HELICAL

HELICAL PLC

Annual Report and Accounts 2019

01
STRATEGIC REPORT

66
GOVERNANCE

101
FINANCIAL STATEMENTS

141
ADDITIONAL INFORMATION

A STRONG YEAR OF PROGRESS

The results for the year to 31 March 2019 reflect significant progress for Helical, now an office-led investment and development company focused purely on London and Manchester.

NET ASSETS (£M)

567

+6.3%

2018	£534m

EPRA NET ASSET VALUE PER SHARE[1] (P)

482

+3.0%

2018	468p

PROFIT BEFORE TAX (£M)

43.5

+41.2%

2018	£30.8m

TOTAL DIVIDEND PER SHARE (P)

10.10

+6.3%

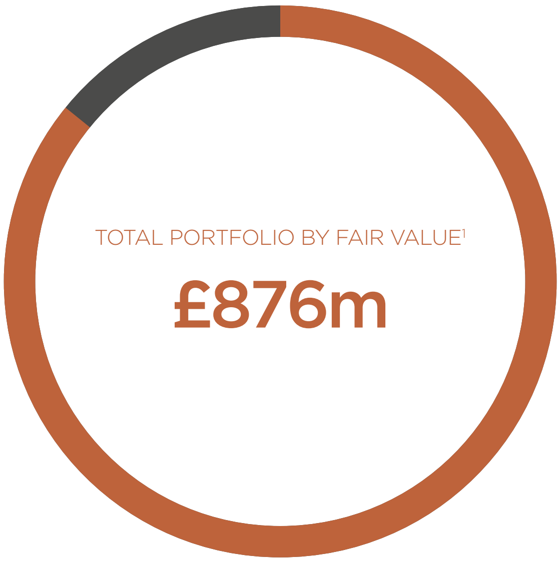
2018	9.50p

1 See Glossary for definition of terms.

PORTFOLIO OVERVIEW

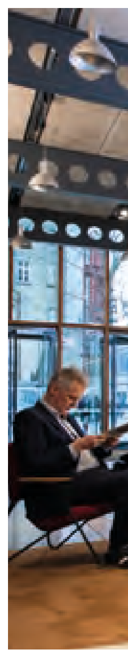
Helical divides its property activities into two core markets: London and Manchester offices.

LONDON	86%
MANCHESTER	14%



IFRS EARNINGS PER SHARE		TOTAL PROPERTY RETURN[1]	
35.8p		£81.4m	
2018	22.3p	2018	£68.8m
SEE-THROUGH LOAN TO VALUE[1]		EPRA TRIPLE NET ASSET VALUE PER SHARE[1]	
30.6%		465p	
2018	39.9%	2018	448p
TOTAL SHAREHOLDER RETURN		EPRA LOSS PER SHARE[1]	
5.2%		8.4p	
2018	6.1%	2018	7.0p

1 See Glossary for definition of terms.



— The Helical difference

Our portfolio is a select showcase for London and Manchester.

We create buildings for today's occupiers who demand more inspiring space with distinctive architectural detail, carefully curated public realm, market leading amenities, high quality management and our flexible approach to leasing.

Applying this philosophy we seek to maximise Shareholder returns through delivering income growth from creative asset management and capital gains from our development activity.

Creating inspiring workplaces

Helical understands that attracting and retaining the best people is at the heart of our customers' priorities when choosing their offices. Our buildings are designed to the highest connectivity and sustainability standards, to provide space for creativity and collaboration. This helps our customers in winning the "war for talent".

Photograph Philip Vile

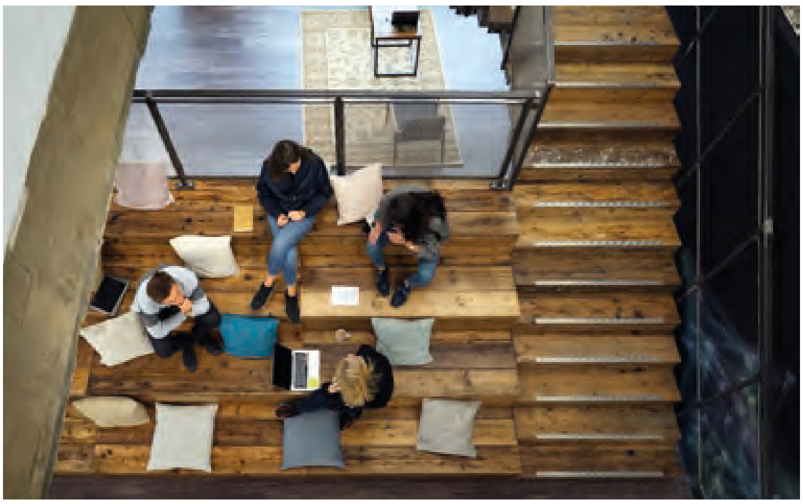
Built for the future

CONNECTIVITY

We have achieved either a Gold or Platinum WiredScore on all our completed offices. This benchmark ensures the high quality of the buildings' digital infrastructure.

SUSTAINABILITY

We always aim to achieve either an Excellent or Very Good BREEAM score on our developments and refurbishments, demonstrating the environmental, social and economic sustainability performance of our buildings.



Placemaking

We endeavour to either improve or introduce new public realm at all of our developments. Whether that is by creating the internal walk through at The Loom, pedestrianising new squares at Barts Square, or adding new landscaped pocket parks at One Creechurch Place. These initiatives improve the locality for not only our tenants but the wider public.

> **"THERE IS ALWAYS SOMETHING IN YOUR LINE OF SIGHT THAT IS QUITE CREATIVE AND INSPIRING."**
>
> FREYA DAVIDSON, SPAREROOM, CHURCHGATE & LEE, MANCHESTER

THE BOWER, LONDON EC1

- A new pedestrianised street, featuring nine restaurant units
- The Hub communal square, which is open to the public
- On-site café Franze & Evans provides a relaxed atmosphere to network
- 400 cycle spaces, as well as showers and lockers
- Artwork by both local and international artists

Striking spaces

At Helical we take a design led approach to both refurbishments and new developments; this is tailored to each building to ensure that it not only integrates with but adds to the local environment. By working closely with leading architects and consultants we provide high quality, innovative and sustainable spaces that meet occupiers' needs.

Helical applies a flexible approach to leasing as we understand the need to accommodate our tenants' changing business requirements; several occupiers have moved within the portfolio over the last year as their businesses have grown.

A flexible approach

Getting social

One of the key elements of feedback from our occupier survey was that tenants felt they would benefit from more networking opportunities on-site. As such we have implemented various tenant engagement initiatives including educational talks, charity events, fitness classes and post work drink receptions.

Active management

We take an active role in the management of all our buildings, meeting regularly with individual tenants.

Equally, we understand the importance of measuring our performance and, as such, we have carried out a comprehensive occupier survey across our portfolio. The results were extremely positive and the constructive feedback we received has allowed us to improve the service we offer our tenants.

> **"MY HOPE FOR THE FUTURE IS THAT WE CONTINUE TO GROW AND FLOURISH. IT WON'T BE LONG UNTIL WE TAKE ADDITIONAL SPACE HERE."**
>
> JESSICA MAY, ARTSY, THE LOOM, LONDON E1

I am pleased to present the Company's 2019 Annual Results.

A YEAR OF PROGRESS

The results for the year to 31 March 2019 reflect significant progress for Helical, now an office-led investment and development company focused purely on London and Manchester. We have completed three of our four on-site office development schemes, have let 304,073 sq ft at rents 4.3% above ERVs and have sold £167m of investment assets at a 12.0% premium to book value.

We now have a collection of newly redeveloped or refurbished assets of premium quality which are attractive to occupiers and situated in desirable locations. We were delighted to announce the acquisition, in a 50:50 joint venture, of a major site for c.192,000 sq ft of offices in Farringdon, London EC1. This scheme supplements our existing assets located in the Tech Belt in EC1 and E1.

The London investment portfolio, following the completion of recent office developments and the sale of The Shepherds Building, was 83.8% let (31 March 2018: 91.7%), with contracted rent of £27.5m (2018: £28.4m), and with good interest in the remaining available space. In March we launched our redeveloped office building in Manchester, Trinity, to the market and contracted rents on the Manchester portfolio have grown from £4.7m (87.2% let) to £5.7m (80.2% let).

Our schemes at The Tower, London EC1 and One Bartholomew, London EC1 have both received BREEAM "Excellent" ratings from this world-leading sustainability assessment methodology, along with our other schemes at The Warehouse and The Studio, London EC1, 25 Charterhouse Square, London EC1 and One Creechurch Place, London EC3.

RESULTS FOR THE YEAR

Profit before tax for the year to 31 March 2019 increased by 41.2% from £30.8m to £43.5m. Total Property Return increased to £81.4m (2018: £68.8m) and included net rents of £25.2m (2018: £36.1m), offset by development losses, largely a result of the impact of the collapse of Carillion plc at Barts Square, London EC1, of £4.4m (2018: £8.0m). The gain on sale and revaluation of the investment portfolio contributed £60.6m (2018: £40.7m).

OUR PREMIUM QUALITY ASSETS ARE ATTRACTIVE TO OCCUPIERS AND SITUATED IN DESIRABLE LOCATIONS.

NEW LETTINGS

304,073 sq ft

ERV OF PORTFOLIO

£51.5m

TOTAL PROPERTY RETURN

£81.4m

TOTAL DIVIDEND FOR YEAR

10.10p +6.3%

Net finance costs of £18.4m were substantially lower than in 2018 (£35.2m) as a result of the reduction in borrowings achieved in the last two years. However, the Income Statement was adversely affected by the reduction in medium and long-term interest rates over the year which led to a £3.3m charge (2018: credit of £4.0m) arising from the valuation of the Company's derivative financial instruments. The valuation of the Company's Convertible Bond provided a credit of £0.9m (2018: charge of £1.6m). Recurring administration costs were marginally lower at £10.9m (2018: £11.0m) whilst performance related awards increased to £5.2m (2018: £1.7m), with National Insurance on these awards of £0.7m (2018: £0.1m).

GERALD KAYE
CHIEF EXECUTIVE

The Board is confident of the letting prospects of the remaining vacant space in the investment portfolio and, with net rental income increasing over the next few years, the Board expects the Group's EPRA earnings to improve significantly in the near future. This expectation has led the Board to recommend to Shareholders an increase in the final dividend of 7.1% to 7.50p (2018: 7.00p) which, together with the interim dividend of 2.60p paid in December 2018, takes the total dividend for the year to 10.10p (2018: 9.50p), an overall increase of 6.3%.

PERFORMANCE

We measure our performance at both portfolio and Company level, seeking to outperform the relevant sector indices and our peer group in the medium and long term.

IFRS basic earnings per share increased to 35.8p (2018: 22.3p) with EPRA loss per share of 8.4p (2018: 7.0p), reflecting a reduction in net rental income as the direct result of the sales of income producing investment properties in the last 18 months. On a like-for-like basis, the investment portfolio increased in value by 6.8% (7.4% including purchases and gains on sales). However, with the sales in the year of £167m, 12% above book value, the see-through portfolio value adjusted to £876m (31 March 2018: £910m).

The unleveraged return of our property portfolio, as measured by MSCI, was 10.1% (2018: 11.1%). We now compare our portfolio performance to two MSCI benchmarks. The March MSCI Annual All Properties Index produced a return of 3.6% (2018: 9.3%) with an upper quartile return of 7.0% (2018: 12.0%). The MSCI Central London Offices Total Return Index produced a return of 4.8% (2018: 7.5%) with an upper quartile return of 6.2% (2018: 9.0%).

"WE HAVE A TREMENDOUS TRACK RECORD IN LONDON, BUILT UP OVER THE LAST 25 YEARS, AND WE BELIEVE THIS EXPERIENCE AND OUR LONGSTANDING SECTOR RELATIONSHIPS WILL ENABLE US TO ADD NEW OPPORTUNITIES TO OUR PIPELINE."

Total Accounting Return, being the growth in the net asset value of the Company plus dividends paid in the year, was 8.4% (2018: 5.3%). EPRA net asset value per share was up 3.0% to 482p (31 March 2018: 468p), with EPRA triple net asset value per share up 3.8% to 465p (31 March 2018: 448p).

FINANCE

The Company uses gearing on a tactical basis throughout the property cycle, being raised to accentuate performance when property returns are judged to materially outperform the cost of debt and lowered when seeking to reduce exposure to the property market.

During the year to 31 March 2019, the Group generated gross proceeds of £167m from the sale of investment properties and £45m from the sale of development stock. These proceeds, net of investment in the portfolio of £124m, were used to reduce net borrowings by £94m, significantly reducing future finance costs.

The see-through loan to value ratio ("LTV") reduced to 30.6% at the year end (31 March 2018: 39.9%) and our see-though net gearing, the ratio of net borrowings to the net asset value of the Group, has fallen to 47.3% (31 March 2018: 68.0%) over the same period.

During the year, the average debt maturity on secured loans, on a see-through basis, was 3.4 years (31 March 2018: 3.5 years), increasing to 4.2 years on exercise of options to extend the Group's £150m RCF. No secured loan is repayable before July 2021. The average cost of debt at 31 March 2019 was 4.0% (31 March 2018: 4.3%). The Group's remaining unsecured debt instrument, the £100m Convertible Bond, will be repaid in June 2019, reducing the Group's annual interest payments by £4.0m. The Group has a significant level of liquidity with see-through cash and unutilised bank facilities of £382m (31 March 2018: £277m) to fund the repayment of the Convertible Bond, capital works on its portfolio and future acquisitions.

BOARD MATTERS

At this year's Annual General Meeting ("AGM") our Chairman and former Chief Executive, Mike Slade OBE, will step down from the Board after 35 years' service. Mike has been an inspiration to everyone at Helical and to many in the property industry during this time and, on behalf of the rest of the Board, I thank him for his considerable contribution to the success of Helical and wish him well for his retirement. He recently received an OBE for services to charity, for his work with LandAid, the sector's main charity, an award thoroughly deserved.

At the AGM, Michael O'Donnell will also step down after eight years serving as a Non-Executive Director. On behalf of the Board, I would like to thank him for his service to the Company.

In September 2018, we welcomed Joe Lister, CFO at Unite Group, as a Non-Executive Director. Joe will assume the role of Chairman of the Audit and Risk Committee ("Committee") on appointment to the Board at the close of the forthcoming AGM. Joe will replace Richard Grant as Chairman of the Committee, with Richard replacing Mike Slade as Chairman of the Board.

THE FUTURE

Helical is primarily a capital growth stock, albeit one with an increasingly important income stream as our redeveloped and refurbished investment assets become let. We have a tremendous track record in London, built up over the last 25 years, and we believe this experience and our longstanding sector relationships will enable us to add new opportunities to our pipeline. Our increased financial capacity, following the transformation of the portfolio over the last two years, allied to our current operational capacity, enables us to look forward with confidence in our ability to deliver capital profits and increased earnings.

GERALD KAYE
Chief Executive

23 May 2019

CAPTURING THE MARKET

TRENDS AND OPPORTUNITIES

LONDON

In our judgement, the London commercial property market continues to provide the best source of capital profits and we expect this to remain the case for the foreseeable future, notwithstanding the current political chaos over Brexit.

In order for Helical to generate capital profits, the Group needs to identify those areas where it believes tenant demand is, or will become, strong and to source opportunities in those areas at an appropriate entry price. Equally important, we need to provide inspiring working environments suited to the needs of our customers, the tenants. Using the skills, knowledge and expertise gained over many years, the Helical team aims to deliver attractive and exciting office space in our identified locations. In a low growth environment, stock selection needs to reflect the granular characteristics that will attract our target market of occupiers.

MATTHEW BONNING-SNOOK
PROPERTY DIRECTOR

Helical's core business is developing and owning dynamic, well located office space in London and Manchester. With intelligent stock selection, we aim to maximise returns by development and refurbishment as well as through significant asset management initiatives.

Helical has based its investment decisions in London on four continuing major developments in the office market. First, the growth of the London population; second, the continuing and rapid expansion of the creative industries (predominantly in technology and media); third, the migration of occupiers across Central London to the City and East London; and fourth, a fast-growing market in flexible leasing.

London's population is forecast to grow to 9.5m by 2026, a 9% increase since mid-2016. This will present challenges, particularly in terms of infrastructure, but will also provide opportunities, particularly in the demand for new and refurbished offices. Whilst the Elizabeth Line has again been delayed, its eventual opening will be a boost to travelling in London.

The UK is a global leader in the creative industries, an area we have targeted with our portfolio. Companies involved in media, advertising and marketing, technology and other creative industries comprised 57% of our new lettings in the year (31 March 2018: 59%).

The third factor influencing our choice of location for our portfolio is the migration of occupiers from West to East across Central London to the City and East London. The desire to be part of creative hubs, surrounded by like-minded individuals, located a short travelling distance from home are common themes in discussing requirements with tenants. Most obviously, those hubs are in the Tech Belt from King's Cross to Whitechapel.

Finally, the growth of flexible leasing is having a continuing effect on the commercial office letting market in London and has spread to regional cities. At Helical we seek early and continued engagement with customers and look to develop long-standing relationships with them. By offering flexible leases on our multi-let assets, which allow them to occupy space commensurate with their requirements, we target long-term retention of our customers.

In London, Helical has been building up a portfolio of multi-tenanted office buildings in the Tech Belt locations of Farringdon, the Old Street roundabout and Whitechapel. We also own two assets in Chiswick, West London. By owning these "clusters" or "villages" of office buildings, the Company now has a portfolio of assets with multiple lease events leading to ongoing asset management opportunities with the potential to lock in future rental growth.

The Company is also seeking to expand its portfolio by taking on additional schemes in Central London either on its own balance sheet, or in the case of larger projects, by co-investment or by forward selling/funding them, to create the opportunity for significant profit shares but with reduced balance sheet exposure.

MANCHESTER

We continue to believe that Manchester presents an attractive opportunity for us outside of London. The Manchester office market continues to outperform all other regional markets and demonstrates rich and diverse opportunities. 2018 saw a record year of take up with 1.75m sq ft of lettings across 314 transactions. Manchester has also seen the greatest volume of inward investment deals compared to the five other major UK regional cities and the office market demonstrates resilience and growth despite the background of political uncertainty.

Manchester benefits from the highest graduate retention rate outside of London and population growth within the city centre continues. Research indicates the city will have 10,000 more office workers by 2021 than it did in 2018, whilst continued strong economic and employment growth forecasts reaffirm our belief that outside of London, Manchester is the best regional city in which to invest.

In Manchester we now have four assets, following the disposal of 31 Booth Street in December 2018. Our buildings, located across the city centre, have proven to be attractive to occupiers. Each building is specific in its offering, location, size and rental tone, with the opportunity for Helical to apply the skills, knowledge and property expertise gained over many years in London. The Manchester portfolio, of multi-tenanted office buildings, provides Helical with a resilient income stream outside of London.

LOOKING FORWARD

Our ambition is to have a balanced portfolio that generates sufficient net rental income to first, exceed all of our recurring costs and secondly, provide a surplus significantly greater than our annual dividend to Shareholders. We have an ERV on the portfolio of £51.5m and expect to generate this surplus once all of our current development and asset management activities are complete. We are also seeking a pipeline of opportunities to grow the balance sheet through the creation of development profits and capital surpluses.

THE CORNERSTONES OF OUR STRATEGY

How we create value for our stakeholders.

We create buildings for today's occupiers who demand more inspiring space with distinctive architectural detail, carefully curated public realm, market leading amenities, high quality management and our flexible approach to leasing.

Applying this philosophy we seek to maximise Shareholder returns through delivering income growth from creative asset management and capital gains from our development activity.

GROWTH

Maximise Shareholder return by increasing the net asset value of the Group through capital gains and growing our rental income stream to cover dividends.

PROPERTY

Manage a balanced portfolio with a clear market focus, combining assets with significant development and asset management potential with a strong rental income stream.

FINANCING

Operate a sustainable capital structure in which the core business costs are covered by income from the investment portfolio. Use gearing on a tactical basis throughout the cycle to accentuate returns.

PEOPLE

Attract and retain the best people encouraging their development and progression to ensure future succession is secured.

Maintain our excellent reputation and network of property sector contacts, trusted partners and advisors.

GROWTH

Maximise Shareholder return by increasing the net asset value of the Group through capital gains and growing our rental income stream to cover dividends.

Strategic priorities

- Deliver long-term sustainable growth.
- Clear focus on Total Shareholder Return, delivering capital growth and income.
- Purpose and values embedded effectively in the operational policies and practices of the Group.
- Incentivise management to outperform the Group's competitors by setting challenging levels of performance targets, against which rewards are measured.

PROPERTY

Manage a balanced portfolio with a clear market focus, combining assets with significant development and asset management potential with a strong rental income stream.

Strategic priorities

- A focus on London and Manchester, delivering income growth from asset management and capital gains from development activity.
- Locate sites where complexity presents opportunity to add significant value through innovative development and asset management.
- Maximise income through attracting a diverse and financially robust portfolio of tenants.
- Continue a culture that is committed to the highest standards in health and safety.
- Improve the communities in which we are active and ensure sustainability underpins our approach.

FINANCING

Operate a sustainable capital structure in which the core business costs are covered by income from the investment portfolio. Use gearing on a tactical basis throughout the cycle to accentuate returns.

Strategic priorities

- Maintain an appropriate risk-adjusted LTV.
- Use of "equity lite" structures to maximise returns.
- Strong banking relationships for quick access to finance at competitive pricing.
- Build cash reserves to cope with market fluctuations and take advantage of opportunities as they arise.

PEOPLE

Attract and retain the best people encouraging their development and progression to ensure future succession is secured.

Maintain our excellent reputation and network of property sector contacts, trusted partners and advisors.

Strategic priorities

- Small and empowered core team supported by valued advisors to allow scalability.
- Clear plan for succession.
- Strong relationships and a reputation which generates off-market opportunities.
- A trusted team of external consultants to enable us to deliver quickly and to a very high standard.
- Work with joint venture partners to increase project scale and to manage risk.

Key Performance Indicators

TOTAL SHAREHOLDER RETURN (1 YEAR)	5.2%
TOTAL ACCOUNTING RETURN	8.4%
EPRA NAV	482p

Other Performance Measures

EPRA LOSS PER SHARE	8.4p

Principal Associated Risks

- Poor management of stakeholder relations
- Political risk
- The Group's strategy is inconsistent with the market
- Non-compliance with prevailing legislation

Key Performance Indicators

PORTFOLIO RETURN – MSCI (1 YEAR)	10.1%
PORTFOLIO RETURN – MSCI (3 YEAR)	10.2%

Other Performance Measures

ERV	£51.5m
CONTRACTED RENTAL INCOME	£33.2m
VACANCY RATE	17.7%
WAULT	7.3yrs
TOTAL PROPERTY RETURN	£81.4m

Principal Associated Risks

- Property values decline/reduced tenant demand for space
- Inability to asset manage, develop and let property assets
- Health and safety risk
- The Group carries out significant development projects

Other Performance Measures

SEE-THROUGH LOAN TO VALUE	30.6%
SEE-THROUGH NET GEARING	47.3%
AVERAGE COST OF DEBT	4.0%
AVERAGE MATURITY – SECURED DEBT	3.4 yrs
CASH AND UNDRAWN BANK FACILITIES	£382m

Principal Associated Risks

- Availability and cost of bank borrowing and cash resources
- Breach of loan covenants

Key Performance Indicators

AVERAGE EMPLOYEE SERVICE	8.7 yrs
AVERAGE STAFF TURNOVER	6.3%

Other Performance Measures

TRAINING AND DEVELOPMENT	699 hrs

Principal Associated Risks

- Employment and retention of key personnel
- Reliance on key contractors and suppliers
- Business disruption and cyber security

Key performance indicators — P. 28

Principal risks — P. 52

ERV OF THE TOWER

£12.8m

ERV OF THE WAREHOUSE AND STUDIO

£9.5m

THE TOWER WIREDSCORE

Platinum

THE WAREHOUSE AND THE TOWER BREEAM

Excellent

The Bower
London EC1

CREATING A LANDMARK DESTINATION

The development of The Bower has seen the transformation of two 1960s office buildings into a landmark destination, which comprises a contemporary mix of retail, restaurants and three large floor plate offices.

