HELICAL

HELICAL PLC

("Helical" or the "Group" or the "Company")

Annual Results for the Year to 31 March 2024

HELICAL ANNOUNCES THE RESULTS OF A BUSINESS REVIEW AND A CHANGE IN LEADERSHIP

Richard Cotton, Chairman, commented:

"These results reflect a period of economic volatility, with the higher interest rate backdrop negatively impacting on investment yields and structural challenges in the occupational market.

"Looking forward, with inflation returning to normal levels at 2.3% and interest rates forecast to decline, the investment market is expected to strengthen with rental growth continuing for "best-in-class" office space.

"We have today announced that Gerald Kaye has informed the Board that he will be handing over his executive duties and stepping down from the Board at the AGM in July, with Matthew Bonning-Snook succeeding him. I am pleased that Gerald will continue in a consultancy role to deliver our next two projects, at 100 New Bridge Street, EC4 and Brettenham House, WC2.

"Matthew has an extensive track record of delivering highly profitable schemes over nearly three decades at Helical and he is the right choice to maximise the opportunities at the Company. During the year he secured the joint venture with Transport for London ("TfL")'s property company, Places for London, and the three new schemes added to our pipeline, with the potential for additional opportunities, will form the cornerstone of our exciting development pipeline for the rest of this decade.

"In recent months I have been leading a comprehensive business review, the details of which can be found in my Chairman's Statement below. In summary, we have an exciting pipeline of committed developments, which due to the quality of the schemes and anticipated supply shortages, are well placed to attract premium rents and achieve strong returns. At the same time, in order to optimise the value of our investment properties, we need to complete our asset management plans, principally through leasing up vacancy, and be ready to realise value as and when liquidity returns to the investment market.

"We are confident that we have a coherent strategy in place to deliver Shareholder value. In the meantime, there are very clear priorities for our experienced team of investment and development professionals, centred on reducing the portfolio vacancy in our completed buildings and maximising the potential in our development pipeline, all at a lower operational cost.

"The Board is therefore unanimous in its view that, given current market conditions and outlook, the potential returns on a three year view far exceed the likely returns from alternative strategies to return capital to Shareholders. To this end, it has signed off on a detailed three year plan, also encompassing business cost reduction and management incentives, which provides a clear blueprint for future growth."

Operational Highlights

Good letting momentum with progress at our "best-in-class" assets

- During the year we completed 13 new lettings, comprising 136,660 sq ft (our share: 86,237 sq ft), delivering contracted rent of £11.7m per annum (our share: £7.1m), 1.1% above 31 March 2023 ERVs.
  - At The JJ Mack Building, EC1, we let 100,847 sq ft at a 1.8% premium to 31 March 2023 ERVs. Post year end, we let the ground floor office space to J Sainsbury and have placed the fourth floor, 10th floor and remaining ground floor retail unit under offer. On completion of these lettings 90% of the building will be let at an average office rent of £95, with just one floor remaining.
  - At The Bower, EC1, we forfeited the leases for six floors let to WeWork at The Tower, taking back control of the space. Since then we have re-let one floor back to them until June 2024 and have entered into a management agreement for infinitSpace to provide serviced offices on two floors. The remaining vacant fourth, fifth and sixth floors are being refurbished to be let on a Cat A+ basis.

Sales

- Shortly before the year end, we exchanged on the £43.5m sale of 25 Charterhouse Square, EC1, with completion of the sale in April 2024.
- As announced a few days ago, we entered into a joint venture arrangement for the redevelopment of 100 New Bridge Street, EC4, selling a 50% interest in the site for £55m structured on a preferred equity basis to a vehicle led by Orion Capital Managers. Simultaneous to the joint venture being signed, the parties entered into a development financing arrangement with NatWest and an institutional lender, and a building contract with Mace to deliver the scheme.

Portfolio Valuation

- Primarily driven by the impact of the higher interest rate environment on market sentiment, there was an outward yield adjustment of 95bps in the year to 31 March 2024, increasing the true equivalent yield for the portfolio to 6.34% (31 March 2023: 5.39%) and reducing the investment portfolio valuation to £660.6m (31 March 2023: £839.5m).

Development Pipeline

- With a joint venture partner secured, development finance in place and a construction contract signed, the 194,000 sq ft redevelopment of 100 New Bridge Street, EC4, our latest "best-in-class" scheme, has commenced and is expected to be completed by March 2026.
- Contracts were signed in July 2023, confirming Helical as Places for London's commercial office joint venture partner. The long-term partnership will see the delivery of new high quality and sustainable space predominantly above or adjacent to key transport hubs.
  - 10 King William Street, EC4 (formerly Bank OSD) – An eight-storey office development on an island site, located above the recently opened Bank station entrance on Cannon Street, delivering 140,000 sq ft of office and retail space. This development is due to commence in Q4 2024 with completion due by December 2026.
  - Southwark Over Station Development, SE1 – Located over Southwark tube station, the site benefits from planning for a 222,000 sq ft NIA office scheme. We are now having detailed pre-application discussions with Southwark Borough Council regarding an alternative purpose-built student accommodation scheme. We aim to submit a planning application during Summer 2024, commence on site in July 2025 and complete in Summer 2027.
  - Paddington Over Station Development, W2 - Situated close to the Elizabeth Line station at Paddington, this 19-storey building will provide 235,000 sq ft of office space. The site will be acquired by the joint venture in January 2026 and the intention is to deliver the scheme in 2029.
- Terms have been agreed, and contracts will shortly be signed, with the long leasehold owner of the existing building at Brettenham House, WC2 for the wholesale refurbishment of the 120,000 sq ft office building with Helical acting as development manager and contributing towards construction costs. This transaction is an example of the "equity-light" model that we seek to pursue in the future with ownership remaining with the long leaseholder and our equity contribution limited. Work has already commenced and we expect to deliver the completed scheme in Q1 2026.

Financial Highlights

Earnings and Dividends

- IFRS loss of £189.8m (2023: £64.5m).
- See-through Total Property Return[1] of -£162.7m (2023: -£51.4m):
  - Group's share[1] of net rental income decreased 23.8% to £25.5m (2023: £33.5m).
  - Net loss on sale and revaluation of investment properties of -£188.6m (2023: -£88.1m).
  - Development profits of £0.4m (2023: £3.2m).
- Total Property Return, as measured by MSCI, of -20.3%, compared to the MSCI Central London Offices Total Return Index of -5.7%.
- IFRS basic loss per share of 154.6p (2023: 52.6p).
- EPRA earnings per share[1] of 3.5p (2023: 9.4p).
- Final dividend proposed of 1.78p per share (2023: 8.70p).
- Total dividend for the year of 4.83p (2023: 11.75p).

Balance Sheet

- Net asset value down 34.1% to £401.1m (31 March 2023: £608.7m).
- Total Accounting Return[1] on IFRS net assets of -31.7% (2023: -9.4%).
- Total Accounting Return[1] on EPRA net tangible assets of -31.4% (2023: -12.1%).
- EPRA net tangible asset value per share[1] down 32.9% to 331p (31 March 2023: 493p).
- EPRA net disposal value per share[1] down 33.3% to 327p (31 March 2023: 490p).

Financing

- See-through loan to value[1] increased to 39.5% (31 March 2023: 27.5%) with a pro-forma LTV[2], post year-end sales, of 28.7%.
- See-through net borrowings[1] of £261.6m (31 March 2023: £231.4m), pro-forma £163.8m.
- Average maturity of the Group's share[1] of secured debt of 2.1 years (31 March 2023: 2.9 years).
- Change in fair value of derivative financial instruments charge of £5.6m (2023: credit of £12.8m).
- See-through average cost of secured facilities[1] reduced to 2.9% (31 March 2023: 3.4%).
- Group's share[1] of cash and undrawn bank facilities of £115.5m (31 March 2023: £244.2m).

Portfolio Update

- IFRS investment property portfolio value of £472.5m (31 March 2023: £681.7m).
- 22.4% valuation decrease, on a like-for-like basis[1] (22.6% including sales and purchases), of our see-through investment portfolio, valued at £660.6m (31 March 2023: £839.5m).
- Contracted rents of £33.0m (31 March 2023: £39.0m), compared to an ERV[1] of £60.8m (31 March 2023: £60.4m). Following the sale of 25 Charterhouse Steet, EC1, and 50% of 100 New Bridge Street, EC4 post year end, the ERV falls to £48.1m.
- See-through portfolio WAULT[1] of 6.6 years (31 March 2023: 5.0 years).
- Vacancy rate on completed assets decreased to 17.6% at 31 March 2024 (2023: 19.8%), primarily due to the lettings at The JJ Mack Building, EC1.

Sustainability Highlights

- The JJ Mack Building, EC1 received its final BREEAM certificate achieving an Outstanding with a score of 96.4%, making it the highest rated commercial building in the UK.
- Photovoltaic panels installed at The Bower, EC1 generating over 37,000 kWhs of energy once fully commissioned, for the exclusive use of our building.
- Retention of EPRA Sustainability BPR Gold rating and CDP B rating with a GRESB 4 Green Star status.

Dividend and Annual General Meeting Timetable

Announcement date	23 May 2024
Ex-dividend date	27 June 2024
Record date	28 June 2024
Last date for DRIP election	12 July 2024
Annual General Meeting	17 July 2024
Dividend payment date	2 August 2024

A Dividend Reinvestment Plan ("DRIP") is provided by Equiniti Financial Services Limited. The DRIP enables the Company's Shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

For further information, please contact:

Helical plc	**020 7629 0113**
Richard Cotton (Chairman)	
Gerald Kaye (Chief Executive)	
Tim Murphy (Chief Financial Officer)	
Address:	5 Hanover Square, London W1S 1HQ
Website:	www.helical.co.uk
Twitter:	@helicalplc
FTI Consulting	**020 3727 1000**
Dido Laurimore/Richard Gotla/Andrew Davis	
schelical@fticonsulting.com	

Results Presentation

Helical will be holding a presentation for analysts and investors starting at 10:30am on Thursday 23 May 2024 at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. If you would like to attend, please contact FTI Consulting on 020 3727 1000, or email schelical@fticonsulting.com

The presentation will be on the Company's website www.helical.co.uk and a live webcast and Q&A will also be available.

Webcast Link:
https://brrmedia.news/HLCL_FY_23/24

1. See Glossary for definition of terms. The "see-through" performance measures are designed to give additional information about the Group's share of assets and liabilities, income and expenses in subsidiaries and joint ventures (see Note 25). The financial statements have been prepared in accordance with International Accounting Standards ("IAS") in conformity with the Companies Act 2006. In common with usual practice in our sector, alternative performance measures have also been provided to supplement IFRS, including measures which are based on the recommendations of the European Public Real Estate Association ("EPRA").

2. See Note 30.

Chairman's Statement

The results announced today are reflective of the cyclical and structural headwinds affecting the real estate sector and, more particularly, London offices and which have adversely impacted our financial and share performance. Our portfolio of investment properties and development sites has been disproportionately impacted by the significant outward yield movement over the past 12 months, with vacancy negatively impacting valuations.

On a more positive note, I am, however, pleased to report that our strategy of focusing on "best-in-class" buildings is bearing fruit, as evidenced by the encouraging letting progress and record rents achieved at our latest and most sustainable property, The JJ Mack Building, EC1. This underpins our confidence in the prospects for our significant development pipeline and our future profitability.

Over recent months I have led a detailed and rigorous business review, where we have examined all of the potential strategies to generate Shareholder value. We have concluded that the nature of our business does not lend itself to the strategy currently being adopted by some of our peers, namely the return of capital to Shareholders funded through asset disposals. There are some important factors underlying this conclusion, particularly the complexities of our financing and capital commitments given the scale of our central London pipeline assets, compounded by the current market illiquidity for properties of over £100m, which is even more pronounced for London offices.

We have reached several important conclusions:

- We have an exciting pipeline of committed developments, which due to the quality and location of the schemes, are well placed to attract premium rents and should achieve strong returns;
- Helical has a proven track record in delivering very high quality schemes, across a variety of asset classes, often in partnership. Going forwards, the intention is to increasingly adopt an "equity-light" model to take advantage of market opportunities with a disciplined approach to capital deployment;
- To optimise the value of our investment properties we need to complete our asset management plans, principally through leasing up vacancy, and be ready to realise value as and when liquidity returns to the investment market;
- We need to adjust our dividend payout given recurring earnings are insufficient to cover the historic level of dividend and development profits are inherently lumpy;
- We plan to make a significant reduction in our fixed overheads, and we have started to implement changes to reduce our running overheads by 25% by the end of March 2025;
- The Board has signed off on a detailed three year plan and is very clear that, given current markets, the potential returns on a three year view far exceed the potential returns from an alternative strategy to return capital to Shareholders in the short term; and
- The Board recognises the talent and potential in the wider Helical team and, to this end, we are consulting on the introduction of a new three year management incentive plan that is designed to strengthen the alignment of the executive and senior management team with Shareholder returns.

The trajectory of investment yields is outside our control, but absent significant further outward movement, we are confident that through the implementation of the above strategy we can demonstrate value accretion. In due course, the investment market should return to more normal conditions. In the meantime, we have lots to be getting on with; letting vacancy in our existing portfolio and maximising the potential in our development pipeline, whilst maintaining a robust financial position, all at a lower operational cost, are the team's main priorities.

The Board is not complacent about the scale of the challenge facing us and other small listed property businesses, but we are very clear about the opportunity for Helical in a dislocated market. We are proud to work with a number of high quality partners, which is a strong endorsement of the Helical brand and we will continue to nurture these relationships.

Leadership

We have today announced that Gerald Kaye has informed the Board that he will be handing over his executive duties and stepping down from the Board at the AGM in July. We are delighted that he has agreed to stay on in a consultancy role with specific responsibility for our joint ventures at 100 New Bridge Street, EC4 and our new West End scheme at Brettenham House, WC2. I am very pleased to announce that Gerald will be succeeded by Matthew Bonning-Snook as Chief Executive.

On behalf of the Board I would like to pay tribute to Gerald's outstanding contribution to Helical during his long tenure as, first, Development Director and, most recently, as Chief Executive. Since he succeeded Mike Slade in 2016 he has re-focused the business as a "best-in-class" developer in central London. Over this period he has had to contend with strong headwinds, from Brexit, Covid and latterly the sharp upward adjustment in interest rates. Throughout he has remained calm and focused, demonstrating a totally committed work ethic.

I am delighted that he has agreed to continue in an external consultancy role, maintaining the strong relationships with some of our key joint venture partners.

With Matthew having secured the joint venture with TfL, the cornerstone of our exciting development pipeline, and with an extensive track record of delivering profitable schemes over nearly three decades at Helical, he is the right choice to maximise the opportunities at Helical. We are clear about the challenges in front of us and I look forward to working closely with Matthew and the wider Helical team to implement our strategy.

Non-Executive Directors

On behalf of my fellow Helical Directors, I want to thank Joe Lister who, after serving for almost six years on the Board, is stepping down at the 2024 Annual General Meeting ("AGM"), following his appointment as Chief Executive at FTSE 100 company, The Unite Group plc. Joe has made a significant contribution to our Board deliberations and we shall miss his wise counsel.

I would also like to welcome our two new Non-Executive Directors, Amanda Aldridge and Robert Fowlds. Amanda has strong credentials in financial reporting and will succeed Joe as Chair of the Audit and Risk Committee following the 2024 AGM. Robert strengthens the overall expertise of the Board with his extensive financial knowledge and background in real estate.

Richard Cotton
Chairman
22 May 2024

Chief Executive's Statement

Overview

During the year to 31 March 2024, we have seen a significant readjustment in the investment market as valuation yields have increased to reflect movements in 10 year gilts and five year swap rates, the pricing on which real estate property yields are correlated.

At Helical, the portfolio has seen an outward yield adjustment of 95bps since 31 March 2023, offset by 1.1% ERV growth, with both valuations and earnings impacted by increased vacancy in the portfolio, particularly as the result of our forfeiture of the leases to WeWork at The Bower, EC1. This proactive step allowed us to regain control of the space, shortly before the tenant went into Chapter 11 in the US, and refurbishment work is well under way as we seek to re-let this high quality space.

At the same time, we continue to let space at our most recently completed new development, The JJ Mack Building, EC1. Despite an increase in the time taken to negotiate commercial terms and complete the legal processes, we have made good progress in the year in letting the space and at record rents for the Farringdon area, significantly in excess of the initial appraisal rental levels and above March 2023 ERVs. Today this "best-in-class" building is 71% let, increasing to 90% on completing the letting of the space currently under offer.

Tenant demand for the best newly developed or refurbished buildings, at the forefront of sustainability and with top quality amenities, continues to be strong, with rising rental values evidenced by our own experience and that of our peer group.

Against this backdrop, and since the year end, Helical has recycled capital from its portfolio, reduced year end leverage and cut its ongoing core administrative costs, targeting a 25% reduction by the end of this financial year. As a result, it is well placed to capitalise on any ongoing market dislocation and the structural trends impacting the office sector.

Our Pipeline

The Group seeks to grow the business by realising surpluses from its recently developed investment assets, and reinvesting that recycled equity into new opportunities.

In the year to 31 March 2024, no new development schemes were started with the last completed scheme being The JJ Mack Building, EC1, which achieved practical completion in September 2022. Instead, Helical's focus has been on increasing its development pipeline of future schemes.

Being selected by TfL as their joint venture partner for the Platinum Portfolio was a significant milestone, providing three schemes to our pipeline with the potential for additional opportunities to be added to the joint venture in the future. This collaboration with TfL, rebranded as Places for London, is an endorsement of the Helical brand and recognises our track record of producing "best-in-class" developments across central London over many years. Since contracts were signed with Places for London, in July 2023, we have been working to maximise the opportunities at each of the three initial sites at 10 King William Street, EC4, previously referred to as the Bank Over Station Development ("OSD"), Southwark OSD, SE1 and Paddington OSD, W2. We are excited at the prospect of starting the first of these developments at 10 King William Street, EC4 later this year, with the subsequent schemes due to start in 2025 and 2026, with delivery in 2026, 2027 and 2029 respectively.

In addition, with a joint venture partner secured, development bank finance arranged and a main contractor signed, we are also excited to progress the redevelopment of 100 New Bridge Street, EC4, our 194,000 sq ft office and retail scheme.

Finally, as referred to in November, when we reported on our Half Year results, we have also secured a new "equity-light" scheme at Brettenham House, WC2. This scheme, a comprehensive refurbishment of a 120,000 sq ft office building adjacent to Waterloo Bridge, is an example of Helical providing its development expertise to a property owner looking to retain its investment but create, in joint venture where we contribute towards construction costs, a "best-in-class" investment asset. In return for our participation, Helical will receive development management fees plus a "waterfall" promote based on the outcome once let. Our business model envisages additional "equity-light" schemes being added to the development pipeline in the future.

