Helical Bar plc

THURSDAY 24th NOVEMBER 2011

Introduction – What is our strategy?

- To maintain and expand our investment portfolio providing a blend of high yielding retail, office and industrial property with considerable opportunity to increase income and enhance capital value through proactive asset management and skilful stock selection

- To have c. 75% of our gross assets in the investment portfolio, creating positive net cash flow for the business

- To carry out London based redevelopments, whether new build or refurbishment, creating value through land assembly, planning and implementation in the office, residential, mixed use and retail sectors

- To carry out food store led/pre-let regional developments

- To maximise returns by minimising the use of equity in development situations

- To divest non core assets i.e. overseas and retirement villages

Introduction – What have we been doing?

- Major changes to the shape of our portfolio. Since Jan 2010, we have completed the following purchases and sales:

Sector	Purchases	Sales
Retail	£183mn	£12mn
Industrial	£39mn	£59mn
Office	£82mn	£50mn
Development	£0mn	£51mn
Total	£304mn	£174mn

Note: including JV share of assets

- Of the purchases, all have been income producing
- Of the sales:
  - £65m non income producing
  - £6m due to perceived covenant risk (Focus DIY)
  - £60m was because the offer was too good to refuse
  - £28m as the properties had exhausted / limited upside
  - £15m for other reasons – CPO and sale to a JV partner

Introduction – What is the effect on our portfolio?

- By gross value, the portfolio split between investment and development is:

	Jan 2010	Nov 2011	Change
Investment	45%	66%	+21%
Development	55%	34%	-21%

- Gross Rental Income has increased by £15.3m from £14.7m to £30.0m (with net rents increasing from £12.9m to £25.5m)

- Total portfolio size increased from c. £455m to c. £565m

Note: Net rental income is income receivable post head rents, non-recoverable rates, service charge and insurance.

Introduction – Where is the growth coming from and what next?

We expect growth from the following:

- Continued rental income – cash on cash returns double digit
- Proactive asset management with the existing portfolio
- Planning gain from the development portfolio
- Development profits – further into the future. Lumpy and un-predictable
- No yield compression in the market. Capital growth only from strong asset management

What next:

- Further investment in income producing assets – more focus now on central London offices and industrial. Enough retail for now
- Trading portfolios
- Selective larger developments, central London or foodstore led, with JV / funding partners
- Continued focus on core product – strategic sales of remaining non-income producing property, Poland, retirement villages

Introduction – What are the challenges?

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Still a very challenging environment. Major challenges include:

- **Macro-economic uncertainty – effect on banking, valuation and asset liquidity**
- **Banking liquidity, in particular development funding**
- **Tenant default**
- **Falling rental levels and capital values**
- **Limited quality stock in the market**
- **Planning**
- **Competitors with lower return requirements (other people's money)**

30 September 2011 Financials

Summary Profit and Loss

	Year To 31 March 2011	Half Year To 30 September 2010	Half Year To 30 September 2011
	£m	£m	£m
Net rental income (incl. share of joint ventures)	17.8	8.4	11.0
Development property profits/(loss)	(16.6)	(9.2)	1.8
Trading property loss	(0.4)	(0.4)	-
Gain on sale and revaluation of investment properties (incl. share of joint ventures)	8.3	9.7	1.1
Impairment of available-for-sale investments	(1.8)	(1.8)	-
Administration costs	(7.0)	(3.7)	(3.3)
Net finance costs (incl. share of joint ventures)	(8.1)	(3.8)	(4.7)
Change in fair value of financial instruments (incl. share of joint ventures)	1.8	(1.1)	(2.1)
Foreign exchange gains/(losses)	(0.1)	(1.5)	0.3
Sundry net income	(0.2)	0.2	-
	________	________	________
Profit/(loss) on ordinary activities	(6.3)	(3.2)	4.1
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30 September 2011 Financials

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Summary Balance Sheet

Includes share of joint ventures

£000	**31 March 2011 £m**	**30 September 2011 £m**	**Pro-forma 24 November 2011 £m**
Investment properties	338	303	373
Land, developments and trading properties	163	159	159
Cash and cash equivalents	35	50	33
Borrowings	(277)	(265)	(318)
Derivative financial instruments	(7)	(6)	(6)
Other net assets	3	14	14
Net assets	**255**	**255**	**255**
Diluted EPRA net assets	**295**	**296**	**296**
Number of shares	116.8m	116.8m	116.8m
Diluted EPRA net asset value per share	**253**	**254**	**254**

