

Helical Bar plc



Thursday 3rd June 2010

**Presentation to Analysts
on the Preliminary Results for
the year to 31 March 2010**

1. Plus Points

- a) Largest ever diminution of value – 52% 07/2010
- b) Largest ever margin average property yields in excess of gilts – 400+ bps
- c) Sterling devaluation
- d) Evidence of investment gains by hardening of yields in some sectors
- e) The banks currently are the largest holders of real estate and the most likely future vendors

2. Minus Points

- a) Increasing tenant voids
- b) Dramatic rental falls
- c) Impact of empty rates
- d) Economic outlook
- e) Bank dislocation and lack of available debt finance
- f) Potential rise in gilt rate

1. Plus Points

- a) Prime has overshot but secondary and tertiary portfolios look good value. Property values are still 36% below June '07 peak
- b) Yield spreads at an all time high
- c) Sterling remains attractive to global players
- d) Banks begin to release stock responsibly
- e) Dramatic rise in investment fund inflow over New Year
- f) He who survives stands tall – reduced competition

2. Minus Points

- a) Increasing tenant voids
- b) Dramatic rental falls
- c) Impact of empty rates
- d) Economic outlook
- e) Bank dislocation and lack of available debt finance
- f) Potential rise in gilt rate

1) Split >	Investment stock	£265m	55.1%
	v		
	Development stock	£216m	44.9%

2) Renounce dilutive rights issues, rather pursue liquidity via successful turnover leading to cash distribution. Net asset value per share outperformance.

3) Rifle shot focus i.e.

- a) London centric – 635,000 sqft NIA – City schemes**
- b) Residential development portfolio – 3,500 units**
- c) Poland – 117,000 sqm out of town retail**
- d) Portfolio/asset management - £300m**

Income Statement



	2010	2009
	£m	£m
Profit before property write downs, investment profits and tax	9.7	16.2
Trading losses	-	(0.5)
Development losses	(1.3)	(7.7)
Net rental income	14.2	17.7
Net finance costs	(7.1)	(21.0)
Gain/(loss) on investment properties	8.2	(66.7)
JV profits	3.7	1.8
Pre-tax profit/(loss)	7.9	(71.9)

Earnings/Dividends



		2010	2009
		pence	pence
Earnings/(loss) per share	- diluted	9.1	(56.6)
	- EPRA diluted	2.9	9.0
Dividends	- interim	1.75	1.75
	- second interim	2.75	2.75
	- final	0.25	-
		<hr/> 4.75	<hr/> 4.50

NAV per share and gearing



	2010	2009
	pence	pence
Net asset value per share		
- EPRA diluted ⁽¹⁾	272	286
- adjusted diluted	241	242
- triple net	259	269

Note⁽¹⁾: Net asset value diluted for share options and adding back deferred tax on revaluation surpluses and capital allowances and fair value of financial instruments and surplus on trading stock.

In 2010 it includes the mark to market adjustment for current investments, net of tax, of £12.3m (2009: £10.2m).

Directors' Valuation of Trading Stock



	2010	2009
	Pence per share	Pence per share
Undiluted	31	44
Diluted	31	44
Adjusted, diluted (after allowing tax)	22	32

Interest Rate Protection and FRS 13



	02.06.10	03.06.09
	£m	£m
Fixed rates/swaps	90	151
Floating rates	142	123
Caps: 6-7%	34	121

Loan length/loan to value



As at 31 March 2010	£m Loans	Loan to value (%)
Less than 1 year	72	53%
1-2 years	30	66%
2-5 years	141	63%
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	243	61%

Note: undrawn facilities as at 2 June 2010

£43m

VALUATION INCREASE OF 7.9%

	Valuation increase	Weighting
London offices	7.9%	44%
Provincial offices	-5.9%	6%
Total offices	6.2%	
In town retail	10.7%	27%
Out of town retail	19.9%	9%
Total retail	13.0%	
Industrial	1.7%	14%
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Total	7.9%	100%

Like for like, our share of properties held in JV, March to March

Investment Portfolio – Valuation Yields



	Initial	On Letting Voids	On Rack Rental Value	Equivalent	True Equivalent
Offices	6.6%	8.2%	8.2%	7.9%	8.3%
Retail	6.6%	7.9%	7.9%	7.6%	7.9%
Industrial	6.3%	9.4%	10.1%	9.2%	9.7%
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All	6.6%	8.2%	8.3%	7.9%	8.3%

