Helical Bar plc

Thursday 26th May 2011

Preliminary Results for
the year to 31 March 2011

Introduction

Helical Bar plc

• Sept 30 - March 31	No more material write downs
• Use of funds	The drum rolls. As we sell we buy City/West End offices West London residential/Retirement Villages Poland retail Multi-let retail/industrial
• 1994-97/2009-12	Slow out of the blocks Avoiding dilution
• The market place - significant changes	Shorter leases Empty rates Planning issues Stamp duty Disappearing prime Weak occupational market
• The challenge ahead	Rental cash flow to cover all outgoings Spread of developments to create prime investments for sale Office/retail/industrial – multi-let only

Development Process

Deal Type	**Acquire, solely or in joint venture**	**Acquire via option/conditional purchase agreement (e.g. subject to planning) or be appointed as 'preferred developer'**	**Appointed as Development Manager (profit payable at certain milestones e.g. planning, letting or completion of construction)**
	Barts, White City	*Shirley Town Centre, King Street Hammersmith, Mitre Square*	*Fulham Wharf*

Planning	*Barts, Fulham Wharf, White City, King Street Hammersmith Town Hall, Shirley Town Centre, Telford, Cawston (Rugby)*		
Pre-letting	*Gliwice (Poland), Mitre Square*		
Delivery Options	**Develop ourselves, complete lettings/sales and retain/sell**	**Bring in JV partner to share percentage of costs and profits with Helical retaining an equity interest and profit share**	**'Forward fund' i.e. sell site to an investor who meets development costs with Helical receiving a profit share**
	Retirement Villages (Exeter, Horsham, Great Alne)		*Turawa (Poland)*
Construction	*Stockport, Liphook*		
Post Construction – Letting/Sale	*200 Aldersgate, Southall, Hailsham (industrial development), The Hub (Glasgow)*		

Trading Update and Trading Strategy

- **31 March 2011 NAV of 253p, down from 272p in March 2010**
  - Net rental income including share of joint ventures up 19% to £17.8m (2010: £14.9m)
  - 2.5% uplift on investment portfolio
  - £14.9m write down of trading and development assets (£4.7m in 2nd half)
  - £13.3m (£10.1m net of tax) write off of minority holding in Quotient (written down to nil)
  - Group's share of property portfolio at £532.2m (2010: £494.5m)

- **Objective has been to recover equity from assets with limited potential (especially non-income producing)**
  - Helical has sold £212m of properties since April 2009, with a further £36m agreed
  - Of the sales, £110m were in the year to March 2011 (of which £60m was non-income producing)

- **Our key objective is to recycle capital into new and compelling investment and development stock. This will be the basis of our growth for the next cycle**

31 March 2011 Financials

Summary Profit and Loss

	Year To 31 March 2011	Year To 31 March 2010
	£m	£m
Net rental income (including share of joint ventures)	17.8	14.9
Development property loss	(16.6)	(1.3)
Trading property loss	(0.4)	-
Gain on sale and revaluation of investment properties (including share of joint ventures)	8.3	10.2
Impairment of available-for-sale investments	(1.8)	-
Administration costs	(7.0)	(8.7)
Net finance costs (including share of joint ventures)	(6.3)	(7.6)
Foreign exchange losses	(0.1)	(1.1)
Sundry net income	(0.2)	1.5
	________	________
(Loss)/profit on ordinary activities	(6.3)	7.9
	========	========
Impairment of available-for-sale investments		
- income statement	(1.8)	
- statement of comprehensive income (net of tax)	(8.3)	
	________	
	(10.1)	
	========	

31 March 2011 Financials

Helical Bar plc

Summary Balance Sheet

£000	31 March 2011 £m	31 March 2010 £m
Investment properties	272	220
Land, developments and trading properties	148	183
Investment in joint ventures	36	26
Cash and cash equivalents	31	40
Borrowings	(237)	(243)
Derivative financial instruments	(7)	(10)
Other net assets	12	27
Net assets	**255**	**243**
Diluted EPRA net assets	**295**	**289**
Number of shares (000)	116.8	106.1
Diluted EPRA net asset value per share	**253p**	**272p**

31 March 2011 Financials

	31 March 2011	31 March 2010
Net debt	£241m	£229m
Net gearing	81%	84%
Property portfolio at valuation	£532m	£495m
Ratio of net borrowing to gross property portfolio	45%	46%

		25 May 2011	31 March 2010
Hedging	- Fixed rate borrowing at average 5.8% (6.4%)	£75m	£93m
	- Interest rate caps at average 4.9% (6.0%)	£91m	£34m
	- Interest rate floor at 4.5%	£40m	£34m
Interest rates	- current effective rate	4.35%	4.51%

Investment Portfolio

- **Valuation increase of 2.5% in year to March, including capex, sales and purchases**

	% of Portfolio (our share)	Valuation Increase	Initial Yield	Reversionary Yield	Yield on letting voids	Equivalent Yield (AiA)	Equivalent Yield (True QiA)	Valuation Increase Since 09/2010
	%	%	%	%	%	%	%	%
Industrial	14	-3.8	7.9	9.5	9.6	8.8	9.3	-6.9
London Offices	31	6.7	6.3	8.1	7.7	7.7	8.0	2.6
South East Offices	3	1.6	6.4	8.2	7.6	7.9	8.2	-9.6
In Town Retail	47	2.1	7.3	8.1	8.1	7.7	8.1	0.8
Out of Town Retail	5	1.9	6.5	6.5	6.5	6.5	6.7	0.8
Total	100	2.5	7.0	8.2	8.1	7.8	8.2	-0.5

