



Helical Bar plc

THURSDAY 22ND NOVEMBER 2012
HALF YEAR RESULTS TO 30TH SEPTEMBER 2012

Helical Bar plc



FINANCIAL



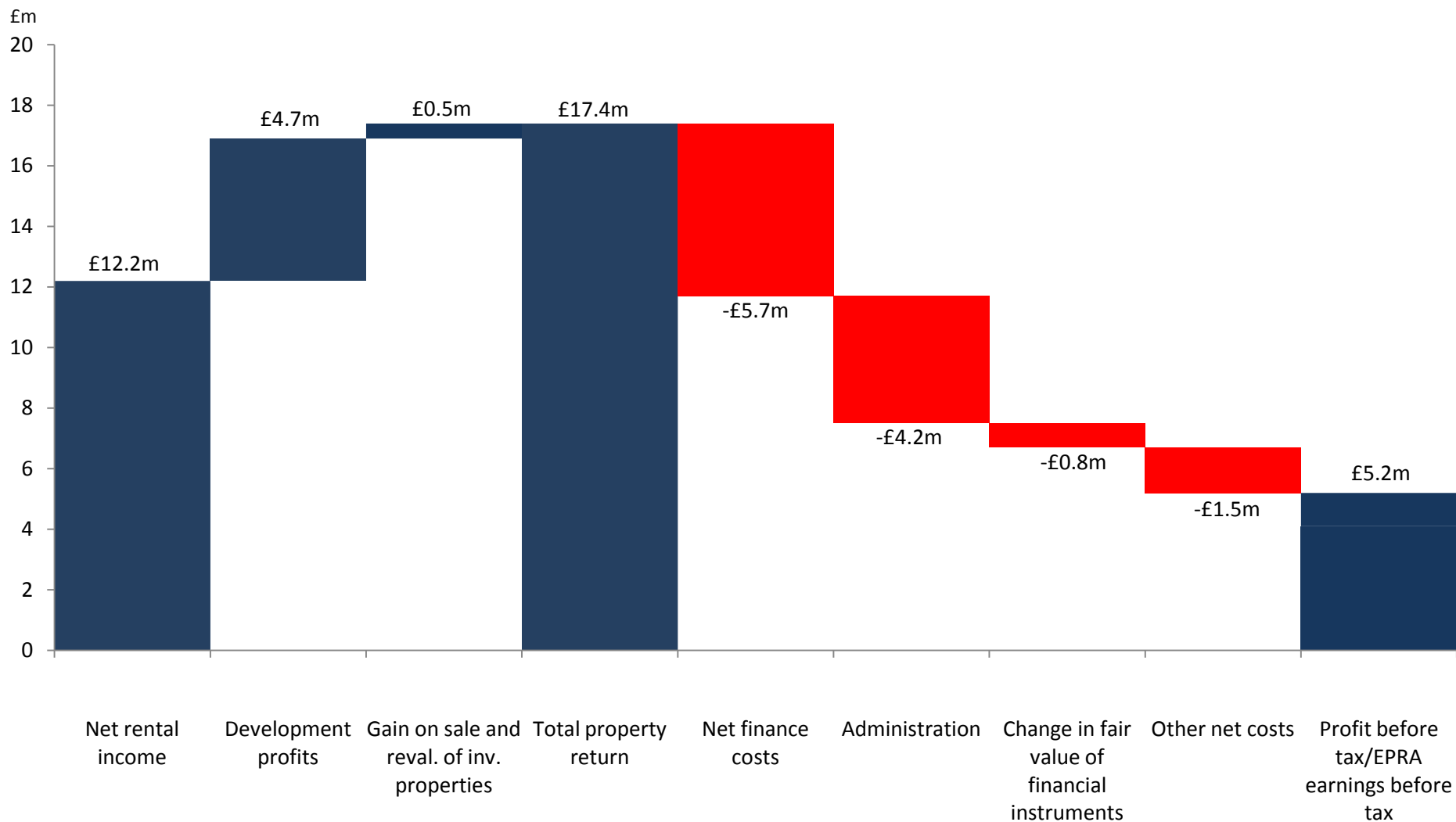
HEADLINE NUMBERS

INCOME STATEMENT	Sep 2011	Sep 2012	% change
Group's share of net rental income ¹	£11.0m	£12.2m	+11%
Development profits	£1.8m	£4.7m	+161%
Profit before tax	£4.1m	£5.2m	+27%
EPRA earnings before tax	£4.7m	£5.2m	+11%
EPRA earnings per share	4.1p	4.4p	+7%
Interim dividend per share	1.75p	1.85p	+6%
BALANCE SHEET	Mar 2012	Sep 2012	% change
Group's share of property portfolio at fair value ¹	£573m	£582m	+2%
EPRA net asset value per share	250p	252p	+1%

