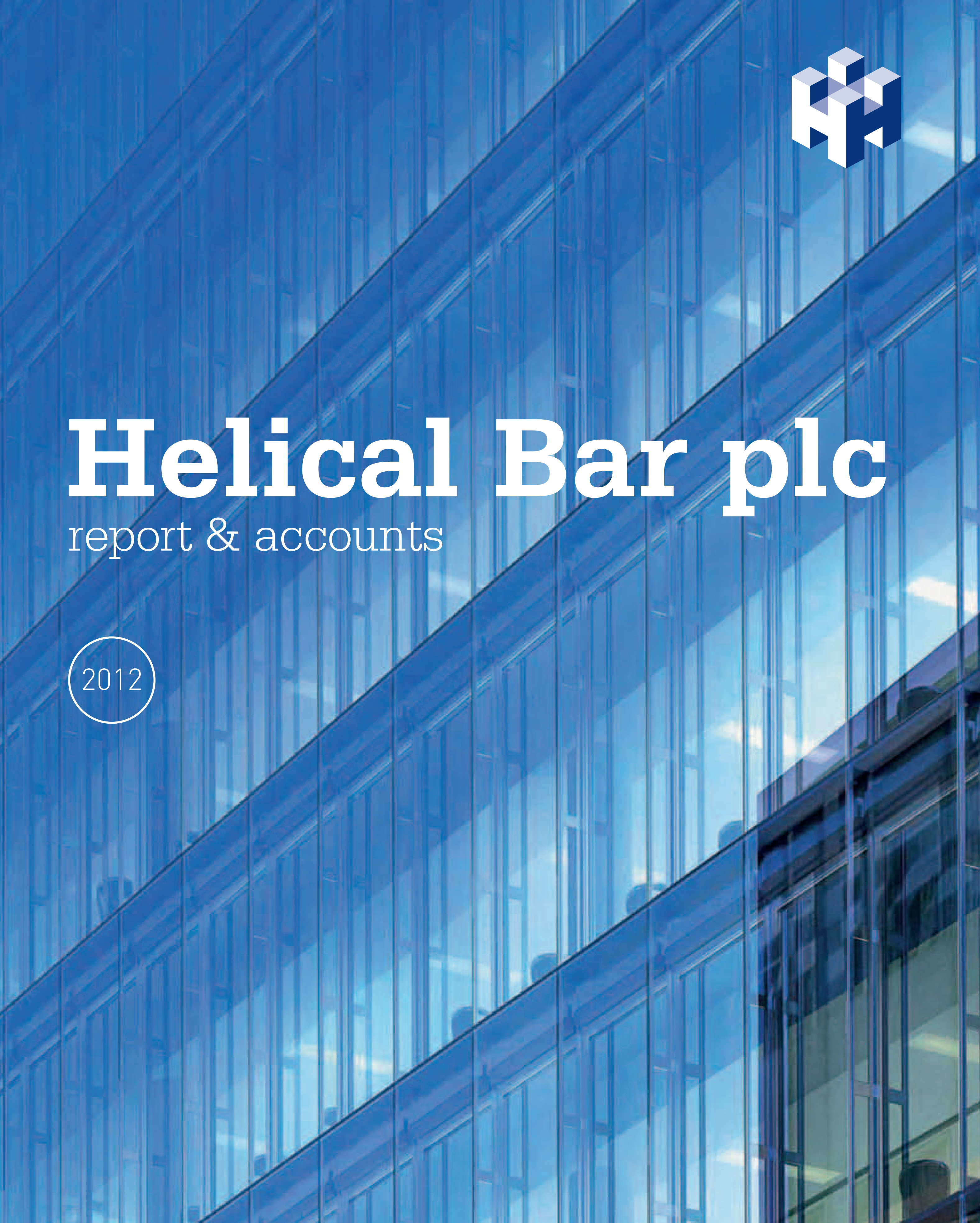

# Helical Bar plc

report & accounts

2012

# financial highlights

**Underlying profit before tax, property write downs and investment gains[1]**

£8.6m

2011: £2.9m

**Final proposed dividend per share**

3.40p

2011: 3.15p

**Diluted EPRA earnings/(loss) per share[2]**

3.4p

2011: (6.4p)

**Diluted EPRA net asset value per share[3]**

250p

2011: 253p

**IFRS net assets**

£253.7m

2011: £255.4m

**Portfolio valuation[4]**

£572.6m

2011: £532.2m

1 Pre-tax profit as adjusted for property write-downs and net gain on sale and revaluation of investment properties.
2 Calculated in accordance with IAS33 and the best practice recommendations of EPRA.
3 Calculated in accordance with the best practice recommendations of EPRA.
4 Includes the Group's share of properties held in joint ventures and the surplus on directors' valuation of trading and development stock.

← **Front cover:** Barts Square, London EC1

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2012

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# helical at a glance



## Helical Bar is a property development and investment company.

Our aim is to make excellent returns for our shareholders (which include the management team who own 16% of the company) through a wide variety of high margin activities.

While our core areas include London office and mixed use development, we are able to deploy capital to whichever part of the property market we believe offers the best returns at different points in the cycle.

## Trading and development portfolio (Helical's share)

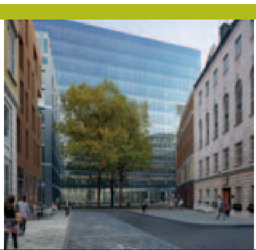
| Project type | Book value £m | Fair value £m | Surplus over book value £m | Equity (from fair value) £m | Equity % |
|---|---|---|---|---|---|
| London office | 2.6 | 8.6 | 6.0 | 8.6 | 9.3 |
| Provincial office | 10.3 | 10.4 | 0.1 | -1.6 | -1.7 |
| Industrial | 6.2 | 6.2 | – | 3.1 | 3.4 |
| In town retail | 10.0 | 11.3 | 1.3 | 9.2 | 9.9 |
| Out of town retail | 3.6 | 3.6 | – | 3.6 | 3.9 |
| Retirement villages | 60.1 | 73.9 | 13.8 | 34.1 | 36.7 |
| Change of use | 4.4 | 6.4 | 2.0 | 4.4 | 4.7 |
| Mixed use | 4.6 | 15.1 | 10.5 | 12.1 | 13.0 |
| Poland | 42.0 | 42.8 | 0.8 | 19.3 | 20.8 |
| Total | 143.8 | 178.3 | 34.5 | 92.8 | 100.0 |

Note: the table above includes the Group's share of development properties held in joint ventures.

### Central London development

Key projects

**Barts Square, London EC1**
**200 Aldersgate, London EC1**
**Mitre Square, London EC3**



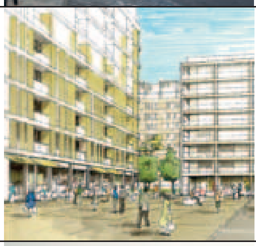
3.2 acres

Barts Square site

### West London development

Key projects

**White City, London W12**
**Hammersmith, London W6**
**Fulham Wharf, London SW6**



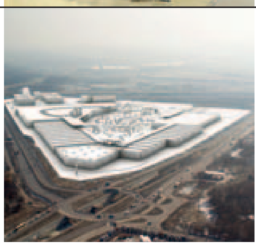
1.5m sq ft

Size of mixed use scheme at White City

### Retail development

Key projects

**Parkgate, Shirley**
**Tyseley, Birmingham**
**Europa Centralna, Poland**



Oct 2012

Expected completion date of Europa Centralna construction

# Our portfolio – how we invest our capital

### Overall portfolio split

| | |
|---|---|
| Investment | 73% |
| Trading and development | 27% |

### Investment portfolio

| | |
|---|---|
| London offices | 30% |
| In town retail | 57% |
| Out of town retail | 4% |
| Industrial | 4% |
| Other | 5% |

### Trading and development portfolio

| | |
|---|---|
| Retirement village | 37% |
| Poland | 21% |
| Mixed use | 13% |
| In town retail | 10% |
| London office | 9% |
| Other | 10% |

## London investment

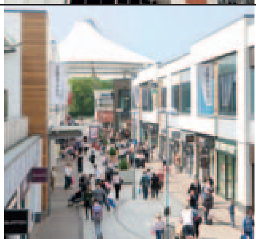
Key properties
**Chiswick, London W4**
**Battersea, London SW8**
**Hammersmith, London W6**
**Shepherds Building, London W14**

1%

Vacancy rate at Shepherds Building

## Retail investment

Key properties
**The Morgan Quarter, Cardiff**
**Clyde Shopping Centre, Clydebank**
**Corby Town Centre, Corby**



2.0m sq ft

Of retail investment space

## Retirement villages

Key projects
**Bramshott Place, Liphook**
**Durrants Village, Faygate**
**Maudslay Park, Great Alne**
**St Loye's College, Exeter**

744 units

In our retirement village programme

# chairman's statement



**Helical Bar plc returned to profitability in the year to 31 March 2012 and is poised to continue its upwards progress, with a number of exciting development schemes approaching realisation, backed up by sound finances and an investment portfolio generating a significant surplus over costs. This has been achieved against a background of significant economic uncertainty and I am confident that the Group is well prepared for the strong headwinds approaching from Europe. Michael Slade reports fully on the results for the year and the prospects for the Group in his Chief Executive's Statement.**

As Chairman of the Nominations Committee, I have reported in detail on page 45 of this Annual Report regarding the present and proposed future constitution of your Board of Directors. Most importantly, I have asked Michael Slade to consider continuing in his current position as Chief Executive for a further five years and am pleased that he has indicated his willingness and enthusiasm to do so.

In June 2011, Duncan Walker was promoted to the Board as an executive director and Michael O'Donnell was appointed as an independent non-executive director. Having been on the Board of Helical for almost 19 years, I intend to step down at the conclusion of this year's Annual General Meeting ("AGM"). My fellow long-serving non-executive directors, Antony Beevor and Wilf Weeks will also step down at the same time. I would very much like to thank them for their substantial contribution to your Company for many years and particularly to Antony for his masterful management of the Audit Committee.

Nigel McNair Scott, Finance Director, has been on the Board of the Company since 1985 and has also indicated that he wishes to step down as Finance Director from the conclusion of the AGM. I am, however, pleased that Nigel has accepted the request of the Nominations Committee to continue his close involvement with the Group and be appointed Chairman following my retirement. Tim Murphy, who joined the Group in 1994 and has worked alongside Nigel since then, will be promoted to Finance Director immediately following the AGM.

As Nigel will not be regarded as independent, the Committee determined that it is essential that the Board be strengthened by the appointment of two new independent non-executive directors. After an extensive search using external consultants, and having interviewed a number of strong candidates, I am pleased that we have identified two excellent individuals in Richard Gillingwater, who will become the Board's Senior Independent Director, and will serve on all the Board's committees, and Richard Grant, who will become the Chairman of the Audit Committee and will serve on the other two committees. Both individuals will be appointed to the Board immediately following the AGM.

It has been a privilege to serve on this exceptional Company's Board for almost 19 years and to be Chairman for seven years. I shall be sad to relinquish my association with such a dynamic and successful team of people after so long. However, I believe that the Group, the executives and the portfolio of investment properties and developments are poised for a successful future which should be enhanced by a refreshed Board and a new Chairman.

**Giles Weaver,**
Chairman

20 June 2012

# chief executive's statement

**In the year to 31 March 2012 we continued the process of rebalancing our portfolio between income producing investment assets and non-income producing development sites. In the economic environment we find ourselves in today, we believe this will help deliver long term shareholder value through combining the twin drivers of an investment portfolio generating significant cash surpluses and a London centric development programme. Applied together, these portfolios offer defensive qualities much needed in this uncertain world, whilst providing the potential to deliver outperformance in the future.**



## Strategy

Our prime objective is to maximise returns for shareholders through income returns, development and trading profits and capital growth. Our strategy for achieving this is to:

- Maintain and expand our investment portfolio, providing a blend of high yielding retail, office and industrial property which offers considerable opportunity to increase income and enhance capital values through proactive asset management and skilful stock selection;
- Have circa 75% of our gross property assets in the investment portfolio creating positive net cash flow for the business which exceeds our net financing costs, administration costs and dividends;
- Carry out London based redevelopments, whether new build or refurbishments, creating value through land assembly, planning and implementation in the office, residential, mixed use and retail sectors;
- Carry out pre-let regional foodstore and retail developments;
- Maximise returns by minimising the use of equity in development situations; and,
- Reduce exposure to non-core assets i.e. non-UK assets and retirement villages.

## Progress

During the year we made significant progress in each of these key strategic areas. We have sold £50m of investment assets and £26m of development sites, recovered £16m of cash through the sale of 50 per cent of our retail development at Gliwice in Poland and re-cycled these proceeds in over £100m of investment assets, increasing our annualised net rental income from £23m to circa £26m. We have also obtained over 850,000 sq ft of planning permissions at our office development at Mitre Square, our foodstore scheme at Fulham Wharf, our retail schemes at Shirley and Tyseley and our industrial scheme at Stockport and for over 850 residential units at Fulham Wharf, Shirley and our retirement villages at Great Alne, Milton and Exeter. More recently, we have submitted a planning application for our major mixed use scheme at Barts Square and intend to submit a planning application in respect of our scheme at White City later this summer.

The impact of this activity is clearly illustrated in the annual results for the year to 31 March 2012, with a 29% increase in the Group's share of net rental income to £22.9m (2011: £17.8m), a development profit of £0.7m (2011: loss of £16.6m), a net gain on the sale and revaluation of the investment portfolio of £3.3m (2011: £7.5m) and a pre-tax profit of £7.4m (2011: loss of £6.3m). EPRA earnings per share were 3.4p (2011: loss of 6.4p). This return to profitability encourages us to propose an increased final dividend of 3.40p (2011: 3.15p) per share, up 8% on 2011, taking the total dividend to 5.15p (2011: 4.90p). Our property portfolio delivered an ungeared total return of 5.6% (2011: 2.7%). EPRA net asset value per share fell marginally to 250p (2011: 253p).

## Future

We live in a world where the news from Europe is dominating the headlines with daily warnings of the potential consequences of the impact of a collapsing Eurozone economy. Whatever the end result, there will be repercussions on the UK economy and our focus is on ensuring that the Group is well placed to ride out the storm that seems to be gathering.

We have performed strongly over the year and the continued effort to address the imbalance in our business by increasing the Group's weighting towards income producing properties has been vindicated by Helical's return to profitability. Our ability to outperform our peers in the future will depend upon the strength of our development pipeline and it is that part of the business that offers the greatest opportunity for growth. We are increasingly redirecting our hard earned equity to London and the South-East, markets which currently represent 47% of our portfolio. The next few years are all about Central London and happily that is where we hold our most exciting assets. The prospects for substantial profits in respect of our London and retail developments provide cause for optimism for the future performance of the Group.

**Michael Slade,**
Chief Executive

20 June 2012

# strategy and performance



## Investment strategy

**The investment portfolio, which is mainly let and income producing, has two main purposes:**

- To provide a steady income stream to cover overheads, dividends and interest;
- To produce above average capital growth over the cycle to contribute to growth in the Group's net asset value.

We seek to achieve these aims through careful, disciplined stock picking, generally of multi-let London offices, shopping centres, industrial estates and mixed portfolios. Our key aim is to be confident that there is sustainable demand from occupiers for all of our assets.

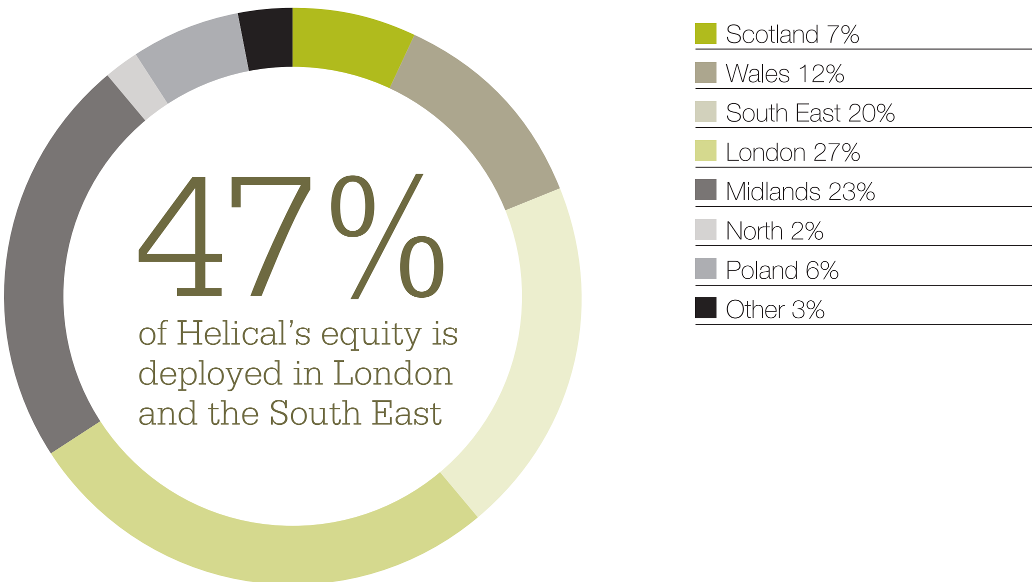
We frequently reposition our properties through significant refurbishment or extensions. We work closely with our tenants to maintain maximum occupancy and these relationships often lead to opportunities to increase value through re-gearing leases or moving tenants within a building as they expand or contract. Finally, at certain points in the cycle we may buy entirely vacant buildings (such as the Morgans, Cardiff or Shepherds Building, London W14) with a view to carrying out a major refurbishment, where we are confident that the occupational market is strong enough to allow the whole building to be let quickly.

## Development strategy

**We employ a wide variety of approaches in our development activities. The principal aim is to be 'equity lean' to maximise our share of profits by leveraging our capital employed and managing the risks inherent in the development process given the size of our balance sheet. A summary of the alternative ways of participating in development schemes is as follows:**

- Participate in profit share situations where no equity is required. We will minimise our ongoing fee to maximise our profit share so that our interests are completely aligned with our partners e.g. Fulham Wharf and 200 Aldersgate.
- Reduce up front equity required by entering into conditional contracts or options e.g. Mitre Square, where we have entered into conditional contracts, and Helical Retail.
- Co-investment alongside a larger partner where we have a minority stake e.g. Barts Square, where we will receive a "waterfall" above a hurdle which skews super profit towards Helical; and White City, where our equity contribution entitles us to an enhanced profit share.
- Traditional forward funding. This requires the institution to want the cost overrun risk to be covered by the developer in return for a commensurate profit participation.

## Our portfolio by equity invested



# How is directors' remuneration linked to the Group's strategy?

**The Group's executive remuneration policy is designed to ensure that Executive Directors and senior management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.**

The remuneration packages of individual directors are structured so that the performance related elements form a significant proportion of the total and are designed to align their interests with those of the shareholders.

Share incentives are designed so that they recognise the long-term growth of the Group. The performance periods are longer term, being three to five years, and participants receive shares in Helical if performance criteria are met. Share incentive schemes are also designed to encourage long term investment in Helical by the directors.

Further details of the remuneration of directors can be found in the directors' remuneration report on page 50.

# How is corporate and social responsibility linked to this strategy?

**Helical recognises that our business activities impact on the environment and the wider communities in which we operate.**

We are aware of the influence we can exert through the implementation of responsible environmental and social practices via our partners, contractors and suppliers.

An endorsement of Helical's commitment to managing environment and social impacts is our continued listing in the FTSE4Good Index. The FTSE4Good Index measures the performance of companies that meet globally recognised corporate responsibility standards and facilitates investment in those companies. Maintaining listed status on this Index remains a key priority for Helical, and informs our evolving approach to Corporate Responsibility.

Further details of the Group's impact on the environment and the wider communities can be found in the Corporate Responsibility Report on page 36.

# What is our risk strategy?

**Risk is an integral part of any Group's business activities and Helical's ability to identify, assess, monitor and manage each risk to which it is exposed is fundamental to its financial stability, current and future financial performance and reputation.**

Risk management starts at Board level where the Directors set the overall risk appetite of the Group and the individual risk policies. These risk policies are the framework used by Helical's management to run the business.

Part of the management's role is to act within these policies and to report to the Board on how these policies are being operated.

The Group's risk appetite and specific risk policies are continually assessed by the Board to ensure that they are appropriate and consistent with the Group's overall strategy and the external market conditions.

The effectiveness of the Group's risk management strategy is reviewed annually by the Directors.

The principal risks faced by the Group are:

### Strategic risk

The main strategic risks the Group face are that its strategy is inconsistent with market conditions and it has an inappropriate capital structure.

### Financial risks

The Group is vulnerable to a number of financial risks due to the way in which it is funded. The Group has a significant level of cash and debt and as such is subject to the following financial risks:

| Risk | How the risk is managed |
|---|---|
| **Interest rate risk** | |
| The Group's profits are impacted by increases in interest rates | High proportion of debt is either at fixed interest rates or capped interest rates |
| **Liquidity risk** | |
| The Group doesn't have the ability to access cash as required | The Group has significant undrawn committed bank facilities and cash<br>Short and long-term cash forecasts are frequently monitored by management<br>Loan covenants are continually monitored |
| **Credit risks** | |
| Helical's ability to borrow reduces due to a deterioration in its relationships with lenders | Helical borrows from a number of institutions and has good relationships with its bankers |
| Tenant failures impact on the Group's profitability | Ensure that no tenant provides a disproportionate share of rental income |

**The Morgan Quarter**
220,000 sq ft of prime retail space in the centre of Cardiff.




## Development risk

The Group derives a significant part of its results from development activity. Development profits are more likely to be subject to fluctuation due to external factors as they are more opportunistic in nature. Development risks include: changes in planning legislation, difficulty in managing current developments and a scarcity in future development opportunities.

Helical has an experienced development team with an excellent track record and a well established network of joint venture partners, contractors and professional advisors. Helical has no set formula for managing its developments and delivers development projects using our own capital, bringing in joint venture partners and forward funding development projects.

## People risk

Our employees are vital to the success of our business. The retention and incentivisation of our staff is of great importance to Helical and executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the Group's position as a market leader and to reward them for enhancing shareholder value and returns. We evaluate the training needs of each employee in line with business objectives.

Further details on Helical's risk management can be found in Appendix II on pages 104 to 106.

# Performance

**A property company's share price should reflect growth in net assets per share. Our Group's main objective is to maximise growth in assets from increases in investment portfolio values and from retained earnings from other property related activities.**

### Key performance indicators and benchmarks

We incentivise management to outperform the Group's competitors by setting the right levels for performance indicators against which rewards are measured. We also design our remuneration packages to align management's interests with shareholders' aspirations. Key to this is the monitoring and reporting against identifiable performance targets and benchmarks. For a number of years we have reported on these, the most important of which are:

#### Investment Property Databank

The Investment Property Databank ("IPD") produces a number of independent benchmarks of property returns which are regarded as the main industry indices.

IPD has compared the ungeared performance of Helical's total property portfolio against that of portfolios within IPD for the last 20 years. The Group's annual performance target is to exceed the top quartile of the IPD database. Helical's ungeared performance for the year to 31 March 2012 was 5.6% (2011: 2.7%) compared to the IPD median benchmark of 6.4% (2011: 11.7%) and upper quartile benchmark of 6.9% (2011: 12.1%).

As referred to in the Chairman's Statement, the year to 31 March 2012 was a period during which the Group continued to transform its property holdings and this has had an impact on performance in the year.

However, over five, ten and twenty years the Group's property portfolio continued to outperform the IPD benchmark.

#### Net asset value

Net asset value per share represents the share of net assets attributable to each ordinary share. Whilst the basic and diluted net asset per share calculations provide a guide to performance the property industry prefers to use an adjusted diluted net asset per share. The adjustments necessary to arrive at this figure are shown in note 32 to these accounts.

Management is incentivised to exceed 15% p.a. growth in net asset value per share. The adjusted diluted net asset value per share, excluding trading stock surplus, at 31 March 2012 was 221p (2011: 225p).

Including the surplus on valuation of trading and development stock, the diluted EPRA net asset value per share at 31 March 2012 was 250p (2011: 253p). Diluted EPRA triple net asset value per share was 246p (2011: 246p).

#### Other key performance indicators include:

- a surplus of net rental income over finance costs, overheads and dividends;
- staff retention and average length of service; and
- inclusion in the FTSE4Good Index.

#### Total Shareholder Return

Total Shareholder Return ("TSR") measures the return to shareholders from share price movements and dividend income and is used to compare returns between companies listed on the London Stock Exchange. Helical's TSR for the year to 31 March 2012 was -28.4% (2011: –19.3%) compared to the median of the listed real estate sector of -3.4% (2011: 12.6%).

However, over five, ten, fifteen, twenty and twenty-five years Helical's TSR has outperformed the Listed Real Estate Sector Index as shown below.

## Helical Bar portfolio unleveraged returns to March 2012

| | 1 yr %pa | 2 yrs %pa | 3 yrs %pa | 5 yrs %pa | 10 yrs %pa | 20 yrs %pa |
|---|---|---|---|---|---|---|
| Helical | 5.6 | 4.1 | 5.5 | 1.6 | 10.5 | 14.6 |
| IPD | 6.4 | 9.0 | 11.7 | -1.1 | 6.7 | 8.7 |
| Helical's Percentile Rank | 53 | 88 | 91 | 8 | 4 | 1 |

Source: Investment Property Databank.

Helical's trading & development portfolio (25% of gross assets as measured by IPD) is shown in IPD at the lower of book cost or fair value and uplifts are only included on the sale of an asset.

## Total Gross Shareholder Return

| | | | | Performance measured over | | | | |
|---|---|---|---|---|---|---|---|---|
| Total Returns | | 1 year %pa | 3 years %pa | 5 years %pa | 10 years %pa | 15 years %pa | 20 years %pa | 25 years %pa |
| Helical Bar plc | 1 | -28.4% | -11.4% | -13.7% | 3.3% | 9.8% | 17.0% | 11.7% |
| UK Equity Market | 2 | 1.4% | 18.8% | 1.8% | 5.2% | 5.7% | 8.5% | 8.4% |
| Listed Real Estate Sector Index | 3 | -3.4% | 19.4% | -14.7% | 2.5% | 3.7% | 7.3% | 5.0% |
| Direct Property - monthly data | 4 | 6.6% | 11.2% | -1.8% | 6.5% | 8.2% | 8.4% | 8.8% |

1 Growth over 1 year, 3 years etc to 31/03/12
2 Growth in FTSE All-Share Return Index over 1 year, 3 years etc to 31/03/12
3 Growth in FTSE 350 Real Estate Super Sector Return Index over 1 year, 3 years, 5 years and 10 years to 31/03/12. For data prior to 30 September 1999 FTSE All Share Real Estate Sector Index has been used.
4 Growth in Total Return of IPD UK Monthly Index (All Property) over 1 year, 3 years etc to 31/03/12
Source: New Bridge Street

The next few years are all about Central London and happily that is where we hold our most exciting assets.



# business review





**200 Aldersgate, London EC1**

Helical is acting as a development manager for this 370,000 sq ft scheme.

# events during the year


In June planning consent for a new building of 273,000 sq ft NIA of offices and 3,000 sq ft of retail/ restaurant was formally granted at Mitre Square, London EC3.

Planning consent was granted for a 100,000 sq ft supermarket and 463 residential units on behalf of Sainsbury's at Fulham Wharf, London SW6.

## Planning permissions

**850,000 sq ft of planning permissions**
We have obtained over 850,000 sq ft of planning permissions for commercial or mixed use at:

- Mitre Square, London EC3 (office)
- Fulham Wharf, London SW6 (foodstore/residential)
- Parkgate, Shirley, West Midlands (foodstore/retail/residential)
- Tyseley, Birmingham (foodstore/retail)
- Stockport, Greater Manchester (industrial)

and permission for residential or retirement village use at:

- Great Alne, Warwickshire
- Milton, Cambridge
- Exeter

### Planning applications

In February 2012, we submitted a planning application for a new urban mixed use quarter at Barts Square, London EC1, integrating this historic location into a high quality office, residential and retail scheme.

## Sales

During the year we sold £50m of investment properties realising a small loss below their March 2011 values. Properties sold included:

- Westgate, Aldridge
- Hawtin Park, Blackwood
- Queens Walk, East Grinstead
- Waterfront Business Park, Fleet
- Abbot Works, Hailsham
- Southwark Street, London
- Motherwell Food Park, Motherwell
- Standard Industrial Estate, Woolwich

Additionally we have sold £26m of development sites including retirement village units at our scheme at Bramshott Place, Liphook and the remaining units at our industrial scheme in Southall. We have also recovered £16m of cash through the sale of 50% of our retail development in Europa Centralna, Poland.


In October we acquired 700,000 sq ft of retail space in Corby Town Centre at an 8.0% net initial yield.

We acquired Broadway House, Hammersmith in February for £14.1m reflecting a net initial yield of 5.7% and a targeted reversionary yield of 8.7%.

## Acquisitions

During the year we purchased more than £100m of investment assets acquiring:

- Corby Town Centre for £70m in October 2011
- Town Square, Basildon for £11m in June 2011
- The Powerhouse, Chiswick for £4m in November 2011
- Broadway House, Hammersmith for £14m in February 2012

## Financing

During the year, the Group entered into a number of new bank facilities totalling £130m, which were used to refinance existing assets and fund its purchase of new investment properties. The principal new facility was a five year £100m revolving credit facility with The Royal Bank of Scotland plc.

The Group also entered into new investment facilities with Barclays enabling it to acquire properties in Newmarket and Hammersmith and, since the year end, refinanced its investment at Shepherds Building, Shepherds Bush in a new three year facility.

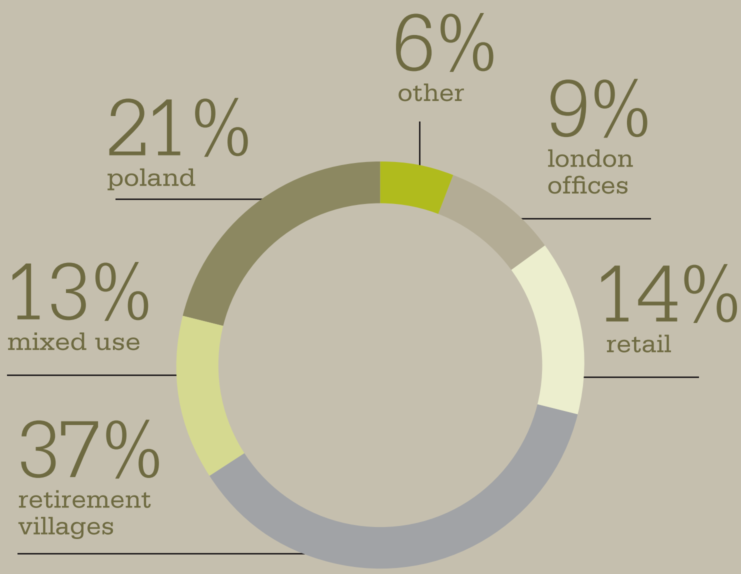
HSBC provided a development facility enabling our retirement village at Durrants Village to be built out. In addition, new investment facilities were agreed with Nationwide and Clydesdale Bank during the year.

# development programme

We employ a wide variety of approaches in our development activities. The principal aim is to be 'equity lean' to maximise our share of profits by leveraging our capital employed and managing the risks inherent in the development process given the size of our balance sheet.

Profits from the Group's development programme of £5.2m (2011: losses of £1.7m) were offset by provisions of £4.5m (2011: £14.9m) made against the carrying value of development stock. Profits of £2.1m were generated at our retirement village scheme at Bramshott Place, Liphook, and our office development in Crawley (£0.5m) and development management fees received in respect of Fulham Wharf, 200 Aldersgate and Barts Square, totalling £2.1m. However, we wrote down a number of sites to their net realisable values and these provisions, totalling £4.5m, reduced the net development profits to £0.7m.

## By equity – Helical's share

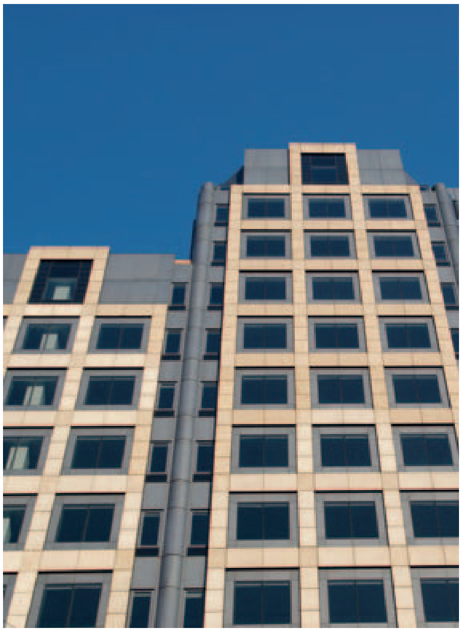




West London

Central London

The focus of the Group over the last year has been on those schemes recently completed or under construction, letting up vacant space and progressing a small number of major schemes for the future.