30 September 2011 Financials

	31 March 2011	30 September 2011	Pro-forma 24 November 2011
Net debt	£241m	£215m	£285m
Net gearing	94%	84%	112%
Property portfolio at valuation	£532m	£495m	£565m
Ratio of net borrowing for property portfolio	45%	43%	50%

	25 May 2011	24 November 2011
Hedging - Fixed rate borrowings - swaps at average 5.6% (5.8%)	£75m	£79m
- floor at 4.5%	£41m	£41m
- Interest rate caps at 4.8% (4.9%)	£91m	£ 136m
- Average rate of interest	4.35%	4.59%

30 September 2011 Financials

Debt Profile - Maturity

	31 March 2011	30 September 2011	24 November 2011
	£m	£m	£m
< 1 Year	39.6	28.0	28.0
1-2 Years	75.8	126.9	126.9
2-3 Years	88.2	11.7	11.7
3-4 Years	14.2	66.2	118.6
4-5 Years	59.0	32.6	32.6
	276.8	265.4	317.8

30 September Financials

	ACTUAL 30.09.2011		TARGET 31.03.2012	
	£m	%	£m	%
Investment	303	61.2	394	75.0
Development (at fair value)	192	38.8	131	25.0
	495	100.0	525	100.0
Net Rents	19.3			
Interest				
- swaps/floor	(5.8)			
- floating	(6.2)			
	(12.0)			
Administration	(7.2)			
Surplus	0.1			
Dividend at 4.9p per share	5.7			

200 Aldersgate, London EC1

	TOTAL SQ FT	TOTAL SQ M	
17			LET TO OXERA
16			LET TO JAMPUR GROUP
15	6,269	582	
14			LET TO OXERA
13			LET TO DEXIA PROJECT FINANCE UK
12			LET TO AIA WORLDWIDE – PEOPLE IN BUSINESS
11			LET TO MAPLES AND CALDER
10			LET TO THE JAVELIN GROUP LTD
9	15,075	1,401	
8			LET TO VENNER SHIPLEY LLP
7	NORTH 19,904	1,849	SOUTH LET TO TALENT 2
6	27,616	2,566	
5	33,678	3,129	
4	41,813	3,885	
3	43,945	4,083	
2	44,091	4,096	
1			SOUTH LET TO I2 BUSINESS CENTRE NORTH UNDER OFFER
UG	NORTH 5,762	535	SOUTH LET TO ASSET INTERNATIONAL
G	–	–	
LG	21,984	2,042	
B			LET TO VIRGIN ACTIVE

- Office refurbishment of circa 370,000 sq ft NIA
- Building launched in January 2011
- 92,000 sq ft of office space let in 10 separate leases
- 35,000 sq ft basement let to Virgin Active
- Value related fee dependent upon letting and subsequent sale

200 Aldersgate, London EC1

Mitre Square, London EC3

- **Planning consent granted for prime office development of 273,000 sq ft NIA with 3,000 sq ft retail/restaurant**
- **Demolition able to commence Q1 2012**
- **Equity lean land deal**
- **Commence development when majority is pre let or forward funded**

Mitre Square, London EC3

Barts Square, London EC1

- 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 Q1 2012 for major mixed use scheme of circa 230,000 sq ft offices, 225 residential apartments (206,000 sq ft) and 27,000 sq ft retail and restaurants

Barts Square, London EC1

Helical Poland - Europa Centralna, Gliwice

- Retail park and mall 66,000 sq m
- Institutional client of Standard Life 50% partner
- TDC €112 million
- Aareal debt €72 million
- Equity - €40 million provided 90% Standard Life, 10% Helical
- Cash back to Helical of £16.5 million
- Helical 50% of profit (includes 12.5% for local team)
- Prelet to date 51% NOI, 62% floorspace
- Major prelet tenants include Tesco, Castorama, H&M, Jula
- Completion October 2012

Helical Poland - Europa Centralna, Gliwice

Helical Poland - Europa Centralna, Gliwice

Helical Retail

- Two deals signed, five deals terms agreed. A considerable number of further deals under consideration
- All subject to planning and pre letting hurdle (50%)
- Mainly foodstores, Asda, Morrisons, Sainsbury or Tesco
- Equity lean – Helical pay up front costs to gain planning consent. Institutional forward funding obtained for site purchase and construction on back of pre lets
- Anticipate £5-£10 million profit per annum during the next few years