Results for the Year

The loss for the year to 31 March 2024 was £189.8m (2023: £64.5m) with a see-through Total Property Return of -£162.7m (2023: -£51.4m). See-through net rental income reduced by 23.8% to £25.5m (2023: £33.5m) while developments generated see-through profits of £0.4m (2023: £3.2m). The see-through net loss on sale and revaluation of the investment portfolio was £188.6m (2023: £88.1m).

Total see-through net finance costs reduced to £11.1m (2023: £12.0m), reflecting a lower level of debt offset by a full year of expensed interest on the debt in our joint ventures since practical completion of The JJ Mack Building, EC1 in September 2022. A fall in expected future interest rates led to a £5.6m charge (2023: credit of £12.8m) from the valuation of the Group's derivative financial instruments. Recurring see-through administrative costs were 8.7% lower at £9.4m (2023: £10.3m) before an accelerated depreciation charge of £0.7m (2023: £nil), with performance related awards, reflecting a purely notional charge for share awards, reduced to £1.2m (2023: £2.7m). National Insurance on these awards was £0.1m (2023: £0.3m).

Since 1 April 2022, Helical has been a REIT and the receipt of income which fell outside this regime in the prior year has resulted in a small tax charge of £0.2m (2023: £nil) for the year.

The IFRS basic loss per share was 154.6p (2023: 52.6p) and EPRA earnings per share were 3.5p (2023: 9.4p).

On a like-for-like basis, the investment portfolio fell in value by 22.4% (22.6% including purchases and gains on sales). The see-through total investment portfolio value reduced to £660.6m (31 March 2023: £839.5m), reflecting the revaluation loss for the year.

The total return of our property portfolio, as measured by MSCI, was -20.3% (2023: -5.6%), which underperformed the Central London Offices Total Return Index of -5.7%.

The completed investment portfolio was 82.4% let at 31 March 2024 and generated contracted rents of £33.0m, equating to an average of £65.70 psf. This increases to an ERV of £42.9m on the letting of the currently vacant space and capturing the reversion of the portfolio. The Group's contracted rent has a Weighted Average Unexpired Lease Term ("WAULT") of 6.6 years.

The Total Accounting Return ("TAR"), being the growth in the IFRS net asset value of the Group, plus dividends paid in the year, was -31.7% (2023: -9.4%). Based on EPRA net tangible assets, the TAR was -31.4% (2023: -12.1%). EPRA net tangible assets per share fell by 32.9% to 331p (31 March 2023: 493p), with EPRA net disposal value per share falling by 33.3% to 327p (31 March 2023: 490p).

Balance Sheet Strength and Liquidity

The Group has a significant level of liquidity with see-through cash and unutilised bank facilities of £115.5m (31 March 2023: £244.2m) to fund capital works on its portfolio and future acquisitions.

At 31 March 2024, the Group had £12.0m of cash deposits available to deploy without restrictions and a further £11.9m of rent in bank accounts available to service payments under loan agreements, cash held at managing agents and cash held in joint ventures. In addition, the Group held rental deposits from tenants of £7.8m. Furthermore, the Group had £83.8m of loan facilities available to draw on.

These year end balances have been supplemented by cash receipts of £97.8m, from the sale of 25 Charterhouse Square, EC1 and the sale of 50% of the site at 100 New Bridge Street, EC4, both completed since the year end.

The see-through loan to value ratio ("LTV") increased to 39.5% at the Balance Sheet date (31 March 2023: 27.5%) and our see-through net gearing, the ratio of net borrowings to the net asset value of the Group, increased to 65.2% (31 March 2023: 38.0%) over the same period. However, post year end sales have reduced the pro-forma see-through LTV to 28.7% and the pro-forma see-through net gearing to 40.3%.

At the year end, the average debt maturity on secured loans, on a see-through basis, was 2.1 years (31 March 2023: 2.9 years). The average cost of debt, on a see-through basis, was 2.9% (31 March 2023: 3.4%).

Dividends

Helical is a capital growth stock, seeking to maximise value by successfully letting comprehensively refurbished and redeveloped property. Once stabilised, these assets are either retained for their long-term income and reversionary potential or sold to recycle equity into new schemes.

This recycling leads to fluctuations in our EPRA earnings per share, as the calculation of these earnings excludes capital profits generated from the sale and revaluation of assets. As such, both EPRA earnings and realised capital profits have been considered when determining the payment of dividends.

In the year to 31 March 2024, EPRA earnings per share fell by 63% from 9.4p last year to 3.5p this year. As there were no sales of assets during the year, no capital profits were realised.

Moving forward, and in line with our new strategy, we are adjusting our dividend policy to suit our expected trajectory. We will align our dividends to our EPRA earnings per share, rebasing to a lower level while we wait for our development pipeline to produce profits.

In light of the results for the year and the fall in EPRA earnings, the Board will be recommending to Shareholders a commensurate reduction in the final dividend to 1.78p (2023: 8.70p) per share, representing the minimum PID payment required under the REIT regime. This represents, if approved by Shareholders at the 2024 AGM, a total dividend for the year of 4.83p, down 59% on 2023.

This final dividend, if approved, will be paid out of distributable reserves generated from the Group's activities. Following its conversion to a UK REIT, dividends payable by Helical will comprise a Property Income Distribution ("PID") from the operations that fall under the REIT regime, and a dividend from those operations that fall outside the REIT regime. The PID, for the year to 31 March 2024, including the amount paid at the half year of 0.50p, will be 2.28p, with the balance of the total dividend, amounting to 2.55p, representing an ordinary dividend paid at the half year.

Sustainability

Sustainability remains at the heart of our business, both at a corporate and asset level.

We have made good progress in the year and continue to perform strongly against the targets we have set. In our managed portfolio, energy intensity across our like-for-like assets fell by 8% during the year to an average of 119 kWh/m^2 (2023: 129 kWh/m^2), keeping us on track for our 2030 net zero carbon target of 90kWh/m^2.

For our development pipeline, we will be targeting an upfront embodied carbon of less than 600kgCO_2e/m^2 focussing on efficient design, low carbon and recycled materials to meet this target.

We continue to perform well across the industry benchmarks in which we participate. For our sustainability reporting, we again received a Gold Award, for our reporting in accordance with EPRA's European Sustainability Best Practice Recommendations (sBPR). We were also pleased to maintain our CDP score of B, further demonstrating our commitment to best practice disclosure and enhanced climate change risk assessment. While we retained our Green Star status under the GRESB rating, the tougher criteria saw the overall rating fall from 5* to 4* despite our receiving the highest rating of our peer group for our standing investments of 87% (2023: 88%), with our developments delivering 92% (2023: 94%).

Looking forward, we have a substantial development pipeline, with our Places for London joint venture due to deliver three "best-in-class" schemes and our redevelopment of 100 New Bridge Street, EC4 delivering a further 191,000 sq ft of high quality, redeveloped office space and 3,500 sq ft of retail space.

All these buildings will be targeting a minimum of BREEAM Outstanding, NABERS 5* and WELL Enabled Platinum, the recognisable hallmarks of "best-in-class" office buildings.

The Opportunity

During the year, we have experienced the loss of rental income through tenant failure and further significant outward yield movement reducing the value of our investment portfolio by 22.4%. Market commentary suggests that this outward yield movement may be coming to an end with growing expectations of the first cut in the Bank of England's base rate coming this summer and five year swaps and 10 year gilts rates, both currently c.4%, forecast to decline. If this proves to be correct, and having taken the pain of reductions in value, Helical is well positioned to drive growth through the letting of the vacant space in its investment portfolio and the generation of substantial profits from its development pipeline. However, such optimism can be derailed by future geopolitical and domestic events outside of our control and Helical will seek to manage its Balance Sheet to ensure it has protection against the impact of these potential events.

Occupational demands continue to evolve in the office sector, with tenants using their premises to optimise the work experience for their employees. Amenity, connectivity, service and sustainability are encouraging businesses towards new buildings. At the same time, buildings that provide a poorer working environment are driving occupiers away. This bifurcation of the market is accelerating with rental growth continuing for the "best-in-class" and values falling for the rest. This will provide opportunities to acquire potential developments and major refurbishments at levels that allow for strong capital returns.

Our development pipeline is expected to provide surpluses for the foreseeable future. Scheduled to start in 2024 and be delivered from early 2026 onwards, this pipeline will be supplemented with additional "equity-light" opportunities as building owners seek specialists in development and refurbishment to partner with them to maximise the value of their assets. In addition, banks and other financial institutions with non-performing assets should provide additional opportunities for Helical to create value.

Our Balance Sheet is in good shape and maintaining financial discipline remains at the forefront of Helical's approach. Recycling equity and seeking third party financing to fund the pipeline of opportunities, as recently seen with 100 New Bridge Street, EC4, will allow the Company to grow the business while containing gearing to appropriate levels.

There remains a shortage of "best-in-class" newly refurbished or redeveloped office space in central London. With an experienced management team, a substantial development pipeline with optionality over timing and funding, and no legacy assets requiring investment to meet minimum sustainability standards, Helical is well positioned to capitalise on current cyclical opportunities.

Finally

I have been the Chief Executive of Helical since 2016 and a main Board Director since 1994, the year I joined the Company, delivering over 30 years of service to Helical, its employees and its Shareholders. It is time to "draw stumps" on my executive role having delivered over 60 projects of mainly offices but also retail, residential, logistics and student accommodation in that time. This includes over five million sq ft of offices, the vast majority of which are in London. I remain proud of each asset as I regularly pass them on my journeys through this great city of ours and for that reason I am pleased to be able to continue to work on landmark buildings in my new role on 100 New Bridge Street, EC4 and Brettenham House, WC2.

I have worked alongside Matthew for almost 30 years and believe he is the right person to succeed me as Chief Executive of Helical. I know that he is fully focused on realising profits from the Company's exceptional development pipeline and I look forward to continuing to make my contribution to the ongoing success of Helical.

Gerald Kaye
Chief Executive
22 May 2024

Our Market

The year has been defined by a dislocation between the occupational and investment markets, with the letting market for the new, best quality space proving resilient as we continue to see high levels of active requirements, leasing momentum and strong rental growth in the core sub-markets. In contrast, the investment market remains muted, with activity far below the long-term average.

Over the last year, there has been a material reduction in the annual rate of CPI inflation which fell to 2.3% yesterday, compared to 10.1% in March 2023. This offers some relief and a sense of optimism that interest rates have peaked and will begin to fall in the coming year. The Bank of England policy rate has been flat at 5.25% since August 2023, however the effects of a higher interest rate environment, combined with the residual effects of elevated inflation levels, are still present and continue to weigh on sentiment in the investment market.

Investment Market

Investment volumes remain subdued in the central London office market due to the challenging macroeconomic environment, geopolitical tensions and high borrowing costs, which remain elevated due to persistent core inflation. With a lack of quality assets being marketed, many investors are adopting a "wait and see" approach with regard to any near-term changes to the Bank's base rate.

Transaction activity reached just £7.1bn in 2023, down 57% on the long-term 10-year average, with sub £50m lot sizes accounting for 77% of this figure and just 17 transactions occurring in excess of £100m, compared to the five-year average of 35. This subdued activity continues to cause increased uncertainty over appropriate asset valuations as comparable evidence remains scarce. Whilst the smaller lot size purchases have been dominated by high net worth family offices, there are an increasing number of private equity and Asia-Pacific buyers returning to the market, focusing on core assets where pricing is now felt to be attractive.

London still remains the preferred destination for overseas capital and we do expect to see a pickup in investment activity towards the second half of 2024, particularly if we continue to see higher office occupancy and businesses placing increasing importance on their office as a tool to attract talent. However, the key trigger and largest shift in sentiment will most likely occur when there is clearer guidance regarding the direction of interest rates.

Occupational Market

There is both strong demand and activity in the occupational market and JLL reported take-up for central London at 9.7m sq ft in 2023, with Q4 figures representing the highest levels since 2010. The City submarket demonstrated the greatest level of resilience, achieving volumes 7% higher than the 10-year average. Whilst Q1 2024 take-up volumes were subdued, we continue to see strength of demand in the market as under offer numbers have continued to rise, to 18% above the long-term average. There is also significant breadth of occupier demand as business services continue to transact, while creative industries have come back to the market, accounting for 20% of Q1 take-up numbers.

Looking forward, Knight Frank reports active requirements at the end of Q1 2024 at 12.6m sq ft, up 50% compared to March 2023. These requirements are primarily focused on scarce, new space where vacancy rates remain significantly below the overall vacancy figure, at 2% compared to 9.9% overall. For refurbishments, the vacancy rate sits around 4%; this comes as two thirds of leasing transactions are for new and refurbished space.

The high level of active requirements, combined with low vacancy rates for new space, continues to generate competition which is driving rents upwards. Knight Frank has reset its approach to prime rents to reflect this trend, with City Core, Midtown and Farringdon prime rents all increasing by £10 psf, taking them to £87.50, £80.00 and £90.00 psf respectively. This revision to prime rents represents a fundamental reset, offering a new "best-in-class" subset of prime, as a result of an improved outlook for occupier demand and a development pipeline that remains below average levels for new and refurbished buildings.

At our joint venture development, The JJ Mack Building, EC1, located in Farringdon, we have secured rents significantly above £100 psf, highlighting the strength of demand and a willingness to pay higher rents to secure the best space as employers are increasingly looking to incentivise their employees to adopt more office based approaches to working.

Development Pipeline

Sustained construction cost inflation driven by supply chain disruption, tight labour markets and volatile energy costs has moderated recently and Arcadis published its "London Building Construction TPI" forecast, with the central case showing low inflation ranging from 1% to 2% over the course of 2024.

In 2023, development completions across central London reached 5m sq ft; up 5% on the long-term average. Completions were still below Savills' initial forecast of 7.5m sq ft at the beginning of the year, evidencing that delays have caused schemes to be pushed back. Looking ahead, the levels of planned supply are unlikely to be sufficient to meet the high levels of demand, with Knight Frank reporting 28m sq ft of lease expiries occurring before the end of 2026.

The development pipeline continues to be impacted by delivery barriers including elevated associated costs of development and planning timelines, causing investors to recalibrate appraisals. As a result, investors are increasingly considering alternative land uses to maximise site value, which is further suppressing the near-term supply of office schemes. A current example of this is our Southwark OSD, SE1 scheme where we are in the process of seeking planning consent to develop student accommodation, rather than the previously consented office scheme, as we believe this will generate the best value for our site. A demand-supply imbalance is likely to occur over the medium to longer term, with 2027 to 2030 likely to see the most dramatic levels of undersupply as planned completions remain low.

Constrained market supply and a high level of occupier demand will lead to increased competition, presenting an opportunity for developers and investors who are willing and able to deliver new, "best-in-class" schemes. However, to deliver sustainable returns, they will require higher economic rents to offset the increased associated costs of development and as a result, pre-letting activity might slow as investors hold out for rental growth tomorrow rather than security at day one. This is evidenced by Savills reporting a recent reduction in the overall quantity of the pipeline that is let prior to completion.

Conclusion

Our existing portfolio continues to attract new occupiers due to its "best-in-class" credentials, excellent tenant amenities and active asset management. Helical's proven track record, expertise and our recently signed joint venture with Places for London and "best-in-class" scheme at 100 New Bridge Street, EC4 will ensure we are well positioned to meet occupier demands through our extensive development pipeline across five schemes. Our planned schemes are located in exciting and vibrant sub-markets that look set to experience both a shortfall in supply and elevated tenant demand, resulting in strong rental growth prospects that look set to deliver us an attractive return profile.

Sustainability and Net Zero Carbon

Our commitment to delivering and operating "best-in-class", smart, sustainable offices aligns with occupiers' continued demand for high quality buildings across London. This has been seen at The JJ Mack Building, EC1, our flagship sustainable asset, where sustainability has been a key driver in tenants taking space in the building. We were particularly pleased to see The JJ Mack Building, EC1 receive its final BREEAM Outstanding certificate and a score of 96.4%, making it the UK's highest rated BREEAM office development.

Our long-term partnership with Places for London will be responsible for delivering three "best-in-class" over station developments at 10 King William Street, EC4, Southwark OSD, SE1 and Paddington OSD, W2. Sustainability is a fundamental objective for these projects with the schemes providing the opportunity to deliver market leading buildings with exemplary ESG credentials, adopting BREEAM, NABERS and WELL benchmarking. All three sites will be developed on a net zero carbon basis and champion circular economy principles, operating to the highest efficiency with the aid of all electric solutions and on-site renewables and promote health and wellbeing. At 10 King William Street, EC4, we have already defined a clear pathway to drive down embodied carbon in line with our stretching target of 600 $kgCO_2e/m^2$.

Our major refurbishment at 100 New Bridge Street, EC4, will achieve the highest standards of sustainability through the retention of the existing structure and the reuse of materials. This retrofit approach will result in a low carbon, highly efficient building while also meeting the demands of future tenants. We are currently targeting BREEAM Outstanding, NABERS 5* and WELL enabled Platinum, having already received precertification and will be delivering the building on a net zero carbon basis.

Within our managed portfolio, we were pleased to see that during the year our total energy usage (including tenant and landlord areas) reduced by 23%. This was in part due to the vacant possession of 100 New Bridge Street, EC4, however on a like-for-like basis there was a decrease in consumption of 8%. As a result of our continued effort to engage occupiers and drive down consumption, our energy intensity across our like-for-like assets fell to an average of 119 kWh/m^2 keeping us on track for our 2030 net zero carbon target of 90kWh/m^2. At The Bower, EC1, our most energy intensive building, we saw the installation of 80 photovoltaics panels which, once fully operational, will generate c.37,000kWhs of electricity.

While we are progressing well against the target we set to be net zero carbon by 2030, we are mindful that due to the continual evolvement of the definition "net zero carbon", we may need to rebase our ambitions in the coming years. With the highly anticipated UK Net Zero Carbon Building Standard due for release later this summer, we look forward to delivering all our future developments to this industry recognised standard.

For our sustainability reporting, we received a Gold Award for the fourth consecutive year from EPRA's Sustainability Best Practice Recommendations (sBPR) and also maintained our CDP rating of B. While we retained our Green Star status under the GRESB rating, the tougher criteria saw the overall rating fall from 5* to 4* despite our receiving the highest rating of our peer group for our standing investments of 87%, with our developments delivering 92%.

Performance Measurements

We measure our performance against our strategic objectives, using several financial and non-financial Key Performance Indicators ("KPIs").

The KPIs have been selected as the most appropriate measures to assess our progress in achieving our strategy, successfully applying our business model and generating value for our Shareholders.

As discussed in the Chief Executive's statement, the financial measures for the year reflect a period of economic volatility with higher interest rates negatively impacting on investment yields.