Note: figures exclude Barts which was acquired at the end of the year

Investment Portfolio – Changes to Rental Values

	March 2010 – March 2011	March 2010 – September 2010	September 2010 – March 2011
Industrial	-5.4%	-5.6%	0.2%
Out of town retail	2.4%	-0.3%	2.7%
In town retail	2.7%	-0.6%	3.3%
Retail	2.6%	-0.6%	3.2%
Provincial offices	0%	0%	0%
London offices	1.6%	-2.2%	3.9%
Offices	1.4%	-1.9%	3.4%
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Total	1.3%	-1.6%	2.9%

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	03/10
Investment	23%	2%	29%	3%	-	9%	-	-	1%	67%	56%
Trading and Development	2%	1%	2%	1%	11%	2%	1%	1%	12%	33%	44%
TOTAL	25%	3%	31%	4%	11%	11%	1%	1%	13%	100.0%	100%

Note: Excludes the surplus arising from the directors' valuation of trading and development stock.

Investment Portfolio

Helical Bar plc

	Value £m	Equity £m	%
London office	108.9	44.2	34
Provincial office	7.6	2.0	1
Industrial	42.1	19.7	15
In town retail	137.7	57.2	44
Out of town retail	14.3	6.2	5
Retirement village	4.4	0.7	1
Change of use	0	0	-
Mixed use	0	0	-
Poland	0	0	-
Total	315.0	130.0	100

Note: Barts is held as an investment

Trading & Development Portfolio

	Book Value £m	Fair Value £m	Surplus of Fair Value over Book Value £m	Equity (calculated from Fair Value) £m	%
London office	12.5	14.5	2.0	14.5	12
Provincial office	7.9	8.0	0.1	1.1	1
Industrial	9.5	9.5	0	9.5	8
In town retail	9.6	9.8	0.2	8.3	7
Out of town retail	3.5	3.5	0	1.4	1
Retirement village	59.6	73.6	14.0	35.2	28
Change of use	4.2	6.3	2.1	6.3	5
Mixed use	4.2	12.9	8.7	12.9	10
Poland	50.1	55.4	5.3	34.6	28
Total	161.1	193.5	32.4	123.8	100

Asset Management Overview

	Rent	Change	No. of leases
Rent lost at break/expiry	-£1,039,000	-£1,039,000	31
Rent lost through administration	-£145,300	-£145,300	6
Leases renewed	£1,445,300	£251,400	43
Tenants holding over	£699,600	-	31
Fixed uplifts	£1,249,500	£194,800	34
New lettings	£1,531,200	£1,531,200	70
		£793,100	

Investment Portfolio

51% of the investment portfolio (£160m, our share) is in four assets with good prospects, Cardiff, Shepherds Building, Battersea Studios and Clyde

Cardiff – Royal & Morgan Arcades (£52.25m)

- Prime retail asset on the Hayes opposite St David's 2 (opened October 2009), let to White Stuff, Moss Bros, Schoon, TK Maxx
- New lettings to Urban Outfitters, Joules and Dr Martens have increased rental values from £135 psf to £171 psf
- Rent net of irrecoverable costs increased from £2.5m to £3m during year
- £175,000 fixed increases over next three months
- ERV of £4.17m, expected to rise closer to £4.5m over next few years

London Offices - Shepherds Building (£45.5m)

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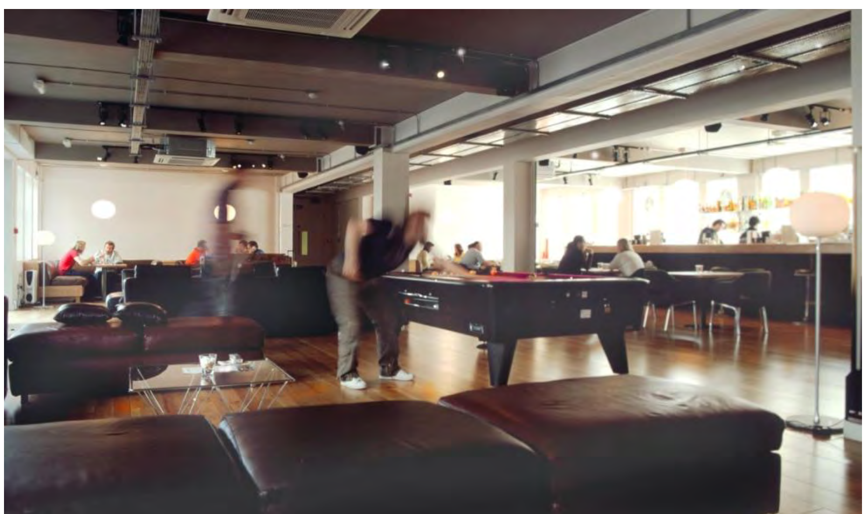

- 151,000 sq ft refurbished office south of Shepherds Bush Green and Westfield shopping centre
- Let to media related tenants on average rents of £22.42 psf
- Capital value of £300 psf
- Ongoing tenant demand is strong with recent lettings at £25-30 psf depending on size
- Break exercised 12/10 on £331,000 income
- Vacating 26/05, £305,000 lettings already contracted, three vacant studios worth £65,000 will let readily once vacated