Helical Retail

SHIRLEY, BIRMINGHAM	TYSELEY, BIRMINGHAM	CORTON WOOD, ROTHERHAM

SHIRLEY, BIRMINGHAM

- 300,000 sq ft scheme
- 155,000 sq ft retail, 85,000 sq ft pre sold to Asda for £35.4 million
- 75,000 sq ft non food retail
- 145,000 sq ft residential/care home
- Start on site Q2 2012
- Forward fund the non Asda space

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 submitted end of November
- Start on site Q3 2013
- Forward fund

CORTON WOOD, ROTHERHAM

- 96,000 sq ft open A1 non food
- Planning submitted in November
- Adjacent to existing retail park
- Conditional contract subject to planning and 50% prelet
- Start Q1 2013
- Forward fund

Fulham Wharf, London SW6

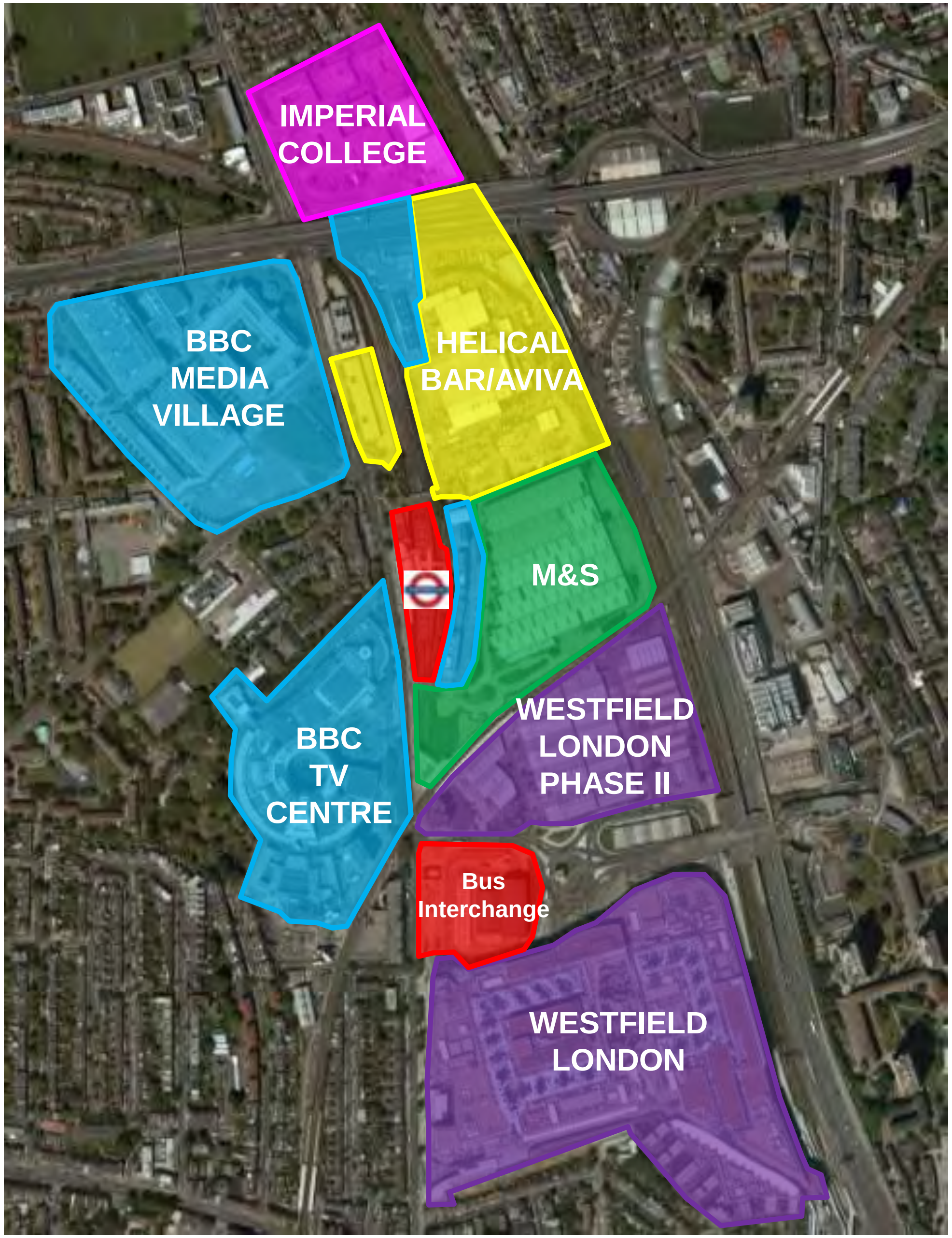
Fulham Wharf, London SW6

Fulham Wharf, London SW6

King Street, Hammersmith, London W6

White City, London W12

White City, London W12



White City, London W12

Clydebank Shopping Centre

New letting to Sutherland Cakes

New letting to Happit

New letting to Costa Coffee

Re-geared 3 Greggs leases (2 shown)

Surrender from HMV and new lettings to JD Sport and Bank

Proposal received from Asda for a PFS on the car park

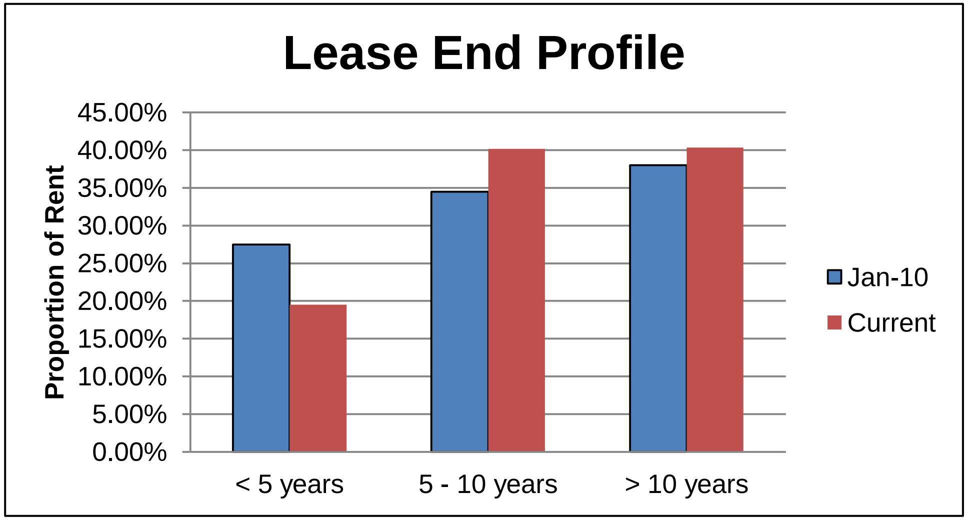
Amalgamated and re-geared 2 Argos Stores

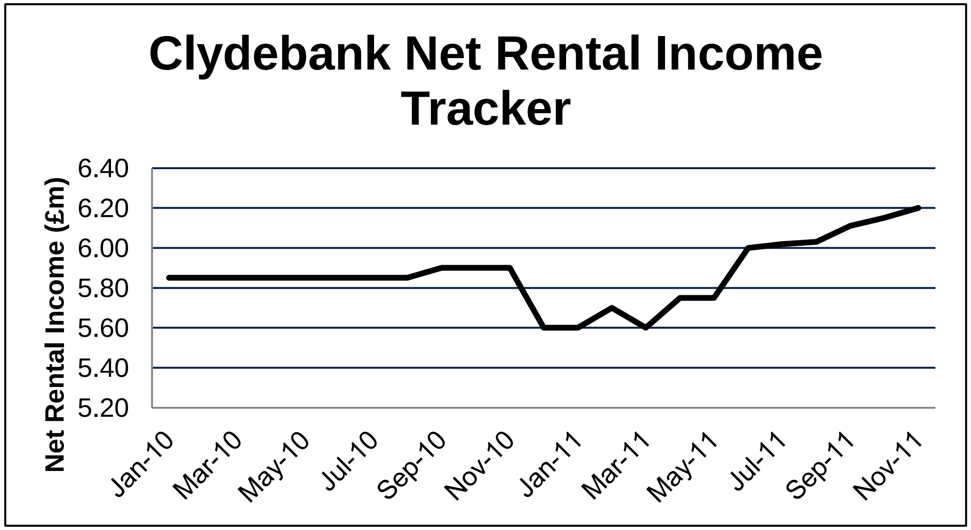
New letting to "Glamourous"