Total Accounting Return

Total Accounting Return is the growth in the net asset value of the Group plus dividends paid in the reporting period, expressed as a percentage of the net asset value at the beginning of the period. The metric measures the growth in Shareholders' Funds each period and is expressed as an absolute measure.

The Group targets a Total Accounting Return of 5-10%.

The Total Accounting Return on IFRS net assets in the year to 31 March 2024 was -31.7% (2023: -9.4%).

	Year to 2024 %	Year to 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %
Total Accounting Return on IFRS net assets	**-31.7**	-9.4	15.0	3.3	7.7

EPRA Total Accounting Return

Total Accounting Return on EPRA net tangible assets is the growth in the EPRA net tangible asset value of the Group plus dividends paid in the period, expressed as a percentage of the EPRA net tangible asset value at the beginning of the period.

The Group targets an EPRA Total Accounting Return of 5-10%.

The Total Accounting Return on EPRA net assets in the year to 31 March 2024 was -31.4% (2023: -12.1%).

	Year to 2024 %	Year to 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %
Total Accounting Return on EPRA net tangible assets	**-31.4**	-12.1	10.2	4.5	9.3

EPRA Net Tangible Asset Value Per Share

The Group's main objective is to maximise growth in net asset value per share, which we seek to achieve through increases in investment portfolio values and from retained earnings from other property related activity. EPRA net tangible asset value per share is the property industry's preferred measure of the proportion of net assets attributable to each share as it includes the fair value of net assets on an ongoing long-term basis. The adjustments to net asset value to arrive at this figure are shown in Note 23 to the financial statements.

The Group targets increasing its net assets, of which EPRA net tangible asset growth is a key component.

The EPRA net tangible asset value per share at 31 March 2024 decreased by 32.9% to 331p (31 March 2023: 493p).

	2024 p	2023 p	2022 p	2021 p	2020 p
EPRA net tangible asset value per share	**331**	493	572	533	524

Total Shareholder Return

Total Shareholder Return is a measure of the return on investment for Shareholders. It combines share price appreciation and dividends paid to show the total return to Shareholders expressed as an annualised percentage.

The Group targets being in the upper quartile when compared to its peers.

The Total Shareholder Return in the year to 31 March 2024 was -27.3% (2023: -24.8%).

	Performance measured over					
	1 year Total return pa %	3 years Total return pa %	5 years Total return pa %	10 years Total return pa %	15 years Total return pa %	20 years Total return pa %
Helical plc[1]	(27.3)	(17.8)	(6.0)	(3.1)	0.3	3.1
UK Equity Market[2]	8.4	8.1	5.4	5.8	9.2	7.2
Listed Real Estate Sector Index[3]	9.3	(2.3)	(1.1)	1.5	7.8	3.2

1. Growth over all years to 31/03/24.
2. Growth in FTSE All-Share Return Index over all years to 31/03/24.
3. Growth in FTSE 350 Real Estate Super Sector Return Index over all years to 31/03/24.

MSCI Property Index

MSCI produces several independent benchmarks of property returns that are regarded as the main industry indices.

MSCI has compared the ungeared performance of Helical's total property portfolio against that of portfolios within MSCI for over 20 years. Helical's ungeared performance for the year to 31 March 2024 was -20.3% (2023: -5.6%). This compares to the MSCI Central London Offices Total Return Index of -5.7% (2023: -8.6%) and the upper quartile return of -3.1% (2023: -5.4%).

Helical's share of the development portfolio (1% of gross property assets) is included in its performance, as measured by MSCI, at the lower of book cost or fair value.

Helical's unleveraged portfolio returns to 31 March 2024 were as follows:

	1 year %	3 years %	5 years %	10 years %	20 years %
Helical	-20.3	-5.9	-0.5	6.7	8.9
MSCI Central London Offices Total Return Index	-5.7	-2.3	-1.0	4.7	7.1

Source: MSCI

Helical's portfolio has been impacted by higher interest rates and construction cost inflation, as well as vacancy within the portfolio and the failure of WeWork in particular.

Average Length of Employee Service and Average Staff Turnover

A high level of staff retention remains a key feature of Helical's business. The Group retains a highly skilled and experienced team with an increasing length of service.

The Group targets staff turnover to be less than 10% per annum.

The average length of service of the Group's employees at 31 March 2024 was 12.4 years and the average staff turnover during the year to 31 March 2024 was 16.8%.

	2024	2023	2022	2021	2020
Average length of service at 31 March – years	**12.4**	13.2	11.8	11.0	10.0
Staff turnover during the year to 31 March – %	**16.8**	7.7	3.7	3.6	10.3

BREEAM and EPC Ratings

BREEAM is an environmental impact assessment methodology for commercial buildings. It sets out best practice standards for the environmental performance of buildings through their design, specification, construction and operational phases. Performance is measured across a series of ratings, “Pass”, “Good”, “Very Good”, “Excellent” and “Outstanding”.

The Group targets a BREEAM rating of “Excellent” or “Outstanding” on all major refurbishments or new developments.

At 31 March 2024, five of our seven (31 March 2023: five of our seven) office buildings had achieved, or were targeting, a BREEAM certification of “Excellent” or “Outstanding”. These five buildings account for 89% of the portfolio by value.

Building	BREEAM rating	EPC rating
Completed properties		
The JJ Mack Building, EC1	Outstanding (2018)	A
The Warehouse and Studio, EC1	Excellent (2014)	B
The Tower, EC1	Excellent (2014)	B
25 Charterhouse Square, EC1	Excellent (2014)	B
Under development		
100 New Bridge Street, EC4	Outstanding (2018)[1]	A[1]

1. Targeted.

At The Loom, E1, it was not possible to obtain a BREEAM certification at the design or development stage, however, the building has achieved a BREEAM In Use rating of “Very Good”, a high accolade given the listed status of the building.

Energy Performance Certificates (“EPC”) provide ratings on a scale of A–G on a building’s energy efficiency and are required when a building is constructed, sold or let. All but one of our completed buildings (99% by portfolio value) have an EPC rating of A or B.

Helical's Property Portfolio – 31 March 2024

Property Overview

Helical has a portfolio of income producing, multi-let offices which are extremely well located and offer sustainable and inspiring workplaces which are technologically smart, rich in amenities and promote employee wellbeing. We seek to maximise returns through delivering income growth from creative asset management and capital gains from our development activity.

The JJ Mack Building, EC1

The JJ Mack Building comprises 206,085 sq ft and is held in a 50:50 joint venture with AshbyCapital. The JJ Mack Building, named after the market trader who occupied the site in the 1940s, is one of London's most sustainable new office buildings and recently has been recognised as BREEAM's highest rated new development under the 2018 guidance, with an Outstanding rating of 96.4%.

Prior to the start of the financial year, we let the sixth and seventh floors, comprising 37,880 sq ft, to Partners Group, a global private markets firm, for 15 years and they took occupation of their space in April 2024.

In November 2023, we let the ninth floor, comprising 13,408 sq ft, to Corio Generation, a subsidiary of Macquarie Group, for 10 years at a 2.3% premium to 31 March 2023 ERVs and they are now in occupation following completion of their fit-out works.

In December 2023, we let the first, second and third floors comprising 68,002 sq ft to J Sainsbury for 15 years, at a 1.3% premium to 31 March ERVs. The retailer will be relocating its existing London office to the new building over the next two years. In addition, J Sainsbury has signed an agreement for lease for two of the three ground floor retail units and additional office space on the ground floor, comprising 7,128 sq ft.

In March 2024, we let the eighth floor, comprising 15,484 sq ft, to Three Crowns LLP, a leading international arbitration law firm, for 15 years. The agreed rent was 3.1% above 31 March 2023 ERVs.

We are under offer on both the fourth and 10th floor, comprising 23,566 sq ft and 13,409 sq ft respectively, as well as the last remaining ground floor retail unit of 1,526 sq ft.

As a result of our strong letting progress, the building was 67% let as at 31 March 2024 and following the year end, a further 7,128 sq ft has been let, equating to the building being 71% let. Following completion of the units under offer, the building will be 90% let with just the fifth floor available.

100 New Bridge Street, EC4

Our "best-in-class" office development at 100 New Bridge Street is adjacent to City Thameslink and a short walk from Farringdon and Blackfriars stations. In the year, we have obtained planning permission for minor amendments to the scheme to enhance the ground floor amenity and improve the floorplate efficiency.

This carbon friendly, fully refurbished building will provide 194,000 sq ft of office and retail space across seven retained floors and three new floors once completed in Q1 2026. In addition, we will make considerable public realm improvements to provide extensive outdoor space that enhances the experience for both tenants and the local community.

Post year end, we signed a joint venture agreement with Orion Capital Managers, selling a 50% investment in the site for £55m. Simultaneously, a £155m (our share: £77.5m) development finance facility was secured and Mace was appointed as the main contractor. We continue to progress towards our March 2026 targeted completion date.

The Platinum Portfolio, London

Contracts were signed in July 2023, confirming Helical as Places for London's commercial office joint venture partner. The long-term partnership will see the delivery of new high quality and sustainable space predominantly above or adjacent to key transport hubs. The joint venture consists of three initial development opportunities, each detailed below:

10 King William Street, EC4

An eight-storey office development on an island site, located above the recently opened Bank station entrance on Cannon Street, delivering 140,000 sq ft of prime space. Since the formation of the joint venture, we have been progressing the enhancement of the scheme alongside Fletcher Priest Architects and the wider professional team. We submitted a non-material planning amendment application to introduce significant public realm improvements, making Abchurch Lane a shared space, a much improved cycle arrival experience and the inclusion of changing facilities and a wellness lounge at the mezzanine level. Initial enabling works are due to take place over the coming months in preparation for a formal start on site in October 2024. We aim to achieve practical completion of the scheme by December 2026.

Southwark OSD, SE1

The site is located above Southwark tube station and prior to the formation of the joint venture, planning was obtained for a 222,000 sq ft NIA office scheme. We have been conducting feasibility studies to determine the most appropriate and valuable use for the site and we are now having detailed pre-application discussions with Southwark Borough Council regarding a purpose-built student accommodation scheme. The proposed scheme comprises c.430 studio units, with the delivery of a separate on-site affordable housing component located in a new adjacent building. We aim to submit a planning application during Summer 2024, with the ambition to commence on site upon acquisition in July 2025 and complete in Summer 2027.

Paddington OSD, W2

Situated close to the Elizabeth Line station at Paddington, this 19-storey building will provide 235,000 sq ft of office space. In the year, we submitted a non-material planning amendment application to introduce terracing to each individual office floor. We continue to develop the design to enhance the scheme with a particular focus on the end of trip facilities and arrival experience. The site will be acquired by the joint venture in January 2026 and the intention is to deliver the scheme in 2029.

Brettenham House, WC2

We continue to provide development advice to the owner of Brettenham House, a 1930s heritage office building located on the Thames and adjacent to The Savoy and Somerset House, with formal arrangements to be concluded imminently. We have utilised our expertise in retrofit and refurbishments to assist with the design of a comprehensive refurbishment of the building and obtaining planning consent for extensive amenity which will significantly upgrade this asset. Construction is due to commence in Summer 2024 upon finalising terms for our "equity-light" participation.

The Bower, EC1

The Bower is a prominent estate comprising 312,573 sq ft of innovative, high quality office space along with 21,059 sq ft of restaurant and retail space. The estate is located adjacent to the Old Street roundabout where significant remodelling works have taken place, providing extensive additional public realm to occupiers.

The Warehouse and The Studio

The Warehouse and The Studio comprise 141,141 sq ft of fully-let office space. In addition, there is a further 10,298 sq ft of retail space across the buildings with these units also being fully let following two lettings in the year to a restaurant operator and a hair and beauty studio.

The Tower

The Tower offers 171,432 sq ft of office space with a contemporary façade and innovatively designed interconnecting floors, along with 10,761 sq ft of retail space across two units, let to food and beverage operators Serata Hall and Wagamama.

In October, we took decisive action to forfeit the WeWork leases for six floors in The Tower following non-payment of rent.

Subsequently, we entered into a short-term lease with WeWork who re-occupied the building to 24 December 2023, with Helical having received a fee equivalent to the whole of the unpaid September quarter's rent and service charge due under the terms of the previous contractual arrangements. WeWork continue to operate on the third floor to June 2024 when the incumbent tenant vacates. In addition, we signed a management agreement with infinitSpace to provide serviced office space on the first and second floors at The Tower. This space has been well received by WeWork's historic subtenants and new tenants alike and provides valuable flexible space for the campus. As part of our active asset management approach, we are in the process of refurbishing the fourth, fifth and sixth floors. Once completed, the floors will be let on a CAT A+ basis.

We have let the 14th floor, comprising 9,568 sq ft, to existing tenant Incubeta who have relocated from the 16th floor. We let the 11,306 sq ft 16th floor to Verkada as expansion space. The company now has contiguous floors, having already occupied the 17th floor.

The Tower is 84% let, up from 62%, following the forfeiture of the original WeWork leases, with good interest being shown in the remaining space from existing and potential new tenants.

The Loom, E1

This former Victorian wool warehouse offers 108,540 sq ft of office space and we continue with our active management approach to this asset and are seeking to reduce the vacancy through flexible lease offerings. During the year the vacancy rate increased from 28% to 35% although five new lettings, totalling 12,001 sq ft, were completed. Post year end, we have completed three lettings and have eight units under offer to four tenants which would reduce the vacancy rate to 26% once completed.

The Power House, W4

The Power House is a listed building, providing 21,268 sq ft of office and recording studio space, on Chiswick High Road and is fully let on a long lease to Metropolis Music Group. The asset is being actively marketed for sale.

25 Charterhouse Square, EC1

25 Charterhouse Square comprises 42,921 sq ft of office space, overlooking the historic Charterhouse Square and adjacent to the Farringdon East Elizabeth Line station. During the year, we exchanged on the sale of the long leasehold interest to a real estate fund managed by global alternative investment manager, Ares Management, for £43.5m. We completed on the sale on 25 April 2024.

Barts Square, EC1

In the first half of the year, we completed the sale of the last residential unit thereby ending our involvement in the residential elements of the scheme. Subsequently, we completed the sale of the retail element of the scheme in Q4 2023, which was the final component of the development. Since 2014, the joint venture has built 235 apartments, three office buildings totalling 249,000 sq ft and 21,000 sq ft of retail across 10 units. Through outperformance, we increased our share of profit from our 33% equity participation to 44% and made a total profit of £41m with a 26% IRR.

Portfolio Analytics

See-through Total Portfolio by Fair Value

	Investment £m	%	Development £m	%	Total £m	%
London Offices						
- Completed properties	561.5	85.0	-	-	561.5	84.8
- Development pipeline	99.0	15.0	1.4	82.4	100.3	15.1
Total London	660.5	100.0	1.4	82.4	661.8	99.9
Other	0.1	0.0	0.3	17.6	0.5	0.1
Total	660.6	100.0	1.7	100.0	662.3	100.0

See-through Land and Development Portfolio

	Book value £m	Fair value £m	Surplus £m
Land and Developments	1.4	1.7	0.3
Total	1.4	1.7	0.3

Capital Expenditure

We have a committed and planned development and refurbishment programme.

Property	Capex budget (Helical share) £m	Proposed equity (Helical share) £m	Proposed debt* (Helical share) £m	Pre-redeveloped space sq ft	New space sq ft	Total completed space sq ft	Commencement date
Investment – committed							
- 100 New Bridge Street, EC4	59.4	3.0	56.4	167,026	27,629	194,655	Q2 2024
- 10 King William Street, EC4	32.9	32.9	0.0	-	140,000	140,000	Q4 2024
- Southwark OSD, SE1	11.0	11.0	0.0	-	TBD	TBD	Q3 2025
- Paddington OSD, W2	30.2	30.2	0.0	-	235,000	235,000	Q1 2026
Investment – planned							
- 10 King William Street, EC4	62.0	9.8	52.2	-	140,000	140,000	Q4 2024
- Southwark OSD, SE1	61.8	21.8	40.0	-	TBD	TBD	Q3 2025
- Paddington OSD, W2	122.9	38.7	84.2	-	235,000	235,000	Q1 2026

* Assumes 55% LTC debt facility arranged for future schemes.

Asset Management

Asset management is a critical component in driving Helical's performance. Through having well considered business plans and maximising the combined skills of our management team, we are able to create value in our assets.

Investment portfolio	Fair value weighting %	Passing rent £m	%	Contracted rent £m	%	ERV £m	%	ERV change like-for-like %
London Offices								
- Completed properties	85.0	23.6	100.0	33.0	100.00	42.9*	70.5	-0.7
- Development pipeline	15.0	-	0.0	-	-	17.8	29.3	5.6
Total London	100.0	23.6	100.0	33.0	100.0	60.7	99.8	1.1
Other	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0
Total	100.0	23.6	100.0	33.0	100.0	60.8	100.0	1.1

* Includes 25 Charterhouse Square, EC1, which has been sold post year end.

	See-through total portfolio contracted rent £m
Rent lost at break/expiry	(5.7)
Lease expiry to allow redevelopment	(7.1)
New lettings	7.1
Net decrease in the year from asset management activities	(5.7)
Contracted rent reduced through disposals	(0.3)
Total contracted rental change from sales	(0.3)
Net decrease in contracted rents in the year	(6.0)

Investment Portfolio

Valuation Movements

	Valuation change incl sales and purchases %	Valuation change excl sales and purchases %	Investment portfolio weighting 31 March 2024 %	Investment portfolio weighting 31 March 2023 %
London Offices				
- Completed properties	(19.8)	(19.6)	85.0	83.4
- Development pipeline	(35.3)	(35.3)	15.0	16.6
Total	(22.6)	(22.4)	100.0	100.0

Portfolio Yields

	EPRA topped up NIY 31 March 2024 %	EPRA topped up NIY 31 March 2023 %	Reversionary yield 31 March 2024 %	Reversionary yield 31 March 2023 %	True equivalent yield 31 March 2024 %	True equivalent yield 31 March 2023 %
London Offices						
- Completed properties	5.1	4.1	6.9	5.7	6.5	5.6
- Development pipeline	n/a	3.6	6.1	5.1	5.7	4.9
Total	5.1	4.0	6.6	5.5	6.3	5.4

See-through Capital Values, Vacancy Rates and Unexpired Lease Terms

	Capital value 31 March 2024 £ psf	Capital value 31 March 2023 £ psf	Vacancy rate 31 March 2024 %	Vacancy rate 31 March 2023 %	WAULT 31 March 2024 Years	WAULT 31 March 2023 Years
London Offices						
- Completed properties	982	1,166	17.6	19.8	6.6	5.8
- Development pipeline	508	835	100.0	2.6	0.0	0.7
Total	880	1,104	37.6	16.1	6.6	5.0

See-through Lease Expiries or Tenant Break Options

	Year to 2025	Year to 2026	Year to 2027	Year to 2028	Year to 2029	2029 onward
% of rent roll	15.8	3.7	12.8	30.5	7.1	30.1
Number of leases	20	9	11	13	5	19
Average rent per lease (£)	260,030	134,922	384,495	772,366	466,332	521,731
Contracted rent (£)	5,200,606	1,214,299	4,229,447	10,040,764	2,331,658	9,912,882

Top 15 Tenants

We have a strong rental income stream and a diverse tenant base. The top 15 tenants account for 75.2% of the total rent roll.

