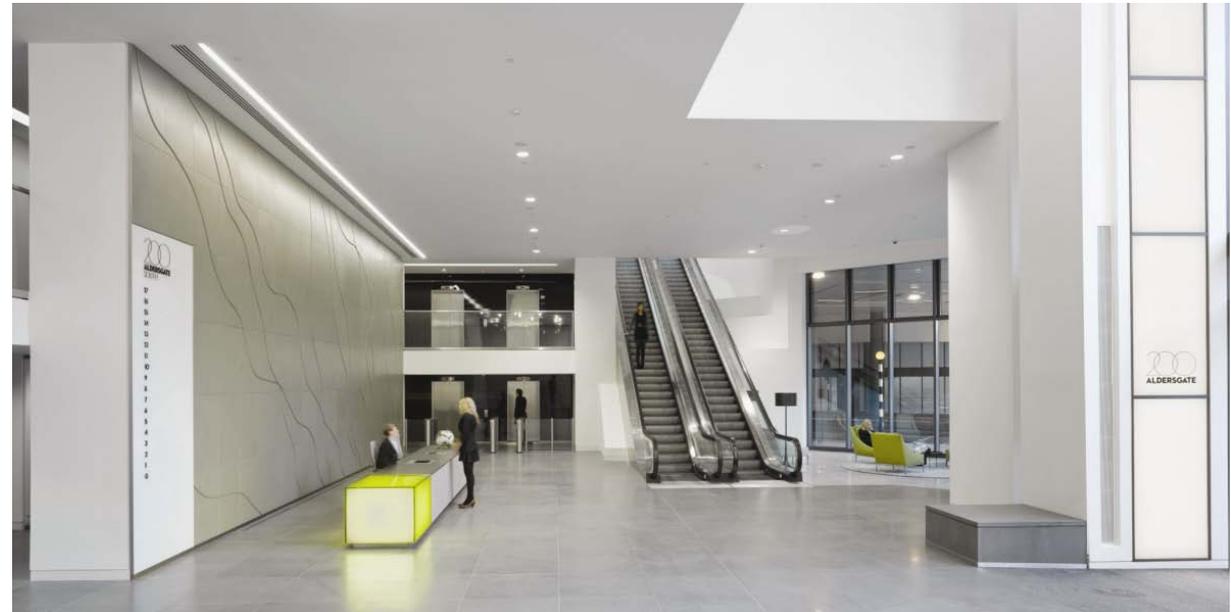
Office B	708	7,621	682	7,341		
BC1	616	6,631	603	6,491		
BC4	326	3,509	265	2,852		
BC5	192	2,067	162	1,744		
LB1	237	2,551	209	2,250		
LB2 & LB3	273	2,939	240	2,583		
LB5	64	689	51	549		
<b>TOTAL</b>	<b>2416</b>	<b>26007</b>	<b>2212</b>	<b>23810</b>		





- Office refurbishment of circa 370,000 sq ft NIA
- Building launched in January 2011
- 112,000 sq ft of office space let in 12 separate leases
- 35,000 sq ft basement let to Virgin Active
- Value related fee dependent upon letting and subsequent sale

# 200 Aldersgate, London EC1





- **Planning consent granted for prime office development of 273,000 sq ft NIA with 3,000 sq ft retail/restaurant**
- **All predevelopment issues cleared**
- **Demolition to commence Q3 2012**
- **Equity lean land deal**
- **Commence development when pre let or forward funded**