Upsized Internacionale

Mall income at acquisition £0. Current mall income £250,000

Clydebank Shopping Centre – Key Stats





NOI at acquisition: £5,850,000
Current NOI: £6,200,000
Further contracted rent: >£500,000

Purchase Price: £68,000,000
Valuation: £77,750,000

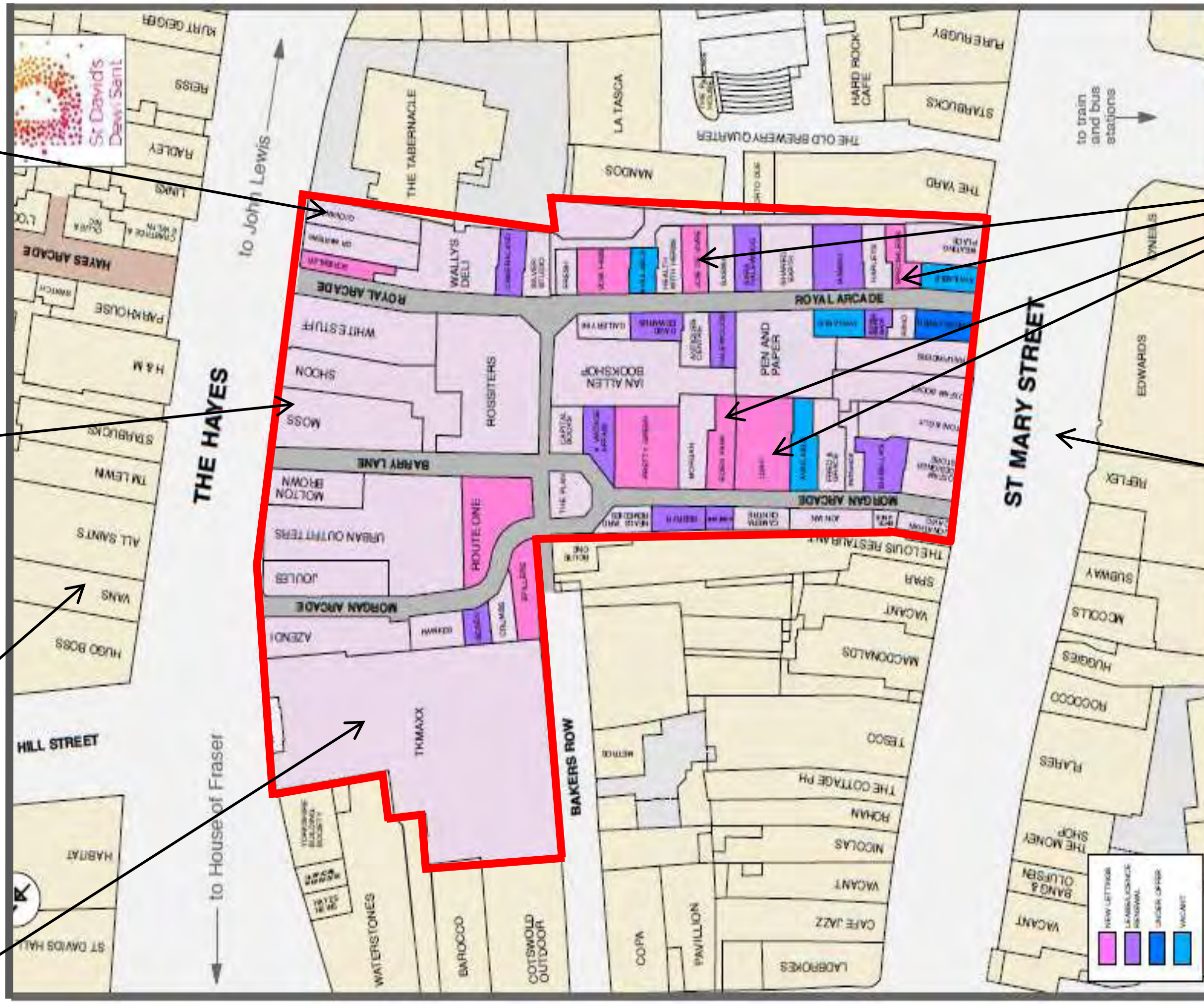
Cardiff – Royal & Morgan Arcades

Rent review due Jan 2012. Evidence to take rent from £35,000 to c. £85,000

Moss Bros June 2012 rent review. Evidence for uplift from £200,000 to c. £250,000

Most recent Land Securities letting to Vans at £160 ITZA

TK Maxx contracted uplift from £850k to £900k – Hoping for more.