# 200 Aldersgate, London EC1

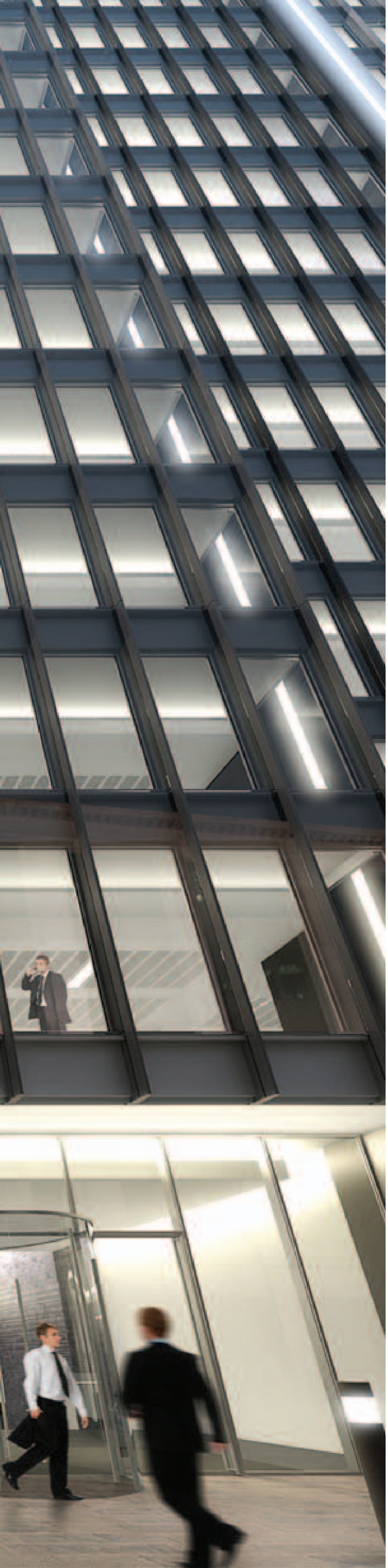
Originally developed in the late 1980's, this 370,000 sq ft office building had remained vacant since Clifford Chance left for Canary Wharf in 2005. In 2010, we were appointed under an asset and development management agreement by the owners of the building to advise on a refurbishment and re-letting programme. We have refreshed and re-clad parts of the building, creating a "vertical village" for office users.

Having completed the works in November 2010 the building was launched in January 2011 and since then we have completed twelve office lettings totalling 112,000 sq ft.

In addition we have let 35,000 sq ft of basement to Virgin Active who have opened a new flagship Classic Club gym. The remaining space continues to attract interest from potential tenants and we are optimistic that there will be further letting success in 2012.

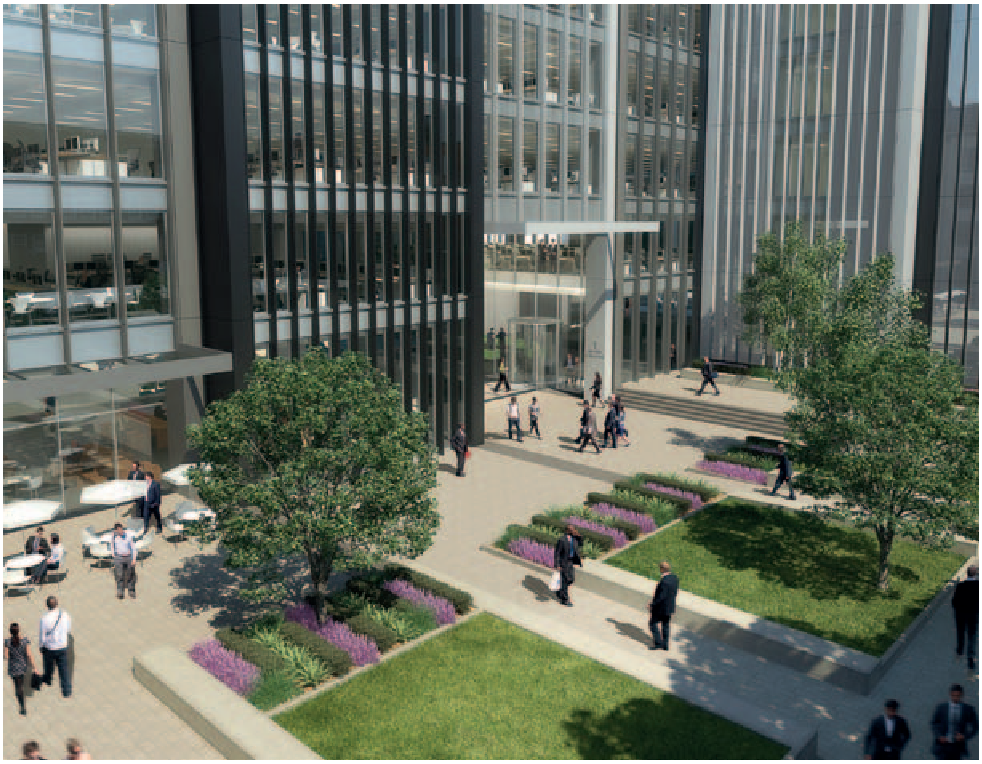
Upon the completion of a successful letting programme and subsequent sale of the building by the current owners, we will receive a development management profit share to supplement the annual fee that we currently receive.

# A 273,000 sq ft office scheme with planning permission










# Mitre Square, London EC3

At Mitre Square, London EC3 we have signed agreements to purchase two adjoining sites from the City of London and SFL2 Limited (previously Ansbacher). The S.106 agreement which enabled the planning permission to be issued was signed last June. In addition we have been working with the City to obtain a Section 237 TCPA 1990 to overcome any injunctable rights to light. We now intend to proceed with the demolition of the existing buildings to facilitate the construction of a new building comprising offices of 273,000 sq ft NIA and 3,000 sq ft of retail/restaurant use. This construction will not commence until a substantial pre-let is agreed or a forward funding is obtained.

## Barts Square, London EC1

In joint venture with The Baupost Group LLC (Baupost 66.7%, Helical 33.3%) we own the freehold interest in land and buildings at Bartholomew Close, Little Britain and Montague Street, a 3.2 acre site adjacent to the new Barts Hospital and just south of Smithfield Market. The current buildings comprise 420,000 sq ft let to the NHS for circa £3.5m per annum on a number of short term leases that expire between 2014 and 2016. In February 2012 we submitted a planning application for a new urban mixed use quarter integrating this historic location into a high quality office, residential and retail scheme. The proposed scheme seeks to retain some of the existing buildings and complement them with a sympathetic redevelopment of the site which will comprise circa 226,000 sq ft NIA of offices, 202,000 sq ft NIA of residential comprising 216 apartments and 24,000 sq ft of retail/ restaurant use. We are hopeful that planning permission will be obtained by the end of 2012. We estimate a total development value of circa £460m.

# A 3.2 acre site in the heart of the City

# development programme
west london



## King Street,
Hammersmith, London W6

We have a development agreement with the London Borough of Hammersmith & Fulham, in partnership with residential specialist Grainger plc, for the regeneration of the west end of King Street, Hammersmith. We submitted a planning application in November 2010 for new council offices, a foodstore and restaurants around a new public square, 300 new homes and a new public footbridge across the Great West Road, re-connecting Hammersmith Town Centre to the River Thames and Furnival Gardens. A resolution to grant planning consent was obtained in November 2011, but its referral to the Mayor was withdrawn pending further discussions with the Greater London Authority.

## ↑ White City,
London W12

At White City we intend submitting an outline planning application in July 2012 for a residential led mixed use scheme immediately adjacent to White City underground station. The Eric Parry designed master plan comprises c. 1.25 million sq ft of residential, 200,000 sq ft of commercial and 70,000 sq ft of retail/leisure/community uses. The landscaping proposals include the creation of a new bridge link from Wood Lane opening out into an urban square surrounded by local retailers and cafes. A large publically accessible garden square will also be created together with private communal courtyard gardens for the residents. Assuming planning consent is granted by the end of 2012, we hope to be in a position to make a start on site at the end of 2013.

## Fulham Wharf,
London SW6

At Fulham Wharf we secured, on behalf of landowner Sainsbury's, planning permission for a new 100,000 sq ft foodstore, together with 463 residential units (590,000 sq ft) and 11,000 sq ft of restaurant/retail/community use at Sands End in Fulham. Helical has received a fee of £1.5m for obtaining planning permission and will receive a profit share on the sale of the site, which is expected to be completed in June 2012. This profit share will be paid when Sainsbury's receive their monies from the sale of the site.

## The Hub,
Pacific Quay, Glasgow

The Hub, Pacific Quay, Glasgow was completed in 2009. This 60,000 sq ft building offers flexible office space with an onsite cafe and events area. Located in the midst of a media hotbed with BBC Scotland and STV as neighbours, this scheme has been partly let to The Digital Design Studio, the commercial arm of Glasgow School of Art, Shed Media and other high-tech, media-orientated tenants. We continue to make progress, albeit slowly, in letting the building.

## Industrial development

We have now sold virtually all of our industrial developments. Sales of £3.3m have been achieved for the remaining units at Southall during the year. Since the year end we have conditionally exchanged to sell all the land at Stockport for £4.5m with completion due over the course of this financial year. This sale follows completion of all infrastructure works and a revised planning consent for a car dealership. Following the sale of Stockport, our only remaining industrial development is at Hailsham where we hope to sell the remaining units by the end of the year.

# development programme
# retail



## Parkgate
### Shirley, West Midlands

At Parkgate, Shirley we are due to commence the construction of an 85,000 sq ft Asda supermarket, 72,000 sq ft of retail and circa 135 apartments and townhouses. The £70m project is expected to complete in spring 2014.

## Cortonwood

A planning application is to be submitted in summer 2012 for a 96,000 sq ft A1 retail park. If successful, construction could commence in autumn 2013.

## Leisure Plaza
### Milton Keynes

At Leisure Plaza, Milton Keynes, we have planning consent for 113,000 sq ft of retail together with the existing 65,000 sq ft ice rink. We are working with the various interested parties in this development to bring it forward with a view to starting construction later this year.

## Tyseley
### Birmingham

Outline planning consent has recently been granted for a 70,000 sq ft foodstore and 78,000 sq ft of open A1 retail units as part of the regeneration of Tyseley. Discussions are in hand with a number of potential tenants and we are working towards a start on site in early 2013.

## Park Handlowy Mlyn
### Wroclaw

Wroclaw is a large city in West Poland, some 100km from the German border and 470km south of Warsaw. This 9,600 sq m (103,000 sq ft) out of town retail development was completed in December 2008 and is fully let to a number of domestic and international retailers including T K Maxx, Media Expert, Makro, Deichmann, Smyk, Komfort and others.

## ↑ Europa Centralna
### Gliwice

During the year we sold 50% of this scheme to clients of Standard Life and recovered over £16m of capital through the payment of loans. The agreement for sale provides that we will sell the remaining ownership two years after completion of the development to the same clients of Standard Life. The scheme is being developed on land to the south of Gliwice at the intersection of the A4 and A1 motorways. This highly visible site has unparalleled accessibility and will be a major regional shopping destination. The retail park and shopping centre, comprising approximately 66,000 sq m (720,000 sq ft) of retail space, will incorporate three distinct parts, being a foodstore, DIY and household goods and fashion. The scheme is now over 70% pre-let to Tesco, Castorama, H & M, Media Saturn, Jula and others. Construction commenced in October 2011 and is expected to complete by October 2012.

## Other retail projects

Helical Retail, our joint venture with Oswin Developments, is actively pursuing a large number of potential foodstore sites around the UK and is working closely with the major food retailers to satisfy their location specific requirements.

# development programme
# retirement villages



A retirement village is a private residential community in which active over-55s are able to live independently in retirement. Residents have typically down-sized from a larger family home into a cottage or apartment with no maintenance or security issues.

With access to a central clubhouse containing a bar and restaurant facilities and health and fitness rooms and surrounded by maintained grounds, this retirement option is proving increasingly popular.

## ↑ Bramshott Place
### Liphook, Hampshire

The original Bramshott Place Village was an Elizabethan mansion built in 1580, although now only the original Grade II listed Tudor Gatehouse remains, which we have fully restored. The land and buildings were derelict when Helical acquired them in 2001. Changing planning from its previously designated employment use to a retirement village took several years but was eventually achieved in 2006.

The development of 151 cottages and apartments, and the new clubhouse, started in late 2007 and has proceeded in phases as units are sold. To date, we have sold 90 units with reservations on a further 18 units. Construction of the final phase of 55 units will complete in September 2012.

## Ely Road
### Milton, Cambridge

This 21 acre site was acquired from EDF in 2006 and was previously used as a training centre and depot. Located within the Green Belt, planning permission had been obtained for a retirement village of 101 units and a central facilities clubhouse building. In 2011 we received consent for 89 open market housing units and have agreed to sell the whole site with completion due in Summer 2012.

## Durrants Village
### Faygate, Horsham, West Sussex

Durrants Village, a 30 acre site, had operated as a sawmill with outside storage for many years. We were granted planning permission, at appeal, in May 2009 following a public inquiry where the Inspector allowed a development comprising a retirement village of 148 units, eight affordable housing units, a 50 bed residential care home and a central facilities clubhouse building. Demolition has been completed and the first phase started in May 2012 for the construction of a retirement village and clubhouse. Following changes to the scheme the development will be for 171 units and we have reservations on five units in Phase One with reservations on a further eight units in future phases.

## Maudslay Park
### Great Alne, Warwickshire

This is a Green Belt site which has 320,000 sq ft of built footprint and benefits from Major Development Site planning policy. Measuring 82 acres this site received outline planning permission in April 2011 for a retirement village of 132 units plus 47 extra care units. Demolition and enabling works will commence in late 2012 with construction to follow in 2013.

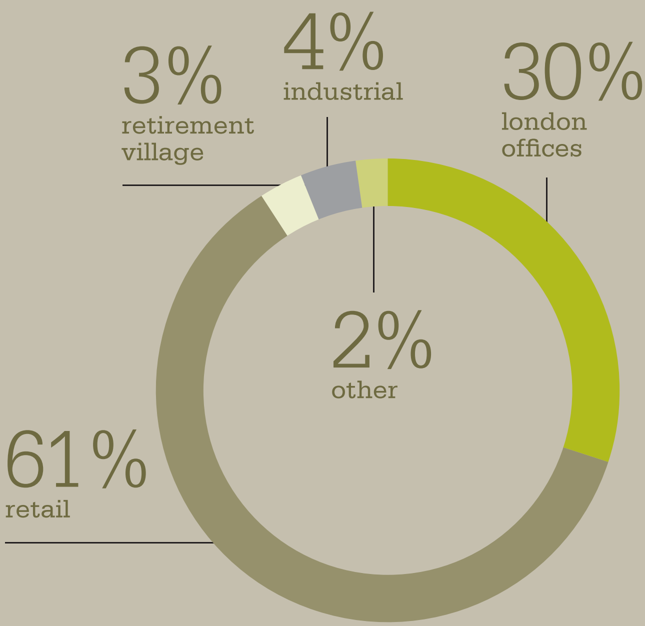
## St Loye's College
### Exeter

This 19 acre site was acquired in 2007 from the St Loye's Foundation, a long established rehabilitation college in the city of Exeter. Resolution to grant planning permission was obtained in October 2009 for a retirement village of 206 units, a 50 bed residential care home, an affordable extra-care block of 50 units and a central facilities clubhouse building. Demolition, site clearance and archaeological survey work have been completed. In 2011 we received planning consent for 63 open market housing units on part of the site and expect to complete the sale of this part in Summer 2012. Construction of a retirement village and clubhouse in phases on the remainder of the site is expected to commence in late 2012/early 2013.

# investment portfolio overview



One of our main objectives is to have 75% of our group's property assets in the investment portfolio creating positive net cash flow for the business.





## United Kingdom


## Central London

# investment portfolio statistics



The following statistics all refer to Helical's share of the investment portfolio.

**Investment (Helical's share)**

| | Value £m | Equity £m | Equity % |
|---|---|---|---|
| London office | 113.6 | 44.4 | 29.7 |
| Provincial office | 7.8 | 2.7 | 1.8 |
| Industrial | 20.3 | 6.5 | 4.3 |
| In town retail | 213.6 | 84.7 | 56.6 |
| Out of town retail | 14.1 | 6.4 | 4.3 |
| Retirement village | 5.0 | 5.0 | 3.3 |
| **Total** | **374.4** | **149.7** | **100.0** |

Note: Barts Square is held as an investment.

**Portfolio Yields**

| | Portfolio weighting % | Initial Yield % | Reversionary Yield % | Yield on letting voids % | Equivalent Yield (AiA) % |
|---|---|---|---|---|---|
| Industrial | 5.4 | 8.3 | 9.5 | 9.3 | 8.9 |
| London Offices | 30.3 | 5.6 | 8.1 | 7.5 | 7.6 |
| South East offices | 2.0 | 8.3 | 8.5 | 8.3 | 8.6 |
| Retail | 60.8 | 7.5 | 8.3 | 7.3 | 7.7 |
| Other | 1.5 | – | – | – | – |
| **Total** | **100.0** | **7.1** | **8.0** | **7.9** | **7.8** |

**Valuation Movements, Portfolio Weightings and Changes to Rental Values**

| Sector | Valuation Increase/ (Decrease) % | Weighting % | ERV Change Mar 11 to Mar 12 % | ERV Change Mar 10 to Mar 11 % |
|---|---|---|---|---|
| London Offices | 3.2 | 30.3 | 2.8 | 1.6 |
| South East Offices | 2.5 | 2.0 | 0.8 | 0.0 |
| **Total Offices** | **3.2** | **32.3** | **2.5** | **1.4** |
| In town retail | 0.0 | 57.0 | 1.0 | 2.7 |
| Out of town retail | -2.4 | 3.8 | -2.0 | 2.4 |
| **Total retail** | **-0.2** | **60.8** | **0.8** | **2.6** |
| Industrial | -3.3 | 5.4 | -0.9 | -5.4 |
| Other | 12.6 | 1.5 | | |
| **Total** | **0.7** | **100.0** | **1.2** | **1.3** |

Note: Including sales, purchases and capex.

### Capital Values, Vacancy Rates and Unexpired Lease Terms

| | Capital value psf £ | Vacancy rate % | Average unexpired lease term Years |
|---|---|---|---|
| South East offices | 208 | 0.0 | 17.7 |
| London offices | 200 | 16.4 | 4.8 |
| Retail | 134 | 5.6 | 8.2 |
| Industrial | 55 | 14.0 | 5.3 |
| **Total** | **142** | **8.8** | **7.3** |

### Lease expiries and tenant break options:

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Percentage of rent roll | 7.7% | 8.1% | 13.9% | 5.3% | 12.0% |
| Number of leases | 79 | 65 | 100 | 48 | 62 |
| Average rent per lease | £26,200 | £33,800 | £37,500 | £29,900 | £52,500 |

53% of Helical's net rent roll has greater than 5 years to expiry.

| Rank | **Tenant** | Rent | Leases | % of Rent Roll |
|---|---|---|---|---|
| 1 | Endemol | £1,526,923 | 23 | 5.65 |
| 2 | TK Maxx | £1,160,000 | 2 | 4.29 |
| 3 | Barts and The London NHS Trust | £1,138,980 | 7 | 4.21 |
| 4 | Quotient Bioresearch | £664,792 | 7 | 2.46 |
| 5 | Asda | £637,438 | 2 | 2.36 |
| 6 | Argos | £453,750 | 4 | 1.68 |
| 7 | Metropolis Group | £400,000 | 1 | 1.48 |
| 8 | Urban Outfitters | £400,000 | 1 | 1.48 |
| 9 | Hitchcock & King | £397,500 | 1 | 1.47 |
| 10 | Fox International | £374,031 | 3 | 1.38 |
| **Total** | | **£7,153,414** | | **26.46** |

Top 10 tenants account for 26.5% of the rent roll.

## Asset Management

During the year £2.0m of rent was lost at lease end (7.6% of rent roll). A further £0.6m (2.1% rent roll) was lost through administrations (net of rent from regearing leases as tenants in administration were acquired). £1.8m of leases were renewed (6.5% rent roll) with a further £2.3m (8.6% rent roll) added through new letting and fixed uplifts. The net rental reduction was £0.2m. Of the rent lost, £0.4m was attributable to Barts Square and £0.7m to 200 Great Dover Street, both of which were anticipated and facilitate refurbishments / redevelopments. Excluding these anticipated losses, net rental gain was £0.9m.

Our material exposures to tenant administrations have been Peacocks / Bon Marche, Priceless Shoes, Shoon, Game and Clintons.

Including units which have been let or are under offer since March 2012, we have lost £0.4m of rent from administrations. Total rent at risk from administration was £1.5m. Of this total we have retained/re-let or have under offer 63% of rent at risk from administration.

## Sales

We have continued to make good progress in selling non-income producing assets or assets where we perceive there to be limited further asset management upside.

Since March 2011 we have completed on sales of £83.2m of property, of which £14.2m was non-income producing. Wood Lane (£10.1m) was sold to Aviva, our Joint Venture partner in our White City development, and will contribute to our development site. 61 Southwark Street was sold for £19.4m, the Union portfolio was sold for £18.4m and Woking (part of the F3 portfolio) was sold for £8.25m, together with a number of other smaller sales.

Of the non-income producing sales, £10.3m consists of units at our retirement village at Bramshott Place, Liphook and £3.3m of units at Southall (the entirety of our remaining interest).

Since the year end, we have exchanged or completed on £20.8m of sales (£13.8m non-income producing). A further £12.9m is under offer (all non-income producing).

## Acquisitions

We have continued to acquire income producing properties throughout the year, some with longer term redevelopment or refurbishment potential.

The acquisition of Barts Square, EC1, was completed in joint venture with Baupost (Helical 33.3% interest) for £55m. A planning application for a major mixed use development has been submitted.



Vacant possession will be attained between 2014 and 2016. In the meantime we are receiving a net yield of circa 5.5%.

Office investments were acquired in Chiswick (£3.7m, 10% NIY) on a 25 year RPI linked sale and leaseback transaction, Botleigh Grange for £2.4m from the administrators and King Street, Hammersmith. In Hammersmith, we acquired a part vacant office building with retail on the ground floor from the receivers for £14.1m. This is currently being refurbished and we hope to achieve a running yield in excess of 8% upon letting.

We also acquired a retail parade in Basildon and Corby Town Centre for a total of £81.3m, both yielding 8% where we intend to continue letting vacant space and implement minor refurbishments where necessary.

Total gross annual rental income (before joint venture shares) arising from these acquisitions is circa £12m.

There was a valuation increase of 0.7% in the year to 31 March 2012 including capex, sales and purchases which compares to the IPD monthly index of 0.7% over the same period.

## Future Investment Acquisitions

Following our recent acquisitions in the retail sector, especially Corby for circa £70m last October, we are now concentrating on London for future purchases. We are targeting multi-let offices with low rents (£20/£30 psf) in the ‘villages’ such as Southwark, Clerkenwell and Hammersmith. Our preference is for buildings in need of refurbishment and active management, often with some vacancies.

An example of the sort of assets we are keen to purchase is illustrated by our acquisition in January of Broadway House, King Street in Hammersmith, which we acquired from receivers for £14.1m, 5.7% IY. This building is partly retail, let at low rents (£105–125 psf Zone A) to Café Nero, Thomas Cook, Dolland & Aitchison and others. There is also 23,270 sq ft of offices, 50% let at £24.50 psf and 50% vacant and being refurbished. Once the vacant offices are let at circa £30 psf, the building will be 52% retail income and 48% office income and the yield on cost will be circa 8% (including capex).

# principal investment properties

## retail




### Corby Town Centre
Corby

We acquired this centre in October 2011. It comprises in excess of 700,000 sq ft of retail space including Oasis Retail Park, Willow Place (2007 new build shopping centre) and Corporation Street. This asset was acquired for 8.0% NIY (triple net). Since acquisition we have sold Deene House for £1.5m (4.98% NIY). Despite administrations, upon conclusion of leases in solicitors' hands, net rental income will be in excess of that at acquisition. This is due to a combination of new lettings (8 in solicitors' hands), service charge and rates mitigation and by taking operation of the car park in-house, eliminating substantial costs. Further, circa £400,000 of works has been instructed which will increase NOI by circa £100,000, by reducing costs and enabling lettings.

### The Morgan Quarter
Cardiff

A prime retail asset on the Hayes opposite St David's 2, let to Urban Outfitters, Joules, Fred Perry, Molton Brown and TK Maxx. With current contracted rent of £3.1m versus ERV of £4.23m, we see many opportunities for asset management initiatives and further rental growth over the medium term, following capital growth of 30% for the asset since the opening of St Davids 2 in September 2009. Since the year end, we have completed a new letting to Jack Wills and set a new rental level of £172 Zone A.

The Guineas
Tenants include Marks and Spencer and Argos at this 142,000 sq ft regional shopping centre.

Idlewells Shopping Centre
Bought at an initial yield of 8.5% in early 2011, vacancy rates are low at 1%.

Clyde Shopping Centre
acquired in 2010, this 627,000 sq ft out-of-town shopping has tenants which include Asda, BHS and Argos.





## The Guineas, Newmarket

In 2010 we acquired this regional shopping centre for £17.75m at an initial yield of circa 8%. Tenants include Marks and Spencer and Argos. Currently the centre is 91% let with zone A rents between £30 and £50 per sq ft.

## Idlewells Shopping Centre, Sutton-in-Ashfield

This 185,000 sq ft shopping centre was purchased from LaSalle Investment Management at an initial yield of 8.5%. Tenants include: New Look, Superdrug and Argos. Since acquisition we have renewed a number of leases and its current vacancy rate is 1%.

## Clyde Shopping Centre, Clydebank

Since acquiring this property in January 2010, net income has increased from £5.85m to £6.02m with a further £374,000 of income contracted through expiry of rent free periods. There is £206,000 of rent in solicitors' hands.

Despite some tenant insolvencies, letting has remained strong. We lost four tenants through administrations but have subsequently re-let or put under offer all four units at a total rent of £273,000 compared with rents prior to administration of £261,000.

There were no tenant breaks or lease expiries exercised by tenants in the year 2011 to 2012 and the void rate now stands at only 3% of floor area.



# Shepherds Building,
London W14

This is a 151,000 sq ft refurbished office just south of Shepherds Bush Green and Westfield shopping centre. The building is let on 64 leases, mainly to media related tenants, at an average rent of £23.50 psf.

Ongoing tenant demand is strong with recent lettings at £25 to £30 psf depending on size, giving good prospects for rental growth over the next three to five years. There is only one unit of 860 sq ft vacant at present.

### Broadway House,
London W14

Acquired in 2012, this 40,000 sq ft office building with retail units on the ground floor was acquired from Joint Fixed Receivers for £14.1 million, reflecting a net initial yield of 5.7% and a targeted reversionary yield of 8.7%.  This building is partly retail, let at low rents (£105-125 psf Zone A) to Café Nero, Thomas Cook, Dolland & Aitchison and others. There is also 23,270 sq ft of offices, 50% let at £24.50 psf and 50% vacant and being refurbished. Once the vacant offices are let at circa £30 psf, the building will be 52% retail income and 48% office income and the yield on cost will be circa 8% (including capex).

### Silverthorne Road, Battersea,
London SW8

Acquired with vacant possession in 2005 we subsequently fully refurbished this office and TV studio complex to create a multi let TV production and media office hub of approximately 56,000 sq ft.

In 2007 we secured planning consent for a further 50,000 sq ft of raised floor, air conditioned office accommodation over five floors which was developed out during 2008 and concluded in early 2009. The site is currently 70% let by floor area.

Levels of interest and the lettings currently in negotiation suggest that the low total occupational cost of circa £40 psf including rent, rates and service charge is making the building increasingly attractive to those occupiers no longer able to afford more central locations.

# financial review



## Review of the Year

In the year to 31 March 2012 we made good progress towards the Group's stated target balance between the income producing investment portfolio and development stock of 75:25. Sales of over £50m of investment assets, where our asset management initiatives were completed, added to the sale of over £26m of trading properties and development sites. These, together with the recovery of £16m of cash through the sale of a 50% interest in our largest Polish retail development, provided funds for the acquisition of over £100m of new investment assets. This net new investment of over £52m, including capital expenditure, and the uplift in values at the year-end of £4m, took Helical's interest in its investment portfolio to £394m, including its share of assets held in joint ventures, up from £338m. The impact of this increase in investment assets is seen in the Income Statement where net rents, including assets held in joint venture, increased from £17.8m to £22.9m, a 29% increase.

Deepening economic concerns over the Eurozone and its potential impact on the UK led to decreased valuations for a number of development sites held by the Group and this has been reflected in a write-down of £4.5m (2011: £14.9m). However, this was more than offset by profits made on the remainder of our development portfolio and the Group posted its first net development profit since 2008 of £0.7m (2011: loss £16.6m).

Administration costs, before performance related awards, increased by 6%. Net finance costs rose from £6.3m to £7.8m, reflecting the increase in the size of the investment portfolio. The downward trend in interest rates between April 2011 and March 2012 gave rise to a small loss when comparing the fair value of the Group's derivative financial instruments to their book value, but as a result of the cancellation of a number of these instruments during the year, the remaining fair value liability on the Group's balance sheet is now just £3m. During the year the Group was exposed to exchange rate movements on its share of the assets and liabilities relating to Poland and fluctuating rates generated a loss of £1.1m.

The net result for the year was a pre-tax profit of £7.4m compared to a £6.3m loss in the previous year. This profit resulted in a diluted EPRA earnings per share of 3.4p (2011: loss of 6.4p) which allows the Group to fund a total dividend of 5.15p (2011: 4.90p), of which 3.40p is recommended to shareholders as a final dividend, payable on 26 July 2012.

The total comprehensive income of £4m added 3.43p to the diluted EPRA net assets per share. However, the dividend paid in the year of 4.90p reduced this to 250p.

During the year, the Group entered into a number of new bank facilities totalling £130m, which were used to refinance existing assets and fund its purchase of new investment properties. The principal new facility was a five year £100m revolving credit facility with The Royal Bank of Scotland plc which was used to refinance its recent acquisition of Corby Town Centre, consolidate a number of other facilities with the bank and provide capacity for future acquisitions. The Group also entered into new investment facilities with Barclays enabling it to acquire properties in Newmarket and Hammersmith and, since the year end, refinanced its investment at Shepherds Building, Shepherds Bush in a new three year facility. HSBC provided a development facility enabling our retirement village at Durrants Village to be built out. In addition, new investment facilities were agreed with Nationwide and Clydesdale Bank during the year. Despite the perception that bank finance is difficult to obtain, we continue to receive strong support from our banks.

The Group faces the future with a sound financial base, having increased its income stream by replacing low growth assets with higher yielding retail properties, refinanced maturing debt with longer term bank facilities and reduced its exposure to any future interest rate rises by entering into new hedging instruments, taking advantage of current low interest rates. In addition, and with the backing of the major property lending banks, the Group has access to a number of new bank facilities which, when added to its cash balances, provides a level of liquidity and resources to enable it to deal with the current economic uncertainties and to continue to rebalance its portfolio.

## Net rental income

The Group's share of net rental income increased to £22.9m (2011: £17.8m) including its share of net rental income of joint ventures. Head rents payable to freeholders increased following the acquisition of Newmarket on a long leasehold interest. Property overheads increased to £5.5m (2011: £5.3m). Tenant bad debts remain low at 2% of gross rental income.

| **Net rental income** | **2012 £000** | 2011 £000 | 2010 £000 |
|---|---|---|---|
| Gross rental income – In company | **23,058** | 18,590 | 18,881 |
| – In joint ventures | **6,645** | 5,531 | 1,103 |
| Total gross rental income | **29,703** | 24,121 | 19,984 |
| Rents payable | **(1,266)** | (1,024) | (143) |
| Property overheads | **(5,501)** | (5,320) | (4,978) |
| Net rental income | **22,936** | 17,777 | 14,863 |

### Development profits

Total net development profits of £0.7m (2011: loss of £16.6m) were generated after deducting write-offs and provisions of £4.5m (2011: £14.9m).

