



Helical Bar plc

**THURSDAY 28th NOVEMBER 2013
HALF YEAR RESULTS**

Helical Bar plc

- Fantastic half year
- Strategy is delivering
- Great success at 200 Aldersgate and White City
- £155m of acquisitions
- £80m retail bond
- Invest in regions for cashflow. Investment portfolio rent roll up to £39.8m from £28.7m
Invest in Central London for capital growth
De-risk developments but structure for potential super-profit
- Now 77% in investment and 23% in development. A strong London development focus



FINANCIAL



HEADLINE NUMBERS

INCOME STATEMENT	Sept 2012	Sept 2013	% change
Group's share of net rental income ¹	£12.2m	£14.1m	+16%
Development profits ¹	£4.7m	£63.5m	+13x
Profit before tax	£5.2m	£68.9m	+13x
EPRA earnings before tax	£5.2m	£40.9m	+8x
Adjusted EPRA earnings per share	5.2p	40.5p	+8x
Interim dividend per share	1.85p	2.00p	+8%

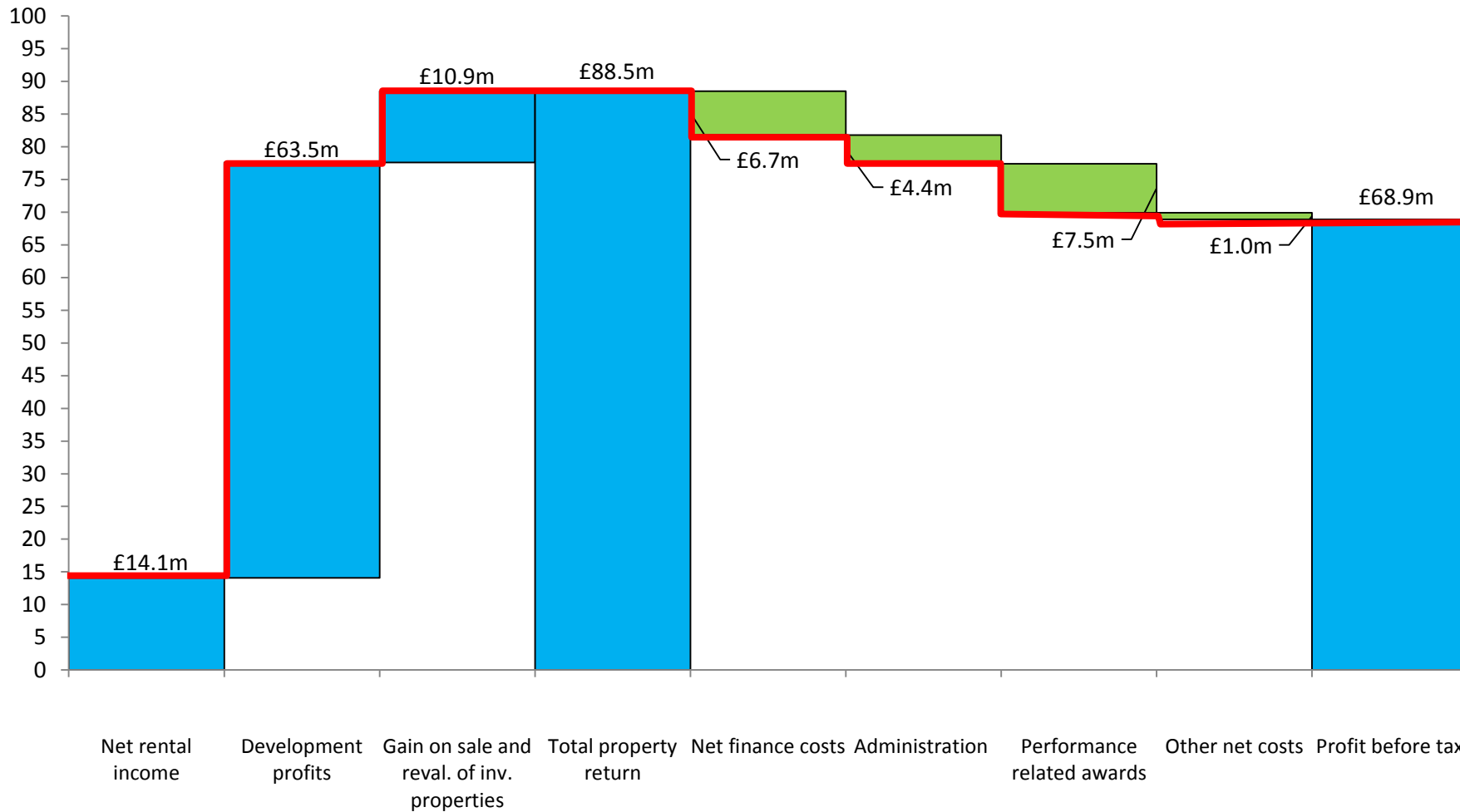
BALANCE SHEET	Mar 2013	Sept 2013	Pro-forma Sept 2013	% change
Group's share of property portfolio at fair value ¹	£626m	£684m	£770m	+9%/23%
EPRA net asset value per share	264p	282p	282p	+7%