# Mitre Square, London EC3







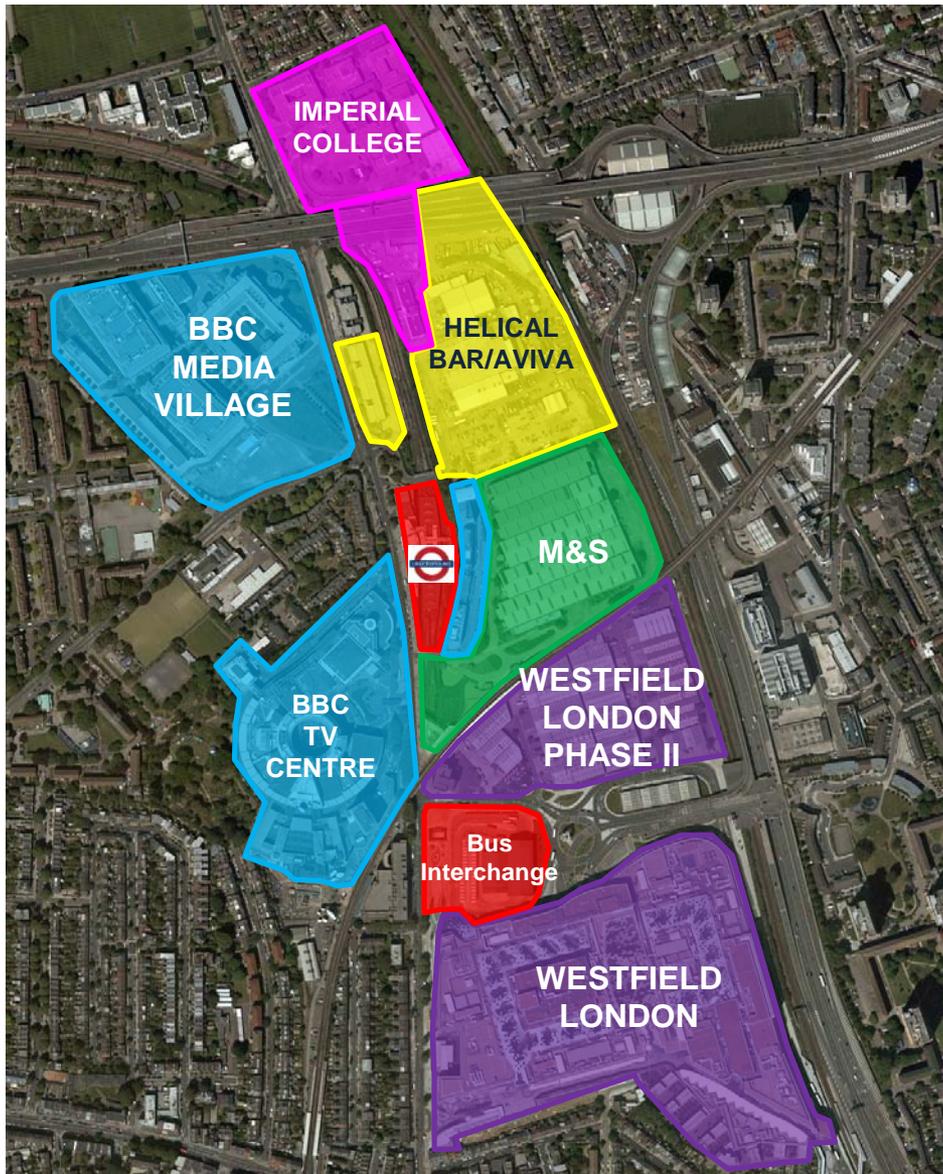
- **Planning permission granted in March 2012 on behalf of landowners Sainsbury's 100,000 sq ft new foodstore 463 residential units**
- **Development Management Fee of £1.5m received**

- Further profit share due upon sale of the site
- Under offer to a major UK housebuilder
- Phased payment – timing of Helical's profit payment not yet fixed