Development profits were generated at the retirement village scheme at Bramshott Place, Liphook, at our mixed use scheme at Fulham Wharf, London SW6, at our office development at Tilgate, Crawley and in Poland. In addition, we recognised the remaining profit in respect of our development management role at Riverbank House, London EC4 and fees for our development management roles at 200 Aldersgate Street, London EC1 and Barts Square. However, during the year we wrote down our remaining sites at Southall, Stockport and Wolverhampton, all of which have subsequently been sold at their written down value. We have also written down to net realisable value our retirement village site at Exeter and our partially let office development at The Hub, Glasgow.

### Share of results of joint ventures

These joint ventures include our share of the investment properties at Clyde Shopping Centre, Clydebank and Barts Square and our development schemes at Europa Centralna Gliwice Poland, Shirley Town Centre West Midlands, Leisure Plaza Milton Keynes and King Street Hammersmith. During the year the Group's share of results from joint venture partners was £2.5m (2011: £2.9m) mainly due to the Group's share of net rental income and the net revaluation surplus from its investment in the Clyde Shopping Centre and Barts Square.

### Gain on sale and revaluation of investment properties

During the year the Group sold investment properties with book values of £50.8m (2011: £27.9m) on which it made a loss of £0.4m (2011: gain of £4.8m). The properties sold included 61 Southwark Street, Aldridge, Hawtin Park, East Grinstead, Fleet, Hailsham, Motherwell and Woolwich. The revaluation surplus for the year was £3.7m (2011: £2.7m).

### Finance costs, finance income and derivative financial instruments

Interest payable on bank loans including our share of loans on assets held in joint ventures but before capitalised interest, increased from £12.9m to £13.9m due to a higher level of average debt during the year more than offsetting the lower average cost of debt. Capitalised interest reduced from £4.2m to £3.3m reflecting the lower level of development stock held during the year. As a consequence of these two movements, total finance costs increased by £1.9m. Finance income earned on cash deposits reduced marginally to £0.6m (2011:£0.7m).

Derivative financial instruments have been valued on a mark to market basis and a charge of £0.3m (2011: credit of £1.8m) has been recognised in the Income Statement.

### Taxation

The deferred tax asset is principally derived from tax losses which the Group believe will be utilised against profits in the foreseeable future.

| **Net finance costs** | **2012 £000** | 2011 £000 | 2010 £000 |
|---|---|---|---|
| Interest payable on bank loans – In company | **10,808** | 9,690 | 10,956 |
| – In joint ventures | **2,223** | 1,693 | 490 |
| Other interest payable and finance arrangement costs | **901** | 1,481 | 1,568 |
| Interest capitalised | **(3,300)** | (4,179) | (3,196) |
| Finance costs | **10,632** | 8,685 | 9,818 |
| Interest receivable | **(583)** | (652) | (1,039) |

## Dividends

The Board is recommending to shareholders at the Annual General Meeting on 24 July 2012 a final dividend of 3.40p per share to be paid on 26 July 2012 to shareholders on the register on 29 June 2012. This final dividend, amounting to £3,972,753 has not been included as a liability at 31 March 2012, in accordance with IFRS.

During the year the Group paid the 2011 final dividend of 3.15p per share and an interim dividend for 2012 of 1.75p per share.

| **Dividends** | **2012 pence** | 2011 pence | 2010 pence |
|---|---|---|---|
| 1st interim | **1.75** | 1.75 | 1.75 |
| 2nd interim | **–** | – | 2.75 |
| Prior period final | **3.15** | 0.25 | 2.75 |
| Total | **4.90** | 2.00 | 7.25 |

## Earnings per share

Earnings and diluted earnings per share in the year to 31 March 2012 were both 6.50p (2011: loss per share of 3.6p) per share. Diluted EPRA earnings per share increased to 3.4p (2011: loss per share 6.4p).

| **Earnings per share** | **2012 pence** | 2011 pence | 2010 pence |
|---|---|---|---|
| Earnings/(loss) per share | **6.5** | (3.6) | 9.1 |
| Diluted earnings/(loss) per share | **6.5** | (3.6) | 9.1 |
| Diluted EPRA earnings/(loss) per share | **3.4** | (6.4) | (0.1) |

Earnings per share calculations are based on the weighted average number of shares held in the year. This is a different basis to the net asset value per share calculations which are based on the number of shares at 31 March 2012.

## Investment portfolio

During the year investment properties with a book value of £51m were sold. New properties of £100m were acquired (including offices in Hammersmith and Chiswick and shopping centres in Corby and Basildon). In addition, around £2m of capital expenditure was spent on refurbishing various office, industrial and retail buildings. At 31 March 2012 there was a revaluation surplus, net of joint venture share, of £3.7m (2011: £2.7m) on the investment portfolio.

| **Investment portfolio** | **2012 £000** | 2011 £000 | 2010 £000 |
|---|---|---|---|
| Valuation at 1 April | **271,876** | 219,901 | 241,287 |
| Additions at cost | **102,750** | 77,864 | 4,192 |
| Disposals | **(50,768)** | (27,902) | (40,438) |
| Joint venture partners share of revaluation | **(646)** | (657) | 1,756 |
| Revaluation | **3,664** | 2,670 | 13,104 |
| Valuation at 31 March | **326,876** | 271,876 | 219,901 |

## Net asset values

Equity shareholders' funds, on which the net asset value per share is calculated, have decreased by £1.7m. This has led to a small decrease in adjusted diluted net assets per share to 217p (2011: 218p). Taking into account the surplus on the directors' valuation of trading and development stock of £34.5m (2011: £32.4m), the diluted EPRA net assets per share decreased by 1% to 250p (2011: 253p).



| **Net asset values per ordinary share** | **2012 pence** | 2011 pence | 2010 pence |
|---|---|---|---|
| Diluted | **217** | 218 | 228 |
| Adjusted diluted | **221** | 225 | 241 |
| Diluted EPRA | **250** | 253 | 272 |
| Diluted EPRA triple NAV | **246** | 246 | 259 |

The net asset value per share calculations are included in Note 32 of this statement.

## Debt and financial risk

Net debt held by the Group has increased during the year from £206.1m to £227.8m. Including the Group's share of net debt of its joint ventures the Group's share of total net debt has increased from £241.3m to £264.2m.

| **Net debt and gearing** | **2012** | 2011 | 2010 |
|---|---|---|---|
| Net debt – Company | **£227.8m** | £206.1m | £203.0m |
| Net debt – Including joint ventures | **£264.2m** | £241.3m | £228.8m |
| Gearing – Company | **90%** | 81% | 84% |
| Gearing – Including joint ventures | **104%** | 94% | 94% |

The fair value of the Group's investment, trading and development portfolio at 31 March 2012 was £459.7m (2011: £451.9m). Including the Group's share of the property portfolio held in joint ventures the fair value of the total portfolio was £572.6m (2011: £532.2m). With the Group's share of total net debt of £264.2m (2011: £241.3m) the ratio of net debt to the value of the Group's share of the property portfolio was 46% (2011: 45%).

The Group seeks to manage financial risk by ensuring that there is sufficient financial liquidity to meet foreseeable needs and to invest surplus cash safely and profitably. The Group has over £65m (2011: £95m) of cash and agreed, undrawn, committed bank facilities as well as £16m (2011: £59m) of uncharged property on which it could borrow funds.

At 31 March 2012 the Group had £120.3m (2011: £75.3m) of fixed rate debt with an average effective interest rate of 4.80% (2011: 5.77%) and an average length of 1.9 years (2011: 2.3 years), and £142.9m of floating rate debt with an average effective interest rate of 3.47% (2011: 2.97%). In addition, the Group had £125m of interest rate caps at an average of 4.7% (2011: £91m at 4.9%). The average maturity of the Group's debt was 2.7 years (2011: 2.1 years).

As at 20 June 2012, Helical's average interest rate was 4.10%.

**Nigel McNair Scott**
Finance Director

20 June 2012

# corporate responsibility



## Introduction

Helical recognises that our business activities impact on the environment and the wider communities in which we operate. As our business involves working with joint venture partners and outsourcing partners, our direct impacts as a business are relatively small. However, we are aware of the influence we can exert through the implementation of responsible environmental and social practices via our partners, contractors and suppliers.

An endorsement of Helical's commitment to managing environment and social impacts is our continued listing in the FTSE4Good Index. The FTSE4Good Index measures the performance of companies that meet globally recognised corporate responsibility standards and facilitates investment in those companies. Maintaining listed status on this Index remains a key priority for Helical, and informs our evolving approach to Corporate Responsibility.

## Managing Corporate Responsibility

Each year we review and update our environmental management system, which has been in place since 2003 and the updated environmental management system, available on the Group's website, is embedded within the operations for Helical. Key elements of the system include:

- 'Environment' and 'Corporate Responsibility' policies which set out Helical's high-level commitment across a number of impacts areas. These are reviewed at Board level annually and are implemented by our senior management team.
- Annual (and rolling) performance targets to enable us to focus our efforts throughout the year on measurable, yet achievable performance goals. This year we have continued to report on energy and water consumption at our large managed multi-let assets and head office, and measured our performance against quantitative targets set in 2011. In addition, we have measured the proportion of waste at our managed assets as well as within our developments.
- Key Performance Indicators (KPIs) to help us monitor progress towards these targets and to ensure that we are able to report in line with investor disclosure requirements, notably FTSE4Good. Although, it should be acknowledged that our particular business model with regard to buying and selling of assets means that absolute performance measures can be difficult to compare year on year, hence this year we are also reporting selected intensity KPIs.
- A checklist to assist us in applying minimum sustainability requirements across our development activities. In collaboration with our consultants, we developed a sustainability project management checklist to ensure that sustainability issues are incorporated into all decisions throughout the development lifecycle. This has been expanded this year to include a Contractor's Checklist to ensure that individual contractors address our corporate goals at the construction stage.
- Effective use of internal evaluation and review through quarterly meetings of key Helical personnel, external corporate responsibility advisors and principal managing agents to ensure effective delivery of the objectives and targets.

The management system we have developed has been designed specifically to reflect the flexibility of Helical's business model. It also reflects the key role that our partners play in delivering enhanced sustainability outcomes in all our business ventures, be they developments such as the ongoing refurbishment project at Broadway House, Hammersmith, or in the management of individual multi-let assets such as at Shepherds Building or Silverthorne Road, Battersea.

## Review of progress in the year to 31st March 2012

We manage our environmental and social impacts because there are business benefits in doing so. These benefits include increased ability to secure planning consent, improved marketability of assets to prospective tenants, reduced operating costs of assets, mitigating the risk of future legislation and regulation, and enhanced corporate reputation.

Below we outline our progress in relation to the each of our Corporate Responsibility impact areas.

## Environment

Our high-level corporate commitment to environmental issues is outlined in the Group's Environmental Policy which can be found on the company website. The Policy details our commitments across a range of impact areas and our development and property management activities. In 2011–12, Helical set itself 21 targets to guide the Environmental element of its Corporate Responsibility programme over the following 12 months. These targets addressed a range of impacts arising from our development and property management activities, including resource use and waste production, pollution, biodiversity, tenant engagement, flood risk and sustainable design and construction. A full list of these targets can be found on the Helical website. The performance against the key targets is summarised below.

- At out Head office at Farm St, we comfortably achieved our targets of a 2% reduction in water use and energy, with a significant reduction in water use of 78% and a reduction of 22% gas use and 7% electricity use. This reflects an ongoing efficiency and internal awareness of how we use and manage our offices.
- At our managed multi-let offices, we continue to improve energy and water efficiency through the implementation of low and no cost measures. The specific target for 2011 was to achieve a 5% improvement against the 2010 baseline. A review of the data in the table below shows that performance is variable across the portfolio with the properties generally showing an overall increase in consumption. This reflects increasing occupancy and changes to the portfolio structure. An additional performance measure of average utilisation of kWh/sqm for electricity and gas is provided for the portfolio this year and shows a general trend of a year on year decrease. An equivalent assessment is made of average water consumption which shows a very pleasing downward trend to below 0.5 $m^3/m^2$. For the first time this year we have also included reporting of our managed shopping centres.
- We continue to offer recycling facilities at all our managed assets. The success of our approach was particularly demonstrated at Corby Shopping Centre where our managing agents Ashdown Phillips were awarded a Shining Star of the Year award in the National Recycling Stars Awards for 2011. At our other managed assets we comfortably exceeded our ongoing target of a recycling rate of at least 35%.

- One ongoing target is to proactively engage with our tenants to encourage improvements in efficiency of use of the buildings. A tenants engagement poster has been designed for use within each of the principal managed assets and is displayed in public areas to help achieve this aim. Following from this, individual property managers have engaged with the larger tenants to try and see if there are ways in which efficiencies can be made. The success of this holistic approach to environmental management was demonstrated by Clyde Shopping Centre which won a Green Apple award in November 2011 for the 'Big Steps – Smaller Footprints' initiative. Through a combination of regular communication with tenants and staff, promoting good practice with regard to recycling and energy use and encouraging eco friendly groups to use the centre to promote the message achieved significant reductions in both electricity consumption and waste disposed to landfill.
- There was limited activity throughout 2011–12 with regard to construction projects. The ongoing refurbishment of Broadway House at Hammersmith was the only project on site and the corporate objective of achieving a minimum of 50% waste recycling was achieved.

In addition, the Group has maintained its registration with CRC and has purchased 5,198 carbon allowances for the year 2011–12 based on the reported emissions of the portfolio as a whole.

Below we present our utility consumption performance for multi-let buildings under management as well as our head office (where data availability permits).



### Head Office and Multilet offices

| | Electricity 2008–09 kWh | Electricity 2009–10 kWh | Electricity 2010–11 kWh | Electricity 2011–12 kWh | Gas 2008–09 kWh | Gas 2009–10 kWh | Gas 2010–11 kWh | Gas 2011–12 kWh |
|---|---|---|---|---|---|---|---|---|
| 11–15 Farm Street, London W1 | 209,439 | 161,822 | 134,531 | 125,101 | 66,929 | 78,659 | 45,904 | 35,753 |
| 80 Silverthorne Road, Battersea, London SW8 | 2,226,416 | 2,398,007 | 2,250,701 | 2,236,552 | 1,194,606 | 1,331,818 | 1,255,766 | 1,378,455 |
| 82 Silverthorne Road, Battersea, London SW8 | – | – | – | 305,171 | – | – | – | 222,501 |
| 61 Southwark St, London SE1 (sold 2011-12) | 900,553 | 906,531 | 992,777 | – | 567,217 | 567,370 | 525,614 | – |
| Shepherds Building, London W14 | 3,376,730 | 3,367,740 | 3,397,545 | 3,380,916 | No gas | No gas | No gas | No gas |
| The Hub, Glasgow | – | – | 328,436 | 374,277 | – | – | 392,587 | 513,019 |
| Net lettable area sq ft (sq metres) | 274,000 (25,455) | 325,000 (30,193) | 385,000 (35,767) | 318,000 (29,542) | 123,000 (11,427) | 174,000 (16,165 ) | 234,000 (21,739) | 167,000 (15,514) |
| Average utilisation kWh/sq m | 255 | 221 | 195 | 213 | 154 | 117 | 100 | 136 |

| | Water 2008–09 $m^3$ | Water 2009–10 $m^3$ | Water 2010–11 $m^3$ | Water 2011–12 $m^3$ |
|---|---|---|---|---|
| 11–15 Farm Street, London W1 | 3,857 | 2,800 | 2,479 | 538 |
| 80 Silverthorne Road, Battersea, London SW8 | 5,366 | 4,703 | 5,017 | 4,480 |
| 82 Silverthorne Road, Battersea, London SW8 | – | – | – | 423 |
| 61 Southwark St, London SE1 | 3,772 | 6,706 | 4,506 | – |
| Shepherds Building, London W14 (sold 2011-12) | 9,092 | 6,989 | 8,494 | 6,724 |
| The Hub, Glasgow | – | Not available | Not available | Not available |
| Net lettable area sq ft (sq metres) | 274,000 (25,455) | 325,000 (30,193) | 325,000 (30,193) | 258,000 (23,968) |
| Average utilisation $m^3$/sq m | 0.72 | 0.61 | 0.60 | 0.49 |

## Shopping Centres

| | Electricity 2011–12 kWh | Gas 2011–12 kWh | Water 2011–12 kWh |
|---|---|---|---|
| The Guineas Shopping Centre, Newmarket | 56,231 | 356,845 | 168 |
| Idlewells Shopping Centre, Sutton-in-Ashfield | 397,985 | 2,058 | 1,377 |

Notes:
- No gas' refers to assets where gas is not used on site
- '–' refers to assets that were under construction at time of data reporting
- Not available' refers to data not available at time of reporting e.g. inaccessible water meters

Going forward for 2012–13, the suitability of the targets will be reviewed against the performance for 2011–12 and revised accordingly to remain challenging yet achievable.

### Employees

As at 31 March 2012, we employed a team of 28 people in UK, 36% of whom are women. We continue to enforce our equal opportunities, harassment and sexual discrimination policies. We also continue to monitor compliance with our whistle blowing policy. There have been no incidents to report against this policy to date.

High levels of staff retention remains a key feature of our business. One person left during the reporting year, who was replaced, and one member of staff was employed on a temporary contract to provide maternity leave cover. We retain a highly skilled and experienced team and the table below shows a breakdown of our staff by length of service.

| | Total number of staff | Average length of service (years) |
|---|---|---|
| Directors and management | 10 | 14 |
| Finance | 8 | 9 |
| Administration | 10 | 7 |

Our staff retention levels not only reflect competitive remuneration and benefits packages but also our commitment to enhancing the professional and personal skills of our team. During 2011 we provided an average of 12.39 hours of training per employee, an increase on last year. As in previous years, we continue to evaluate training needs in line with business objectives.

### Communities

Helical takes a strong interest in community issues. Community engagement is an on-going concern throughout the development process, from planning until development completion and operation. The following examples demonstrate how community engagement has benefited the communities that we work with over the past year.

- We have made a number of in-kind contributions through our Clyde Shopping Centre in Clydebank. The shopping centre provides either a unit or outdoor space for a wide variety of charities and community groups which enables these groups to promote their activities and raise money. Charities supported in this way included British Heart Foundation, Help for Heroes, National Association for the Blind, British Legion Poppy Appeal and various local community groups such as the local fire, police and prison service. The local charity of the year for several years now has been Lakelands Hospice which runs a hospice on the Oakley Vale Estate for which various initiatives are facilitated by the shopping centre throughout the year. In addition, the centre manager is Chair of Governors at Lodge Park Technology College and provides a considerable amount of his time in this role.
- At our Newmarket shopping centre we jointly sponsored 'Horse about Newmarket', a community art event, featuring life size acrylic horses, which were creatively designed and painted by local artists, companies and schools. The equine works of art were displayed to the general public at various locations throughout the town during the summer of 2011 and subsequently we purchased one of the horses which is on display within the centre. All profits generated were shared between Racing Welfare and St Nicholas Hospice. In addition, the shopping centre worked closely with the Newmarket Retailers Association to promote the "Strictly Come Newmarket Competition" with a remit of bringing new business to town and not something already existing. As a result, 7 new businesses opened in Newmarket of which The Guineas Shopping Centre has 3.

- Idlewells Shopping Centre, Sutton-in-Ashfield has taken the lead role in producing a bid for a share of £1 million funding from the Government to assist town centre improvements under the Mary Portas town centre pilot scheme. The shopping centre is working with local community groups including Sutton Town Centre Group, Sutton Centre Community College, the District Council and a large number of other retail businesses and organisations within the town centre. The initiative involved the production of a YouTube video and a detailed proposal of how the money would be used locally to deliver long term sustainable benefits for the town. Other initiatives include a 'charity giving tree' within the centre, encouraging customers and retailers to donate gifts – three days before Christmas these were delivered to a local hospice for distribution to both residents and out-patients
- Silverthorne Road, Battersea undertakes a number of community initiatives including hosting occasional events and exhibitions and has an on-going arrangement with Wandsworth Council in support of the proposed Nine Elms Development which includes Battersea Power Station, the new US Embassy and other commercial, entertainment and residential developments. It also offers free space to a local charity for meetings of their management and the people they support and actively supports seasonal charitable projects and donates recycled items for the benefit of the British Heart Foundation.

We continue to make corporate donations to charity. We contributed £21,742 to charitable causes during 2011–12 which includes donations to: Land Aid, Save The Children, Round Square (educational charity) and the Winchester Cathedral Trust.

## Health & Safety

Helical's Health & Safety policy aims to develop a corporate culture that is committed to the prevention of injuries and ill health to its employees or others that may be affected by its activities. The Board of Directors and senior staff are responsible for implementing this policy and ensure that health and safety considerations are always given priority in planning and in day-to-day activities. Our Health & Safety Policy was reviewed and updated in January 2012 to reflect the latest legislative and regulatory developments. There has been one reportable RIDDOR incident within the portfolio during 2011–12 which was a minor slip incident in our Idlewells Shopping Centre. Our Health & Safety policy can be found on the Group's website.

## Suppliers

Fair treatment of suppliers remains a key priority for Helical, particularly in challenging market conditions where smaller suppliers in particular may rely on our payments for balanced cash flow. The company's policy is to settle all agreed liabilities within the terms established with suppliers.

# governance

# corporate governance review

At Helical we believe that Corporate Governance is of fundamental importance in delivering, for shareholders, long-term success through the effective, entrepreneurial and prudent management of the Company. The Board of Helical is collectively responsible for providing the entrepreneurial leadership of the Company within a framework of controls and reporting structures which assist in pursuing its strategic aims and business objectives.

## The UK Corporate Governance Code (the "Code")

The Board is accountable to the Group's shareholders for good corporate governance.

We believe in applying the highest principles of corporate governance and, except where stated below, have complied throughout the year with the principles as set out in the section of the UK Corporate Governance Code ("Code") headed "The Main Principles of the Code". The Group also takes into account the corporate governance guidelines of institutional shareholders and their representative bodies.

### – Appointment of Chairman

Following the retirement of the current Chairman, Giles Weaver, at this year's AGM the Nominations Committee is intending to appoint current Finance Director Nigel McNair Scott as Chairman of the Company, subject to his being re-appointed a director at the AGM. The Code requires that a new chairman should satisfy, on appointment, the independence criteria set out in provision B.1.1 and Nigel will not satisfy this Code provision on appointment. The Committee has engaged in an extensive consultation process with shareholders and representative bodies, explaining its reasons for the proposed appointment and has received indications that there will be considerable support for Nigel's re-election at the AGM and his appointment as Chairman at the conclusion of the AGM. In proposing this appointment, the Committee is conscious of non-compliance with the Code and has sought to strengthen shareholder protections by the appointment of two new, independent, non-executive directors, Richard Gillingwater and Richard Grant. Richard Gillingwater, who has an exceptional record of service on the Boards of many of the UK's listed companies, details of which are noted in his biography on page 47, will become the Senior Independent Director. Richard Grant is the Finance Director of Cadogan Estates Limited and a former partner of PwC. He will be the Chairman of the Audit Committee. In his role as Senior Independent Director, Richard Gillingwater will take on the responsibility for liaising with shareholders and their representative bodies regarding the governance of the Company and will also be responsible for undertaking the annual directors' evaluation process. He will hold meetings of the independent non-executive directors separately from the rest of the Board to ensure that any issues may be discussed without the presence of a non-independent director. The Committee believes this will provide shareholders with sufficient comfort that the governance of the Company and the review of its Board procedures and processes are not compromised by a perceived lack of independence.

### – Composition of the Board

The Code requires a Board to have an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively. Helical operates with a strong management team of senior decision-makers backed up by finance and other support staff. Given its size the Board does not consider it appropriate to operate both a main board and a separate executive committee, a structure commonly seen in larger companies. However, despite its size, the Group is keen to promote exceptional talent to Board level at the earliest opportunity to expose such individuals to the broader issues facing the business, encourage their long term commitment to the Group and to provide for future succession. It is for these reasons that Helical's Board of six executive directors' is larger than those of other comparable listed real estate companies.

Provision B.1.2 of the Code notes that companies such as Helical, which are below the FTSE350, are required to have at least two independent non-executive directors. The Board has determined, however, that in Helical's case a total of four independent non-executive directors is appropriate to balance the current executive team, to provide the experience and advice that the executive team seeks and to ensure the interests of shareholders and other stakeholders are adequately protected. In the year to 31 March 2012, the team of non-executive directors included Antony Beevor, who was appointed to the Board in April 2000 and has, therefore, served as a non-executive director for 12 years. In the view of the Board, Antony provides a robustly independent approach to his position as a non-executive and to his roles as Senior Independent Director and Chairman of the Audit Committee. However, Antony is stepping down at this year's AGM and will be succeeded as Senior Independent Director by Richard Gillingwater and as Chairman of the Audit Committee by Richard Grant.

In the Board's view, the composition of the Board will continue to have an appropriate balance of skills, experience, independence and knowledge of the Company as required by the Code.

### – Notice of Annual General Meeting

The code recommends that the Notice of AGM and related papers be sent to shareholders at least 20 workings days before the meeting. For the 2011 AGM the Notice and related papers were sent out 17 working days before the AGM.

## Chairman and Chief Executive

The Chairman and the Chief Executive collectively are responsible for the leadership of the Company. The Chairman's primary responsibility is for leading the Board and ensuring its effectiveness, whilst the Chief Executive is responsible for running the Company's business. The division of responsibilities is clearly established at Helical, is set out in writing and is approved by the Board. Following the proposed changes to the Board, the Chairman of Helical will be Nigel McNair Scott and the Chief Executive will continue to be Michael Slade.

## Board responsibilities

The main purpose of the Board of Helical Bar plc is to create and deliver the long term success of the Group and returns for its shareholders. The Board is collectively responsible for providing the entrepreneurial leadership of the Group within a framework of controls and reporting structures which assist the Group in pursuing its strategic aims and business objectives. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that the Group's obligations to its shareholders and others are understood and met.

All directors take decisions objectively in the interests of the Group. As part of their roles as members of the Board, non-executive directors constructively challenge and help develop proposals on strategy and the risk appetite of the Group. Non-executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning. In addition to Boardroom discussions, the Chairman contacts other non-executive directors by telephone and, if appropriate, will hold meetings with the non executive directors without the executive directors present.

The Board has a schedule of matters specifically reserved to it for decision. The Board controls the business but delegates day-to-day responsibility to the executive management. However, there are a number of matters which are required to be or, in the interests of the Group, should only be, decided by the Board of Directors as a whole. A summary of the decisions reserved for the Board is set out below:

Schedule of matters reserved for the Board:

- Strategy and management – responsibility for the overall management of the Group; approval of the Group's long-term objectives and commercial strategy; approval of annual administration budgets; oversight of the Group's operations; extension of the Group's activities into new business areas; any decision to cease to operate all or any material part of the Group's business.
- Structure and capital – changes to the Group's capital structure; major changes to the Group's corporate structure; changes to the Group's management and control structure; changes to the Group's listing or plc status.
- Financial reporting and controls – approval of interim and preliminary announcements; approval of annual report and accounts, including the corporate governance statement and the directors' remuneration report; approval of dividend policy; approval of significant changes in accounting policies or practices; approval of treasury policies.
- Internal controls – ensuring maintenance of a sound system of control and risk management.
- Communication – approval of resolutions and documentations to be put to shareholders in general meeting; approval of press releases concerning matters decided by the Board.
- Board membership and other appointments to senior management.
- Both appointment and removal of the Company Secretary.
- Corporate governance matters including directors' performance evaluations.
- Approval of policies including code of conduct incorporating whistle-blowing procedures; share dealing code; health and safety policy; environmental and corporate social responsibility policy; implementation of procedures required by the Bribery Act 2010 and equal opportunity policy.

## Members of the Board

The current members of the Board comprise a Chairman, six executive directors and four non-executive directors. The Chairman is Giles Weaver. The executive directors are Michael Slade (Chief Executive), Nigel McNair Scott (Finance Director), Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker. The non-executive directors are Antony Beevor (Senior Independent Director), Andrew Gulliford, Wilf Weeks and Michael O'Donnell.

Giles Weaver, Antony Beevor and Wilf Weeks will not be offering themselves for re-election at the 2012 Annual General Meeting having served on the Board for 18, 12 and 7 years respectively. Nigel McNair Scott will offer himself for re-election as a director and if re-elected, will be appointed Chairman of the Company and Chairman of the Nominations Committee. He will not be a member of the Audit or Remuneration Committees. Immediately following the AGM Tim Murphy, currently the Deputy Finance Director and Company Secretary, will be appointed Finance Director, and Richard Gillingwater and Richard Grant will be appointed to the Board as non-executive directors. Richard Gillingwater will become the Senior Independent Director and a member of the Nominations, Audit and Remuneration Committees. Richard Grant will become Chairman of the Audit Committee and a member of the Nominations and Remuneration Committees.

Further details, including biographies and shareholdings in the Company, can be found on pages 47 and 48.

## Attendance at Board and Committee meetings during the year

In addition to ad hoc meetings arranged to discuss particular transactions and events and the 2011 AGM, the full Board met on six occasions during the year under review. The attendance record of the directors at these meetings and at meetings of the Board's committees is shown in the table below.

| | Full Board | Audit Commitee | Remuneration Committee | Nominations Committee |
|---|---|---|---|---|
| Giles Weaver | 6/6 | n/a | n/a | 4/4 |
| Michael Slade | 6/6 | n/a | n/a | n/a |
| Nigel McNair Scott | 6/6 | n/a | n/a | n/a |
| Gerald Kaye | 6/6 | n/a | n/a | n/a |
| Matthew Bonning – Snook | 6/6 | n/a | n/a | n/a |
| Jack Pitman | 6/6 | n/a | n/a | n/a |
| Duncan Walker | 4/4 | n/a | n/a | n/a |
| Antony Beevor | 6/6 | 3/3 | 4/4 | 4/4 |
| Wilf Weeks | 5/6 | 2/3 | 3/4 | 3/4 |
| Andrew Gulliford | 6/6 | 3/3 | 4/4 | 4/4 |
| Michael O'Donnell | 4/4 | 1/1 | 2/2 | 1/1 |

## Annual evaluation of the Board and its Committees

The annual evaluation process involves each director submitting an appraisal in respect of the performance of the main Board, of each member of the Board and in respect of each Board Committee of which they are a member. The non-executive directors, led by the Senior Independent Director, are responsible for the performance evaluation of the Chairman, taking into account views of executive directors. Each director completes an evaluation of the Chairman's performance and provides this evaluation to the Senior Independent Director.

During the year the Board undertook a formal evaluation of its own performance and that of its Committees and individual directors in the period and the Chairman reported the results of that evaluation process to the Board. The most significant issue arising from the evaluation process concerned the succession of the current Chief Executive, Michael Slade. In the light of this issue being raised the Chairman engaged in a review of the business needs of the Company with regard to the composition of the Board. The Chief Executive, Michael Slade, was asked to continue his tenure on the Board for the next five years and, as referred to in the Letter from the Chairman of the Nominations Committee on page 45, he confirmed his willingness and enthusiasm to continue leading the Company for that period. The Senior Independent Director reported that there were no matters arising from the evaluation of the Chairman that necessitated any action or required a meeting to be held without the Chairman present.

## Directors – information and professional development

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and its directors are free to seek any further information they consider necessary. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

The Board ensures that directors, especially non-executive directors, have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as directors. Training is available for new directors and other directors as necessary. All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are complied with.

## Committees of the Board

The report of the Chairman of the Remuneration Committee and the report of the Chairman of the Audit Committee are found on pages 49 and 57 respectively of this Annual Report. The report of the Nomination Committee can be found on page 45.

## Relations with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance, Board membership and quality of management. It therefore holds regular meetings with, and presentations to, its institutional shareholders to discuss its results and objectives. The Group also regularly meets, with the help of its brokers, institutions that do not currently hold shares in the Group to inform them of its objectives. Michael Slade, as Chief Executive, attends most of these meetings and is usually accompanied by one of the other executive directors.

Since the end of the financial year under review, Andrew Gulliford as Chairman of the Remuneration Committee, has engaged with principal shareholders (holding more than 3% of the Company's shares) and shareholder representative bodies, to seek their approval for a new, codified, Performance Related Cash Bonus Scheme as detailed on page 53.

The Chairman, Giles Weaver, has also engaged with principal shareholders and shareholder representative bodies since the year end, regarding the proposed changes to the Board due to become effective on the date of the Annual General Meeting.

The AGM is used to communicate with private investors and they are encouraged to participate. The Chairman, Senior Independent Director and members of the Audit, Remuneration and Nominations Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to consider the annual report and accounts. The Group counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

The Group communicates with all shareholders through the issue of regular press releases and through its website at www.helical.co.uk. The Group receives regular reports from sector analysts and its investor relations advisors on how it is viewed by its shareholders.