¹ : Including share of joint ventures



INCOME STATEMENT

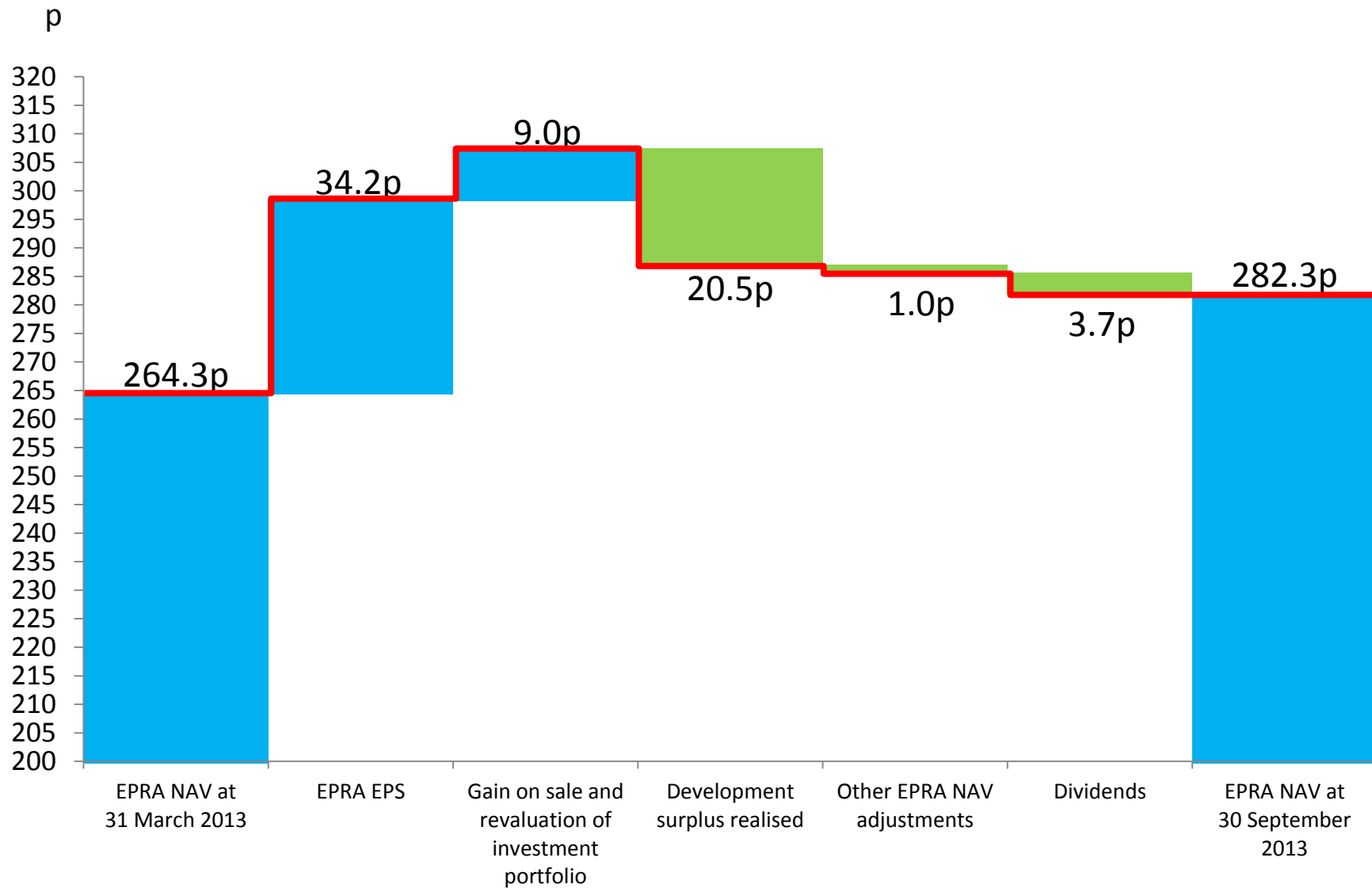
£m



Note: All figures include Helical's share of income and expenses of joint ventures