Rank	Tenant	Tenant industry	Contracted rent £m	Rent roll %
1	Farfetch	Online retail	4.3	13.1
2	J Sainsbury	Retail	3.0	9.1
3	Brilliant Basics	Technology	2.4	7.2
4	VMware	Technology	2.2	6.6
5	Verkada	Technology	1.9	5.9
6	Partners Group	Financial services	1.9	5.7
7	Anomaly	Marketing	1.5	4.5
8	Viacom	Technology	1.2	3.5
9	Allegis	Media	1.1	3.3
10	Dentsu	Marketing	1.1	3.2
11	Stripe	Financial services	1.0	2.9
12	Openpayd	Financial services	0.9	2.7
13	WeWork	Flexible offices	0.9	2.6
14	Three Crowns	Legal services	0.8	2.5
15	Incubeta	Marketing	0.8	2.4
Total			25.0	75.2

Letting Activity – New Leases

	Area sq ft	Contracted rent (Helical's share) £	Rent (excl Plug and Play and managed lettings) £ psf	Increase to 31 March 2023 ERV (excl Plug and Play and managed lettings) %	Average lease term to expiry Years
Investment Properties					
Completed – offices					
- The Tower, EC1	20,874	1,760,000	85.00	0.1	10.0
- The Loom, E1	12,001	657,000	48.56	-11.7	3.2
- The JJ Mack Building, EC1	96,894	4,495,000	92.79	1.8	13.3
Offices Total	129,769	6,912,000	89.59	1.2	11.5
Completed – retail					
- The Warehouse, EC1	2,938	130,000	44.25	-4.4	5.0
- The JJ Mack Building, EC1	3,953	100,000	50.59	2.1	15.0
Retail Total	6,891	230,000	47.89	-0.6	9.3
Total	136,660	7,142,000	87.23	1.1	11.5

Financial Review

IFRS Performance	EPRA Performance
Loss after tax £189.8m (2023: £64.5m)	EPRA profit £4.3m (2023: £11.5m)
Loss per share (EPS) 154.6p (2023: 52.6p)	EPRA EPS 3.5p (2023: 9.4p)
Diluted NAV per share 326p (31 March 2023: 489p)	EPRA NTA per share 331p (31 March 2023: 493p)
Total Accounting Return -31.7% (2023: -9.4%)	Total Accounting Return on EPRA NTA -31.4% (2023: -12.1%)

Overview

The financial results for the year are dominated by the outward yield movement experienced across the office sector reflected in investment property valuation losses. With yields on our completed investment portfolio having moved out by an average of 95bps in the year, the financial results show a net valuation loss of £187.1m compared to a loss of £92.8m the previous year.

Results for the Year

The IFRS loss for the year of £189.8m (2023: £64.5m) includes revenue from rental income, service charges and development management fees of £39.9m, offset by direct costs of £14.5m to give a net property income of £25.4m (2023: £36.3m). Other income of £0.9m (2023: £nil), from the sub-letting of part of the Company's head office, was recognised in the year. There was a net loss on sale and revaluation of investment properties of £181.2m (2023: £93.3m) and the loss from joint venture activities was £9.3m (2023: gain of £3.5m). Administrative expenses of £11.0m (2023: £12.8m) and net finance costs of £7.9m (2023: £10.9m), were further increased by a loss in the fair value of derivatives of £5.6m (2023: gain of £12.8m).

The Group holds a significant proportion of its property assets in joint ventures. As the risks and rewards of ownership of these underlying properties are the same as those it wholly owns, Helical supplements its IFRS disclosure with a "see-through" analysis of alternative performance measures, which looks through the structure to show the Group's share of the underlying business.

The see-through results for the year to 31 March 2024 include net rental income of £25.5m, a net loss on sale and revaluation of the investment portfolio of £188.6m and development profits of £0.4m, leading to a Total Property Return of -£162.7m (2023: -£51.4m). Other income of £0.9m less total see-through administrative costs of £11.3m (2023: £13.3m) and see-through net finance costs of £11.1m (2023: £12.0m) plus see-through losses from the mark-to-market valuation of derivative financial instruments of £5.6m (2023: gains of £12.8m) contributed to an IFRS loss of £189.8m (2023: £64.5m).

The Company has proposed a final dividend of 1.78p per share (2023: 8.70p) which, if approved by Shareholders at the 2024 AGM, will be payable on 2 August 2024. The total dividend paid or payable in respect of the year to 31 March 2024 will be 4.83p (2023: 11.75p), a decrease of 59%.

The EPRA net tangible asset value per share decreased by 32.9% to 331p (31 March 2023: 493p).

The Group's investment portfolio, including its share of assets held in joint ventures, decreased to £660.6m (31 March 2023: £839.5m) primarily due to the net loss on revaluation of the investment portfolio of £187.1m after lease incentives of £4.1m, offset by capital expenditure on the investment portfolio of £17.3m.

The Group's see-through loan to value at 31 March 2024 was 39.5% (31 March 2023: 27.5%). The Group's weighted average cost of debt at 31 March 2024 was 2.9% (31 March 2023: 3.4%) and the weighted average debt maturity was 2.1 years (31 March 2023: 2.9 years).

At 31 March 2024, the Group had unutilised bank facilities of £83.8m and cash of £31.7m on a see-through basis. These are primarily available to fund future property acquisitions and capital expenditure.

The completion of the sale of 25 Charterhouse Square, EC1 plus the sale of 50% of our development scheme at 100 New Bridge Street, EC4, following the year end, have reduced our net borrowings resulting in a pro-forma LTV of 28.7%.

Total Property Return

We calculate our Total Property Return to enable us to assess the aggregate of income and capital profits made each year from our property activities. Our business is primarily aimed at producing surpluses in the value of our assets through asset management and development, with the income side of the business seeking to cover our annual administrative and finance costs.

	Year to 2024 £m	Year to 2023 £m	Year to 2022 £m	Year to 2021 £m	Year to 2020 £m
Total Property Return	-162.7	-51.4	89.5	48.6	83.9

The net rental income, development profits and net gains on sale and revaluation of our investment portfolio, which contribute to the Total Property Return, provide the inputs for our performance as measured by MSCI.

	Year to 2024 %	Year to 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %
Helical's unleveraged portfolio	-20.3	-5.6	10.7	7.0	9.6

See-through Total Accounting Return

Total Accounting Return is the growth in the net asset value of the Group plus dividends paid in the reporting period, expressed as a percentage of the net asset value at the beginning of the period. The metric measures the growth in Shareholders' Funds each year and is expressed as an absolute measure.

	Year to 2024 %	Year to 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %
Total Accounting Return on IFRS net assets	-31.7	-9.4	15.0	3.3	7.7

Total Accounting Return on EPRA net tangible assets is the growth in the EPRA net tangible asset value of the Group plus dividends paid in the period, expressed as a percentage of the EPRA net tangible asset value at the beginning of the period.

	Year to 2024 %	Year to 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %
Total Accounting Return on EPRA net tangible assets	-31.4	-12.1	10.2	4.5	9.3

Earnings/(Loss) Per Share

The IFRS loss per share increased from a loss of 52.6p to a loss of 154.6p and is based on the after tax loss attributable to ordinary Shareholders divided by the weighted average number of shares in issue during the year.

On an EPRA basis, the earnings per share was 3.5p compared to an earnings per share of 9.4p in 2023, reflecting the Group's share of net rental income of £25.5m (2023: £33.5m) and development profits of £0.4m (2023: £3.2m), but excluding losses on sale and revaluation of investment properties of £188.6m (2023: £88.1m).

Net Asset Value

IFRS diluted net asset value per share decreased by 33.3% to 326p per share (31 March 2023: 489p) and is a measure of Shareholders' Funds divided by the number of shares in issue at the year end, adjusted to allow for the effect of all dilutive share awards.

EPRA net tangible asset value per share decreased by 32.9% to 331p per share (31 March 2023: 493p). This movement arose principally from a total comprehensive expense (retained losses) of £189.8m (2023: £64.5m), less £14.4m of dividends (2023: £13.8m).

EPRA net disposal value per share decreased by 33.3% to 327p per share (31 March 2023: 490p).

Income Statement

Rental Income and Property Overheads

Gross rental income, before adjusting for lease incentives, for the Group in respect of wholly owned properties decreased to £33.3m (2023: £34.9m).

Offset against gross rental income are lease incentives of £5.8m reflecting the net reversal of previously recognised rental income accrued in advance of receipt (2023: £1.6m). In this year, £2.9m of this adjustment related to the unexpired lease incentives provided to WeWork which have been reversed on the termination of their leases during the year. Overall this resulted in a gross rental income of wholly owned properties of £27.5m (2023: £33.3m).

	2024 £000	2023 £000
Gross rental income (excluding lease incentives)	33,344	34,947
Lease incentives	(5,830)	(1,632)
Total gross rental income	27,514	33,315

Gross rental income in joint ventures increased to £2.0m (2023: £0.3m).

Property overheads in respect of wholly owned assets and in respect of those assets in joint ventures increased to £4.0m (2023: £3.4m) reflecting increased vacancy in the portfolio.

Overall, see-through net rents decreased by 23.8% to £25.5m (2023: £33.5m).

The table below demonstrates the movement of the accrued income balance for rent free periods granted and the respective rental income adjustment over the four years to 31 March 2027 on a see-through basis, based on the tenant leases as at 31 March 2024. The actual adjustment will vary depending on lease events such as new lettings and early terminations and future acquisitions or disposals.

	Accrued income £000	Adjustment to rental income £000
Year to 31 March 2024	8,816	(4,105)
Year to 31 March 2025	14,293	5,477
Year to 31 March 2026	16,895	2,602
Year to 31 March 2027	15,169	(1,726)

Rent Collection

	Year to 31 March 2024 %
Rent collected to date	99.5
Rent concessions	0.5

At 22 May 2024, the Group had collected 99.5% of all rent contracted and payable for the financial year to 31 March 2024.

Development Profits

During the year, there was a profit of £0.9m on legacy retail schemes at East Ham and Kingswinford plus development management fees of a further £0.1m were recognised. These were offset by a write back of the expected development management promote fee at The JJ Mack Building, EC1 and other development costs of £1.2m, which led to a net development loss of £0.2m (2023: profit of £2.0m).

Share of Results of Joint Ventures

Net rental income recognised in the year was £0.8m (2023: loss of £0.8m) as a result of the letting progress at The JJ Mack Building, EC1.

The revaluation of our investment assets held in joint ventures generated a loss of £5.9m (2023: surplus of £5.1m). A loss of £1.5m was recognised in respect of the sale of our retail units at Barts Square, EC1, offset by a profit on sale of our last remaining residential unit of £0.6m.

Finance, administrative and other sundry costs totalling £3.5m (2023: £1.5m) were incurred. An adjustment to reflect our economic interest in the Barts Square, EC1 development to its recoverable amount generated a profit of £0.2m (2023: loss of £0.6m), and after a tax charge of £nil (2023: £nil), there was a net loss from our joint ventures of £9.3m (2023: profit of £3.5m).

Loss on Sale and Revaluation of Investment Properties

The deficit on valuation and loss on sales of our investment portfolio on a see-through basis resulted in an overall loss on sale and revaluation, including in joint ventures, of £188.6m (2023: £88.1m).

Administrative Expenses

Recurring administrative costs in the Group, before performance related awards, decreased 8% from £9.9m to £9.1m with an additional £0.7m of costs reflecting an accelerated depreciation of leasehold improvements at our current head office, in anticipation of our move to new offices later in the year.

The Group has reviewed all categories of expenditure, seeking efficiencies and cost reductions where available with the aim to reduce our overheads by 25% by the end of March 2025.

Performance related share awards and bonus payments, before National Insurance costs, decreased to £1.2m (2023: £2.7m). Of this amount, £1.0m (2023: £1.1m), being the charge for share awards under the Performance Share Plan, is expensed through the Income Statement but added back to Shareholders' Funds through the Statement of Changes in Equity. NIC incurred in the year on performance related awards was £0.1m (2023: £0.3m).

In joint ventures, administrative expenses decreased from £0.5m to £0.3m.

	2024 £000	2023 £000
Recurring administrative expenses (excluding performance related awards)	(9,051)	(9,845)
Accelerated depreciation of leasehold improvements	(680)	-
Performance related awards	(1,155)	(2,702)
NIC	(125)	(288)
Group	(11,011)	(12,835)
In joint ventures	(338)	(459)
Total	(11,349)	(13,294)

Finance Costs, Finance Income and Change in Fair Value of Derivative Financial Instruments

Net finance costs excluding change in fair value of derivative financial instruments, including joint ventures, reduced to £11.1m (2023: £12.0m).

Group	2024 £000	2023 £000
Interest payable on secured bank loans	(5,493)	(8,284)
Other interest payable and similar charges	(3,115)	(2,780)
Total interest payable before cancellation of loans	(8,608)	(11,064)
Cancellation of loans	-	(128)
Total finance costs	(8,608)	(11,192)
Finance income	661	274
Net finance costs	(7,947)	(10,918)
Change in fair value of derivative financial instruments	(5,609)	12,757
Finance costs, finance income and change in fair value of derivative financial instruments	(13,556)	1,839
Joint ventures		
Interest payable on secured bank loans	(3,012)	(2,703)
Other interest payable and similar charges	(211)	(203)
Interest capitalised	-	1,815
Total finance costs	(3,223)	(1,091)
Finance income	43	23
Net finance costs	(3,180)	(1,068)
Total finance costs, finance income and change in fair value of derivative financial instruments	(16,736)	771
Net finance costs excluding change in fair value of derivative financial instruments	(11,127)	(11,986)

Taxation

The Group elected to become a REIT, effective from 1 April 2022, and will be exempt from UK corporation tax on the profit of its property activities that fall within the REIT regime. Helical will continue to pay corporation tax on its profits that are not within this regime. There is no deferred tax charge in the current year.

The current tax charge for the year was £nil (2023: £nil), with an under provision of £0.2m being recognised in relation to a prior year, the total tax charge for the year was £0.2m (2023: £nil).

Dividends

In light of the results for the year and the fall in EPRA earnings, the Board will be recommending to Shareholders a reduction in the final dividend to 1.78p (2023: 8.70p) per share, representing the minimum PID payment required under the REIT regime. This represents an 80% fall on last year. If approved by Shareholders at the 2024 AGM, the total dividend for the year will be 4.83p, down 59% on 2023.

Balance Sheet

Shareholders' Funds

Shareholders' Funds at 1 April 2023 were £608.7m. The Group had a loss of £189.8m (2023: £64.5m), representing the total comprehensive expense for the year. Movements in reserves arising from the Group's share schemes resulted in a net deduction of £3.4m. The Company paid dividends to Shareholders during the year of £14.4m. The net decrease in Shareholders' Funds from Group activities during the year was £207.6m to £401.1m.

Investment Portfolio

		Wholly owned £000	In joint venture £000	See-through £000	Head leases capitalised £000	Lease incentives £000	Book value £000
Valuation at 31 March 2023		693,550	145,975	839,525	6,481	(14,172)	831,834
Capital expenditure	– wholly owned	16,052	-	16,052	(14)	-	16,038
	– joint ventures	-	1,211	1,211	(31)	-	1,180
Letting costs amortised	– wholly owned	(168)	-	(168)	-	-	(168)
	– joint ventures	-	(70)	(70)	-	-	(70)
Transfer to assets held for sale	– wholly owned	(42,845)	-	(42,845)	(2,105)	1,133	(43,817)
Disposals	– joint ventures	-	(4,676)	(4,676)	-	158	(4,518)
Revaluation (deficit)/surplus	– wholly owned	(186,989)	-	(186,989)	-	5,776	(181,213)
	– joint ventures	-	(4,190)	(4,190)	-	(1,743)	(5,933)
Valuation at 31 March 2024		**479,600**	**138,250**	**617,850**	**4,331**	**(8,848)**	**613,333**

The Group expended £17.3m on capital works across the investment portfolio, at The JJ Mack Building, EC1 (£1.2m), 100 New Bridge Street, EC4 (£13.6m), The Bower, EC1 (£0.8m), The Loom, E1 (£0.7m) and The Power House, W4 (£1.0m).

Revaluation losses resulted in a £191.2m decrease in the see-through fair value of the portfolio, before lease incentives, to £617.9m (31 March 2023: £839.5m). The accounting for head leases and lease incentives resulted in a book value of the see-through investment portfolio of £613.3m (31 March 2023: £831.8m).

Debt and Financial Risk

In total, the see-through outstanding debt at 31 March 2024 of £296.1m (31 March 2023: £290.4m) had a weighted average interest cost of 2.9% (31 March 2023: 3.4%) and a weighted average debt maturity of 2.1 years (31 March 2023: 2.9 years).

Debt Profile at 31 March 2024*

	Total facility £000s	Total utilised £000s	Available facility £000s	Weighted average interest rate %	Average maturity of facilities Years
£300m Revolving Credit Facility	300,000	230,000	70,000	2.9	2.3
Total wholly owned	**300,000**	**230,000**	**70,000**	**2.9**	**2.3**
In joint ventures	69,900	66,141	3,759	2.8	1.3
Total secured debt	**369,900**	**296,141**	**73,759**	**2.9**	**2.1**
Working capital	10,000	-	10,000	-	-
Total unsecured debt	**10,000**	**-**	**10,000**	**-**	**-**
Total debt	**379,900**	**296,141**	**83,759**	**2.9**	**2.1**

*Including Commitment Fees but Excluding the Amortisation of Arrangement Fees.

Secured Debt

The Group arranges its secured investment and development facilities to suit its business needs as follows:

- **£300m Revolving Credit Facility**
  The Group cancelled a surplus £100m of its £400m Revolving Credit Facility in the year. The value of the Group's properties secured in this facility at 31 March 2024 was £522m (31 March 2023: £693m) with a corresponding loan to value of 44.0% (31 March 2023: 33.2%). The average maturity of the facility at 31 March 2024 was 2.3 years (31 March 2023: 3.3 years).