Multiple new lettings in arcades

Pedestrianisation of St Mary's Street is now complete and positively driving footfall

Key

- New Letting
- Lease / licence renewal
- Under offer
- Vacant

Current NOI: £3,000,000
NOI once 2011 and 2012 reviews are complete on The Hayes: £3,150,000
ERV £4,200,000

Value has increased from £42,000,000 to £53,600,000 since September 2009 – the opening of St David's 2 shopping centre

Corby Shopping Centre

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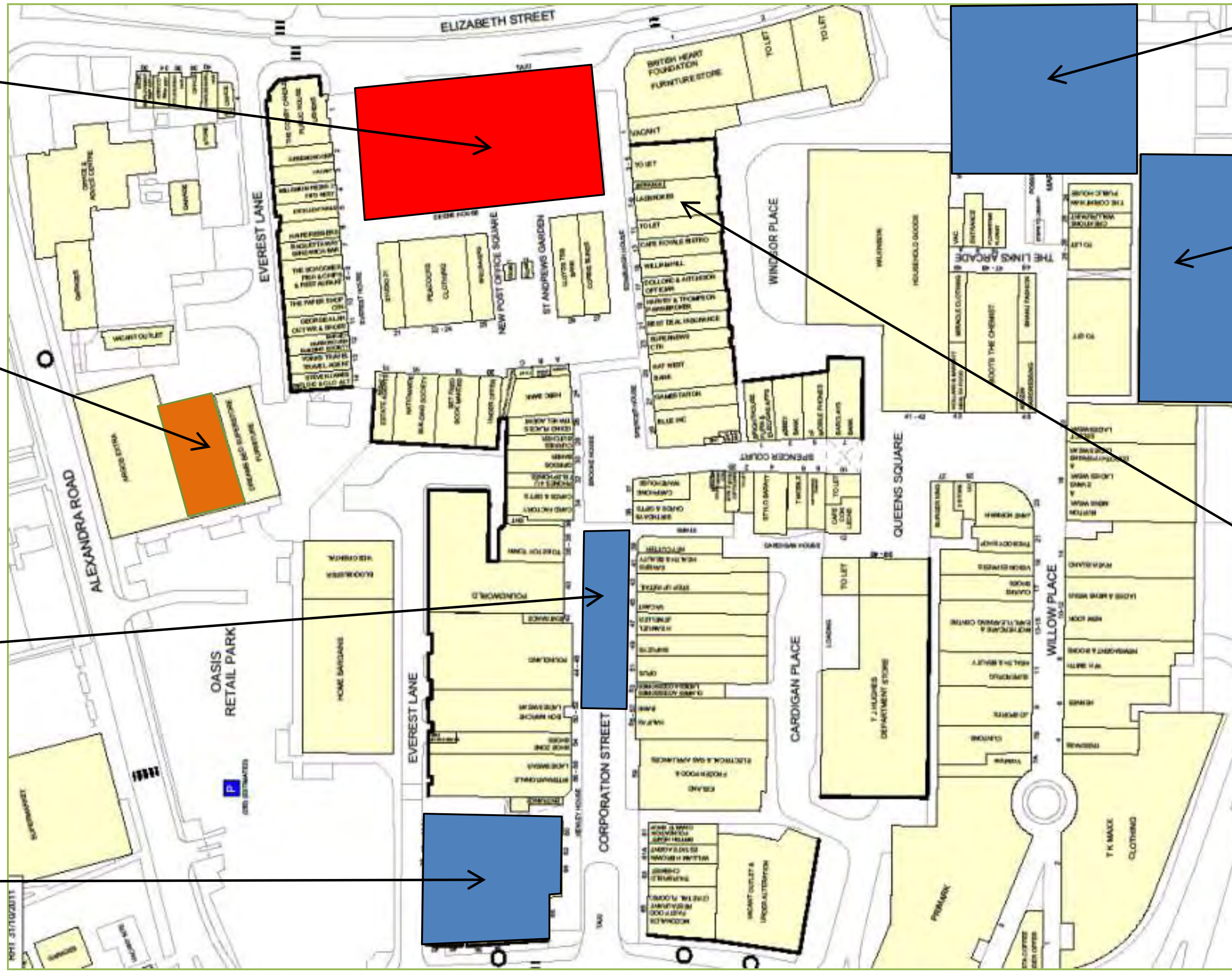
Potential sale of Deene House

Agreed rent review on Farmfoods creating evidence and moving break back 5 yrs

Potential to enhance Mall income

Block with A3 consent opposite leisure centre of town



Potential Department Store

MSCP to be improved - £1.4million retained from the purchase price.