London Offices - Battersea Studios

- 107,000 sq ft, part refurbished, part new build
- 56% let, 15,000 sq ft let in last three months
- Valued at £208 per sq ft
- Average rent £14.80 psf
- ERV of vacant space c.£900,000 pa

Retirement Villages

Retirement Villages - Overview

Property	Status	Plan
Bramshott Place, Liphook	Ongoing development, starting final phase of 55 out of 151 units	Complete development and sales during 2012
Clubhouse, Liphook	Investment, benefits from ground rents and sale fees when each unit sold, in perpetuity	Retain as investment
Penally Farm, Liphook	Land for potential Phase 4 and care home, subject to planning	Planning application late 2011/early 2012 (in negotiation)
Faygate, Horsham	Cleared site with detailed planning for 154 units, likely to increase to 171	Start construction 2011 possibly in Joint Venture
Exeter	Partially cleared site with detailed planning for 206 units. In planning for open market housing on part of site	Sell part of site, start construction 2011/12, possibly in Joint Venture
Great Alne, Warwickshire	Resolution to grant outline consent April 2011 for 132 units	Finalise planning, start demolition/enabling works early 2012, construction mid 2012
Milton, Cambridge	Detailed consent for 101 units, in planning to change consent to open market housing	Sell once open market consent achieved

Retirement Villages - Financials

Book value	59.6
Fair Value	73.6
Surplus of Fair Value over Book Value	14.0
Equity (calculated from Fair Value)	35.2

- Surplus achieved by gaining planning consent from previous low-value uses
- Sale receipts from land sales c.£15m during calendar year 2012 (plus further £5m from ‘change of use’ portfolio in 2012)
- Liphook development progressing well, £6m profits to date, further £7m to come
- c.£10-15m development profits over next five years from each scheme started, in addition to surplus over book value
- Working on options for bank debt and potential joint ventures

Sales

- Total sales of £110m of which:
  - £60m of non income producing stock including:
  - Industrial units – £22.2m
    - Southampton, Oxford and Kidlington sold in entirety, all bank debt on industrial development portfolio paid off
  - Fieldgate Street - £16.5m
  - Liphook units - £15.7m
  - Crawley - £3.9m

- £50m of investment/trading property with strategic reasons to sell including:
  - Colchester and West Drayton - £15.8m
  - Eastcheap, Sawston and Woking - £23.1m – quick profit
  - Paignton - £5.8m – covenant risk as let to Focus DIY

- £21.5m sold since year end
  - Including Southwark Street, London SE1 for 15% above 09/10 valuation

- Further £36.5m under offer

New Acquisitions

- £151m of assets acquired in financial year 2010/2011 (our share £125m)

- Mixture of longer term development plays with running income (St Bart's, Wood Lane), trading potential (F3 Portfolio) and investment properties with asset management angles (Newmarket, Sutton in Ashfield, East Kilbride)

- Excellent cash on cash returns: 10% + to c. 20% for SIA and c.45% for remaining properties from F3 Portfolio

- Gross rent roll increased from £19,150,000 on 31/03/10 to £26,350,000 on 31/03/11

Shopping Centres

- Total value £111m
- Total net income £8.65m
- Ongoing asset management potential; extension at Newmarket, combining units at Clyde and Sutton in Ashfield etc.
- Still a tough occupational market, but deals to do if creative
- Deals done at Clydebank during the year include re-gearing Greggs the Bakers on all three units they occupy, combining Argos' units to one large unit from two, upsizing Internacionale, Claire's Accessories etc.
- >£500,000 of contracted income reflecting good letting activity

F3 Portfolio

- Acquired for £46.5m – 9.3% NIY
- 2 industrial units sub sold before completion
- Witham, Sawston, Eastcheap and Woking subsequently sold for £5.1m net profit (before taking account of income)
- Remaining property showing c.45% cash on cash returns
- Bank facility reused for SIA. Higher LTV and lower all in cost of debt than would be achievable in the market

Future Acquisition Prospects

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- To date successful where we have a competitive advantage in paying cash and gearing later
- Good secondary properties in £10m-£50m lot sizes. Too small for the big funds, out of reach of debt backed prop co's and underpriced by the "IRR merchants"
- Funds already coming into our space; Cyrrus Portfolio, Macclesfield, Perth
- Still value in good secondary retail, industrial outside the South East and fringe Central London offices.
- Mixed portfolios could return good results. Many cannot deal with varied asset classes
- Stock picking remains absolutely key. Tenant audit always the first due diligence we do
- Sources of stock; banks slowly, funds re-engineering their past portfolio, distressed sellers 'encouraged' by the banks

Fulham Wharf, London SW6

Helical Bar plc

Fulham Wharf, London SW6

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- Development Management role with Sainsbury's who purchased an adjoining site to their Fulham store