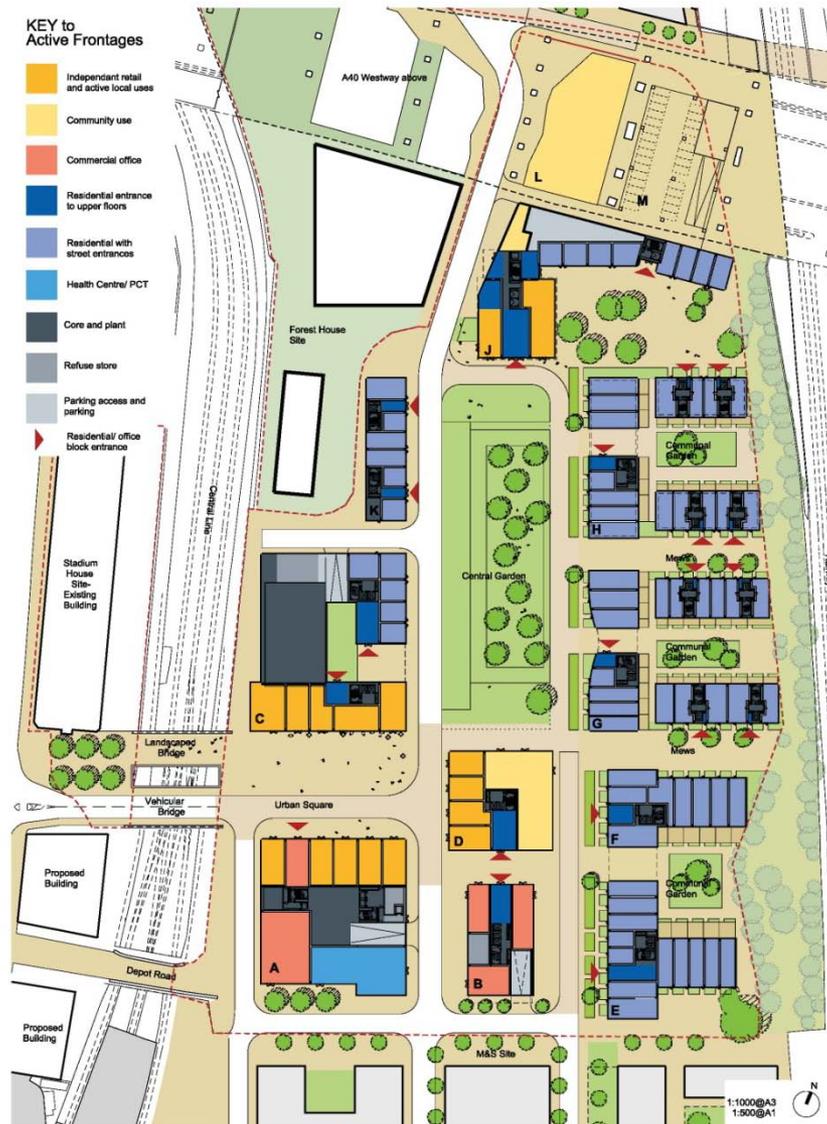


- **Development Agreement with Hammersmith & Fulham Borough Council in a JV with Grainger plc**
- **Resolution to grant planning consent obtained in November 2011**
  - **New Council offices**
  - **C. 300 residential units**
  - **Foodstore**
  - **Restaurant / café around new public square**
  - **Bridge linking Hammersmith with the River Thames**
- **Referral to Mayor withdrawn pending further discussion with the GLA**



- 10 acre site purchased in conjunction with Aviva
- Part of the wider White City Opportunity Area which is promoting significant regeneration
- Westfield extension granted planning consent
- Imperial College planning application committee in June?
- BBC TV Centre sale proceeding?