Upper parts to convert to residential – ongoing discussions with Local Authority and Leicester Housing Association

Multiple turnover rents – potential to enhance as economy recovers and footfall increases

NOI at acquisition: £5,650,000
Price £69,900,000

NIY at acquisition c. 8%
Cash on Cash 15%++

The Powerhouse, Chiswick

New acquisition

- **Off market sale and leaseback arising from MBO of tenant co.**
- **25 year FRI leaseback with RPI uplifts**
- **Price paid £3.7m Valuation £5.25m**
- **Base case returns c.40% IRR**
- **Running cash on cash return of 17%**

Retirement Villages

- Continued demand for units in Liphook
  - 13 sales (£6m) since March
  - Further 25 under offer, 11 since mid-September
- But non-core, want to reduce capital invested
- Recover capital through:
  - Building out and selling Liphook by end 2012
  - Sell 2-3 sites (Milton under offer)
- Build out 1-2 depending on pre-marketing and demand

Investment Portfolio

- Valuation increase of 0.3% in six months to September, including capex, sales and purchases (0.9% on a like for like basis) compared to 0.6% for IPD

	% of Portfolio (our share)	Valuation Increase	Initial Yield	Reversionary Yield	Yield on letting voids	Equivalent Yield (AiA)	Equivalent Yield (True QiA)
	%	%	%	%	%	%	%
Industrial	8	-1.8	8.2	9.4	8.8	8.9	9.3
London Offices	27	0.0	5.1	8.2	7.7	7.6	8.0
South East Offices	3	0.7	7.4	8.6	7.4	9.3	9.9
In Town Retail	56	1.1	7.4	8.1	7.9	7.7	8.1
Out of Town Retail	6	-0.3	6.5	6.6	6.5	6.5	6.8
Total	100	0.3	6.7	7.9	7.7	7.8	8.2

Note: figures exclude Barts

Investment Portfolio – Future Performance

- Growing income - not from general economic/market growth but from letting voids, extensions etc. (e.g. Clyde income since acquisition)

- Capital growth derived from income growth (see above)

- Values will rise as voids are let, building refurbished etc and they become ‘institutional’

Investment Portfolio - Risk

- Pricing of risk often indiscriminate

  - Large parts of market 'written off' as too risky i.e. secondary shopping centres now where there are genuine, substantial risks

  - Shopping centres priced in yield bands based on, for example, size of town

  - In amongst the rubbish (most of the pricing is appropriate) will be occasional winners but there's little or no yield differential

- Our skill is to search out situations where the higher yield does not reflect higher risk, where tenants trade well, rents are low & affordable, opportunities to add value etc.

Future Acquisition Strategy

Still three tier market

1. **Prime/trophy 'institutional' or 'safe haven' assets, limited opportunity to add value - Helical develops and sells into this market**

2. **Well located, good quality assets but in need of active management and/or capex. Off institutional radar and currently hard to finance - Our preferred area**

3. **Weak secondary/tertiary assets, severe danger of falling rents and increasing voids - Avoid**

Our approach:

- **Tenant demand key driver**
- **Multi-let to spread risk, opportunities for active management**
- **Higher yields (8% plus, except in London)**
- **Cash on cash returns of 10-15% pa after gearing**

Future Acquisitions - What?

- London offices
  - Low rents (£20's & £30's)
  - Villages (Southwark, Camden, Hammersmith)
  - Vacancies
  - Tired buildings in need of capex

- Trading portfolios
  - Increasing pressure from banks to sell
  - Mainly industrial & retail (as little provincial office content as possible)

- Industrial Estates
  - Multi-let, principally for surplus cash flow in low growth environment

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Appendix

Investment Portfolio – Changes to Rental Values

	March 2011 – September 2011
Industrial	0%
Out of town retail	-2.2%
In town retail	0%
Retail	-0.1%
Provincial offices	0.2%
London offices	-0.1%
Offices	0%

Total	-0.1%