EPRA NET ASSETS



HELICAL - A STRONG AND STABLE BALANCE SHEET

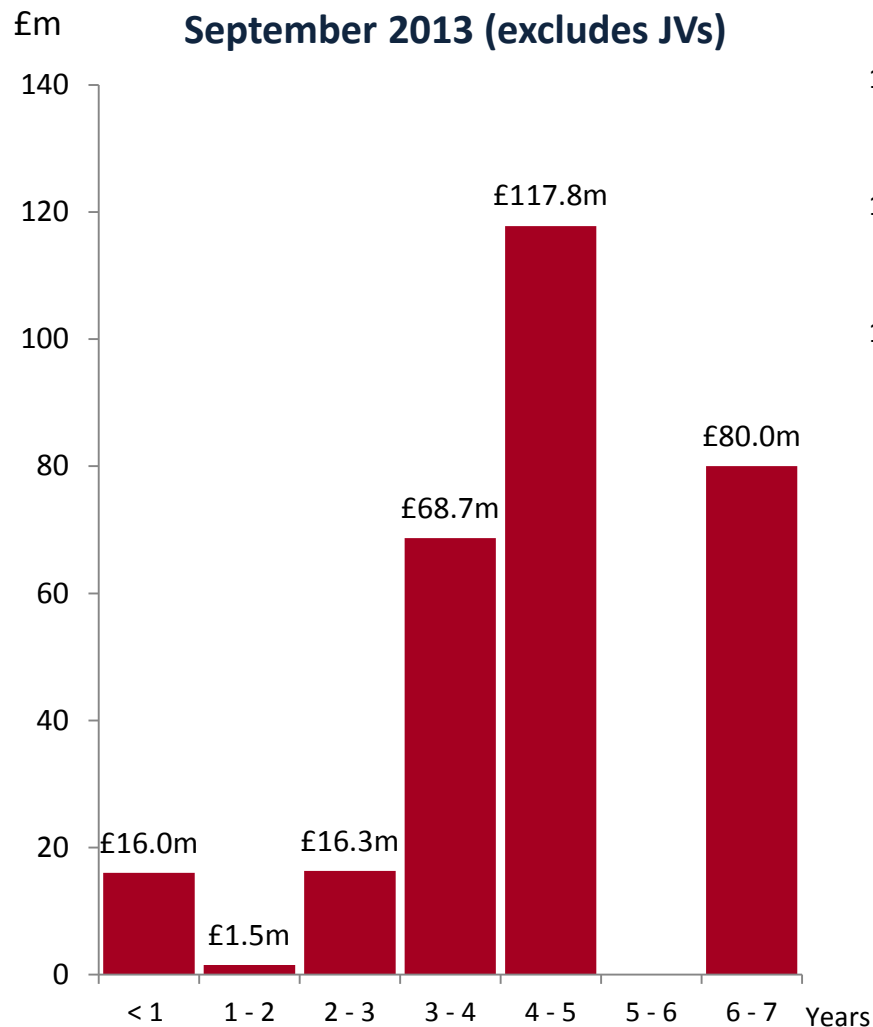
		March 2012	March 2013	Sept 2013	Pro-forma ¹ Sept 2013
See-through net debt and LTV					
See-through assets at fair value	£m	573	626	684	770
See-through net debt	£m	(280)	(286)	(274)	(360)
See-through loan-to-value	%	49	46	40	47
See-through net gearing	%	110	113	90	118

¹ Includes the effect of acquiring £86m of investment assets post half year.

See-through assets and liabilities – The assets and liabilities consolidated in the Group’s financial statement together with the Group’s share of assets or liabilities held in joint ventures.

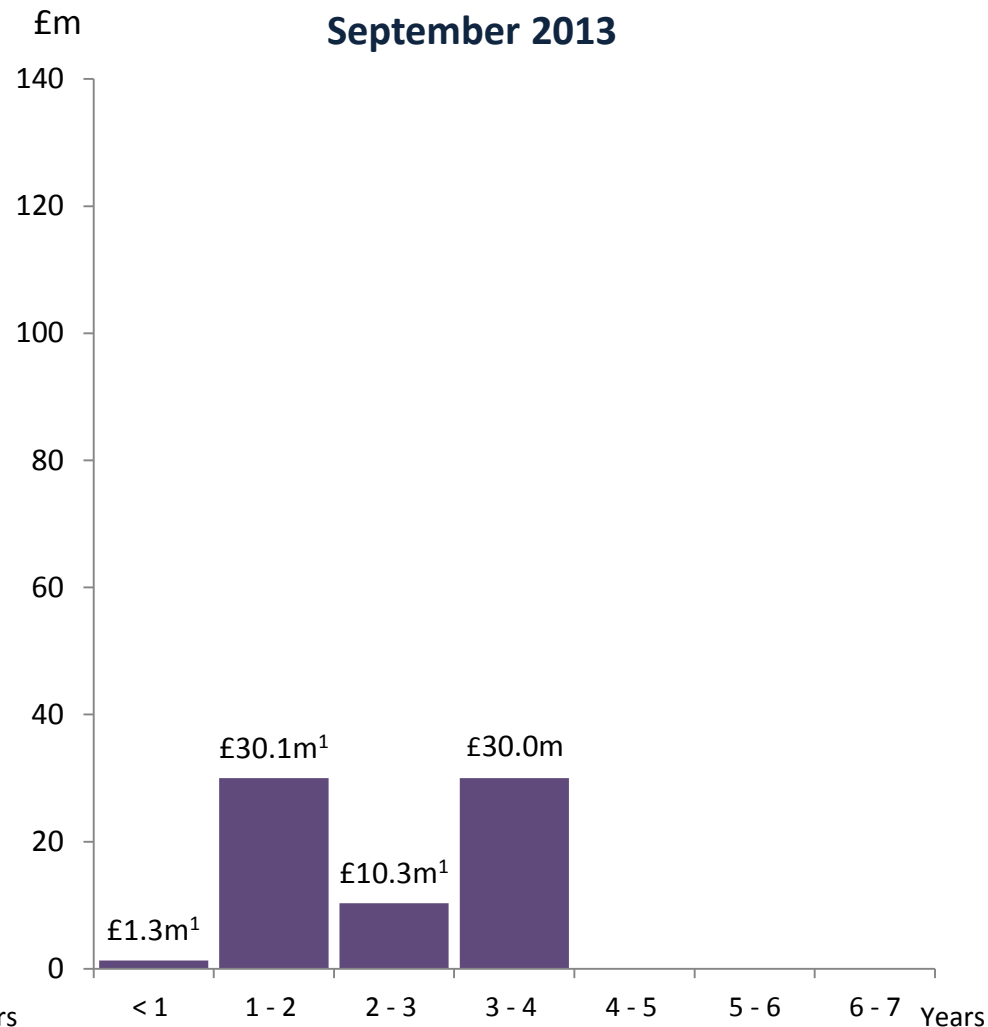


Group loan expiry analysis at 30 September 2013 (excludes JVs)



Average maturity date of 4.2 years.
Average weighted rate of interest of 4.6%.