¹ : Including share of joint ventures



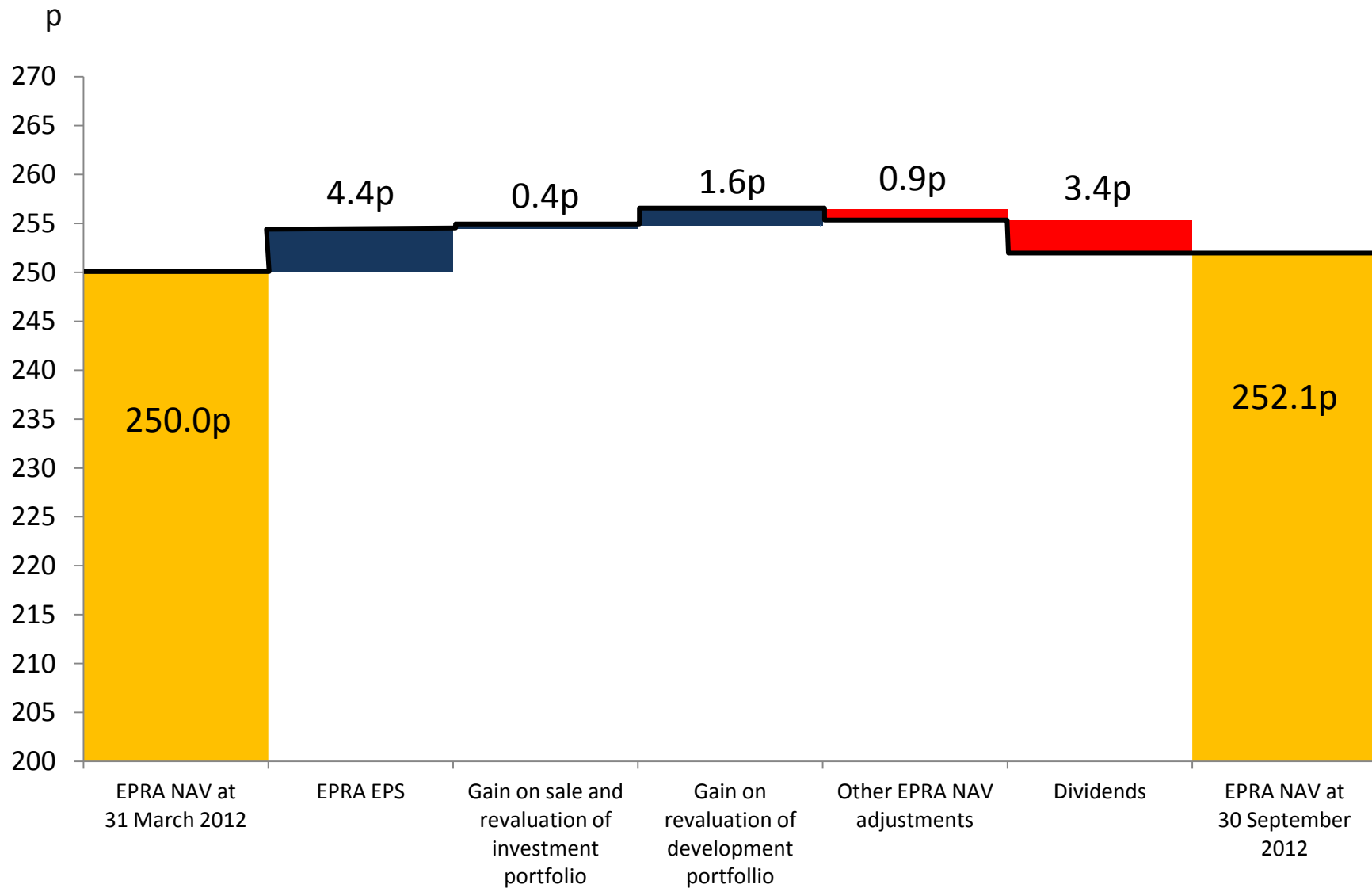
INCOME STATEMENT



**Note: All figures include Helical's share of income and expenses of joint ventures
Administration costs exclude the charge for share based payments**