## Internal control and risk management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. Such a system is designed to manage, but cannot eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The key features of the Group's system of internal control are as follows:

- clearly defined organisational responsibilities and limits of authority. The day-to-day involvement of the executive directors in the running of the business ensures that these responsibilities and limits are adhered to;
- financial controls and review procedures;
- financial information systems including cash flow, profit and capital expenditure forecasts. The Board receives regular and comprehensive reports on the day-to-day running of the business;
- an Audit Committee which meets with the auditors and deals with any significant internal control matter. In the year under review the Committee met with the Auditors on two occasions.

The Board is responsible for the management of the Group's risk profile. An analysis of the Group's risk strategy can be found on page 7.

## Internal audit

The Board reviewed its position during the year to 31 March 2012 and reaffirmed its stance that in view of the relatively small size of the Group it does not consider that an Internal Audit function would provide any significant additional assistance in maintaining a system of internal controls.

## Charitable and Political Donations

The Company continues to support charitable causes and in the year to 31 March 2012, made charitable donations of £21,742. Further details are provided in the Corporate Responsibility Report on page 39. The Company's policy with regard to political donations is to ensure that shareholder approval is sought before making any such payments. No shareholder approval has been sought and, accordingly, the Company made no political donations in the year to 31 March 2012.

## Going Concern

The directors have reviewed the current and projected financial position of the Group making reasonable assumptions about future trading performance.

The key areas of sensitivity are:

- Timing and value of property sales
- Availability of loan finance and related cash flows
- Future property valuations and its impact of covenants and potential loan repayments:
- Committed future expenditure
- Future rental income and bad debts
- Payment timings and value of trade receivables

The forecast cashflows have been sensitised to eliminate those cash inflows which are less certain and to take account of a further deterioration of property valuations. From their review the directors believe that the Group has adequate resources to continue to be operational as a going concern for the foreseeable future.

# letter from the chairman of the nominations committee

Dear shareholder,

In accordance with the UK Corporate Governance Code, the role of the Committee, and my primary responsibility as its Chairman, is to ensure that the Company is headed by an effective Board which is collectively responsible for the long-term success of the Company. This is best achieved through the provision of entrepreneurial leadership and a talented executive team, supported by committees with an appropriate balance of skills, experience, independence and knowledge of the company to be able to constructively challenge and assist the executive team in achieving its objectives. In the year to 31 March 2012, the Committee comprised Antony Beevor, Andrew Gulliford, Wilf Weeks, Michael O'Donnell (from June 2011) and me.

During the year, the main focus of the Committee was succession planning, both for the executive team and the non-executive directors. In early 2011 the Committee identified a need for an additional independent non-executive director and appointed search firm, Hanson Green, to assist in this process. After considering a number of candidates, the Committee recommended to the Board the appointment of Michael O'Donnell, who was appointed to the Board on 24 June 2011. At the same time the Committee also recommended to the Board the promotion of Duncan Walker who joined the Company in August 2007. Duncan has primary responsibility for the Company's retail investments.

The results of the annual Board evaluation process held during the year identified a number of other succession issues. The Company's Chief Executive, Michael Slade, joined the Board in 1985 and turned this previously small engineering company into a highly successful real estate company. He has led the Company for over 25 years and is the Company's largest shareholder. I have asked Michael to consider continuing in his current position of Chief Executive for the next five years and am pleased that he has indicated his willingness and enthusiasm to do so. The Company's Finance Director, Nigel McNair Scott, has been in charge of the finances since 1987 and has informed the Committee that he intends to retire as Finance Director at the forthcoming Annual General Meeting. In addition, I have been on the Board for nearly 19 years, the last seven as Chairman. Antony Beevor, Chairman of the Audit Committee, has been on the Board for 12 years. Both Antony and I are considered to be non-independent under Corporate Governance best practice and we both believe it is appropriate that we stand down from the Board. Wilf Weeks has also indicated his wish to retire from the Board. The consequence of these changes is that we are looking to make a number of new appointments to the Board immediately after the Annual General Meeting.

Tim Murphy, who joined the Company in 1994, will be promoted to Finance Director at the conclusion of the Annual General Meeting and will retain his role as Company Secretary until a suitable successor is appointed. The executive team will, therefore, comprise Michael Slade, Tim Murphy, Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker.

In the knowledge of the proposed changes, the Committee has undertaken a review of the balance of the Board and set out a number of objectives in its search for new non-executive directors. In the light of my imminent retirement, the main concern of the Committee has been to ensure that the long term succession issue of who is to replace Michael Slade as Chief Executive is handled by a Chairman with a good understanding of the Company. I am pleased that Nigel McNair Scott has accepted the request of the Committee to continue his involvement with the Company and to act as Chairman following my retirement. Conscious that this appointment may not be seen to be in accordance with best practice under the UK Corporate Governance Code, we have engaged in an extensive consultation process with shareholders and representative bodies and have received indications that there will be considerable support for Nigel's re-election at the AGM and his appointment as Chairman at its conclusion.

Since Nigel will not be regarded as independent, the Committee determined that it is essential that the Board be strengthened by the appointment of two new independent directors. The Committee appointed search firm Norman Broadbent to assist in this process. Their brief was to provide a list of potential candidates to satisfy two perceived gaps in the ongoing non-executive team. The first was for a director with City experience who could become the Senior Independent Director and provide a significant level of leadership and support for the rest of the non-executive team. The second was for a director who has recent and relevant financial experience to replace Antony Beevor as Chairman of the Audit Committee. In considering potential candidates, the Committee, conscious of the recommendations of Lord Davies, asked Norman Broadbent to ensure that women candidates were identified and included in their search.

After an extensive search, and having interviewed a number of strong candidates, I am pleased that we have identified two excellent individuals in Richard Gillingwater, who will become the Board's Senior Independent Director, and will serve on all the Board's committees, and Richard Grant, who will serve as the Chairman of the Audit Committee and as a member of the other two committees. Further details of these two new directors appear on page 47. Both of these appointments will become effective immediately after the Annual General Meeting and at that point the non-executive team of directors will comprise Nigel McNair Scott (Chairman), Richard Gillingwater (Senior Independent Director), Andy Gulliford (Chairman of the Remuneration Committee), Richard Grant (Chairman of the Audit Committee) and Michael O'Donnell.

I am extremely grateful to the two continuing non-executive directors, Andy Gulliford and Michael O'Donnell, who have been instrumental in the process of appointing these new directors.

With regard to my retiring colleagues, Antony and Wilf, I would very much like to thank them for their substantial contribution to your Company for many years and particularly to Antony for his masterful management of the Audit Committee.

### Annual General Meeting

At the Annual General Meeting to be held on 24 July 2012 the following resolutions relating to the appointment of directors are being proposed:

- The re-election of Nigel McNair Scott as a director who will subsequently be appointed non-executive Chairman;
- The re-election, as executive directors, of Michael Slade, Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker; and,
- The re-election, as independent non-executive directors, of Andy Gulliford and Michael O'Donnell.

I trust that shareholders will support the Committee and vote in favour of these resolutions.

It has been a privilege to serve on this exceptional Company's Board for 19 years and to be Chairman for seven years. I shall be sad to relinquish my association with such a dynamic and successful team of people after so long. However, I believe that the Company, the executives and the portfolio of investment properties and developments are poised for a successful future. This success should be further enhanced by a refreshed Board and a new Chairman.

**Giles Weaver**
Chairman of the Nominations Committee

20 June 2012

# report of the nominations committee

## The nominations committee

The Nominations Committee is chaired by Giles Weaver. The other members of the Committee during the year under review were Antony Beevor, Andrew Gulliford, Wilf Weeks and Michael O'Donnell (on his appointment to the Board). None of the Committee members has any personal or financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business. At the 2012 AGM, Giles Weaver, Antony Beevor and Wilf Weeks will retire from the Committee (and the Board). Immediately following the 2012 AGM Nigel McNair Scott will be appointed Chairman of the Committee and Richard Gillingwater and Richard Grant will be appointed to the Committee.

## Board appointments

Appointments to the Board and its Committees are made on merit and against objective criteria. Care is taken to ensure that appointees have enough time available to devote to the job. The Nominations Committee controls the process for Board appointments and makes recommendations to the Board.



The terms of reference of the Nominations Committee are available by request and are included on the Group's website at www.helical.co.uk.

## Advisors to the Committee

During the year under review the Committee appointed search consultants Hanson Green and Norman Broadbent to assist in identifying candidates for appointment to the Board as non-executive directors.

## The work of the Nominations Committee in the year

The Committee met four times during the period and a record of attendance at these meetings is shown above. Including the matters referred to in the Letter from the Chairman of the Nominations Committee on page 45, the Committee considered the following matters during the year:

- The results of the annual directors' evaluation process;
- The promotion of Duncan Walker to executive director in June 2011;
- The appointment of Hanson Green and the subsequent appointment of Michael O'Donnell as an independent non-executive director in June 2011;
- The re-election of directors at the 2011 Annual General Meeting;
- The appointment of Norman Broadbent to assist in identifying candidates for appointment as independent directors; and,
- The preparation of a job specification for the appointment of a new Chairman of the Company.

## Shareholder consultation

On appointment as the new Chairman of the Company, Nigel McNair Scott will not be regarded as independent by shareholders and their representative bodies. In the light of this, the current Chairman, Giles Weaver, has conducted an extensive consultation exercise with the Company's largest investors and representative bodies, to explain the rationale behind this appointment. Whilst concern has been expressed by some shareholders that such an appointment is not in accordance with the UK Corporate Governance Code, the Committee is confident that Nigel McNair Scott is the most appropriate candidate for the role. This role will specifically require him to ensure that the long term succession issue of who replaces Michael Slade as Chief Executive is handled in the best interests of shareholders. In discharging this task, he will be assisted by four independent non-executive directors, from whom the next Chairman of the Company is expected to be identified.

## Directors' re-election

The Committee has been informed that Giles Weaver (Chairman), Antony Beevor and Wilf Weeks will not be offering themselves for re-election at the 2012 Annual General Meeting, to be held on 24 July 2012. Nigel McNair Scott will offer himself for re-election and, if re-elected, be appointed non-executive Chairman of the Company. The Board continues to believe that the requirements of Code Provision B.7.I of the UK Corporate Governance Code, issued in June 2010, should be fulfilled. This provision requires all directors of FTSE350 companies to be subject to annual re-election by shareholders. Whilst the Company is no longer in the FTSE350 the Board has chosen to comply with this provision as it accepts that shareholders should annually have the right to vote on each director's re-election to the board. The Nominations Committee confirms to shareholders that, following the annual formal performance evaluation, these directors continue to be effective and demonstrate commitment to their roles.

Biographical details of the directors are given on page 47.

# the board of directors and senior management

## Chairman

Giles Weaver, FCA, was appointed to the Board as a non-executive director in 1993 and was appointed Chairman following the 2005 AGM. He is Chairman of the Nominations Committee. A past Chairman of Murray Johnstone Ltd, he is Chairman of Tamar European Industrial Fund Limited and a director of Aberdeen Asset Management plc and IRP Property Investments Limited as well as being Chairman or a director of a number of investment companies. Giles is to retire at the 2012 AGM. Aged 66.

## Executive directors

### Chief Executive

Michael Slade, BSc (Est Man) FRICS FSVA, joined the Board as an executive director in 1984 and was appointed Chief Executive in 1986. He is President of Land Aid, the property industry charity, Chairman of the Property Forum, a Fellow of the College of Estate Management, Fellow of Wellington College, a Trustee of Purley Park and Sherborne School Foundation and Vice Admiral of the Marie Rose Trust. Aged 65.

### Finance Director

Nigel McNair Scott, MA FCA FCT, joined the Board as a non-executive director in 1985 and was subsequently appointed Finance Director in 1987. He is Chairman of Reaction Engines Limited, a former Chairman of Avocet Mining plc and a former director of Johnson Matthey plc and Govett Strategic Investment Trust. Aged 66.

### Director

Gerald Kaye, BSc (Est Man) FRICS, was appointed to the Board as an executive director in 1994 and is responsible for the Group's development activities. He has been responsible for completing over 4 million sq ft of offices, retail, leisure and industrial developments. Gerald is the Past President of the British Council for Offices and a trustee of The Prince's Regeneration Trust. He is a former director of London & Edinburgh Trust Plc and former Chief Executive of SPP. LET. EUROPE NV. Aged 54.

### Director

Matthew Bonning-Snook, BSc (Urb Est Surveying) MRICS, was appointed to the Board as an executive director in 2007. Prior to joining Helical in 1995 he worked for Richard Ellis (now CBRE), and oversees many of Helical's office and mixed use developments. Aged 44.

### Director

Jack Pitman, MA (Cantab) MRICS, was appointed to the Board as an executive director in 2007. Before joining the Group in 2001 he was a director of Chester Properties Ltd. He is responsible for the Group's retirement village portfolio and its investment activities. Aged 43.

### Director

Duncan Walker, MA (Hons) (Oxon), PG Dip Surveying, joined the Group in 2007 and oversees a portfolio of investments and developments. In particular, he is responsible for the recent acquisition of Helical's shopping centres. Prior to joining Helical, Duncan led Edinburgh House Estate's investment team. Aged 33.

## Non-executive directors

Antony Beevor, MBE, BA, was appointed to the Board as a non-executive director in 2000. He is the Senior Independent Director and Chairman of the Audit Committee. He is also a member of the Remuneration and Nominations Committees. A former Head of Corporate Finance at Hambros Bank and former Chairman of Croda International Plc, he is a Deputy Chairman of the Takeover Panel. Antony is to retire at the 2012 AGM. Aged 72.

Andrew Gulliford, BSc (Est.Man), FRICS, was appointed to the Board as a non-executive director in 2006. He is Chairman of the Remuneration Committee and a member of the Audit and Nominations Committees. A former Deputy Senior Partner of Cushman & Wakefield Healey & Baker, he is a non-executive director of McKay Securities PLC, IRP Property Investments Limited and various other companies. Aged 65.

Wilf Weeks, OBE, was appointed to the Board as a non-executive director in 2005. He is a member of the Audit, Remuneration and Nominations Committees. Founder and Chairman of GJW Government Relations, he is a former Chairman of European Public Affairs at Weber Shandwick. Wilf is to retire at the 2012 AGM. Aged 64.



Michael O'Donnell was appointed to the board in June 2011. He is a former Managing Director of LGV Capital (formerly Legal & General Ventures), a private equity firm where he was responsible for a number of successful investments in fast growing businesses, often with a significant property element. In 2009 he established Ebbtide Partners, a consultant to, and investor in, private companies. He is a member of the Nominations, Audit and Remuneration Committees. Aged 45.

## New non-executive directors (to be appointed after the 2012 AGM)

Richard Gillingwater, CBE, is the Dean of Cass Business School, Chairman of CDC Group, a member of the Advisory Boards of TheCityUK and of the Association of Corporate Treasurers; and a non-executive director of Scottish and Southern Energy and Hiscox Ltd. He was previously Chairman of the Shareholder Executive and Joint Head of Global Corporate Finance at BZW and a non-executive director of P&O, Debenhams,Tomkins Plc, Qinetiq Group and Kidde plc. Richard will be the Senior Independent Director on his appointment and will be a member of the Nominations, Audit and Remuneration Committees. Aged 55.

Richard Grant, BA (Oxon), ACA is the Finance Director at Cadogan Estates Limited and former corporate finance partner at PwC, whom he joined in 1975. Richard will become the Chairman of the Audit Committee and a member of the Nominations and Remuneration Committees. Aged 58.

## Deputy Finance Director and Company Secretary

Tim Murphy, BA (Hons) FCA, joined the Group as Company Secretary in 1994 and became Deputy Finance Director in 2011. Prior to joining Helical, he worked for accountants Grant Thornton and KPMG. Tim will become Finance Director immediately following the 2012 AGM. Aged 52.

# the board of directors and senior management

## Directors and their interests

The current directors and their interests, all of which were beneficial, in the ordinary shares of the Company are listed below. Other than in respect of the award of shares under the terms of the Company's Share Incentive Plan on 31 May 2012, there have been no changes in the directors' interests in the period from 31 March 2012 to 20 June 2012.

| | Age | Date of appointment | Title | Committees | Shares held at 31.3.12 | Shares held at 31.3.11 |
|---|---|---|---|---|---|---|
| **Chairman** | | | | | | |
| Giles Weaver | 66 | September 1993 | Chairman | N(C) | 96,250 | 132,313 |
| **Executive Directors** | | | | | | |
| Michael Slade | 65 | August 1985 | Chief Executive | | 13,427,494 | 13,623,760 |
| Nigel McNair Scott | 66 | November 1985 | Finance Director | | 2,710,132 | 2,706,398 |
| Gerald Kaye | 54 | September 1994 | Executive Director | | 1,530,589 | 1,526,855 |
| Matthew Bonning-Snook | 44 | June 2007 | Executive Director | | 280,260 | 276,533 |
| Jack Pitman | 43 | June 2007 | Executive Director | | 445,053 | 441,319 |
| Duncan Walker | 33 | June 2011 | Executive Director | | 11,480 | n/a |
| **Non-Executive Directors** | | | | | | |
| Antony Beevor | 72 | April 2000 | Non-executive director | S,N,A(C),R | 19,569 | 19,569 |
| Andrew Gulliford | 65 | March 2006 | Non-executive director | N, A, R(C) | 14,328 | 14,328 |
| Wilf Weeks | 64 | April 2005 | Non-executive director | N, A, R | 7,213 | 7,213 |
| Michael O'Donnell | 45 | June 2011 | Non-executive director | N, A, R | 46,000 | n/a |
| Total directors' interests | | | | | 18,588,368 | 18,748,288 |
| Issued share capital | | | | | 118,137,522 | 118,137,522 |
| Percentage of issued share capital | | | | | 15.73% | 15.87% |

S – Senior independent Director, N – Nominations Committee, N(C) – Chairman of the Nominations Committee, A – Audit Committee, A(C) – Chairman of the Audit Committee, R – Remuneration Committee, R(C) – Chairman of the Remuneration Committee

## Senior management

John Inwood, BSc (Hons) MRICS, joined the Group from Cushman and Wakefield in 1995 and is the Head of Asset Management. Aged 46.

Tom Anderson, BSc (Hons) MRICS, joined the Group in 2009 from Allsops where he worked in the National Investment Team. Aged 33.

Oliver Rippier, BA (Hons) MSc Real Estate MRICS, formerly employed by Jones Lang LaSalle and Lloyds Banking Group, joined as a property analyst and development executive in 2010. Aged 30.

Alastair Oastler, BSc (Hons) FCA, joined the Group as Financial Controller in 2007 having previously worked for Invensys plc and Compagnie Financiere Richemont SA. Aged 35.

# letter from the chairman of the remuneration committee

Dear Shareholder,

The year to 31 March 2012 has been one of analysis and scrutiny for remuneration committees with the implementation of the provisions of the UK Corporate Governance Code and considerable debate between politicians and in the media about the appropriate level of remuneration for the executive directors of listed companies. This debate is likely to continue in the coming year following the recent consultation by the Department for Business, Innovation & Skills on executive remuneration and its expected proposals to significantly increase levels of disclosure of incentive targets and strengthen the shareholder vote from 2013 onwards. It is with this background that I present this remuneration report.

### Remuneration policy

Helical's approach to the remuneration of its executive directors is to provide a basic remuneration package below the median level of its peers within the listed real estate sector combined with an incentive based bonus and share scheme structure aligned with the interests of its shareholders. Remuneration within the real estate sector is monitored and reviewed regularly to ensure that the Group's positioning of its remuneration remains in line with these objectives. In addition to this external view, the Committee also monitors the remuneration levels of senior management below Board level and the remuneration of other employees to ensure that these are taken into account in determining the remuneration of executive directors and considers environmental, social, governance and risk issues.

### Remuneration issues dealt with during the year

The Committee has considered a number of matters during the financial year under review and the following decisions were taken:

- Executive directors basic salaries were reviewed in July 2011 and increases awarded to Gerald Kaye, Matthew Bonning-Snook and Jack Pitman;
- The basic salary of Nigel McNair Scott was reduced in August 2011 due to his external commitments;
- The salaries payable to non-executive directors were reviewed in July 2011 and increases awarded to Giles Weaver, as Chairman, Antony Beevor, as Chairman of the Audit Committee and Andy Gulliford, as Chairman of the Remuneration Committee,
- The Executive Bonus Scheme, established to provide bonuses for the Chief Executive and the Finance Director, was reviewed and a resolution to renew the Scheme for a further five years was approved by shareholders at the 2011 AGM;
- The Annual Performance Related Cash Bonus Scheme, for all other executive directors, was reviewed in the light of shareholder feedback. Following extensive consultation with major investors and representative bodies, the Committee determined to seek shareholder approval for a codification of the scheme, with appropriate shareholder protections, at the 2012 AGM. Further details and the main terms of the proposed scheme are detailed below;
- The provision of long-term incentives through the Performance Share Plan ("PSP"), which was approved by shareholders in 2004, should continue in its present form until expiry in 2013/14; and
- The Committee reviewed the awards made in accordance with the terms of the PSP in 2008 and considered the performance of the Company during the three year performance period to 31 March 2011 and the Committee resolved in July 2011 to make a further award of shares under the terms of the PSP.

The results of these decisions are outlined in further detail in this report, together with additional information on the remuneration paid and payable to the directors of the Group and the short term and long term incentive schemes.

### Annual General Meeting

At the Annual General Meeting to be held on 24 July 2012 the following resolutions relating to remuneration are being proposed:

- The approval of the Directors Remuneration Report for the year ended 31 March 2012.
- The approval of the Helical Bar Annual Bonus Scheme 2012.
- The renewal of the Helical Bar 2002 Approved Share incentive Plan.

I trust that shareholders will support the Committee and vote in favour of these resolutions.

**Andrew Gulliford**
Chairman of the Remuneration Committee

20 June 2012

# directors' remuneration report

The Board recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. This report has been prepared in accordance with the Companies Act 2006 and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing and Disclosure and Transparency Rules of the Financial Services Authority, and the principles and provisions of the UK Corporate Governance Code as they relate to Directors' remuneration. It has been approved by the Board and will be submitted to shareholders for approval at the Group's Annual General Meeting to be held on 24 July 2012. Grant Thornton UK LLP has audited the disclosures of directors' remuneration and share awards on pages 54 to 56.

### The remuneration committee ("Committee")

The Committee is chaired by Andrew Gulliford. The other members of the Committee during the year under review were Antony Beevor, Wilf Weeks and Michael O'Donnell (on his appointment to the Board). None of the Committee has any personal or financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business. At the 2012 AGM, Antony Beevor and Wilf Weeks will retire from the Committee (and the Board) and immediately following the 2012 AGM, Richard Gillingwater and Richard Grant will be appointed to the Committee.



The Committee has responsibility for determining and agreeing with the Board the framework or broad policy for the remuneration of the Chairman, Chief Executive and the executive directors and, subject to proposals submitted by the Chief Executive, shall recommend and monitor the level and structure of remuneration for such other members of the senior management as report directly to the Board. The remuneration of non-executive directors shall be a matter for the Chairman and the executive directors to be decided at a meeting of the Board.

In determining such policy, the Committee shall take into account all factors which it deems necessary. The objective of the remuneration policy shall be to ensure that executive directors and senior management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. Within the terms of the agreed policy, the Committee shall determine, for the executive directors:

- the total individual remuneration packages of each executive director including, where appropriate, basic salaries, bonuses, share awards, pensions and other benefits;
- targets for any performance related remuneration schemes; and,
- service agreements incorporating termination payments and compensation commitments.

In determining such packages and arrangements the Committee gives due regard to the recommendations of the UK Corporate Governance Code and the UK Listing Authority's Listing Rules.

The terms of reference of the Remuneration Committee are available on request and are included on the Group's website at www.helical.co.uk.

### Advisors to the Committee

The Committee consults the Chief Executive and Finance Director about its proposals and has access to professional advice from remuneration consultants, New Bridge Street, to help it determine appropriate remuneration arrangements. Terms of reference for New Bridge Street, which provided no other services to the Company, are available from the Company Secretary on request.

### The executive directors' remuneration packages

There are three main elements to the executive directors' remuneration packages:

- basic annual salary and benefits-in-kind;
- annual cash bonus payments, both performance related payments and those made in accordance with the terms of the Executive Bonus Plan; and,
- share awards, being the Performance Share Plan and the all-employee Share Incentive Plan.

### Balance of fixed versus variable pay

In line with its policy, the Committee seeks to ensure that the balance of remuneration provides a basic salary below the median, and performance related bonuses and share awards that reward outperformance of the Group's peer group. In the year to 31 March 2012 the balance of fixed versus variable pay on an actual basis for the executive directors compared to the maximum payable was as follows:

| | Actual £ | Share of total % | Maximum £ | Share of total % |
|---|---|---|---|---|
| Basic salaries and benefits in-kind | 2,013,000 | 90 | 2,013,000 | 16 |
| Annual cash bonus | 220,000 | 10 | 5,000,000 | 39 |
| Executive Bonus Plan | – | 0 | 2,000,000 | 16 |
| Share awards | – | 0 | 3,760,000 | 29 |
| | 2,233,000 | 100 | 12,773,000 | 100 |

Note: Share awards reflect the market value of shares that vested (actual) or could have vested (maximum) during the year in accordance with the terms of the Group's Performance Share Plan.

## Executive directors' basic annual salary and benefits-in-kind

The basic package of salary and benefits is designed to match the experience and responsibilities of each director and is reviewed annually to ensure that it is consistent and appropriate to their responsibilities and expectations. The Group does not provide any separate pension provision for Executive Directors and expects individuals to provide for their retirement through their basic salaries and incentive payments. Basic salary levels were last reviewed in July 2011. Executive directors' current basic annual salaries, together with salaries for the prior year, are as follows:

| | 1 April 2011 £ | 1 April 2012 £ |
|---|---|---|
| Michael Slade | 500,000 | 500,000 |
| Nigel McNair Scott | 335,000 | 235,000 |
| Gerald Kaye | 325,000 | 375,000 |
| Matthew Bonning-Snook | 275,000 | 300,000 |
| Jack Pitman | 275,000 | 300,000 |
| Duncan Walker | 175,000 | 250,000 |

The salaries of Matthew Bonning-Snook and Jack Pitman were increased by circa 9% on 1 July 2011 to reflect inflationary rises since their last increase on 1 July 2009 while the salary of Gerald Kaye was increased by circa 15% to reflect both an inflationary rise over that period and additional responsibilities undertaken. The salary of Nigel McNair Scott was reduced to £235,000 on 1 August 2011 to reflect his reduced responsibilities following his appointment as High Sheriff of Hampshire for 2011/12. The salary of Duncan Walker was increased to £250,000 as from 1 April 2012 to reflect his appointment to the Board of the Company.

Going forward, the Committee has resolved that the basic salaries of executive directors should be reviewed annually and increased to reflect an appropriate level of salary inflation. Accordingly, the basic salary levels of Gerald Kaye, Matthew Bonning-Snook and Jack Pitman will be increased by 3% from 1 July 2012. Mr Slade has advised the Committee that he will not be taking an inflationary increase this year, thereby retaining his current salary level. Nigel McNair Scott is to become non-executive Chairman and will not receive an increase and Duncan Walker is not eligible for this year's inflationary increase given the increase in his basic salary he received following his appointment to the Board.

Benefits-in-kind provided to executive directors comprise the provision of a company car or car allowance and health insurance.

## Non-executive directors salaries

Salaries payable to non-executive directors were reviewed in the year and increases awarded to Giles Weaver, Antony Beevor and Andrew Gulliford, effective from 1 July 2011. The salaries payable to Giles Weaver and Antony Beevor were last increased in April 2007. The salary payable to Andrew Gulliford was last increased in February 2010 following his appointment as Chairman of the Remuneration Committee. Non-executive directors' current annual salaries, together with salaries for the prior year, are as follows:

| | 1 April 2011 £ | 1 April 2012 £ |
|---|---|---|
| Giles Weaver | 75,000 | 90,000 |
| Antony Beevor | 42,500 | 50,000 |
| Andrew Gulliford | 42,500 | 50,000 |
| Wilf Weeks | 35,000 | 35,000 |
| Michael O'Donnell | 35,000* | 35,000 |

* From appointment on 24 June 2011

The Board have resolved that with effect from 1 July 2012, the salaries payable to non-executive directors will comprise a basic £40,000 plus an additional £10,000 for the Chairmen of the Audit and Remuneration Committees and the Senior Independent Director.

## Chairman

Following consultation with the Company's major investors and representative bodies, it is proposed that Nigel McNair Scott, if re-elected at the 2012 AGM, will become Chairman of the Company following the retirement of Giles Weaver. His continuing involvement in the Company's affairs will principally concern dealing with the issue of succession as well as providing guidance and advice on the Company's strategy. Accordingly, his day to day involvement in the Company's affairs will exceed those of his predecessor and in recognition of this, the Board have resolved to pay him an annual salary of £150,000 pa.

# Annual cash bonus payments

## Executive Bonus Plan

During the year Shareholders approved the renewal of the existing Executive Bonus Plan, previously approved in 2006. The renewed plan ("2011 Plan") contains the same features and performance targets as its predecessor and is designed to align the motivations of the Chief Executive and Finance Director with the interests of shareholders and to link their remuneration to the performance of the Group's property portfolio. Michael Slade and Nigel McNair Scott were eligible for Executive Bonus Plan bonuses during the year. No Executive Plan Bonuses have been paid in respect of the year to 31 March 2012 (2011: nil).

The Committee may, at its discretion, award bonuses in respect of a financial year subject to performance conditions, the aim of which is to link the size of bonuses paid to the financial growth of the Group over that financial year. No bonus will be payable unless the following conditions are satisfied:

- Increase in net asset value; net asset value at the end of the financial year exceeds net asset value at the beginning of the financial year;
- Absolute performance of the portfolio – ungeared total return; the percentage increase in the total return on property assets of the Group over the financial year (the "Performance Period") is greater than the percentage increase achieved by the portfolio ranked nearest to threequarters up the performance table (taken in ascending order of return) (the "Upper Quartile") of the portfolios of all quarterly valued funds measured by the Investment Property Databank at the beginning of the relevant Performance Period and compounded monthly during the Performance Period (the "IPD Total Return Benchmark"); and,
- Performance of the net asset value per share; the percentage increase in net asset value per share for the Performance Period must be greater than the percentage increase achieved by the Upper Quartile of the portfolios of all quarterly valued funds measured by the Investment Property Databank at the beginning of the relevant Performance Period and compounded monthly during the Performance Period (the "IPD Capital Growth Benchmark").

The Committee will recommend the size of the bonus payable by reference to the same sliding scale based on the amount by which the increase in net asset value per share exceeds the increase in the Upper Quartile of the IPD Capital Growth Benchmark, subject to a £2m cap. The total amount of the bonuses payable in any one year shall be determined by:

- Calculating the difference between the percentage increase in net asset value per share for the Performance Period and the percentage increase in the Upper Quartile of the IPD Capital Growth Benchmark over the same period (the "Difference"); and,
- Calculating the sum of the amounts payable in relation to each 1% of the Difference on the following basis:

| Amount of Difference | % of base net asset value payable |
|---|---|
| Less than 1% | 0.01 |
| 1% to less than 2% | 0.02 |
| And thereafter for every additional 1% | An increment of 0.01 |
| For example: From 4% to less than 5% | 0.05 |

If the net asset value at the end of a financial year is less than the net asset value at the beginning of that year, the bonus payable for any subsequent year will be calculated by reference to the highest net asset value in the preceding year.

The total amount payable under the 2011 Plan in any one year is limited to £2m (2010: £2m). An individual employee's participation in the 2011 Plan is limited so that the bonus which may be paid to him under the 2011 Plan will not exceed £1.5m per annum. There is a further limit that payments under the 2011 Plan in any year may not exceed 20% of the Group's pre-tax profits plus any payments under the 2011 Plan. Among other constraints the Committee could restrict the bonuses if payment would affect the financial or trading position of the Group.

Following feedback received during the investor consultation in respect of the codification of the bonus arrangement set out below, the Committee agreed that future participants in this scheme who do not have a minimum shareholding in the company of 2 times salary should receive up to one third of any bonus in deferred shares.