Joint Venture loan expiry analysis at 30 September 2013



Average maturity date of 1.8 years.
Average weighted rate of interest of 4.3%.

¹£41m non-recourse of which £22m has interest guarantees



Income

- Annualised net rents of £32.2m, growing to £38.6m after completion of purchases
- Annualised interest cost of £18.1m, growing to £20.7m after completion of purchases (average rate of 4.6%)
- Creating a growing surplus protected by c. £325m of interest rate swaps and caps

Balance Sheet

- Property portfolio of £684m growing to £770m on completion of contracted purchases
- Net debt of £274m (LTV 40%) increasing to £360m (LTV 47%) on completion of contracted purchases
- Capital growth

Firepower

- Cash and unutilised bank facilities of c. £196m, reducing to c. £110m on completion of contracted purchases
- £20m committed to retirement village development programme



DEVELOPMENT



Aim to be 'Equity Lean' - To use equity aggressively and to maximise returns by:

- **Participation 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**
- **Reducing upfront equity required by entering into conditional contracts or options. e.g. Mitre Square and Helical Retail**
- **Co-investing with a funding partner e.g. Barts Square and 207 Old Street – “waterfall” above a hurdle which skews super profit towards Helical, and White City where our equity contribution entitled Helical to an enhanced profit share**
- **Traditional forward funding – Whereby the institution pays a profit to the developer, after its prior return. The developer has cost overrun risk**



Result

- Building refurbished in 2010
- Launched January 2011
- By June 2013 342,000 sq ft of offices fully let to 19 office tenants and Virgin Active, Giant and Pret a Manger
- Building sold in September 2013 to clients of Ashby Capital LLP
- Helical profit share on no equity invested



- **Joint venture with Aviva Investors**
- **Planning obtained for 1.5m sq ft residential led mixed use scheme**
- **Site sold in September 2013 to neighbouring landowner Imperial College for campus expansion and enabling development**
- **Helical profit share on c £1.5m equity invested**



- **Planning consent granted for prime office development of 273,000 sq ft NIA with 3,000 sq ft retail/restaurant**
- **All pre-development issues cleared**
- **1 Mitre Square purchased**
- **Demolition completed**
- **Discussions with financial partners ongoing**
- **Potential profit £10m +**



- **Acquired jointly with Baupost in March 2011**
- **Baupost two thirds and Helical one third interest**
- **Planning consent granted – S106 signed**
- **226,000 sq ft offices in two buildings**
- **215 residential apartments (202,000 sq ft)**
- **23,000 sq ft retail and restaurants**
- **Phased vacant possession Q4 2014 – Q4 2016 to enable development to commence in 2015**
- **Total development value of c. £470m**
- **Potential profit £30m +**



DEVELOPMENT - 207 OLD STREET, LONDON EC1

- Acquired in December 2012 jointly with Crosstree Real Estate Partners for £60.75m
- Crosstree Real Estate Partners two thirds and Helical Bar Plc one third. Additional “waterfall” to Helical above IRR parameters
- Existing buildings comprising:

			Rent
Offices	207	114,944 sq ft	£1.3m pa
	211	95,929 sq ft	£650,000 pa
Retail	183-205	53,990 sq ft	£713,000 pa
Offices	130 City Road	20,544 sq ft	vacant

- Major refurbishment and addition of new space on a phased basis
- Planning consent agreed for circa 334,000 sq ft NIA of offices and retail, an increase of 103,000 sq ft NIA
- Commence phase 1 (211 Old Street, new building and public realm)
- Potential profit £20m +



- Purchased for c £17.5m in June 2013
- Existing building c 50,000 sq ft (net)
- Following refurbishment, reconfiguration / extensions c 61,000 sq ft (net)
- Planning application submitted and committee date expected in January 2014
- Completion expected in Spring 2015
- Profit potential £4-7m



- **Development agreement with Hammersmith & Fulham Borough Council and in a joint venture (50/50) with Grainger plc**
- **Resolution to grant planning consent achieved for 196 homes, 40,000 sq ft council offices, 3 screen cinema together with retail/residential space**
- **Two phase scheme with completion expected in 2017 and 2019**
- **Profit potential c £10m to Helical**



- Development management role to deliver new 220,000 sq ft (net) office headquarters for Scottish Power funded by M&G Real Estate
- Completion expected July 2015 or Dec 2015 if Cat B works added to contract
- Three surplus Scottish Power sites to be acquired in Cathcart (£5m), Yoker (£350k), Falkirk (£400k) as part of the deal which will be traded
- Profit potential £4.5m - £6m received during construction