EPRA NET ASSETS

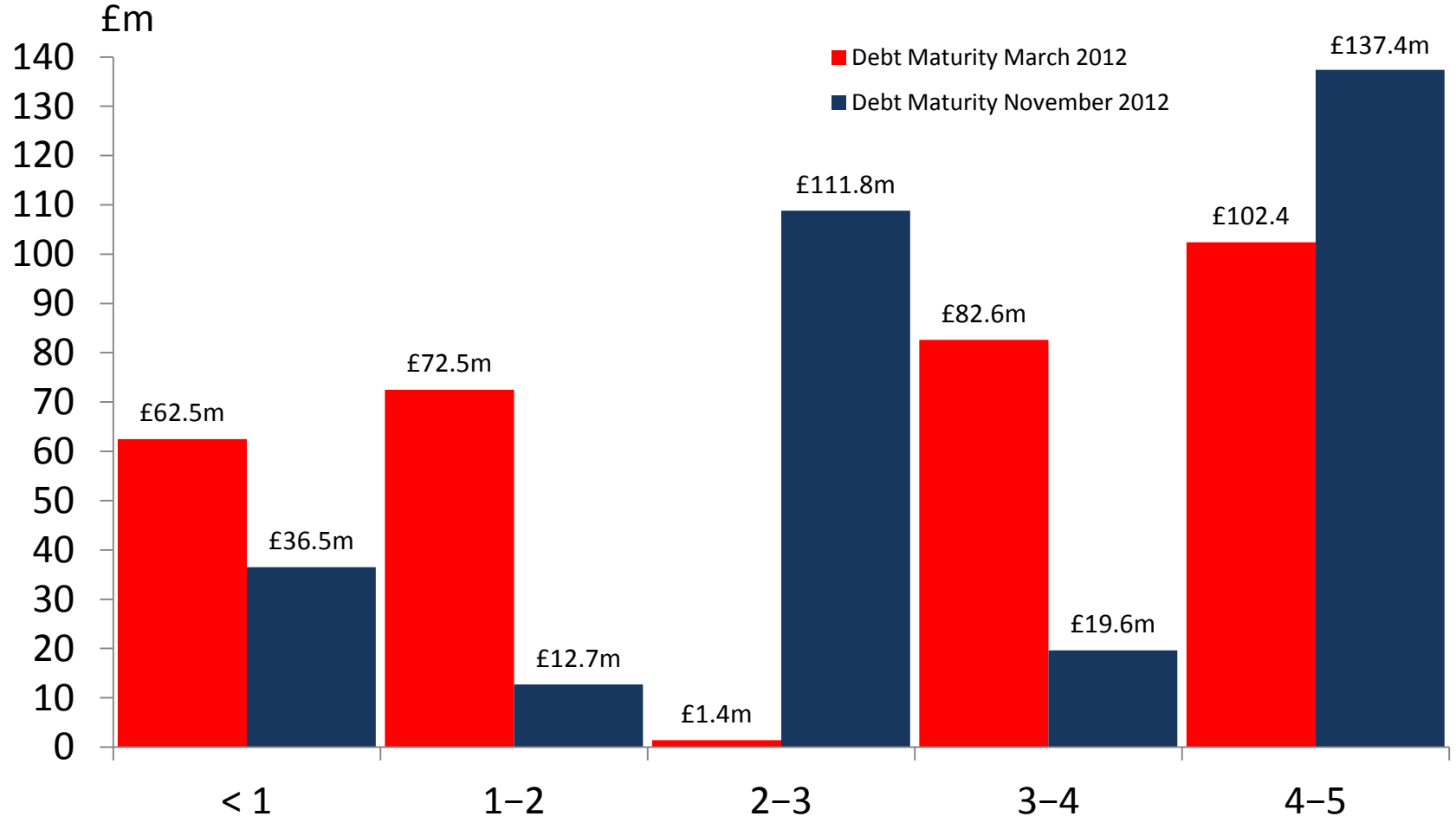


DEBT ANALYSIS	31 Mar 2012	30 Sep 2012
Gross debt	321.4	320.9
Cash	(39.0)	(54.7)
Total Net Debt	282.4	266.2
Loan to property value	49%	46%
Total net gearing	111%	105%
INTEREST RATE HEDGING	31 Mar 2012	30 Sep 2012
Weighted average cost of debt	4.2%	3.9%
Percentage of debt hedged		
- Swaps at average of 4.4% (including margin) - £139m	43%	43%
- Caps at average of 4.1% - £103m	32%	32%

Note: All figures include Helical's share of debt, cash and properties of joint ventures



- £70m of loans extended by an average of 4 years
- Agreed heads of terms for c. £30m of new or extended loan facilities for average of 4 years
- Average debt maturity increased from 2.7 years (May 2012) to 3.4 years (November 2012)



- **Growing annualised net rent roll of £25.4m**
- **Annualised interest cost of c. £12.1m at a current weighted average rate of interest of 3.8%**
- **Allows the company to maintain a progressive dividend policy**
- **Excellent relationships with our banks**
- **Cash and utilised bank facilities of c. £85m**
- **Allows us to transact with confidence that we have the funds available**



INVESTMENT



Valuation increase of 0.1%

Future growth from;

- **Repositioning existing assets (Shepherds, Cardiff)**
- **Letting voids (Battersea, Hammersmith)**
- **Future acquisitions, mainly multi-let offices in London ‘villages’**



	Rent	No. of leases	% of rent roll
Rent lost at break/expiry	-£577,078	36	2.1%
Net rent lost through administration	-£467,906	15	1.7%
Leases renewed	£778,254 (£74,733 uplift)	27	2.9%
Fixed uplifts	£230,487	31	0.8%
Rent reviews	£103,503	32	0.4%
New lettings	£884,885	32	3.2%
Net increase	£248,624		



Improving demand...

Shepherds Building, W14

- Only 1 unit (465 sq ft) vacant out of 151,000 sq ft
- Average rent passing £23.80psf
- Major refurbishment being planned for Summer 2013
- Valued at 7% initial yield



Battersea Studios, SW8

- Since year end, 14,930 sq ft let (7 units)
- 27,500 sq ft vacant remaining (8 units), in negotiation on 18,000 sq ft
- Average rent passing £21psf



Future acquisitions

- More of the same



Letting:

- Market tough but progress continuing
- Cardiff – Jack Wills
- Clydebank – Poundworld, Paddy Power, Perfect Home and Watt Brothers, Post Office, Trespass and Bon Marche (post 30th Sept)
- Corby – Corals, Greenwoods, Rubix Nightclub, Card Factory
- 15 units entered administration in period
- 12 re-let or under offer
- Only 1 vacant unit in Sutton in Ashfield and 2 in Newmarket once deals in solicitors hands complete.
- Average vacancy sub 5% by ERV