- **Joint Venture Facilities**
  The Group has a number of investment and development properties in joint ventures with third parties and includes our share, in proportion to our economic interest, of the debt associated with each asset. In the year, the one year extension on The JJ Mack Building, EC1 facility was exercised, resulting in an average maturity of the Group's share of bank facilities in joint ventures at 31 March 2024 of 1.3 years (31 March 2023: 1.3 years) with a weighted average interest rate of 2.8% (31 March 2023: 4.2%). The average interest rate has fallen to 2.75% in the year as a result of letting progress and will reduce to 2.25% once the building is over 90% let.

Unsecured Debt

The Group's unsecured debt is £nil (31 March 2023: £nil).

Cash and Cash Flow

At 31 March 2024, the Group had £115.5m (31 March 2023: £244.2m) of cash and agreed, undrawn, committed bank facilities including its share in joint ventures.

Net Borrowings and Gearing

Total gross borrowings of the Group, including in joint ventures, have increased from £290.4m to £296.1m during the year to 31 March 2024. After deducting cash balances of £31.7m (31 March 2023: £54.7m) and unamortised refinancing costs of £2.8m (31 March 2023: £4.3m), net borrowings increased from £231.4m to £261.6m. The see-through gearing of the Group, including in joint ventures, increased from 38.0% to 65.2%.

	31 March 2024	31 March 2023
See-through gross borrowings	£296.1m	£290.4m
See-through cash balances	£31.7m	£54.7m
Unamortised refinancing costs	£2.8m	£4.3m
See-through net borrowings	£261.6m	£231.4m
Shareholders' funds	£401.1m	£608.7m
See-through loan to value	39.5%	27.5%
Pro-forma see-through LTV	28.7%	-
See-through gearing – IFRS net asset value	65.2%	38.0%
Pro-forma see-through gearing – IFRS net asset value	40.3%	-

Following the sale of 25 Charterhouse Square, EC1 and the sale of a 50% stake in our 100 New Bridge Street, EC4 development, both completed since 31 March 2024, our pro-forma see-through development LTV has fallen to 28.7% and our see-through gearing on our IFRS net asset value to 40.3%.

Hedging

At 31 March 2024, the Group had £230.0m (31 March 2023: £230.0m) of borrowings protected by interest rate swaps, with an average effective interest rate of 2.6% (31 March 2023: 2.6%) and average maturity of 2.3 years. In our joint ventures, the Group's share of fixed rate debt was £66.1m (31 March 2023: £60.4m) at 0.5% plus margin, which has reduced as a result of letting progress at The JJ Mack Building, EC1, resulting in an effective rate at 31 March 2024 of 2.8%.

	31 March 2024 £m	Effective interest rate %	31 March 2023 £m	Effective interest rate %
Fixed rate debt				
– Secured borrowings	230.0	2.6	230.0	2.6
Total	230.0	2.6	230.0	2.6
Floating rate debt				
– Secured	-	-	-	-
Total	-	2.9[1]	-	3.1[1]
In joint ventures				
– Fixed rate	66.1	2.8[2]	60.4	4.2[2]
Total borrowings	296.1	2.9	290.4	3.4

1. This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 2.6%.
2. This includes commitment fees on undrawn facilities. Excluding these would not impact the effective rate (31 March 2023: reduce to 4.00%).

Tim Murphy
Chief Financial Officer
22 May 2024

Consolidated Income Statement

For the year to 31 March 2024

	Notes	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Revenue	3	39,905	49,848
Cost of sales	3	(14,450)	(13,567)
Net property income	4	25,455	36,281
Share of results of joint ventures	12	(9,310)	3,494
		16,145	39,775
Gain on sale of investment properties	5	-	4,564
Revaluation of investment properties	11	(181,213)	(97,854)
		(165,068)	(53,515)
Administrative expenses	6	(11,011)	(12,835)
Operating loss		(176,079)	(66,350)
Net finance costs and change in fair value of derivative financial instruments	7	(13,556)	1,839
Loss before tax		(189,635)	(64,511)
Tax on loss on ordinary activities	8	(179)	-
Loss for the year		(189,814)	(64,511)
Loss per share	10		
Basic		(154.6)p	(52.6)p
Diluted		(154.6)p	(52.6)p

There were no items of comprehensive income in the current or prior year other than the loss for the year and, accordingly, no Statement of Comprehensive Income is presented.

Consolidated Balance Sheet

At 31 March 2024

	Notes	At 31 March 2024 £000	At 31 March 2023 £000
Non-current assets			
Investment properties	11	472,522	681,682
Owner occupied property, plant and equipment		3,569	4,351
Investment in joint ventures	12	73,923	87,330
Other investments	13	565	353
Derivative financial instruments	21	17,635	23,245
Trade and other receivables	16	1,252	-
		569,466	796,961
Current assets			
Land and developments	14	28	28
Assets held for sale	15	42,761	-
Corporation tax receivable		-	7
Trade and other receivables	16	16,981	24,935
Cash and cash equivalents	17	28,633	50,925
		88,403	75,895
Total assets		657,869	872,856
Current liabilities			
Trade and other payables	18	(24,886)	(31,232)
Lease liability	19	(829)	(683)
		(25,715)	(31,915)
Non-current liabilities			
Borrowings	20	(227,634)	(226,677)
Lease liability	19	(3,445)	(5,589)
		(231,079)	(232,266)
Total liabilities		(256,794)	(264,181)
Net assets		401,075	608,675
Equity			
Called-up share capital	22	1,233	1,233
Share premium account		116,619	116,619
Revaluation reserve		(134,797)	46,416
Capital redemption reserve		7,743	7,743
Own shares held		(1,274)	(848)
Other reserves		291	291
Retained earnings		411,260	437,221
Total equity		401,075	608,675

Consolidated Cash Flow Statement

For the year to 31 March 2024

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Cash flows from operating activities		
Loss before tax	(189,635)	(64,511)
Adjustment for:		
Depreciation	1,506	798
Revaluation deficit on investment properties	181,213	97,854
Letting cost amortisation	168	200
Gain on sale of investment properties	-	(4,564)
Profit on sale of plant and equipment	(29)	(18)
Net financing costs	7,947	10,918
Change in value of derivative financial instruments	5,609	(12,757)
Share based payments charge	1,039	1,073
Share of results of joint ventures	9,310	(3,494)
Gain on sub-let of 5 Hanover Square	(902)	-
Cash inflows from operations before changes in working capital	16,226	25,499
Change in trade and other receivables	9,555	(3,560)
Change in land, developments and trading properties	-	2,061
Change in trade and other payables	(6,581)	(11,477)
Cash inflows generated from operations	19,200	12,523
Finance costs	(7,587)	(12,361)
Finance income	661	274
Tax received	-	331
	(6,926)	(11,756)
Net cash generated from operating activities	12,274	767
Cash flows from investing activities		
Additions to investment property	(16,038)	(10,509)
Net purchase of other investments	(212)	(47)
Net proceeds from sale of investment property	-	186,541
(Investments in)/returns from joint ventures and subsidiaries	(3,861)	3,323
Dividends from joint ventures	5,666	13,446
Sale of plant and equipment	30	48
Purchase of leasehold improvements, plant and equipment	(618)	(548)
Net cash (used by)/generated from investing activities	(15,033)	192,254
Cash flows from financing activities		
Borrowings repaid	-	(170,000)
Finance lease repayments	(708)	(659)
Shares issued	-	10
Purchase of own shares	(4,402)	(1,089)
Equity dividends paid	(14,423)	(13,842)
Net cash used by financing activities	(19,533)	(185,580)
Net (decrease)/increase in cash and cash equivalents	(22,292)	7,441
Cash and cash equivalents at start of year	50,925	43,484
Cash and cash equivalents at end of year	28,633	50,925

Consolidated Statement of Changes in Equity

At 31 March 2024

	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Own shares held £000	Other reserves £000	Retained earnings £000	Total £000
At 31 March 2022	1,223	112,654	197,627	7,743	-	291	367,505	687,043
Total comprehensive expense	-	-	-	-	-	-	(64,511)	(64,511)
Revaluation deficit	-	-	(97,854)	-	-	-	97,854	-
Realised on disposals	-	-	(53,357)	-	-	-	53,357	-
Transactions with owners								
- Issued share capital	10	3,965	-	-	-	-	-	3,975
- Performance Share Plan	-	-	-	-	-	-	1,073	1,073
- Purchase of own shares	-	-	-	-	(848)	-	-	(848)
- Share settled Performance Share Plan	-	-	-	-	-	-	(3,536)	(3,536)
- Share settled bonus	-	-	-	-	-	-	(439)	(439)
- Revaluation deficit on valuation of shares	-	-	-	-	-	-	(240)	(240)
- Dividends paid	-	-	-	-	-	-	(13,842)	(13,842)
Total transactions with owners	10	3,985	-	-	(848)	-	(16,984)	(13,857)
At 31 March 2023	1,233	116,619	46,416	7,743	(848)	291	437,221	608,675
Total comprehensive expense	-	-	-	-	-	-	(189,814)	(189,814)
Revaluation deficit	-	-	(181,213)	-	-	-	181,213	-
Transactions with owners								
- Performance Share Plan	-	-	-	-	-	-	1,039	1,039
- Purchase of own shares	-	-	-	-	(4,402)	-	-	(4,402)
- Share settled Performance Share Plan	-	-	-	-	-	-	-	-
- PSP vesting	-	-	-	-	2,352	-	(2,352)	-
- Share settled bonus	-	-	-	-	1,223	-	(1,223)	-
- Revaluation deficit on valuation of shares	-	-	-	-	-	-	-	-
- Dividends paid	-	-	-	-	-	-	(14,423)	(14,423)
Total transactions with owners	-	-	-	-	(827)	-	(16,959)	(17,786)
At 31 March 2024	1,233	116,619	(134,797)	7,743	(1,675)	291	411,661	401,075

Notes to the Full Year Results

1. Basis of Preparation

These financial statements have been prepared using the recognition and measurement principles of UK adopted International Accounting Standards in conforming with the Companies Act 2006.

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 and certain financial instruments.

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but has been derived from the Company's audited statutory accounts for the year ended 31 March 2024. These accounts will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor's opinion on the 2024 accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The principal accounting policies of the Group are consistent with those applied in the year to 31 March 2023. The Group Annual Report and Financial Statements for 2023 are available at Companies House or on the Group's website.

Amendments to standards and interpretations which are mandatory for the year ended 31 March 2024 are detailed below, however none of these have had a material impact on the financial statements:

- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (effective for periods beginning on or after 1 January 2023);
- Amendments to IAS 8 Definition of Accounting Estimates (effective for periods beginning on or after 1 January 2023); and
- Amendments to IFRS 17 Insurance Contracts (effective for periods beginning on or after 1 January 2023).

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

- Amendments to IFRS 16 Lease liability in a sale and leaseback (effective for periods beginning on or after 1 January 2024);
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (effective for periods beginning on or after 1 January 2024); and
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (effective for periods beginning on or after 31 December 2023).

Going Concern

The Directors have considered the appropriateness of adopting a going concern basis in preparing the financial statements. Their assessment is based on forecasts to September 2025, with sensitivity testing undertaken to replicate severe but plausible downside scenarios related to the principal risks and uncertainties associated with the business.

The key assumptions used in the review are summarised below:

- The Group's rental income receipts were modelled for each tenant on an individual basis;
- Existing loan facilities remain available;
- Certain property disposals are assumed in line with the individual asset business plans; and
- Free cash is utilised where necessary to repay debt/cure bank facility covenants.

Compliance with the financial covenants of the Group's main debt facility, its £300m Revolving Credit Facility, was the Directors' key area of review, with particular focus on the following three covenants:

- Loan to Value ("LTV") – the ratio of the drawn loan amount to the value of the secured property as a percentage;
- Loan to Rent Value ("LRV") – the ratio of the loan to the projected contractual net rental income for the next 12 months; and
- Projected Net Rental Interest Cover Ratio ("ICR") – the ratio of projected net rental income to projected finance costs.

The April 2024 compliance position for these covenants is summarised below:

Covenant	Requirement	Actual
LTV	<65%	44%
LRV	<12.0x/15.0x*	10.17x
ICR	>150%	726%

*15 times applies up to but not including the January 2025 interest payment date.

The results of this review demonstrated the following:

- The forecasts show that all bank facility financial covenants will be met throughout the review period, with headroom to withstand a 16% fall in contracted rental income;
- Property values could fall by 14% before loan to value covenants come under pressure; and
- Additional asset sales could be utilised to generate cash to repay debt, materially increasing covenant headroom.

Based on this analysis, the Directors have adopted a going concern basis in preparing the accounts for the year ended 31 March 2024.

Use of Judgements and Estimates

To be able to prepare accounts according to accounting principles, management must make estimates and assumptions that affect the assets and liabilities and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and other assumptions that management and the Board of Directors believe are reasonable under the particular 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 critical judgements and estimates that may significantly impact the Group's earnings and financial position are:

Significant Judgements

The key areas are discussed below:

- Consideration of the nature of joint arrangements. In the context of IFRS 10 *Consolidated Financial Statements*, this involves determination of where the control lies and whether either party has the power to vary its returns from the arrangements. In particular, significant judgement is exercised where the shareholding of the Group is not 50% (Note 12).
- Classification of 25 Charterhouse Square, EC1 as an asset held for sale as its sale was considered "highly probable" at 31 March 2024 (see Note 15).

Key Sources of Estimation Uncertainty

The key area is discussed below:

- Valuation of investment properties. Discussion of the sensitivity of these valuations to changes in the equivalent yields and rental values is included in Note 11.

Consideration has been given to climate risk but it has been concluded that it does not give rise to material new sources of estimation uncertainty.

2. Revenue from Contracts with Customers

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Development property income	711	4,921
Service charge income	10,689	8,372
Other revenue	991	-
Total revenue from contracts with customers	12,391	13,293

The total revenue from contracts with customers is the revenue recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Impairment of contract assets of £23,000 was recognised in the year to 31 March 2024 (2023: £5,000).

3. Segmental Information

IFRS 8 *Operating Segments* 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

Development properties, which include sites, developments in the course of construction, completed developments available for sale, and pre-sold developments.

Revenue	Investments Year to 31.03.24 £000	Developments Year to 31.03.24 £000	Total Year to 31.03.24 £000	Investments Year to 31.03.23 £000	Developments Year to 31.03.23 £000	Total Year to 31.03.23 £000
Gross rental income	27,514	-	27,514	36,555	-	36,555
Development property income	-	711	711	-	4,921	4,921
Service charge income	10,689	-	10,689	8,372	-	8,372
Other revenue	991	-	991	-	-	-
Revenue	39,194	711	39,905	44,927	4,921	49,848

Cost of sales	Investments Year to 31.03.24 £000	Developments Year to 31.03.24 £000	Total Year to 31.03.24 £000	Investments Year to 31.03.23 £000	Developments Year to 31.03.23 £000	Total Year to 31.03.23 £000
Head rents payable	(224)	-	(224)	(157)	-	(157)
Property overheads	(2,580)	-	(2,580)	(2,092)	-	(2,092)
Service charge expense	(10,689)	-	(10,689)	(8,372)	-	(8,372)
Development cost of sales	-	(922)	(922)	-	(2,915)	(2,915)
Development sales expenses	-	(35)	(35)	-	(1)	(1)
Provision	-	-	-	-	(30)	(30)
Cost of sales	(13,493)	(957)	(14,450)	(10,621)	(2,946)	(13,567)

Loss before tax	Investments Year to 31.03.24 £000	Developments Year to 31.03.24 £000	Total Year to 31.03.24 £000	Investments Year to 31.03.23 £000	Developments Year to 31.03.23 £000	Total Year to 31.03.23 £000
Net property income	25,701	(246)	25,455	34,306	1,975	36,281
Share of results of joint ventures	(9,969)	659	(9,310)	4,867	(1,373)	3,494
Loss on sale and revaluation of investment properties	(181,213)	-	(181,213)	(93,290)	-	(93,290)
Segmental (loss)/profit	(165,481)	413	(165,068)	(54,117)	602	(53,515)
Administrative expenses			(11,011)			(12,835)
Net finance costs			(7,947)			(10,918)
Change in fair value of derivative financial instruments			(5,609)			12,757
Loss before tax			(189,635)			(64,511)

Net assets	Investments at 31.03.24 £000	Developments at 31.03.24 £000	Total at 31.03.24 £000	Investments at 31.03.23 £000	Developments at 31.03.23 £000	Total at 31.03.23 £000
Investment properties	472,522	-	472,522	681,682	-	681,682
Land and developments	-	28	28	-	28	28
Assets held for sale	42,761	-	42,761	-	-	-
Investment in joint ventures	71,528	2,395	73,923	84,255	3,075	87,330
	586,811	2,423	589,234	765,937	3,103	769,040
Other assets			68,635			103,816
Total assets			657,869			872,856
Liabilities			(256,794)			(264,181)
Net assets			401,075			608,675

4. Net Property Income

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Gross rental income	27,514	36,555
Head rents payable	(224)	(157)
Property overheads	(2,580)	(2,092)
Net rental income	24,710	34,306
Development property income	711	4,921
Development cost of sales	(922)	(2,915)
Sales expenses	(35)	(1)
Provision	-	(30)
Development property (loss)/profit	(246)	1,975
Other revenue	991	-
Net property income	25,455	36,281

Included within Gross rental income above is an adjustment of £5,830,000 being a net release of previously accrued income (2023: recognition of accrued income of £1,609,000). Included within gross rental income are dilapidation receipts of £1,490,000 (2023: £45,000).

5. Profit on Sale of Investment Properties

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Net proceeds from the sale of investment properties	-	186,541
Book value (Note 11)	-	(169,570)
Tenants' incentives on sold investment properties	-	(12,407)
Profit on sale of investment properties	-	4,564

6. Administrative Expenses

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Administrative costs	(9,731)	(9,845)
Performance related awards, including annual bonuses	(1,155)	(2,702)
National Insurance on performance related awards	(125)	(288)
Administrative expenses	(11,011)	(12,835)

7. Net Finance Costs and Change in Fair Value of Derivative Financial Instruments

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Interest payable on bank loans and overdrafts	(5,493)	(8,284)
Other interest payable and similar charges	(3,115)	(2,780)
Total before cancellation of loans	(8,608)	(11,064)
Cancellation of loans	-	(128)
Finance costs	(8,608)	(11,192)
Finance income	661	274
Net finance costs	(7,947)	(10,918)
Change in fair value of derivative financial instruments	(5,609)	12,757
Net finance costs and change in fair value of derivative financial instruments	(13,556)	1,839

8. Tax on Profit on Ordinary Activities

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
The tax charge is based on the profit for the year and represents:		
United Kingdom corporation tax at 25% (2023: 19%)		
- Adjustment in respect of prior years	(179)	-
- Use of tax losses	-	-
Current tax charge	(179)	-
Deferred tax	-	-
Total tax charge for year	(179)	-

The Group became a UK REIT on 1 April 2022. As a REIT, the Group is not subject to corporation tax on the profits of its property rental business and chargeable gains arising on the disposal of investment assets used in the property rental business, but remains subject to tax on profits and chargeable gains arising from non-REIT business activities.