DEVELOPMENT SCHEME REVIEW

Property	Partner	HB Share	Status	Start on Site	Area	Cost	Anticipated exit	Potential Profit
Mitre Square	TBA	TBA	Demolition completed	2014	273,000 Sq ft NIA office 3,000 sq ft retail and restaurant	£160m	2016	£10m +
Barts Square	Baupost	33.3%	Planning Consent	Jan 2015	226,000 sq ft NIA office 202,000 sq ft residential apartments	£370m	2018-2019	£30m +
207 Old Street	Crosstree	33.3%	Planning Consent	Jan 2014	334,000 sq ft NIA office and retail	£180m	2016-2017	£20m +
Maple House	None	100%	Planning Submitted	Strip out commenced Main start - May 2014	61,000 sq ft net office	£38m	2015	£4-7m
Hammersmith	Grainger	50%	Resolution to grant planning obtained	Late 2014/ early 2015	450,000 sq ft residential, office, leisure	£132m	2019	£10m
Scottish Power	Dawn Developments	75%	Construction commenced	Nov 2013	220,000 sq ft net office	£55m	2015/16	£4-6m



MILESTONES: TARGETS TO MARCH 2014

Property	Milestone	September 2013
200 Aldersgate	Secure profit share	Done
White City	Secure profit share	Done
Barts Square	Progress pre-development activity	Ongoing
Mitre Square	Pre-let or financial partner	Ongoing Demolition completed
207 Old Street	Obtain planning consent Start on site	Planning obtained start on site January
Maple House	Obtain planning consent and start on site	Ongoing
Glasgow	Start construction	On site
Hammersmith Town Hall	Obtain planning consent	Resolution to grant planning obtained
Helical Retail	Conditional purchases	Ongoing
Europa Centralna	Let remaining space	95% let in shopping centre. 80% let in retail park



- **Development portfolio provides excellent upside exposure to both office and residential markets in favoured locations in London**
- **Concentrating on London:-**
 - **Refurbishment where possible to minimise engagement with planning process**
 - **Difficult to find value in a crowded market**
 - **Reputation for performing provides deal flow**
- **Continue to be opportunity led with clear parameters**



INVESTMENT



- **3.5% like for like capital growth (2.3% including sales and purchases)**
- **6.6% initial yield, 7.6% on letting voids, 7.8% reversionary yield**
- **£155m of acquisitions (including £86.2m since half year) plus £21m forward commitment (2015) in Shoreditch**
- **£89.4m in London at a yield of 4.1% (5.1% without Maple House which is vacant) and a capital value psf of £386**
- **£65.6m outside London at an average yield of 7.9%**
- **£13.1m sales (excluding 200 Aldersgate and White City)**
- **Lower yields but greater potential for growth in London, balanced by higher yields in the regions**
- **Big change in portfolio make up (figures include acquisitions since half year)**
 - **London offices 44% now, compared to 36% in March 2013**
 - **Retail 45% now, compared to 56% in March 2013**
- **Total portfolio now 77% investment, 23% development, achieving our strategic target**



- 88 leases with a lease event in the period

Rent Lost at Break/Expiry	- £372,000
Rent Lost through administrations	£0
Rent Reviews	£60,000
New lettings and change from lease renewals	£806,000
Net change	£494,000

- Retail and London offices contributed c £200k each to the net rental gains
- ERV's largely static during the period (-0.1%)
- Figures ignore sales and purchases. Including sales and purchases, Helical share of gross rent roll in the investment portfolio has increased from £28.7m (FY 2013) to £39.8m



INVESTMENT – NEW LOOM HOUSE, WHITECHAPEL, LONDON E1

- Price £34,200,000
- Capital value psf £305
- Yield 4.9%
- 112,000 sq ft (14,000 sq ft vacant)
- Average passing rent only £18.50 psf
- Refurbish common parts, introduce bar/café, restaurants (2014/15)
- Rolling refurbishment of tenant space
- ERV high £20's psf
- Improving area, residential development (Goodmans Fields) and Crossrail



- Price £30.75m
- Capital value psf £683
- Yield 5.65%
- Valuation £35.75m (4.85% NIY)
- Cash on cash 9.5%
- Plan – hold until 2018 rent review. Minimum uplift to £45.00 psf (current £40.00 psf)
- Hope for better than £45.00 psf at rent review which coincides with Crossrail opening




- Price £6.8m
- Capital value psf £386
- Yield 4.3%
- Average passing rents £21.00 psf
- ERV once refurbished £50.00 psf
- Plan – refurbish, potential to add an additional floor, A3 on ground floor



- Price £21m
- Capital value psf £467
- June 2015 completion
- £1m deposit
- Exposure to growth market on favourable deal terms where large floor plates are scarce
- Potential profit £6m assuming ERV of £42.00psf and exit yield of 5.5%
- Potential to pre-let and pre-sell



INVESTMENT - LONDON OFFICE PORTFOLIO

Property	Net Rent March '13	Net Rent Sept 13	ERV	Valuation Increase (like for like)	Key Events in the 6 months
 <p>Battersea Studios</p>	£1.05m	£1.33m	£2.37m	2.0%	<ul style="list-style-type: none"> • Bike store and showers completed • Continued letting
 <p>1 King Street, Hammersmith</p>	£0.80m	£1.06m	£1.49m	10.1%	<ul style="list-style-type: none"> • Office now fully let. Latest letting at £33.50 psf vs appraisal at purchase of £30.00 psf • Planning consent granted for an additional 5,000 sq ft office floor. Implementation Q4 2014
 <p>Shepherds Building</p>	£3.59m	£3.53m	£4.31m	7.1%	<ul style="list-style-type: none"> • £1.5m refurbishment nearly completed • Expect to start moving rents towards £35.00 psf from current average £24.15 psf
<p>Summary</p>	<ul style="list-style-type: none"> • 7.4% valuation increase like for like • 5.0% initial yield going to 7.4% reversionary yield • 44% of investment portfolio 				