Investment Portfolio – Changes to Rental Values



Rental values starting to recover (March to March)

Industrial	8.1%
Out of town retail	0.3%
In town retail	7.5%
Retail	5.4%
Provincial offices	-5.6%
London offices	-3.7% (+2.3% since Sept 09)
Offices	-4.1%

Total	0.8%

Investment Portfolio



	Capital Value psf	Vacancy Rate (floor area)	Average Unexpired Lease Term
Offices	£232	14%	4.2
London Offices	£249	17%	2.6
Retail	£151	8% <i>(Now 5.7%)</i>	13.9
Industrial	£44	18%	4.6
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Total	£132	13%	10.1

Lease expiries and tenant break options in:

	2010	2011	2012	2013	2014
Percentage of rent roll	8.9%	15%	5.1%	9.5%	5.6%
Number of leases	70	58	31	26	20
Average rent per lease	£26,344	£53,873	£34,442	£76,325	£58,330

How we invest our capital



	London Offices	Provincial Offices	In Town Retail	Out of Town Retail	Industrial	Change of Use	Retirement Villages	TOTAL
Investment	19.6%	2.4%	22.5%	4.2%	6.1%	-	0.9%	55.7%
Trading and Development	0.4%	4.3%	2.1%	11.2%	7.5%	5.0%	13.8%	44.3%
TOTAL	20.0%	6.7%	24.6%	15.4%	13.6%	5.0%	14.7%	100.0%

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

Total Portfolio Unleveraged Returns



	1 yr	2 yrs	3 yrs	5 yrs	10 yrs	20 yrs
Helical	8.5%	0.8%	0.0%	9.9%	13.5%	15.7%
IPD	17.4%	(7.7%)	(7.4%)	2.2%	6.5%	6.9%
Helical's percentile rank	90	5	3	2	2	0

0 = top ranked fund

Including write downs on trading and development stock but excluding surplus

Asset Management Overview



	Rent	Change	No. of leases
Rent lost at break/expiry	-£498,485	-£498,485	21
Rent lost through administration	-£638,105	-£638,105	8
Leases renewed	£2,235,916	£157,508	25
Tenants holding over	£182,730	-	8
Fixed uplifts	£1,918,904	£184,737	41
New lettings	£1,014,137	£1,014,137	43
		<hr/>	
		£219,791	

Asset Management Overview



86.5% of rent “at risk” retained

	2009/10	% rent “at risk”
Leases renewed	£2,235,900	
Break options not exercised	£763,400	
Tenants holding over	£182,700	
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	£3,182,000	86.5%
Rent lost at break/expiry	£498,500	13.5%
	<hr/>	<hr/>
	£3,680,500	100%

Asset Management



- Aldridge, terms agreed to extend lease expiry from 2019 to 2024
- Investment under offer to be sold