Refurbishment:-

- Works complete at Basildon, Corby and Newmarket
- £500k of capex from sinking fund planned in Clydebank and £400k in Cardiff



Centre	Free Cash Post Interest	Cash on Cash
Basildon	£380,000	11.1%
Clydebank	£2,230,000	11.2%
Corby	£3,170,000	14.5%
Newmarket	£780,000	15.0%
Sutton in Ashfield	£770,000	17.2%
Total	£7,330,000	13.3%

- **Across the portfolio, rent collection was 99.34% within 2 weeks of quarter day**



RETIREMENT VILLAGES

- Developments are communities for 'active elderly', mainly cottages not apartments
- High quality housing, selling 125 year leasehold interest
- Buyers almost 100% cash, no mortgages
- Services provided limited to running clubhouse, landscaping etc
- Not care homes providing medical services



Recycling Capital

Liphook, Hants	<ul style="list-style-type: none"> • 14 units sold since year end, £0.95m profit, further 6 sold since end of September • Construction completed in November • 48 units to sell (15 under offer) will return c. £6m cash after debt repaid, c. £3m of further profit
Milton, Cambridge	<ul style="list-style-type: none"> • Sale completed September 2012 for £6.9m
Exeter	<ul style="list-style-type: none"> • Part sold September 2012 for £7.6m

Developing Out

Faygate, Horsham	<ul style="list-style-type: none"> • Construction started May 2012 (171 units)
Exeter	<ul style="list-style-type: none"> • Construction starting early 2013 (164 units)
Great Alne, Warwickshire	<ul style="list-style-type: none"> • Demolition started, construction starting Summer 2013 (132 units)

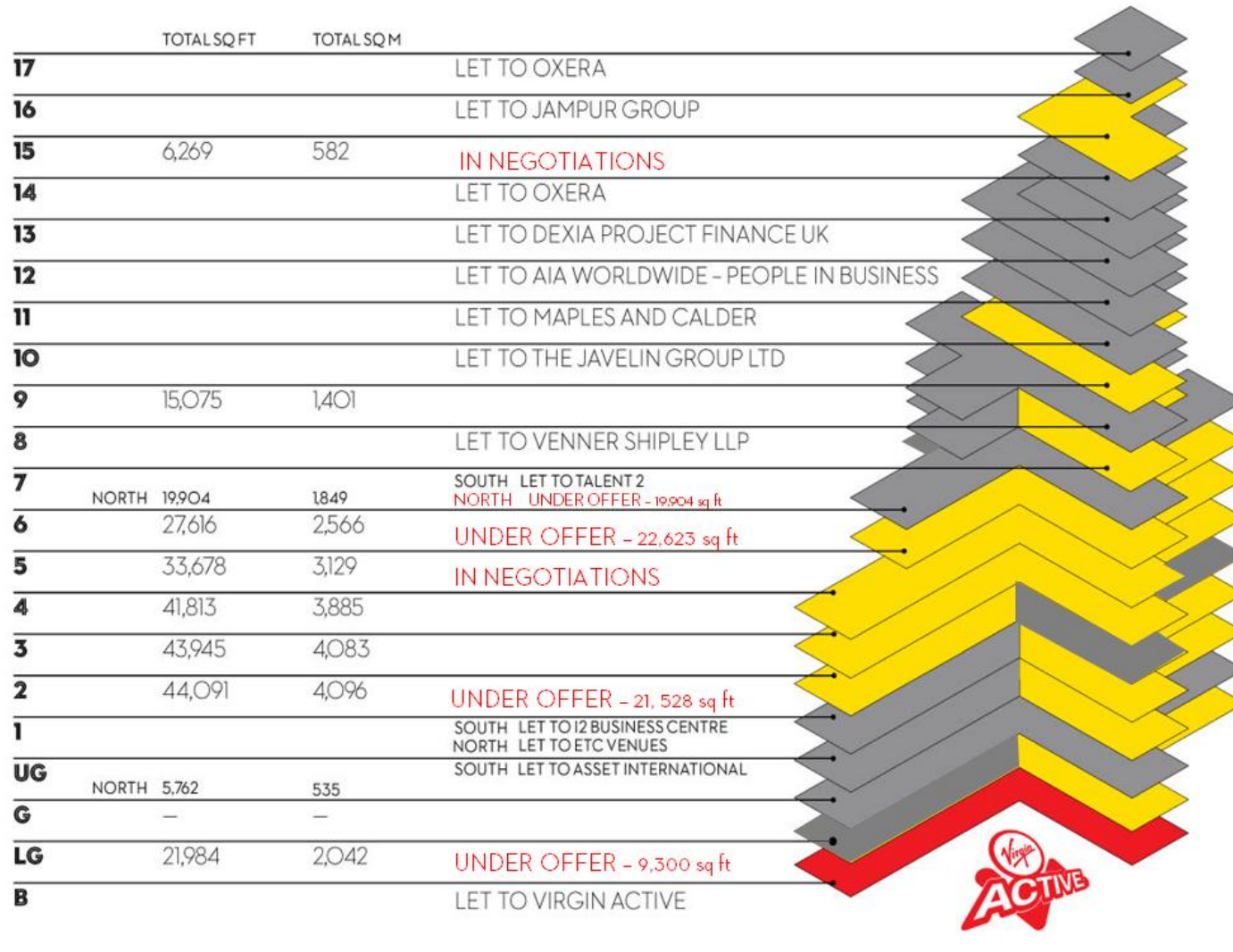
Arranging development finance to build out Exeter & Great Alne, already in place for Faygate