Since entering the REIT regime, no deferred tax assets and liabilities have been recognised on the basis that they are either associated with the tax-exempt property business or are deferred tax assets of the non-property business that are no longer recognised on the basis that it is no longer probable that sufficient taxable profits will be generated in the non-property business in the future against which these assets could be offset.

On the basis that the Group continues to meet the REIT regime conditions, there has been no change to the position regarding recognition of deferred tax assets and liabilities in the year ended 31 March 2024. At 31 March 2024, no deferred tax was recognised (31 March 2023: £nil).

9. Dividends

	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Attributable to equity share capital		
Ordinary		
- Interim paid 3.05p per share (2023: 3.05p)	3,744	3,750
- Prior year final paid 8.70p per share (2022: 8.25p)	10,679	10,092
	14,423	13,842

A final dividend of 1.78p, if approved at the AGM on 17 July 2024, will be paid on 2 August 2024 to the Shareholders on the register on 28 June 2024. This final dividend, amounting to £2.2m, has not been included as a liability as at 31 March 2024, in accordance with IFRS.

10. 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.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends on the assumed exercise of all dilutive share awards.

The earnings per share is 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 to 31 March 2024 000	Year to 31 March 2023 000
Ordinary shares in issue	123,355	123,355
Weighting adjustment	(602)	(613)
Weighted average ordinary shares in issue for calculation of basic and EPRA earnings per share	122,753	122,742
Weighted average ordinary shares issued on share settled bonuses	154	561
Weighted average ordinary shares to be issued under Performance Share Plan	-	846
Adjustment for anti-dilutive shares	(154)	(1,407)
Weighted average ordinary shares in issue for calculation of diluted loss per share	122,753	122,742

	£000	£000
Loss used for calculation of basic and diluted earnings per share	(189,814)	(64,511)
Basic loss per share	(154.6)p	(52.6)p
Diluted loss per share	(154.6)p	(52.6)p

		£000	£000
Loss used for calculation of basic and diluted earnings per share		(189,814)	(64,511)
Net loss/(gain) on sale and revaluation of investment properties			
	– subsidiaries	181,213	93,290
	– joint ventures	7,401	(5,161)
Tax on profit on disposal of investment properties		-	463
(Gain)/loss on movement in share of joint ventures		(155)	564
Fair value movement on derivative financial instruments		5,609	(12,757)
Expense on cancellation of loans		-	128
Deferred tax on adjusting items		-	(503)
Earnings used for calculations of EPRA earnings per share		4,254	11,513

EPRA earnings per share	3.5p	9.4p

The earnings used for the calculation of EPRA earnings per share include net rental income and development property profits but exclude investment and trading property gains.

11. Investment Properties

	At 31 March 2024 £000	At 31 March 2023 £000
Book value at 1 April	681,682	938,797
Additions at cost	16,038	10,509
Disposals	-	(169,570)
Transfer to assets held for sale	(43,817)	-
Letting cost amortisation	(168)	(200)
Revaluation deficit	(181,213)	(97,854)
As at year end	472,522	681,682

The fair value of the investment properties is as follows:

	At 31 March 2024 £000	At 31 March 2023 £000
Book value	472,522	681,682
Lease incentives and costs included in trade and other receivables	7,078	13,987
Head leases capitalised	-	(2,119)
Fair value	479,600	693,550

Interest capitalised in respect of the refurbishment of investment properties at 31 March 2024 amounted to £8,271,000 (31 March 2023: £9,620,000). Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £nil (31 March 2023: £nil). An amount of £nil (31 March 2023: £3,482,000) was released on the sale of the properties in the year and an amount of £1,349,000 (31 March 2023: £nil) was released as a result of an asset being transferred to assets held for sale.

The historical cost of investment property is £608,010,000 (31 March 2023: £633,237,000). The anticipated capital expenditure included in valuations reflects our commitment to achieving the highest standards of sustainability. Any capex contractually committed is included in Note 29.

The fair value of the Group's investment property as at 31 March 2024 was determined by independent external valuers at that date, except for investment properties valued by the Directors. The valuations are in accordance with the RICS Valuation – Professional Standards ("The Red Book") and the International Valuation Standards and were arrived at by reference to market transactions for similar properties.

	At 31 March 2024 £000	At 31 March 2023 £000
Cushman & Wakefield LLP	479,450	693,400
Director's valuation	150	150
	479,600	693,550

Fair values for investment properties are calculated using the present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields as discussed below. A key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the cash flow profile of the property for a number of years. The valuation assumes adjustments from these rental values to current market rent at the time of the next rent review (where a typical lease allows only for upward adjustment) and as leases expire and are replaced by new leases. The current market level of rent is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations. The equivalent yield is applied as a discount rate to the rental cash flows which, after taking into account other input assumptions such as vacancies and costs, generates the market value of the property.

The equivalent yield applied is assessed by reference to market transactions for similar properties and takes into account, amongst other things, any risks associated with the rent uplift assumptions.

The net initial yield is calculated as the current net income over the gross market value of the asset and is used as a sense check and to compare against market transactions for similar properties. The valuation outputs, along with inputs and assumptions, are reviewed to ensure these are in line with what a market participant would use when pricing each asset.

The reversionary yield is the return received from an asset once the estimated rental value has been captured on today's assessment of market value.

There are interrelationships between all the inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the input on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions.

A sensitivity analysis was performed to ascertain the impact of a 25 and 50 basis point shift in the equivalent yield and a 2.5% and 5% shift in ERVs for the wholly owned investment portfolio:

	At 31 March 2024	Change in portfolio value %	Change in portfolio value £000
True equivalent yield	7.05%		
+ 50 bps		(10.4)	(54,300)
+ 25 bps		(5.4)	(28,200)
- 25 bps		5.9	30,800
- 50 bps		12.3	64,400
ERV	£72.71 psf		
+ 5.00%		5.6	29,500
+ 2.50%		2.8	14,700
- 2.50%		(2.7)	(14,300)
- 5.00%		(5.4)	(28,300)

12. Joint Ventures

Share of results of joint ventures	Year to 31 March 2024 £000	Year to 31 March 2023 £000
Revenue	2,559	10,141
Gross rental income	2,004	287
Property overheads	(1,209)	(1,103)
Net rental expense	795	(816)
Revaluation of investment properties	(5,933)	5,095
(Loss)/gain on sale of investment properties	(1,468)	66
Development property profit	659	1,262
	(5,947)	5,607
Administrative expenses	(338)	(459)
Operating (loss)/profit	(6,285)	5,148
Interest payable on bank loans and overdrafts	(3,012)	(2,703)
Other interest payable and similar charges	(211)	(203)
Interest capitalised	-	1,815
Finance income	43	23
(Loss)/profit before tax	(9,465)	4,080
Tax	1	(22)
(Loss)/profit after tax	(9,464)	4,058
Adjustment for Barts Square economic interest[1]	154	(564)
Share of results of joint ventures	(9,310)	3,494

1. This adjustment reflects the impact of the consolidation of a joint venture at its economic interest of 50% (31 March 2023: 50%) rather than its actual ownership interest of 33%.

Investment in joint ventures	At 31 March 2024 £000	At 31 March 2023 £000
Summarised balance sheets		
Non-current assets		
Investment properties	140,811	150,151
Owner occupied property, plant and equipment	63	109
	140,874	150,260
Current assets		
Land and developments	1,321	539
Trade and other receivables	3,034	727
Cash and cash equivalents	3,064	3,749
	7,419	5,015
Current liabilities		
Trade and other payables	(4,254)	(3,332)
	(4,254)	(3,332)
Non-current liabilities		
Trade and other payables	(1,155)	(406)
Borrowings	(65,644)	(59,416)
Leasehold interest	(5,020)	(4,927)
	(71,819)	(64,749)
Net assets pre-adjustment	72,220	87,194
Acquisition costs	1,703	136
Investment in joint ventures	73,923	87,330

The fair value of investment properties in joint ventures at 31 March 2024 is as follows:

	At 31 March 2024 £000	At 31 March 2023 £000
Book value	140,811	150,151
Lease incentives and costs included in trade and other receivables	1,770	185
Head leases capitalised	(4,331)	(4,361)
Fair value	138,250	145,975

13. Other Investments

	At 31 March 2024 £000	At 31 March 2023 £000
Book value at 1 April	353	306
Acquisitions	212	47
As at 31 March	565	353

On 6 August 2021, the Group entered into a commitment of £1,000,000 to invest in the Pi Labs European PropTech venture capital fund ("Fund") of which £212,000 (31 March 2023: £47,000) was invested during the year. The Fund is focused on investing in the next generation of proptech businesses.

The fair value of the Group's investment is based on the net asset value of the Fund, representing Level 3 fair value measurement as defined in IFRS 13 *Fair Value Measurement*.

14. Land and Developments

	At 31 March 2024 £000	At 31 March 2023 £000
At 1 April	28	2,089
Disposals	-	(2,031)
Provision	-	(30)
At 31 March	28	28

The Directors' valuation of development stock shows a surplus of £302,000 (31 March 2023: £302,000) above book value. This surplus has been included in the EPRA net tangible asset value (Note 23).

No interest has been capitalised or included in land and developments.

15. Assets Held for Sale

	At 31 March 2024 £000	At 31 March 2023 £000
Book value on transfer to asset held for sale	43,817	-
Lease incentives	1,133	-
Long leasehold liability	(2,189)	-
At 31 March	42,761	-

16. Trade and Other Receivables

	At 31 March 2024 £000	At 31 March 2023 £000
Trade receivables	2,111	2,517
Other receivables	3,601	752
Prepayments	4,103	1,990
Accrued income	7,166	19,676
Current trade and other receivables	16,981	24,935
Other receivables	1,252	-
Non-current trade and other receivable	1,252	-
Total trade and other receivables	18,233	24,935

Included in accrued income are lease incentives of £7,078,000 (31 March 2023: £13,987,000).

17. Cash and Cash Equivalents

	At 31 March 2024 £000	At 31 March 2023 £000
Cash held at managing agents	4,914	4,156
Rental deposits	7,828	9,069
Restricted cash	3,880	9,495
Cash deposits	12,011	28,205
Total cash and cash equivalents	28,633	50,925

Restricted cash is made up of cash held by solicitors and cash in restricted accounts.

18. Trade and Other Payables

	At 31 March 2024 £000	At 31 March 2023 £000
Trade payables	13,497	15,212
Other payables	1,252	2,136
Accruals	5,101	5,404
Deferred income	5,036	8,480
Total trade and other payables	24,886	31,232

19. Lease Liability

	At 31 March 2024 £000	At 31 March 2023 £000
Current lease liability	829	683
Non-current lease liability	3,445	5,589

Included within the lease liability are £829,000 (31 March 2023: £683,000) of current and £3,445,000 (31 March 2023: £3,399,000) of non-current lease liabilities which relate to the long leasehold of the Group’s head office.

20. Borrowings

	At 31 March 2024 £000	At 31 March 2023 £000
Current borrowings	-	-
Borrowings repayable within:		
- two to three years	227,634	-
- three to four years	-	226,677
Non-current borrowings	227,634	226,677
Total borrowings	227,634	226,677

	At 31 March 2024 £000	At 31 March 2023 £000
Total borrowings	227,634	226,677
Cash	(28,633)	(50,925)
Net borrowings	199,001	175,752

Net borrowings exclude the Group's share of borrowings in joint ventures of £65,644,000 (31 March 2023: £59,416,000) and cash in joint ventures of £3,064,000 (31 March 2023: £3,749,000). All borrowings in joint ventures are secured.

	At 31 March 2024 £000	At 31 March 2023 £000
Net assets	401,075	608,675
Gearing	49.6%	28.9%

21. Derivative Financial Instruments

	At 31 March 2024 £000	At 31 March 2023 £000
Derivative financial instruments asset	17,635	23,245

A loss on the change in fair value of £5,609,000 has been recognised in the Consolidated Income Statement (31 March 2023: gain of £12,757,000).

The fair values of the Group's outstanding interest rate swaps and caps have been estimated by calculating the present values of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined in IFRS 13 *Fair Value Measurement*.

22. Share Capital

	At 31 March 2024 £000	At 31 March 2023 £000
Authorised	39,577	39,577

The authorised share capital of the Company is £39,577,000 divided into ordinary shares of 1p each.

	At 31 March 2024 £000	At 31 March 2023 £000
Allotted, called up and fully paid:		
- 123,355,197 (31 March 2023: 123,355,197) ordinary shares of 1p each	1,233	1,233
	1,233	1,233

23. Net Assets Per Share

	At 31 March 2024 £000	Number of shares 000	p	At 31 March 2023 £000	Number of shares 000	p
IFRS net assets	401,075	123,355		608,675	123,355	
Adjustments:						
- own shares held		(602)			(283)	
Basic net asset value	401,075	122,753	327	608,675	123,072	495
- share settled bonus		154			561	
- dilutive effect of Performance Share Plan		-			751	
Diluted net asset value	401,075	122,907	326	608,675	124,384	489
Adjustments:						
- fair value of financial instruments	(17,635)			(23,245)		
- fair value of land and developments	302			302		
- real estate transfer tax	44,605			56,591		
EPRA net reinstatement value	428,347	122,907	349	642,323	124,384	516
- real estate transfer tax	(21,879)			(28,868)		
EPRA net tangible asset value	406,468	122,907	331	613,455	124,384	493

	At 31 March 2024 £000	Number of shares 000	p	At 31 March 2023 £000	Number of shares 000	p
Diluted net assets	401,075	122,907	326	608,675	124,384	489
Adjustments:						
- surplus on fair value of stock	302			302		
EPRA net disposal value	401,377	122,907	327	608,977	124,384	490

The net asset values per share have been calculated in accordance with guidance issued by the European Public Real Estate Association ("EPRA").

The adjustments to the net asset value comprise the amounts relating to the Group and its share of joint ventures.

The calculation of EPRA net tangible asset value includes a real estate transfer tax adjustment which adds back the benefit of the saving of the purchaser's costs that Helical expects to receive on the sales of the corporate vehicles that own the buildings, rather than direct asset sales.

The calculation of EPRA net disposal value per share reflects the fair value of all the assets and liabilities of the Group at 31 March 2024.

24. Related Party Transactions

The following amounts were due from the Group's joint ventures:

	At 31 March 2024 £000	At 31 March 2023 £000
Charterhouse Place Limited group	1,340	577
TfL companies	1,530	-
Barts Square companies	71	79
Shirley Advance LLP	-	8

An accounting and corporate services fee of £50,000 (March 2023: £50,000) was charged by the Group to the Barts Square companies. A development management, accounting and corporate services fee of £1,089,181 due from the Charterhouse Place Limited group was reversed (31 March 2023: £150,000 receivable).

25. See-through Analysis

Helical holds a significant proportion of its property assets in joint ventures with partners that provide a significant equity contribution, whilst relying on the Group to provide asset management or development expertise. Accounting convention requires Helical to account under IFRS for its share of the net results and net assets of joint ventures in limited detail in the Income Statement and Balance Sheet. Net asset value per share, a key performance measure used in the real estate industry, as reported in the financial statements under IFRS, does not provide Shareholders with the most relevant information on the fair value of assets and liabilities within an ongoing real estate company with a long-term investment strategy.

This analysis incorporates the separate components of the results of the consolidated subsidiaries and Helical's share of its joint ventures' results into a "see-through" analysis of its property portfolio, debt profile and the associated income streams and financing costs, to assist in providing a comprehensive overview of the Group's activities.

See-through Net Rental Income

Helical's share of the gross rental income, head rents payable and property overheads from property assets held in subsidiaries and in joint ventures is shown in the table below.

		Year to 31 March 2024 £000	Year to 31 March 2023 £000
Gross rental income	– subsidiaries	27,514	36,555
	– joint ventures	2,004	287
Total gross rental income		29,518	36,842
Rents payable	– subsidiaries	(224)	(157)
Property overheads	– subsidiaries	(2,580)	(2,092)
	– joint ventures	(1,209)	(1,103)
See-through net rental income		25,505	33,490

See-through Net Development Profits

Helical's share of development profits from property assets held in subsidiaries and in joint ventures is shown in the table below.

		Year to 31 March 2024 £000	Year to 31 March 2023 £000
In parent and subsidiaries		(246)	2,005
In joint ventures		659	1,262
Total gross development profit		413	3,267
Provision	– subsidiaries	-	(30)
See-through net development profits		**413**	**3,237**

See-through Net Loss on Sale and Revaluation of Investment Properties

Helical's share of the net gain on the sale and revaluation of investment properties held in subsidiaries and joint ventures is shown in the table below.

		Year to 31 March 2024 £000	Year to 31 March 2023 £000
Revaluation (deficit)/surplus on investment properties	– subsidiaries	(181,213)	(97,854)
	– joint ventures	(5,933)	5,095
Total revaluation deficit		(187,146)	(92,759)
Net (loss)/gain on sale of investment properties	– subsidiaries	-	4,564
	– joint ventures	(1,468)	66
Total net (loss)/gain on sale of investment properties		(1,468)	4,630
See-through net loss on sale and revaluation of investment properties		**(188,614)**	**(88,129)**

See-through Administrative Expenses

Helical's share of the administrative expenses incurred in subsidiaries and joint ventures is shown in the table below.

		Year to 31 March 2024 £000	Year to 31 March 2023 £000
Administrative expenses	– subsidiaries	9,731	9,845
	– joint ventures	338	459
Total administrative expenses		10,069	10,304
Performance related awards, including NIC	– subsidiaries	1,280	2,990
Total performance related awards, including NIC		1,280	2,990
See-through administrative expenses		**11,349**	**13,294**

See-through Net Finance Costs

Helical's share of the interest payable, finance charges, capitalised interest and interest receivable on bank borrowings and cash deposits in subsidiaries and joint ventures is shown in the table below.

		Year to 31 March 2024 £000	Year to 31 March 2023 £000
Interest payable on bank loans and overdrafts	– subsidiaries	5,493	8,284
	– joint ventures	3,012	2,703
Total interest payable on bank loans and overdrafts		8,505	10,987
Other interest payable and similar charges	– subsidiaries	3,115	2,908
	– joint ventures	211	203
Interest capitalised	– joint ventures	-	(1,815)
Total finance costs		11,831	12,283
Interest receivable and similar income	– subsidiaries	(661)	(274)
	– joint ventures	(43)	(23)
See-through net finance costs		11,127	11,986

See-through Property Portfolio

Helical's share of the investment, land and development property portfolio in subsidiaries and joint ventures is shown in the table below.