PURCHASE PRICE

£60.8m

CAPITAL AND DEVELOPMENT PROFIT TO 31 MARCH 2019

£122.5m

Beneath The Tower, with its innovative double height wings, a route has been created, linking Old Street to a vibrant new pedestrian street.

The Bower is now the cornerstone of Helical's portfolio, serving as a benchmark for tenant focused offices and placemaking.

The Tower and the Warehouse both achieved a BREEAM rating of "Excellent" and a Platinum and Gold WiredScore rating, respectively.

	Area sq ft	Passing rent £m	Contracted rent £m	ERV £m
The Warehouse				
Offices	122,858	6.8	6.8	7.9
Restaurants/retail	5,404	0.2	0.3	0.3
The Studio				
Offices	18,283	0.8	0.8	1.1
Restaurants/retail	4,894	0.2	0.2	0.2
The Tower				
Offices	171,434	1.0	8.4	12.3
Restaurants/retail	10,308	–	0.5	0.5

The Bower continued

BACKGROUND

This 3.12 acre site was acquired for £60.8m in joint venture with Crosstree Real Estate Partners LLP (Helical share 33%). The site comprised two offices, retail, a hotel and car park.

PEOPLE

DEVELOPMENT/LETTING PHASE

The site was developed in two phases:

- Phase 1 comprises The Warehouse, 128,262 sq ft, The Studio, 23,177 sq ft and Empire House, 20,726 sq ft; and
- Phase 2 the Tower, 181,742 sq ft.

The Warehouse and Studio were fully pre-let to CBS, Farfetch, Pivotal, Allegis and Stripe (The Warehouse) and John Brown Media (The Studio). The retail operators are Bone Daddies, Draft House, Enoteca da Luca, Honest Burger and Franze & Evans.

The Tower was 52% pre-let to WeWork and Farfetch.

PROPERTY

HELICAL BUYOUT

In November 2015, Helical bought The Warehouse, The Studio and The Tower from the joint venture company for £248m. Crosstree Real Estate Partners LLP bought the retail parade for £23m.

Empire House, let to Z Hotels and Ceviche, was sold to Standard Life Investments Long Lease Fund for £20.65m, a 38% premium to 31 March 2015 book value.

FINANCING

NOV 2012
Acquired in joint venture with Crosstree Real Estate Partners LLP

JAN 2014
Construction of Phase 1 commences

NOV 2015
Phase 1 achieves practical completion, 100% pre-let

Sale of Empire House

NOV 2016
Phase 2
34% pre-let to WeWork

HELD IN JOINT VENTURE | **100% OWNED**

DEC 2013
Planning consent obtained to increase the floor space on site by 106,000 sq ft, to refurbish existing areas and significantly upgrade the public realm with the creation of a new pedestrian street

SEP 2015
Phase 1
38% pre-let

NOV 2015
Helical buyout (see above)

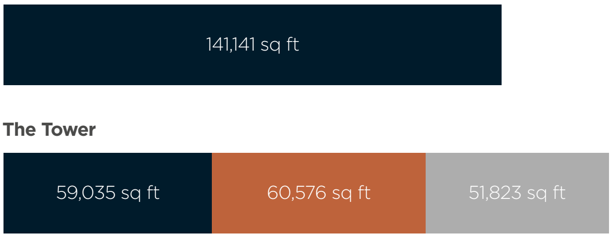
Construction of Phase 2 commences

PORTFOLIO LETTING ACTIVITY

NIA (sq ft) of office area

The Warehouse and The Studio

The Tower



- Let as at 31 March 2018
- Let in the year to 31 March 2019
- Vacant as at 31 March 2019

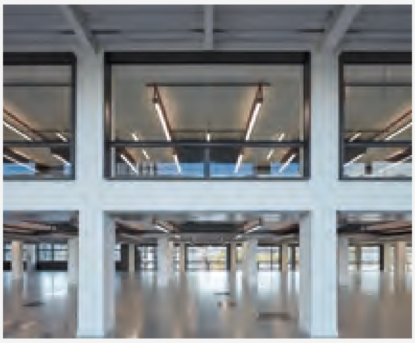
FUTURE POTENTIAL

Future growth will be achieved by letting the remaining space in The Tower (51,823 sq ft) and capturing the ERV of The Warehouse and The Studio.

Transport for London is planning the peninsularisation of the Old Street roundabout and underground station area, increasing the pedestrianised public realm and complementing what we have created within our development.

The innovative design of The Bower has attracted a strong line up of tenants, which we expect to drive resilient rental growth.

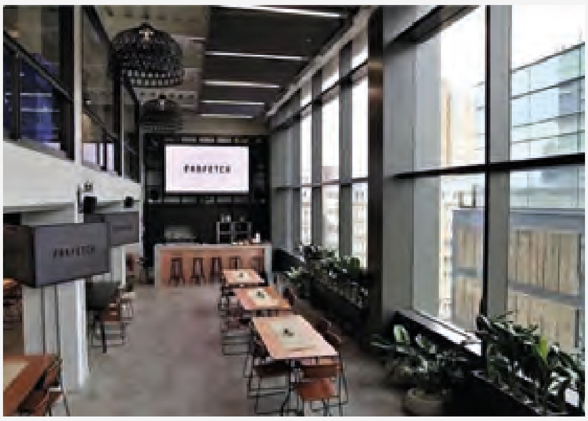
GROWTH



AUG 2018
Phase 2
achieves practical completion

MAR 2019
Phase 2 72% let

MAY 2018
Phase 2
A further 18%
pre-let to Farfetch



LOOKING FORWARD
Let the remaining space in Phase 2

Benefit from redevelopment of Old Street roundabout and underground station

Capture the ERV on Phase 1

The Shepherds Building
London W14

FLEXIBLE LEASING

AVERAGE PASSING RENT 2001

£25.00 psf

AVERAGE PASSING RENT 2019

£43.50 psf

The Shepherds Building is located in the heart of Shepherd's Bush and White City in West London, close to Westfield Shopping Centre, Notting Hill, Earls Court and Olympia Exhibition Centres and has excellent transport links with both London Overground and four Underground stations within walking distance. The building was sold in October 2018.

PURCHASE PRICE

£12.8m

CAPITAL EXPENDITURE AND FEES

£24.6m

SALES PRICE

£125.2m

CAPITAL PROFIT

£87.8m

BACKGROUND

The Shepherds Building, a former Inland Revenue tax office, was acquired for £12.8m in 2000. At acquisition, the 138,750 sq ft building was vacant.

REFURBISHMENT/LETTING PHASE

The building underwent a full refurbishment with the addition of a sixth floor in 2002, increasing its area by 11,250 sq ft.

In 2014, a new entrance was added along with the refurbishment of the common parts.

As a result it has become an unrivalled hub of creativity in West London, occupied by innovative and creative businesses.

PROPERTY

FLEXIBLE LEASING

The move towards flexible leasing is not a new concept to Helical. We have been employing this approach to this asset since 2002.

Along with customer focused management, this strategy enabled Helical to accommodate occupiers' expansion and contraction requirements, capture rental growth and minimise voids, whilst maintaining close to 100% occupancy.

PEOPLE

EXIT

In October 2018, we sold The Shepherds Building for £125.2m (£835 psf), crystallising a capital profit of £87.8m and representing a net initial yield of 4.8%, rising to 5.1% on expiry of rent free periods. The sale represented a 12.3% premium to 31 March 2018 book value.

The disposal of The Shepherds Building has allowed Helical to recycle equity into new projects, such as Kaleidoscope, London EC1 and Charterhouse Street, London EC1, creating the opportunity for future growth.

GROWTH

31 Booth Street
Manchester

RECYCLE EQUITY

31 Booth Street is located in the prime city core of Manchester. Helical acquired the vacant 25,349 sq ft office building in January 2016 and, following a major refurbishment, the building was re-launched to the market in March 2017, fully let and sold by December 2018.

BACKGROUND

Located in the prime city core of Manchester, Helical acquired 31 Booth Street in January 2016 through a competitive tender process for £4.7m. At acquisition, the building was vacant and in need of a wholesale redevelopment.

The business plan for the asset was to undertake a full redevelopment and repositioning exercise.

PROPERTY

REDEVELOPMENT/LETTING PHASE

Following acquisition, the scheme was fully designed, with planning and listed building consent obtained. The construction works commenced in March 2016 and were completed by February 2017. The repositioned building comprised 24,902 sq ft of modern office space across seven floors and was formally launched to the market in March 2017. The asset was fully let to nine different tenants by December 2018, at an average of £25.50 psf.

PROPERTY

PURCHASE PRICE

£4.7m

CAPITAL EXPENDITURE AND FEES

£4.0m

SALES PRICE

£11.9m

CAPITAL PROFIT

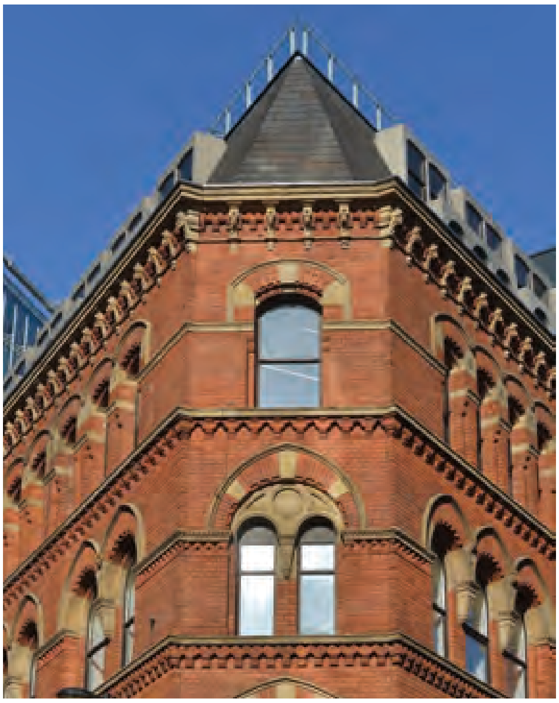
£3.2m

EXIT

Upon completion of the last letting, the building was sold in December 2018 to the Mayfair Capital-managed Property Income Trust for Charities fund (PITCH), for £11.9m (£479 psf), reflecting a net initial yield of 5.0%.

The project and disposal demonstrates Helical's ability to successfully reposition assets, completing the whole development cycle within two years of acquisition, and enabling capital to be recycled into new opportunities.

GROWTH



HELICAL'S BUSINESS MODEL

RESOURCES

Assets, skills and knowledge to create our competitive advantage.

Property
A high quality portfolio of land, buildings and identified future opportunities.

People and Culture
A motivated, qualified and experienced team.

Market Expertise
Comprehensive knowledge of the markets in which we operate, built through multiple property cycles.

Relationships and Reputation
An extensive network of joint venture partners, advisors, and industry contacts. A long-standing reputation for speed of execution and excellence in delivery.

Financing
A strong financial position with access to a variety of sources of funds, from Shareholder capital to external borrowings.

CORE ACTIVITIES

Performed within the governance and strategic framework set by the Board.

STRUCTURE & FUNDING

LONG TERM
Use our own capital combined with external debt where we see value in holding an asset for long-term income and capital growth.

SHORT/MEDIUM TERM
Identify a joint venture partner, limiting our capital commitment and risk exposure, whilst linking our return to performance.

DEVELOP

Actively manage our assets throughout their development, working with trusted suppliers and focusing on quality, efficiency and safety.

Market — P. 12

Strategy — P. 14

We aim to deliver market-leading returns by developing customer focused and design led properties, letting them to diverse tenants on flexible terms, then applying a proactive approach to asset management.

LET

Look to let our properties on flexible terms to a diverse tenant base who are financially robust.

MANAGE

Through proactive asset management we drive the rental value forward whilst maximising occupancy.

VALUE CREATION

Enhanced value for reinvestment or realisation.

PROPERTY	**£876.4m** SEE-THROUGH PORTFOLIO VALUE **£81.4m** TOTAL PROPERTY RETURN
PEOPLE AND CULTURE	**699** TRAINING AND DEVELOPMENT HOURS
MARKET EXPERTISE	**95%** OF TENANTS SURVEYED WERE PLEASED TO BE IN OUR BUILDINGS
RELATIONSHIPS AND REPUTATION	**192,000 sq ft** NEW OFFICE DEVELOPMENT AT CHARTERHOUSE STREET, LONDON EC1
FINANCING	**5.2%** TOTAL SHAREHOLDER RETURN **4.0%** SEE-THROUGH WEIGHTED AVERAGE INTEREST RATE

Principal risks — P. 52
Governance — P. 66
Key performance indicators — P. 28

KEY PERFORMANCE INDICATORS

We measure our performance using a number of financial and non-financial key performance indicators ("KPIs").

EPRA NET ASSET VALUE PER SHARE

DESCRIPTION

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 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 35 to the financial statements.

PERFORMANCE

The EPRA net asset value per share at 31 March 2019 increased by 3.0% to 482p (31 March 2018: 468p). EPRA triple net asset value per share at 31 March 2019 increased by 3.8% to 465p (31 March 2018: 448p).

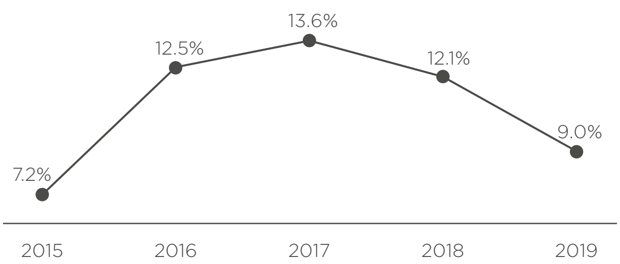
LINK TO REMUNERATION

Performance Share Plan 2014

A third of the maximum Performance Share Plan ("PSP") award is based on the compound growth in net asset value ("NAV") over three years.

EPRA NET ASSET VALUE PER SHARE
pence

EPRA NET ASSET VALUE COMPOUND ANNUAL GROWTH RATE (5 YEARS)



EPRA NAV

482p

EPRA NNNAV

465p

MSCI PROPERTY INDEX

DESCRIPTION

MSCI (formerly Investment Property Database – IPD) produces a number of 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 the MSCI Annual March All Properties Universe ("Index") for the last 20 years. The Group's annual performance target is to exceed the top quartile of the Index, which it has consistently achieved.

PERFORMANCE

Helical's ungeared performance for the year to 31 March 2019 was 10.1% (2018: 11.1%) compared to the Index of 3.6% (2018: 9.3%) and upper quartile return of 7.0% (2018: 12.0%).

In addition, the Annual Bonus Scheme 2018 performance criteria include the comparison of the Group's performance with the MSCI Central London Offices Total Return Index, with target performance to match this index and outperformance exceeding it by 3.25%. In the year to 31 March 2019, this index showed a return of 4.8% (2018: 7.5%) with an upper quartile return of 6.2% (2018: 9.0%).

Helical's share of the trading and development portfolio (6.8% of gross property assets) is included in the indices at the lower of book cost or fair value and uplifts are only included on the sale of an asset.

LINK TO REMUNERATION

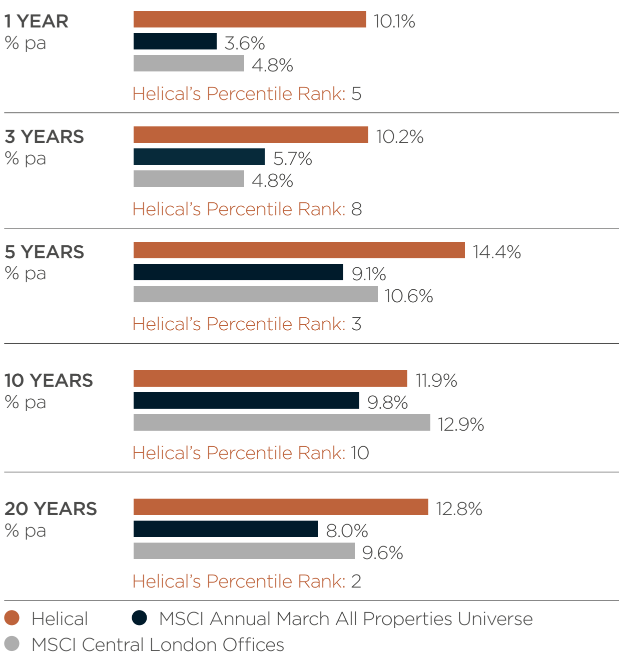
Annual Bonus Scheme 2018

Half of the maximum bonus is payable based on the Group's Total Property Return ("TPR") compared with its peers as measured by MSCI. The Annual Bonus Scheme 2018 performance criteria include the comparison of the Group's performance with the MSCI Central London Offices Total Return Index, with target performance to match the index and outperformance exceeding it by 3.25%.

Performance Share Plan 2014

A third of the maximum PSP award is based on the Group's performance as compared with the performance of the MSCI Annual March All Properties Universe Index over three years.

HELICAL'S UNLEVERAGED PORTFOLIO RETURNS TO 31 MARCH 2019



Source: MSCI Property Databank.

We incentivise management to outperform the Group's peers by setting challenging targets and using these performance indicators to measure success. We design our remuneration packages to align management's interests with Shareholders' aspirations.

TOTAL SHAREHOLDER RETURN

DESCRIPTION

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 the Shareholder expressed as an annualised percentage.

PERFORMANCE

The Total Shareholder Return in the year to 31 March 2019 was 5.2% (2018: 6.1%).

LINK TO REMUNERATION

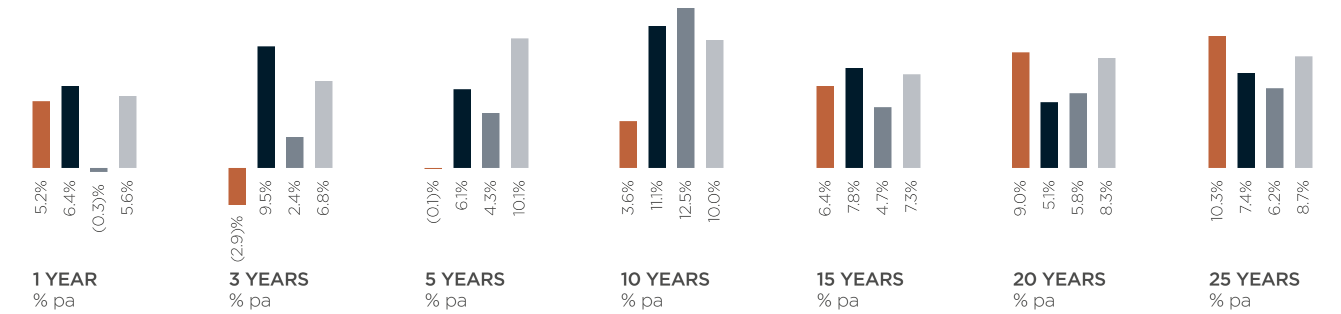
Performance Share Plan 2014

A third of the maximum PSP award is based on the Group's TSR performance compared with its peers.

- Helical plc[1]
- Listed real estate sector index[3]
- UK equity market[2]
- Direct property – monthly data[4]

Source: Thomson Reuters Datastream.

HELICAL'S TOTAL RETURNS TO 31 MARCH 2019



1. Growth over all years to 31/03/19.
2. Growth in FTSE All-Share Return Index over all years to 31/03/19.
3. Growth in FTSE 350 Real Estate Super Sector Return Index over all years to 31/03/19. For data prior to 30 September 1999, the FTSE All Share Real Estate Sector Index has been used.
4. Growth in Total Return of MSCI UK Monthly Index (All Property) over all years to 31/03/19.

TOTAL ACCOUNTING RETURN

DESCRIPTION

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

PERFORMANCE

The Total Accounting Return in the year to 31 March 2019 was 8.4% (2018: 5.3%).

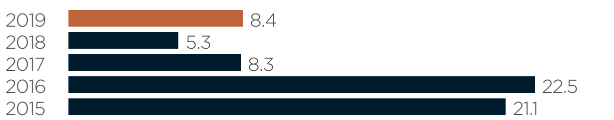
LINK TO REMUNERATION

Annual Bonus Scheme 2018

A quarter of the maximum bonus is payable based on the Total Accounting Return (growth in NAV plus dividends), adjusted for performance-related awards.

TOTAL ACCOUNTING RETURN

%



AVERAGE LENGTH OF EMPLOYEE SERVICE AND STAFF TURNOVER

DESCRIPTION

A high level of staff retention remains a key feature of Helical's business. The Group retains a highly skilled and experienced team. We assess our success based on two key metrics; the average length of service of the Group's head office employees and average staff turnover.

PERFORMANCE

The average length of service of the Group's head office employees at 31 March 2019 was 8.7 years and the average staff turnover during the year to 31 March 2019 was 6.3%.

LINK TO REMUNERATION

Annual Bonus Scheme 2018

The deferred shares awarded under the Annual Bonus Scheme 2018 are required to be held for a period of three years.

Performance Share Plan 2014

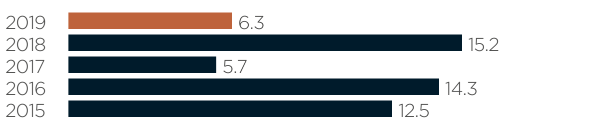
These awards have a three-year vesting period and the participants are required to hold them for a further two years after they vest.

AVERAGE LENGTH OF SERVICE AT 31 MARCH

years

STAFF TURNOVER DURING THE YEAR TO 31 MARCH

%



EAST

1 **Charterhouse Street** EC1
2 **25 Charterhouse Square** EC1
3 **Kaleidoscope** EC1
4 **The Bower** EC1
5 **Barts Square** EC1
6 **One Creechurch Place** EC3
7 **The Loom** E1

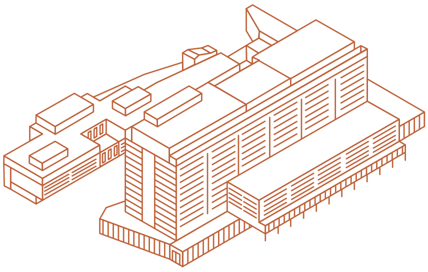
WEST

8 **Power Road Studios** W4
9 **The Powerhouse** W4

THE LONDON PORTFOLIO

Our strategy is to continue to increase our London holdings, focusing on areas where we see strong tenant demand and growth potential, such as the "Tech Belt" that runs from King's Cross through Old Street and Shoreditch to Whitechapel. Our London portfolio comprises income-producing multi-let offices, office refurbishments and developments and a mixed use commercial/residential scheme.

THE BOWER



EC1

The Bower is a landmark estate immediately adjacent to the Old Street roundabout and features 312,575 sq ft of innovative, high quality office space along with 20,606 sq ft of restaurant and retail space.