## Performance related cash bonus scheme

For executive directors other than the Chief Executive and Finance Director, the Group operated a performance related cash bonus scheme during the year. Under the terms of this scheme, the Committee establishes the objectives which must be met for performance related cash bonuses to be paid. The calculations of the performance related cash bonuses payable to each participant are directly related to the profits generated by the participants. In each case these profits are recognised in the accounts of the year in which the bonus is accrued and these profits will have been received by the time the bonuses are paid. Any losses on other projects are deducted from the profits, as are all costs directly attributable to the generation of the profits, including all finance costs and an apportionment of central overheads. The net profits generated by each participant are available as a bonus pool and bonus payments are made based on individual performance. Bonuses are calculated in a range of 0 to 10% of the bonus pool with appropriate percentages depending on the level of equity contributed to each property and risks assumed. Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker were eligible for performance related cash bonuses in the period under review. The maximum amount payable in respect of the year was a total of £5m. Payment of these performance related cash bonuses is at the discretion of the Committee. In the year under review, performance related cash bonuses were paid to Matthew Bonning-Snook (£105,000) and Duncan Walker (£115,000).

## Proposed Helical Bar Annual Bonus Scheme 2012

The performance related cash bonus scheme referred to above has been reviewed by the Committee and, following an extensive consultation exercise with the Company's largest investors and representative bodies, approval is being sought at the 2012 AGM for a codification of the scheme which will be renamed the Helical Bar Annual Bonus Scheme 2012. This scheme, if approved by shareholders, will provide annual cash bonuses, based on the performance of the Group's property portfolio and is aligned with shareholders through a profit sharing model, with appropriate hurdles and shareholder protections (including deferral and clawback). While full details of the proposed scheme are set out in the Notice of AGM, the main features of the plan will, subject to shareholder consent, be as follows:

- The proposed scheme will be introduced from 1 April 2012.
- The initial scheme participants will be Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker. It is not intended that either the Chief Executive or Finance Director participate in the Scheme given their participation in the Executive Bonus Plan.
- All current and future property assets will be allocated to one of two pools namely an "Investment Pool" and a "Development Pool" ("Profit Pools").
- Investment assets will be included at valuation as at 31 March 2012 with subsequent valuation movements increasing or decreasing the size of the relevant Profit Pool (as is currently the case under the existing bonus arrangement). Development assets will also be included at valuation as at 31 March 2012 with subsequent valuation movements increasing or decreasing the size of the Profit Pool. Any opening surpluses or deficits in the value of the trading and development assets as at 31 March 2012 will only be included in the Profit Pools once they are realised.
- Net rents and profits/losses on the sale of property assets will be allocated to the relevant Profit Pools.
- Profits in the two Profit Pools will be eligible for the award of bonuses once they are sufficient to exceed the recovery of all related finance costs, a charge for the use of the Company's equity at a rate equivalent to the Company's weighted average cost of debt plus a margin (reviewed regularly to reflect any changes in the cost of debt and the risk profile of the Company's activities), the Group's total administrative costs (excluding performance related remuneration) and any unallocated losses from the previous three financial years.

## Shareholder Protections

- Consistent with the existing arrangement, no more than 10% of profits will be available to participants for distribution ("Bonus Award Pool") at the end of the relevant financial year. Pool allocations between participants will be based on a set formula agreed at the start of the financial year.
- The distribution of the Bonus Award Pools to participants will be restricted in any financial year to the lower of 70% of the balance of the Bonus Award Pool and 300% of salary (except in years five and ten as noted below). Any excess will be deferred and carried forward to the subsequent year to form part of the Bonus Award Pool for the subsequent year(s).
- Two thirds of any payment will be made in cash after the relevant financial year end and one third will be deferred for three years into Helical Bar plc shares.
- In addition to any annual payments, at the end of the fifth and tenth years of operating the scheme, any Bonus Award Pool not paid out will be distributed to participants in the form of deferred shares for 3 years, subject to an individual limit of 300% of salary each time.
- No payments will be made where the Company has not generated a profit (amounts will be deferred until a profit is generated). In addition, the Remuneration Committee will retain discretion to increase the deferred share amount (up to 100% of the payment) or not to make a payment at all (with any amounts reverting back to the Company rather than remaining in the Bonus Award Pool) where it is considered appropriate to do so.
- Net losses will be carried forward in Profit Pools for offset against future net profits. Carry forward of losses will be for a minimum of three years, subject to extension at the request of the Remuneration Committee
- The scheme will operate a clawback provision whereby amounts deferred, amounts held in Bonus Award Pools or the net of tax amounts paid may be recovered in the event of a misstatement of results, an error being made in assessing the calculation of Bonus Award Pools or in the event of gross misconduct.
- The share of any increase in value of the Company (measured as the increase in net asset value plus cash returned as dividends) that could accrue to all executives through the Group's long and short-term incentive and bonus plans at maximum vesting/payouts will continue to be no more than 20%.

## Other matters

- Shareholder approval for the Plan will be sought for 10 years from 1 April 2012 although the Remuneration Committee will review the operation of the Plan after 5 years.
- Awards may be satisfied through shares purchased in the market or by new issue or Treasury Shares. Where new issue or treasury shares are used, the ABI's 5% in 10 year dilution limit will apply.
- Bad leavers will lose their entitlement to future distributions of Bonus Award Pools or unvested deferred shares. Good leavers (e.g. retirement with the Company's agreement, redundancy or any other reason at the discretion of the Committee) would cease to accrue future amounts into future Bonus Award Pools although would continue to receive deferred share awards and any remaining amounts held in the Bonus Award Pools for a period of 3 years from cessation.
- On a change of control of the Company, any amounts accrued over the financial year up to the relevant date, and any amounts held within the Bonus Award Pools, and any deferred shares would be distributed.

A detailed summary of the arrangements is set out in the Notice of AGM.

## Performance Share plan

The Performance Share Plan ("PSP"), which was approved by shareholders in 2004 and is the Company's primary long-term incentive arrangement, rewards participants for net asset value growth and performance relative to an industry comparator over a three year period. The Plan is designed to encourage long term performance and participants are required to retain shares acquired for at least two years after vesting. The main features of the plan are as follows:

- Awards will normally vest no earlier than the third anniversary of their grant to the extent that the applicable performance conditions (see below) have been satisfied and the participant is still employed by the Group. Once exercisable, awards will remain capable of exercise for a period of normally no more than six months.
- No award may be granted to an individual in any financial year over shares worth more than 3 times salary.
- There are two performance conditions, one based on absolute growth in the Group's net asset value per share and the other based on the gross (ungeared) total property return per share relative to other property funds as determined by IPD but excluding those funds worth less than £50m at the start of the three year period. Performance will be measured over the three years following grant.
    - For the growth in net asset value, the "fully diluted triple net" net asset value as at the start of the financial year in which a grant takes place will be compared to the value three years later (having added back dividends):

| Annual compound increase after three years | % of award vesting |
|---|---|
| 15% p.a. or more | 66.7 |
| Between 7.5% p.a. and 15% p.a. | Pro rata between 6.7 and 66.7 |
| 7.5% p.a. | 6.7 |
| Below 7.5% p.a. | Zero |

If UK inflation (RPI) is higher than 3% per annum over the three year period then the required compound increases will be raised by the excess over the 3% per annum average.

- For the Total property return v IPD property funds condition:

| Ranking after three years | % of award vesting |
|---|---|
| Upper quartile or above | 33.3 |
| Between median and upper quartile | Pro rata between 3.3 and 33.3 |
| Median | 3.3 |
| Less than median | Zero |

Provided the net value per share (having added back dividends) increases over the three year period.

Share awards will lapse where the gross return falls below the IPD median and where the growth in triple net asset value is below 7.5% per annum over the three year period.

During the year the performance conditions relating to the fifth award, granted on 14 July 2008, were considered. The three year performance period to 31 March 2011 showed that the net asset value per share, calculated in accordance with the terms of the PSP, had reduced by 7.6% p.a.

During this three year period the total return of Helical's property portfolio, as determined by IPD, was 1.4% compared to the upper quartile of the IPD Benchmark which showed a return of 1.0%. Therefore, although the IPD comparison performance criteria had been met, no shares could vest as the net asset value per share had fallen.

Subsequent to the year end the performance conditions relating to the sixth award, granted on 9 July 2009, were considered and it was determined that no shares would vest in respect of this award. Further details will be included in the 2013 Annual Report.

Awards made to directors under the terms of the PSP which have not yet vested are as follows:

| Director | Shares awarded 13.07.10 at 276.10p | Shares awarded 05.07.11 at 259.25p | Shares awarded 31.05.12 at 167.50p | Total shares awarded | Total expected value £ |
|---|---|---|---|---|---|
| Michael Slade | 543,281 | 578,592 | 895,512 | 2,017,395 | 1,652,000 |
| Nigel McNair Scott | 363,998 | 387,656 | 420,895 | 1,172,549 | 887,000 |
| Gerald Kaye | 353,132 | 433,944 | 671,641 | 1,458,717 | 1,239,000 |
| Matthew Bonning-Snook | 298,804 | 347,155 | 537,313 | 1,183,272 | 991,044 |
| Jack Pitman | 298,804 | 347,155 | 537,313 | 1,183,272 | 991,044 |
| Duncan Walker | 152,118 | 202,507 | 447,761 | 802,386 | 742,527 |

It is currently expected that no shares will vest in respect of the share awards made on 13 July 2010 and that 33% of the shares awarded on 5 July 2011 and 40% of the shares awarded on 31 May 2012 will vest.

## Helical Bar 2002 Approved Share Incentive Plan

On 24 July 2002 the shareholders approved the Helical Bar 2002 Approved Share Incentive Plan (the "Plan"). Under the terms of this Plan employees of the Group are given up to £3,000 of free shares in any tax year. Participants in the Plan may purchase additional shares up to a value of £1,500 which is matched in a ratio of 2:1 by the Group. Provided participants remain employed by the Group for a minimum of three years they will retain the free and matching shares.

Shares allocated to, or purchased on behalf of, the directors under the rules of the Plan were as follows:

| | 14 June 2011 at 254.6p | 30 November 2011 at 169.0p | 31 May 2012 at 167.5p |
|---|---|---|---|
| Michael Slade | 1,917 | 1,818 | 3,425 |
| Nigel McNair Scott | 1,917 | 1,818 | 3,425 |
| Gerald Kaye | 1,917 | 1,818 | 3,425 |
| Matthew Bonning-Snook | 1,917 | 1,811 | 3,420 |
| Jack Pitman | 1,917 | 1,818 | 3,425 |
| Duncan Walker | 1,917 | 1,520 | 3,425 |

Shares held by the Trustees of the Plan at 31 March 2012 were 390,624 (2011: 315,624).

A resolution to renew this Plan will be proposed at the 2012 AGM.

## Share options

The Helical Bar 2010 Approved Share Option Scheme is an Inland Revenue approved scheme. Under the terms of this scheme options up to a maximum value of £30,000 per individual may be granted. This scheme was approved by shareholders at the 2010 Annual General Meeting and 34,713 options were granted during the year to senior employees below Board level.

## Share ownership guidelines

Participants will not normally be permitted to sell shares received through the PSP, other than to meet taxation (and national insurance contributions) liabilities, until they own shares to the value of 2 x salary for directors and 1 x salary for other executives. In addition, and whilst it is not a condition of their award, directors are encouraged to retain the shares received on the vesting of share awards, net of any requirements to pay personal taxes. To date, all shares received by the executive directors under the terms of the group's Performance Share Plan and Share Incentive Plan have been retained, net of taxes paid, thereby increasing the management's shareholding in Helical.

## Alignment with shareholder interests

The Remuneration Committee has analysed the potential gains that may be made by executives (directors and those below Board level) through the PSP and other incentive arrangements currently in place. It has concluded that the share of the increase in the value of the Group (measured as the increase in the net asset value plus cash returned as dividends to shareholders) that could accrue to all executives through the Group's long and short-term incentive and bonus plans at the point at which the maximum awards vest might be of the order of 20%. At this point, in absolute terms, the Group will have increased its triple net asset value by at least 15% per annum with the Group's relative performance placing it in the top quartile of IPD, over the three year period.

# Information subject to audit: Remuneration of directors

### Directors' Remuneration

Remuneration in respect of the directors was as follows:

| Salaries and bonuses | Salary/ fees £000 | Benefits-In-kind £000 | Cash bonuses £000 | 2012 Total £000 | Salary/ fees £000 | Benefits-In-kind £000 | Cash bonuses £000 | 2011 Total £000 | 2012 Pensions £000 | 2011 Pensions £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Chairman | | | | | | | | | | |
| Giles Weaver | 86 | – | – | 86 | 75 | – | – | 75 | – | – |
| Non-executive directors | | | | | | | | | | |
| Antony Beevor | 48 | – | – | 48 | 42 | – | – | 42 | – | – |
| Wilf Weeks | 35 | – | – | 35 | 35 | – | – | 35 | – | – |
| Andrew Gulliford | 48 | – | – | 48 | 42 | – | – | 42 | – | – |
| Michael O'Donnell* | 27 | – | – | 27 | – | – | – | – | – | – |
| Executive directors | | | | | | | | | | |
| Michael Slade | 500 | 41 | – | 541 | 500 | 38 | – | 538 | – | – |
| Nigel McNair Scott | 268 | 36 | – | 304 | 335 | 32 | – | 367 | – | – |
| Gerald Kaye | 362 | 36 | – | 398 | 325 | 36 | 542 | 903 | – | – |
| Matthew Bonning-Snook | 294 | 20 | 105 | 419 | 275 | 21 | – | 296 | – | – |
| Jack Pitman | 294 | 21 | – | 315 | 275 | 24 | – | 299 | – | – |
| Duncan Walker* | 131 | 10 | 115 | 256 | – | – | – | – | – | – |
| Total | 2,093 | 164 | 220 | 2,477 | 1,904 | 151 | 542 | 2,597 | – | – |

* Appointed to the Board on 24 June 2011

Michael Slade was the highest paid director during the year with a total remuneration of £541,000 (2011: Gerald Kaye £903,000).



# Information not subject to audit

### Other Remuneration Matters

### Service contracts

The service contracts of Michael Slade and Nigel McNair Scott operate from 1 April 2007, those of Gerald Kaye, Matthew Bonning-Snook and Jack Pitman from 1 March 2010, and that of Duncan Walker from 24 June 2011. No service contract provides for more than a one year notice period. On termination of employment each director is entitled to a payment in lieu of notice of basic salary and other contractual entitlements i.e. provision of car and health insurance. The Group may make payments in lieu of notice as one lump sum or in instalments, at its own discretion. If the Group chooses to pay in instalments the director is obliged to seek alternative income over the relevant period and to disclose the amount to the Group. Instalment payments will be reduced by any alternative income.

### Non-Executive Directors

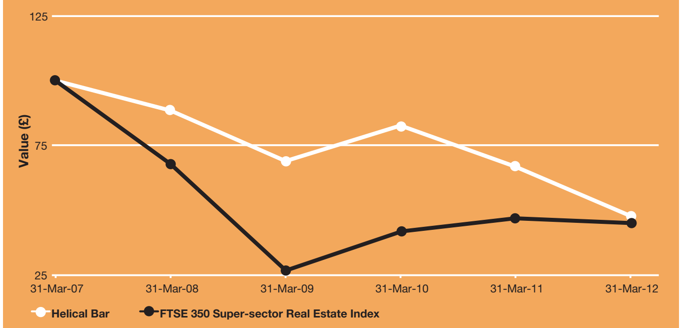
Non-executive directors are appointed by a Letter of Appointment and their remuneration is determined by the Board. The appointment of non-executive directors is terminable on three months' notice. Non-executive directors do not participate in any of the Group's bonus or share award schemes.

### Total shareholder return

The performance criteria of the Helical Bar 2010 Approved Share Option Scheme requires the Group to exceed certain targets of total shareholder return. The total shareholder return for a holding in the Group's shares in the five years to 31 March 2012 compared to a holding in a broad equity index is shown in the graph opposite.

**Total shareholder return**

*Source: Thomson Reuters*




This graph looks at the value, by 31 March 2012, of £100 invested in Helical Bar on 31 March 2007 compared with the value of £100 invested in the FTSE 350 Super-sector Real Estate Index. The other points plotted are the values at intervening financial year-ends.

### Share price

The market price of the ordinary shares at 31 March 2012 was189.5p (2011: 270.8p). This market price varied between 163.5p and 275.4p during the year.

**Andrew Gulliford**
Chairman of the Remuneration Committee

20 June 2012

# report of the audit committee

## The audit committee

The Audit Committee is chaired by Antony Beevor. The other members of the Committee during the year under review were Andrew Gulliford, Wilf Weeks and Michael O'Donnell (on his appointment to the Board). None of the Committee members has any personal or financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business. At the 2012 AGM, Antony Beevor and Wilf Weeks will retire from the Committee (and the Board) and immediately following the 2012 AGM, Richard Grant will be appointed Chairman and Richard Gillingwater will be appointed to the Committee.

The Committee endorses the principles set out in the FRC Guidance on Audit Committees. The Board has formal and transparent arrangements for considering how it applies the Group's financial reporting and internal control principles and for maintaining an appropriate relationship with its auditors. Whilst all directors have a duty to act in the interests of the Group, the Committee has a particular role, acting independently from the executive, to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control. Appointments to the Committee are made by the Board on the recommendation of the Nominations Committee in consultation with the Audit Committee Chairman.

The terms of reference of the Audit Committee are available by request and are included on the Group's website at www.helical.co.uk.

## The work of the audit committee in the year

The Committee met three times during the year and a record of attendance at these meetings is shown on page 43. It is common practice at Helical for Audit Committee meetings to be attended by all Board members who are available, whether or not they are members of the Committee so that their contribution to the matters discussed may be obtained.

Matters formally reviewed and discussed by the Committee during the year included:

- The Group's compliance with the UK Corporate Governance Code including its whistle-blowing policies;
- The adoption of a policy and procedures to ensure compliance with the Bribery Act 2010;
- Review of the group's policies on equal opportunities and health & safety;
- Review of the group's environmental management systems;
- Review of the group's internal controls;
- The group's principal risks;
- IT risk and business continuity planning;
- The financial statements of the Group and the Preliminary Announcement of the annual results to 31 March 2011 and the Interim Statement on the half year results to 30 September 2011;
- The re-appointment of the Group's external auditors; and,
- The external auditors independence and the provision of non-audit services by the external auditors.

The Audit Committee met the external auditors on two occasions to discuss matters arising from the annual and interim audits.

## Audit independence

A policy of reviewing audit independence has been adopted whereby non-audit services undertaken by the auditors are approved prior to work being carried out. The audit committee considers the external auditors to be independent and has satisfied itself of the effectiveness of the external auditors.

The Group's policy on awarding non-audit work to its auditors is designed to ensure that the Group receives the most appropriate advice without compromising the independence of the auditors. Whilst no fee caps or limits have been set by the Committee, the level of fees would be a factor in considering whether the auditors' independence could be affected by the award of non-audit work.

## Annual General Meeting

At the Annual General Meeting to be held on 24 July 2012 the following resolutions relating to the auditors are being proposed:

- The re-appointment of Grant Thornton UK LLP as Independent Auditor; and,
- To authorise the Directors to set the remuneration of the Independent Auditor.

I trust that shareholders will support the Committee and vote in favour of these resolutions.

**Antony Beevor**
Chairman of the Audit Committee

20 June 2012

# report of the directors

## Principal activities
The principal activity of the Company is that of a holding company and the principal activities of the subsidiaries are property investment, trading and development.

## Results
The results for the year are set out in the consolidated income statement on page 62 and consolidated statement of comprehensive income on page 63.

## Dividends
An interim dividend of 1.75p (2011: 1.75p) was paid on 22 December 2011 to shareholders on the shareholder register on 2 December 2011. A final dividend of 3.40p (2011: 3.15p) per share is recommended for approval at the Annual General Meeting on 24 July 2012. The total ordinary dividend paid in the year of 4.90p (2011: 2.00p) per share amounts to £5,707,000 (2010: £2,122,000).

## Corporate governance review
The Group's Corporate Governance Policies, compliance with the UK Corporate Governance Code and Going Concern statement are set out on pages 41 to 44 of the Corporate Governance Review.



## Employees and charitable and political donations
The Group's policies on employment and details of its policies regarding charitable and political donations are included in the Corporate Governance Review on page 44.

## Re-appointment of directors
The directors listed on page 47 constituted the Board for the year, save that Michael O'Donnell and Duncan Walker were appointed on 24 June 2011. At the 2012 Annual General Meeting, Giles Weaver (Chairman), Antony Beevor (Senior independent Director and Chairman of the Audit Committee) and Wilf Weeks will step down from the Board. The remaining directors currently serving will offer themselves for re-election at the AGM. Immediately following the AGM Nigel McNair Scott, if re-elected, will be appointed non-executive Chairman of the Company. Tim Murphy, currently the Deputy Finance Director, will be appointed to the Board as Finance Director and Richard Gillingwater and Richard Grant will be appointed as non-executive directors. Richard Gillingwater will be appointed Senior Independent Director and Richard Grant will be appointed as Chairman of the Audit Committee.

Details of directors' remuneration and their interests in share awards are set out in the Directors' Remuneration Report on pages 50 to 56.

## Directors' liability insurance and indemnity
The Company has arranged insurance cover in respect of legal action against its directors. To the extent permitted by UK Law, the Company also indemnifies the directors against claims made against them as a consequence of the execution of their duties as directors of the Company.

## Post balance sheet events
There were no reportable events after the balance sheet date of 31 March 2012.

## Share Capital
At 1 April 2011, 31 March 2012 and 20 June 2012 there were 118,137,522 ordinary 1p shares in issue.

## Substantial Shareholdings
At 12 June 2012, the shareholders listed below had notified the Company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Group:

| | Number of ordinary shares at 12 June 2012 | % |
|---|---|---|
| Michael Slade – Chief Executive | **13,430,919** | 11.4 |
| Aberdeen Asset Managers | **11,588,920** | 9.8 |
| Baillie Gifford | **9,828,259** | 8.3 |
| BlackRock | **5,829,835** | 4.9 |
| Artemis Investment Management | **5,215,911** | 4.4 |
| Investec Asset Management | **4,831,212** | 4.1 |
| Dimensional Fund Advisors | **4,181,157** | 3.5 |
| Legal & General Investment Management | **4,119,565** | 3.5 |
| PGGM Investments | **4,034,863** | 3.4 |

## Amendment of articles of association
The Company's articles of association can be amended only by a special resolution of the members, requiring a majority of not less than 75% of such members voting in person or by proxy.

## Takeovers Directive
Where not provided elsewhere in this Report of the Directors, the following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into English law.

The Company's share capital consists of both ordinary shares and deferred shares. Each class of shares rank pari passu between themselves. Details of the Company's share capital can be found in note 27 to the financial statements. There are no restrictions on the transfer of the ordinary shares in the Company other than certain restrictions which may from time to time be imposed by laws and regulations (for example: insider trading laws) and pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Group require the approval of the Company to deal in the ordinary shares.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of the Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. The rules governing the appointment and replacement of Directors and changes to the articles of association accord with usual English company law provisions.

Subject to the Company's memorandum of association, the articles of association, any statute or subordinate legislation for the time being in force concerning companies and affecting the Company, and directions given by special resolution, the business of the Group shall be managed by the Directors, who may exercise all the powers of the Group.

## Annual general meeting

The Annual General Meeting of the Company will be held on 24 July 2012 at 11.30 a.m. at The Connaught, Carlos Place, Mayfair, London W1K 2AL. The notice of meeting and the resolutions to be proposed at that meeting are set out in the enclosed circular and can be found on the Group's website at www.helical.co.uk.

## Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, resolutions to reappoint Grant Thornton UK LLP and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

By order of the Board
**Tim Murphy**
Company Secretary

20 June 2012

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- in so far as the directors are aware there is no relevant audit information of which the Group's auditors are unaware; and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

We, the directors listed below, confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole; and,
- the annual report includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

**Michael Slade**
Chief Executive

**Nigel McNair Scott**
Finance Director

20 June 2012

# index to financial statements

# report of independent auditor

## Independent auditor's report to the members of Helical Bar plc

We have audited the financial statements of Helical Bar plc for the year ended 31 March 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the group and company balance sheets, the group and company cash flow statements, the group and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 59, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website atwww.frc.org.uk/apb/scope/private.cfm.

### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2012 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

### Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 41 to 44 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules, we are required to review:

- the directors' statement, set out on page 44 in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

**Charles Hutton-Potts B.Sc., FCA**
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

20 June 2012

# consolidated income statement

For the year ended 31 March 2012

| | Note | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|---|
| **Revenue** | 2 | **52,968** | 119,059 |
| Net rental income | 3 | **17,876** | 14,187 |
| Development property profit/(loss) | 4 | **655** | (16,642) |
| Trading property loss | 5 | **–** | (367) |
| Share of results of joint ventures | 20 | **2,472** | 2,886 |
| Other operating income/(expense) | | **113** | (358) |
| **Gross profit/(loss) before net gain on sale and revaluation of investment properties** | | **21,116** | (294) |
| Net gain on sale and revaluation of investment properties | 6 | **3,288** | 7,512 |
| Impairment of available-for-sale assets | 18 | **–** | (1,817) |
| **Gross profit** | | **24,404** | 5,401 |
| Administrative expenses | 7 | **(7,800)** | (7,050) |
| **Operating profit/(loss)** | | **16,604** | (1,649) |
| Finance costs | 9 | **(8,409)** | (6,992) |
| Finance income | 9 | **583** | 652 |
| Change in fair value of derivative financial instruments | 34 | **(306)** | 1,776 |
| Foreign exchange losses | | **(1,064)** | (67) |
| **Profit/(loss) before tax** | | **7,408** | (6,280) |
| Taxation on profit/(loss) on ordinary activities | 10 | **158** | 2,391 |
| **Profit/(loss) after tax** | | **7,566** | (3,889) |
| – attributable to non-controlling interests | | **(9)** | (2) |
| – attributable to equity shareholders | | **7,575** | (3,887) |
| **Profit/(loss) for the year** | | **7,566** | (3,889) |
| **Basic earnings/(loss) per share** | 14 | **6.5p** | (3.6p) |
| **Diluted earnings/(loss) per share** | 14 | **6.5p** | (3.6p) |

# consolidated statement of comprehensive income

For the year ended 31 March 2012

| | Note | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|---|
| **Profit/(loss) for the year** | | **7,566** | (3,889) |
| **Other comprehensive income** | | | |
| Impairment of available-for-sale investments | 18 | **(3,521)** | (12,169) |
| Associated deferred tax on the impairment | 18 | **–** | 3,222 |
| Exchange difference on retranslation of net investments in foreign operations | | **(39)** | (14) |
| **Total comprehensive income/(expense) for the year** | | **4,006** | (12,850) |
| – attributable to equity shareholders | | **4,015** | (12,848) |
| – attributable to non-controlling interests | | **(9)** | (2) |
| **Total comprehensive income/(expense) for the year** | | **4,006** | (12,850) |

# group and company balance sheets

As at 31 March 2012

| | Note | Group 31.3.12 £000 | Group 31.3.11 £000 | Company 31.3.12 £000 | Company 31.3.11 £000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investment properties held for sale | 15 | **–** | 19,350 | **–** | – |
| | | **–** | 19,350 | **–** | – |
| | | | | | |
| Investment properties | 15 | **326,876** | 252,526 | **–** | – |
| Owner occupied property, plant and equipment | 17 | **1,251** | 1,497 | **1,107** | 1,336 |
| Available-for-sale investments | 18 | **–** | – | **–** | – |
| Investment in subsidiaries | 19 | **–** | – | **31,173** | 30,994 |
| Investment in joint ventures | 20 | **40,592** | 36,064 | **165** | 165 |
| Derivative financial instruments | 34 | **629** | 793 | **340** | 715 |
| Goodwill | | **–** | 14 | **–** | – |
| Deferred tax asset | 11 | **9,050** | 8,879 | **463** | 717 |
| | | **378,398** | 299,773 | **33,248** | 33,927 |
| **Total non–current assets** | | **378,398** | 319,123 | **33,248** | 33,927 |
| | | | | | |
| **Current assets** | | | | | |
| Land, developments and trading properties | 21 | **99,741** | 147,542 | **101** | 1,125 |
| Available-for-sale investments | 18 | **7,003** | 10,505 | **–** | – |
| Trade and other receivables | 22 | **23,076** | 35,783 | **324,673** | 375,751 |
| Corporation tax receivable | | **1,178** | 1,069 | **1,250** | 1,069 |
| Cash and cash equivalents | 23 | **35,411** | 31,327 | **26,355** | 22,243 |
| | | **166,409** | 226,226 | **352,379** | 400,188 |
| **Total assets** | | **544,807** | 545,349 | **385,627** | 434,115 |
| | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 24 | **(24,807)** | (45,224) | **(146,865)** | (168,911) |
| Borrowings | 25 | **(59,203)** | (37,500) | **(5,546)** | (4,500) |
| | | **(84,010)** | (82,724) | **(152,411)** | (173,411) |
| **Non-current liabilities** | | | | | |
| Borrowings | 25 | **(203,992)** | (199,917) | **–** | (9,910) |
| Derivative financial instruments | 34 | **(3,075)** | (7,311) | **(837)** | (3,373) |
| | | **(207,067)** | (207,228) | **(837)** | (13,283) |
| **Total liabilities** | | **(291,077)** | (289,952) | **(153,248)** | (186,694) |
| | | | | | |
| **Net assets** | | **253,730** | 255,397 | **232,379** | 247,421 |

# group and company balance sheets continued

As at 31 March 2012

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| **Equity** | | | | |
| Called-up share capital | **1,447** | 1,447 | **1,447** | 1,447 |
| Share premium account | **98,678** | 98,678 | **98,678** | 98,678 |
| Revaluation reserve | **2,612** | 3,495 | **–** | – |
| Capital redemption reserve | **7,478** | 7,478 | **7,478** | 7,478 |
| Other reserves | **291** | 291 | **1,987** | 1,987 |
| Retained earnings | **143,111** | 143,886 | **122,789** | 137,831 |
| **Equity attributable to equity holders of the parent** | **253,617** | 255,275 | **232,379** | 247,421 |
| Non-controlling interests | **113** | 122 | **–** | – |
| **Total equity** | **253,730** | 255,397 | **232,379** | 247,421 |

The financial statements were approved by the Board of Directors on 20 June 2012.