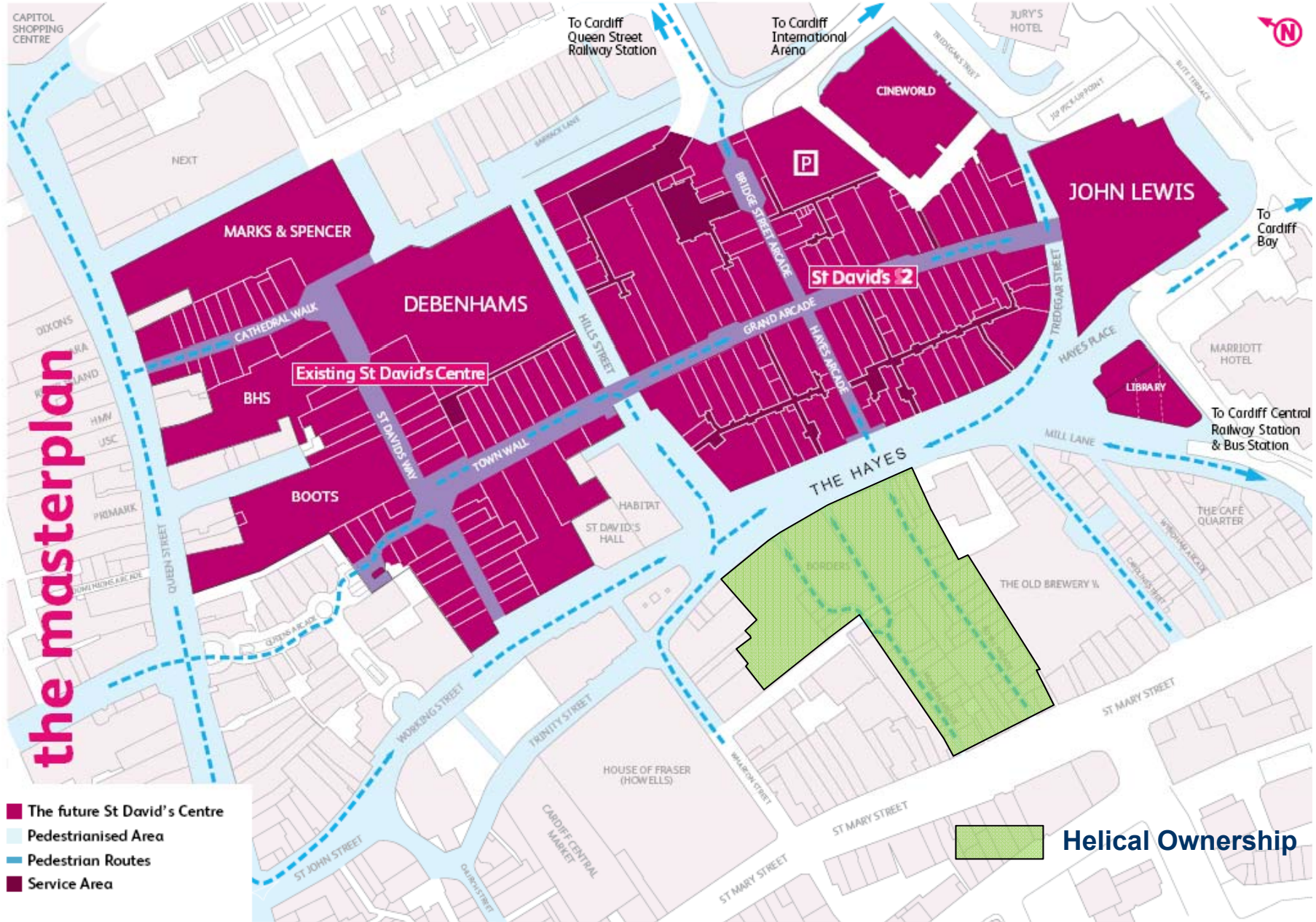
- Two leases with Focus DIY extended from 2011/12 lease expiries to 2036/37
- 23.5% increase in value at year end, net of cost of extending leases
- Paignton sold post year end at valuation