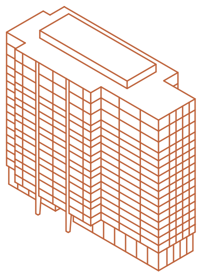
THE WAREHOUSE AND THE STUDIO

The Warehouse comprises 122,858 sq ft of offices and The Studio 18,283 sq ft of offices with 10,298 sq ft of retail space at the two buildings. Works on The Warehouse entailed a complete refurbishment of the building whilst retaining its original 1960s characteristics. The Studio was a ground up development on the former car park site.

The works were completed in March 2015 and the offices were fully pre-let to CBS, Farfetch, Pivotal, Allegis and Stripe (The Warehouse) and John Brown Media (The Studio). The retail operators are Bone Daddies, Draft House, Enoteca da Luca, Honest Burger, Franze & Evans, Ejder and Good To Go.

For more information on The Bower — P. 18

THE TOWER



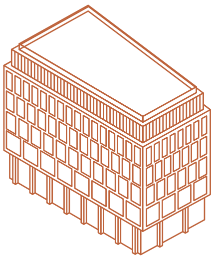
The Tower offers 171,434 sq ft of office space with a contemporary façade and innovatively designed interconnecting floors, along with 10,308 sq ft of retail space across two units.

With six floors (34%) let to WeWork when construction started, we let, prior to completion of building works, an additional three floors to Farfetch, an existing tenant in The Warehouse. Since the building completed in August 2018, two floors have been let to Brilliant Basics (Infosys) and one floor to Finablr, taking the office space to 70% let, and there is good interest in the remaining space. In addition, the two retail units have been let, one to Albion & East (trading as Serata Hall) for an urban bar and one to restaurant operator Wagamama.

KALEIDOSCOPE

EC1

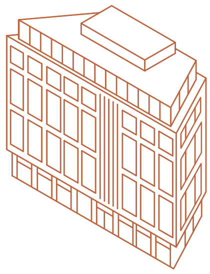
The over-station development at the Farringdon East Elizabeth Line station will comprise a six storey 86,183 sq ft office building, with a 2,497 sq ft restaurant unit on the ground floor. The building will sit immediately east of Smithfield Market with views over Charterhouse Square and towards St Paul's Cathedral. Following the grant of a 150-year lease, development commenced in August 2018 and completion is due in December 2019.

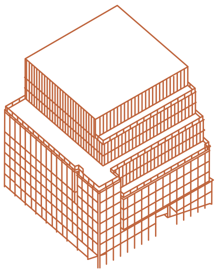


25 CHARTERHOUSE SQUARE

EC1

In January 2016, Helical was granted a new 155 year leasehold interest in 25 Charterhouse Square from the Governors of Sutton's Hospital in Charterhouse for £16m. The building is a Grade A office adjacent to the new Farringdon East station on the Elizabeth Line and overlooks the historic Charterhouse Square. Helical carried out a major refurbishment of the existing building, which increased the previous 34,000 sq ft to 38,355 sq ft of offices with the addition of a new sixth floor, and 5,138 sq ft of retail space. The building achieved practical completion in March 2017 and was fully let to Anomaly, Peakon, Hudson Sandler and Senator International by December 2017, less than two years after it was acquired.



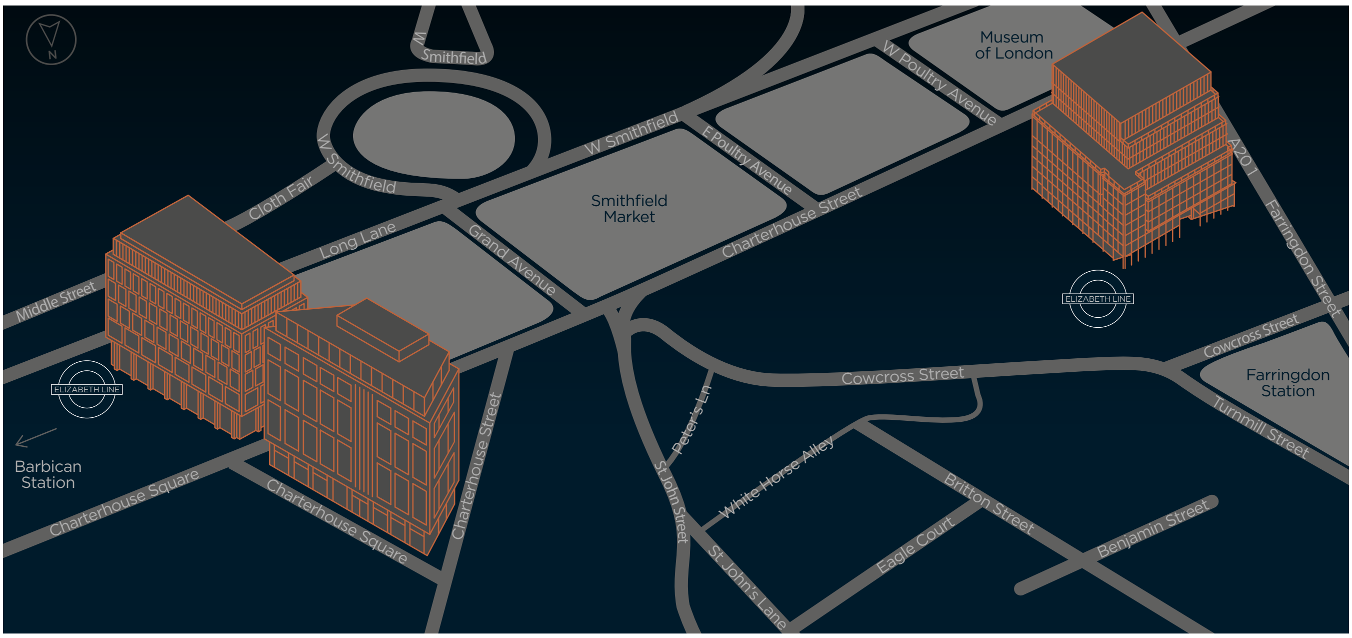


CHARTERHOUSE STREET

EC1

After the year end, we acquired in a 50:50 joint venture with AshbyCapital the long leasehold interest in a major development site in the heart of Farringdon, further enhancing our presence in this vibrant area. The site is situated on the corner of Charterhouse Street and Farringdon Road, just 100m from Farringdon Station and 350m from our development at Farringdon East, now named Kaleidoscope, at the opposite end of the Farringdon Elizabeth Line platform.

The site has an existing planning consent for c.192,000 sq ft of offices and ground floor retail. Demolition has already been undertaken and the site is vacant. Construction will commence later this year with completion anticipated early in 2022.



BARTS SQUARE

EC1

In a joint venture with The Baupost Group LLC, Helical owns the freehold interest of Barts Square, a 3.2 acre site between St Paul's and Smithfield Market, situated a short walk from Farringdon East Crossrail station.

Barts Square provides a new quarter in the City, consisting of 236 residential apartments, three office buildings of 214,434 sq ft, 24,013 sq ft and 10,286 sq ft together with 21,330 sq ft of retail/A3 at ground floor as well as major public realm improvements.

PHASE ONE

RESIDENTIAL/RESTAURANT

Phase One of Barts Square comprises 144 residential units, 3,101 sq ft of retail space and extensive public realm improvements. By the year end, 134 residential units, with a total value of £171.8m, have been sold at an average price of £1,558 psf, leaving just 10 apartments to sell, one of which has exchanged since the year end. The retail space was let to Stem + Glory and Halfcup during the year.

90 BARTHOLOMEW CLOSE – OFFICE/RESTAURANT

The 24,013 sq ft office building, with 6,414 sq ft of restaurant space, completed in March 2018. During the year the first floor was let and the fourth and fifth floors are under offer. The ground and lower ground restaurant, let to Lino, opened in November 2018.

PHASE TWO

ONE BARTHOLOMEW – OFFICE

One Bartholomew was sold to clients of AshbyCapital for £102.4m in August 2015. The demolition of the existing building and the construction of a new 12 storey Grade A office block of 214,434 sq ft commenced in January 2016 and completed in December 2018. AshbyCapital's clients financed the development costs and, when the building is completed and successfully let, the joint venture will be entitled to receive a profit share payment. Helical is the development manager for delivery of the project. During the year, the top three floors (9th-11th) were let to The Trade Desk, who subsequently took an additional floor (8th). Since the year end the ground, first and second floors have been let to The Chicago Booth School of Business and the seventh floor has been let to Infrared Capital Partners, taking the building to 64% let.

PHASE THREE

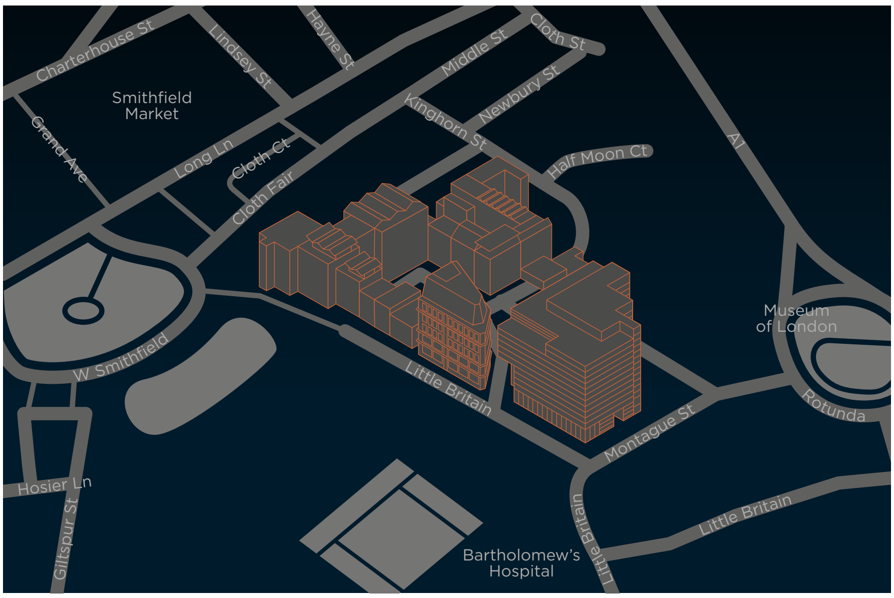
RESIDENTIAL/RETAIL

Construction works on Phase Three of Barts Square are well underway. This phase will comprise 92 apartments and 11,815 sq ft of retail space. Marketing of the units commenced in March 2018 and, during the year, contracts were exchanged on 23 units, taking the total number of units exchanged to 37, at a value of £63.0m and an average price of £1,810 psf.

Since the year end contracts have been exchanged on a further seven units, leaving 47 units left to sell and one additional unit that will be released at a later date.

54 BARTHOLOMEW CLOSE – OFFICE

The refurbishment of 54 Bartholomew Close is ongoing and will provide 10,286 sq ft of offices, with completion expected in Q4 2019.

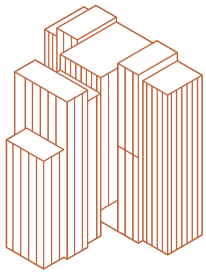


ONE CREECHURCH PLACE

EC3
One Creechurch Place is a landmark City office scheme in the heart of the insurance district in London. In May 2014, Helical signed a joint venture agreement with HOOPP (Healthcare of Ontario Pension Plan) to redevelop the site. Under the terms of the joint venture, HOOPP and Helical jointly funded the project on a 90:10 split, with Helical acting as development manager, for which it will now receive the final instalment of the promote payment following the successful completion and letting of the scheme.

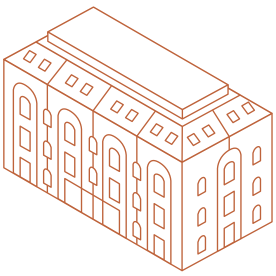
The building, comprising 272,505 sq ft of offices and 786 sq ft of retail, achieved practical completion on 7 November 2016 and, following the letting of 86,311 sq ft during the year, the building is now fully let.

Helical will shortly exercise its option to sell its 10% shareholding in the joint venture to HOOPP, with completion of this sale expected in the next few months.



THE LOOM

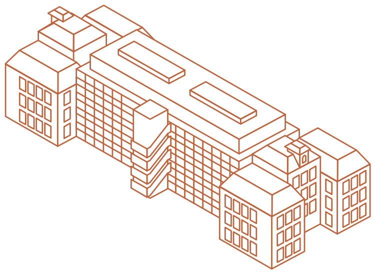
E1
This 108,640 sq ft building is one of London's few remaining former Victorian wool warehouses and was acquired in 2013. Works to transform this asset completed in September 2016 and included a new entrance and reception onto Gowers Walk, a café, showers and a bike store. The Loom has won both a RIBA London and National Award as well as an Architects Journal Retrofit Award. Due to careful asset management, the building remained at an average of 78% let throughout the refurbishment. Since 1 April 2018, we have let 37,080 sq ft at 4.5% above 31 March 2018 ERVs, such that the building is now 97% let.



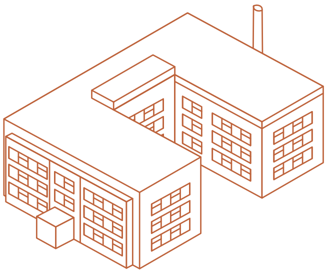
THE SHEPHERDS BUILDING

W14

In October 2018, after successfully completing new lettings on 12,375 sq ft, this 150,072 sq ft multi-let office building was sold for £125.2m. This price represented a net initial yield of 4.8% and a 12.3% premium to 31 March 2018 book value. The building had been acquired in 2000 for £12.8m and was fully refurbished with an extra floor added.



POWER ROAD STUDIOS



W4

The site comprises 57,585 sq ft of offices across four studio buildings and is multi-let to a wide range of predominantly media tenants. In October 2017 we completed the refurbishment of Studio 1, a project comprising c.16,000 sq ft of Grade A space, refurbished common parts and added two new lift shafts to accommodate a consented future roof extension of 13,000 sq ft. In the year, we have let 6,072 sq ft at average rents of £39.15 psf, with a further 2,007 sq ft let following the year end. Preliminary works have been completed for a new 30,000 sq ft office building which secured planning consent in August 2017.

KING STREET

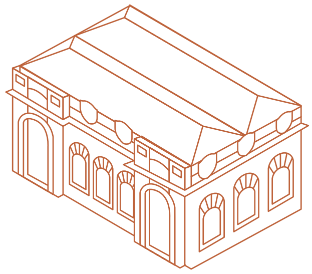
W6

Hammersmith & Fulham Borough Council, who had been opposed to this regeneration project since the Council became Labour controlled, exercised their option to terminate the development agreement. During the year, the sale of the land held by the Group (which is a 50/50 joint venture with Grainger plc) completed, resulting in a profit to Helical of £2.2m.

THE POWERHOUSE

W4

Helical acquired this 24,288 sq ft office and recording studios by way of sale and leaseback in 2013. The Powerhouse is a listed building on Chiswick High Road and is fully let on a long lease to Metropolis Music Group.



DRURY LANE AND DRYDEN STREET

WC2

This is a 0.5 acre office and retail site which sits within the Covent Garden Conservation Area. The Group agreed with Savills Investment Management to act as development manager to obtain a revised office planning consent, which it achieved in February 2019. The Group will receive a fee for this which is dependent on the agreed value of the property with the benefit of the new planning permission.

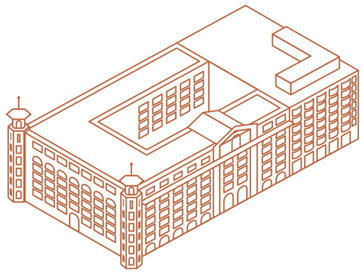
THE MANCHESTER PORTFOLIO

Manchester is a city with a diverse, thriving and growing economy that is widely regarded as England's second city and the centre of the "Northern Powerhouse". Helical has found that the approach it applies to development and asset management in London is equally well received by the tenants in Manchester.

1 **Trinity**
2 **Churchgate & Lee**
3 **35 Dale Street**
4 **Fourways House**

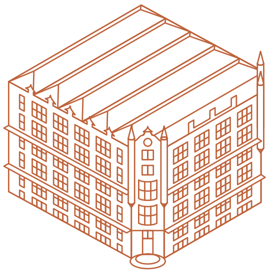
CHURCHGATE & LEE

This asset comprises 244,627 sq ft of multi-let offices. The asset was 64% let when acquired in March 2014. Since its purchase, we have refurbished the reception and 73,374 sq ft of office space. Following the letting of 8,208 sq ft since the year end, all available space is now let. We continue to actively manage the building, with planning permission approved for a full refurbishment of the Lee reception.



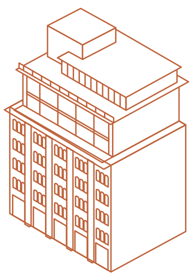
35 DALE STREET

35 Dale Street is a 54,112 sq ft office building situated in the Northern Quarter of Manchester, acquired in March 2015. The building underwent a comprehensive refurbishment which completed in June 2018. During the year, 10,134 sq ft was let and the building is now fully occupied.



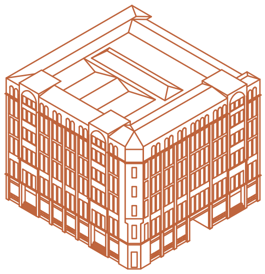
TRINITY

Trinity, purchased in May 2017 for £12.9m, underwent a full redevelopment which completed in January 2019. The repositioned building comprises 54,651 sq ft of office space and 4,300 sq ft of retail/restaurant space.

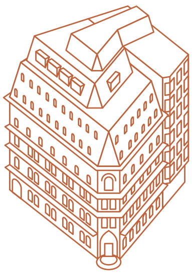


FOURWAYS HOUSE

This 59,067 sq ft brick built Grade 2 listed former packing warehouse was acquired in July 2018 for £16.5m, representing a net initial yield of 5.3%. We have begun to apply our asset management skills and completed three new lettings of 5,057 sq ft at average rents of £24.00 psf, compared to average rents on acquisition of £16.00 psf.



31 BOOTH STREET



This 24,902 sq ft office located in the prime city core was acquired in January 2016 for £4.7m. The building has been fully refurbished and was launched to the market in March 2017.

During the year, all of the newly refurbished space was let and the building was sold in December 2018 for £11.9m, a premium of 29.6% to March 2018 book value.

NON-CORE

RETAIL AND REGIONAL OFFICE INVESTMENTS

We sold our three remaining non-core investment assets at Sevenoaks (retail), Reading and Glasgow (both regional offices) during the year, for a total consideration of £28.5m, representing a 6.2% premium to book value and an aggregate net initial yield of 7.6%.

RETAIL DEVELOPMENTS

We continue to progress our retail schemes at Kingswinford and East Ham. We have assigned our land option in Evesham, with a profit share dependent on the success of the scheme, which is due for completion in August 2019. These schemes require no capital input from Helical beyond fees to design, pre-let and pre-sell the consented development.

THE PROPERTY PORTFOLIO IN NUMBERS

SEE-THROUGH TOTAL PORTFOLIO BY FAIR VALUE

	Investment £m	%	Development £m	%	Total £m	%
London Offices						
– Completed, let and available to let	615.2	75.3	14.0	23.5	629.2	71.8
– Being redeveloped	78.6	9.7	–	–	78.6	9.0
– Held for redevelopment	–	–	0.3	0.4	0.3	0.0
London Residential	–	–	42.9	71.7	42.9	4.9
Total London	**693.8**	**85.0**	**57.2**	**95.6**	**751.0**	**85.7**
Manchester Offices						
– Completed, let and available to let	122.7	15.0	–	–	122.7	14.0
Total Manchester	**122.7**	**15.0**	**–**	**–**	**122.7**	**14.0**
Total Core Portfolio	**816.5**	**100.0**	**57.2**	**95.6**	**873.7**	**99.7**
Other	0.1	0.0	–	–	0.1	0.0
Regional Retail	–	–	0.8	1.4	0.8	0.1
Land	–	–	1.8	3.0	1.8	0.2
Total Non-Core Portfolio	**0.1**	**0.0**	**2.6**	**4.4**	**2.7**	**0.3**
Total	**816.6**	**100.0**	**59.8**	**100.0**	**876.4**	**100.0**

SEE-THROUGH TRADING AND DEVELOPMENT PORTFOLIO

	Book value £m	Fair value £m	Surplus £m	Fair value %
London Offices	14.3	14.3	–	23.9
London Residential	42.9	42.9	–	71.7
Total Core Portfolio	**57.2**	**57.2**	**–**	**95.6**
Regional Retail	0.8	0.8	–	1.4
Land	1.2	1.8	0.6	3.0
Total Non-Core Portfolio	**2.0**	**2.6**	**0.6**	**4.4**
Total	**59.2**	**59.8**	**0.6**	**100.0**

CAPITAL EXPENDITURE

We have a planned development and refurbishment programme.

Property	Capex budget (Helical share) £m	Remaining spend (Helical share) £m	Pre-redeveloped space sq ft	New space sq ft	Total completed space sq ft	Completion date
Investment – committed						
The Tower, London EC1	108.8	10.5	114,000	67,742	181,742	Completed
Kaleidoscope, London EC1[1]	58.7	35.2	–	88,680	88,680	December 2019
Charterhouse Street, London EC1[2]	96.1	96.1	–	192,000	192,000	March 2022
54 Bartholomew Close, London EC1	2.1	1.6	9,000	1,286	10,286	October 2019
Development – committed						
Barts Square, London EC1 – Phase One	64.6	1.0	–	127,323	127,323	Completed
Barts Square, London EC1 – Phase Three	39.8	16.6	–	90,427	90,427	From September 2019 to January 2020

1 Includes deferred consideration payment due in April 2020.
2 Acquired after 31 March 2019 – see Note 34.

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 without relying on market movements.

See-through investment portfolio	Fair value weighting %	Passing rent £m	%	Contracted rent £m	%	ERV £m	%	ERV change like-for-like %
London Offices								
– Completed, let and available to let	75.3	17.3	78.8	27.5	82.6	34.8	67.7	0.9
– Being redeveloped	9.7	–	–	–	–	7.6	14.7	14.0
Total London	**85.0**	**17.3**	**78.8**	**27.5**	**82.6**	**42.4**	**82.4**	**3.0**
Manchester Offices								
– Completed, let and available to let	15.0	4.6	21.1	5.7	17.3	9.0	17.4	2.6
Total Manchester	**15.0**	**4.6**	**21.1**	**5.7**	**17.3**	**9.0**	**17.4**	**2.6**
Other	0.0	0.0	0.1	0.0	0.1	0.1	0.2	0.0
Total	**100.0**	**21.9**	**100.0**	**33.2**	**100.0**	**51.5**	**100.0**	3.0

During the year, total contracted income reduced by £2.3m as a result of the sale of investment properties and losses from breaks and lease expiries, offset by the purchase of one investment property and rent from new lettings and rent reviews.