		At 31 March 2024 £000	At 31 March 2023 £000
Investment property fair value	– subsidiaries	479,600	693,550
	– joint ventures	138,250	145,975
Assets held for sale	– subsidiaries	42,761	-
Total investment property fair value		660,611	839,525
Land and development stock	– subsidiaries	28	28
	– joint ventures	1,321	539
Total land and development stock		1,349	567
Total land and development stock surplus	– subsidiaries	302	302
Total land and development stock at fair value		1,651	869
See-through property portfolio		662,262	840,394

See-through Net Borrowings

Helical's share of borrowings and cash deposits in subsidiaries and joint ventures is shown in the table below.

		At 31 March 2024 £000	At 31 March 2023 £000
Gross borrowings more than one year	– subsidiaries	227,634	226,677
Total		227,634	226,677
Gross borrowings more than one year	– joint ventures	65,644	59,416
Total		65,644	59,416
Cash and cash equivalents	– subsidiaries	(28,633)	(50,925)
	– joint ventures	(3,064)	(3,749)
Total		(31,697)	(54,674)
See-through net borrowings		261,581	231,419

26. See-through Net Gearing and Loan to Value

	At 31 March 2024 £000	At 31 March 2023 £000
See-through property portfolio	662,262	840,394
See-through net borrowings	261,581	231,419
Net assets	401,075	608,675
See-through net gearing	65.2%	38.0%
See-through loan to value	39.5%	27.5%
Pro-forma see-through loan to value (Note 30)	28.7%	-

27. Total Accounting Return

	At 31 March 2024 £000	At 31 March 2023 £000
Brought forward IFRS net assets	608,675	687,043
Carried forward IFRS net assets	401,075	608,675
Decrease in IFRS net assets	(207,600)	(78,368)
Dividends paid	14,423	13,842
Total accounting return	(193,177)	(64,526)
Total accounting return percentage	(31.7)%	(9.4)%

	At 31 March 2024 £000	At 31 March 2023 £000
Brought forward EPRA net tangible assets	613,455	713,279
Carried forward EPRA net tangible assets	406,468	613,455
Decrease in EPRA net tangible assets	(206,987)	(99,824)
Dividends paid	14,423	13,842
Total EPRA accounting return	(192,564)	(85,982)
Total EPRA accounting return percentage	(31.4)%	(12.1)%

28. Total Property Return

	At 31 March 2024 £000	At 31 March 2023 £000
See-through net rental income	25,505	33,490
See-through development profits	413	3,237
See-through revaluation deficit	(187,146)	(92,759)
See-through net (loss)/gain on sale of investment properties	(1,468)	4,630
Total property return	(162,696)	(51,402)

29. Capital Commitments

The Group has a commitment of £133,500,000 (31 March 2023: £1,700,000), of which £59,400,000 relates to the development of 100 New Bridge Street, EC4 and the remaining £73,800,000 relates to the purchases of the TfL sites at 10 King William Street, EC2, Southwark, SE1 and Paddington, W2.

30. Post Balance Sheet Events

Following the year end, the sale of 25 Charterhouse Square, EC1 for £43.5m was completed (see Note 15) with the £42m proceeds used to part pay down the Group's RCF.

On 17 May 2024, a joint venture agreement was signed with Orion Capital Managers who acquired a 50% investment in the 100 New Bridge Street, EC4 site for £55m, with a £155m development facility agreement signed at the same time to fund the development and finance costs.

The impact of the two transactions above are reflected in the pro-forma tables below:

		At 31 March 2024 £000	Impact of transactions £000	Pro-forma £000
Investment property fair value	– subsidiaries	479,600	(99,000)	380,600
	– joint ventures	138,250	49,500	187,750
Investment property held for sale	– subsidiaries	42,761	(42,761)	-
Development portfolio		1,651	-	1,651
Total see-through property portfolio		662,262	(92,261)	570,001
See-through net borrowings		261,581	(97,761)	163,820
See-through loan to value		39.5%	(10.8)%	28.7%
Net assets		401,075	5,500	406,575
See through gearing		65.2%	(24.9)%	40.3%

Appendix 1 – Five Year Review

Income Statements

	Year ended 31.3.24 £000	Year ended 31.3.23 £000	Year ended 31.3.22 £000	Year ended 31.3.21 £000	Year ended 31.3.20 £000
Revenue	39,905	49,848	51,146	38,596	44,361
Net rental income	24,710	34,306	31,086	24,965	27,838
Development property (loss)/profit	(246)	2,005	3,519	678	2,076
(Provisions)/reversal of provisions	-	(30)	2,285	(82)	1,198
Share of results of joint ventures	(9,310)	3,494	20,708	2,352	13,396
Other income	991	-	28	48	88
	16,145	39,775	57,626	27,961	44,596
Gain/(loss) on sale of investment properties	-	4,564	(45)	(1,341)	(1,272)
Revaluation (deficit)/surplus on investment properties	(181,213)	(97,854)	33,311	19,387	38,351
Administrative expenses excluding performance related awards	(9,731)	(9,845)	(9,598)	(9,276)	(10,524)
Performance related awards (including NIC)	(1,280)	(2,990)	(7,170)	(5,140)	(6,191)
Finance costs	(8,608)	(11,192)	(19,234)	(14,079)	(16,100)
Finance income	661	274	6	58	1,345
Change in fair value of derivative financial instruments	(5,609)	12,757	17,996	2,938	(7,651)
Change in fair value of Convertible Bond	-	-	-	-	468
Foreign exchange gains	-	-	-	-	8
(Loss)/profit before tax	(189,635)	(64,511)	72,892	20,508	43,030
Tax on (loss)/profit on ordinary activities	(179)	-	16,002	(2,631)	(4,313)
(Loss)/profit after tax	(189,814)	(64,511)	88,894	17,877	38,717

Balance Sheets

	At 31.3.24 £000	At 31.3.23 £000	At 31.3.22 £000	At 31.3.21 £000	At 31.3.20 £000
Investment portfolio at fair value	479,600	693,550	961,500	756,875	836,875
Land, trading properties and developments	28	28	2,089	448	852
Assets held for sale	42,761	-	-	-	-
Group's share of investment properties held by joint ventures	138,250	145,975	135,820	82,516	76,809
Group's share of land, trading and development properties held by joint ventures	1,321	539	8,349	16,545	34,164
Group's share of land and development property surpluses	302	302	302	578	578
Group's share of total properties at fair value	662,262	840,394	1,108,060	856,962	949,278
Net debt	199,001	175,752	353,149	169,476	273,598
Group's share of net debt of joint ventures	62,580	55,667	35,111	11,688	24,933
Group's share of net debt	261,581	231,419	388,260	181,164	298,531
Net assets	401,075	608,675	687,043	608,161	598,689
EPRA net tangible assets value	406,468	613,455	713,279	658,663	640,424
Dividend per ordinary share paid	11.55p	11.30p	10.30p	8.70p	10.20p
Dividend per ordinary share declared	4.83p	11.75p	11.15p	10.10p	8.70p
EPRA earnings/(loss) per ordinary share	3.5p	9.4p	5.2p	(1.8)p	7.6p
EPRA net tangible assets per share	331p	493p	572p	533p	524p

Appendix 2 – Property Portfolio

London Portfolio – Investment Properties

Property	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2024 %	Vacancy rate at 31 March 2023 %
Completed properties				
The Warehouse and Studio, The Bower, EC1	Multi-let office building	151,439	0.0	0.0
The Tower, The Bower, EC1	Multi-let office building	182,193	16.0	0.0
The Loom, E1	Multi-let office building	108,540	34.9	28.4
The JJ Mack Building, EC1	Multi-let office building	206,085	32.7	81.6
25 Charterhouse Square, EC1	Multi-let office building	42,921	15.2	15.2
The Power House, W4	Single-let recording studios/office building	21,268	0.0	0.0
		712,446	17.6	19.8
Development pipeline				
100 New Bridge Street, EC4	Vacant office to be redeveloped	167,026	100.0	2.6
		879,472	37.6	16.1

Appendix 3 – EPRA Performance Measures

	At 31 March 2024	At 31 March 2023
EPRA net tangible assets	£406.5m	£613.5m
EPRA net reinstatement value per share	349p	516p
EPRA net tangible assets per share	331p	493p
EPRA net disposal value per share	327p	490p
EPRA net initial yield	3.5%	3.9%
EPRA “topped up” net initial yield	5.1%	4.0%
EPRA vacancy rate	10.5%	16.3%
EPRA cost ratio (including direct vacancy costs)	50.6%	39.5%
EPRA cost ratio (excluding direct vacancy costs)	44.0%	35.7%
EPRA earnings	£4.3m	£11.5m
EPRA earnings per share	3.5p	9.4p

Appendix 4 – Risk Register

Risk	Description	Mitigating actions	Probable impact (post mitigation)
STRATEGIC RISKS Strategic risks are external risks that could prevent the Group delivering its strategy. It is these risks which principally impact decision-making with respect to the purchasing or selling of property assets.			
The Group's strategy is inconsistent with the market	Changing market conditions leading to a reduction in demand or deferral of decisions by occupiers, impacting property values, could hinder the Group's ability to buy, develop, let and sell assets as envisioned in its strategy. The location, size and mix of properties in Helical's portfolio determine the impact of the risk. If the Group's chosen markets underperform, the impact on the Group's liquidity, investment property revaluations and rental income will be greater. Inconsistency between the market and the Group's strategy has the potential to negatively impact our share price and result in reduced market sentiment/shareholder satisfaction. There continues to be uncertainty regarding the future of the office given the continuation of hybrid working practices across the UK. The risk of future pandemic outbreaks also poses a threat to the future of the office.	Management constantly monitors the market and makes changes to the Group's strategy in light of market conditions. The Group conducts an annual strategic review and maintains rolling forecasts, with inbuilt sensitivity analysis to model anticipated economic conditions. The Group's management team is highly experienced and has a strong track record of interpreting the property market. The small size of the Group's management team enables quick implementation of strategic change when required. We have robust and established governance and approval processes. We engage closely with our occupiers to ensure we are offering space that meets their business needs. We are active members of industry bodies and professional organisations and participate in local business and community groups. This ensures we are actively engaged in decisions affecting our business, customers, partners and communities. The Board directly and indirectly engage with the Helical Shareholders on the Group's strategy and the Directors' decision making and execution of strategy is heavily influenced by the feedback received from our Shareholders. The Board continually assesses the viability of the Group strategy with respect to the demand for office space in Central London.	The market continues to favour the "best-in-class" space with strong sustainability credentials and such assets continue to command premium rents. Helical's portfolio is well positioned to respond to this trend. The office is no longer seen as a fixed asset, but as an overall workplace experience that is not tied to a physical location and desirability is influenced by increased investment in onsite amenities, better workplace technology, flexible space layout, work models and increased sustainability credentials. Helical continues to place great emphasis on innovation and design in the areas of sustainability, technology, service provision and health/wellbeing. Demand for the best quality buildings in the best locations is expected to remain robust in 2024. This will lead to rental growth in most UK office markets at the prime end of the spectrum. Sentiment towards the future of the office continues to improve, but hybrid working practices are still in existence across the majority of UK businesses. Further, there remains a risk of future pandemics which could affect our strategy. Through ongoing engagement with our stakeholders, the impact of a divergence between the market and our strategy is mitigated, but only to an extent.
Risks arising from the Group's significant development projects	The Group conducts significant development projects over a number of years and is therefore exposed to fluctuations in the market and tenant demand levels over time. Development projects often require substantial capital expenditure for land procurement and construction, and they usually take a considerable amount of time to complete and generate rental income. The risk of delays or failure to get planning approval is an inherent risk of property development. The construction industry is faced with both labour and materials supply shortages which could lead to cost escalation and project delay. Exposure to developments increases the potential monetary impact of cost inflation, adverse valuation or other market factors which	Management carefully reviews the prospective performance and risk profiles of individual developments and, in some cases, builds properties in several phases to minimise the Group's exposure to reduced demand for particular asset classes or geographical locations over time. The Group conducts developments in partnership with other organisations and pre-lets space to reduce development risk, where considered appropriate. The management team is highly experienced and has a track record of developing best-in-class office spaces in highly desirable, well-connected locations. Management places significant focus on timely project delivery and strong relationships with construction partners with appropriate risk sharing. We choose to work with highly regarded suppliers and contractors to minimise cost uncertainty. We typically enter into contracts with our contractors on a fixed price basis and incorporate appropriate contingencies. We continually collaborate with our suppliers and contractors to mitigate risks arising from our developments. Development plans and exposure to risk are considered in the annual business plan.	The Group has started the enabling works at 100 New Bridge Street, EC4 ("100 NBS"), and we are progressing the three sites to be developed in joint venture with TfL. There continues to be the risk of insolvencies in the construction industry given the uncertainties around the future macroeconomic environment and geopolitical market influences. Material costs remains a near term challenge for the real estate industry, despite some signs that the price trend of key commodities is easing. Despite technological advancements, supply chain bottlenecks, recent geopolitical escalations and economic uncertainty were, and still are, challenges for the sector and a risk for the global economy. Labour related issues also remain very much to the fore, with skill shortages being problematic across the industry. In addition, financial constraints due to economic uncertainty are viewed as an increasingly significant obstacle to development activities.

	could affect the Group's financial capabilities and targeted financial returns. Sustainability is becoming ever more important in the planning process, with local authorities and the Government placing considerable emphasis on climate change e.g., requiring justification for demolition over refurbishment.	Detailed planning pre-applications and due diligence are conducted in advance of any site acquisition. Board approval is required for commitments above a certain threshold. Management continuously monitors the cost of materials and pressures on supply chain and distribution networks. Ongoing consideration is given to investing in the most energy efficient machinery and building materials and using renewable sources of energy where possible. Management considers acceleration of digitalisation of logistics and supply chain management, such as real-time warning systems that forecast shortages at an early stage as crucial to responding agilely and avoiding delays in real estate developments. The Group is striving to reduce the carbon footprint of its development activities and is continuously looking to evolve its strategy in this regard.	The risk has increased in severity given the commencement of the 100 NBS enabling works in late 2023. As the pipeline progresses with the TfL joint venture, this risk's severity will not decrease.
Property values decline/reduced tenant demand for space	The property portfolio is at risk of valuation falls through changes in market conditions, including underperforming sectors or locations, lack of tenant demand, deferral of occupiers' decisions, or general economic uncertainty. The potential adverse impact of the political and economic environments on property yields has heightened the risk of a fall in property values. Falling valuations could lead to uncertainty regarding development scheme returns and the viability of future office development schemes. The Group's net asset value and gearing levels will also be impacted by a fall in property values. Property valuations are dependent on the level of rental income receivable and expected to be receivable on that property in the future. Therefore, declines in rental income could have an adverse impact on revenue and the value of the Group's properties. There remains a risk of continued economic downturn given the broader geopolitical climate, inflation and current interest rate levels. This could result in further pressure on rent collection figures with a prolonged period of corporate failures, leading to a decline in occupancy and increase in office vacancies. This risk is further heightened by bank failures and impact on liquidity.	The Group's property portfolio has tenants from diverse industries, reducing the risk of over-exposure to one sector. We conduct regular occupier financial covenant checks ahead of approving leases in order to limit our exposure to tenant failure. Management accounts which include the Group's performance against the financial covenants are reviewed by the Board on a quarterly basis. Management regularly reviews external data, seeks the advice of industry experts and monitors the performance of individual assets and sectors in order to dispose of non-performing assets and rebalance the portfolio to suit the changing market. Management regularly models different property revaluation scenarios through its forecasting process in order to prepare a considered approach to mitigating the potential impact. We continue to design and innovate in the areas of sustainability, technology, wellbeing and service provision and, working closely with our management agents, Ashdown Phillips, we engage with our occupiers to understand their evolving needs and respond quickly and collaboratively to any changing requirements. The Board and management team continually monitor the property market. The bi-weekly management meeting considers factors such as new leases, lease events and tenant issues with respect to each property in the portfolio.	Despite the strong market sentiment towards new, best-in-class office space, the impact of interest rate rises will halt the expansion in the office jobs market during 2024. Following healthy increases in the last two years. Research suggests that office-based employment is to remain largely unchanged in 2024. Although there has been a notable increase in the return of employees to their offices, a number of corporates are continuing to offer hybrid working opportunities. Despite slowing jobs growth, UK office take-up in 2024 is expected to increase relative to the levels seen in 2023. The cost of debt and lack of liquidity issues impacted yields in 2023, with further property valuation falls predicted for Q1 2024. However, yields are expected to remain stable and may start to tighten over the next 12–24 months.