DEVELOPMENT




- 112,000 sq ft of office space let
- Let to Virgin Active
- 74,000 sq ft currently under offer





- **Planning application submitted Q1 2012**
- **Resolution to grant planning permission subject to S106 made by City on 20th November**
- **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**
- **Total development value of c. £460m**



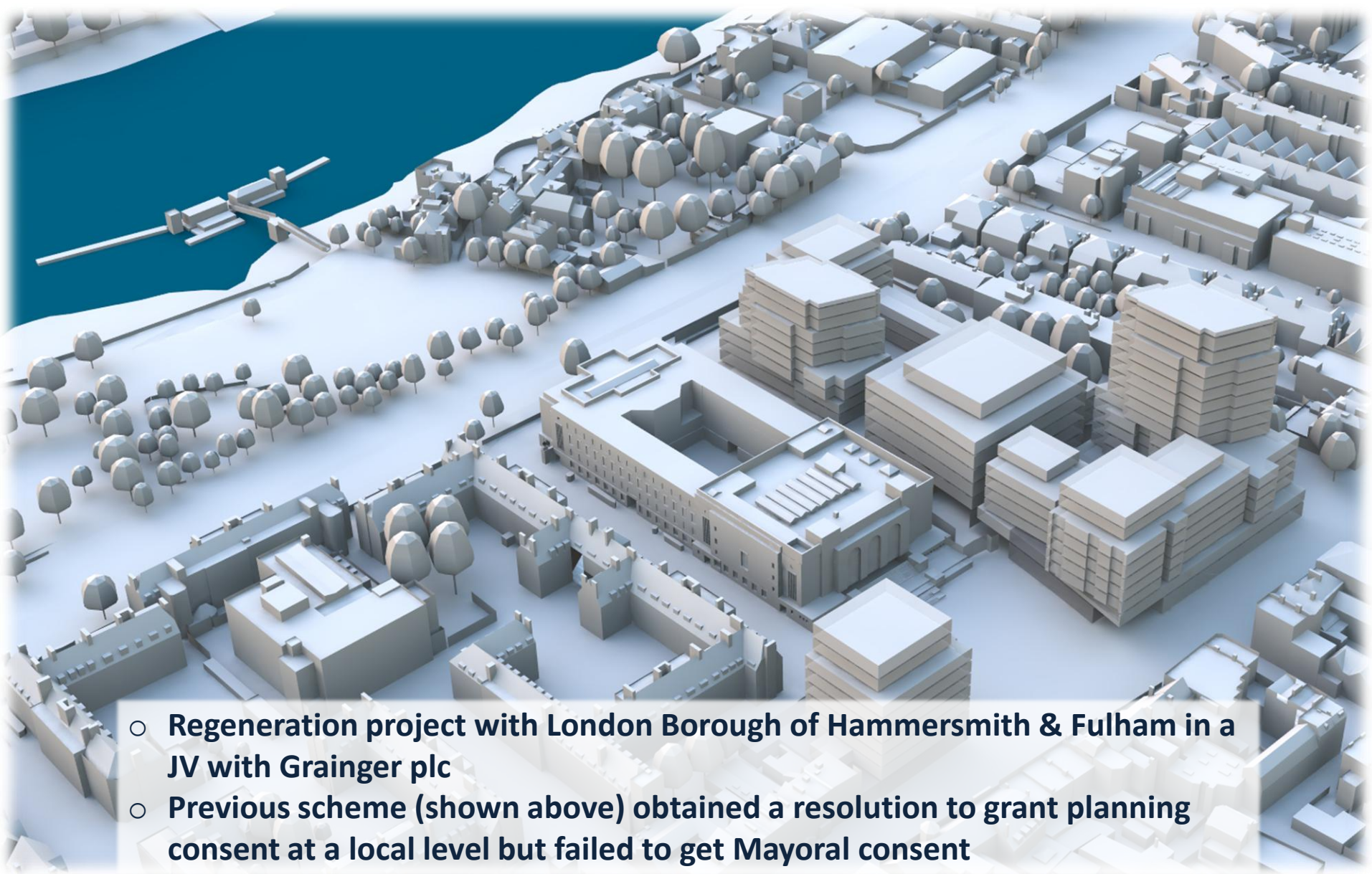
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- Planning consent granted for prime office development of 273,000 sq ft NIA with 3,000 sq ft retail/restaurant
 - All predevelopment issues cleared
 - Commence development when pre let or forward funded



- Scheme comprises 100,000 sq ft foodstore and 463 residential units. Helical Bar acted on behalf of Sainsbury's
- Following the grant of planning consent, the site has been sold to a JV between Barratts West London and London & Quadrant