- Planning application due to go to committee in July

  - New 100,000 sq ft foodstore
  - 463 residential units
  - Cafe/restaurant

Fulham Wharf, London SW6

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Fulham Wharf, London SW6

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King Street, Hammersmith

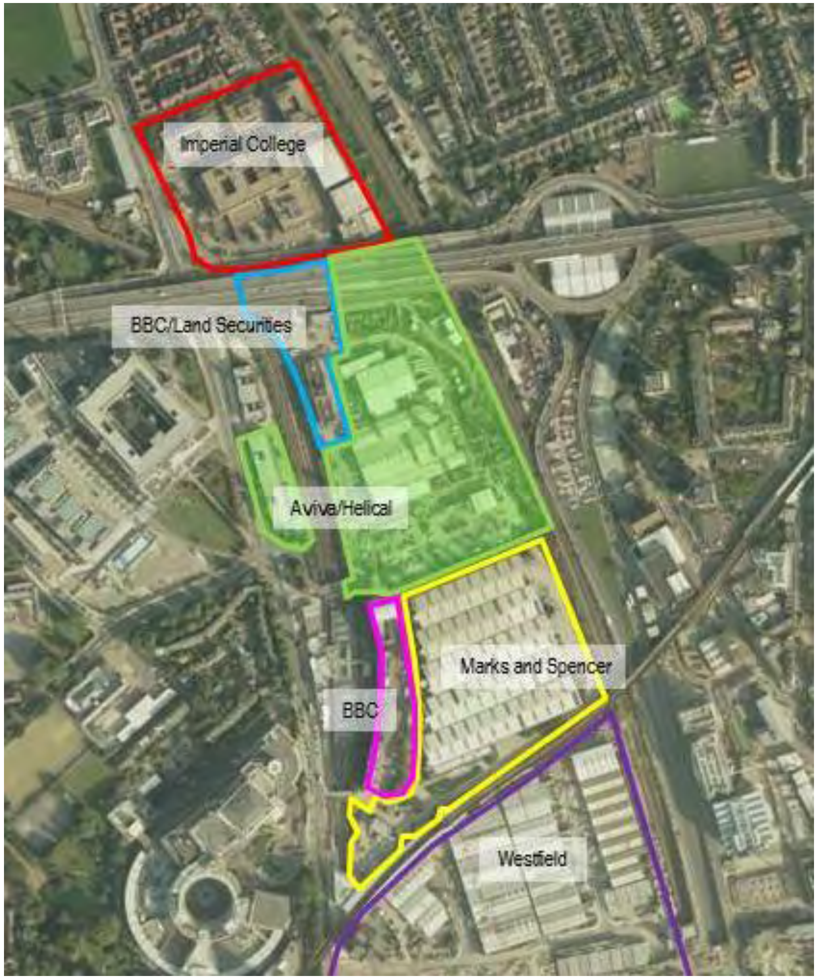
King Street, Hammersmith

King Street, Hammersmith

- Development Agreement with Hammersmith & Fulham Borough Council
- Helical Bar/Grainger Joint Venture
- Planning application submitted for 110,000 sq ft of new civic offices, foodstore, restaurants around new public square, and 320 residential units
- Some changes being made in response to consultation and a reduction in the Council's office requirement