	See-through total portfolio contracted rent £m
Contracted rent reduced through disposals of London offices	(7.4)
Contracted rent reduced through disposals of Manchester offices	(0.1)
Contracted rent reduced through disposals of Non-Core assets	(2.3)
Contracted rent increased from purchases of investment properties	0.9
Total contracted rental change from sales and purchases	**(8.9)**
Rent lost at break/expiry	(1.7)
Rent reviews and uplifts on lease renewals	0.1
New lettings	
– London	7.6
– Manchester	0.6
Total increase in the year from asset management activities	**6.6**
Net decrease in contracted rents in the year	**(2.3)**

THE PROPERTY PORTFOLIO IN NUMBERS
CONTINUED

INVESTMENT PORTFOLIO

PORTFOLIO YIELDS

	EPRA topped up NIY 31 March 2019 %	True equivalent yield 31 March 2019 %	Reversionary yield 31 March 2019 %	EPRA topped up NIY 31 March 2018 %	True equivalent yield 31 March 2018 %	Reversionary yield 31 March 2018 %
London Offices						
– Completed, let and available to let	4.2	5.1	5.2	4.5	5.4	5.3
– Being redeveloped	n/a	4.9	5.7	n/a	5.2	5.6
Total London	**4.2**	**5.1**	**5.3**	**4.5**	**5.3**	**5.4**
Manchester Offices						
– Completed, let and available to let	4.2	6.1	6.3	5.3	6.4	6.5
– Being redeveloped	n/a	n/a	n/a	n/a	6.2	7.0
Total Manchester	**4.2**	**6.1**	**6.3**	**5.3**	**6.4**	**6.7**
Total	**4.2**	**5.2**	**5.4**	**4.6**	**5.5**	**5.6**

SEE-THROUGH CAPITAL VALUES, VACANCY RATES AND UNEXPIRED LEASE TERMS

	Capital value psf 31 March 2019 £	Vacancy rate 31 March 2019 %	WAULT 31 March 2019 Years	WAULT 31 March 2018 Years
London Offices				
– Completed, let and available to let	1,061	16.2	8.0	5.8
– Being redeveloped	805	n/a	n/a	n/a
Total London	**1,021**	**16.2**	**8.0**	**5.8**
Manchester Offices				
– Completed, let and available to let	295	19.8	3.9	4.2
Total Manchester	**295**	**19.8**	**3.9**	**4.2**
Other	–	–	–	3.8
Total	**753**	**17.7**	**7.3**	**5.4**

SEE-THROUGH VALUATION MOVEMENTS

	Val change inc purchases & gains on sales %	Val change excl purchases & gains on sales %	Investment portfolio weighting 31 March 2019 %	Investment portfolio weighting 31 March 2018 %
London Offices				
– Completed, let and available to let	6.8	5.8	75.3	59.2
– Being redeveloped	13.3	13.3	9.7	25.6
Total London	**7.4**	**6.6**	**85.0**	**84.8**
Manchester Offices				
– Completed, let and available to let	7.3	7.8	15.0	10.1
– Being developed	–	–	–	1.8
Total Manchester	**7.3**	**7.8**	**15.0**	**11.9**
Total Core	**7.4**	**6.8**	**100.0**	**96.7**
Regional Offices/ Retail/ Other	6.0	–	–	3.3
Total	**7.4**	**6.8**	**100.0**	**100.0**

SEE-THROUGH LEASE EXPIRIES OR TENANT BREAK OPTIONS

	Year to 2020	Year to 2021	Year to 2022	Year to 2023	Year to 2024
% of rent roll	5.9	6.4	11.7	7.9	13.4
Number of leases	36	19	28	15	25
Average rent per lease (£)	54,309	111,037	138,860	175,870	178,434

We have a strong rental income stream and a diverse tenant base. The top 10 tenants account for 51.6% of the total rent roll and the tenants come from a variety of industries.

Rank	Tenant	Tenant industry	Contracted rent £m	Rent roll %
1	Farfetch	Online retail	3.9	11.8
2	WeWork	Co-working	3.8	11.5
3	Pivotal	Technology	2.0	6.0
4	Infosys	Technology	1.4	4.2
5	Anomaly	Marketing	1.4	4.2
6	CBS	Media	1.0	3.1
7	Allegis	Recruitment	1.0	3.0
8	Finablr	Financial services	0.9	2.8
9	Stripe Payments	Technology	0.8	2.5
10	The Growth Company	Community development	0.8	2.5
Total			**17.0**	**51.6**

PRINCIPAL LETTINGS

Property	Tenant	Area sq ft	Lease term to expiry years
The Tower, London EC1	Farfetch	29,671	9
The Tower, London EC1	Infosys	19,576	10
The Loom, London E1	Hey Habito	15,907	5
The Tower, London EC1	Finablr	11,329	10
90 Bartholomew Close, London EC1	Wright & Bell (trading as Lino)	6,414	25
The Loom, London E1	The Fairtrade Foundation	6,400	10
The Loom, London E1	G-Star	5,691	5
The Tower, London EC1	Albion & East (trading as Serata Hall)	5,395	25
90 Bartholomew Close, London EC1	Northridge Law	4,642	5
The Loom, London E1	Vidsy	3,619	3

LETTING ACTIVITY

	Area sq ft	Contracted rent (Helical's share) £	Rent per sq ft £	% above 31 March 2018 ERV
Investment properties				
London Offices				
The Tower, The Bower, EC1	60,576	4,400,000	72.63	1.3
The Loom, E1	37,080	1,919,000	51.76	4.5
The Powerhouse, W4	–	–	–	–
Power Road Studios, W4	6,072	238,000	39.14	11.8
25 Charterhouse Square, EC1	–	–	–	–
90 Bartholomew Close, EC1	4,642	152,000	75.00	15.4
London Retail				
The Warehouse and Studio, The Bower, EC1	277	15,000	55.69	–
The Tower, The Bower, EC1	10,308	526,000	51.03	18.3
Barts Square, EC1	3,101	57,000	41.92	-16.2
90 Bartholomew Close, EC1	6,414	88,000	40.88	0.0
Manchester Offices				
Churchgate & Lee	–	–	–	–
35 Dale Street	10,134	241,000	23.72	24.2
Trinity	–	–	–	–
Fourways House	5,057	121,000	23.98	2.0
Total	**143,661**	**7,757,000**	**56.65**	**4.3%**
Development properties				
London Offices				
One Creechurch Place, EC3	86,311	445,000	64.43	2.1
One Bartholomew, EC1	74,101	–	84.62	n/a

TIM MURPHY
FINANCE DIRECTOR

OVERVIEW

Our development and asset management programme has driven the results for the year, principally through revaluation gains at The Tower, London EC1 and Kaleidoscope, London EC1, and from the sale of The Shepherds Building, London W14, at a significant premium to 31 March 2018 book value.

With the sale of the final three non-core assets in the year, the Group has completed its transformation to a London and Manchester investment and development company. Whilst the sales of £477m of investment assets over the last two years have reduced the Group's net rental income, the cash generated has been used to fund its development programme and repay debt, substantially reducing its LTV and finance costs. Going forward, we expect this income stream to grow as we work to capture the portfolio's ERV of £51.5m.

Helical aims to deliver market leading returns by investing in and developing real estate that best serves the needs of its tenants and maximises value for its Shareholders.

IFRS PERFORMANCE

PROFIT BEFORE TAX

£43.5m

(2018: £30.8m)

IFRS EPS

35.8p

(2018: 22.3p)

IFRS DILUTED NAV

469p

(31 March 2018: 445p)

EPRA PERFORMANCE

EPRA EPS

Loss 8.4p

(2018: loss 7.0p)

EPRA NAV

482p

(31 March 2018: 468p)

EPRA TRIPLE NAV

465p

(31 March 2018: 448p)

RESULTS FOR THE YEAR

The year to 31 March 2019 includes net rental income of £25.2m and a net gain on sale and revaluation of the investment portfolio of £60.6m, offset by development losses of £4.4m, leading to a Total Property Return of £81.4m (2018: £68.8m). Total administration costs of £17.2m (2018: £13.2m) and significantly reduced net finance costs of £18.4m (2018: £35.5m) contributed to a pre-tax profit of £43.5m (2018: £30.8m). EPRA net asset value per share increased by 3.0% to 482p (31 March 2018: 468p).

The proposed final dividend of 7.50p takes the total dividend for the year to 10.10p, a 6.3% increase on the previous year. With growing rents from our London and Manchester portfolios, the Company aims to continue to increase its annual dividend going forward.

The Group's real estate portfolio, including its share of assets held in joint ventures, reduced to £876.4m (31 March 2018: £909.6m) as gains from its annual revaluation and capital expenditure on the investment portfolio and development programme were offset by the sale of assets with a book value of £194m. One asset was purchased during the year, Fourways House, Manchester for £16.5m.

The cash generated from the sale of property assets during the year allowed the repayment of debt and reduced the Group's see-through loan to value to 30.6% (31 March 2018: 39.9%). The Group's weighted average cost of debt reduced to 4.0% (31 March 2018: 4.3%) and a weighted average debt maturity, excluding the Convertible Bond, of 3.4 years (2018: 3.5 years). The average maturity of the facilities would increase to 4.2 years following the two one-year extensions of the revolving credit facility. The £100m unsecured Convertible Bond is to be repaid in June 2019.

At 31 March 2019, the Group had unutilised bank facilities of £176m and £205m of cash on a see-through basis. The bank facilities are primarily available to fund the development of Kaleidoscope, London EC1, the construction of the last phase of residential at Barts Square, London EC1, future property acquisitions and to repay the £100m Convertible Bond in June 2019.

TOTAL PROPERTY RETURN

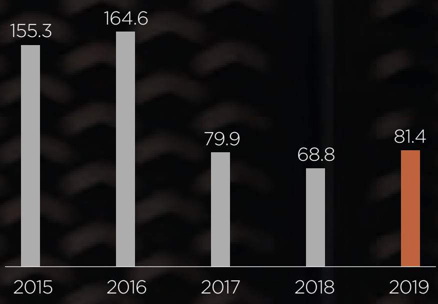
We calculate our Total Property Return to enable us to assess the aggregate of income and capital profits made each year from our property activities. Our business is primarily aimed at producing surpluses in the value of our assets through asset management and development, with the income side of the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

EARNINGS PER SHARE

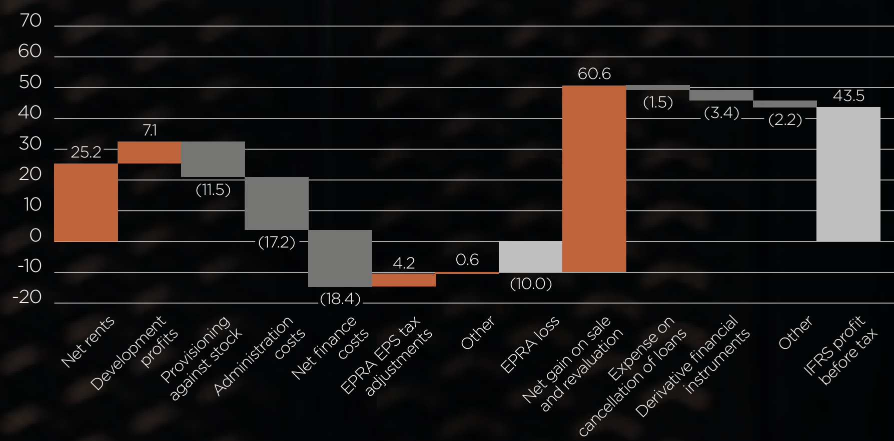
The IFRS earnings per share increased from 22.3p to 35.8p and are based on the after tax earnings attributable to ordinary Shareholders divided by the weighted average number of shares in issue during the year.

On an EPRA basis, losses per share were 8.4p (2018: loss 7.0p), reflecting the Group's share of net rental income of £25.2m (2018: £36.1m) and development losses of £4.4m (2018: £8.0m), but excluding gains on sale and revaluation of investment properties of £60.6m (2018: £40.7m).

TOTAL PROPERTY RETURN
£m



INCOME STATEMENT
£m



The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). In common with usual and best practice in our sector, alternative performance measures have also been provided to supplement IFRS, some of which are based on the recommendations of the European Public Real Estate Association ("EPRA"), with others designed to give more relevant information about the Group's share of assets and liabilities, income and expenses in subsidiaries and joint ventures. The terms used are defined in the Glossary of Terms on page 148.

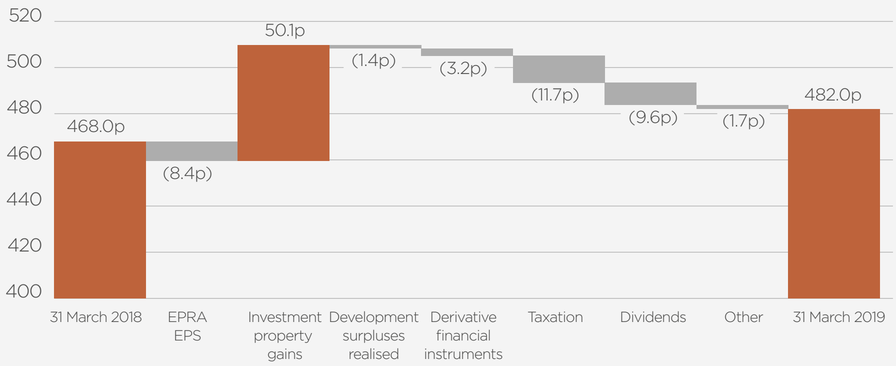
NET ASSET VALUE

IFRS diluted net asset value per share increased from 445p to 469p 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.

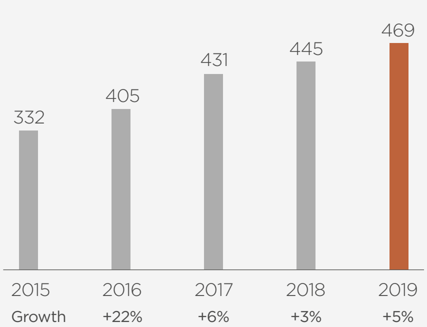
EPRA net asset value per share increased by 3.0% to 482p per share (31 March 2018: 468p). This movement arose principally from a total comprehensive income (retained profits) of £42.6m (2018: £26.3m), less £11.4m of dividends (31 March 2018: £10.2m) and the crystallisation of a £13.5m tax charge on the capital gain from the sale of The Shepherds Building, London W14.

EPRA triple net asset value per share increased by 3.8% to 465p (31 March 2018: 448p).

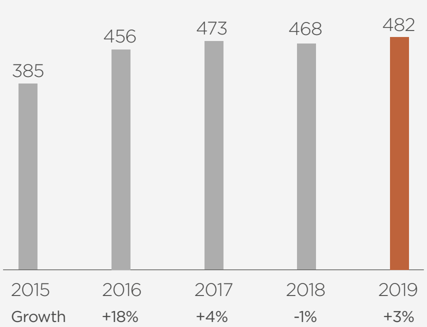
EPRA NAV
pence



IFRS DILUTED NAV PER SHARE
pence



EPRA NAV PER SHARE
pence



INCOME STATEMENT

Rental Income and Property Overheads

Gross rental income receivable by the Group in respect of wholly owned properties reduced by 29.9% to £28.2m (2018: £40.2m), reflecting the partial capture of the investment portfolio's reversionary potential offset by sales of assets during the current and prior years. In the joint ventures, gross rents rose from £0.2m to £1.0m. Property overheads in respect of wholly owned assets and in respect of those assets in joint ventures remained steady at £4.1m (2018: £4.1m). After taking account of net rents receivable from our profit share partners of £0.1m (2018: payable of £0.1m), see-through net rents reduced by 30.2% to £25.2m (2018: £36.1m).

Development Profits

In the year under review the Group let the remaining space at One Creechurch Place, London EC3 which, under its role as development manager, allowed it to recognise £4.1m of profit. A further profit of £0.8m was recognised for carrying out a similar role at Barts Square, London EC1.

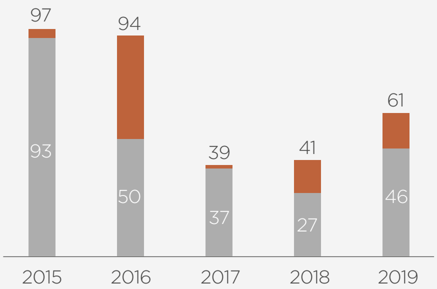
Provisions of £6.5m against our legacy retail development programme, non-core residential land and to satisfy cost indemnities given on the sale of our Retirement Villages in the prior year, combined with other costs of £0.2m, contributed to a net development loss of £1.8m (2018: £4.2m).

Share of Results of Joint Ventures

The revaluation of our investment assets held in joint ventures generated a surplus of £1.3m (2018: £3.3m). Under our development management agreement for One Bartholomew, Barts Square, London EC1, we recognised a net development fee of £3.9m as a result of achieving practical completion and letting progress, but an assessment of the book value of our land holdings at Barts Square resulted in development provisions of £7.2m. A profit of £2.2m was recognised on the sale of the site at Hammersmith Town Hall.

Finance, administration, taxation and other sundry items added a further £4.8m (2018: £1.5m) of losses. Accounting adjustments to our interest in the One Creechurch Place joint venture generated surpluses of £1.4m, leaving a net loss from our joint ventures of £3.2m (2018: profit of £3.2m).

NET GAIN ON SALE AND REVALUATION OF INVESTMENT PROPERTIES
£m



Gain on Sale and Revaluation of Investment Properties

During the year, we sold five investment assets for gross proceeds of £167.0m, generating a net overall profit of £15.0m. In London, we sold The Shepherds Building, W14 for £125.2m, a 12.3% premium to its 31 March 2018 book value. 31 Booth Street, Manchester was sold for £11.9m, a 29.6% premium to its 31 March 2018 book value, and we also sold three non-core assets for a combined price of £28.5m at a 6.2% premium to 31 March 2018 book value.

The valuation of our investment portfolio, on a see-through basis, continued to reflect the benefit of our refurbishment activities in London where we generated a valuation surplus of 7.4% overall (including purchases and gains on sales) and 6.6% on a like-for-like basis. In Manchester, the portfolio generated a surplus of 7.8% on a like-for-like basis. In total, the see-through investment portfolio showed a valuation surplus of 7.4% (including purchases and gains on sales), or 6.8% on a like-for-like basis.

The total impact on our results of the gain on sale and revaluation of our investment portfolio, including in joint ventures, was a net gain of £60.6m (2018: £40.7m).

Administration Costs

Administration costs in the Group, before performance-related awards, reduced slightly from £11.0m to £10.9m.

Performance related share awards and bonus payments, before National Insurance costs, were £5.2m (2018: £1.7m). Of this amount, the £2.3m (2018: £1.4m) 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.

	2019 £000	2018 £000
Administration costs	10,858	11,023
Share awards	2,274	1,388
Directors' and senior executives' bonuses	2,929	289
NIC on share awards and bonuses	692	65
Group	16,753	12,765
In joint ventures	406	468
Total	17,159	13,233

Finance Costs, Finance Income and Derivative Financial Instruments

Interest payable on secured bank loans, including our share of loans on assets held in joint ventures, but before capitalised interest, reduced to £12.9m (2018: £18.5m). Interest payable in respect of the unsecured bonds was £4.0m (2018: £8.4m). Bank charges, commitment fees, sundry interest and the amortisation of refinancing costs decreased to £5.8m (2018: £17.8m) due to the prior year's redemption of the 6% Retail Bond (£8.7m premium) and the repayment of bank debt. Capitalised interest reduced from £5.2m to £3.2m as development schemes progressed and as a result of the sale of the Retirement Village portfolio in the prior year, as well as the completion of The Tower, London EC1 in August 2018. Total finance costs, including joint ventures, decreased to £19.5m (2018: £39.5m).

Finance income earned, including in joint ventures, was £1.1m (2018: £4.3m). The movement in medium and long-term interest rate projections during the year contributed to a charge of £3.3m (2018: credit of £4.0m) on their mark-to-market valuation. The mark-to-market valuation of the Convertible Bond resulted in a credit of £0.9m (2018: charge of £1.6m).

Taxation

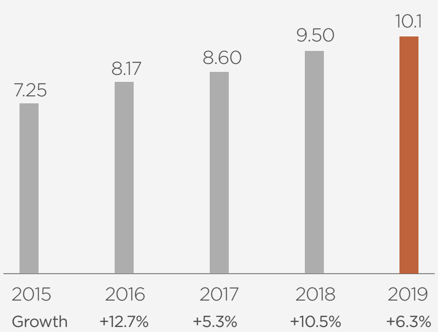
Helical pays corporation tax on its UK sourced net rental income, trading and development profits and realised chargeable gains, after offsetting administration and finance costs.

The current tax charge for the year of £9.0m (2018: credit of £0.4m) is primarily a result of the tax charge on the capital gain on the sale of The Shepherds Building, London W14. The majority of this tax liability had been recognised as a deferred tax liability in the prior year and this liability was reversed as a deferred tax credit during the year. This deferred tax credit was offset by an increased liability on the investment property revaluation surpluses recognised in the year.

Dividends

Helical follows a progressive dividend policy of increasing its dividends whilst retaining the majority of funds generated for investment to grow the business. As the Group completes and lets its current development programme, it expects to be able to reflect the growth in earnings in increased dividends paid to Shareholders. The interim dividend paid on 31 December 2018 of 2.60p was an increase of 4.0% on the previous interim dividend of 2.50p. The Company has proposed a final dividend of 7.50p, an increase of 7.1% on the previous year (2018: 7.00p), for approval by Shareholders at the 2019 AGM. In total, the dividend paid or payable in respect of the results for the year to 31 March 2019 will be 10.10p (2018: 9.50p), an increase of 6.3%. Since 2015, the compound annual growth rate of the Company's dividends has been 7.3%.

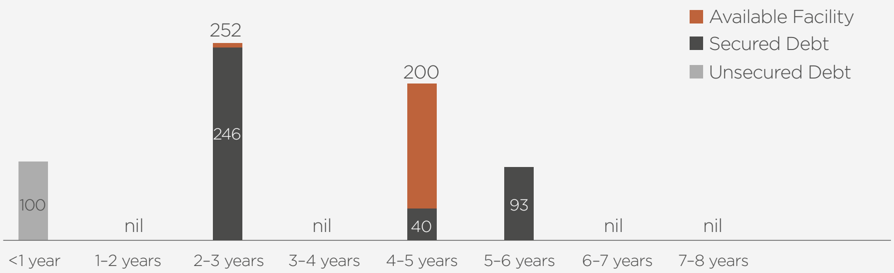
TOTAL DIVIDENDS
pence



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 2018	802,134	22,623	824,757	2,189	(12,375)	814,571
Acquisitions						
Wholly owned	29,500	-	29,500	-	-	29,500
Capital expenditure						
Wholly owned	60,820	-	60,820	-	-	60,820
Joint ventures	-	1,377	1,377	-	-	1,377
Disposals						
Wholly owned	(149,051)	-	(149,051)	-	1,501	(147,550)
Revaluation surplus						
Wholly owned	48,097	-	48,097	-	(3,813)	44,284
Joint ventures	-	1,382	1,382	-	(94)	1,288
Profit share partners	(250)	-	(250)	-	-	(250)
Valuation at 31 March 2019	**791,250**	**25,382**	**816,632**	**2,189**	**(14,781)**	**804,040**

SEE-THROUGH DEBT MATURITY PROFILE
£m



DEBT PROFILE AT 31 MARCH 2019 – EXCLUDING THE EFFECT OF ARRANGEMENT FEES

	Total facility £000	Total utilised £000	Available facility £000	Weighted average interest rate %	Average maturity Years	Extended[1] average maturity Years
Investment facilities	443,000	309,679	133,321	3.9	3.5	4.4
Development facilities	50,400	20,023	30,377	6.3	4.4	4.4
Total wholly owned	493,400	329,702	163,698	4.1	3.5	4.3
In joint ventures	51,684	48,980	2,704	4.0	2.8	2.8
Total secured debt	545,084	378,682	166,402	4.1	3.4	4.2
Convertible Bond	100,000	100,000	–	4.0	0.2	0.3
Working capital	10,000	–	10,000	–	–	1.0
Fair value of Convertible Bond	–	468	–	–	–	–
Total unsecured debt	110,000	100,468	10,000	4.0	0.2	0.3
Total debt	655,084	479,150	176,402	4.0	2.7	3.6

1 Calculated on a fully utilised basis with the two one-year extensions of the revolving credit facility included.

BALANCE SHEET

Shareholders' Funds

Shareholders' Funds at 1 April 2018 were £533.9m. The Group's results for the year added £42.6m (2018: £26.3m), net of tax, representing the total comprehensive income for the year. Movements in reserves arising from the Group's share schemes increased funds by £2.3m. The Company paid dividends to Shareholders amounting to £11.4m leaving a net increase in Shareholders' Funds from Group activities during the year of £33.5m to £567.4m.