Cardiff – Royal & Morgan Arcades



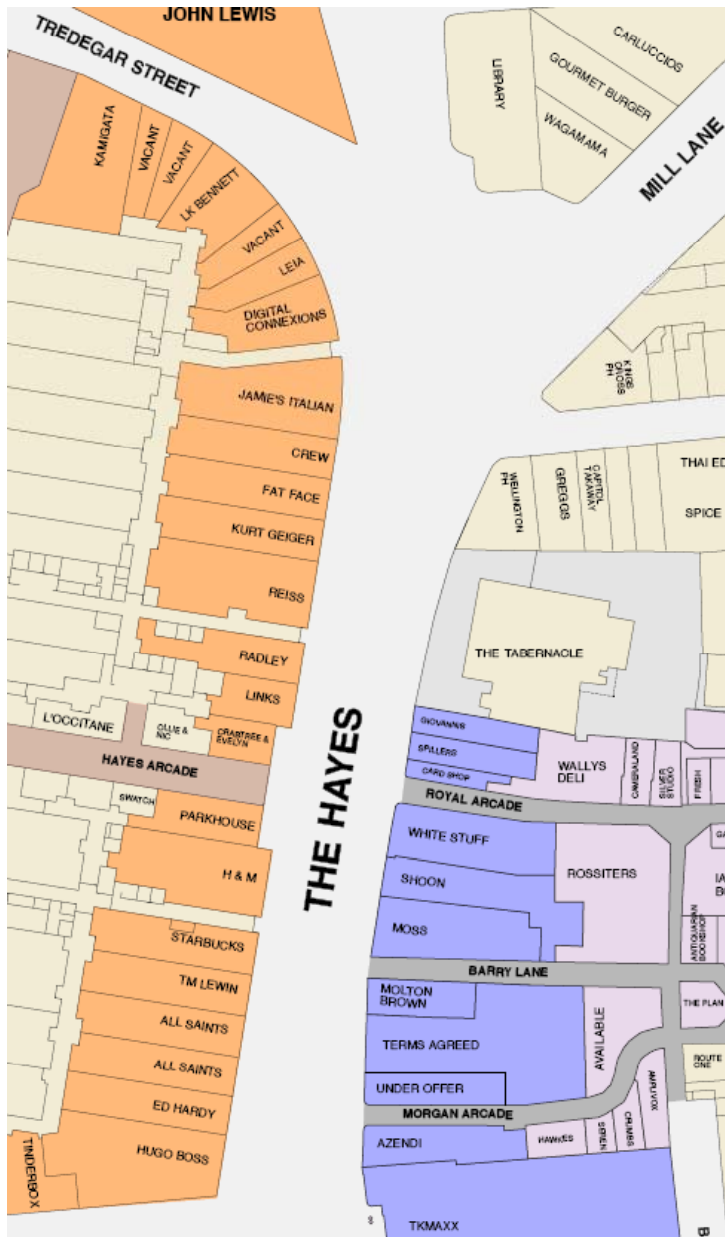
- All refurbishment completed
- St David's 2 shopping centre opened October '09
- Ex-Border's unit let since year end to Urban Outfitters
- New unit created out of Border's space, under offer
- Numerous future opportunities for asset management and rental growth



-  The future St David's Centre
-  Pedestrianised Area
-  Pedestrian Routes
-  Service Area

 Helical Ownership

Cardiff – Royal & Morgan Arcades



London offices - Investment



Valuation (our share)	£78m
Proportion of investment portfolio	44%
Current size	363,000 sq ft
Capital value psf	£249 psf
Average rent	£20.66 psf
Number of tenancies	98
Percentage vacancy	17%
Initial yield	6.4%
Yield on letting voids	8.2%

London Offices – Battersea Studios



- **Construction of 52,000 sqft Phase 2 completed**
- **First letting of 4,500 sq ft completed**
- **Interest in further 11,000 sqft**
- **Valued at £240 per sq ft**
- **Original studios 13% vacant, valued at 8.1% initial yield, £197 psf**
- **Average rent £18.37 psf**

London Offices – Shepherds Building, W14



- Average rent £22.50 psf
- 98% let
- Valued at £277 psf
- Only £285,000 pa rent lost through breaks/tenant failures since March 2008
- £612,000 pa added, mainly through lettings

Retirement Villages



Liphook

- Phase 1 and 2 of 96 units (45 still under construction)
- 33 sold, 29 under offer
- Begin final phase of 55 units 2010/11

Others

- Received planning consent for Exeter (248 units) in October 2009, begin construction 2011
- Following receipt of planning in May 09 in Horsham (156 units) expect to start construction in 2010
- Milton, Cambridge (101 units) under offer to be sold
- Great Alne, Warwickshire, planning application in for 150 units expected to be determined in late summer

- **£73m sales during year, further £26m since year end**
- **Assets which have reached their full potential (e.g. planning consent gained)**
- **Sales include £54m of non-income producing assets**
- **Capital recycled into acquisitions, with JV partners, of £120m which show income return of 21.5% on equity (income net of interest and all unrecoverable costs)**

- **“Market” capital growth limited beyond the end of 2010, especially for prime assets**
- **Stock pickers and “value adders” will outperform**
- **Multi-let London offices with low rents and vacant space, for refurbishment and repositioning**
- **High yielding shopping centres with asset management opportunities**
- **Portfolios, especially industrial**
- **Opportunistic acquisitions and joint ventures**