Note: Valuation movements include Barts and Old Street. Yield calculations exclude Barts and Old Street



- Price £48.6m
- Yield 8.2%
- AWULT 12 years
- Subsale potential
- Solid cash flow
- 15% + cash on cash returns

Clydesdale Bank - Lancaster



Homebase - Cardiff



Co-op - Birkenhead



JD Wetherspoon - Redditch



Nicholl Packaging – Cannock



Co-op – Doncaster



Police Authority – Nottingham



Secretary of State – Oldham



Thames Water - Reading






Invensys Plc - Crawley



- Price £17m
- Yield 7.2%
- 96,977 sq ft open A1 planning
- Let to Matalan, Dunelm, Aldi, B&M (AWULT 10 years to breaks)
- Low rents of £13 psf set during recession, fixed increases
- 13% cash on cash return
- Good cash flow, future growth prospects

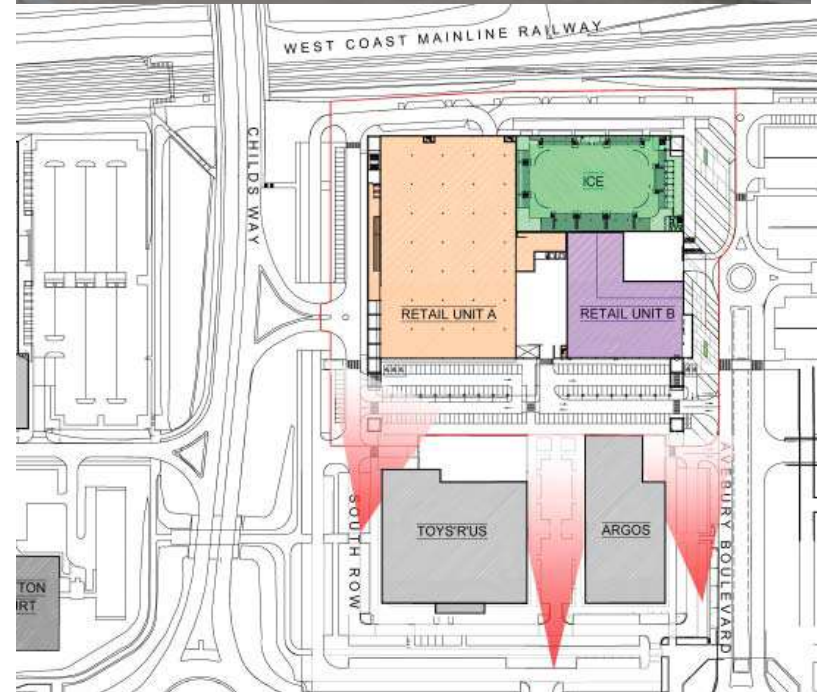


INVESTMENT - RETAIL PORTFOLIO

Property	Net Rent March 13	Net Rent Sept 13	Change	Key Events in the 6 months
 <p>Cardiff</p>	£3.26m	£3.31m	+£0.07m	<ul style="list-style-type: none"> Continued lettings in the Arcades Rent reviews with Molton Brown and White Stuff close to conclusion (expect +£80k) Works nearing completion for Creative Quarter offices – bringing 18,000 sq ft of vacant upper parts back into beneficial use. Cost c. £2m
 <p>Corby</p>	£5.2m	£5.2m (maintained rent despite selling £100k of income)	+£0.1m	<ul style="list-style-type: none"> Multiple new lettings Iceland unit sold for £1.025m (7.8%) Planning application submitted for a new leisure quarter including a Vue cinema, 4 restaurants, a gym and new car parking. Construction c.£10m
 <p>Clydebank</p>	£6.01m	£5.3m	+£0.0m (lost income result of Asda sale)	<ul style="list-style-type: none"> Asda sold to Aviva for £12.15m (5.15% NIY) Pure Gym works on site Refurbishment of Southern Mall complete
<p>Summary</p>	<ul style="list-style-type: none"> Rental income up £200k across the retail portfolio Values up 1.2% like for like, increasing investor interest in the sector 45% of investment portfolio Strong cash on cash returns 			