Investment Portfolio

In the year to 31 March 2019, the Group acquired Fourways House, Manchester for £16.5m and paid additional consideration of £13.0m for Kaleidoscope, London EC1. The Group spent £62.2m on capital works on the investment portfolio, mainly at Kaleidoscope, London EC1 (£36.0m), The Tower, London EC1 (£10.5m), Barts Square, London EC1 (£1.4m), Trinity, Manchester (£6.9m) and 35 Dale Street, Manchester (£1.6m). The aggregate book value of the five investment assets sold during the year was £149.1m. Revaluation gains added £49.5m (£0.3m loss for our partners) to increase the see-through value of 3the portfolio, before lease incentives, to £816.6m (2018: £824.8m). The accounting for head leases and lease incentives resulted in a book value of the see-through investment portfolio of £804.0m (31 March 2018: £814.6m).

Debt and Financial Risk

In total, Helical's outstanding debt at 31 March 2019 of £479.2m (31 March 2018: £470.7m) had a weighted interest cost of 4.0% (31 March 2018: 4.3%) and a weighted average debt maturity excluding the Convertible Bond, of 3.4 years (31 March 2018: 3.5 years). The average maturity of the facilities would increase to 4.2 years following exercise of the two one-year extensions of the Group's £150m revolving credit facility. The £100m unsecured Convertible Bond is to be repaid in June 2019.

DEBT PROFILE AT 31 MARCH 2019 – INTEREST RATES

	2019 £m	Effective interest rate %	2018 £m	Effective interest rate %
Fixed rate debt				
Secured borrowings	262.5	3.6	265.3	4.1
Convertible Bond	100.0	4.0	100.0	4.0
Fair value of Convertible Bond	0.5	-	1.3	-
Total	363.0	3.7	366.6	4.1
Floating rate debt				
Secured	67.2	5.7[1]	54.2	7.0[1]
Total	430.2	4.0	420.8	4.4
In joint ventures				
Floating rate	49.0	4.0	49.9	3.6
Total borrowings	479.2	4.0	470.7	4.3

[1] This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 3.7% (31 March 2018: 3.9%).

Secured Debt

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

- Investment Facilities
  We have £150m of revolving credit facilities that enable the Group to acquire, refurbish, reposition and hold significant parts of our investment portfolio. Our London investment assets are primarily held in £293m of term loan secured facilities. The value of the Group's properties secured in these facilities at 31 March 2019 was £698m (31 March 2018: £706m) with a corresponding loan to value of 44.4% (31 March 2018: 45.3%). The average maturity of the Group's investment facilities at 31 March 2019 was 3.5 years (31 March 2018: 3.8 years), increasing to 4.4 years following the two one-year extensions of the revolving credit facility with a weighted average interest rate of 3.9% (31 March 2018: 4.5%).
- Development Facilities
  This facility finances the over-station development at Kaleidoscope, London EC1. The maturity of the Group's development facility at 31 March 2019 was 4.4 years with a weighted average interest rate of 6.3%. Excluding the impact of commitment fees, the weighted average interest rate of this facility is 4.2%.
- Joint Venture Facilities
  We hold a number of investment and development properties in joint venture with third parties and include in our reported figures our share, in proportion to our economic interest, of the debt associated with each asset. The average maturity of the Group's share of bank facilities in joint ventures at 31 March 2019 was 2.8 years (31 March 2018: 1.7 years) with a weighted average interest rate of 4.0% (31 March 2018: 3.6%).

Unsecured Debt

The Group's utilised unsecured debt is £100.5m (31 March 2018: £101.3m), as follows:

- Convertible Bond
  In June 2014, the Group raised £100m from the issue of a listed unsecured Convertible Bond with a 4.0% coupon, repayable in June 2019, or, subject to certain conditions, convertible at the option of the Bond holders into ordinary shares, unless a cash settlement option is exercised by the Company. The initial conversion price has been set at £4.9694 per share, representing a 35% premium above the price on the day of the issue and a premium of 59% above the Company's EPRA net asset value per share at 31 March 2014. The value of the Bond at 31 March 2019, as determined by the listed market price, was £100.5m (31 March 2018: £101.3m). The Group expects to repay the £100m Bond in June 2019 from existing cash resources.
- Short-term Working Capital Facilities
  These facilities provide access to additional working capital for the Group.

Cash and Cash Flow

At 31 March 2019, the Group had £382m (31 March 2018: £277m) of cash and agreed, undrawn, committed bank facilities including its share in joint ventures, as well as £25m (31 March 2018: £105m) of uncharged property on which it could borrow funds.

Net Borrowings and Gearing

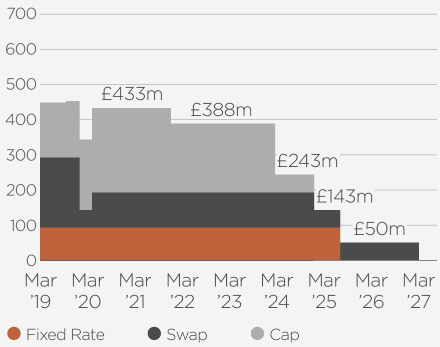
Total gross borrowings of the Group, including in joint ventures, have increased from £470.7m to £479.2m during the year to 31 March 2019. After deducting cash balances of £205.2m (31 March 2018: £103.7m) and unamortised refinancing costs of £5.4m (31 March 2018: £4.1m), net borrowings reduced from £362.9m to £268.6m. The gearing of the Group, including in joint ventures, reduced from 68.0% to 47.3%.

	31 March 2019	31 March 2018
See-through gross borrowings	£479.2m	£470.7m
See-through cash balances	£205.2m	£103.7m
Unamortised refinancing costs	£5.4m	£4.1m
See-through net borrowings	£268.6m	£362.9m
Shareholders' Funds	£567.4m	£533.9m
See-through gearing – IFRS net asset value	47.3%	68.0%

Hedging

At 31 March 2019, the Group had £363.0m (31 March 2018: £366.6m) of fixed rate debt with an average effective interest rate of 3.7% (31 March 2018: 4.1%) and £67.2m (31 March 2018: £54.2m) of floating rate debt with an average effective interest rate, excluding commitment fees, of 3.7% (31 March 2018: 3.9%). In addition, the Group had £240m of interest rate caps at an average of 1.69% (31 March 2018: £15.0m at 0.75%). In our joint ventures, the Group's share of fixed rate debt was £nil (31 March 2018: £nil) and £49.0m (31 March 2018: £49.9m) of floating rate debt with an effective rate of 4.0% (31 March 2018: 3.6%) with interest rate caps set at 0.5% plus margin on £11.0m (31 March 2018: £58.0m).

HEDGING PROFILE
£m



TIM MURPHY
Finance Director

23 May 2019

PRINCIPAL RISKS REVIEW

Risk is an integral part of any group's business activities and Helical's ability to identify, assess, monitor and manage each risk it faces is fundamental to its financial stability, current and future performance and reputation. As well as seeing changes in our internal and external environment as potential risks, we also see them as being opportunities which can drive performance.

RISK MANAGEMENT APPROACH

TOP-DOWN APPROACH

OVERSIGHT, IDENTIFICATION, ASSESSMENT AND MITIGATION OF RISKS AT A STRATEGIC LEVEL

The Board has ultimate responsibility for risk management within the Group. The Board sets the risk appetite of the Group, establishes a risk management strategy and is responsible for maintaining a robust internal controls system.

The Board continually monitors and reviews the risk management strategy to ensure that it remains appropriate and consistent with the Group's overall strategy and external market conditions.

The Audit and Risk Committee supports the Board by evaluating the effectiveness of the risk management procedures and internal controls throughout the year.

The Executive Committee is responsible for the day-to-day operational application of the risk management strategy and ensuring that all staff are aware of their responsibilities.

BOTTOM-UP APPROACH

OVERSIGHT, IDENTIFICATION, ASSESSMENT AND MITIGATION OF RISKS AT AN OPERATIONAL LEVEL

Helical's management team runs the business in line with the risk management strategy established by the Board and reports to the Board on how it operates.

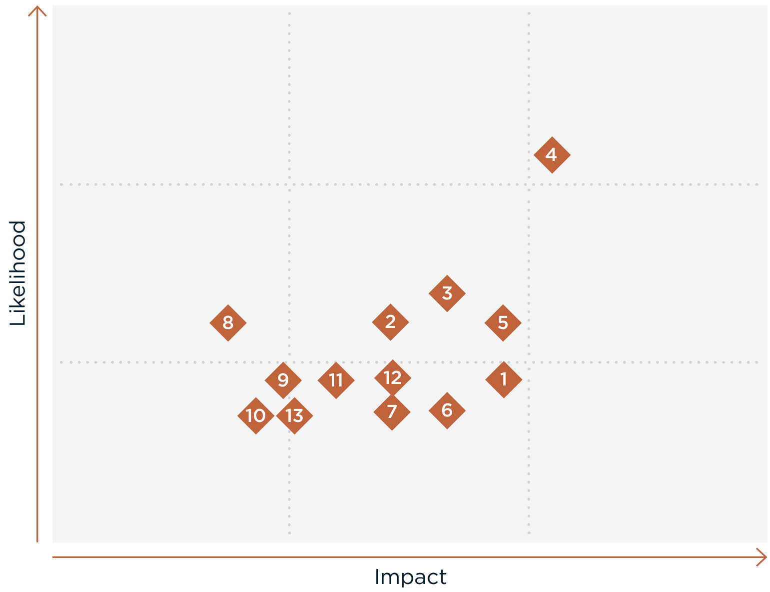
The small size of the team and Helical's flat management structure allow the Executive Committee to have close contact with all aspects of the business and ensure that the identification and management of risks and opportunities are at the forefront of decision makers' minds.

Individual asset managers are responsible for identifying and assessing risks relating to the properties they manage and reporting to the Executive Committee as appropriate.

All staff members are responsible for complying with risk management procedures and internal control measures, reporting to the Executive Committee as necessary.

PRINCIPAL RISKS

1	The Group's strategy is inconsistent with the market
2	The Group carries out significant development projects
3	Property values decline/reduced tenant demand for space
4	Political risk
5	Availability and cost of bank borrowing and cash resources
6	Breach of loan covenants
7	Employment and retention of key personnel
8	Reliance on key contractors and suppliers
9	Inability to asset manage, develop and let property assets
10	Health and safety risk
11	Business disruption and cyber security
12	Poor management of stakeholder relations
13	Non-compliance with prevailing legislation



VIABILITY STATEMENT

The Directors have assessed the viability of the Group for a period of five years to March 2024, being the period for which the Board regularly reviews forecasts and which encompasses the lifetime of the Group's major development projects. The Board considers the future performance of the Group beyond five years but less certainty inevitably exists over the forecasting assumptions for any period beyond five years.

The viability of the Group is reviewed throughout the year and through multiple channels, detailed below:

- The strategic direction of the Group is established by the Board once a year and is captured in the Business Plan which forms the basis of the detailed budgets and actions for the year;
- The Board and Audit and Risk Committee review the principal risks of the Group at least twice a year, reassessing the severity of each risk and determining the Group's proposed response and planned mitigation;
- The five-year forecasts for the Group are updated and reviewed by the Board and Executive Committee on a quarterly basis; and
- Management reviews the short-term (three–four months) cash requirements of the Group on a bi-monthly basis and cash balances and movements are monitored daily.

In making its assessment, the Board considers the Group's principal risks and assesses the combined potential impact in severe, but plausible, downside scenarios together with the likely effectiveness of mitigating actions that the Group has at its disposal.

The most relevant risks, their potential impact on the Group and the sensitivity analyses performed in order to assess their likelihood and impact are:

- A significant reduction in the fair value of the Group's property portfolio, which could result in the Group breaching loan covenants, requiring the repayment of a proportion of borrowings. The Group's loan covenants were subjected to sensitivity analysis including severe reductions in property valuations in order to establish the quantum of cash required to cure any resulting breaches. The sensitivity analysis included modelling the impacts of both a disruptive and disorderly Brexit. Management then assessed how such breaches could be cured practically. Finally, management determined the level of valuation fall which would result in an inability to cure the respective covenant breach and assessed the likelihood of such a fall to be remote; and
- An inability to maintain sufficient levels of rental income, which could present a short-term liquidity risk for the Group and impact on profitability. Management subjects the Group's long-term cash flow and profit forecasts to sensitivity analysis including severe reductions in rental income, assessing the impact on the Group's ability to meet its liabilities as they fall due and its income cover ratios.

Based on the outcomes of the procedures outlined above and other matters considered by the Board, the Directors hold a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

OUR PRINCIPAL RISKS

The principal risks faced by the Group, and the steps taken by the Group to mitigate these risks, are as follows:

STRATEGIC RISKS

Strategic risks are external risks that could prevent the Group delivering its strategy. These risks principally impact our decision to purchase or exit from a property asset.

The Group's strategy is inconsistent with the market

Link to strategy

GROWTH

Risk description

Changing market conditions could hinder the Group's ability to buy and sell properties 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 is greater.

Mitigation/action

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 to model anticipated economic conditions.

The Group's management team is highly experienced and has a strong track record of understanding the property market.

Due to the Group's small management team, strategic change can be implemented quickly.

The Group carries out significant development projects

Link to strategy

PROPERTY

Risk description

The Group carries out significant development projects over a number of years and is therefore exposed to fluctuations in the market and tenant demand levels over time.

Mitigation/action

Management carefully reviews the risk profile 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 carries out developments in partnership with other organisations and pre-lets space to reduce development risk, where considered appropriate.

Property values decline/ reduced tenant demand for space

Link to strategy

PROPERTY

Risk description

The property portfolio is at risk of valuation falls through changes in market conditions, including underperforming sectors or locations, lack of tenant demand or general economic uncertainty.

Mitigation/action

The Group's property portfolio has tenants from diverse industries, reducing the risk of over-exposure to one sector. We carry out occupier financial covenant checks ahead of approving leases in order to limit our exposure to tenant failure.

Management 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.

Political risk

Link to strategy

GROWTH

Risk description

There is a risk that regulatory and tax changes could adversely affect the market in which the Group operates and changes in legislation could lead to delays in receiving planning permission.

There remains uncertainty over the outcome of the United Kingdom's decision to leave the European Union. The result could adversely affect the case for investment in the UK, depressing the property investment and occupational market, negatively impacting the Group's performance.

Mitigation/action

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.

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 and cash resources

Link to strategy

FINANCING

Risk description

The inability to roll over existing facilities or take out new borrowing could impact on 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.

The Group is at risk of increased interest rates on unhedged borrowings.

Mitigation/action

The Group maintains a good relationship with many established lending institutions and borrowings are spread across a number of these.

Funding requirements are reviewed bi-monthly by management, who seek to ensure that the maturity dates of borrowings are spread over several years.

Management monitors the cash levels of the Group on a daily 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.

Breach of loan covenants

Link to strategy

FINANCING

Risk description

If the Group breaches debt covenants, lending institutions may require the early repayment of borrowings.

Mitigation/action

Covenants are closely monitored throughout the year. Management carries out sensitivity analyses to assess the likelihood of future breaches based on significant changes in property values or rental income.

OPERATIONAL RISKS

Operational risks are internal risks that could prevent the Group from delivering its strategy.

Risk	Description and mitigation
Employment and retention of key personnel Link to strategy PEOPLE	**Risk description** The Group's continued success is reliant on its management and staff and successful relationships with its joint venture partners. **Mitigation/action** The senior management team is very experienced with a high average length of service. The Nominations Committee and Board regularly review succession planning issues and remuneration is set to attract and retain high calibre staff. Staff are encouraged to undertake personal development and training courses, which the Company supports. The Group has well established relationships with joint venture partners.
Reliance on key contractors and suppliers Link to strategy PEOPLE	**Risk description** The Group is dependent on the performance of its key contractors and suppliers for successful delivery of its development property assets. **Mitigation/action** 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. Their performance is closely monitored throughout the development process, with bi-weekly reporting to management. The Group often works with contractors with whom it has previously worked successfully.
Inability to asset manage, develop and let property assets Link to strategy PROPERTY	**Risk description** The Group relies on external parties to support it in asset managing, developing and letting its properties, including planning consultants, architects, project managers, marketing agencies, lawyers and managing agents. **Mitigation/action** The Group has a highly experienced team managing its properties, who regularly conduct on-site reviews and monitor cash flows against budget. The Group seeks to maintain excellent relationships with its specialist professional advisors. Management actively monitors these parties to ensure they are delivering the required quality on time. Where appropriate, the Group engages parties it has worked with successfully previously.
Health and safety risk Link to strategy PROPERTY	**Risk description** The nature of the Group's operations and markets expose it to potential health and safety risks both internally and externally within the supply chain. **Mitigation/action** The Group reviews and updates its Health and Safety policy regularly and it is approved by the Board annually. 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 Executive Committee reviews the report by the external consultant every month and the Board reviews them at every scheduled meeting. The internal asset managers carry out regular site visits.
Business disruption and cyber security Link to strategy PEOPLE	**Risk description** The Group relies on Information Technology to perform effectively and a cyber-attack could result in IT systems being unavailable, adversely affecting the Group's operations. 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. An external event such as extreme weather, environmental incident, power shortage or terrorist attack could cause significant damage, disruption to the business or reputational damage. **Mitigation/action** The Group engages and actively manages external Information Technology experts to ensure 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. 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 there are procedures in place, to identify emails of a suspicious nature ensuring these are flagged to the IT providers and employees do not open attachments or follow instructions within the email. The Group has a disaster recovery plan, on-site security at its properties and insurance policies in place in order to deal with any external events and mitigate their impact.

REPUTATIONAL RISKS

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

Poor management of stakeholder relations

Link to strategy

GROWTH

Risk description

The Group risks suffering from 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.

Mitigation/action

The Group believes that by successfully delivering its strategy and mitigating its strategic, financial and operational risks its good reputation will be protected.

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.

Management closely monitors day-to-day business operations and the Group has a formal approval procedure for all press releases and public announcements.

A Group Disclosure Policy and Share Dealing Code, Policy & Procedures have been circulated to all staff in accordance with the EU Market Abuse Regulation (MAR).

Non-compliance with prevailing legislation, regulation and best practice

Link to strategy

GROWTH

Risk description

The nature of the Group's operations and markets expose it to potential bribery and corruption risks (including 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 were any instances of modern slavery and human trafficking identified within its supply chain.

The Group would attract criticism and negative publicity if instances of non-compliance with GDPR and the Data Protection Act 2018 were identified. Non-compliance may also result in financial penalties.

Mitigation/action

The Group's anti-bribery and corruption and whistleblowing policies and procedures are reviewed and updated annually and 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; and 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.

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.

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 regulation.

SUSTAINABILITY AT HELICAL

Creating a sustainable and responsible business is at the core of our activities. We are committed to managing the balance of the needs of our tenants, investors, employees and the communities in which we work, and this outlook is key to maintaining the long-term value of our business.

RESPONSIBLE ENVIRONMENTAL AND SOCIAL PRACTICES

We acknowledge that our activities have direct and indirect environmental, social and economic benefits and impact. Through the entire lifecycle of our buildings from design through to asset management we continue to look for innovative ways to reduce our carbon emissions and running costs for the benefit of both Helical and our tenants. Our proactive approach to asset management seeks to maximise our asset performance, deliver resource efficiency and enable our tenants to use their spaces as effectively as possible. We take great pride in developing high quality public realm and we believe creating places where communities can work, meet and socialise is key in creating a sustainable building.

To provide transparency when reporting our sustainability performance, we use a number of external benchmark indices and ratings, including;

- FTSE4Good; and
- Carbon Disclosure Project

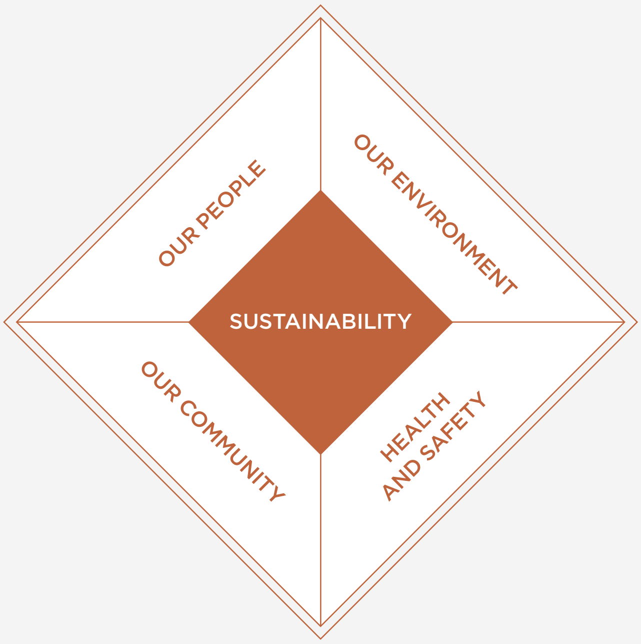
We also align our reporting with EPRA Best Practice in Sustainability Reporting Guidelines and in 2019/2020 will be participating in GRESB. Maintaining listed status on these benchmark indices remains a key priority for Helical, and informs the evolving approach to Corporate Responsibility and Sustainability.

FUTURE REPORTING

As investor scrutiny of sustainability business activities and reporting grows further, we are committed to expanding our benchmarks and availability of data.

"WE RECOGNISE THAT SUSTAINABILITY IS A PRIORITY, NOT JUST FOR OUR INVESTORS AND TENANTS, BUT ALSO FOR THE COMMUNITIES IN WHICH WE OPERATE. AS A RESPONSIBLE BUSINESS WE HAVE RESPONDED TO THIS BY CREATING A SUSTAINABILITY FRAMEWORK WHICH FOCUSES ON FOUR CORE PILLARS: OUR PEOPLE; OUR ENVIRONMENT; HEALTH AND SAFETY; AND OUR COMMUNITY. WE BELIEVE THAT BY APPLYING THESE PILLARS TO INVESTMENT, DEVELOPMENT AND ASSET MANAGEMENT ACTIVITIES, WE ARE CREATING A SUSTAINABLE BUSINESS WHICH MEETS THE NEEDS OF OUR KEY STAKEHOLDERS."

GERALD KAYE
CHIEF EXECUTIVE



MANAGING CORPORATE RESPONSIBILITY

We recognise that there is a direct link between sustainability and shareholder value through enhancing the long-term value of the business. We continue to review our Environmental Management processes to ensure they continue to effectively monitor legislative requirements, minimise risks of pollution, facilitate the management of key environmental risks, and assist in achieving specific objectives and targets.