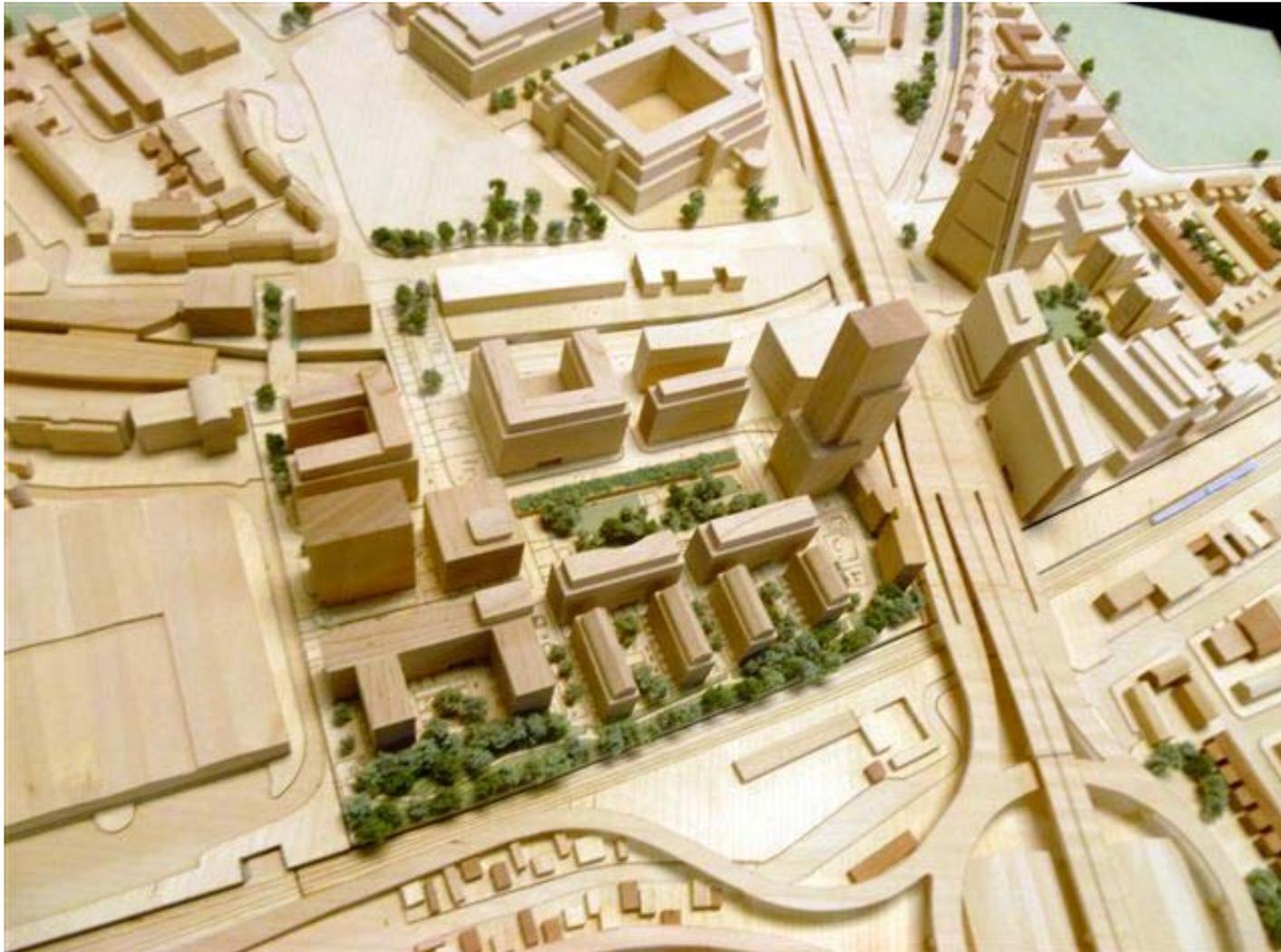




Ground Floor Uses



Landscaping Plan



- 1.25m sq ft residential
- 200,000 sq ft commercial
- 70,000 sq ft retail, leisure community uses
- Planning application – July 2012
- Possible start on site end 2013

- Retail park and mall 66,000 sq m
- Institutional client of Standard Life 50% partner
- Total Development Cost €112m
- Aareal debt €72m
- Equity - €40 m provided 90% Standard Life, 10% Helical
- Cash back to Helical of £16.5m (received Jan 2012)
- Helical 50% of profit (includes 12.5% for local team)
- Prelet to date 70% + by area
- Major prelet tenants include Tesco, Castorama, H&M, Jula, Media Saturn
- Completion October 2012







## SHIRLEY, BIRMINGHAM



- 300,000 sq ft scheme
- 150,000 sq ft retail, 85,000 sq ft pre sold to Asda for £35.4m
- 65,000 sq ft non food retail
- 145,000 sq ft residential/care home
- Start on site Q2 2012
- Financed by Asda pre payment

## OTHER DEALS

- Exclusivity agreements signed on 6 other sites subject to planning consent and pre letting
- Mainly foodstores: Asda, Morrison, Sainsburys and Tesco
- Equity lean. Low up front cost and then forward fund / sell
- Anticipate £5m profit per annum to Helical after partner share