King Street, Hammersmith

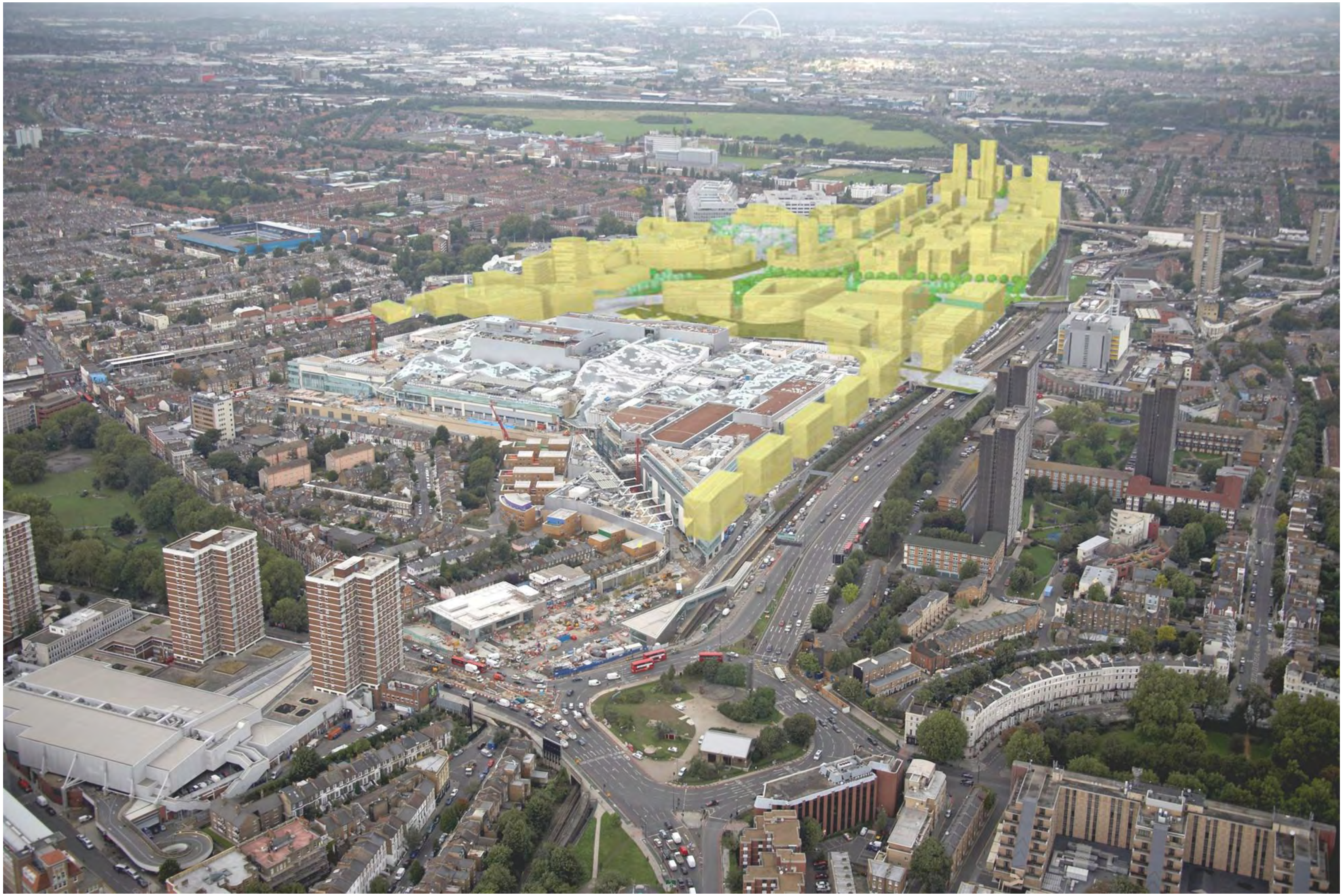
White City, Wood Lane, London W12



- **1.5-2 million sq ft mixed use scheme with residential bias in partnership with Aviva**
- **10 acre site lying within the White City Opportunity Area**
- **Opportunity Area Planning Framework now out for consultation**
- **Property adjoining Wood Lane entrance recently purchased to add profile**

White City, Wood Lane, London W12

White City, Wood Lane, London W12



Source: White City OAPF – Public Consultation Draft

White City, Wood Lane, London W12

Source: White City OAPF – Public Consultation Draft

White City, Wood Lane, London W12

Source: White City OAPF – Public Consultation Draft

White City, Wood Lane, London W12

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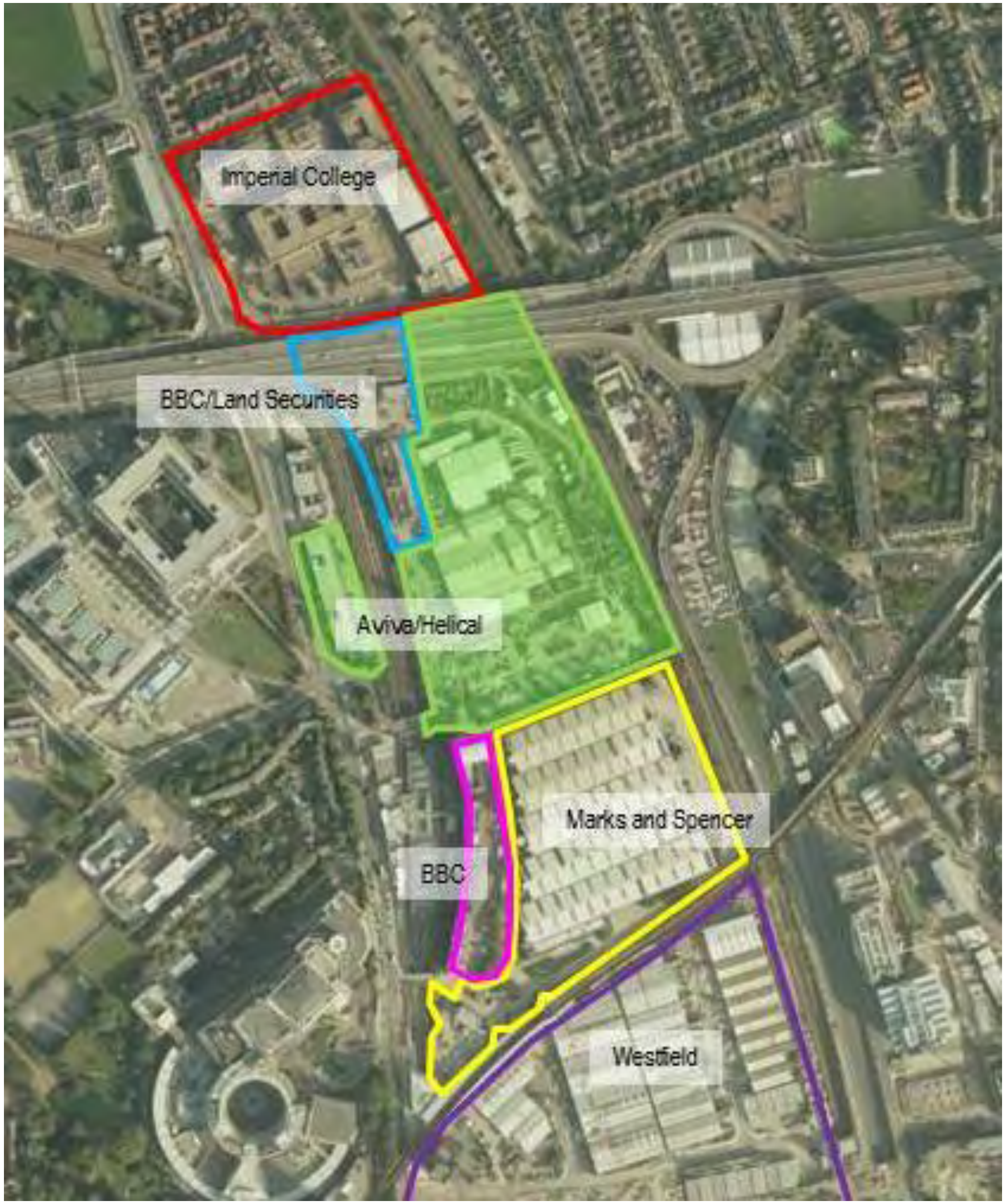
White City, Wood Lane, London W12