**Michael Slade**
Director

**Nigel McNair Scott**
Director

# group and company cash flow statements

For the year to 31 March 2012

| | Group 31.3.12 £000 | Group 31.3.11 £000 | Company 31.3.12 £000 | Company 31.3.11 £000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit/(loss) before tax | **7,408** | (6,280) | **(2,697)** | 17,627 |
| Depreciation | **309** | 328 | **260** | 284 |
| Revaluation gain on investment properties | **(3,664)** | (2,670) | **–** | – |
| Loss/(gain) on sales of investment properties | **376** | (4,842) | **–** | – |
| Net financing costs/(income) | **7,826** | 6,340 | **(2,098)** | (2,929) |
| Impairment of available-for-sale assets | **–** | 1,817 | **–** | 1,817 |
| Impairment of investments | **–** | – | **–** | 5,295 |
| Change in value of derivative financial instruments | **306** | (1,776) | **1,604** | 1,287 |
| Share based payment charge/(credit) | **35** | (196) | **–** | – |
| Share of results of joint ventures | **(2,472)** | (2,886) | **–** | – |
| Fair value adjustment for disposal of interest in subsidiary | **(4,278)** | – | **–** | – |
| Foreign exchange movement | **896** | 228 | **(838)** | 2 |
| Other non-cash items | **7** | 2 | **7** | – |
| **Cash inflow/(outflow) from operations before changes in working capital** | **6,749** | (9,935) | **(3,762)** | 23,383 |
| Change in trade and other receivables | **12,503** | 2,822 | **51,118** | (23,042) |
| Change in land, developments and trading properties | **19,691** | 38,867 | **1,024** | (157) |
| Change in trade and other payables | **(19,617)** | 5,079 | **(28,653)** | (16,542) |
| **Cash inflow/(outflow) generated from operations** | **19,326** | 36,833 | **19,727** | (16,358) |
| Finance costs | **(13,119)** | (11,264) | **(4,624)** | (2,066) |
| Finance income | **623** | 465 | **6,580** | 5,237 |
| Tax paid | **–** | (68) | **–** | (68) |
| | **(12,496)** | (10,867) | **1,956** | 3,103 |
| **Cash flows from operating activities** | **6,830** | 25,966 | **21,683** | (13,255) |
| **Cash flows from investing activities** | | | | |
| Purchase of investment property | **(102,750)** | (77,864) | **–** | – |
| Sale of investment property | **50,434** | 32,810 | **–** | – |
| Proceeds from sale of derivative financial instruments | **–** | 568 | **–** | 568 |
| Cost of acquiring derivative financial instruments | **(1,276)** | (744) | **(1,276)** | (552) |
| Cost of cancelling interest rate swap | **(3,102)** | (71) | **(2,489)** | – |
| Investment in joint ventures | **–** | (9,520) | **–** | – |
| Return of investment in joint ventures | **2,098** | 1,970 | **–** | – |
| Dividends from joint ventures | **500** | 756 | **–** | 756 |
| Sale of plant and equipment | **7** | 2 | **7** | 2 |
| Purchase of leasehold improvements, plant and equipment | **(63)** | (189) | **(31)** | (146) |
| Net cash (used in)/generated from investing activities | **(54,152)** | (52,282) | **(3,803)** | 628 |
| **Cash flows from financing activities** | | | | |
| Issue of shares | **–** | 27,958 | **–** | 27,958 |
| Borrowings drawn down | **206,637** | 56,536 | **6,450** | 6,850 |
| Borrowings repaid | **(149,502)** | (61,523) | **(14,500)** | (20,163) |
| Equity dividends paid | **(5,707)** | (5,031) | **(5,707)** | (5,031) |
| Net cash generated from/(used in) financing activities | **51,428** | 17,940 | **(13,757)** | 9,614 |
| Net increase/(decrease) in cash and cash equivalents | **4,106** | (8,376) | **4,123** | (3,013) |
| Exchange losses on cash and cash equivalents | **(22)** | (97) | **(11)** | (2) |
| Cash and cash equivalents at 1 April | **31,327** | 39,800 | **22,243** | 25,258 |
| **Cash and cash equivalents at 31 March** | **35,411** | 31,327 | **26,355** | 22,243 |

# group and company statements of changes in equity

For the year to 31 March 2012

| Group | Share capital £000 | Share premium £000 | Revaluation reserve £000 | Capital redemption reserve £000 | Other reserves £000 | Retained earnings £000 | Non-controlling interests £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| At 31 March 2010 | 1,339 | 70,828 | – | 7,478 | 291 | 162,547 | 124 | 242,607 |
| Total comprehensive expense | – | – | – | – | – | (12,848) | (2) | (12,850) |
| Revaluation surplus | – | – | 2,670 | – | – | (2,670) | – | – |
| Realised on disposals | – | – | 825 | – | – | (825) | – | – |
| Performance share plan | – | – | – | – | – | (196) | – | (196) |
| Issue of shares | 108 | 27,850 | – | – | – | – | – | 27,958 |
| Dividends paid | – | – | – | – | – | (2,122) | – | (2,122) |
| At 31 March 2011 | 1,447 | 98,678 | 3,495 | 7,478 | 291 | 143,886 | 122 | 255,397 |
| **Total comprehensive income** | **–** | **–** | **–** | **–** | **–** | **4,015** | **(9)** | **4,006** |
| **Revaluation surplus** | **–** | **–** | **3,664** | **–** | **–** | **(3,664)** | **–** | **–** |
| **Realised on disposals** | **–** | **–** | **(4,547)** | **–** | **–** | **4,547** | **–** | **–** |
| **Performance share plan** | **–** | **–** | **–** | **–** | **–** | **35** | **–** | **35** |
| **Dividends paid** | **–** | **–** | **–** | **–** | **–** | **(5,708)** | **–** | **(5,708)** |
| **At 31 March 2012** | **1,447** | **98,678** | **2,612** | **7,478** | **291** | **143,111** | **113** | **253,730** |

For a breakdown of Total comprehensive income/expense see the Consolidated Statement of Comprehensive Income on page 63.

Included within changes in equity are net transactions with owners of £5,673,000 (2011: £25,640,000) made up of: the performance share plan charge of £35,000 (2011: credit of £196,000), issue of shares of £nil (2011: £27,958,000), dividends paid of £5,708,000 (2011: £2,122,000).

The adjustment to retained earnings of £35,000 adds back the share–based payments charge (2011: credit of £196,000), in accordance with IFRS 2 Share–Based Payments.

| Company | Share capital £000 | Share premium £000 | Revaluation reserve £000 | Capital redemption reserve £000 | Other reserves £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| At 31 March 2010 | 1,339 | 70,828 | – | 7,478 | 1,987 | 152,831 | 234,463 |
| Total comprehensive income | – | – | – | – | – | (12,878) | (12,878) |
| Issue of shares | 108 | 27,850 | – | – | – | – | 27,958 |
| Dividends | – | – | – | – | – | (2,122) | (2,122) |
| At 31 March 2011 | 1,447 | 98,678 | – | 7,478 | 1,987 | 137,831 | 247,421 |
| **Total comprehensive income** | **–** | **–** | **–** | **–** | **–** | **(9,334)** | **(9,334)** |
| **Dividends** | **–** | **–** | **–** | **–** | **–** | **(5,708)** | **(5,708)** |
| **At 31 March 2012** | **1,447** | **98,678** | **–** | **7,478** | **1,987** | **122,789** | **232,379** |

Total comprehensive income includes the loss after tax of £9,334,000 (2011: £4,592,000), the loss on fair value movements on available–for–sale investments of £nil (2011: £11,508,000), and the deferred tax credit on these fair value movements of £nil (2011: £3,222,000).

Included within changes in equity are net transactions with owners of £5,708,000 (2011: £25,836,000) made up of: the issue of shares of £nil (2011: £27,958,000) and dividends paid of £5,708,000 (2011: £2,122,000) .

Notes:
Share capital – represents the nominal value of issued share capital.
Share premium – represents the excess of value of shares issued over their nominal value.
Revaluation reserve – represents the surplus of fair value of investment properties over their historic cost.
Capital redemption reserve – represents amounts paid to purchase issued shares for cancellation at their nominal value.
Retained earnings – represents the accumulated retained earnings of the Group.

# notes to the financial statements

## 1. Basis of preparation

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS"), including International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union and as issued by the International Accounting Standards Board ("IASB").

The directors have taken advantage of the exemption offered by Section 408 of the Companies Act 2006 not to present a separate income statement for the parent company.

The financial statements have been prepared in Sterling (rounded to the nearest thousand) under the historical cost convention as modified by the revaluation of investment properties, available-for-sale investments and derivative financial instruments. The measurement bases and principal accounting policies of the Group are set out in note 35. These accounting policies are consistent with those applied in the year to 31 March 2011, as amended to reflect any new Standards, Amendments to Standards and interpretations which are mandatory for the year ended 31 March 2012.

Status of Adoption of Significant New or Amended IFRS Standards or Interpretations

IAS 24 (revised): Related Party disclosures;
IFRIC 17 Distributions of Non–cash Assets to Owners;
IFRIC 18 Transfer of Assets from Customers;
Disclosures – Transfer of Financial Assets – Amendments to IFRS 7; and
Improvements to IFRSs issued May 2010.

There has been no material impact as a result of adopting the above.

The following standards, interpretations and amendments have been issued but are not yet effective. They will be adopted at the point they are effective:

IAS 1 (amended): Presentation of items of other comprehensive income (effective 1 July 2012);
IAS 19 (revised): Employee benefits (effective 1 January 2013);
IAS 27 (revised): Separate financial statements (effective 1 January 2013);
IAS 28 (revised): Associates and joint ventures (effective 1 January 2013);
Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12;
Income Taxes (effective 1 January 2012);
IFRS 7 (amended): Disclosures – transfer of financial assets (effective 1 January 2013);
IFRS 9: Financial Instruments: Classification and measurement;
Mandatory effective date and transition disclosures – amendments to IFRS 9 and IFRS 7 (effective 1 January 2015);
IFRS 10: Consolidated financial statements (effective 1 January 2013);
IFRS 11: Joint arrangements (effective 1 January 2013);
IFRS 12: Disclosures in interests in other entities (effective 1 January 2013); and
IFRS 13: Fair value measurement (effective 1 January 2013);

The Directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

## 2. Segmental information

IFRS 8 requires the identification of the Group's operating segments which are defined as being discrete components of the Group's operations whose results are regularly reviewed by the Chief Operating Decision Maker (being the Chief Executive) to allocate resources to those segments and to assess their performance. The Group divides its business into the following segments:

- Investment properties, which are owned or leased by the Group for long-term income and for capital appreciation, and Trading properties which are owned or leased with the intention to sell; and,
- Development properties, which include sites, developments in the course of construction, completed developments available for sale and pre-sold developments.

| **Revenue** | **Investment and trading Year ended 31.3.12 £000** | **Developments Year ended 31.3.12 £000** | **Total Year ended 31.3.12 £000** | Investment and trading Year ended 31.3.11 £000 | Developments Year ended 31.3.11 £000 | Total Year ended 31.3.11 £000 |
|---|---|---|---|---|---|---|
| Rental income | **21,391** | **1,667** | **23,058** | 16,988 | 1,602 | 18,590 |
| Development property income | **–** | **19,666** | **19,666** | – | 84,311 | 84,311 |
| Trading property sales | **10,131** | **–** | **10,131** | 15,915 | – | 15,915 |
| | **31,522** | **21,333** | **52,855** | 32,903 | 85,913 | 118,816 |
| Other revenue | | | **113** | | | 243 |
| Total revenue | | | **52,968** | | | 119,059 |

All revenue is from external sales and is attributable to continuing operations. There were no inter-segmental sales.

Revenue for the year comprises revenue from construction contracts of £1,735,000 (2011: £22,978,000), revenue from the sale of goods of £25,652,000 (2011: £75,824,000), revenue from services of £2,523,000 (2011: £1,667,000), and rental income of £23,058,000 (2011: £18,590,000).

All revenues are within the UK other than rental income from development properties in Poland of £1,052,000 (2011: £958,000) and £2,965,000 (2011: £23,011,000) of development income derived from the Group's operations in Poland.

| Profit/(loss) before tax | **Investment and trading Year ended 31.3.12 £000** | **Developments Year ended 31.3.12 £000** | **Total Year ended 31.3.12 £000** | Investment and trading Year ended 31.3.11 £000 | Developments Year ended 31.3.11 £000 | Total Year ended 31.3.11 £000 |
|---|---|---|---|---|---|---|
| Net rental income | **16,740** | **1,136** | **17,876** | 13,776 | 411 | 14,187 |
| Development property profit/(loss) | **–** | **655** | **655** | – | (16,642) | (16,642) |
| Trading property loss | **–** | **–** | **–** | (367) | – | (367) |
| Share of results of joint ventures | **2,616** | **(144)** | **2,472** | 2,905 | (19) | 2,886 |
| Gain on sale and revaluation of investment properties | **3,288** | **–** | **3,288** | 7,512 | – | 7,512 |
| | **22,644** | **1,647** | **24,291** | 23,826 | (16,250) | 7,576 |
| Impairment of available-for-sale investments | | | **–** | | | (1,817) |
| Other operating income/(expense) | | | **113** | | | (358) |
| Gross profit | | | **24,404** | | | 5,401 |
| Administrative expenses | | | **(7,800)** | | | (7,050) |
| Finance income | | | **583** | | | 652 |
| Finance costs | | | **(8,715)** | | | (5,216) |
| Foreign exchange losses | | | **(1,064)** | | | (67) |
| Profit/(loss) before tax | | | **7,408** | | | (6,280) |

| Balance sheet | **31.3.12 £000** | **31.3.12 £000** | **31.3.12 £000** | 31.3.11 £000 | 31.3.11 £000 | 31.3.11 £000 |
|---|---|---|---|---|---|---|
| Investment properties held for sale | **–** | **–** | **–** | 19,350 | – | 19,350 |
| Investment properties | **326,876** | **–** | **326,876** | 252,526 | – | 252,526 |
| Land, development and trading properties | **2,638** | **97,103** | **99,741** | 10,288 | 137,254 | 147,542 |
| Investment in joint ventures | **31,919** | **8,673** | **40,592** | 31,401 | 4,663 | 36,064 |
| | **361,433** | **105,776** | **467,209** | 313,565 | 141,917 | 455,482 |
| Other assets | | | **77,598** | | | 89,867 |
| Total assets | | | **544,807** | | | 545,349 |
| Liabilities | | | **(291,077)** | | | (289,952) |
| Net assets | | | **253,730** | | | 255,397 |

All non-current assets are derived from the Group's UK operations except for Helical's share of a held for sale investment held at £4,792,000 which is derived from the Group's Polish operations.

## 3. Net rental income

| | Year ended 31.3.12 £000 | Year ended 31.3.11 £000 |
|---|---|---|
| Gross rental income | **23,058** | 18,590 |
| Rents payable | **(418)** | (24) |
| Property overheads | **(3,938)** | (3,662) |
| Net rental income | **18,702** | 14,904 |
| Net rental income attributable to profit share partner | **(826)** | (717) |
| Group share of net rental income | **17,876** | 14,187 |

Property overheads include lettings costs, vacancy costs and bad debt provisions.

The amounts above include gross rental income from investment properties of £21,106,000 (2011: £16,729,000) and net rental income of £16,490,000 (2011: £13,526,000).

## 4. Development property profit/(loss)

| | Year ended 31.3.12 £000 | Year ended 31.3.11 £000 |
|---|---|---|
| Development property income | **19,666** | 84,311 |
| Cost of sales | **(13,935)** | (85,041) |
| Sales expenses | **(565)** | (999) |
| Provision against book values | **(4,511)** | (14,913) |
| Development property profit/(loss) | **655** | (16,642) |

In accordance with IAS27, development property income includes a £4.3m gain resulting from the sale of 50% of a fully owned subsidiary (see note 20).

## 5. Trading property loss

| | Year ended 31.3.12 £000 | Year ended 31.3.11 £000 |
|---|---|---|
| Trading property sales | **10,131** | 15,915 |
| Cost of sales | **(10,131)** | (16,181) |
| Sales expenses | **–** | (101) |
| Trading property loss | **–** | (367) |

## 6. Net gain on sale and revaluation of investment properties

| | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|
| Net proceeds from the sale of investment properties | **50,427** | 32,810 |
| Book value (note 15) | **(50,768)** | (27,902) |
| Tenants incentives on sold investment properties | **(35)** | (66) |
| (Loss)/gain on sale of investment properties | **(376)** | 4,842 |
| Revaluation surplus on investment properties | **3,664** | 2,670 |
| Gain on sale and revaluation of investment properties | **3,288** | 7,512 |

## 7. Administrative expenses

| | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|
| Administrative expenses | **(7,800)** | (7,050) |
| Operating profit/(loss) is stated after the following items that are contained within administrative expenses: | | |
| Depreciation | | |
| – owner occupied property, plant and equipment | **309** | 328 |
| Share-based payments charge/(credit) | **35** | (196) |
| Auditors' remuneration: | | |
| Audit fees | | |
| – audit of parent company and consolidated financial statements | **145** | 140 |
| – audit of company's subsidiaries | **57** | 51 |
| – interim audit of consolidated financial statements | **40** | 41 |
| – internal controls review | **16** | – |
| Non–audit fees | | |
| – PSP review | **–** | 3 |

## 8. Staff costs

| Staff costs during the year: | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|
| – salaries and other remuneration | **4,615** | 4,199 |
| – social security costs | **657** | 625 |
| – other pension costs | **136** | 120 |
| | **5,408** | 4,944 |

Details of the remuneration of Directors amounting to £2,482,000 (2011: £2,597,000) are included in the Directors' Remuneration Report on pages 50 to 56. The amount of the share-based payments charge relating to share awards made to Directors is £29,000 (2011: credit of £165,000).

Other pension costs relate to payments to individual pension plans.

The average number of employees (management and administration) of the Group during the year was 36 (2011: 34) of which 27 are UK staff and 9 are based in Poland.

Of the staff costs of £5,408,000 (2011: £4,944,000), £5,007,000 is included within administrative expenses (2011: £4,544,000) and £401,000 is included within development costs (2011: £400,000).

## 9. Finance costs and finance income

| | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|
| Interest payable on bank loans and overdrafts | **(10,808)** | (9,690) |
| Other interest payable and similar charges | **(901)** | (1,481) |
| Interest capitalised | **3,300** | 4,179 |
| Finance costs | **(8,409)** | (6,992) |
| | | |
| Interest receivable and similar income | **583** | 652 |
| Finance income | **583** | 652 |

On projects where specific third party loans have been arranged, interest has been capitalised at the rate for the individual loan. The weighted average capitalised interest rate of such loans was 3.35% (2011: 2.43%). Where general finance has been used to fund the acquisition and construction of properties the rate used was a weighted average of the financing costs for the applicable borrowings of 4.64% (2011: 4.93%).

# 10. Taxation on profit on ordinary activities

| | Year ended 31.3.12 £000 | Year ended 31.3.11 £000 |
|---|---|---|
| The tax credit is based on the loss/profit for the year and represents: | | |
| United Kingdom corporation tax at 24%/26% | | |
| – Group corporation tax | **–** | – |
| – adjustment in respect of prior periods | **153** | – |
| – overseas tax | **(163)** | (97) |
| Current tax (charge)/credit | **(10)** | (97) |
| Deferred tax at 24% | | |
| – capital allowances | **348** | 442 |
| – tax losses | **1,045** | 1,823 |
| – other temporary differences | **(1,225)** | 223 |
| Deferred tax credit | **168** | 2,488 |
| Tax credit on profit/(loss) on ordinary activities | **158** | 2,391 |

Factors affecting the tax credit for the period:
The tax assessed for the period is lower than the standard rate of corporation tax in the UK (24%).
The differences are explained below:

| | Year ended 31.3.12 £000 | Year ended 31.3.11 £000 |
|---|---|---|
| Profit/(loss) on ordinary activities before tax | **7,408** | (6,280) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24%/26% | **(1,778)** | 1,633 |
| Effect of: | | |
| – expenses not deductible for tax purposes | **(506)** | (1,281) |
| – income not subject to UK corporation tax | **1,695** | 469 |
| – capital allowances not reflected through deferred tax | **475** | 553 |
| – tax relief on share awards | **(23)** | (123) |
| – tax losses utilised | **(1,442)** | (212) |
| – operating profit of joint ventures | **580** | 751 |
| – prior year adjustment | **153** | – |
| – revaluation surplus not recognised through deferred tax | **880** | 694 |
| – chargeable gain in excess of loss on investment property | **(82)** | (538) |
| – overseas tax | **(163)** | (97) |
| – effect of change in rate of corporation tax | **–** | (568) |
| – other temporary differences | **369** | 1,110 |
| Total tax credit for the period | **158** | 2,391 |

Note: all deferred tax balances have been calculated at the rate of corporation tax for the year to 31 March 2013 of 24%. Accordingly, the tax reconciliation also uses this rate of corporation tax.

### Factors that may affect future tax charges

The tax charge is expected to be less than the full rate in future years, primarily due to the Group continuing to claim allowances in respect of eligible expenditure on investment properties and unrealised capital losses at 31 March 2012 of £10m.

## 11. Deferred tax

Deferred tax provided for in the financial statements is set out below:

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Capital allowances | **(2,467)** | (2,815) | **–** | (29) |
| Tax losses | **10,572** | 9,527 | **–** | – |
| Other temporary differences | **945** | 2,167 | **463** | 746 |
| Deferred tax asset | **9,050** | 8,879 | **463** | 717 |

Other temporary differences represent deferred tax assets arising from the recognition of the fair value of derivative financial instruments and future tax relief available to the Group from capital allowances and when share awards vest.

If upon sale of the investment properties the Group retained all the capital allowances, the deferred tax provision in respect of capital allowances of £2.5m (2011: £2.8m) would be released and further capital allowances of £7.7m (2011: £10.6m) would be available to reduce future tax liabilities.

## 12. Dividends paid and payable

| | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|
| Attributable to equity share capital | | |
| Ordinary | | |
| – interim paid of 1.75p (2011: 1.75p) per share | **2,044** | 1,857 |
| – prior period final paid of 3.15p (2011: 0.25p) per share | **3,663** | 265 |
| Total dividends paid and payable in year – 4.90p (2011: 2.00p) per share | **5,707** | 2,122 |

An interim dividend of 1.75p was paid on 22 December 2011 to shareholders on the register on 2 December 2011. The final dividend, if approved at the AGM on 24 July 2012, will be paid on 26 July 2012 to shareholders on the register on 29 June 2012. This final dividend, amounting to £3,973,000, has not been included as a liability as at 31 March 2012, in accordance with IFRS.

## 13. Parent company

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The loss for the year of the Company was £9,334,000 (2011: £4,592,000).

# 14. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. This is a different basis to the net asset per share calculations which are based on the number of shares at the year end. Shares held by the ESOP, which has waived its entitlement to receive dividends, are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed exercise of all dilutive options.

The earnings per share are calculated in accordance with IAS 33, Earnings per Share and the best practice recommendations of the European Public Real Estate Association ("EPRA").

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

| | **Year ended 31.3.12 £000** | Year ended 31.3.11 £000 |
|---|---|---|
| Ordinary shares in issue | **118,138** | 118,138 |
| Weighting adjustment | **(1,292)** | (8,700) |
| Weighted average ordinary shares in issue for calculation of basic earnings/(loss) per share | **116,846** | 109,438 |
| Weighted average ordinary shares issued on exercise of share options | **34** | – |
| Weighted average ordinary shares to be issued under performance share plan | **63** | – |
| Weighted average ordinary shares in issue for calculation of diluted and diluted EPRA earnings/(loss) per share | **116,943** | 109,438 |
| Earnings/(loss) used for calculation of basic and diluted earnings per share | **7,575** | (3,887) |
| Basic earnings/(loss) per share | **6.5p** | (3.6p) |
| Diluted earnings/(loss) per share | **6.5p** | (3.6p) |
| Earnings/(loss) used for calculation of basic and diluted earnings per share | **7,575** | (3,887) |
| Net gain on sale and revaluation of investment properties | **(3,288)** | (7,512) |
| Share of net gain on revaluation of investment properties in the results of joint ventures | **(581)** | (583) |
| Tax on profit on disposal of investment properties | **(90)** | 1,162 |
| Trading property loss | **–** | 367 |
| Fair value movement on derivative financial instruments | **306** | (1,776) |
| Share of fair value movements on derivative financial instruments in the results of joint ventures | **409** | 162 |
| Impairment of available-for-sale investment | **–** | 1,817 |
| Deferred tax | **(323)** | 3,241 |
| Earnings/(loss) used for calculation of diluted EPRA earnings per share | **4,008** | (7,009) |
| Diluted EPRA earnings/(loss) per share | **3.4p** | (6.4p) |

In accordance with IAS 33 no dilutive weighting adjustments have been made for share awards in existence during the year to 31 March 2011 as a loss was made during that year making the adjustments anti-dilutive. Accordingly, the basic and diluted losses per share for that year are the same.

The earnings/(loss) used for calculation of diluted EPRA earnings per share includes net rental income and development property profits/losses but excludes trading property losses.

## 15. Investment properties

| | Freehold 31.3.12 £000 | Leasehold 31.3.12 £000 | Total 31.3.12 £000 | Freehold 31.3.11 £000 | Leasehold 31.3.11 £000 | Total 31.3.11 £000 |
|---|---|---|---|---|---|---|
| Group | | | | | | |
| Fair value at 1 April | **232,326** | **39,550** | **271,876** | 212,651 | 7,250 | 219,901 |
| Property acquisitions | **102,238** | **512** | **102,750** | 44,877 | 32,987 | 77,864 |
| Disposals | **(47,158)** | **(3,610)** | **(50,768)** | (27,902) | – | (27,902) |
| Revaluation surplus/(deficit) | **5,516** | **(1,852)** | **3,664** | 3,357 | (687) | 2,670 |
| Revaluation surplus/(deficit) attributable to profit share partner | **(646)** | **–** | **(646)** | (657) | – | (657) |
| Fair value at 31 March | **292,276** | **34,600** | **326,876** | 232,326 | 39,550 | 271,876 |

Within Investment Properties held at 31 March 2011 was one property which was classified as being held for sale per IFRS 5. This property was being marketed for sale at 31 March 2011 and was sold on 17 May 2011. At 31 March 2011 the value of this property was £19,350,000.

A disposal of the investment property portfolio at its stated fair value would crystallise a net payment of £791,000 (2011: £1,062,000) due to the Group's joint venture partners in respect of their share of the revaluation surplus.

Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £nil (2011: £nil).

Interest capitalised in respect of the refurbishment of investment properties is included in investment properties to the extent of £5,767,000 (2011: £5,767,000).

Investment properties with a total fair value of £326,875,000 were held as security against borrowings.

Properties are stated at market value as at 31 March 2012, valued by professionally qualified external valuers except for investment properties valued by the Directors. The valuations have been prepared in accordance with the Valuation Standards (6th edition) published by the Royal Institution of Chartered Surveyors ("the Standards"). In their valuation reports, the valuers have noted, in accordance with Guidance Note 5 of the Standards, that the primary source of evidence for valuations is recent, comparable market transactions on arms length terms. The Directors have valued £5,001,000 (1.5%) of the investment portfolio on a discounted cashflow basis representing the present value of future income receivable upon the disposal by residents of units in the Group's retirement village portfolio.

The investment properties have been valued at 31 March 2012 as follows:

| | 31.3.12 £000 | 31.3.11 £000 |
|---|---|---|
| Cushman & Wakefield LLP | **321,875** | 261,975 |
| Drivers Jonas Deloitte | **–** | 5,500 |
| Directors' valuation | **5,001** | 4,401 |
| | **326,876** | 271,876 |

The historical cost of investment property is £321,970,000 (2011: £264,947,000).

# 16. Operating lease arrangements

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases. At the balance sheet date the Group had contracted with tenants to receive the following future minimum lease payments:

| | **Group 31.03.12 £000** | Group 31.03.11 £000 |
|---|---|---|
| Not later than one year | **24,253** | 17,881 |
| Later than one year but not more than five years | **68,716** | 47,581 |
| More than five years | **72,166** | 54,615 |
| | **165,135** | 120,077 |

The Company has no operating lease arrangements.

# 17. Owner occupied property, plant and equipment – Group

| | **Short leasehold improvements 31.3.12 £000** | **Plant and equipment 31.3.12 £000** | **Total 31.3.12 £000** | Short leasehold improvements 31.3.11 £000 | Plant and equipment 31.3.11 £000 | Total 31.3.11 £000 |
|---|---|---|---|---|---|---|
| Cost at 1 April | **2,071** | **727** | **2,798** | 2,071 | 670 | 2,741 |
| Additions at cost | **–** | **63** | **63** | – | 189 | 189 |
| Disposals | **–** | **(104)** | **(104)** | – | (132) | (132) |
| Cost at 31 March | **2,071** | **686** | **2,757** | 2,071 | 727 | 2,798 |
| Depreciation at 1 April | **897** | **404** | **1,301** | 708 | 395 | 1,103 |
| Provision for the year | **199** | **110** | **309** | 189 | 139 | 328 |
| Eliminated on disposals | **–** | **(104)** | **(104)** | – | (130) | (130) |
| Depreciation at 31 March | **1,096** | **410** | **1,506** | 897 | 404 | 1,301 |
| Net book amount at 31 March | **975** | **276** | **1,251** | 1,174 | 323 | 1,497 |

Plant and equipment include vehicles, fixtures and fittings and other office equipment.

All short leasehold improvements, plant and equipment relate to the Company except for plant and equipment with a net book value of £144,000 as at 31 March 2012 (2011: £161,000).

# 18. Available–for–sale investments

| | **Non-current 31.3.12 £000** | Non-current 31.3.11 £000 | **Current 31.3.12 £000** | Current 31.3.11 £000 |
|---|---|---|---|---|
| At 1 April | **–** | 13,325 | **10,505** | 10,959 |
| Interest receivable | **–** | – | **–** | 207 |
| Impairment in the year | **–** | (13,325) | **(3,521)** | – |
| Fair value adjustments | **–** | – | **19** | (661) |
| At 31 March | **–** | – | **7,003** | 10,505 |

Included within current available-for-sale investments is an amount lent to a company promoting a mainly residential mixed–use development and an investment of 20% of the equity of this company.

The loan and the equity are classed as available-for-sale investments and are held at fair value. The Group has determined its fair value by considering both the loan and the equity element separately. The loan element is valued at the fair value of the expected consideration to be received including anticipated future costs of recovering this loan. This amount has been impaired in the year due to a revision in the expected receipt. The equity element is given a nil value with the Group valuing the underlying company on a break up basis at £nil as it is believed that this is the most probable outcome. This nil valuation is derived because the Group believe that the value of the property and any other of the company's assets, after the repayment of the loan payable to the Group, would be required to repay the outstanding creditors leaving negligible value to the shareholders.

Of the movement in the fair value of the loan and equity and the associated deferred tax movement, £19,000 of other fair value movement has been recognised in the Income Statement and the impairment of £3,521,000 has been recognised in Other Comprehensive Income.

During the year to 31 March 2011, the Group impaired its investment in Quotient Biosciences Group Ltd, a private bioscience company, due to the deterioration of its trading conditions. Of the impairment of £13,325,000, £1,817,000, representing the cost of our investment, was written off through the Income Statement as Impairment of available-for-sale investments and the remaining £11,508,000 was written off in Other Comprehensive Income. In the year to 31 March 2012 the Group sold its investment for nominal consideration.

Movements in the Statement of Comprehensive Income comprise:

| | **2012 £000** | 2011 £000 |
|---|---|---|
| Fair value movements of available-for-sale investments | **–** | (661) |
| Impairment movements of available-for-sale investments | **(3,521)** | (11,508) |
| | **(3,521)** | (12,169) |
| | | |
| Deferred tax on fair value movements | **–** | – |
| Deferred tax on impairments | **–** | 3,222 |
| | **–** | 3,222 |



# 19. Investment in subsidiaries

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| At 1 April | **–** | – | **30,994** | 31,822 |
| Acquired during year | **–** | – | **179** | 5 |
| Impairment in the carrying value of investments | **–** | – | **–** | (833) |
| At 31 March | **–** | – | **31,173** | 30,994 |

The Company's principal subsidiary undertakings, all of which have been consolidated, are:

| Name of undertaking | Nature of business | Percentage of ordinary share capital held |
|---|---|---|
| Baylight Developments Ltd* | Investment | 100% |
| Dencora (Docklands) Ltd | Investment | 100% |
| Dencora (Fordham) Ltd | Investment | 100% |
| Downtown Space Properties LLP | Development | 70% |
| Harbour Developments (Bracknell) Ltd | Development | 100% |
| HB Sawston No. 3 Ltd | Investment | 100% |
| Helical (Aldridge) Ltd | Investment | 100% |
| Helical (Ashford) Ltd | Investment | 100% |
| Helical Bar Developments (South East) Ltd | Development | 100% |
| Helical Bar (East Grinstead) Ltd | Investment | 100% |
| Helical Bar (Great Dover Street) Ltd | Investment | 100% |
| Helical Bar (Hawtin Park No. 3) Ltd | Investment | 100% |
| Helical Bar (Mitre Square) Ltd | Development | 100% |
| Helical Bar Services Ltd | Management Services | 100% |
| Helical Bar (Wales) Ltd* | Investment | 100% |
| Helical Bar (White City) Ltd | Development | 100% |
| Helical (Basildon Retail) LP* | Investment | 100% |
| Helical (Battersea) Ltd | Investment | 100% |
| Helical (Bramshott Place) Ltd | Development | 100% |
| Helical (Broadway) Ltd | Investment | 100% |
| Helical (Cardiff) Ltd | Investment | 100% |
| Helical (Corby) Ltd* | Investment | 100% |
| Helical (Corby Investments) Ltd | Investment | 100% |
| Helical (Crownhill) Ltd | Investment | 100% |
| Helical (East Kilbride) Ltd | Investment | 100% |
| Helical (Exeter) Ltd | Development | 100% |
| Helical (Faygate) Ltd | Development | 100% |
| Helical (Fleet) No. 2 Ltd* | Investment | 100% |
| Helical (Glasgow) Ltd | Investment/Trading | 100% |
| Helical (Hailsham) Ltd | Development | 100% |
| Helical (Hedge End) Ltd | Trading | 100% |
| Helical (Liphook) Ltd | Development (Jersey) | 100% |
| Helical (Merlin Park) Ltd | Investment | 100% |
| Helical (Milton) Ltd | Development | 100% |
| Helical (Motherwell) Ltd | Investment | 100% |
| Helical Retail Ltd | Development | 100% |
| Helical Retail (RBS) Ltd* | Development | 100% |
| Helical (Sevenoaks) Ltd | Investment | 100% |
| Helical (Southall) Ltd | Development | 100% |
| Helical (Stockport) Ltd | Development | 100% |
| Helical (Telford) Ltd | Development | 100% |
| Helical (Winterhill) Ltd | Investment | 100% |
| Helical Wroclaw Sp. z.o.o.* | Development (Poland) | 100% |
| Metropolis Property Ltd | Investment | 100% |
| Newmarket LP* | Investment | 100% |
| Prescot Street Investments Ltd | Investment | 100% |
| 61 Southwark Street Ltd* | Investment | 100% |
| Sutton-in-Ashfield LP* | Investment | 100% |



All principal subsidiary undertakings operate in the United Kingdom other than Helical Wroclaw Sp. z.o.o. and, unless otherwise indicated, are incorporated and registered in England and Wales. In line with s410(2) of the Companies Act 2006 a full list of all subsidiaries is lodged with the Annual Return at Companies House.