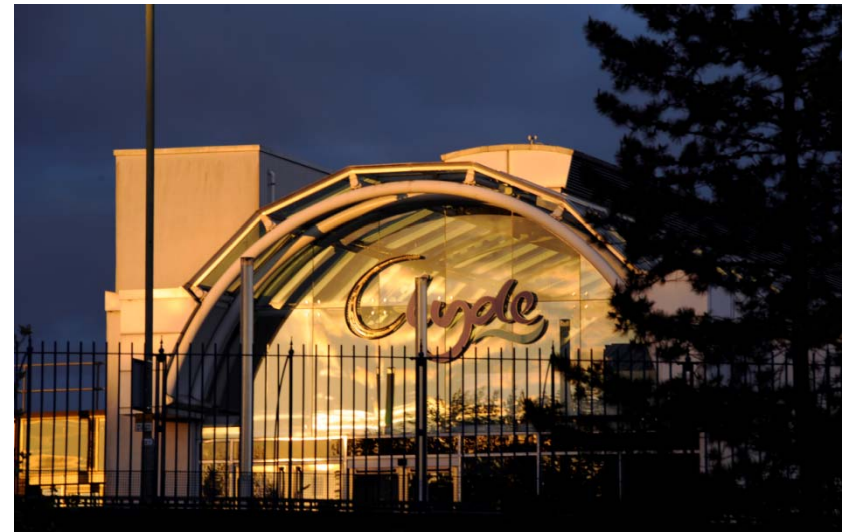
New Acquisitions



- **£120m of gross assets acquired in 2010**
- **Good diversity of geographic, sector and tenant risk**
- **Institutional quality investment with asset management opportunities**
- **Excellent cash on cash returns and potential for yield compression**
- **Total net rent roll of more than £10m**
- **Vacant ERV in excess of £1m: extra capital value of £11.8m at 8.00%**

Clyde Shopping Centre, Glasgow

- Acquired for £68m in JV with Prime Commercial Property (60:40) in Jan 2010
- Re-valued at £75.5m as at March 2010 (11%)
- Net operating income increased from £5.85m to £6.3m since ownership
- Easy wins filling the vacancies and commercialising the malls
- Longer term wins reconfiguring the units for larger lettings and re-gearing the headlease



F3 Portfolio

- Acquired for £46.5m – 9.3% NIY
- 7 industrial estates and 2 office buildings
- Sub sale of Colchester and West Drayton exchanged showing a trading profit
- Initiatives to restore remainder of the estates to institutional quality through managing lease ends and letting vacant units (7.2% by floor area)



- 1 Colchester
Severalls Industrial Estate
- 2 London
2-4 Eastcheap
- 3 Manchester
Unit 1, Merlin Park
- 4 Milton Keynes
Crowhill Business Centre
- 5 Motherwell
Motherwell Food Park, Bushill
- 6 Sawston
Sawston Trade Park
- 7 West Drayton
Liddall Way Industrial Estate
- 8 Witham
Taber Place
- 9 Woking
St Andrews House