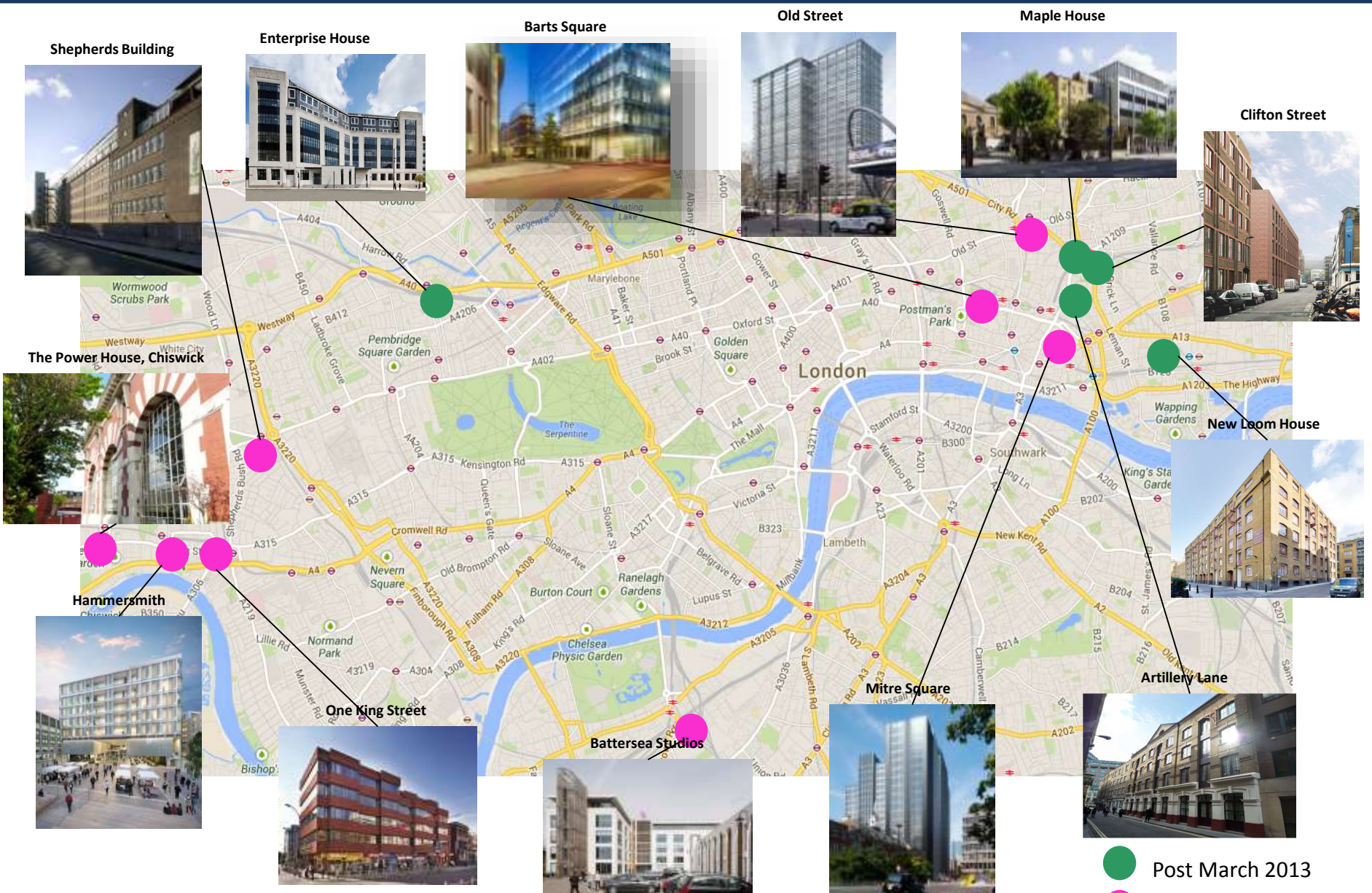
- 80,000 sq ft supermarket pre-let to Morrisons
- Pre-sold to Aviva for 4.25%
- 50:50 JV with Abbeygate Developments
- £0.8m land profit, £3.5m development profit (Helical share)
- 50% of development profit recognised to date
- Completion August 2014
- Retained site, consent for 33,000 sq ft open A1 retail plus refurbished ice rink let at £100,000 p.a



- **Continued strong tenant demand in London with restricted supply and rising rents**
- **A deep pool of investor demand for anything in London but still value to be found if selective**
- **Regional investment demand picking up – UK funds being forced out of London**
- **Occupational market outside London still tough but signs of activity**
- **Continued emphasis on acquiring assets in London with the potential to enhance value and high yielding assets in the regions**



HELICAL'S LONDON PORTFOLIO SEPTEMBER 2013



57.4% of Helical's equity is now deployed in London and the South East

● Post March 2013
● Pre March 2013



- **A fantastic half year**
- **Market moving in our direction**
 - **Strong rental growth in Central London – Square mile?**
 - **Investors move up the risk curve - Secondary assets / retail**
 - **Trade out portfolios**
- **Long in Central London and secondary retail**
- **Would like to buy more, £150m firepower still remaining**
- **Pipeline - keep delivering - Retirement Villages, Food Stores**
- **Leverage - average 50% - May 2015 election / Sterling crisis**
- **REIT?**

Thanks to amazing team



APPENDIX



THE PORTFOLIO - HELICAL'S SHARE OF BOOK VALUE

Total Portfolio (Helical share of book value)		March 2012	March 2013	September 2013	Current
Investment		£374m	£407m	£484m	£576m
Trading and Development		£144m	£169m	£174m	£174m
Total Portfolio		£518m	£576m	£658m	£750m