*Ordinary capital is held by a subsidiary undertaking.

Investments in subsidiaries have been impaired based on a review of their fair value at the balance sheet date. A review of the fair value of the investments is undertaken periodically. The fair value of the investment in subsidiaries is based on the value of the subsidiaries underlying assets.

# 20. Investment in joint ventures

| | **Investment & trading 31.3.12 £000** | **Development 31.3.12 £000** | **Total 31.3.12 £000** | Investment & trading 31.3.11 £000 | Development 31.3.11 £000 | Group 31.3.11 £000 |
|---|---|---|---|---|---|---|
| **Summarised statements of consolidated income** | | | | | | |
| Revenue | **6,584** | **339** | **6,923** | 5,561 | 193 | 5,754 |
| Net rental income | **4,866** | **194** | **5,060** | 3,432 | 158 | 3,590 |
| Gain on revaluation of investment properties | **581** | **–** | **581** | 798 | – | 798 |
| Other operating (expense)/income | **(52)** | **(230)** | **(282)** | 72 | – | 72 |
| Net finance costs | **(2,794)** | **(108)** | **(2,902)** | (1,516) | (177) | (1,693) |
| Profit before tax | **2,601** | **(144)** | **2,457** | 2,786 | (19) | 2,767 |
| Tax | **15** | **–** | **15** | 119 | – | 119 |
| Profit after tax | **2,616** | **(144)** | **2,472** | 2,905 | (19) | 2,886 |
| **Summarised balance sheets** | | | | | | |
| Investment properties | **67,187** | **–** | **67,187** | 65,875 | – | 65,875 |
| Other non-current assets | **28** | **–** | **28** | – | – | – |
| Land, development and trading properties | **–** | **15,709** | **15,709** | – | 14,434 | 14,434 |
| Held for sale investments | **–** | **4,792** | **4,792** | – | – | – |
| Other current assets | **5,750** | **517** | **6,267** | 4,660 | 5,619 | 10,279 |
| Current liabilities | **(4,604)** | **(10,245)** | **(14,849)** | (3,641) | (13,890) | (17,531) |
| Non-current liabilities | **(36,442)** | **(2,100)** | **(38,542)** | (35,493) | (1,500) | (36,993) |
| Net assets | **31,919** | **8,673** | **40,592** | 31,401 | 4,663 | 36,064 |

The cost of the Company's investment in joint ventures was £165,000 (2011: £165,000).

At 31 March 2012 the Group and the Company had interests in the following joint venture companies:

| | Country of incorporation | Class of share capital held | Proportion held Group | Proportion held Company | Nature of business |
|---|---|---|---|---|---|
| Abbeygate Helical (Leisure Plaza) Ltd | United Kingdom | Ordinary | 50% | 50% | Development |
| Abbeygate Helical (Winterhill) Ltd | United Kingdom | Ordinary | 50% | 50% | Development |
| Abbeygate Helical (C4.1) LLP | United Kingdom | n/a | 50% | 50% | Development |
| The Asset Factor Ltd | United Kingdom | Ordinary | 50% | 50% | Outsourcing |
| Shirley Advance LLP | United Kingdom | n/a | 50% | – | Development |
| King Street Developments (Hammersmith) Ltd | United Kingdom | Ordinary | 50% | – | Development |
| PH Properties Limited (BVI) | British Virgin Islands | Ordinary | 60% | – | Investment |
| Barts Two Investment Property Limited | Jersey | Ordinary | 33% | – | Investment |
| Helical Sosnica Sp. zoo. | Poland | Ordinary | 50% | – | Development |

During the year the Group sold 50% of its interest in its subsidiary Helical Sosnica Sp. zoo. for nominal consideration. At 31 March 2011 the results and financial position were consolidated in the Group's results and financial position. The results of this Company for the part of the year before the sale were consolidated in the Group's results and for the results of this Company for the part of the year after the sale and for the financial position at the balance sheet date have been accounted for as an investment held for sale due to a commitment to sell the remaining 50% within the next 3 years.

Following the purchase of Barts in 2011, the joint venture company has a contingent liability to pay up to a further £35m which will be dependent upon the timing of vacant possession and the floor area of any future redevelopment scheme for which planning permission is received. The meeting of the conditions in which an extra payment is required will almost certainly result in an increase in the valuation of the property equal to or above the amount of the additional payment.

# 21. Land, developments and trading properties

| Group | Development properties 31.3.12 £000 | Trading stock 31.3.12 £000 | Total 31.3.12 £000 | Development properties 31.3.11 £000 | Trading stock 31.3.11 £000 | Total 31.3.11 £000 |
|---|---|---|---|---|---|---|
| At 1 April | **137,254** | **10,288** | **147,542** | 182,303 | 273 | 182,576 |
| Construction costs | **21,653** | **2,481** | **24,134** | 25,026 | 26,196 | 51,222 |
| Interest capitalised | **3,300** | **–** | **3,300** | 4,179 | – | 4,179 |
| Disposals | **(58,101)** | **(10,131)** | **(68,232)** | (58,995) | (16,181) | (75,176) |
| Foreign exchange movements | **(2,492)** | **–** | **(2,492)** | (346) | – | (346) |
| Provision | **(4,511)** | **–** | **(4,511)** | (14,913) | – | (14,913) |
| At 31 March | **97,103** | **2,638** | **99,741** | 137,254 | 10,288 | 147,542 |

| Company | Development properties 31.3.12 £000 | Development properties 31.3.11 £000 |
|---|---|---|
| At 1 April | **1,125** | 968 |
| Construction costs | **51** | 171 |
| Disposals | **(1,020)** | – |
| Provision | **(55)** | (14) |
| At 31 March | **101** | 1,125 |

The directors' valuation of trading and development stock shows a surplus of £33m above book value (2011: £32m).

Interest capitalised in respect of the development of sites is included in stock to the extent of £6,379,000 (2011: £6,827,000).

Land, developments and trading properties with carrying values totalling £83,493,000 (2011: £102,299,000) were held as security against borrowings.

# 22. Trade and other receivables

| | Group 31.3.12 £000 | Group 31.3.11 £000 | Company 31.3.12 £000 | Company 31.3.11 £000 |
|---|---|---|---|---|
| Trade receivables | **8,025** | 20,891 | **428** | 116 |
| Amounts owed by joint venture undertakings | **12,457** | 8,342 | **6,658** | 4,669 |
| Amounts owed by subsidiary undertakings | **–** | – | **316,935** | 369,817 |
| Other receivables | **1,010** | 1,691 | **346** | 329 |
| Prepayments and accrued income | **1,584** | 4,859 | **306** | 820 |
| | **23,076** | 35,783 | **324,673** | 375,751 |

| Receivables | Group 31.3.12 £000 | Group 31.3.11 £000 | Company 31.3.12 £000 | Company 31.3.11 £000 |
|---|---|---|---|---|
| Fully performing | **21,419** | 32,175 | **324,136** | 374,620 |
| Past due < 3 months | **231** | 2,062 | **–** | – |
| Past due > 3 months | **737** | 692 | **–** | – |
| Total receivables being financial assets | **22,387** | 34,929 | **324,136** | 374,620 |
| Total receivables being non-financial assets | **689** | 854 | **537** | 1,131 |
| Total receivables | **23,076** | 35,783 | **324,673** | 375,751 |

Past due receivables relate to a number of independent customers for whom there is no recent history of default. Against trade receivables, Helical held £0.9m of rental deposits at 31 March 2012 (2011: £0.8m).

Movements in the provision for impairment of trade receivables are as follows:

| | Group 31.3.12 £000 | Group 31.3.11 £000 | Company 31.3.12 £000 | Company 31.3.11 £000 |
|---|---|---|---|---|
| Gross receivables being financial assets | **22,784** | 35,418 | **324,136** | 374,620 |
| Provisions for receivables impairment | **(397)** | (489) | **–** | – |
| Net receivables being financial assets | **22,387** | 34,929 | **324,136** | 374,620 |
| | | | | |
| Receivables written off during the year as uncollectable | **465** | 361 | **–** | – |

# 23. Cash and cash equivalents



| | Group 31.3.12 £000 | Group 31.3.11 £000 | Company 31.3.12 £000 | Company 31.3.11 £000 |
|---|---|---|---|---|
| Rent deposits and cash held at managing agents | **2,438** | 3,313 | **–** | – |
| Cash held by solicitors | **1,115** | – | **–** | – |
| Cash held in blocked accounts | **3,578** | 773 | **–** | – |
| Cash deposits | **28,280** | 27,241 | **26,355** | 22,243 |
| | **35,411** | 31,327 | **26,355** | 22,243 |

The cash held in blocked accounts was released to cash deposits 38 days after the year end.

## 24. Trade and other payables

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Trade payables | **5,274** | 18,358 | **270** | 270 |
| Social security costs and other taxation | **1,231** | 70 | **–** | – |
| Amounts owed to joint venture undertakings | **–** | – | **–** | 499 |
| Amounts owed to subsidiary undertakings | **–** | – | **145,120** | 161,546 |
| Other payables | **4,458** | 5,371 | **79** | 729 |
| Accruals and deferred income | **13,844** | 21,425 | **1,396** | 5,867 |
| | **24,807** | 45,224 | **146,865** | 168,911 |

## 25. Debt

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Current debt | **59,203** | 37,500 | **5,546** | 4,500 |
| Bank loans repayable within: | | | | |
| – one to two years | **71,551** | 74,318 | **–** | 9,910 |
| – two to three years | **656** | 88,175 | **–** | – |
| – three to four years | **21,600** | 4,199 | **–** | – |
| – four to five years | **110,185** | 33,225 | **–** | – |
| Non-current debt | **203,992** | 199,917 | **–** | 9,910 |

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the value of £410,368,000 (2011: £360,024,000). These will be repayable when the underlying properties are sold. Bank overdrafts and term loans exclude the Group's share of borrowings in joint venture companies of £40,036,000 (2011: £39,384,000).

## 26. Financing and financial instruments

The policies for dealing with liquidity and interest rate risk are noted in the Strategy and Performance Review on pages 6 to 9.

| | **Group 31.3.12 £000** | Group 31.3.11 £000 |
|---|---|---|
| **Bank overdraft and loans – maturity** | | |
| Due after more than one year | **203,992** | 199,917 |
| Due within one year | **59,203** | 37,500 |
| | **263,195** | 237,417 |

The Group has various undrawn committed borrowing facilities. The facilities available at 31 March 2012 in respect of which all conditions precedent had been met were as follows:

| | **Group 31.3.12 £000** | Group 31.3.11 £000 |
|---|---|---|
| Expiring in one year or less | **16,441** | 6,299 |
| Expiring in more than one year but not more than two years | **777** | 1,672 |
| Expiring in more than four year but not more than five years | **21,091** | – |
| | **38,309** | 7,971 |

| **Interest rates – Group** | **%** | **Expiry** | **31.3.12 £000** | % | Expiry | 31.3.11 £000 |
|---|---|---|---|---|---|---|
| Fixed rate borrowings: | | | | | | |
| – swap rate plus bank margin | **–** | **–** | **–** | 4.480 | Jun 2011 | 4,236 |
| – swap rate plus bank margin | **3.950** | **Jan 2015** | **50,000** | – | – | – |
| – swap rate plus bank margin | **4.500** | **Jan 2015** | **12,250** | 3.406 | Jan 2015 | 12,250 |
| – swap rate plus bank margin | **6.401** | **Oct 2012** | **28,500** | 6.401 | Oct 2012 | 28,500 |
| – swap rate plus bank margin | **5.645** | **Oct 2014** | **6,690** | 5.645 | Oct 2014 | 6,690 |
| – swap rate plus bank margin | **6.240** | **Dec 2013** | **10,120** | 6.240 | Dec 2013 | 10,120 |
| – swap rate plus bank margin | **3.965** | **Jan 2016** | **9,172** | – | – | – |
| – swap rate plus bank margin | **5.300** | **Apr 2012** | **3,570** | 5.300 | Apr 2012 | 3,570 |
| – swap rate plus bank margin | **–** | **–** | **–** | 7.208 | Aug 2013 | 9,912 |
| Weighted average | **4.804** | **Mar 2014** | **120,302** | 5.769 | Jun 2013 | 75,278 |
| Floating rate borrowings | **3.467** | **Oct 2014** | **142,893** | 2.974 | May 2013 | 162,139 |
| Total borrowings | | | **263,195** | | | 237,417 |

Changes in fixed borrowing rates are the result of stepped increases in interest rate swaps rates. Floating rate borrowings bear interest at rates based on LIBOR.

As at 31 March 2012 and 31 March 2011 the Company's borrowings consist of fixed rate borrowings of £6,690,000 at 5.645% (2011: 5.645%) expiring in October 2014 with the remainder being floating rate borrowings.

## Economic hedging

In addition to the fixed rates, borrowings are also hedged by the following financial instruments:

| Instrument | Value £000 | Rate % | Start | Expiry |
|---|---|---|---|---|
| Current: | | | | |
| – cap | 40,950 | 6.000 | May 2008 | May 2013 |
| – cap | 50,000 | 4.000 | Apr 2011 | Apr 2015 |
| – cap | 25,000 | 4.000 | Apr 2011 | Apr 2016 |
| – cap | 50,000 | 4.000 | Jul 2013 | Jul 2016 |
| – cap | 25,000 – 75,000 | 4.000 | Apr 2015 | Jan 2017 |
| – cap | 7,200 | 4.000 | Jan 2012 | Oct 2016 |
| – cap | 10,613 – 11,037 | 4.000 | Jan 2015 | Jan 2016 |
| – cap | 1,656 – 1,851 | 4.000 | May 2011 | May 2015 |

Where a range in capped values is shown, these reflect stepped increases over the life of the cap.

### Gearing

| | Group 31.3.12 £000 | Group 31.3.11 £000 |
|---|---|---|
| Total debt | **263,195** | 237,417 |
| Cash | **(35,411)** | (31,327) |
| Net debt | **227,784** | 206,090 |

Net debt excludes the Group's share of debt in joint ventures of £40,036,000 (2011: £39,384,000).

| | Group 31.3.12 £000 | Group 31.3.11 £000 |
|---|---|---|
| Net assets | **253,730** | 255,397 |
| Gearing | **90%** | 81% |

## 27. Share capital

| | 31.3.12 £000 | 31.3.11 £000 |
|---|---|---|
| Authorised | **39,577** | 39,577 |
| | **39,577** | 39,577 |

The authorised share capital of the Company is £39,576,626.60 divided into ordinary shares of 1p each and deferred shares of 1⁄8p each.

| | 31.3.12 £000 | 31.3.11 £000 |
|---|---|---|
| Allotted, called up and fully paid | | |
| – 118,137,522 ordinary shares of 1p each | **1,182** | 1,182 |
| – 212,145,300 deferred shares of 1⁄8p each | **265** | 265 |
| | **1,447** | 1,447 |

| | Shares in issue 31.3.12 Number | Share capital 31.3.12 £000 | Shares in issue 31.3.11 Number | Share capital 31.3.11 £000 |
|---|---|---|---|---|
| **Ordinary shares** | | | | |
| At 1 April | **118,137,522** | **1,182** | 107,407,522 | 1,074 |
| New shares issued | **–** | **–** | 10,730,000 | 108 |
| At 31 March | **118,137,522** | **1,182** | 118,137,522 | 1,182 |
| **Deferred shares** | | | | |
| At 1 April | **212,145,300** | **265** | 212,145,300 | 265 |
| At 31 March | **212,145,300** | **265** | 212,145,300 | 265 |

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and,
- to provide an adequate return to shareholders.

The Group sets the amount of capital in proportion to its overall financing structure. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Capital is defined as being issued share capital, retained earnings, revaluation reserve and other reserves. (2012: £246,139,000; 2011: £247,797,000). The Group continually monitors its gearing level to ensure that it is appropriate. Gearing increased from 81% to 90% in the year due to the rebalancing of the Group's property portfolio.

The deferred shares were issued on 23 December 2004 to those shareholders electing to receive a dividend, rather than a capital repayment or further shares in the Company, as part of the Return of Cash approved by shareholders on 20 December 2004. The deferred shares carry no voting rights and have no right to a dividend or capital payment in the event of a winding up of the Company.

The Company's Articles of Association give the Company irrevocable authority to purchase all or any of the deferred shares for a maximum aggregate total of 1 penny for all deferred shares in issue on the date of such purchase.

## 28. Share options

At 31 March 2012 there were 34,713 unexercised options over new ordinary 1p shares in the Company (31 March 2011: nil). No options over purchased ordinary 1p shares held by the ESOP had been granted to directors and employees under the Company's share option schemes (31 March 2011: nil).

| **Summary of share options** | **Number 31.3.12** | **Weighted average exercise Price 31.3.12** | Number 31.3.11 | Weighted average exercise price 31.3.11 |
|---|---|---|---|---|
| At 1 April | **–** | **–** | – | – |
| Options granted | **34,713** | **259.25** | – | – |
| Options exercised | **–** | **–** | – | – |
| Option expired/lapsed | **–** | **–** | – | – |
| At 31 March | **34,713** | **259.25** | – | – |

## 29. Share–based payments

The Group provides share-based payments to employees in the form of performance share plan awards and a share incentive plan. The Company uses a stochastic valuation model and the resulting value is amortised through the Income Statement over the vesting period of the share-based payments.

| Performance share plan awards | Awards | 2012 Weighted average award value | Awards | 2011 Weighted average award value |
|---|---|---|---|---|
| Outstanding at beginning of period | **6,249,364** | **284p** | 4,870,283 | 332p |
| Awards vested during the period | **–** | **–** | – | – |
| Awards lapsed during the period | **(1,747,441)** | **276p** | (989,620) | 473p |
| Awards cancelled during the period | **–** | **–** | – | – |
| Awards made during the period | **2,728,927** | **259p** | 2,368,701 | 276p |
| Outstanding at end of period | **7,230,850** | **277p** | 6,249,364 | 284p |

The performance share plan awards outstanding at 31 March 2012 had a weighted average remaining contractual life of 1 year 4 months.

The inputs into the stochastic model of valuation of the PSP awards made in the year to 31 March 2012 were as follows:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Weighted average share price | **215.2p** | 285.1p | 297.5p |
| Weighted average exercise price | **–** | – | – |
| Expected volatility | **n/a** | n/a | n/a |
| Expected life | **3 years** | 3 years | 3 years |
| Risk free rate | **n/a** | n/a | n/a |
| Expected dividends | **1.88%** | 1.05% | 1.51% |

The Group recognised a charge of £35,000 (2011: credit of £196,000) during the year in relation to Share-based payments.

At the balance sheet date there were no exercisable awards.

## 30. Own shares held

Following approval at the 1997 Annual General Meeting the Company established the Helical Bar Employees' Share Ownership Plan Trust (the "Trust") to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate and encourage the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company.

The Trust purchases shares in the Company to satisfy the Company's obligations under its Share Option Schemes and Performance Share Plan.

At 31 March 2012 unexercised options over nil (2011: nil) ordinary 1p shares in Helical Bar plc had been granted over shares held by the Trust.

At 31 March 2012 outstanding awards over 7,230,850 (2011: 6,249,364) ordinary 1p shares in Helical Bar plc had been made under the terms of the Performance Share Plan over shares held by the Trust.

# 31. Contingent liabilities

The Group's share of its Joint Ventures' contingent liabilities is discussed in note 20. The Group has guaranteed this payment in the event of default of the Joint Venture.

The Company has entered into cross guarantees in respect of the banking facilities of its subsidiaries. These are not considered to have a material value.

The Company has undertaken to provide support for some of its subsidiaries undertakings. However it does not believe that this support will be required in the foreseeable future.

Other than these contingent liabilities there were no contingent liabilities at 31 March 2012 for the Group or the Company (2011: £nil).

# 32. Net assets per share

| | **31.3.12 £000** | **Number of shares 000s** | **31.3.12 pence per share** | 31.3.11 £000 | Number of shares 000s | 31.3.11 pence per share |
|---|---|---|---|---|---|---|
| Net asset value | **253,730** | **118,138** | | 255,397 | 118,138 | |
| Less: own shares held by ESOP | **–** | **(1,292)** | | – | (1,292) | |
| deferred shares | **(265)** | | | (265) | | |
| Basic net asset value | **253,465** | **116,846** | **217** | 255,132 | 116,846 | 218 |
| Add: unexercised share options | **90** | **34** | | – | – | |
| Add: dilutive effect of the Performance Share Plan | **1,757** | **901** | | – | – | |
| Diluted net asset value | **255,312** | **117,781** | **217** | 255,132 | 116,846 | 218 |
| Adjustment for: | | | | | | |
| – fair value of financial instruments | **3,494** | | | 7,071 | | |
| – deferred tax | **1,050** | | | 717 | | |
| Adjusted diluted net asset value | **259,856** | **117,781** | **221** | 262,920 | 116,846 | 225 |
| Adjustment for: | | | | | | |
| – fair value of trading and development properties | **34,542** | | | 32,436 | | |
| Diluted EPRA net asset value | **294,398** | **117,781** | **250** | 295,356 | 116,846 | 253 |
| Adjustment for: | | | | | | |
| – fair value of financial instruments | **(3,494)** | | | (7,071) | | |
| – deferred tax | **(1,050)** | | | (717) | | |
| Diluted EPRA triple net asset value | **289,854** | **117,781** | **246** | 287,568 | 116,846 | 246 |

The net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA").

## 33. Related party transactions

At 31 March 2012 and 31 March 2011 the following amounts were due from the Group's joint ventures.

| | At 31.3.12 £000 | At 31.3.11 £000 |
|---|---|---|
| Abbeygate Helical (Leisure Plaza) Ltd | **2,316** | 2,040 |
| Abbeygate Helical (Winterhill) Ltd | **–** | – |
| Abbeygate Helical (C4.1) LLP | **10** | 6 |
| King Street Developments (Hammersmith) Ltd | **2,150** | 2,000 |
| Shirley Advance LLP | **4,603** | 4,296 |
| The Asset Factor Ltd | **8** | 596 |
| PH Properties Limited (BVI) | **–** | – |
| Barts Two Investment Property Limited | **3** | – |
| Helical Sosnica Sp zoo | **3,367** | n/a |

All movements in joint venture balances related to loans repaid and loans advanced.

At 31 March 2012 and 31 March 2011 there were the following balances between the Company and its subsidiaries.

| | At 31.3.12 £000 | At 31.3.11 £000 |
|---|---|---|
| Amounts due from subsidiaries | **316,935** | 369,817 |
| Amounts due to subsidiaries | **145,120** | 161,546 |

During the years to 31 March 2012 and 31 March 2011 there were the following transactions between the Company and its subsidiaries:

| | Year ended 31.3.12 £000 | Year ended 31.3.11 £000 |
|---|---|---|
| Management charges receivable | **4,318** | 3,422 |
| Management charges payable | **127** | 250 |
| Interest receivable | **3,439** | 4,725 |
| Interest payable | **–** | – |

Management charges relate to the performance of management services for the Company or its subsidiaries. Interest receivable relates to interest on loans made by the Company to its subsidiaries. All of these transactions, and the year-end balance sheet amounts arising from these transactions were conducted on an arm's length basis and on normal commercial terms. Amounts owed by subsidiaries to the company are identified in note 22. Amounts owed to subsidiaries by the company are identified in note 24.

The Group consider that the key management personnel are the directors and the detail of their remuneration is disclosed in the directors' remuneration report on pages 50 to 56. Share based payments for directors are disclosed in note 8.

# 34. Financial instruments

### Categories of financial instruments

Financial assets in the Group include derivative financial assets which are designated as 'Fair value through the Profit or Loss'. Financial assets also include trade and other receivables and cash and cash equivalents all of which are included within loans and receivables as well as available-for-sale investments.

Financial liabilities in the Group comprise derivative financial liabilities which are categorised as 'Fair value through the Profit or Loss' (non hedge). Financial liabilities also include secured bank loans and overdrafts, trade and other payables, provisions and current tax liabilities, all of which are classified as financial liabilities at amortised cost.

### Financial assets and liabilities by category

The financial instruments of the Group as classified in the financial statements can be analysed under the following IAS 39 Financial Instruments: Recognition and Measurement, categories:

### Financial assets

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Loans and receivables | **57,798** | 66,256 | **350,491** | 396,863 |
| Fair value through the Profit or Loss | **629** | 793 | **340** | 715 |
| Available-for-sale financial assets | **7,003** | 10,505 | **–** | – |
| Total financial assets | **65,430** | 77,554 | **350,831** | 397,578 |

These financial assets are included in the balance sheet within the following headings:

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Available–for–sale investments | **7,003** | 10,505 | **–** | – |
| Derivative financial instruments | **629** | 793 | **340** | 715 |
| Trade and other receivables | **22,387** | 34,929 | **324,136** | 374,620 |
| Cash and cash equivalents | **35,411** | 31,327 | **26,355** | 22,243 |
| Total financial assets | **65,430** | 77,554 | **350,831** | 397,578 |

Financial assets are stated in accordance with IAS 32 Financial Instruments: Presentation.

For fair value of available-for-sale investments see note 18. The carrying value of the trade and other receivables and cash and cash equivalents is deemed not to be materially different from the fair value.

### Financial liabilities

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Fair value through the Profit or Loss | **(3,075)** | (7,311) | **(837)** | (3,373) |
| Other financial liabilities | **(280,864)** | (281,782) | **(152,411)** | (183,321) |
| Total financial liabilities | **(283,939)** | (289,093) | **(153,248)** | (186,694) |

These financial liabilities are included in the balance sheet within the following headings:

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Trade and other payables | **(17,669)** | (44,365) | **(146,865)** | (168,911) |
| Borrowings – current | **(59,203)** | (37,500) | **(5,546)** | (4,500) |
| Borrowings – non current | **(203,992)** | (199,917) | **–** | (9,910) |
| Derivative financial instruments | **(3,075)** | (7,311) | **(837)** | (3,373) |
| Total financial liabilities | **(283,939)** | (289,093) | **(153,248)** | (186,694) |

The carrying value of trade and other payables and borrowings is not deemed to be materially different from the fair value. Financial liabilities are stated in accordance with IAS 32.

The Group and Company financial instruments that are measured subsequent to initial recognition at fair value are available-for-sale assets, forward exchange contracts and interest rate swaps, caps and floors.

Forward foreign exchange contracts are externally measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps, caps and floors are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

IFRS 7 categorises financial assets and liabilities as being valued in 3 hierarchical levels:

- Level 1: values are unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: values are derived from observing market data
- Level 3: values cannot be derived from observable market data

The derivative financial instruments above have been valued using a Level 2 methodology and the available-for-sale investments, which are described in note 18, are classified as Level 3 fair value measurements, being those not based on observable market data. There were no transfers between categories in the current or prior year.



## Derivative financial instruments

| | **Group Year ended 31.3.12 £000** | Group Year ended 31.3.11 £000 | **Company Year ended 31.3.12 £000** | Company Year ended 31.3.11 £000 |
|---|---|---|---|---|
| **Derivative financial assets** | | | | |
| Interest rate caps | **629** | 629 | **340** | 551 |
| Foreign exchange contracts | **–** | 164 | **–** | 164 |
| | **629** | 793 | **340** | 715 |
| **Derivative financial liabilities** | | | | |
| Interest rate swaps | **(3,075)** | (4,764) | **(837)** | (826) |
| Interest rate floors | **–** | (2,547) | **–** | (2,547) |
| | **(3,075)** | (7,311) | **(837)** | (3,373) |

The group's movement in the fair value of the derivative financial instruments in the year was a loss of £306,000 (2011: gain of £1,776,000); Company: loss of £1,604,000 (2011: £1,287,000).

## Credit risk
Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk the Group periodically assesses the financial reliability of customers, taking into account the financial position, past experience and other factors.

As at 31 March 2012 Helical has total credit risk exposure excluding cash of £29m of which £7m is available-for-sale assets and £22m is loans and receivables. Available-for-sale assets are analysed in note 18.

Of the trade receivables held at 31 March 2012, £1.7m related to rent due from tenants which was received post year-end.

All other debtors are deemed to be recoverable.

The Group is not reliant on any major customer for its ability to continue as a going concern.

For further information on trade and other receivables, see note 22.

## Liquidity risk
Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity and funding risks, related processes and policies are overseen by management.

Helical manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations, if applicable, and through numerous sources of finance in order to maintain flexibility. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. The Group's cash and cash equivalents are held with major regulated financial institutions and the directors regularly monitor the financial institutions that the group uses to ensure its exposure to liquidity risk is minimised.

For further information on debt facilities, see notes 25 and 26.

The maturity profile of the Group's contracted financial liabilities is as follows:

| | **Group 31.3.12 £000** | Group 31.3.11 £000 | **Company 31.3.12 £000** | Company 31.3.11 £000 |
|---|---|---|---|---|
| Payable within 3 months | **19,913** | 66,099 | **147,067** | 169,556 |
| Payable between 3 months and 1 year | **65,135** | 29,042 | **7,011** | 6,401 |
| Payable between 1 and 3 years | **89,567** | 178,910 | **789** | 13,173 |
| Payable after 3 years | **140,201** | 37,785 | **–** | 627 |
| Total contracted liabilities | **314,816** | 311,836 | **154,867** | 189,757 |

At 31 March 2012 Helical had £38m of undrawn borrowing facilities, £16m of uncharged property assets and cash balances of £35m. The above contracted liabilities assume that no loans are extended beyond their current facility expiry date. The management believe that these facilities, together with anticipated sales and the renewal of some of these loan facilities, mean that Helical can meet its contracted liabilities as they fall due.

## Market risk
Helical is exposed to market risk, primarily related to interest rates, foreign currency exchange movements, the market value of the investments and accrued development profits. The Group actively monitors these exposures.

## Interest rate risk
It is the Group's policy and practice to minimise interest rate cash flow exposures on long-term financing. Helical does this by using a number of derivative financial instruments including interest rate swaps and interest rate caps. The purpose of these derivatives is to manage the interest rate risks arising from the Group's sources of finance. The Group does not use financial instruments for speculative purposes.

Details of financing and financial instruments can be found in note 26.

In the year to 31 March 2012, if interest rates had moved by 0.5%, this would have resulted in the following movement to pre-tax profits and equity due to movements in interest charges and mark-to-market valuations of derivatives.

| | Group 31 March 2012 Impact on results £000 | Group 31 March 2012 Equity impact £000 | Company 31 March 2012 Impact on results £000 | Company 31 March 2012 Equity impact £000 |
|---|---|---|---|---|
| 0.5% increase – increase in net results and equity | **2,988** | **2,988** | **1,713** | **1,713** |
| 0.5% decrease – decrease in net results and equity | **(3,787)** | **(3,787)** | **(1,713)** | **(1,713)** |

### Foreign currency exchange risk

Due to its operations in Poland and its investment in a non-UK based property developer, Helical has exposure to exchange movements on foreign currencies. Helical's management monitors its exposure to risks associated with foreign currency exchange risk and reviews any requirements to act to minimise these risks. Helical has entered into currency option contracts in order to reduce its exposure to these risks.

In the year to 31 March 2012 the Group made foreign exchange losses of £1,064,000 resulting from movements in foreign exchange rates during the year affecting its assets and liabilities related to its overseas operations.