Industrial Break-Ups

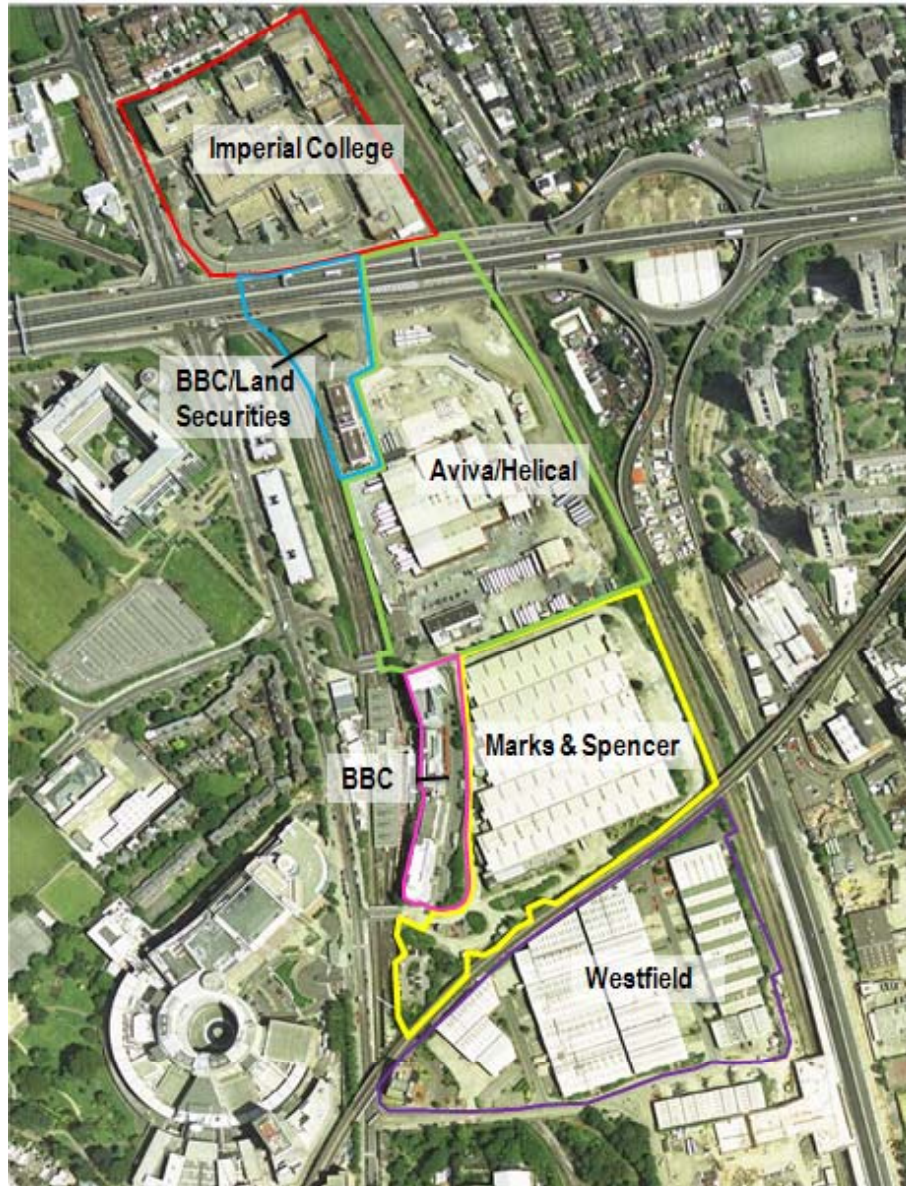
- In excess of £13.2m sold or let March 2009 to March 2010
- A further £3.6m exchanged or completed since Mar 2010
- Equity recapture remains the key
- Infrastructure works on Stockport now started enabling sale of land parcels. Deals with Infiniti & Big Yellow exchanged



White City, Wood Lane, London W12



White City, Wood Lane, London W12



- **Development Management role of behalf of a consortium of landowners:**
 - Aviva/Helical
 - BBC/Land Securities
 - Marks & Spencer
- **25 acre site lying within the White City Opportunity Area**
- **Forthcoming Opportunity Area Planning Framework will propose a major mixed use scheme**

Fulham Wharf, London SW6



Fulham Wharf, London SW6



- **Development Management role with Sainsbury's who purchased an adjoining site to their Fulham store**
- **Planning application being submitted in July 2010**
 - **New 100,000 sq ft foodstore**
 - **475 residential units**
 - **Cafe/restaurant**

Fulham Wharf, London SW6



King Street, Hammersmith



King Street, Hammersmith



King Street, Hammersmith



King Street, Hammersmith



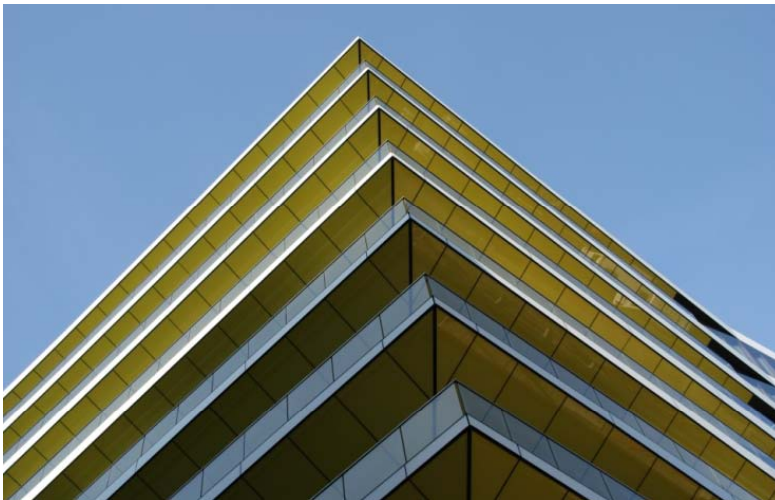
- **Development Agreement with Hammersmith & Fulham Borough Council**
- **Helical Bar/Grainger Joint Venture**
- **Planning application to be submitted in July 2010**
- **110,000 sqft of new civic offices, foodstore, restaurants around new public square, and 320 residential units**