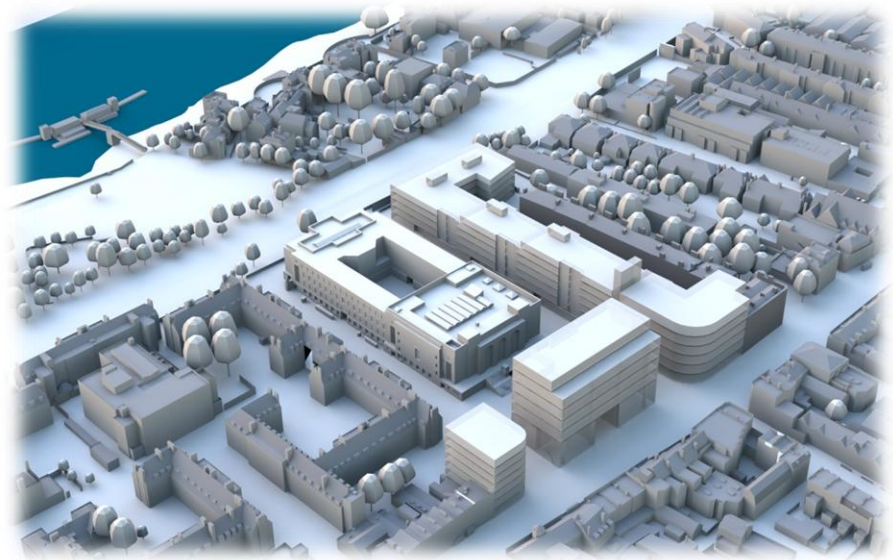
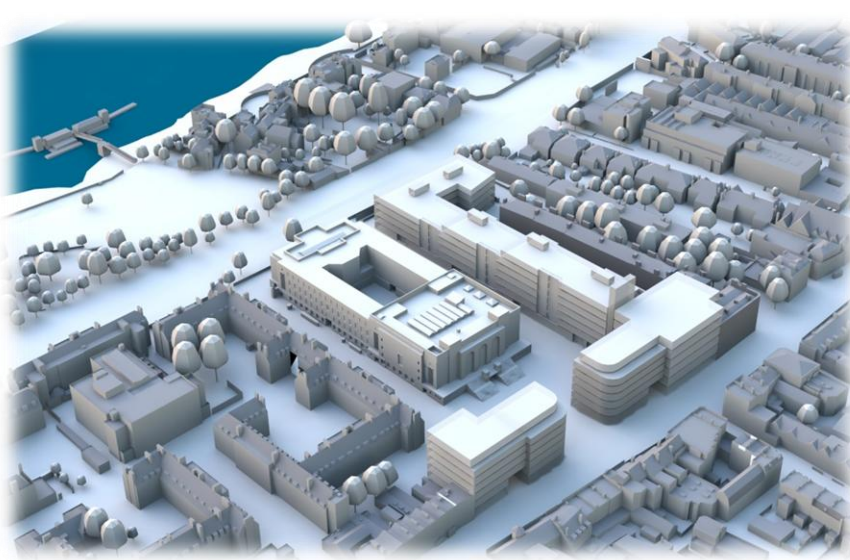


- Development management fee of £1.5m received
- Further profit of £7.25m now crystallised
- No equity – total fee of £8.75m

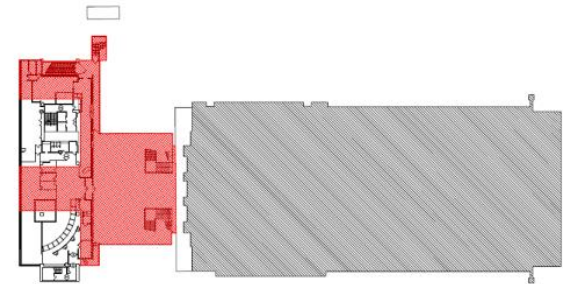


- **Regeneration project with London Borough of Hammersmith & Fulham in a JV with Grainger plc**
- **Previous scheme (shown above) obtained a resolution to grant planning consent at a local level but failed to get Mayoral consent**





- **New Leader of Hammersmith & Fulham Borough Council keen to continue with a much more deliverable brief**
- **New architect - a new approach**
- **Key contention issues avoided with new brief**
 - **Much reduced height (max 8 stories rather than 15)**
 - **No bridge affecting Furnival Gardens**
 - **Not relocating existing tenants**
 - **Cinema proposed**
- **Planning application anticipated summer 2013**
- **Cost to date rolled into new scheme**






- Outline planning application submitted in July 2012
- Planning committee date anticipated late 2012 / early 2013
- 1150 new homes, 200,000 sq ft offices plus 60,000 sq ft retail / leisure / community uses
- Site on site – late 2013 / early 2014

- Development Management Role on behalf of Scottish Power / Iberdrola
- New 220,000 sq ft (net) office HQ
- 25 year lease to Scottish Power being forward funded with an institution
- Fee based on % of construction cost / design fees
- Underwriting the sale of 3 existing assets (Cathcart, Yoker, Falkirk)
- Working with local development partners



- 
- **Opening 1st March 2013**
 - **720,000 sq ft of retail. Anchor tenants Tesco and Castorama**
 - **73% let**
 - **4% being signed**
 - **4% under offer**



MILESTONES: TARGETS TO MARCH 2013

<u>Property</u>	<u>Milestone</u>	<u>Progress at November</u>
200 Aldersgate	Lettings	74,000 sq ft under offer
Europa Centralna	Lettings	73 % pre-let, 4% being signed and 4% under offer
Fulham Wharf	Sale / fee settlement	Complete
Helical Retail	Conditional purchases	Ongoing
Barts Square	Planning consent	Resolution to grant planning consent obtained
Hammersmith Town Hall	Planning consent	Revised scheme to be submitted July 2013
Mitre Square	Demolition	Ongoing
White City	Planning consent	Application submitted Committee date – Jan / Feb 2013