The Environmental Management System is available on the Company website and key elements of the system include:

- "Environment" and "Corporate Responsibility" policies which set out the Group's high-level commitment across a number of impact areas. These are reviewed annually by the Board and are implemented by the Executive Committee;
- Annual (and ongoing) performance targets to enable Helical to focus its efforts throughout the year on measurable and achievable performance goals;
- Key Performance Measures to help Helical monitor progress towards these targets and to ensure we can report in line with investor disclosure requirements;
- Checklists to assist in applying minimum sustainability requirements across the Group's development activities. Helical has developed a sustainability project management checklist to ensure that sustainability issues are incorporated into all decisions throughout the development lifecycle. In addition, an Environmental Impact Checklist is issued to individual contractors in order to address corporate goals at the construction stage; and
- Effective use of internal review through quarterly meetings of key Helical personnel, external Corporate Responsibility advisors and principal managing agents to ensure effective delivery of the objectives and targets.

The Management System has been designed specifically to reflect the flexibility of Helical's business model. It also reflects the key role that Helical's partners play in delivering enhanced sustainability outcomes in all its business ventures.

OUR PEOPLE

At Helical, our people are intrinsic to delivering the ambitions of the business and driving long-term growth.

Our employees
Helical has a small core team, working closely with trusted partners in multiple disciplines. Our success is built on the skills of our staff and therefore finding, developing, rewarding, and retaining our people is a key element of our corporate strategy.

During the year staff participated in Property Week's Best Places to Work in Property survey and awards programme. The results of that survey have earned Helical the distinction of being ranked one of the Best Places to Work in Property for 2019.

Our culture
At Helical we encourage an open and inclusive culture as we believe this creates a collaborative and focused approach to achieving the Group's aims and aspirations, encouraging individuals to proactively suggest ideas and opportunities for the benefit of the business and the people.

Diversity is important in supporting Helical in achieving its strategic aims. By ensuring that Helical is a diverse business, the Group benefits from a variety of experiences and perspectives, stimulating creativity and contributing to our open and cohesive culture.

Our approach
Not only do we offer our staff a competitive remuneration and benefits package, but we also support part-time, job-sharing and flexible working requests where possible. During the year under review, 19% of the workforce carried out their roles on a part-time basis in order to meet family commitments. We believe this competitive approach to remuneration, alongside an attractive working environment, has continued to keep staff turnover low at 6.25%, with an average length of service of 8.7 years.

To ensure a highly skilled and experienced team, Helical continues to evaluate training needs in line with business objectives. Our employees are actively encouraged to attend training that enhances their knowledge and benefits the business. Over the year, our staff undertook 699 hours of training and development, an average of 3.5 days per employee.

We promote wellbeing through a number of benefits including a paid-for gym membership, medical insurance, a cycle to work scheme and the availability of fruit and healthy snacks at the office.

As Helical operates with a small team, our ability to establish excellent long-term relationships with our advisors, agents and other suppliers is very important. As part of this, fair treatment of suppliers remains a key priority for Helical and the Group's policy is to settle all agreed liabilities as soon as possible and within the terms established with them.

EXECUTIVE DIRECTORS	EXECUTIVES	ALL EMPLOYEES
3	17	32
as at 31 March 2019	as at 31 March 2019	as at 31 March 2019
TENURE		
24.6 YEARS	6.8 YEARS	8.7 YEARS
GENDER SPLIT %		
BOARD		
MALE 89% FEMALE 11%	MALE 59% FEMALE 41%	MALE 44% FEMALE 56%

OUR ENVIRONMENT

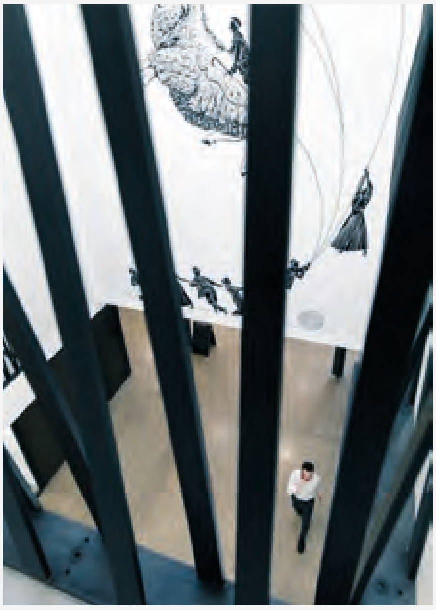
Helical has a duty to care for the environment, which leads us to constantly seek innovative ways in which we can reduce any adverse impact.

The Group's corporate commitments to environmental issues are outlined in the Group's Environmental Policy which can be found on the Company's website.

The policy details Helical's commitments across a range of impact areas and its development and property management activities. The Group sets itself targets to guide its environmental responsibilities, including resource use and waste production, pollution, biodiversity, timber sourcing, flood risk and sustainable design and construction.

Full details of the Group's performance against the targets during the year are available in the Environment section of the Company's website. Due to changes in the portfolio over the year, it is difficult to provide meaningful overall like-for-like (LfL) statistics. However, of the properties that can be compared:

- Churchgate & Lee, Manchester, has shown reductions in energy consumption, compared with last year, of 25% for electricity and 21% for gas. These are principally attributed to improvements to LED lighting and refurbished heating systems. Churchgate & Lee has seen an increase in water consumption for the reporting year.
- The Warehouse, London EC1, has shown a good decrease in both electricity (12%) and gas (29%) usage over the reporting period. This is a considerable improvement on last year's LfL performance.



- The Loom, London E1, has shown a good decrease in electricity consumption (15%) which can be attributed to variations in occupancy rates and completion of commissioning of the mechanical and engineering plant at the property.
- 25 Charterhouse Square, London EC1, has seen an decrease in common parts energy consumption across both electricity (25%) and gas (19%) over the year. Due to increasing occupancy rates and a warm summer the water consumption for the site rose by 115%.
- The Group continues to offer recycling facilities at the larger of its managed assets and there has been great success in working with tenants to roll out initiatives to avoid single use plastics; including the use of paper straws, biodegradable cutlery and reusable cups. Most properties exceeded the ongoing target of a recycling rate of 50%, including at Shepherds Building, The Warehouse, The Tower, The Loom, 25 Charterhouse Square in London and Fourways House in Manchester. All properties where waste is collected achieved 100% diversion from landfill. Churchgate & Lee, Manchester, 35 Dale Street, Manchester and Power Road Studios, London W4 will look to increase the scope of their site recycling to exceed the Helical target.

In line with the mandatory requirement for reporting its greenhouse gas emissions, Helical provides a separate disclosure in this report opposite. This is based on all the data that has been made available to us.

Greenhouse gas (GHG) emissions reporting

For the reporting year to 31 March 2019 the 2018 UK Government's Conversion Factors for Company Reporting has been followed as the majority of Helical's consumption has occurred within 2018 and has followed the UK Government environmental reporting guidance. Greenhouse gas emissions are reported using the following parameters to determine what is included within the reporting boundaries.

Scope 1
Direct emissions includes any gas data for landlord controlled parts and fuel use for Group owned vehicles. Fugitive emissions from air conditioning are included where it is Helical's responsibility within the managed portfolio, when the data is available.

Scope 2
Indirect energy emissions includes purchased electricity throughout the Group's operations within landlord controlled parts. Electricity used in refurbishment projects has been recorded separately where appropriate. In the majority of cases the electricity consumed is recorded for the individual properties as part of the data collection for the management of common parts, and contractors have been required to collect project specific data.

The table below highlights that overall GHG emissions have decreased by 9.3% year-on-year. The primary reason for this is the consolidation of Helical's managed assets to more core buildings, alongside the reduction in conversion factors resulting from the increased inclusion of renewable energy in the UK grid. As noted in the previous section, considerable reductions have been made owing to improvements in energy efficient devices and fittings.

Due to the changing portfolio, the like-for-like GHG emissions are only reported for a small number of properties (six properties for electricity and three properties for gas). Both like-for-like consumption and associated GHG emissions have reduced across the portfolio for the reporting period. Like-for-like Scope 1 and 2 emissions have decreased by over 25% which demonstrates that the improvements made through increased awareness and engagement with tenants/personal impact on consumption, and energy efficient design measures such as LED light fittings, have proved effective across the portfolio.

Greenhouse gas emissions (tonnes CO_2e)

	Total portfolio Tonnes CO_2e		Like-for-like portfolio Tonnes CO_2e	
	Year ended 31.3.19	Year ended 31.3.18	**Year ended 31.3.19**	Year ended 31.3.18
Scope 1: Direct emissions	**739**	796	**362**	487
Scope 2: Indirect emissions	**1,794**	1,997	**959**	1,459
Total all scopes	**2,533**	2,793	**1,321**	1,946

The specific target set by Helical is to reduce energy consumption by 2% pa in the principal managed assets. As discussed earlier in this section of the report, year-on-year performance is variable across the portfolio and complicated by the changing nature of the portfolio through acquisition and divestment, increasing occupancy and ongoing refurbishment of the component assets. Like-for-like has seen an improvement of 12% on the 2018 baseline performance achieving the 2% reduced energy consumption target.

Emissions intensity based on floor area

Reporting year	Portfolio floor area (NLA) m^2	Scope 1&2 emissions Tonnes CO_2e	Scope 1 & 2 Tonnes CO_2e/m^2
2017-18	202,785	2,793	0.014
2018-19	**179,298**	**2,533**	**0.014**

OUR COMMUNITY

We believe ongoing engagement with the communities where our buildings are located is key to the success of the assets.

Helical takes a strong interest in charitable, community and social issues. As a Group, we recognise that the buildings we own and develop have an impact on the local environment and the communities that live and work there. We believe that engagement with those communities is an important part of our activities. Community engagement is an ongoing priority throughout the whole development process.

Helical Bursary
The Helical Bursary was established in 2017/18 to support Real Estate and Planning students studying at Henley Business School, University of Reading. The Bursary was awarded to Aurora Bennet, an exceptional student, who would not otherwise have had sufficient financial resource to support her study. Helical has paid a total of £10,000 to date, with an additional £5,000 pledged for the next academic year.

MONEY PAID

£10,000

MONEY PLEDGED FOR THE NEXT ACADEMIC YEAR

£5,000

"I can say, without a doubt, that if it wasn't for the support of this foundation, for the inspiring individuals and firms in this industry, I wouldn't be as inspired to work as hard as I do and be as successful as I am."
Aurora Bennet

Other activities
As part of our commitment to the areas in which we operate, we regularly support community initiatives. Some examples from the year to 31 March 2019 include:

- At The Bower, London EC1, there has been a focus on wellness over the last 12 months. In January we held "The Wellness Month" which included yoga, talks and laughter workshops for tenants;
- At Power Road Studios, London W4, we have held numerous successful events to promote health awareness, sporting events such as table tennis tournaments and food truck pop ups;
- At Barts Square, London EC1, the residential scheme has been designed with the goal of creating a new community in the heart of the City. Comprehensive amenities give residents the opportunity to come together, become acquainted and socialise. The lounge, gardens and screening room provide the opportunity to meet residents, friends and family. An informal residents committee has been set up to allow residents to raise concerns, share experiences and plan upcoming scheme-wide events. The online residents' portal also provides a forum for communication, both to management and between residents;
- Dale Street, Manchester, participated in this year's "Halloween in the City". This is a city-wide event featuring giant rooftop monster invasions, trick or treat trials, a skeleton parade and family friendly performances. The event attracted an additional 30,000 people to the city centre with Dale Street showcasing its very own monster invasion (above);
- Helical also entered a hand-decorated rubber duck in the 2019 Manchester Duck Race to help raise funds for Brainwave, a charity that exists to help children with disabilities and additional needs;
- Helical continues to be a member of The Aldgate Partnership ("TAP"), formed in 2014 to help drive a powerful agenda for change. Membership of the Group currently includes landowners, commercial occupiers, and developers. TAP works in partnership with its members to develop Aldgate as "One Location", delivering a range of interventions to support community development and develop a premier business hub with high quality public realm and an environment that produces a safe, convenient and inspiring destination for all employees, residents and visitors; and
- To help encourage young people to enter the property industry, for over ten years Helical has held a work experience event comprising a two-day intensive introductory programme into London Real Estate run by Helical's Chief Executive with support from the senior members of the Property team. The package is available to 8-10 students studying either a BA or Masters in Real Estate or equivalent qualification.

THE ATLAS ASCENT

On 27 September 2018 a 15 strong team of Helical employees embarked on a four day Charity Trek to the Atlas Mountains, reaching the top of northern Africa's tallest peak – Jbel Toubkal at 4,167m.

This incredibly rewarding challenge stretched the team both physically and mentally, raising over £140,000 for two notable charities, LandAid and The Lord Mayor's Appeal, with 100% of funds raised split equally between the two charities.

LandAid is the property industry charity working to end youth homelessness in the UK. LandAid brings together businesses and individuals from across the industry to support charities delivering life-changing projects for young people who are or have been homeless, or who are at risk of homelessness.

The Lord Mayor's Appeal partners (each year) with three organisations who are leading experts in addressing social issues to deliver ground breaking programmes, which will not only change, but also save, people's lives. This year's appeal supports Place2Be, OnSide Youth Zones and Samaritans.

"Having never walked this far before, let alone scaled a mountain in altitude, the trek was both a physical and emotional challenge. However, through the immense support, humour and resilience of the Helical team we all successfully reached the 4,167m summit. Knowing we were raising money for two amazing charities made every creaky knee, blister and altitude headache completely worth it."
Laura Beaumont, Helical employee

MONEY RAISED

£140,000

CASE STUDY

THE BOWER

London, EC1

SUSTAINABLY SOURCED TIMBER

100%

BREEAM OFFICES

EXCELLENT

BREEAM RETAIL

VERY GOOD

CONSTRUCTION WASTE DIVERTED FROM LANDFILL

>2,000 t

The Bower has contributed to making Old Street a new contemporary destination for both business and leisure alike, inviting tenants and local communities to enjoy the facilities on offer.

Sustainability is at the heart of The Bower. Through the redevelopment of an existing building we have minimised resource use and where possible kept parts of the original façade. Throughout the development stage 100% of the timber used was sourced sustainably and ongoing management of the site has resulted in 100% of waste being diverted from landfill.

The Tower has a BREEAM rating of "Excellent" with many stand out design features created with tenant wellness in mind. A double-height ceiling has been installed which creates exceptional natural light and ceiling mounted fan coil units provide maximum occupier comfort in all areas. The building's innovative and flexible design facilitates the possibility to easily connect multiple floors via open mezzanines and connecting stairways encouraging collaborative working.

As part of our commitment to the Old Street area we are a contributing partner to "The Old Street District". This is a voluntary business-led partnership who use their collective voice to influence policy in the area, focusing on issues such as public realm and the environment. The partnership aims are to create a district in which tenants and the local community can benefit from improved wayfinding, cleaner streets, lower air pollution and long-term sustainability. In the past year an "Urban Card" was launched, offering discounts at local establishments to those that live and work in the area.

At a tenant level we hold a number of events throughout the year such as summer drinks and table tennis tournaments. In January 2019 we held our first "Wellness Month" at The Bower, encouraging tenants to partake in yoga, laughter workshops and talks.

As with all our developments, Health and Safety is considered paramount in delivering a successful site. During the redevelopment of The Bower, from its commencement in 2013 to the practical completion of The Tower this year, there have been two "Lost Time Accidents" and one "RIDDOR" reportable incident, significantly outperforming the industry benchmarks.

CONSTRUCTION SKILLS CERTIFICATION SCHEME ACCREDITATION FOR ALL FULL TIME AND SUBCONTRACTED STAFF

100%

HEALTH & SAFETY

Our commitment to health and safety is embedded in the culture and all activities at Helical.

Helical has a corporate culture that is committed to the prevention of injuries and ill health to its employees or other people that may be affected by its activities. The Group's Health & Safety Policy reflects this commitment. The Board of Directors and senior executives are responsible for implementing this policy and they look to ensure that health and safety considerations are always given priority in both planning and day-to-day activities.

The Group's Health & Safety Policy was last reviewed and updated in February 2019 to reflect the latest legislative and regulatory developments. Training of Helical staff in the updated Health & Safety Policy and supporting CDM requirements has been undertaken during the reporting year.

The Group's Health & Safety Policy can be found on the Company's website and a summary of performance for the active sites is below. This is based on all the data that has been made available to us.

Helical has delivered over two million construction hours during the year with no fatalities or major accidents and only one RIDDOR reportable incident. The majority of Helical projects are managed by principal contractors holding ISO 45001 certification and that maintain 100% Construction Skills Certification Scheme (CSCS) accreditation for all full time and subcontracted staff.

	Number of Lost Time accidents	Number of RIDDOR reportable	Number of fatalities	Number of hours	Accident frequency rate for Lost Time accidents	Accident frequency rate for RIDDOR reportable
Year ended 31.3.18	5	5	–	1,959,183	0.41	0.15
Year ended 31.3.19	**11**	**1**	**–**	**2,038,505**	**0.54**	**0.05**

Future environmental risks and opportunities

Helical recognises that changing social and environmental factors need to be taken into account when considering our broad business strategies, as these may give rise to opportunities to be exploited or risks to be mitigated.

Such factors include:

- The uncertainties surrounding future changes to environmental and social legislation and potential changes to labour markets following the UK's decision to leave the European Union;
- The implications for the property sector of global agreements to tackle climate change and more local actions that may be taken to tackle specific environmental issues (for example measures to reduce air pollution in city centres); and
- Broader technological and social changes that may impact on our tenants, our partners and the wider communities where our properties are situated.

As a Group, we keep such matters under review and act as necessary to ensure that we meet our obligations.

The Strategic Report, on pages 1 to 65, was approved by the Board on 23 May 2019.

On behalf of the Board

GERALD KAYE
CHIEF EXECUTIVE

MICHAEL SLADE
CHAIRMAN

A STRONG YEAR FOR THE BUSINESS

Helical has continued to grow in strength since last year, having completed a number of development schemes, achieved strong lettings success and secured new opportunities for future development.

DEAR SHAREHOLDER,

During the year to 31 March 2019 Helical has achieved a strong level of performance despite the uncertainty caused by the current political climate. The Company has continued to create value for investors in addition to growing its portfolio and is now seeking new opportunities to add to the pipeline of schemes.

CHANGES TO THE BOARD

During the year under review, Richard Gillingwater has stepped down from the Board and Joe Lister appointed in his place. The year to 21 March 2020 will see more changes to the Board, including Michael O'Donnell stepping down at this year's Annual General Meeting ("AGM") and my retirement from the Board after 35 years. Following Richard Grant's appointment as Deputy Chairman in 2018 he will be proposed as my successor as Chairman at the 2019 AGM. We have started the process to identify a new Non-Executive Director, in light of my retirement from the Board, and will announce the results of this search in due course. Helical understands the benefits to be gained from diversity on its Board and aims to make further progress in this area in the future, including in relation to the Non-Executive Director recruitment process currently underway. We will continue to monitor best practice and industry standards relating to diversity and inclusion in the workplace and on the Board as part of our governance programme.

REFLECTING ON MY TIME AT HELICAL

During my 35 years with Helical I have seen its growth and development to a business far removed from the one I arrived at in 1984 and I am immensely proud of its success over the last 35 years. Having spent most of that time as the Company's Chief Executive, I have been its Chairman for the last three years. Stepping down from the Board is an important milestone in my life and I would like to express my thanks to everyone I have worked with during this time.

It has been a privilege to serve as Helical's Chairman and I have every faith that I leave the Company in safe hands, with Gerald and Richard at the helm, continuing to direct Helical towards future opportunities and further success.

1919
Helical Bar and Engineering Company Limited is incorporated

1957
Admission to the London Stock Exchange

1965
Change of name to Helical Bar Limited

1982
Re-registration as a Public Company, Helical Bar Limited becomes Helical Bar plc

1986
Helical transformation from steel manufacturer to property development and investment company

1984-2019
Growth in market cap. of Helical from c.£0.5m to c.£425m

2019
100th anniversary of Helical

100 YEARS OF HELICAL

100 YEARS OF HELICAL

2019 marks the 100th anniversary for Helical. The Company was incorporated as Helical Bar and Engineering Company Limited in July 1919 and its main business was the manufacture and sale of reinforced steel to the construction industry; herein lies the root of the Company's name: Helical Bar – a steel spiral strengthening rod, used to reinforce concrete blocks. That core strength remains within the spirit of Helical today. I joined Helical in 1984 during a difficult period. At that time, we carried out a strategic shift to preserve the organisation; it quickly changed from its steel roots to become a property development and investment business, which is how the Company now operates. Since its re-birth as a property development and investment company, Helical has been steered through numerous national financial crises and government changes, continuing to grow and create value for investors. It has increased in value since 1984 from c.£0.5m to c.£425m today and is one of the UK's premier office developer and investment companies.

BOARD DECISIONS

During the year to 31 March 2019, the Board focused on oversight of the strategic direction of the Company in the light of the economic and political environment and the changes within the real estate sector.

In addition, the Board meeting agendas during the year contained a variety of issues including:

- a review of the Group's corporate, property and financial strategy;
- consideration and approval of changes required for compliance with the General Data Protection Regulation;
- a pre-emptive review of the Company's compliance with the 2018 UK Corporate Governance Code and The Companies (Miscellaneous Reporting) Regulations 2018 to identify required action for future compliance;
- a complete review of the Company's compliance with the 2016 UK Corporate Governance Code for the year to 31 March 2019;
- consideration and approval of significant property transactions; and
- approval of changes to the composition of the Board.

ANNUAL STRATEGY REVIEW

In September 2018, the Board carried out its annual strategic review of the business, which included consideration of the economic, geopolitical, societal and environmental risks affecting the business. This review involved an assessment of the Company's position in the listed sector, its strengths and weaknesses and options for business growth. The strategic review confirmed that the decision taken to focus on development and investment in London and Manchester would maximise the potential future performance of the Group, given the talent, knowledge and experience of the current executive team and was, and continues to be, in the best interests of Shareholders.

BOARD EVALUATION

In the year to 31 March 2019, an internal Board performance evaluation was undertaken. The overall findings from that appraisal have concluded that Helical's Board, Committees and individual Directors continue to operate effectively. Active steps have been taken to meet the recommendations arising out of the 2018 Board evaluation and suggested enhancements have been noted following this year's evaluation process. Further information can be found on pages 73 and 77. It is intended that an external evaluation will be undertaken in the year to 31 March 2020.

BOARD COMMITTEES

The work of the Nominations, Remuneration and Audit and Risk Committees is discussed in detail in their individual reports on pages 76 to 97. At the 2018 AGM a new Remuneration Policy was proposed and approved with 97% in favour. This policy was designed to simplify the Company's remuneration schemes, reduce award levels and to reflect continued developments in best practice. No changes are being proposed in relation to the Company's Remuneration Policy at the 2019 AGM. The Company's Directors' Remuneration Report was also approved at the 2018 AGM with 85.5% in favour.

INVESTOR RELATIONS

We have an extensive programme of meetings and presentations with Shareholders throughout the year with the majority of these taking place in the periods following our annual and half year results.

The Chief Executive, Gerald Kaye, and the Finance Director, Tim Murphy, attended the majority of these meetings during the year, with the Property Director, Matthew Bonning-Snook, and Company Secretary, James Moss, also attending as appropriate. Richard Grant, Richard Cotton and I are available to meet Shareholders if they wish to discuss any matters with us.