Geopolitical and economic	Significant events or changes in the global/UK political or economic landscape may have a significant impact on the Group's ability to plan and deliver its strategic priorities in accordance with its business model. Such events or changes may result in decreased investor activity and reluctance of occupiers to make decisions with respect to office space uptake. Furthermore, the impacts on London's desirability arising from political uncertainty, government policies and the potential disruption of energy supplies are of concern to the business. Macro-economic drivers, such as interest rates, can significantly impact pricing in the real estate market. For example, in order to curb inflation, the Bank of England has been raising interest rates, thus increasing the cost of borrowing, which in turn provides challenge for investors. Political instability and unrest can have a significant knock-on effect on global economies and trade (as evidenced by the Russo-Ukrainian and the Israel-Hamas wars which have led to volatility in energy prices). Geopolitical risks lead to changed market dynamics and influence, such as the increasing role of governments in economies and the shifts in geopolitical powers.	Management monitors macroeconomic research and economic outlook considerations are incorporated into the Group's annual business plan. Management conducts ongoing assessments of the impacts of current macro-economic and geopolitical concerns. We will continue to monitor the economic and political situations in the UK and globally, and adapt any business decisions accordingly. Management seeks advice from experts to ensure it understands the political environment and the impact of emerging regulatory and tax changes on the Group. It maintains good relationships with planning consultants and local authorities. Where appropriate, management joins with industry representatives to contribute to policy and regulatory debate relevant to the industry.	Geo-political uncertainty from conflicts continues to affect global and local economies e.g., inflationary pressures arising from supply chain shortages, high interest rates and energy costs. These conflicts could escalate or spread to include other countries. However, whilst the duration of inflation will significantly impact the sector, commercial offices remain an attractive asset class. With respect to the UK's near-term macroeconomic outlook, the inflation rate significantly fell towards the end of 2023 and is expected to continue its downward trajectory. Although it is anticipated that base rates will stay high for an extended period, there is the real prospect of rate reductions in the latter half of 2024, which would be advantageous for both occupiers and investors, and should stimulate increased activity. The interest rate environment has dominated the office investment landscape since they started rising in the second half of 2022, severely constraining volumes. It is expected that this will ease in the second half of 2024, but investment volumes in the first half will remain low. Many of the significant geopolitical risks that the world faces in 2024 come from existing conflicts and tensions. Experts have identified the elections in the United States (amid increasing polarisation and declining trust in the country's political system); a possible escalation of the Israel-Hamas war into wider conflict in the Middle East; and a further deepening of the Russo- Ukrainian war as most significant. In addition, the following geopolitical risks have the potential to affect the global economy: • Increased cooperation between China, Iran, North Korea and Russia; • The reported setbacks to the Chinese growth model; and • The possibility of conflict arising from authoritarian regimes. Over half of the world's population will vote in general or local elections worldwide this year. Therefore, elections will be a key political theme in 2024 and could have a significant impact on the direction of the global economy. This effect will be seen not only through potential changes in trade and investment policies but also by increased uncertainty and political polarisation. The upcoming UK General Election (currently anticipated to be 4 July 2024) will add further uncertainty and may delay business decision making. The Group needs to be alert to the risks of changes to political stability, government structure, and economic policies that may come with a change in Government. Investor and tenant decision making and timing could be impacted, and the Election may cause volatility in the stock market.
Climate change	The Group is alive to the risks posed by climate change. Failing to respond to these risks	The Group has a Sustainability Committee, which reviews the Group's approach and strategy to climate related risks and presents regularly to the	Climate change risk continues to increase in prominence and importance. In the UK, the

	appropriately (in line with societal attitudes or legislation) or failing to identify potential opportunities could lead to reputational damage, loss of income or decline in property values. Having strong sustainability credentials is a market differentiator and provides a competitive advantage. There is also the risk that the costs to operate our business (energy or water) or undertake development activities (construction materials) will rise as a consequence of climate change and the actions taken to safeguard against it. The Group is also alert to the physical risks of climate change e.g. the increasing severity and frequency of extreme weather events which pose threats to real estate assets.	Board and Executive Committee on emerging issues and mitigation plans. The Board has a designated Non-Executive Director responsible for sustainability. The Committee sets appropriate targets and KPIs to effectively monitor the Group's performance. During the year, a detailed scenario analysis was performed to ascertain the potential risks and opportunities that arise due to specific climate related scenarios. The outcome of this analysis has been incorporated into our wider TCFD statement. The Group will conduct detailed scenario analysis of the risks and opportunities on an annual basis to ensure the appropriate actions/responses are taken. Annually, the Group produces a Sustainability Performance Report with key data and performance points which are externally assured. In May 2022, the Group released its Net Zero Carbon Pathway, which commits to becoming net zero carbon by 2030 and includes the actions and steps required to meet the associated targets.	Government continues to introduce more legislation linked to climate risk e.g., TCFD and legislation requiring higher standards for energy efficiency in commercial and residential properties (EPCs). The risks associated with the impact of climate change continue to increase and businesses are being encouraged by their stakeholders to proactively respond. Pressure for greater disclosure by real estate owners and investors continues to intensify. Building and operating buildings which are resilient to climate change protects shareholder value. Identifying the risks and opportunities that are material to us as a business under a number of different climate scenarios allows us to appropriately align our mitigation plan and long-term strategy.
FINANCIAL RISKS Financial risks are those that could prevent the Group from funding its chosen strategy, both in the long and short-term.			
Availability and cost of bank borrowing, cash resources and potential breach of loan covenants	The inability to roll over existing facilities or take out new borrowing could impact the Group's ability to maintain its current portfolio and purchase new properties. The Group may forego opportunities if it does not maintain sufficient cash to take advantage of them as they arise and requires new sources of debt to finance its development programme. The Group is at risk of increased interest rates on unhedged borrowings. If the Group breaches debt covenants, lending institutions may require the early repayment of borrowings. The lack of global liquidity has the potential to create significant obstacles for the Group. Liquidity risk could lead to missed opportunities or financial losses.	The Group maintains good relationships with many established lending institutions and borrowings are spread across a number of such lenders. Funding requirements are reviewed monthly by the management team, which seeks to ensure that the maturity dates of borrowings are spread over several years. Management monitors the cash levels of the Group on a weekly basis and maintains sufficient levels of cash resources and undrawn committed bank facilities to fund opportunities as they arise. The Group hedges the interest rates on the majority of its borrowings, effectively fixing or capping the rates over several years. Covenants are closely monitored throughout the year. Management conducts sensitivity analyses to assess the likelihood of future breaches based on significant changes in property values or rental income. The risk is further mitigated through the obtaining of tenant guarantors/bank guarantees/deposits.	Increased stability in the forward interest rate market has led to more confidence in capital and debt maturity. Whilst the turmoil seen in the banking sector, with the collapse of the Silicon Valley Bank and the acquisition of Credit Suisse by UBS, has not worsened, their remains instability in the global markets and concern for the rest of the financial sector. The Group has exercised its option to extend its development financing of The JJ Mack Building, EC1 by a year and is in discussions to extend its £300m RCF. The Group has cash and undrawn bank facilities available to it and an appropriate level of borrowings.
OPERATIONAL RISKS Operational risks are internal risks that could prevent the Group from delivering its strategy.			
Our people and relationships with business partners and reliance on external partners	The Group's continued success is reliant on its management and staff and maintaining its successful relationships with its joint venture partners. Ineffective succession planning, or failure to attract, develop and retain the right people with requisite skills, as well as failing to maintain a positive working environment for employees, could inhibit the execution of our strategy and	Our people The senior management team is very experienced with a high average length of service. The Nominations Committee and Board continuously review succession plans, and the Remuneration Committee oversees the Directors' Remuneration Policy and its application to senior employees, and reviews and approves incentive arrangements to ensure they are commensurate with market practice. Remuneration is set to attract and retain high calibre staff. Our annual appraisal process focuses on future career development and staff are encouraged to undertake personal development and training courses, supported by Helical.	Although there is strong competition for talent in the employment market at present, this risk has remained broadly similar due to our high staff retention levels. Succession plans are in place for key roles within Helical, and this supports the long-term success of the business. External factors such as geopolitical tensions and high levels of demand for certain raw materials and components continue to place increased pressure on supply chains and distribution networks. Labour

	diminish our long-term sustainability. As several of the Group's properties are held in conjunction with third parties, the Group's control over these properties is more limited and these structures may also reduce the Group's liquidity. Operational effectiveness and financing strategies may also be adversely impacted if partners are not strategically aligned. The Group is dependent on a number of external third parties to ensure the successful delivery of its development programme and asset management of existing assets. These include: • Contractors and suppliers; • Consultants; • Managing agents; and • Legal and professional teams. The Group would be adversely impacted by increases in the cost of services provided by third parties.	The Board and senior management engage directly with employees through a variety of engagement initiatives which enable the Board to ascertain staff satisfaction levels and implement changes to working practices and the working environment as necessary. We also arrange all-staff training activities and events throughout the year. Business partners The Group nurtures well established relationships with joint venture partners, seeking future projects where it has had previous successful collaborations. Management has a strong track record of working effectively with a diverse range of partners. Our joint venture business plans are prepared to ensure operational and strategic alignment with our partners. External partners The Group actively monitors its development projects and uses external project managers to provide support. Potential contractors are vetted for their quality, health and safety record and financial viability prior to engagement. The Group has a highly experienced team managing its properties, which regularly conduct on-site reviews and monitors cash flows against budget. The Group seeks to actively monitor and maintain excellent relationships with its specialist professional advisors, often engaging parties with whom it has successfully worked previously.	shortages continue to pose a challenge to the industry. Given our reliance on external third parties to ensure the successful delivery of our development programmes and asset management, these external factors could have a significant impact on our business.
Health and safety	The nature of the Group's operations and markets exposes it to potential health and safety risks both internally and externally within the supply chain. The Board conducts continuous assessment and is responsible for the management of the potential impacts of new building and fire safety regulations, including under the Building Safety Act 2022. As a real estate developer, we are exposed to public liability risks and there is always the potential for accidents to occur on our sites involving occupiers or employees.	The Group reviews and updates its Health & Safety Policy regularly and it is approved by the Board annually. Contractors are required to comply with the terms of our Health & Safety Policy. The Group engages an external health and safety consultant to review contractor agreements prior to appointment and ensures they have appropriate policies and procedures in place, then monitors the adherence to such policies and procedures throughout the project's lifetime. The Group has an H&S Committee to oversee, and drive improved performance in, the strategies, policies, working practices of the Group in relation to health and safety. The Committee also monitors relevant legal and regulatory developments. Ongoing training in H&S is conducted by our employees as appropriate. The Executive Committee reviews the report by the external consultant every month and the Board reviews them at every scheduled meeting. The internal asset managers conduct regular site visits. To address public liability risks, through our robust H&S risk management strategies, we ensure our properties are properly maintained, safety protocols are in place and we conduct regular risk assessments to identify and mitigate potential hazards. We have invested in comprehensive public liability insurance to provide financial protection in the event of legal claims arising from injuries or property damage.	As we have begun the on-site development activities at 100 NBS, this risk is therefore a key area of focus for the business and has increased.

Significant business disruption/external catastrophic event/cyber-attacks to our business and our buildings	The Group's operations, reputation or financial performance could be adversely affected and disrupted by major external events such as pandemic disease, civil unrest, war and geopolitical instability, terrorist attacks, extreme weather, environmental incidents and power supply shortages. All of these potential events could have a considerable impact on the global economy, as well as that of our business and our stakeholders. The increasing reliance on and use of digital technology heighten the risks associated with IT and cyber security. • The Group relies on information technology ("IT") to perform effectively as a cyber-attack could result in IT systems being unavailable, adversely affecting the Group's operations and reputation. • Commercially sensitive and personal information is electronically stored by the Group. Theft of this information could adversely impact the Group's commercial advantage and result in penalties where the information is governed by law (GDPR and Data Protection Act 2018). • The Group is at risk of being a victim of social engineering fraud. • The Group increasingly employs IT solutions across its property portfolio to ensure its buildings are "smart". However, proptech solutions, such as sensors and automation, may risk physical damage to property if they fail, for example if new systems are retrofitted to old wiring. Misinformation and disinformation may radically disrupt electoral processes in several economies over the next two years. The metaverse and artificial intelligence (AI), are two forms of disruptive technology which have been identified as having the potential to reduce the demand for physical office space, and thus impact our strategy.	In the event of a significant event: • The Executive Committee will be tasked with the daily monitoring and managing of the risk, and will focus on the impact on property locations, the business and supply chain. • Regular Board discussions will be held during any pandemic to review the Group's response and mitigating actions. • Enhanced engagement with our stakeholders will be conducted (particularly with occupiers, contractors, Shareholders and employees). • There will be continuous review of Government guidelines and emerging practice, with risk assessments undertaken as control measures change. • Guidance will be issued to our staff, occupiers and contractors on how to protect themselves and others. Risks are continually evolving, and we must design, implement and monitor effective controls to protect the Group from cyber-attack or major IT failure. The Group ensures that it has adequate Business Continuity Plans and IT Business Continuity Plans in place to enable remote working for all staff. Testing of business resilience and risk planning is conducted throughout the year. The Group engages and actively manages external IT experts to ensure its IT systems operate effectively and that we respond to the evolving IT security environment. This includes regular off- site backups and a comprehensive disaster recovery process. The external provider also ensures the system is secure and this is subject to routine testing including bi-annual disaster recovery tests and annual Cyber Essential Plus Certification. There is a robust control environment in place for invoice approval and payment authorisations including authorisation limits and a dual sign off requirement for large invoices and bank payments. The Group provides training and performs penetration testing and disaster recovery network vulnerability testing to identify emails of a suspicious nature, ensuring these are flagged to the IT providers, and ensures employees are aware they should not open attachments or follow instructions within the email. On an annual basis, our external IT providers provide IT security training to ensure all staff are adopting best practice IT security measures to help protect the business against cyber-attack. The Group periodically instructs external reviews of its anti-financial crime and cyber security frameworks and delivers training to all staff. The Group has a disaster recovery plan, on-site security at its properties and insurance policies in place to deal with any external events and mitigate their impact. The Group has cyber insurance cover (broad enough to encompass the cyber risks faced today/the future) to help mitigate financial losses and liabilities associated with the compromise of sensitive data. The Group has business interruption insurance in place to help cover financial losses if a temporary operational shutdown occurs. Helical, through its suppliers, conducts proactive risk management including routine maintenance, regular system updates, and thorough testing to minimise these risks. Our insurance policies have been extended to cover any damages resulting from technological failures.	Future pandemics could reduce people's appetite to work in and visit London for leisure and therefore impact the demand for, and value of, our buildings. The risk of pandemic is therefore relevant to our business. The Russo-Ukrainian war and associated sanctions, and the Israel-Hamas war are continuing to put pressure on global supply chains and economies. Furthermore, the UK's terrorism national threat level continues to be rated as "substantial". Cyber risks persist as cyber criminals continue to devise new ways to exploit and harm businesses around the globe. Consequently, the Group's cyber security controls continue to be of invaluable importance. Misinformation and disinformation and cyber insecurity are ranked first and fourth respectively by the World Economic Forum as being the most severe economic risks over the next two years.

REPUTATIONAL RISKS

Reputational risks are those that could affect the Group in all aspects of its strategy.

Poor management of stakeholder relations and non-compliance with prevailing legislation, regulation and best practice	Reputational damage resulting in a loss of credibility with key stakeholders including Shareholders, analysts, banking institutions, contractors, managing agents, tenants, property purchasers/sellers and employees is a continuous risk for the Group. The nature of the Group's operations and markets exposes it to financial crimes risks (including bribery and corruption risks, money laundering and tax evasion) both internally and externally within the supply chain. The Group is exposed to the potential risk of acquiring or disposing of a property where the owner/purchaser has been involved in criminal conduct or illicit activities. The Group would attract criticism and negative publicity if any instances of, for example: • modern slavery and human trafficking were identified within its supply chain. • non-compliance with GDPR and the Data Protection Act 2018 were identified. Non-compliance may also result in financial penalties. As a REIT, the Group is required to adhere to the relevant legislation. Failure to comply could result in adverse tax consequences.	The Group believes that successfully delivering its strategy and mitigating its principal risks should protect its reputation. The Group regularly reviews its strategy and risks to ensure it is acting in the interests of its stakeholders. The Group maintains a strong relationship with investors and analysts through regular meetings. We ensure strong community involvement in the design process for our developments and create employment and education opportunities through our construction and operations activities. A Group Disclosure Policy and Share Dealing Code, Policy & Procedures have been circulated to all staff in accordance with UK legislation and regulation on market abuse. The Group's anti-bribery and corruption and whistleblowing policies and procedures are reviewed and updated annually and emailed to staff and displayed on our website. Projects with greater exposure to bribery and corruption are monitored closely. The Group avoids doing business in high-risk territories. The Group has related policies and procedures designed to mitigate bribery and corruption risks including: • Know Your Client checks. • Due diligence processes. • Capital expenditure controls. • Contracts risk assessment procedures. • Competition and anti-trust guidance. The Group engages legal professionals to support these policies where appropriate. All employees are required to complete anti-bribery and corruption training and to submit details of corporate hospitality and gifts received. Periodically, staff receive anti-financial crime training to enhance their awareness. All property transactions are reviewed and authorised by the Executive Committee. Our Modern Slavery Act statement, which is prominently displayed on our website, gives details of our policy and our approach to combating slavery in our supply chain. The Group monitors its GDPR and Data Protection Act 2018 compliance to ensure appropriate safeguards, policies, procedures, contractual terms and records are implemented and maintained in accordance with the regulations. The Group regularly monitors its current and projected REIT compliance.	This risk is consistent for the business due to the ever changing legal and regulatory landscape in which the business operates. Impact of regulatory change and scrutiny on operational resilience and management practices continues to be a risk for our business.

Appendix 5 – Glossary of Terms

Capital value (psf)
The open market value of the property divided by the area of the property in square feet.

Company or Helical or Group
Helical plc and its subsidiary undertakings.

Compound Annual Growth Rate (CAGR)
The annualised average growth rate.

Diluted figures
Reported amounts adjusted to include the effects of potential shares issuable under the Director and employee remuneration schemes.

Earnings per share (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA
European Public Real Estate Association.

EPRA earnings per share
Earnings per share adjusted to exclude gains/losses on sale and revaluation of investment properties and their deferred tax adjustments, the tax on profit/loss on disposal of investment properties, trading property profits/losses, movement in fair value of available-for-sale assets and fair value movements on derivative financial instruments, on an undiluted basis. Details of the method of calculation of the EPRA earnings per share are available from EPRA (see Note 10).

EPRA net assets per share
Diluted net asset value per share adjusted to exclude fair value surplus 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 (see Note 23).

EPRA net disposal value per share
Represents the Shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax (see Note 23).

EPRA net reinstatement value per share
Net asset value adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives, that are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded (see Note 23).

EPRA net tangible assets per share
Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax, but excludes assets and liabilities, such as fair value movements on financial derivatives, that are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded (see Note 23).

EPRA topped-up NIY
The current annualised rent, net of costs, topped-up for contracted uplifts, expressed as a percentage of the fair value of the relevant property.

Estimated rental value (ERV)
The market rental value of lettable space as estimated by the Group's valuers at each Balance Sheet date.

Gearing
Total borrowings less short-term deposits and cash as a percentage of net assets.

Initial yield
Annualised net passing rents on investment properties as a percentage of their open market value.

Like-for-like valuation change
The valuation gain/loss, net of capital expenditure, on those properties held at both the previous and current reporting period end, as a proportion of the fair value of those properties at the beginning of the reporting period plus net capital expenditure.

MSCI INC. (MSCI IPD)
MSCI INC. is a company that produces independent benchmarks of property returns using its Investment Property Databank (IPD).

Net asset value per share (NAV)
Net assets divided by the number of ordinary shares at the Balance Sheet date (see Note 23).

Passing rent
The annual gross rental income being paid by the tenant.

Reversionary yield
The income/yield from the full estimated rental value of the property on the market value of the property grossed up to include purchaser's costs, capital expenditure and capitalised revenue expenditure.

See-through/Group share
The consolidated Group and the Group's share in its joint ventures (see Note 25).

See-through net gearing
The see-through net borrowings expressed as a percentage of net assets (see Note 26).

Total Accounting Return
The growth in the net asset value of the Company plus dividends paid in the year, expressed as a percentage of net asset value at the start of the year (see Note 27).

Total Property Return
The total of net rental income, trading and development profits and net gain on sale and revaluation of investment properties on a see-through basis (see Note 28).

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 year expressed as a percentage of the share price at the beginning of the year.

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.

WAULT
The total contracted rent up to the first break, or lease expiry date, divided by the contracted annual rent.

HELICAL PLC

Registered in England and Wales No.156663

Registered Office:
5 Hanover Square
London
W1S 1HQ

T: 020 7629 0113
F: 020 7408 1666

E: reception@helical.co.uk

www.helical.co.uk