APPENDIX



	London Offices	South East Offices	In Town Retail	Out of Town Retail	Poland	Industrial	Change of Use	Mixed Use	Retirement Villages	TOTAL	March 2012
Investment	22%	1.5%	41%	3%	-	3%	-	-	1%	71.5%	73%
Trading and Development	0.5%	2%	2.5%	0.5%	10.5%	0.5%	1%	1%	10%	28.5%	27%
TOTAL	22.5%	3.5%	43.5%	3.5%	10.5%	3.5%	1%	1%	11%	100.0%	100%

- **Note: Excludes the surplus arising from the Directors' valuation of trading and development stock**
- **Increase in capital employed in trading and development portfolio attributable largely to construction spend (Poland and Shirley)**
- **Calculation by value, Helical share**



INVESTMENT PORTFOLIO (HELICAL'S SHARE)

	Value (m)	Equity (m)	
London office	£115.3	£46.8	30.5 %
South East office	£7.8	£2.7	1.8 %
Industrial	£15.6	£4.6	3.0 %
In town retail	£214.9	£86.5	56.5 %
Out of town retail	£14.1	£6.7	4.3 %
Retirement village	£6.0	£6.0	3.9 %
Total	£373.7	£153.3	100 %

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	£2.9	£9.4	£6.5	£9.4	9.3%
Provincial Office Dev	£9.8	£9.8	£0	-£1.8	-1.8%
Industrial Dev	£2.7	£2.7	£0	£2.0	2.0%
In Town Retail Dev	£14.8	£16.1	£1.3	£16.1	16.0%
Out of Town Retail Dev	£3.6	£3.7	£0.1	£2.2	2.2%
Retirement Village Dev	£52.6	£67.7	£15.1	£31.4	31.3%
Change of Use	£4.4	£6.3	£1.9	£4.4	4.4%
Mixed Use Dev	£4.6	£16.1	£11.5	£16.1	16.0%
Polish Dev	£55.9	£55.9	£0	£20.7	20.6%
Total	£151.3	£187.7	£36.4	£100.5	100.0%



	Purchases	Sales	Net Total
Income Producing	£0m	£3.6m	-£3.6m
Non Income Producing	£0m	£22.5m	-£22.5m
Total	£0m	£26.1m	-£26.1m

- The significant sales include Milton (retirement village) for £6.8 m and part of the Exeter holding (retirement village) for £7.6 m and in excess of £5.0 m of unit sales at Liphook
- NB. Differs from accounting treatment of purchases and sales. The above reflects sale /purchase prices pre costs, completed in the half year to September



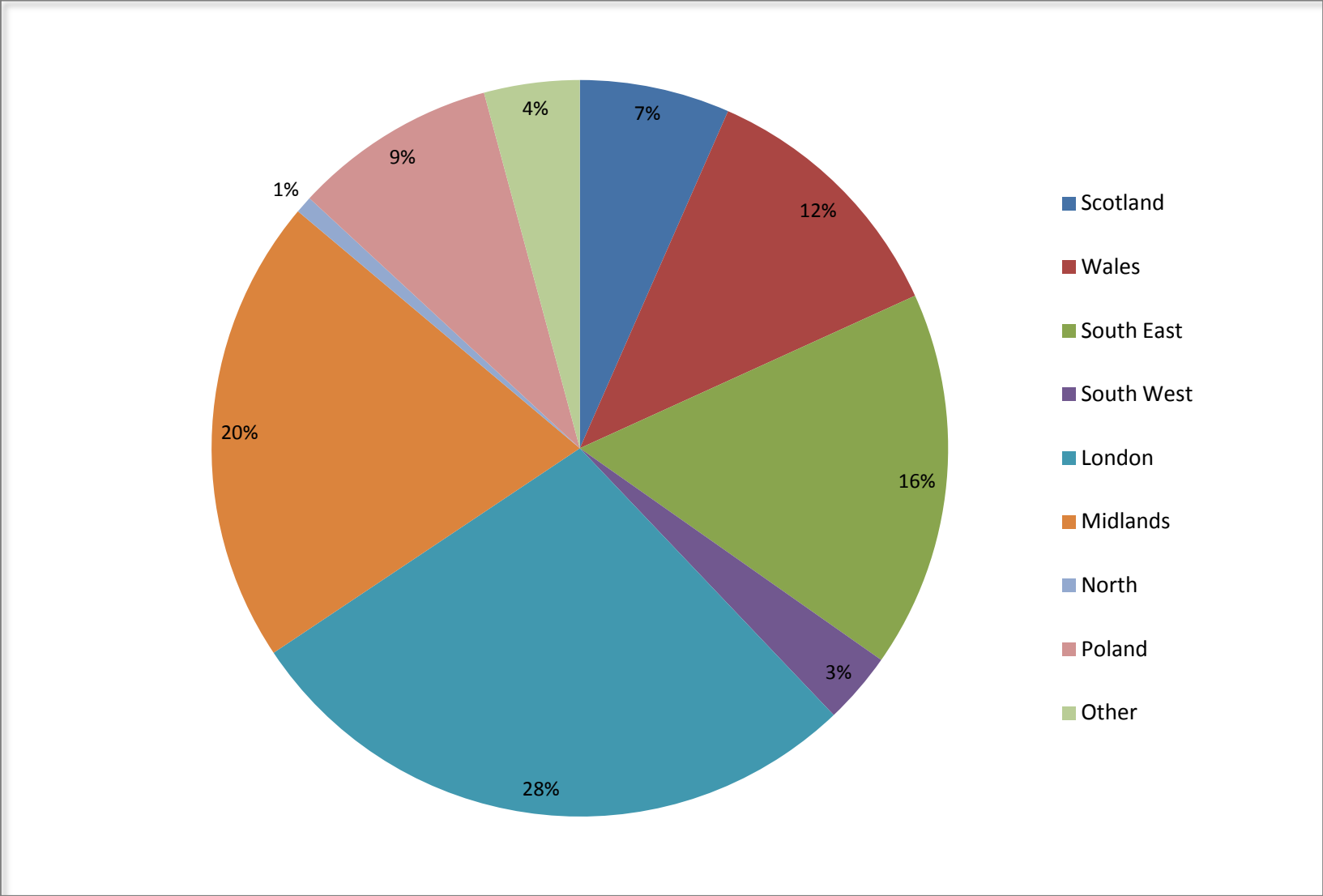
Valuation increase of 0.2% in half year to September, including capex, sales and purchase