14 Fieldgate Street, London E1



- **Student accommodation scheme with planning permission for 340 student bedrooms**
- **Last year site sold to Newcourt Group who went into receivership prior to completion in July 2009**
- **Deposit of £1m retained**
- **New buyer, JV between Bridges Ventures and Chancerygate, at £16.5m, contracts exchanged, deposit £1.65m**
- **Completion 15 June. Funding in place**

Riverbank House, London, EC4



- Office development of 320,000 sq ft NIA
- Development management for City of London and Pace Investment (City) Limited
- Pre let to Man Group Plc
- Forward funded/sold to Evans Randall
- Just completed
Ahead of programme and below budget
- Helical receive profit related payment

200 Aldersgate, London EC1



- Office refurbishment of circa 360,000 sq ft NIA
- Appointed as development and asset manager by owner
- Comprehensive refresh programme due to complete in Q4 2010
- Vertical office village concept
- Profit related fee

Mitre Square, London EC3



- **Prime office development of 270,000 sq ft NIA**
- **Planning application submitted**
- **Signed agreements with landowners**
- **Could start from early 2011**

Mitre Square, London EC3



200 Great Dover Street, London SE1



- **Office building let to Conoco Philipps acquired 2008. Lease expires 2011**
- **Planning application for 245 student residential rooms and 36,000 sq ft offices refused by London Borough of Southwark.**
- **Planning appeal to be submitted imminently**

Helical Poland - Scheme Location



Helical Poland – Mlyn Retail Park, Wroclaw



- Retail park of 9,600 sq m
- Completed and fully let November 2008
- Investment under offer to Rockspring PIM Limited

Helical Poland – Wyslanie Wiadomosci, Turawa



- **Retail park of 41,000 sq m**
- **Anchors – Carrefour Hypermarket, Praktiker DIY**
- **Other tenants include Sephora, TK Maxx, Takko and Deichmann**
- **Forward funded and sold to Standard Life**
- **Completion Spring 2011**

Helical Poland - Wyslanie Wiadomosci, Turawa



Helical Poland - Europa Centralna, Gliwice



Helical Poland - Europa Centralna, Gliwice



 SIGNED
 UNDER OFFER

EUROPA CENTRALNA

02/06/2010 v.G7 LP6

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, TK Maxx and Rossmann**
- **Infrastructure in place – roads and services**
- **Commence Q4 2010**
- **Complete Q1 2012**
- **Detailed discussions with JV partners**

Future Development Projects



- **Helical experienced over a wide range of sectors:**
 - **Office, retail, industrial, residential, student, food stores**
- **Helical seek to control risk and maximise profitability on equity employed:**
 - **Profit related fee**
 - **Some equity alongside larger partner**
 - **Institutional forward funding**
- **Funds/investors like partners with development expertise AND balance sheet**
- **Main concentration on London**

Summary



1. I believe we (Helical) have now 'bottomed' out.

We have had a good recession and we look forward to a fantastic future.

I am concerned for:

- a) A painful double dip
- b) A lack of bank finance
- c) Occupational demand

2. We need to stay very focussed on:

- a) Cash recovery and sales of non income producing schemes
- b) More investment purchases to grow income back to pre-crisis levels
- c) Finessing risk – partners, institutional funds etc

3. Property is about people and relationships.

Helical is fortunate to have strength in depth and enjoy long standing and wide spread relationships.

Couple this with a burgeoning development programme and:

4. The Helical brand will continue to outperform.

The team....



The next generation....