INVESTMENT PORTFOLIO – HELICAL’S SHARE OF BOOK VALUE

Investment Portfolio (Helical share)		March 2012	March 2013	September 2013	Current
London Office		£113m	£146m	£210m	£253m
		30.2%	35.9%	43.4%	43.9%
Retail		£228m	£228m	£240m	£258m
		61.1%	56.0%	49.6%	44.9%
Industrial		£20m	£12m	£13m	£21m
		5.3%	2.9%	2.7%	3.6%
Provincial Office		£8m	£15m	£15m	£38m
		2.1%	3.7%	3.1%	6.6%
Other		£5m	£6m	£6m	£6m
		1.3%	1.5%	1.2%	1.0%
Total		£374m	£407m	£484m	£576m
		100.0%	100.0%	100.0%	100.0%

The investment portfolio currently comprises 77% of Helical’s portfolio by book value



DEVELOPMENT PORTFOLIO – HELICAL’S SHARE OF BOOK VALUE

Development and Trading Portfolio (Helical share of book value)		March 2012	March 2013	September 2013	Current
Office		£13m	£16m	£22m	£22m
		9.0%	9.5%	12.6%	12.6%
Retail		£14m	£22m	£23m	£23m
		9.7%	13.0%	13.2%	13.2%
Industrial		£6m	£1m	£1m	£1m
		4.2%	0.6%	0.6%	0.6%
Mixed Use		£5m	£5m	£3m	£3m
		3.5%	3.0%	1.7%	1.7%
Change of Use		£4m	£5m	£5m	£5m
		2.8%	3.0%	2.9%	2.9%
Retirement Villages		£60m	£55m	£60m	£60m
		41.6%	32.5%	34.5%	34.5%
Poland		£42m	£65m	£60m	£60m
		29.2%	38.4%	34.5%	34.5%
Total		£144m	£169m	£174m	£174m

The development portfolio comprises 23% of Helical’s portfolio by book value



DEVELOPMENT PORTFOLIO – HELICAL’S SHARE

Development and Trading Portfolio (Helical share)	Book value	Fair valuation	Surplus	% of development portfolio (fair value)
Office	£21.9m	£26.4m	£4.5m	13.2%
Retail	£23.5m	£25.4m	£1.9m	12.7%
Industrial	£1.4m	£1.4m	-	0.7%
Mixed Use	£2.8m	£2.8m	-	1.4%
Change of Use	£4.7m	£6.8m	£2.1m	3.4%
Retirement Villages	£59.6m	£76.3m	£16.7m	38.3%
Poland	£60.5m	£60.5m	-	30.3%
Total	£174.4m	£199.6m	£25.2m	100.0%

There is a £25.2m Director’s surplus over book value in the development portfolio. This has significantly reduced from March 2013 (£49.9m) since the sales of White City and 200 Aldersgate



INVESTMENT PORTFOLIO – KEY STATISTICS

	% of investment portfolio	Valuation increase/decrease (like for like)	Valuation increase/decrease (inc purchases and sales)	Initial yield	Reversionary yield	Average un-expired lease term	Vacancy rate (floor area)	ERV change since March 2013	Capital value psf
London office	43.4%	7.4%	4.3%	5.0%	7.4%	3.0	7.8%	1.4%	£260
Retail	49.6%	1.2%	0.8%	7.3%	7.9%	6.9	4.9%	(0.8%)	£132
Industrial	2.7%	3.0%	3.0%	9.2%	9.8%	2.6	13.2%	(0.8%)	£65
Provincial offices	3.1%	0.0%	0.0%	8.3%	8.5%	16.1	0.0%	0.0%	£209
Other	1.2%	0.0%	0.0%	-	-	-	0.0%	0.0%	-
Total	100.0%	3.5%	2.3%	6.6%	7.8%	5.7	6.1%	(0.1%)	£174

Figures exclude acquisitions post 30 September



INVESTMENT PORTFOLIO – LEASE EXPIRES

Year	2014	2015	2016	2017	2018
% of rent roll	10.9%	13.7%	11.6%	15.9%	7.1%
Average rent/lease	£32,200	£34,800	£63,700	£63,700	£36,400



Top tenants in the portfolio are:

Rank	Tenant	Tenant industry	Rent (Helical)	% Rent Roll
1	Endemol UK Ltd	Media	£1,523,203	4.56%
2	Barts and the London NHS Trust	Government	£1,208,254	3.62%
3	TK Maxx	Retail	£1,160,000	3.47%
4	Quotient Bioscience Ltd	Biotech	£664,792	1.99%
5	Argos	Retail	£454,125	1.36%
6	Fox International	Media	£445,053	1.33%
7	Wickes Building Supplies	Retail	£430,139	1.29%
8	Metropolis London Music	Media	£400,000	1.20%
9	Urban UK	Retail	£400,000	1.20%
10	Dunelm	Retail	£364,281	1.09%
Total			£7,049,847	21.11%



RETIREMENT VILLAGE DEVELOPMENTS

	No. Units	Start Construction	Complete Construction	Forecast Profit	Profit Period
Faygate , nr Horsham	171	May '12	2016	£14m	2013-2017
Exeter	164	Oct '13	2017	£7m	2014-2018
Great Alne, nr Stratford-upon-Avon	132	Oct '13	2017	£17m	2014-2017
Liphook units to sell	19	Jan '08	2012	£1.5m	2013-2014
Total	486			£39.5m	

- Profit forecast includes £13.9m of surplus of land value over cost, already part of EPRA NAV
- Limited equity required due to:
 - Advantageous bank finance
 - Phasing of construction meaning sales cover costs