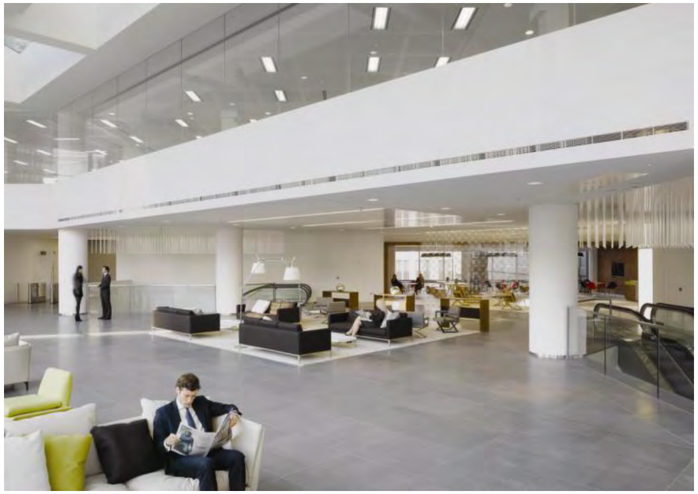
200 Great Dover Street, London SE1

- Office building let to Conoco Phillips acquired 2008. Lease expires June 2011
- Planning application for student residential and offices refused by Appeal
- New planning application for offices only being worked up. Positive Local Authority feedback
- Tenant undertaking dilapidations works, meaning re-lettable in short term – good tenant demand
- Great exposure to a "hot" market

200 Aldersgate, London EC1

- Office refurbishment of circa 370,000 sq ft NIA
- Appointed as development and asset manager by owner
- Comprehensive refresh programme completed in December 2010
- Building launched in January 2011
- Vertical office village concept
- Good letting interest
- Profit related fee

200 Aldersgate, London EC1

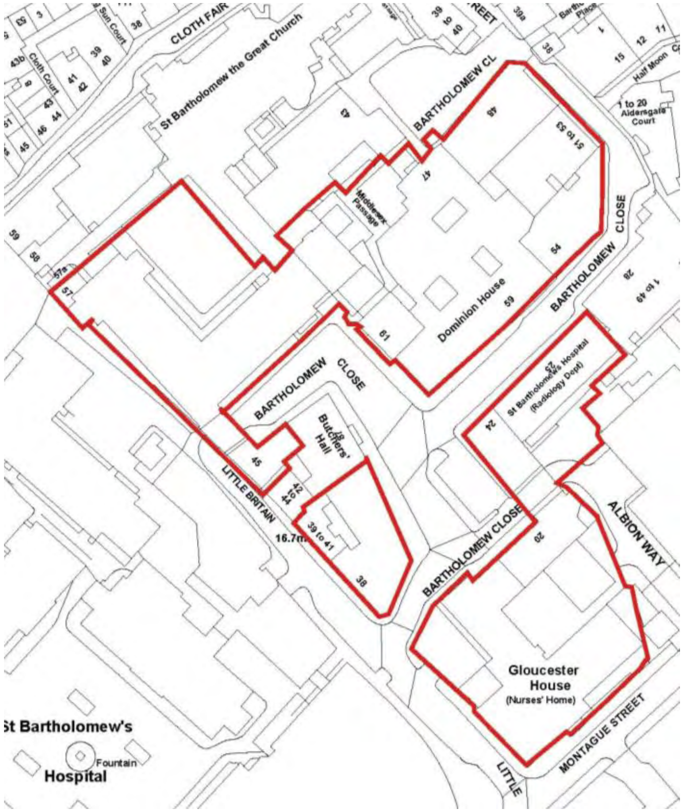


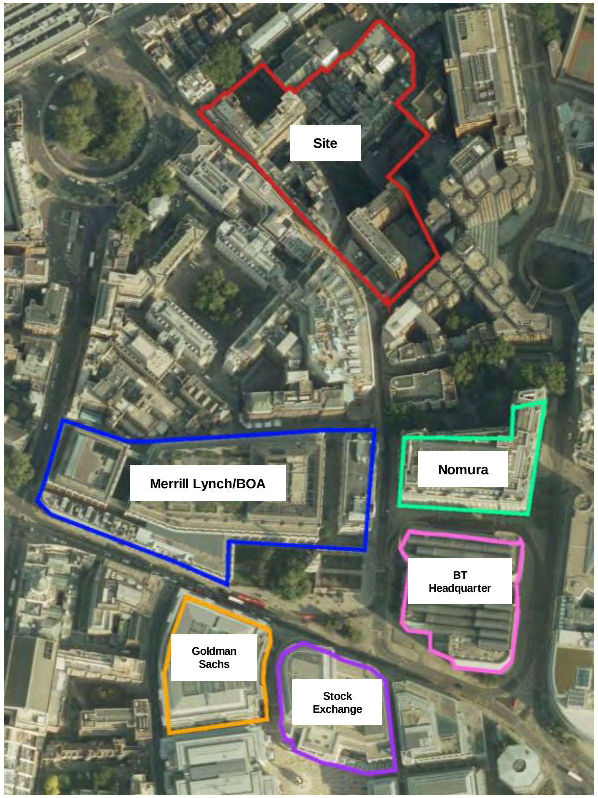
Mitre Square, London EC3

- Prime office development of 270,000 sq ft NIA
- Planning consent granted
- Signed agreements with landowners
- Ready to start on site subject to market conditions