SUMMARY

Finally, I would like to thank my fellow Non-Executive Directors, Gerald Kaye and his Executive team, the senior property professionals, finance team and all the staff for their hard work during the year. I would also like to thank our stakeholders for their contribution to our success for the year to 31 March 2019. Helical is well positioned to take advantage of opportunities in the forthcoming year and I look forward to following the achievements of the business and the ongoing success of Helical.

The following pages describe in greater detail our governance structure and the work of the Board and its Committees.

MICHAEL SLADE OBE
Chairman

23 May 2019

OUR BOARD

- A AUDIT AND RISK COMMITTEE MEMBER
- N NOMINATIONS COMMITTEE MEMBER
- R REMUNERATION COMMITTEE MEMBER
- V PROPERTY VALUATIONS COMMITTEE MEMBER
- E EXECUTIVE COMMITTEE MEMBER
- ■ COMMITTEE CHAIRMAN
- S SECRETARY TO THE BOARD AND BOARD COMMITTEES

CHANGES TO THE BOARD DURING THE YEAR

Richard Gillingwater stepped down from the Board at the 2018 AGM on 12 July 2018.

Joe Lister was appointed to the Board and as a member of the Audit and Risk, Nominations and Remuneration Committees with effect from 1 September 2018.

MICHAEL SLADE
CHAIRMAN

N

Board meetings attended 6/6

Tenure 35 years

Skills and experience
Michael Slade OBE, BSc (Est Man) FRICS, joined the Board as an Executive Director in 1984, was appointed Chief Executive in 1986 and Chairman in 2016. He is to step down from the Board at the 2019 AGM.

Other external appointments
Mike is President of LandAid, the property industry charity, a Fellow of the College of Estate Management, Fellow of Wellington College, a Trustee of Purley Park charity and Sherborne School Foundation and Vice Admiral of the Marie Rose Trust. In April 2017, Mike was appointed Chairman of The Royal Marsden Cancer Charity's Clinical Care and Research Centre Appeal to build a £50m global cancer treatment and research centre at The Royal Marsden NHS Foundation Trust.

GERALD KAYE
CHIEF EXECUTIVE

E V

Board meetings attended 6/6

Tenure 25 years

Skills and experience
Gerald Kaye, BSc (Est Man) FRICS, was appointed Chief Executive in 2016. He joined the Board as an Executive Director in 1994, responsible for the Group's development activities.

Other external appointments
Gerald is a member of the Investment Committee at Guy's & St Thomas' Charity, and a past President of the British Council for Offices, a former Director of London & Edinburgh Trust Plc and former Chief Executive of SPP. LET. EUROPE NV.

TIM MURPHY
FINANCE DIRECTOR

E

Board meetings attended 6/6

Tenure 7 years

Skills and experience
Tim Murphy, BA (Hons) FCA, joined the Group in 1994 and became Finance Director of the Company in 2012. Prior to joining Helical, he worked for accountants Grant Thornton. He is responsible for the financial statements and reporting, treasury and taxation.

MATTHEW BONNING-SNOOK
PROPERTY DIRECTOR

E V

Board meetings attended 6/6

Tenure 12 years

Skills and experience
Matthew Bonning-Snook, BSc (Urb Est Surveying) MRICS, was appointed to the Board as an Executive Director in 2007. Prior to joining Helical in 1995 he was a Development Agent and Consultant at Richard Ellis (now CBRE).

RICHARD GRANT
DEPUTY CHAIRMAN, CHAIRMAN OF THE AUDIT AND RISK COMMITTEE AND CHAIRMAN OF THE NOMINATIONS COMMITTEE

A N R

Board meetings attended 6/6

Tenure 7 years

Skills and experience
Richard Grant, BA (Oxon), ACA, has more than 40 years' financial experience including as Finance Director of Cadogan Estates Limited and as Corporate Finance Partner at PricewaterhouseCoopers. He is the Chairman of the Audit and Risk Committee and Nominations Committee. Richard is Deputy Chairman of the Company and will become Chairman at the 2019 AGM.

Other external appointments
Chairman of Stenprop Limited.

SUE CLAYTON
CHAIRMAN OF THE PROPERTY VALUATIONS COMMITTEE

V A N R

Board meetings attended 6/6

Tenure 3 years

Skills and experience
Sue Clayton, FRICS, was appointed to the Board as a Non-Executive Director in February 2016. Sue is a former Managing Director of CBRE's Capital Markets Team. She has sat on the CBRE UK Management and Executive Boards and on the CBRE Group Inc. Board as Employee Director.

Other external appointments
Executive Director, CBRE (part-time) and Chair of CBRE UK's Women's Network, Board Member of the Committee of Management of Hermes Property Unit Trust and a Non-Executive Director of SEGRO plc.

JOE LISTER
NON-EXECUTIVE DIRECTOR

A N R

Board meetings attended 3/4*

Tenure 9 months

Skills and experience
Joe Lister was appointed to the Board in September 2018. He is Chief Financial Officer at Unite Group plc, a position he has held since January 2008 after joining the company in 2002. Prior to joining Unite Group plc, Joe qualified as a Chartered Accountant at PricewaterhouseCoopers.

Other external appointments
Executive Director, Unite Group plc.

*At the time of the May and July 2018 Board meetings, Joe Lister was not a Helical Director. Joe was unable to attend the November 2018 Board meeting due to a commitment which predated his appointment date.

RICHARD COTTON
SENIOR INDEPENDENT DIRECTOR

A N R

Board meetings attended 6/6

Tenure 3 years

Skills and experience
Richard Cotton was appointed to the Board as a Non-Executive Director in March 2016 and as Senior Independent Director in March 2018. Richard was formerly head of UK Real Estate at J.P. Morgan Cazenove which he left in 2009 and spent the subsequent five years at Forum Partners. He was previously Chairman of Centurion Properties and a Non-Executive Director of Hansteen Holdings plc.

Other external appointments
Non-Executive Director of Big Yellow Group plc and Ormonde Gate Amsterdam BV. and a member of the Commercial Development Advisory Group of Transport for London.

MICHAEL O'DONNELL
CHAIRMAN OF THE REMUNERATION COMMITTEE

R N

Board meetings attended 6/6

Tenure 8 years

Skills and experience
Michael O'Donnell was appointed to the Board in June 2011. He is a former Managing Director of LGV Capital, a private equity firm.

Michael has notified the Company that after eight years on the Board, he does not intend to offer himself for re-election at the 2019 AGM.

Other external appointments
Through his company, Ebbtide Partners, he acts as a consultant to, and investor in, private companies.

JAMES MOSS
COMPANY SECRETARY AND GROUP FINANCIAL CONTROLLER

S E

Board meetings attended 6/6

Tenure 4 years

Skills and experience
James Moss, MChem (Hons) (Oxon) FCA, joined Helical in September 2014 as Group Financial Controller and was appointed Company Secretary in May 2015 and to the Executive Committee in March 2018. He was previously at Grant Thornton, where he was responsible for leading audit and other assurance assignments in their Real Estate sector.

CORPORATE GOVERNANCE CODE COMPLIANCE

Throughout the year under review, the Group has applied the Main Principles of UK Corporate Governance Code 2016 (the "Code") and, except where stated below in relation to Michael Slade OBE, has fully complied with the Provisions of the Code. A full version of the Code can be found on the Financial Reporting Council's website: **www.frc.org.uk**.

This year has seen the introduction of key corporate governance reforms including the UK Corporate Governance Code 2018 (the "2018 Code") and The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860) ("secondary legislation") both of which will apply to the Group's financial year beginning on 1 April 2019. The FRC is currently consulting on changes to the UK Stewardship Code and a final version of the updated code is expected in July 2019.

The Group has taken, and is continuing to take, proactive steps to ensure compliance with the 2018 Code and secondary legislation for the financial year ended 31 March 2020. As part of this exercise, the Group is working to incorporate the best practice recommendations from the FRC Guidance on Board Effectiveness where possible. The Group has updated its schedule of matters reserved for the Board, Committees' Terms of Reference and corporate policies/practices for compliance with the governance reforms.

Our Board and its Committees

The Board has a duty, and is committed, to promoting the long-term success of the Company for the benefit of our Shareholders and other stakeholders.

Our Board is composed of the Chairman, three Executive Directors (including the Chief Executive) and five Non-Executive Directors, supported by the Company Secretary. Biographies of all Directors and details of their shareholdings in the Company can be found on pages 68 to 69 and 97 respectively.

The current Chairman is Michael Slade and the Deputy Chairman is Richard Grant. Michael will be stepping down as Chairman at the 2019 Annual General Meeting ("AGM") after a three-year term in the role and 35 years on the Board. The Board is recommending his successor to be Richard Grant, subject to Shareholder approval at the 2019 AGM. Upon Richard's successful appointment as the Chairman, Joe Lister will become Chairman of the Audit and Risk Committee with effect from 11 July 2019; Richard will continue his role as Chairman of the Nominations Committee. The Chief Executive is Gerald Kaye and the two remaining Executive Directors are Tim Murphy (Finance Director) and Matthew Bonning-Snook (Property Director). The current Non-Executive Directors are Richard Cotton (Senior Independent Director), Sue Clayton, Joe Lister and Michael O'Donnell. Michael O'Donnell has indicated that, after eight years on the Board, he does not intend to offer himself for re-election at the 2019 AGM. We thank Michael for his valuable contribution to the Group, he has been an asset to the Board. All Directors, with the exception of Michael Slade and Michael O'Donnell, will be offering themselves for election or re-election, as appropriate, at the 2019 AGM.

Michael Slade OBE, former Chief Executive of Helical, is the current Chairman following his re-election as such at the 2018 AGM (with 94.17% votes cast in favour). As noted in the 2016, 2017 and 2018 Annual Reports, Michael is not considered to have been independent on appointment as Chairman as required by the Code. During the year the Board has ensured that safeguards remain in place to counter any concerns regarding his independence. In particular, he does not act as Chairman of the Nominations Committee and is not a member of the Audit and Risk or Remuneration Committees. In addition, the Board Evaluation process was led by Richard Grant, the Deputy Chairman, with the annual appraisal of the Chairman led by Richard Cotton, both of whom are considered to be independent.

Executive Committee

The Executive Committee, led by the Chief Executive, is responsible for ensuring the Group's strategy is communicated and implemented. It is comprised of the three Executive Directors and two senior managers; and usually meets monthly, or more frequently if required.

Change of Chairmanship

As referred to above, Michael Slade OBE will be retiring from the Board of Helical after 35 years of service to the Group. In preparation for the change in Chairmanship, Richard Grant was appointed as Deputy Chairman in 2018 to facilitate a smooth transition. Richard has more than 40 years' experience including as Finance Director of Cadogan Estates Limited and as a corporate finance partner at PwC and has served on the Board for seven years. Richard Grant will be considered independent upon appointment, if successfully appointed as Chairman at the close of the 2019 AGM.

Since his appointment as Chairman in July 2016, Michael Slade OBE has provided excellent leadership for the Company, continuing to provide a wealth of experience and property related knowledge in his role as Non-Executive Chairman. We owe him a great debt and he has our gratitude for all he has done for Helical and its Shareholders over the last 35 years.

Key Roles and Responsibilities on the Board

Chairman and Chief Executive

The positions of Chairman and Chief Executive are held separately, and their roles and responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chief Executive is responsible for the leadership of the business and managing it within the authorities delegated by the Board.

Alongside boardroom discussions, the Chairman maintains contact with the Non-Executive Directors by telephone and, at least annually, will hold meetings with the Non-Executive Directors without the Executive Directors present.

Senior Independent Director

The Senior Independent Director (SID) has acted, and continues to act, as a sounding board for the Chairman and an intermediary for other Directors and Shareholders. The SID is available to Shareholders for meetings or to discuss any concerns which have not been resolved through, or would be inappropriate to resolve through, the normal channels of the Chairman, Chief Executive or other Directors.

Non-Executive Directors

The Non-Executive Directors are responsible for constructively challenging and helping to develop proposals on strategy. They are also responsible for applying independent and objective judgement and scrutiny to all matters before the Board and its Committees. During the year to 31 March 2019, the Non-Executive Directors received presentations from JP Morgan Cazenove and Numis Securities Limited to help the Board enhance its understanding of the views of Helical's major Shareholders.

The Code requires the Board and its Committees to have an appropriate balance of skills, experience, independence and knowledge of the Company to enable the effective discharge of their respective duties and responsibilities. The Nominations Committee is responsible for reviewing whether the composition of the Board is appropriate in accordance with this requirement. During the year the Nominations Committee introduced a skills matrix to support this process and to provide guidance as to appropriate criteria for appointing new Directors. The Board and Committees are considered to possess the required balance of skills, experience, independence and knowledge required by the Code.

LEADERSHIP

Governance Structure

BOARD OF DIRECTORS

The Board is responsible for matters including, but not limited to:

- providing overall leadership of the Group and for setting its long-term strategic aims;
- approving changes to the Group's capital, corporate and governance structures;
- oversight and approval of the Group's financial reporting;
- ensuring the maintenance of a robust system of controls and risk management;
- approving major capital projects, investments and contracts above limits of authority delegated by the Board;
- approving resolutions and corresponding documentation to be put to Shareholders at general meetings; circulars and listing particulars;
- ensuring satisfactory dialogue with shareholders; and
- oversight of all corporate governance matters.

Board members
Michael Slade (Chairman)
Gerald Kaye (Chief Executive)
Richard Grant (Deputy Chairman)
Richard Cotton (Senior Independent Director)
Sue Clayton (NED)
Joe Lister (NED)
Michael O'Donnell (NED)
Tim Murphy (Finance Director)
Matthew Bonning-Snook (Property Director)

Secretary to the Board
James Moss

EXECUTIVE COMMITTEE

Assists the Chief Executive in the performance of his duties and ensures that the Group's strategy is implemented, subject to the limitations of authority set out in the schedule of matters reserved for the Board.

Committee members
Gerald Kaye (Chairman and Chief Executive)
Tim Murphy (Finance Director)
Matthew Bonning-Snook (Property Director)
James Moss (Group Financial Controller and Company Secretary)
Tom Anderson (Senior Investment Executive)

COMMITTEES

AUDIT AND RISK COMMITTEE

Assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the integrity of financial information provided to Shareholders;
- the Company's system of internal controls and risk management;
- the external audit process and auditors; and
- the processes for compliance with laws, regulations and ethical codes of practice.

Committee members
Richard Grant (Chairman)
Sue Clayton (NED)
Richard Cotton (NED)
Joe Lister (NED)

See Audit and Risk Committee report on page 78

REMUNERATION COMMITTEE

Assists the Board in fulfilling its responsibility to Shareholders to ensure that the Remuneration Policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

Committee members
Michael O'Donnell (Chairman)
Sue Clayton (NED)
Richard Cotton (NED)
Richard Grant (NED)
Joe Lister (NED)

See Remuneration Committee report on page 81

NOMINATIONS COMMITTEE

Ensures there is a formal, rigorous and transparent procedure for the appointment and induction of new Directors to the Board, leads the process for Board appointments and succession planning (including the development of a diverse succession pipeline), supports the annual Board evaluation process.

Committee members
Richard Grant (Chairman)
Sue Clayton (NED)
Richard Cotton (NED)
Joe Lister (NED)
Michael O'Donnell (NED)
Michael Slade (NED)

See Nominations Committee report on page 76

PROPERTY VALUATIONS COMMITTEE

Reviews the valuations of the Company's property portfolio and reports to the Audit and Risk Committee on its findings.

Committee members
Sue Clayton (Chairman)
Gerald Kaye (Chief Executive)
Matthew Bonning-Snook (Property Director)
Tom Anderson (Senior Investment Executive)

Culture

The Board is responsible for defining the culture of Helical and ensuring that this aligns with the Group's strategy and purpose. As such, the Board encourages an open culture, enabling the strategic direction and the key drivers of the business to be fully understood by all members of the Helical team. This environment creates a collaborative and focused approach to achieving the Group's aims and aspirations, encouraging individuals to proactively suggest ideas and opportunities for the benefit of the business and the team. To support this culture, the key points arising from strategic discussions held by the Board and Executive Committee are communicated to staff members, ensuring strategic engagement at all levels within the Group. At an operational level, the Executive Committee met with Helical's Property Executives in January 2019 to seek their views and encourage their input into the strategy for the forthcoming year and beyond.

In addition to defining Helical's culture, the Board is responsible for monitoring and overseeing that culture, including its own internal dynamics. As such, a review of the relationships and the culture within the Board was included in its evaluation process. The results of the Board Evaluation can be found on page 73. A review of the wider organisation's culture was also undertaken through staff participation in Property Week's Best Places to Work in Property survey and awards programme. The results of that survey have earned Helical the distinction of being ranked one of the Best Places to Work in Property for 2019. The Board recognises that Helical's culture is vitally important to the success of the business in the long term and directly influences the Group's ability to meet the expectations of our Shareholders and wider stakeholders. More detail relating to Helical's Shareholders and stakeholders, and our engagement therewith, can be found on page 74.

Diversity and inclusion

Diversity and inclusion are important factors to support the achievement of Helical's strategic aims. By ensuring that Helical is an inclusive and diverse business, the Group benefits from a variety of experiences and perspectives, stimulating creativity and contributing to our open and cohesive culture. In addition, benefits extend to the development of a diverse succession pipeline, necessary for future sustainability. During the year under review, 41% of the Group's professional positions were held by women, providing a positive balance of gender in our talent pool. In order to maintain a diverse and inclusive business, Helical supports part-time, job-sharing and flexible working requests where possible. During the year under review 19% of the workforce carried out their roles on a part-time basis in order to meet family commitments. The overall gender balance of the workforce can be found on page 60. Helical maintains an Employment Policy which is reviewed on an annual basis. This policy supports our employment practice of equal opportunities, whereby all employment candidates are considered fairly and without prejudice or discrimination. The policy also supports the treatment of individuals, with respect to the enhancement of their development and remuneration, on merit alone. Helical's Employment Policy can be found on our website: **https://www.helical.co.uk/sustainability/policies-reports/**.

As described in the Nominations Committee report on page 76, whilst Helical does not set specific targets for diversity on the Board, it gives full regard to the benefits of, and aspires to boost the level of, diversity on the Board. Our consideration of diversity extends beyond gender and the Group considers diversity to also include: social and ethnic backgrounds, religious belief, sexual orientation and disability, cognitive and personal strengths. The benefits of diversity are borne in mind when reviewing the composition of the Board, and ensuring that the Board and its Committees are suitably skilled, experienced and knowledgeable is the ultimate objective when making appointments thereto. As such, no formal objectives are set in relation to diversity on the Board.

Helical is a signatory to Real Estate Balance CEO's Commitments for Diversity and the Group supports the principles on leadership, culture and opportunity contained in the Real Estate Balance Toolkit, designed to support a more diverse workplace. Helical will continue to monitor best practice and industry standards relating to diversity to identify ways to enhance our business during the forthcoming year.

EFFECTIVENESS

KEY BOARD ACTIVITIES

Board matter	Activity
Strategy	• Review of corporate objectives • Review of market trends, opportunities and risks • Annual strategy meeting
People	• Executive and Non-Executive development and succession planning • Evaluation of the Board's effectiveness • Review of staff resource and development of the Group's employees
Financial	• Approval of half year and annual results • Review of dividend policy • Review of Group's capital and debt structure • Assessment of viability and going concern, including sensitivity analysis
Governance	• Assessment of impact of the UK corporate governance reforms – 2018 UK Corporate Governance Code, FRC's Guidance on Board Effectiveness and The Companies (Miscellaneous Reporting) Regulations 2018 • Implementation of General Data Protection Regulation • Approval of Board policies and procedures, schedule of matters reserved for the Board and Committee terms of reference
Risk management	• Financial crime risks review and mitigation • Internal controls system review • Review of principal risks
Property transactions and operations	• Approval of material property transactions and opportunities – including the sale of remaining non-core assets, sale of The Shepherds Building, London W14, sale of 31 Booth Street, Manchester, and the acquisition of Fourways House, Manchester • Review of independent valuations of assets

BOARD ATTENDANCE

Regular Board meetings are scheduled each year and the Directors allocate sufficient time to the Company to discharge their responsibilities effectively. During the year ended 31 March 2019, six scheduled Board meetings were held, with an additional three unscheduled meetings held to discuss specific issues and events.

The Board also held its annual offsite strategy event during September 2018, which enabled focused discussions relating to the Group's strategy. The strategy event was structured to facilitate formal discussions during the day followed by informal discussions in the evening.

The table below sets out the scheduled Board meeting attendance of each Director:

Director	Board Meeting Attendance
Michael Slade	●●●●●●
Richard Grant	●●●●●●
Gerald Kaye	●●●●●●
Richard Cotton	●●●●●●
Sue Clayton	●●●●●●
Joe Lister[1]	○●●●
Michael O'Donnell	●●●●●●
Tim Murphy	●●●●●●
Matthew Bonning-Snook	●●●●●●
Former Director	
Richard Gillingwater (retired 12 July 2018)	●●

1 At the time of the May and July 2018 Board meetings, Joe Lister was not a Helical Director. Joe was unable to attend the November 2018 Board meeting due to a commitment which predated his appointment date.

BOARD EVALUATION

As reported on page 67, during the year, an internal evaluation was undertaken to consider the effectiveness of the Board, its Committees and individual Directors led by the Deputy Chairman and Senior Independent Director. The evaluation process was externally facilitated in 2017 and the next external evaluation is scheduled for 2020. The results of the evaluation were presented to the Board for discussion at its meeting held in March 2019.

A summary of the key outcomes from the 2019 internal evaluation is set out below, together with a summary of progress made against the recommendations arising out of the 2018 internal evaluation.

Key outcomes from 2019 evaluation

- The Board and its Committees continue to operate successfully, and each Director contributes effectively and demonstrates commitment to the role;
- The Board has increased the amount of time devoted to corporate strategy and will seek to improve its focus on delivering enhanced returns to Shareholders; and
- It was acknowledged that enhancements to communication within the Board could be made and that the Board should seek to further maximise the use of the wide-ranging experience and expertise of all its members.

PROGRESS ON 2018 RECOMMENDATIONS

Recommendation	Progress
Strategy and progress against the agreed strategy should be discussed at every Board meeting	There has been a greater focus on strategy, and progress against the agreed strategy, and it has been discussed at each Board meeting during the year
Succession planning for staff below Board level should be reviewed regularly	There have been more regular discussions relating to succession planning for staff below Board level
Risk should be a key area of focus in the review of Group strategy	A significantly enhanced risk assessment and review procedure has been implemented

ACCOUNTABILITY

Risk management and internal controls

The Board recognises that it is responsible for maintaining and monitoring the Company's system of internal controls. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Oversight of our control system is delegated to the Audit and Risk Committee which identifies, monitors and manages the principal risks faced by the Group (the Group's principal risks can be found on pages 52 to 57) and reviews the effectiveness of all material controls, including financial, operational and compliance controls in light of the risks.

The key features of the Group's system of internal controls are listed below:

- Clearly defined organisational responsibilities and limits of authority – the day-to-day involvement of the Executive Directors in the running of the business ensures that these responsibilities and limits are adhered to;
- Financial controls and review procedures;
- Financial information systems including cash flow, profit and capital expenditure forecasts – the Board receives regular and comprehensive reports on the day-to-day running of the business;
- The Audit and Risk Committee meets with the Auditor and deals with any significant internal control matters – during the year under review the Audit and Risk Committee met with the Auditor on three occasions, including two meetings without management present; and
- The Board is responsible for the management of the Group's risk profile which is reviewed by the Audit and Risk Committee during the year.