The Group's balance sheet translation exposure is summarised as follows:

| | **31 March 2012** | | | 31 March 2011 | | |
|---|---|---|---|---|---|---|
| | **Euro (£000)** | **Zloty (£000)** | **US dollars (£000)** | Euro (£000) | Zloty (£000) | US dollars (£000) |
| Gross currency assets | **18,197** | **3,599** | **6,990** | 51,428 | 6,338 | 10,492 |
| Gross currency liabilities | **(8,799)** | **(1,729)** | **–** | (22,339) | (5,411) | – |
| Net exposure | **9,398** | **1,870** | **6,990** | 29,089 | 927 | 10,492 |

The Company's balance sheet translation exposure is almost exclusively due to intra-group loans and is summarised as follows:

| | **31 March 2012** | | 31 March 2011 | |
|---|---|---|---|---|
| | **Euro (£000)** | **Zloty (£000)** | Euro (£000) | Zloty (£000) |
| Gross currency assets | **3,311** | **6,749** | 2,550 | 17,247 |
| Gross currency liabilities | **–** | **(1,402)** | – | – |
| Net exposure | **3,311** | **5,347** | 2,550 | 17,247 |

The Group's main currency exposure is to the euro. The sensitivity of the net assets and profit of the Group to a 10% change in the value of the foreign currencies against sterling is Euro: £940,000 (March 2011: £2,209,000), Zloty: £187,000 (March 2011: £93,000), US dollar: £531,000 (March 2011: £797,000).

The sensitivity of the net assets and profit of the Company to a 10% change in the value of the foreign currencies against sterling is Euro: £331,000 (March 2011: £255,000), Zloty: £535,000 (March 2011: £1,725,000).

# 35. Principal accounting policies

### Basis of consolidation

The Group financial statements consolidate those of Helical Bar plc (the "Company") and all of its subsidiary undertakings (together the "Group") drawn up to 31 March 2012. Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights. Subsidiaries are accounted for under the purchase method and are held in the Company balance sheet at cost and reviewed annually for impairment.

Joint Ventures are entities whose economic activities are controlled jointly by the Group and by other ventures independent of the Group and are accounted for using the equity method of accounting, whereby the Group's share of profit after tax in the Joint Venture is recognised in the Consolidated Income Statement and the Group's share of the Joint Venture's net assets are incorporated in the Consolidated Balance Sheet.

The Company's cost of investment in Joint Ventures less any provision for permanent impairment loss is shown in the Company Balance Sheet.

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor joint ventures.

Intra-group balances and any unrealised gains on transactions between the Company and its subsidiaries and between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### Going concern

The accounts have been prepared on a going concern basis as explained in the Corporate Governance review on page 44.

### Revenue recognition

**Rental income** – rental income receivable is recognised in the Income Statement on a straight line basis over the lease term. Any incentive for lessees to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period.

**Sale of goods** – assets, such as trading properties, development sites and completed developments, are regarded as sold upon the transfer of the significant risks and rewards of ownership to the purchaser, in accordance with IAS 18 Revenue. This occurs on exchange of unconditional contracts for the sale of the site, on satisfaction of any and all conditions on a conditional contract for the sale of the site or on completion of the contract on a conditional sale where those conditions are satisfied at completion. Measurements of revenue arising from the sale of such assets are derived from the fair value of the consideration received in accordance with IAS 18 Revenue.

**Construction contracts** – where an asset is constructed under a specific contract with a purchaser (a "pre-sold development") the initial sale of the site to that purchaser is recognised as a sale of goods in accordance with IAS 18 Revenue. The construction element of the contract is treated, for the purposes of revenue recognition, as a construction contract in accordance with IAS 11 Construction Contracts. Revenue is recognised by reference to the stage of completion which is typically determined by reference to project appraisals, normally supported by independent valuation certificates provided by quantity surveyors. The Company's principal other responsibility on pre-sold developments is the identification of and agreement of terms with potential tenants of the completed building(s). The revenue recognition of this additional component of the funding agreements is considered separately to reflect the substance of the transaction as the rendering of services, in accordance with IAS 18 Revenue. The amount of revenue recognised is determined by reference to the percentage of the building(s) that are let.

**Investment income** – revenue in respect of investment and other income represents investment income, fees and commissions earned on an accruals basis and the fair value of the consideration received/receivable on investments held for the short-term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

### Share-based payments

The Group provides share-based payments in the form of performance share plan awards and a share incentive plan. These payments are discussed in greater detail in the Directors' Remuneration Report on pages 50 to 56. The fair value of share-based payments related to employees' service are determined indirectly by reference to the fair value of the related instrument at the grant date. All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements. The Group uses the stochastic valuation model and the resulting value is amortised through the Consolidated Income Statement ("Income Statement") over the vesting period of the share-based payments.

For the performance share plan and share incentive plan awards, where non-market conditions apply, the expense is allocated, over the vesting period, to the Income Statement based on the best available estimate of the number of awards that are expected to vest. Estimates are subsequently revised if there is any indication that the number of awards expected to vest differs from previous estimates.

### Depreciation
In accordance with IAS 40 Investment Property, depreciation is not provided for on freehold investment properties or on leasehold investment properties. The Group does not own the freehold land and buildings which it occupies. Costs incurred in respect of leasehold improvements to the Group's head office at 11–15 Farm Street, London W1J 5RS are capitalised and held as short-term leasehold improvements. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Residual values are reassessed annually.

Depreciation is charged so as to write off the cost of assets less residual value, over their estimated useful lives, using the straight line method, on the following basis:

| | |
|---|---|
| Short leasehold improvements | – 10% or length of lease, if shorter |
| Plant and equipment | – 25% |

### Taxation
The taxation charge represents the sum of tax currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred taxation.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which Helical expects, at the balance sheet date, to recover or settle the carrying amount of those assets and liabilities. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The deferred tax asset relating to share based payment awards reflects the estimated value of tax relief available on the vesting of the awards at the balance sheet date.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the Income Statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

The Group recognises a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

a) the Group is able to control the timing of the reversal of the temporary difference; and,
b) it is probable that the temporary difference will not reverse in the foreseeable future.

### Dividends
Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which dividends are approved.

### Investment properties
Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment properties are initially recognised at cost, including associated transaction costs, and revalued at the balance sheet date to fair value. These fair values are based on market values as determined by professionally qualified external valuers or are determined by the directors of the Group based on their knowledge of the property. In accordance with IAS 40, investment properties held under leases are stated gross of the recognised finance lease liability.

Gains or losses arising from changes in the fair value of investment properties are recognised as gains or losses on revaluation in the Income Statement of the period in which they arise.

In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Property that is being constructed or developed for future use as an investment property is treated as investment property in accordance with IAS 40.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified. Interest is capitalised before tax relief until the date of practical completion.

Details of the valuation of investment properties can be found in note 15.

## Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the Income Statement.

## Land, developments and trading properties

Land, developments and trading properties held for sale are inventory and are included in the Balance Sheet at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and estimated costs necessary to make the sale.

Gross borrowing costs associated with expenditure on properties under development or undergoing major refurbishment are capitalised. The interest capitalised is calculated using the Group's weighted average cost of borrowings. Interest is capitalised from the date of commencement of the development work until date of practical completion.

## Investments

Available-for-sale investments are revalued to fair value at the balance sheet date. Gains or losses arising from changes in fair value are recognised in the Statement of Comprehensive Income except to the extent that losses are attributable to impairment, in which case they are recognised in the Income Statement. Upon disposal, accumulated fair value adjustments are included in the Income Statement.

## Held for sale investments

Investments are defined as held for sale when the Group intends to sell the investment and if sale is highly probable. Such held for sale investments are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell.

## Trade receivables

Trade receivables do not carry any interest and are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

## Cash and cash equivalents

Cash and cash equivalents are carried in the Balance Sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, and other short-term, highly liquid investments with original maturities of three months or less.

## Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

## Borrowing and borrowing costs

Interest bearing bank loans and overdrafts are initially recorded at fair value, net of finance and other costs yet to be amortised.

Borrowing costs directly attributable to the acquisition and construction of new developments and investment properties are added to the costs of such properties until the date of completion of the development or investment. After initial recognition borrowings are carried at amortised cost. This treatment has been adopted since transition to IFRS.

## Derivative financial instruments

Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group enters into derivative transactions such as interest rate caps and floors, and forward foreign currency contracts in order to manage the risks arising from its activities. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on market prices, estimated future cash flows and forward rates as appropriate. Any change in the fair value of such derivatives is recognised immediately in the Income Statement.

Further information on the categorisation of financial instruments can be found in note 34.

## Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

In accordance with IAS 40, finance leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Income Statement in the period in which they arise. Exchange differences on non-monetary items are recognised in the Statement of Comprehensive Income to the extent that they relate to a gain or loss on that non-monetary item which is included in the Statement of Comprehensive Income, otherwise such gains and losses are recognised in the Income Statement.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the average rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to retained earnings in equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the Income Statement as part of the gain or loss on disposal.

### Net asset values per share

Net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA").

### Earnings/(loss) per share

Earnings/(loss) per share have been calculated in accordance with IAS 33 and the best practice recommendations of EPRA.

### Employee Share Ownership Plan Trust

Shares held in the Helical Bar Employee Share Ownership Plan Trust ("ESOP") are shown as a deduction in arriving at equity funds. Assets, liabilities and reserves of the ESOP are included in the statutory headings to which they relate. Purchases and sales of own shares increase or decrease the book value of "Own shares held" in the Balance Sheet. At each period end the Group assesses and recognises the fair value of "Own shares held" and accounts for movement between book value and fair value as a reserves transfer.

### Use of estimates and judgements

To be able to prepare accounts according to the accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

Areas requiring the use of estimates and critical judgement that may significantly impact on the Group's earnings and financial position are:

– revenue on construction contracts where the valuation is spread over the construction period using estimates of the final outcome (note 2);
– valuation of investment properties, where external valuers are used to provide third party valuations (note 15);
– recognition of share–based payments which is dependent upon the estimated number of performance share plan awards that will vest at the end of the performance periods (note 29);
– calculation and assessment of the recoverability of deferred tax assets, where it has been assumed that sufficient taxable profits will be available in future periods to allow all of the assets to be recovered (note 11);
– valuation of the investment in a property developer which is based on a valuation method (note 18); and,
– directors' valuation of land, development and trading properties include subjective assumptions including the results of future planning decisions and future sales values and timings (note 21).

# ten year review

| | IFRS 31.3.12 £000 | IFRS 31.3.11 £000 | IFRS 31.3.10 £000 | IFRS 31.3.09 £000 | IFRS 31.3.08 £000 | IFRS 31.3.07 £000 | IFRS 31.3.06 £000 | IFRS 31.3.05 £000 | UK GAAP 31.3.04 £000 | UK GAAP 31.3.03 £000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | 52,968 | 119,059 | 67,354 | 81,770 | 65,623 | 123,176 | 119,274 | 101,469 | 54,566 | 135,192 |
| Net rental income | 17,876 | 14,187 | 14,151 | 17,682 | 16,400 | 14,771 | 16,524 | 20,440 | 22,980 | 25,619 |
| Development profit/(loss) | 655 | (16,642) | (1,293) | (7,704) | 6,068 | 13,587 | 4,594 | 12,664 | 38 | 4,630 |
| Trading (loss)/profit | – | (367) | (10) | (514) | (29) | 2,094 | 13,441 | 5,771 | 1,031 | 349 |
| Share of results of joint ventures | 2,472 | 2,886 | 3,745 | 1,846 | (98) | 6,196 | 437 | 2,699 | 1,636 | 1,544 |
| Other income/(expense) | 113 | (358) | 26 | 6,752 | (315) | 766 | 235 | 235 | 601 | 626 |
| **Gross profit/(loss) before gain/(loss) on investment properties** | 21,116 | (294) | 16,619 | 18,062 | 22,026 | 37,414 | 35,231 | 41,809 | 26,286 | 32,768 |
| Gain/(loss) on sale and revaluation of investment properties | 3,288 | 7,512 | 8,195 | (66,670) | (32,790) | 40,637 | 43,551 | 44,204 | 2,035 | 2,126 |
| Gain on sale of investments | – | – | – | 1,892 | – | – | – | – | – | – |
| Impairment of available-for-sale investments | – | (1,817) | – | – | – | – | – | – | – | – |
| Administrative expenses | (7,800) | (7,050) | (8,680) | (8,090) | (13,659) | (17,544) | (16,582) | (15,757) | (8,037) | (6,391) |
| Loss on sale of subsidiary | – | – | – | – | – | – | – | – | (59) | – |
| Negative goodwill | – | – | – | – | – | – | – | – | – | 6,362 |
| Net finance costs | (8,132) | (4,564) | (7,132) | (21,048) | (1,724) | (419) | (5,080) | (5,561) | (6,572) | (9,638) |
| Foreign exchange (losses)/gains | (1,064) | (67) | (1,127) | 3,999 | 1,862 | – | – | – | – | – |
| **Profit/(loss) before tax** | 7,408 | (6,280) | 7,875 | (71,855) | (24,285) | 60,088 | 57,120 | 64,695 | 13,653 | 25,227 |
| Tax | 158 | 2,391 | 1,711 | 18,359 | 11,971 | (8,000) | (9,676) | 844 | (2,199) | (7,660) |
| **Profit/(loss) after tax** | 7,566 | (3,889) | 9,586 | (53,496) | (12,314) | 52,088 | 47,444 | 65,539 | 11,454 | 17,567 |
| Investment portfolio | 326,876 | 271,876 | 219,901 | 241,287 | 306,778 | 316,025 | 294,583 | 271,315 | 334,932 | 342,484 |
| Shareholders' funds | 253,730 | 255,397 | 242,607 | 237,066 | 268,659 | 282,186 | 230,097 | 186,165 | 234,917 | 226,870 |
| Dividend per ordinary share | 4.90p | 2.00p | 7.25p | 4.50p | 4.50p | 4.05p | 3.65p | 3.32p | 3.32p | 3.00p |
| Special dividend per ordinary share | – | – | – | – | – | – | – | 80.0p | – | – |
| Diluted earnings/(loss) per ordinary share | 6.5p | (3.6p) | 9.1p | (56.6p) | (13.5p) | 53.7p | 51.8p | 53.7p | 7.9p | 11.8p |
| Diluted EPRA net assets per share | 250p | 253p | 272p | 286p | 352p | 374p | 309p | 238p | 182p | 155p |

The financial statements for the year to 31 March 2005 have been restated to reflect the adoption of International Financial Reporting Standards.

The above table has not been audited but the information for the years 31 March 2006 to 31 March 2012 is taken from the financial statements of those years and the information for the years 31 March 2003 to 31 March 2005 is taken from the financial statements of those years restated to reflect the impact of the 5 for 1 share issue on 1 September 2005.

# investor information

# appendix I – property portfolio

## Income producing assets

### London offices

| Address | Area sq ft (NIA) | Helical interest | Average passing rent per sq ft | Vacancy rate |
|---|---|---|---|---|
| Shepherds Building, Shepherds Bush, London W14 | 151,000 | 100% | £23.50 | 1% |
| 200 Great Dover Street, London SE1 | 36,000 | 100% | – | 100% |
| 80 Silverthorne Road, Battersea, London SW8 | 56,000 | 75% | £17.63 | 2% |
| 82 Silverthorne Road, Battersea, London SW8 | 51,000 | 75% | £22.83 | 66% |
| Barts Square, London EC1 | 420,000 | 33% | £8.62 | 4% |
| Broadway House, London W6 | 40,000 | 100% | £24.50 / £105–£125 Zone A | 29% |
| The Powerhouse, Chiswick, London W4 | 43,000 | 100% | £9.33 | 0% |
| | **797,000** | | | |

### Provincial offices

| Address | Area sq ft (NIA) | Helical interest | Average passing rent per sq ft | Vacancy rate |
|---|---|---|---|---|
| Fordham, Newmarket | 70,000 | 53% | £17.70 | 0% |
| Botleigh Grange, Hedge End, Southampton | 23,000 | 100% | – | 100% |
| | **93,000** | | | |

### Industrial

| Address | Area sq ft (NIA) | Helical interest | Average passing rent per sq ft | Vacancy rate |
|---|---|---|---|---|
| Dales Manor Business Park, Sawston, Cambridge | 62,000 | 67% | £7.71 | 0% |
| Winterhill Industrial Estate, Milton Keynes | 25,000 | 50% | £7.72 | 0% |
| Merlin Business Park, Manchester | 62,000 | 100% | £5.25 | 0% |
| Crownhill Business Centre, Milton Keynes | 108,000 | 100% | £6.64 | 10% |
| Langlands Place Industrial Estate, East Kilbride | 153,000 | 100% | £4.89 | 27% |
| | **410,000** | | | |

### Retail – in town

| Address | Area sq ft (NIA) | Helical interest | Zone A rent | Vacancy rate |
|---|---|---|---|---|
| The Morgan Quarter, Cardiff | 220,000 | 100% | £75–£125 | 4% |
| 78–104 Town Square, Basildon | 54,000 | 100% | £75–£100 | 26% |
| The Guineas, Newmarket | 142,000 | 100% | £30–£50 | 9% |
| Idlewells Shopping Centre, Sutton-In-Ashfield | 185,000 | 100% | £25–£50 | 1% |
| Corby Town Centre, Corby | 700,000 | 100% | £20–£80 | 7% |
| Clyde Shopping Centre Clydebank | 627,000 | 60% | £20–£65 | 3% |
| | **1,928,000** | | | |

### Retail – out of town

| Address | Area sq ft (NIA) | Helical interest | Average passing rent per sq ft | Vacancy rate |
|---|---|---|---|---|
| Otford Road Retail Park, Sevenoaks | 42,000 | 75% | £17.96 | 0% |
| Stanwell Road, Ashford | 32,000 | 75% | £16.37 | 0% |
| | **74,000** | | | |

# Development programme

### London offices

| Address | Area sq ft (NIA) | Fund/owner | Helical interest | Type of development |
|---|---|---|---|---|
| 200 Aldersgate Street, London EC1 | 370,000 | Deutsche Pfandbriefbank | Dev. Man | Refurbished and in course of letting |
| Mitre Square, London EC3 | 273,000 | Helical | 100% | Site for new consented office building |
| | **643,000** | | | |

### Provincial offices

| Address | Area sq ft (NIA) | Fund/owner | Helical interest | Type of development |
|---|---|---|---|---|
| The Hub, Pacific Quay, Glasgow | 60,000 | Helical | 100% | Media focused multi-let office (i.e. 60% let) |
| | **60,000** | | | |

### Industrial

| Address | Area sq ft (NIA) | Fund/owner | Helical interest | Type of development |
|---|---|---|---|---|
| Tiviot Way, Stockport | – | Helical | 100% | New build – sold since year end |
| Ropemaker Park, Hailsham | 70,000 | Helical | 90% | New build – completed |
| | **70,000** | | | |

### Retail – in town

| Address | Area sq ft (NIA) | Helical interest | Type of development |
|---|---|---|---|
| Parkgate, Shirley, West Midlands | 157,000 | 50% | Consented food store, retail and residential |
| C4.1 Milton Keynes | 33,000 | 50% | Remaining retail and office units, part let |
| | **190,000** | | |

### Retail – out of town

| Address | Area sq ft (NIA) | Helical interest | Type of development |
|---|---|---|---|
| Leisure Plaza, Milton Keynes | 305,500 | 50% | Consent for 113,000 sq ft retail store, 65,000 sq ft ice rink |
| | **305,500** | | |

### Retirement villages

| Address | Units | Helical interest | Type of development |
|---|---|---|---|
| Bramshott Place, Liphook, Hampshire | 151 | 100% | 90 units sold, 18 under offer. Phases 1 and 2 completed, phase 3 under construction |
| St Loye's College, Exeter | 206 | 100% | Part of site has consent for 63 housing units and is under offer for sale |
| Maudslay Park, Great Alne | 132 | 100% | 82 acre site with consent for a retirement village |
| Ely Road, Milton, Cambridge | 101 | 100% | Planning consent granted for 89 open market housing units. Site under offer to be sold |
| Durrants Village, Faygate, Horsham | 154 | 100% | Construction of a first phase commenced |
| | **744** | | |

### Change of use potential

| Address | Area | Helical interest | Type of development |
|---|---|---|---|
| Cawston, Rugby | 32 acres | 100% | 32 acre greenfield site with residential potential |
| Arleston, Telford | 19 acres | 100% | 19 acre greenfield site with residential potential |
| | **51 acres** | | |

### Mixed use developments

| Address | Helical interest | Type of development |
|---|---|---|
| White City, London W12 | Joint venture | Planning application for 1.5m sq ft mainly residential scheme to be submitted summer 2012 |
| King Street, Hammersmith, London | 50% | Planning application submitted |
| Fulham Wharf, London SW6 | Dev. Man. | Planning consent granted for 100,000 sq ft foodstore and 463 residential units. |

### Retail – poland

| Address | Area sq ft | Helical interest | Fund/owner | Type of development |
|---|---|---|---|---|
| Park Handlowy Mlyn, Wroclaw | 103,000 | 100% | Helical | Completed development, fully let |
| Europa Centralna, Gliwice | 720,000 | 37.50% | Helical / Standard Life | Under construction |
| | **823,000** | | | |

# appendix II – risk register

### Strategic risk

| Risk | Mitigation/remarks | Action to be taken |
|---|---|---|
| Group's strategy is inconsistent with market conditions e.g.:<br>- Asset concentration/lot size impacts on liquidity (e.g. if investments becomes difficult to sell does this affect our liquidity)<br>- Asset concentration/mix creates excessive volatility in property revaluation movements | Management constantly monitors the Group strategy and changes it where market conditions dictate. Management team is very experienced and has a strong track record in the property market<br>Due to the small size of the Group and the management team, changes to the strategy can be effected more quickly than most other property companies | |
| Inappropriate capital structure (i.e. too highly geared) | The group's gearing was 90% at March 2012<br>The group's gearing is constantly monitored to ensure that it remains within the parameters that are considered reasonable for the industry | Continue monitoring capital structure<br>Take gearing level into account when making business decisions |

### Reputational risk

| Risk | Mitigation/remarks | Action to be taken |
|---|---|---|
| Unwillingness of stakeholders to continue to deal with Helical | Code of conduct and whistle-blowing policy updated in 2010<br>Anti-bribery policy introduced in 2011<br>Currently no concerns identified | Continue to monitor adherence to policies and identify any new high-risk projects |

### Financial risk

| Risk | Mitigation/remarks | Action to be taken |
|---|---|---|
| Inability to roll over loans | Good relationship with several established lending institutions<br>Maturity profile at 31 March 2012 is:<br>£59m maturing within 1 year<br>£72m maturing between 1 to 2 years<br>£1m maturing between 2 and 3 years<br>£22m maturing between 3 and 4 years<br>£110m maturing after 4 years<br>Since March 2012 £32m of loans expiring within one year have been renewed until 2015<br>Borrowing is spread between a number of different institutions<br>Agreed a £100m revolving credit facility with RBS until January 2017 | Focus on refinancing over loans due before March 2013 |

## Financial risk (continued)

| Risk | Mitigation/remarks | Action to be taken |
|---|---|---|
| Foreign exchange risk | Helical's equity in its overseas developments has been reduced in the year | |
| Increase in cost of borrowing | At 31 March 2012 the Group had £120m of fixed rate debt and interest rates caps of £125m<br>Hedge effectiveness regularly monitored | Ensure that hedging % remains at an appropriate level |
| Breaching loan covenants | Adherence to loan covenants are constantly monitored and if necessary remedial action is taken to cure the breach | Continue monitoring loan covenants |
| Insufficient liquidity to take advantage of opportunities | As at 31/03/12 the Group had £35m of cash, £38m of undrawn borrowings and £16m of uncharged property | Maintain overdraft facilities<br>Ensure that cash resources do not fall below currently forecast levels |
| Tenant default | Tenant covenant strength is considered when making property decisions. Currently only 1 tenant represents more than 5% of the Group's share of total rent roll | Maintain dialogue with tenants to reduce risk of unexpected non-payment<br>Ensure no over reliance on individual tenants |
| Loss of deposits due to banking counterparty failure | All deposits are held at high quality financial institutions<br>No significant deposits held outside the UK<br>Regular monitoring of financial institutions | Ensure that all deposits remain at well capitalised institutions |

## Development risk

| Risk | Mitigation/remarks | Action to be taken |
|---|---|---|
| Inability to add to the current development pipeline | Experienced development team with an excellent track record<br>Good reputation in property sector | |
| Changes in legislation leading to delays in receiving planning permission | Good relationships with planning consultants and local authorities | Key up to date with planning legislation<br>Continue to use specialist professional advisors |
| Lack of demand for new property | Group's strategy is to avoid doing speculative developments | Continue to avoid speculative developments |
| Inability to find suitable contractors/ JV partners | Well established network of Joint Venture partners which it has worked with in the past | |

# appendix II – risk register

## Market risk

| Risk | Mitigation/remarks | Action to be taken |
|---|---|---|
| Property price falls | Current uncertainties in the world economy mean that future performance is difficult to predict though<br><br>Helical has been active in disposing of non-performing assets and rebalancing its portfolio for the changing market | Keep diversified portfolio to prevent being over-exposed to one sector |
| Reduced tenant demand for space | Focus is on buying well let properties in good locations | Continue to ensure that vacant space is kept to a minimum |

## People risk

| Risk | Mitigation/remarks | Action to be taken |
|---|---|---|
| Lack of the right personnel to ensure the Group's strategy is adhered to | Senior management team are very experienced<br><br>Employee turnover is low<br><br>Remuneration is set to attract and retain high calibre staff | Monitor staff resources to ensure appropriate to any changes in the business |
| Health & safety issues | Health and safety policy updated regularly<br><br>Use of specialist professional advice<br><br>Not involved in high risk activities | Monitor compliance with policy<br><br>Continue to use specialist advice |
| Bribery and corruption risk | Introduced an anti bribery policy which it has distributed to all staff and all significant Joint Venture partners | Continue to identify and monitor projects with a greater exposure to bribery and corruption<br><br>Avoid doing business in high risk territories |

# investor information

The report and financial statements, share price information, company presentations, the financial calendar, Corporate Governance, contact details and other investor information on the Group are available in the Investor Relations and Company Profile area of our website www.helical.co.uk.

### Registrar
All general enquiries concerning holdings of ordinary shares in Helical Bar plc should be addressed to:

Capita Registrars
The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Telephone: 0871 664 0300*
Fax: 020 8639 2220
From outside the UK +44(0) 20 8639 3399

Website: www.capitaregistrars.com
Email: shareholder.services@capitaregistrars.com

*calls cost 10p per minute plus network extras. Lines are open between 9am and 5:30pm, Mon–Fri.

### e–communication
UK shareholders may choose to be alerted about updates to the Financial Reports, Results, Press Releases and Events Calendar sections of the Group's website by subscribing to the Alerting Service at www.helical.co.uk. Shareholders may also submit their proxy votes electronically. To register for this service, shareholders should visit the Shareholders area of www.capitaregistrars.com.

### Payment of dividends
Shareholders whose dividends are not currently paid to mandated accounts may wish to consider having their dividends paid directly into their bank or building society account. This has a number of advantages, including the crediting of cleared funds into the nominated account on the dividend payment date. If shareholders would like their future dividends to be paid in this way, they should complete a mandate instruction available from the Registrars. Under this arrangement tax vouchers are sent to the shareholder's registered address.

### Dividends for shareholders resident outside the UK
Instead of waiting for a sterling cheque to arrive by mail, you can ask us to send your dividends direct to your bank account. For information contact the Company's Registrar.

### Dividend reinvestment plan (DRIP)
The Company offers shareholders the option to participate in a DRIP. This enables shareholders to reinvest their cash dividends in Helical Bar plc shares.

For further details, contact the Company's Registrar.

For participants in the plan, key dates can be found in the online financial calendar in the 'Investor Relations' area at www.helical.co.uk.

### ShareGift
Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to a charity ShareGift, (registered charity 1052686) which specialises in using such holdings for charitable benefit.

Further information about ShareGift is available at www.sharegift.org or by writing to: ShareGift, 17 Carlton House Terrace, London, SW1Y 5AH
Telephone: 020 7930 3737

### Dividends
Dividend payment dates on the Company's Ordinary 1p shares in 2011 were as follows:

| Dividend | Record Date | Payment Date | Amount |
|---|---|---|---|
| 2010/11 Final | 1 July 2011 | 28 July 2011 | 3.15p |
| 2011/12 Interim | 2 Dec 2011 | 22 Dec 2011 | 1.75p |

Dividend payment dates in 2012 will be as follows:

| Dividend | Record Date | Payment Date | Amount |
|---|---|---|---|
| 2011/12 Final | 29 June 2012 | 26 July 2012 | 3.40p |
| 2012/13 Interim | Dec 2012 | Dec 2012 | |

### Unsolicited investment advice – warning to shareholders
Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. A 2006 survey by the Financial Services Authority (FSA) reported that the average amount lost by investors was around £20,000. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports into the company.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved. You can check at www.fsa.gov.uk/register
- The FSA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted, UK investors and any approach from such organisations should be reported to the FSA so that this list can be kept up to date and any other appropriate action can be considered.
- Report the matter to the FSA either by calling 0300 500 5000 or by completing an online form at:

http://www.moneymadeclear.org.uk/news/scams/share_scams.html

If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme.

### Share price information
The latest information on the Helical Bar plc share price is available on our website www.helical.co.uk.

### Registered office
11–15 Farm Street, London, W1J 5RS
Registered in England and Wales No. 156663.

# glossary of terms

| | |
|---|---|
| **Average unexpired lease term** | The average unexpired lease term expressed in years. |
| **Capital value (psf)** | The open market value of the property divided by the area of the property in square feet. |
| **Diluted EPRA earnings per share** | Earnings per share adjusted to exclude losses/gains on sale and revaluation of investment properties and their deferred tax adjustments, the tax on loss/profit on disposal of investment properties, trading property losses/profits, impairment of available-for-sale investments and fair value movements on derivative financial instruments, on a diluted basis. Details of the method of the calculation of the diluted EPRA earnings per share are available from EPRA. |
| **Diluted EPRA net assets per share** | Diluted net asset value per share adjusted to exclude fair value of financial instruments and deferred tax on capital allowances and on investment properties revaluation, but including the fair value of trading and development properties in accordance with the best practice recommendations of EPRA. |
| **Diluted EPRA triple net asset value per share** | Diluted EPRA net asset value per share adjusted to include fair value of financial instruments and deferred tax on capital allowances and on investment properties revaluation. |
| **Diluted figures** | Reported amounts adjusted to include the effects of potential shares issuable under the employee share option schemes. |
| **Earnings per share** | Profit after tax divided by the weighted average number of ordinary shares in issue. |
| **EPRA** | European Public Real Estate Association. |
| **Equivalent yield** | The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received in arrears. |
| **Estimated rental value (ERV)** | The market rental value of lettable space as estimated by the Group's valuers at each balance sheet date. |
| **Initial yield** | Annualised net rents on investment properties as a percentage of the investment property valuation. |
| **IPD** | The Investment Property Databank Limited (IPD) is a company that produces a number of independent benchmarks of unleveraged commercial property returns. |
| **Net assets value per share (NAV)** | Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date. |
| **Net gearing** | Total borrowings less short-term deposits and cash as a percentage of equity shareholders' funds. |
| **Passing rent** | The annual gross rental income excluding the net effects of straightlining lease incentives. |
| **Rack rental value %** | The anticipated yield, which the initial yield will rise to once the rent reaches the ERV. |
| **Total shareholder return (TSR)** | The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period. |
| **True equivalent yield** | The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received quarterly in advance. |
| **Unleveraged returns** | Total property gains and losses (both realised and unrealised) plus net rental income expressed as a percentage of the total value of the properties. |

# financial calendar

| | |
|---|---|
| **Year ended 31 March 2012** | Annual General Meeting to be held 24 July 2012 |
| **Final ordinary dividend payable** | 26 July 2012 |
| **Half year ending 30 September 2012** | Results and interim ordinary dividend announced November 2012<br>Interim ordinary dividend payable December 2012 |
| **Year ending 31 March 2013** | Results and final dividend announced May 2013<br>Final ordinary dividend payable July 2013 |

# advisors

| | |
|---|---|
| **Registrars** | Capita Registrars<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent BR3 4TU |
| **Bankers** | Aareal Bank AG<br>Allied Irish Bank<br>Barclays Bank plc<br>Clydesdale Bank<br>HSBC plc<br>Nationwide<br>The Royal Bank of Scotland Group plc |
| **Joint stockbrokers** | JP Morgan Cazenove Limited<br>10 Aldermanbury<br>London EC2V 7RF<br><br>Oriel Securities Limited<br>150 Cheapside<br>London EC2V 6ET |
| **Auditors** | Grant Thornton UK LLP<br>Grant Thornton House<br>Melton Street<br>Euston Square<br>London NW1 2EP |
| **Merchant bankers** | Lazard Ltd<br>50 Stratton Street<br>London W1J 8LL |
| **Solicitors** | Ashurst<br>Clifford Chance<br>Lawrence Graham<br>Linklaters<br>Lovells<br>Mishcon de Reya<br>Nabarro<br>Norton Rose<br>Semple Fraser<br>Wragge & Co |

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