Mitre Square, London EC3

Barts, 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
- Planning application Q4 2011 for major mixed use scheme of circa 450,000 sq ft office, retail and residential

Barts, London EC1

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Helical Poland - Scheme Location

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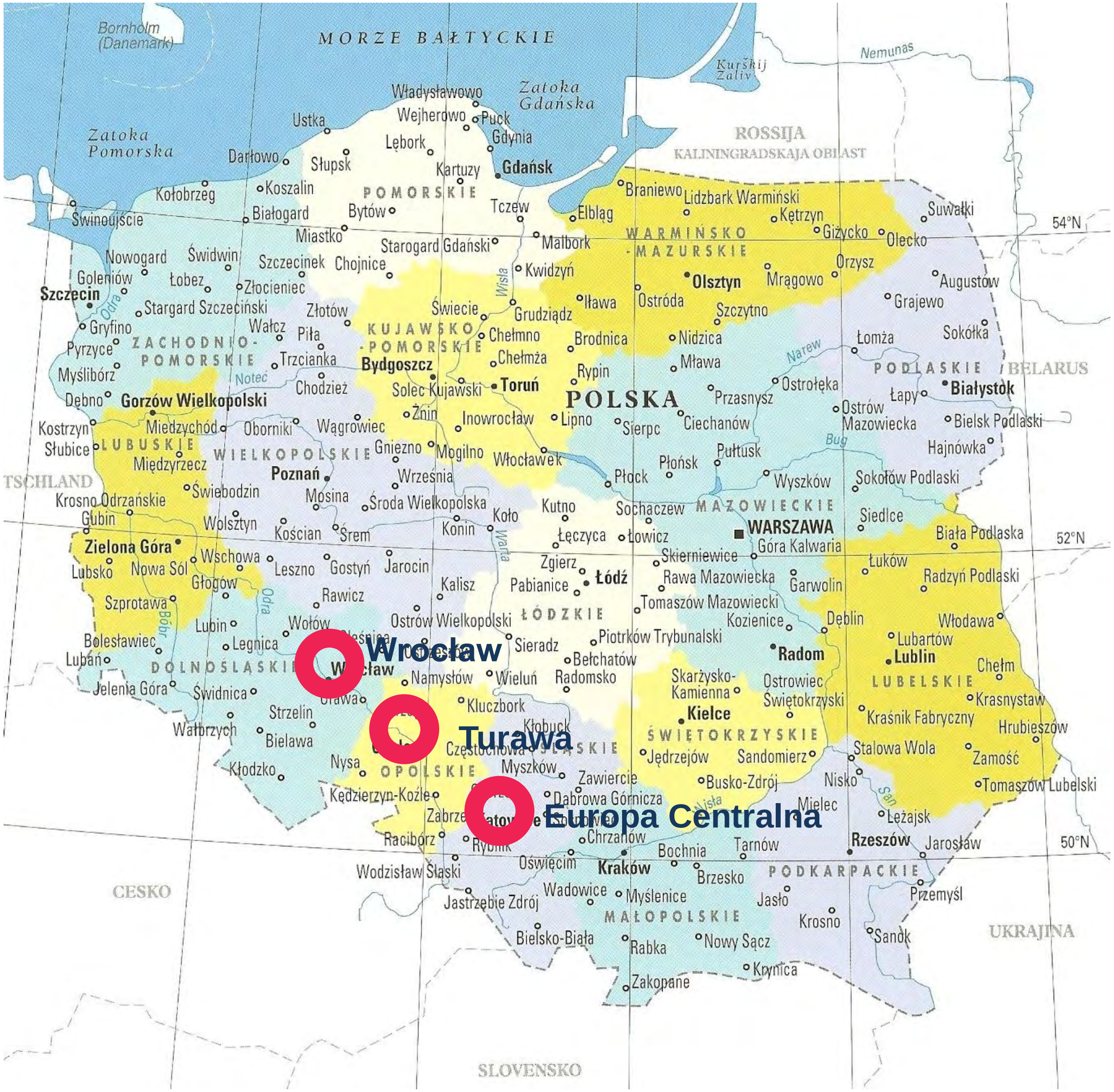

Helical Poland Sp. z o.o.