	% of Portfolio (HB Share)	Valuation Change	Initial Yield	Reversionary Yield	Yield on Letting Voids	Equivalent Yield (AiA)	Equivalent Yield (True QiA)
Industrial	4.1%	-6.1%	8.4%	10.3%	10.0%	9.5%	10.0%
London Offices	30.9%	0.7%	5.5%	8.3%	7.3%	7.7%	8.1%
South East Offices	2.0%	0.0%	8.3%	8.5%	8.3%	8.6%	9.0%
In Town Retail	57.5%	-0.1%	7.3%	8.2%	7.8%	7.8%	8.1%
Out of Town Retail	3.8%	-0.1%	5.9%	6.6%	6.0%	6.6%	6.9%
Other	1.7%	18.8%	N/A	N/A	N/A	N/A	N/A
Total	100.0%	0.2%	6.9%	8.3%	7.7%	7.8%	8.2%

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



PORTFOLIO GEOGRAPHY BY HELICAL EQUITY



44% of Helical’s equity is deployed in London and the South East



	Capital Value psf	Vacancy Rate (floor area)	Average Unexpired Lease Term (years)
South East Offices	£208	0.0%	17.3
London Offices	£202	15.6%	4.5
Retail	£134	7.1%	7.7
Industrial	£51	20.1%	3.3
Total	£144	11.2%	7.0



INVESTMENT PORTFOLIO – CHANGES TO RENTAL VALUES

	Half year to September 2012	Year to March 2012
Industrial	0.0%	-0.9%
London Offices	2.6%	2.8%
South East Offices	0.0%	0.8%
All Offices	2.2%	2.5%
In Town Retail	-0.1%	1.0%
Out of Town Retail	0.0%	-2.0%
All Retail	-0.1%	0.8%
Total	0.5%	1.2%



	Renew / Don't Break	Do not Renew / Do Break	% Income Retained
Action at Lease End	£778,454	£362,096	68.3%
Action at Break	£781,985	£214,983	78.4%
Total	£1,560,438	£577,078	73.0%

68.3% of rent was retained at lease end compared with an average of 41%¹. 78.4% of tenants by rental value did not exercise their breaks compared to an average of 48%¹

¹Source IPD / Strutt and Parker Lease Events Review



	Lease expiries and tenant break options within:					
	1 year	2 years	3 years	4 years	5 years	> 5 years
Percentage of rent roll	9.4%	11.3%	11.8%	6.9%	14.1%	46.5%
Number of leases	96	84	96	57	65	
Average rent per lease	£26,800	£36,800	£33,500	£33,000	£59,400	



TOP TENANTS (HELICAL SHARE OF RENT)

Rank	Tenant	Rent (£m)	% of Rent Roll
1	Endemol	£1.53	5.6%
2	Barts and The London NHS Trust	£1.18	4.3%
3	TK Maxx	£1.16	4.2%
4	Quotient Bioscience	£0.67	2.4%
5	Asda	£0.5	1.9%
6	Argos	£0.45	1.7%
7	Fox International	£0.45	1.6%
8	Metropolis Group	£0.4	1.5%
9	Urban Outfitters	£0.4	1.5%
10	Hitchcock & King	£0.4	1.5%

Top 10 tenants for 26.2% of the rent roll



Debt Profile - Maturity

	31 March 2012 £m	30 September 2012 £m	Proforma 21 November 2012* £m
< 1 Year	62.5	84.1	36.5
1-2 Years	72.5	12.3	12.7
2-3 Years	1.4	104.1	111.8
3-4 Years	82.6	19.7	19.6
4-5 Years	102.4	100.7	137.4
Total	<u>321.4</u>	<u>320.9</u>	<u>318.0</u>

* - After completion of refinancing for which credit approval has been received