## TYSELEY, BIRMINGHAM



- 150,000 sq ft scheme 71,000 sq ft Asda
- 78,000 sq ft retail warehouses/restaurant
- Conditional contract subject to planning and prelet to Asda
- Planning approved subject to s 106 being signed
- Start on site Q3 2013
- Forward fund / sell

- **The Helical model (i.e. recycling and sweating limited equity between different sectors) still works best, particularly on EVA analysis**
- **Prefer to own 'cash cows' providing liquidity and cash flow (Aycliffe & Peterlee)**
- **Market values remain under threat -> counter balance by very effective asset management**
- **Continue to reduce non-core -> overseas and retirement villages**
- **Increasingly redirect hard-earned equity to London and South-East, adding to the 6 schemes in place**
- **Next few years are all about Central London and happily that's where we hold our most exciting assets**

## Milestones: Impact / target to March 2013

- **200 Aldersgate** - Lettings
- **Europa Centralna** - Lettings
- **Fulham Wharf** - Sale / Fee settlement
- **Helical Retail** - Conditional purchases
- **Barts Square** - Planning consent
- **Hammersmith Town Hall** - Planning consent
- **Mitre Square** - Demolition
- **White City** - Planning consent



# Appendix

# How We Invest Our Capital

	London Offices	Provincial Offices	In Town Retail	Out of Town Retail	Poland	Industrial	Change of Use	Mixed Use	Retirement Villages	TOTAL	March 2011
Investment	22%	1.5%	41.5%	3%	-	4%	-	-	1%	73%	67%
Trading and Development	0.5%	2%	2%	0.5%	7.0%	1%	1%	1%	12%	27%	33%
<b>TOTAL</b>	<b>22.5%</b>	<b>3.5%</b>	<b>43.5%</b>	<b>3.5%</b>	<b>7.0%</b>	<b>5%</b>	<b>1%</b>	<b>1%</b>	<b>13%</b>	<b>100.0%</b>	<b>100%</b>

- **Note: Excludes the surplus arising from the Directors' valuation of trading and development stock**
- **Calculation by value, Helical share**



# Investment Portfolio (Helical's Share)

	Value (m)	Equity (m)	
London office	£113.6	£44.4	30.4 %
South East office	£7.8	£2.7	2.1 %
Industrial	£20.3	£6.5	5.4 %
In town retail	£213.6	£84.7	57.0 %
Out of town retail	£14.1	£6.4	3.8 %
Retirement village	£5.0	£5.0	1.3 %
<b>Total</b>	<b>£374.4</b>	<b>£149.7</b>	<b>100 %</b>

Note: Barts is held as an investment

# Trading & Development Portfolio (Helical's Share)



	Book Value (m)	Fair Value (m)	Surplus Over Book Value (m)	Equity (from Fair Value) (m)	% Equity
London Office Dev	£2.6	£8.6	£6.0	£8.6	9.3%
Provincial Office Dev	£10.3	£10.4	£0.1	-£1.6	-1.7%
Industrial Dev	£6.2	£6.2	£0	£3.1	3.4%
In Town Retail Dev	£10.0	£11.3	£1.3	£9.2	9.9%
Out of Town Retail Dev	£3.6	£3.6	£0	£3.6	3.9%
Retirement Village Dev	£60.1	£73.9	£13.8	£34.1	36.7%
Change of Use	£4.4	£6.4	£2.0	£4.4	4.7%
Mixed Use Dev	£4.6	£15.1	£10.5	£12.1	13.0%
Polish Dev	£42.0	£42.8	£0.8	£19.3	20.8%
<b>Total</b>	<b>£143.8</b>	<b>£178.3</b>	<b>£34.5</b>	<b>£92.8</b>	<b>100.0%</b>

	<b>Purchases</b>	<b>Sales</b>	<b>Net Total</b>
<b>Income Producing</b>	£159m	£69m	£90m
<b>Non Income Producing</b>	£0	£14m	-£14m
<b>Total</b>	£159m	£83m	£76m

- Since year end, we have completed or exchanged contracts on a further £20.8m of sales. All are non-income producing assets . A further £12.9m of sales are in solicitors hands, also non-income producing assets
- NB. Differs from accounting treatment of purchases and sales. The above reflects sale /purchase prices pre costs, completed in the year end to March