Helical Poland – Mlyn Retail Park, Wroclaw

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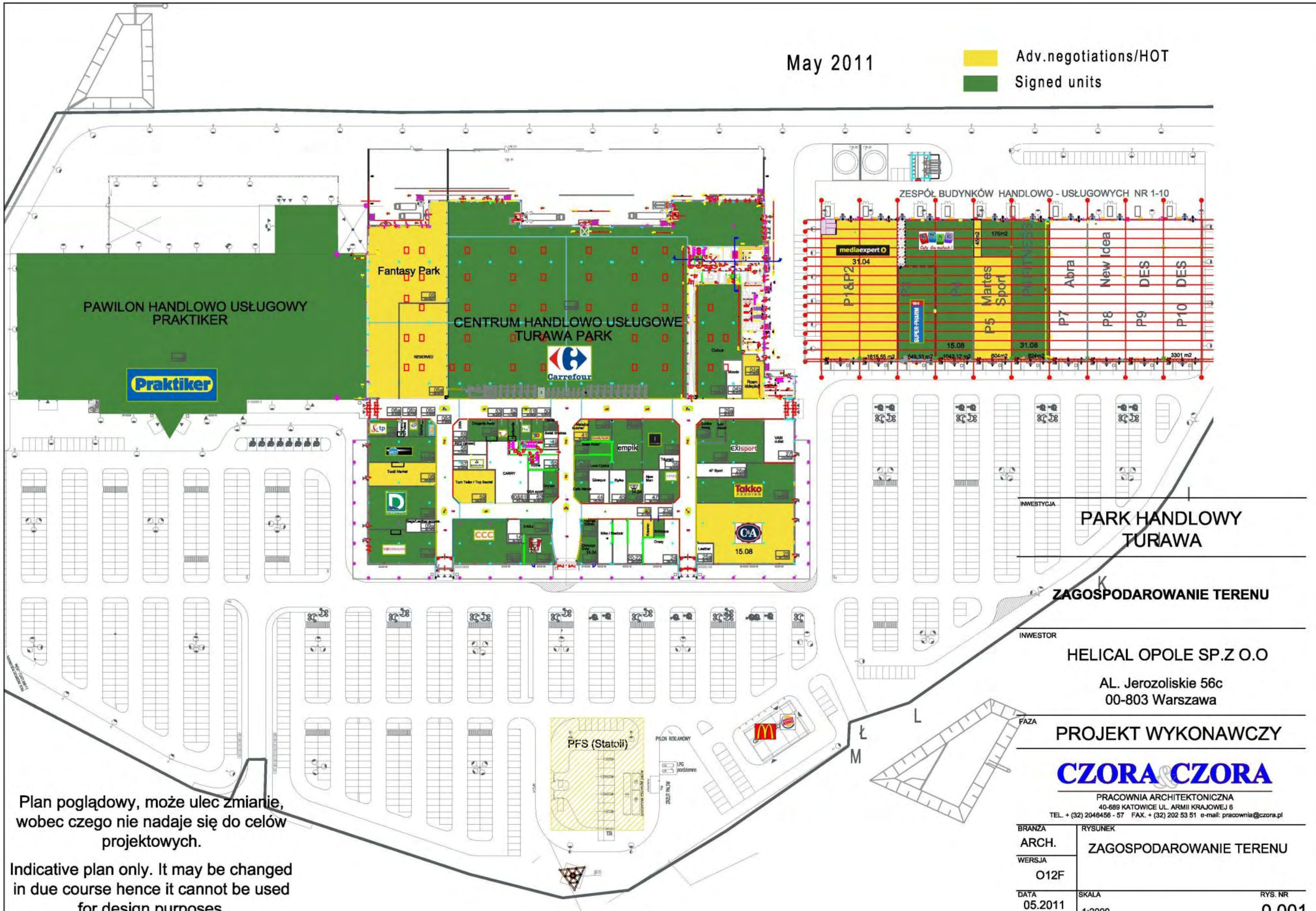
- **Retail park of 9,600 sq m**
- **Completed and fully let November 2008**
- **Halfords and Zecko leases surrendered and re let to TK Maxx and Smyk**
- **Holding for income for time being**

Helical Poland – Turawa

- Retail park of 41,000 sq m
- Anchors – Carrefour and Praktiker DIY
- Other tenants include C&A, Sephora, Takko and Deichmann
- Forward funded and sold to Standard Life
- Completed Spring 2011
- 64 % let

Helical Poland – Turawa



Helical Poland - Europa Centralna, Gliwice

- Retail park and mall 67,000 sq m
- Anchor tenants: Tesco, Castorama and Media Expert
- Other tenants include: H&M, Jula, Smyk and Rossmann
- Infrastructure in place – roads and services
- Commence Q2/3 2011
- Complete Q3 2012
- Detailed discussions with JV partners

Helical Poland - Europa Centralna, Gliwice

Helical Poland - Europa Centralna, Gliwice

Plan poglądowy, może ulec zmianie, wobec czego nie nadaje się do celów projektowych.

Indicative plan only. It may be changed in due course hence it cannot be used for design purposes.

- signed
- terms agreed

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Appendix

Investment Portfolio

Helical Bar plc

	Capital Value psf	Vacancy Rate (floor area)	Average Unexpired Lease Term
Offices	£230	18%	4.7
London Offices	£257	15%	2.2
Retail	£144	7%	11.1
Industrial	£42	11%	4.1
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Total	£120	10%	8.4

Investment Portfolio

Lease expiries and tenant break options in:

	2011	2012	2013	2014	2015
Percentage of rent roll	14.8%	6.7%	8.8%	6.8%	5.9%
Number of leases	112	73	50	44	41
Average rent per lease	£37,200	£26,400	£49,400	£43,400	£40,200

Asset Management Overview

69% of rent "at risk" retained

	2010/11	% rent "at risk"
Leases renewed	£1,445,300	
Break options not exercised	£164,200	
Tenants holding over	£699,600	
	£2,309,100	69%
Rent lost at break/expiry	£1,039,000	31%
	£3,348,100	100%