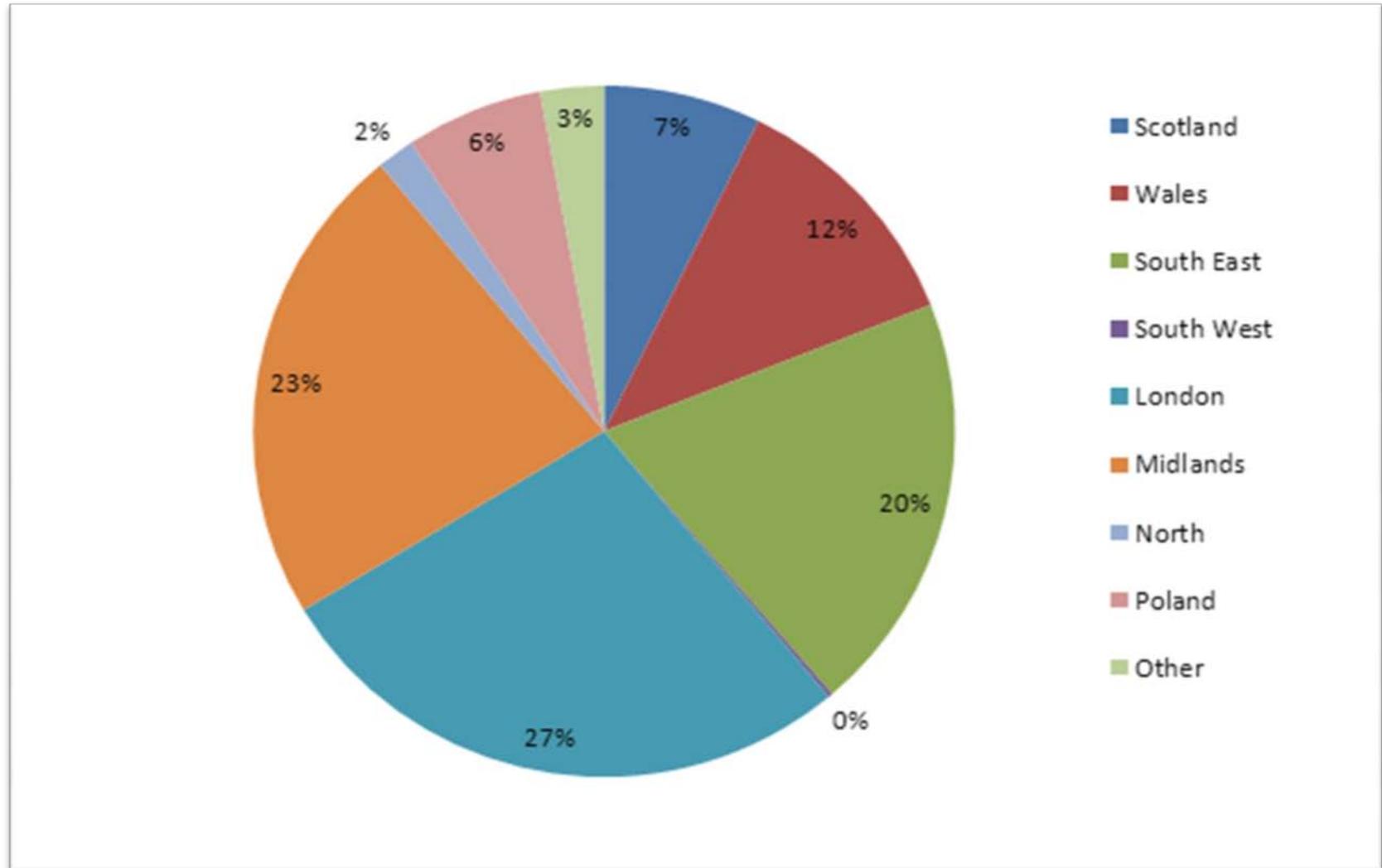
Valuation increase of 0.7% in year to March, including capex, sales and purchase

	% of Portfolio (HB Share)	Valuation Increase	Initial Yield	Reversionary Yield	Yield on Letting Voids	Equivalent Yield (AiA)	Equivalent Yield (True QiA)	Valuation Increase since 09/11
Industrial	5.4%	-3.3%	8.3%	9.5%	9.3%	8.9%	9.4%	-2.6%
London Offices	30.3%	3.2%	5.6%	8.1%	7.5%	7.6%	7.9%	3.9%
South East Offices	2.0%	2.5%	8.3%	8.5%	8.3%	8.6%	9.0%	1.8%
In Town Retail	57.0%	0.0%	7.5%	8.4%	8.1%	7.8%	8.2%	-0.7%
Out of Town Retail	3.8%	-2.4%	6.5%	6.6%	6.6%	6.6%	6.9%	-2.1%
Other	1.5%	12.6%	n/a	n/a	n/a	n/a	n/a	4.4%
<b>Total</b>	<b>100.0%</b>	<b>0.7%</b>	<b>7.1%</b>	<b>8.0%</b>	<b>7.9%</b>	<b>7.8%</b>	<b>8.2%</b>	<b>0.6%</b>

Note: Yield calculations exclude Barts (Barts initial yield 5.3%). Valuation movements include Barts

	1 yrs	2 yrs	3yrs	5yrs	10yrs	20yrs
Helical	5.6	4.1	5.5	1.6	10.5	14.6
IPD	6.4	9.0	11.7	-1.1	6.7	8.7
Helical's Percentile Rank	53	88	91	8	4	1

**Helical's trading & development portfolio (25% of gross assets as measured by IPD) is shown in IPD at the lower of book cost or fair value and uplifts are only included on the sale of an asset**



**47% of Helical's equity is deployed in London and the South East**

	<b>Capital Value psf</b>	<b>Vacancy Rate (floor area)</b>	<b>Average Unexpired Lease Term (years)</b>
South East Offices	£208	0.0%	17.7
London Offices	£200	16.4%	4.8
Retail	£134	5.6%	8.2
Industrial	£55	14.0%	5.3
<b>Total</b>	<b>£142</b>	<b>8.8%</b>	<b>7.3</b>

# Investment Portfolio – Changes to Rental Values

	Year to March 2012	Year to March 2011
<b>Industrial</b>	<b>-0.9%</b>	<b>-5.4%</b>
London Offices	2.8%	1.6%
South East Offices	0.8%	0.0%
<b>All Offices</b>	<b>2.5%</b>	<b>1.4%</b>
In Town Retail	1.0%	2.7%
Out of Town Retail	-2.0%	2.4%
<b>All Retail</b>	<b>0.8%</b>	<b>2.6%</b>
<b>Total</b>	<b>1.2%</b>	<b>-1.6%</b>



## Excluding administrations 66% of rent “at risk” retained

	2011/2012	% rent “at risk”
Leases renewed	£1,758,526	
Break options not exercised	£1,215,759	
Tenants holding over	£981,663	
Rent retained	£3,955,948	66%
Rent lost at break/expiry	£2,040,771	34%

	<b>Lease expiries and tenant break options in:</b>					
	2012	2013	2014	2015	2016	2017 onwards
Percentage of rent roll	7.7%	8.1%	13.9%	5.3%	12.0%	53%
Number of leases	79	65	100	48	62	
Average rent per lease	£26,200	£33,800	£37,500	£29,900	£52,500	

**53% of Helical's net rent roll has greater than 5 years to expiry**

# Top Tenants (Helical Share of Rent)

Rank	Tenant	Rent	% of Rent Roll
1	Endemol	£1,526,923	5.65%
2	TK Maxx	£1,160,000	4.29%
3	Barts and The London NHS Trust	£1,138,980	4.21%
4	Quotient Bioresearch	£664,792	2.46%
5	Asda	£637,438	2.36%
6	Argos	£453,750	1.68%
7	Metropolis Group	£400,000	1.48%
8	Urban Outfitters	£400,000	1.48%
9	Hitchcock & King	£397,500	1.47%
10	Fox International	£374,031	1.38%

**Top 10 tenants account for 26.5% of the rent roll**