Fair, balanced and understandable – the Board's responsibility

The Code requires the Board to ensure that, taken as a whole, the Annual Report and Accounts present a fair, balanced and understandable assessment of the Group's position and prospects. In reviewing the Annual Report and Accounts, the Audit and Risk Committee considered the points set out in its report on page 78. After such a review, the Audit and Risk Committee reported its findings to the Board. Subsequently, the Directors have included their statement on 'fair, balanced and understandable' on page 100.

Engagement with Helical's Stakeholders and Shareholders

The Board recognises the importance of effective stakeholder engagement for the long-term success of the business. In addition, the Board directly connects its duty to promote the success of the Company as a whole, under section 172 Companies Act 2006 ('CA 2006'), with stakeholder engagement. Helical's key stakeholders are: its Shareholders, customers and tenants, employees, the local communities situated in the areas in which the Group operates, suppliers and contractors and the government and other regulatory bodies such as the Health and Safety Executive, the Financial Reporting Council and the UK Listing Authority.

MATERIAL ISSUES AND CONSIDERATIONS FOR OUR STAKEHOLDERS

SHAREHOLDERS
- Financial performance
- Environmental, Social and Governance Practice
- Generation of long-term sustainable returns

GOVERNMENT AND OTHER REGULATORY BODIES
- Corporate responsibility and accountability
- Compliance with applicable laws and regulations
- Monitoring updates to legal and regulatory environment, and impact of Brexit

CUSTOMERS AND TENANTS
- Quality of service provided
- Delivery of quality space to meet needs
- Ability to meet needs of changing market
- Value for money

THE BOARD
The Board takes into consideration the material issues for each stakeholder group when making decisions, supporting its duty under s.172 CA 2006 – to promote the success of the Company as a whole.

SUPPLIERS AND CONTRACTORS
- Agreement of and compliance with appropriate payment terms
- Collectively prevent and mitigate risk of modern slavery, bribery and corruption in our supply chain
- Ethical and fair dealings

EMPLOYEES
- Opportunities for development
- Fulfilling and rewarding work in a safe and comfortable environment
- Fair treatment, recognition and remuneration
- Diverse and positive culture

LOCAL COMMUNITIES
- Ethical and responsible corporate behaviour
- Environmental impact of development
- Positive impact to local areas, including development of public realm

During the year, the following investor relations activities took place to ensure that Helical maintained contact with its Shareholders. In addition to this activity, the Directors receive regular reports from sector analysts and investor relations advisors on how the Group is viewed by its Shareholders throughout the year. The Group also communicates with Shareholders and stakeholders through the issue of regular press releases and through its website at **www.helical.co.uk**.

KEY INVESTOR RELATIONS ACTIVITIES

2018

May	• Annual results announcement and analysts' presentation for 2018
May/June	• Investor Roadshow presentations and meetings in London
July	• AGM Trading Update • Annual General Meeting
September	• US Investor Roadshow – New York and Boston • City and Tech Belt Property Tour • Portfolio and trading update
November	• Manchester Property Tour • Half year results announcement and analysts' presentation 2018 • Post half year results investor meetings
December	• EPRA Corporate Access Day investor meetings

2019

March	• Portfolio and trading update

Annual General Meeting

Our 2018 AGM was held on 12 July 2018 at which all the Directors, with the exception of Michael Slade, were re-elected with over 97% of the votes cast in favour of their re-election. Michael Slade received 94.17% of votes cast in favour of his re-election. The resolution to appoint Deloitte LLP as Auditor of the Company received over 99% of votes cast in favour. The non-binding vote in respect of the Company's Directors' Remuneration Report received 85.56% votes in favour and the resolution to approve the Company's new Remuneration Policy received 97.05% votes in favour. Details of the policy can be found in the Directors' Remuneration Report on pages 81 to 97. All remaining resolutions were approved with votes cast in favour by between 90% and 100%.

The 2019 AGM will be held on 11 July 2019 at The Connaught, Carlos Place, Mayfair, London W1K 2AL and we encourage our Shareholders to attend. The AGM provides Shareholders with the opportunity to ask questions and a number of Directors, including the Chairman, will be available on the day should Shareholders wish to raise any issues. At the 2019 AGM, the Company will be seeking election and re-election of the current members of the Board, as appropriate, with the exception of Michael O'Donnell and Michael Slade. Subject to his re-election, Richard Grant will be appointed as Chairman at the close of the meeting following the retirement of Michael Slade.

Section 172 Responsibilities

Section 172 Companies Act 2006 requires Directors to act in the way that they consider, in their good faith judgement, would be most likely to promote the success of the Company for the benefit of its Shareholders as a whole. When making decisions, the Board pays due regard to: the likely consequences of its decisions in the long term; the interests of the Company's employees and wider stakeholders; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Board understands that this duty applies across the full spectrum of each Director's role, from setting the Group's strategy and shaping its culture to approving significant business transactions, policies and procedures and any changes to the Group's governance structure. During the forthcoming year, the Board will continue to fulfil its obligations under section 172 and will look to enhance current practice to further embed the underlying principles of these obligations.

By Order of the Board

JAMES MOSS
Company Secretary

23 May 2019

NOMINATIONS COMMITTEE REPORT

RICHARD GRANT
CHAIRMAN OF THE NOMINATIONS COMMITTEE

Committee membership and attendance

	Independent	Committee meeting attendance
Richard Grant	Yes	3/3
Sue Clayton	Yes	3/3
Richard Cotton	Yes	3/3
Joe Lister	Yes	3/3
Michael O'Donnell[1]	Yes	3/3
Michael Slade[1]	No	3/3

1 Michael Slade and Michael O'Donnell will not be standing for re-election at the 2019 AGM.

The Company Secretary acts as Secretary to the Committee.

The Committee's role and responsibilities are set out in its terms of reference which are available at: **www.helical.co.uk/investors/corporate-governance/**

KEY HIGHLIGHTS FOR 2018/19

- Recruitment and induction of Joe Lister, Non-Executive Director
- Full compliance with the 2016 UK Corporate Governance Code, with the exception of Michael Slade's continued appointment as Board Chairman (see page 70 for details)
- Proactive work towards compliance with 2018 UK Corporate Governance Code
- One to one meetings between the Committee Chairman and all Directors following 2019 Board Evaluation
- Creation of a skills matrix to support succession planning

FOCUS AREAS FOR 2019/20

- Continue to focus on succession planning
- Oversee the external Board evaluation in early 2020
- Recruit a new Non-Executive Director and support their induction

DEAR SHAREHOLDER,

I am pleased to present this report of the Nominations Committee after my first year as the Committee Chairman.

GOVERNANCE

We welcome the corporate governance reforms introduced in 2018, including the UK Corporate Governance Code 2018, the FRC's 2018 Guidance on Board Effectiveness and The Companies (Miscellaneous Reporting) Regulations 2018. Although the changes are effective for financial years beginning on or after 1 January 2019, Helical took steps during the year under review to adopt early compliance where possible. More detail about Helical's compliance with the UK Corporate Governance Code 2016 and work carried out to adopt early compliance with the 2018 Code can be found on page 70.

THE WORK OF THE NOMINATIONS COMMITTEE IN THE YEAR

2019 has been a busy year for the Committee, during which it met three times, and paid particular focus on succession planning, Board composition and the recruitment of a new Non-Executive Director following Richard Gillingwater's decision to step down from the Board in July. Joe Lister was our preferred candidate to replace Richard Gillingwater following a rigorous recruitment process, as outlined below. We were delighted to welcome Joe to the Board in September. Subject to his election by Shareholders, Joe will replace me as the Chairman of the Audit and Risk Committee with effect from the close of the 2019 Annual General Meeting. In addition to recruitment activities, the Committee supported the annual evaluation of the Board and its Committees and discussed recommendations arising therefrom, and developed a skills matrix to support its review of the Board's skill set, knowledge, experience and diversity of backgrounds, cognitive and personal strengths and to aid in succession planning at Board level and below.

CHANGES TO THE BOARD

Several changes to the composition of the Board were announced in 2018 and will come into effect during 2019. Michael Slade will not be standing for re-election at the Annual General Meeting in July 2019 after 35 years' service on the Board and after three years as our Chairman. More detail about the change of Chairmanship can be found on page 70.

It is intended that I will be appointed as Mike's successor as the Board Chairman at the close of the 2019 Annual General Meeting, subject to Shareholder approval of my re-election. In line with broader succession planning, as referred to above, it is intended that Joe Lister will be appointed as my successor as the Chairman of the Audit and Risk Committee.

In addition, as announced on 22 May 2019, Michael O'Donnell, Chairman of the Remuneration Committee, intends to step down from the Board at the 2019 Annual General Meeting after eight years' service. Helical is currently seeking to appoint a new Non-Executive Director to replace Michael.

DIRECTOR APPOINTMENT PROCESS

Role Requirements and Criteria: The Committee, in conjunction with the Chief Executive, agrees objective criteria for appointees – skills, knowledge, experience and personal attributes relevant to the Group's strategy.

Search Process: Under the direction of the Committee, an independent executive search provider (Norman Broadbent and Korn Ferry in 2018/19; and Korn Ferry in 2019/20) is engaged to facilitate the search process.

Review: Details of preferred candidates are presented to, and considered by, the Committee. Shortlisted candidates are interviewed by a sub-committee of the Board.

Recruitment: Committee considers feedback from interviews and, after careful consideration, recommends appointments to the Board.

Induction: Newly appointed Directors undergo an induction schedule bespoke to their needs.

BOARD COMPOSITION

Director appointments are made against objective criteria and are based on experience and merit. This supports the Group's strategy to maintain an appropriate combination of skills, experience, independence and knowledge on the Board and its Committees. The Committee keeps the composition of our Board and its Committees under review throughout the year. We have introduced the use of a skills matrix to support this review.

DIVERSITY

The Board and Nominations Committee pay full regard to the benefits of diversity and inclusion in the widest sense, including in relation to gender, social and ethnic backgrounds, religious belief, sexual orientation and disability, cognitive and personal strengths when recommending to the Board any future Board appointments and in considering succession planning below Board level. When seeking to fill vacant Board positions, the Committee considers both internal and external candidates as appropriate. The executive search firms that we have engaged are signatories to: the UK Voluntary Code for "Women on Boards", The Hampton-Alexander Review's Voluntary Code of Conduct and/or the Voluntary Code of Conduct for Executive Search Firms.

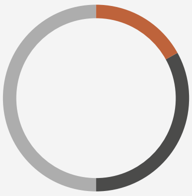
The Board is a signatory to Real Estate Balance, a cross-industry organisation which has focused on helping companies put more women into senior positions since 2017. In 2019, Helical became a signatory to Real Estate Balance CEO's Commitments for Diversity. The Board is committed to strengthening the pipeline of senior female executives within the business and will continue to develop the Group's policies and practices to remove barriers to women succeeding at the highest levels possible at Helical.

DIRECTOR INDEPENDENCE AND EFFECTIVENESS

Following due consideration of each Director's tenure, alongside the commitment and effective contribution demonstrated in relation to their respective roles, the Committee has recommended to the Board that resolutions to elect or re-elect, as appropriate, each Non-Executive Director (other than Michael Slade OBE and Michael O'Donnell who do not intend to stand for re-election) be proposed at the AGM alongside resolutions to re-elect the Executive Directors.

The Committee ensures that Board appointees have enough time available to devote to the job on appointment. To enable the Board to identify any potential conflicts of interest and ensure that Directors continue to have sufficient time available to devote to the Company, Directors are required to inform the Board of any changes to their other significant commitments. In June 2018, Sue Clayton joined the Board of SEGRO plc as a Non-Executive Director. The Board is satisfied that Sue will continue to have sufficient time to devote to her role (particularly as her Executive role at CBRE is performed on a part time basis) and that the appointment does not give rise to a conflict of interest.

NON-EXECUTIVE DIRECTORS' TENURES (AS AT 31 MARCH 2019)



Under 1 year	17%
1-3 years	0%
3-6 years	33%
Over 6 years	50%

SUCCESSION PLANNING

As Directors, we have a duty to ensure the long-term success of the Company which includes ensuring succession plans for, and a steady supply of, talent at Board level and below. The Committee regularly considers the Group's succession planning, ensuring a diverse pipeline of talent which supports the Group's strategy and sustainability. In March 2018 James Moss, Company Secretary and Group Financial Controller, and Tom Anderson, Senior Investment Executive, were appointed to the Executive Committee in recognition of their contribution to Helical and their ability to support the implementation of the Group's strategic aims. The Executive Committee reviews the suitability of the Group's succession plans below Board level at least once a year, as part of its annual strategic review and planning session, and updates the Committee accordingly. For the coming year, the Committee will continue to review and develop succession planning at Board level, through the search for a new Non-Executive Director to replace Michael O'Donnell.

BOARD EVALUATION 2019

Although the Group is not formally required to undertake an external Board evaluation every three years (not being within the FTSE 350), the Board has decided that it will voluntarily follow the provisions of the UK Corporate Governance Code in this respect. An external evaluation was undertaken in the year ended 31 March 2017 and it is intended that a further external evaluation will be undertaken for the year to 31 March 2020. This year the evaluation was conducted internally and in two parts. Firstly, Directors were asked to complete an appraisal questionnaire covering matters such as: the Group's strategy and risk management; the appropriateness of the Board composition, independence, collective knowledge and skills, communication and relationships; performance relating to Shareholder value; the performance of each of the Board Committees and the performance of individual Directors and the Chairman. Second, one to one discussions were held between myself and each Director to follow up on any issues raised and to ensure a thorough evaluation process was carried out. At the March 2019 meeting, the Committee and Executive Directors discussed feedback collected during the evaluation process and recommendations made as a result. The Senior Independent Director supported the evaluation process by leading the annual appraisal of the Chairman. I am pleased to confirm that the conclusion from this year's Board evaluation was that the Board and its Committees continue to operate at a high standard and work effectively. Feedback ranged from positive to very positive and there were no specific concerns raised. Key outcomes from the 2019 evaluation can be found on page 73.

RICHARD GRANT
Chairman of the Nominations Committee

23 May 2019

NON-EXECUTIVE RECRUITMENT PROCESS

JOE LISTER
NON-EXECUTIVE DIRECTOR

The Committee led the process to recruit a new Non-Executive, Joe Lister, during the year. Norman Broadbent was chosen as our executive search provider due to the firm's specialist knowledge and experience of recruiting at board level. Norman Broadbent has been a signatory to the Voluntary Code of Conduct for Executive Search Firms since its launch in 2013 and has no connection with Helical. A shortlist of candidates provided by Norman Broadbent was judiciously considered and interviews carried out with five individuals; the Committee unanimously agreed to recommend the appointment of Joe based on the quality of knowledge, skill and experience he can contribute to the Board and its Committees. Joe's biography can be found on page 69.

The Committee is actively seeking to appoint a new Non-Executive Director to replace Michael O'Donnell who has communicated his intention to step down from the Board at the 2019 AGM and has appointed an independent executive search provider, Korn Ferry, to support this recruitment process. Helical does not have any connection to Korn Ferry other than in respect of this appointment.

AUDIT AND RISK COMMITTEE REPORT

RICHARD GRANT
CHAIRMAN OF THE
AUDIT AND RISK COMMITTEE

Committee membership[1] and attendance

	Independent	Committee meeting attendance
Richard Grant*	Yes	5/5
Joe Lister*	Yes	4/4
Sue Clayton	Yes	5/5
Richard Cotton	Yes	5/5

1 All of whom are independent Non-Executive Directors and all served throughout the year with the exception of Joe Lister who was appointed to the Committee on 1 September 2018. The Company Secretary acts as secretary to the Committee.

* Considered as having recent and relevant financial expertise.

The Company Secretary acts as Secretary to the Committee.

The Committee's role and responsibilities are set out in its terms of reference which are available at: **www.helical.co.uk/investors/corporate-governance/**

ROLE OF THE COMMITTEE

Assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- The integrity of the financial information provided to Shareholders;
- The Company's system of internal controls and risk management;
- The external audit process and Auditor; and
- The processes for compliance with laws, regulations and ethical codes of practice.

DEAR SHAREHOLDER,

I am pleased to present this Audit and Risk Committee report which outlines key activities and areas of focus for the year to 31 March 2019.

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

THE WORK OF THE AUDIT AND RISK COMMITTEE IN THE YEAR

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

In conjunction with the Board, the Audit and Risk Committee reviewed the following matters during the year:

- Risk and internal controls (see page 52 for more detail);
- The financial statements of the Group and the announcement of the annual results and the interim statement on the half year results;
- A review of the findings of the new external Auditor, Deloitte LLP, following their work on their transition;
- The Annual Report to ensure it is fair, balanced and understandable;
- The performance of the external Auditor and their programme of work;
- The external Auditor's independence and the provision of non-audit services by the external Auditor; and
- The consideration of the requirement for an internal audit function.

The Audit and Risk Committee met the external Auditor on three occasions to discuss the results of their transition onto the audit, to discuss their appointment to the annual audit and interim review and matters arising from the annual audit and interim review.

Other matters formally reviewed and discussed by the Committee during the year included:

- Review of the Company policies, including those relating to anti-bribery and corruption, anti-facilitation of tax evasion and the Modern Slavery Act;
- The Company's Whistleblowing Policy and procedures to ensure that they remain effective. Under the Company's Whistleblowing Policy, employees and workers within the Group may raise concerns about malpractice or misconduct in confidence, either internally or outside the Company, to the independent Audit Partner; and
- Review of IT risk and business continuity planning.

SIGNIFICANT AREAS OF REVIEW

In discharging its responsibilities in connection with the preparation of the financial statements for the year to 31 March 2019, the Committee is responsible for reviewing the appropriateness of the Group's accounting policies, assumptions, judgements and estimates as applied by the executive management to the financial statements. During this review the following significant issues were considered:

- **Internal Controls** The Committee annually reviews the need for an internal audit function and recently reaffirmed its stance that, in view of the small scale and relative simplicity of the business, it does not consider that an internal audit function would be cost effective. The Audit and Risk Committee reviewed Helical's internal control environment and confirmed that the key controls had been implemented for the year. This review did not highlight any material weaknesses in the design and effectiveness of the Group's systems and controls.
- **Property Valuation** The valuation of the Group's investment and trading and development portfolio is a key area of judgement in preparing the annual and half yearly financial statements and reports. For this reason the fair value of the Group's investment portfolio is determined by independent third party experts who are familiar with the markets in which the Group operates and have suitable professional qualifications.

  The Group's trading and development stock is accounted for in the financial statements at the lower of cost and net realisable value. Accordingly, the Committee reviews the assumptions made in determining the net realisable value of the Group's assets. In addition, the Committee reviews those instances where stock is considered to have a fair value above its current book value. The surplus of fair value above book value is not included in the Group's Balance Sheet, nor is any movement reflected in the Income Statement. However, in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA"), the surplus is included in the calculation of the EPRA Net Asset Value per share at each reporting date. The fair value calculation of the trading and development stock is reviewed by a suitably qualified independent third party valuer.

  In order to assist the Audit and Risk Committee in considering the valuations, the fair values of the investment, trading and development property portfolios are reviewed and approved by the Property Valuations Committee which is chaired by Sue Clayton, FRICS, an independent Non-Executive Director.
- **Revenue Recognition** Revenue recognition is a presumed significant risk under International Standards on Auditing (UK) and where the Group enters into complex transactions, judgement must be applied in determining when, and to what extent, revenue should be recognised, see note 39. For material transactions and development management contracts, technical papers are presented to the Committee by management and the Committee also requests that the Group's external Auditor reviews and reports on these judgements. The Committee assesses the appropriateness of the proposed revenue recognition for each transaction and these are discussed between the external Auditor and the Committee.

In addition to the significant issues discussed, the Committee also considered, and concluded upon, the Group's ability to continue as a going concern, its viability for the next five-year period, the estimates and judgements discussed in note 39 to these Accounts and the Report of the Directors on page 98.

REVIEW OF THE 2019 ANNUAL REPORT

The Committee has reviewed and concluded that the Group's Annual Report and Accounts, taken as a whole, are fair, balanced and understandable. The Committee asked the following questions during its review of the Annual Report and Accounts.

Performance

- Is it clear how outcomes are measured using key performance indicators?
- Is there a good mix of financial and non-financial key performance indicators?
- Is there an appropriate balance between statutory and non-statutory performance measures?
- Is it clear that the stated key performance indicators measure the achievement of the Company's strategy and how they are linked to Directors' remuneration?
- Are movements in key performance indicators over time, both favourable and adverse, fair and well-explained?
- Are key performance risks explained?

Strategy

- Is the Company's purpose clearly articulated?
- Does the strategy discuss how the business intends to achieve its objectives in the context of the market outlook?
- Are the value drivers explained clearly?
- Is there enough information to assess the strategic risks?

AUDIT TRANSITION

Following approval of the appointment of Deloitte LLP as the Company's Auditor, led by Georgina Robb, Audit Partner, at the July 2018 AGM, they commenced their work on the transition in August 2018.

The transition process was designed by Deloitte to allow them to gain a detailed understanding of the nature of the Company's business, its key systems and controls, the March 2018 closing balances and to determine a detailed approach to the audit for the year ended 31 March 2019.

Their transition work included:

- Meeting with management and the wider team;
- Property site visits;
- Review of the outgoing Auditor's 31 March 2018 files; and
- Review of the Company's accounting policies, accounting areas subject to judgement and estimation and systems and controls.

As a result of this work Deloitte presented the Board with a report of their findings and their proposed approach to their Interim Review and audit for the year ended 31 March 2019.

Business model

- Are the key elements of the business model clearly explained?
- Are business model risks and disruptions adequately disclosed?
- Do the business risks disclosed link to sensitivities set out within the financial statements?

Updates included in the Annual Report:

- updating the Group's strategy to highlight the importance of growth;
- the addition of a heat map to the Principal Risks;
- greater information in relation to the impact of Brexit; and
- the inclusion of more information on how Helical differentiates itself (pages 1 to 7).

EFFECTIVENESS OF THE EXTERNAL AUDITOR

Following Deloitte's first year as external Auditor, the Audit and Risk Committee reviewed their fees, effectiveness and whether the agreed audit plan had been fulfilled and the reasons for any variation from the plan.

As part of the Committee's review of the external Auditor's effectiveness the Committee considered the following:

- the audit plan (presented to the Committee in November 2018) with focus on the quality of planning, whether the plan was designed to suit Helical and whether the agreed plan was fulfilled;
- the Auditor's assessment of its independence;
- the quality of the Auditor's reporting during the year; and
- the relationship between the Auditor and the Group, ensuring objectivity and independence were maintained.

Two meetings were held between the Auditor and the Committee without management present to enable open and objective discussions to be held, enhancing assurance of Auditor effectiveness.

The Audit and Risk Committee also considered their robustness and the degree to which they were able to assess key accounting and audit judgements and the content of their reports. This was performed through reviewing their reports and meeting with them to discuss their audit approach and findings.

As a result of their review the Committee concluded that the audit process was effective and efficient and the re-appointment of Deloitte as the Company's Auditor will be proposed at the 2019 AGM.

AUDITOR INDEPENDENCE

The Audit and Risk Committee considers the external Auditor to be independent. The Committee's policy is not to award non-audit services where the outcome of the work is relevant to a future audit judgement or that could impact the independence or objectivity of the audit firm. The assignment of non-audit services to the Company's Auditor must be approved by the Committee where the fees for that assignment amount to more than £50,000 or more than 50% of the relevant year's cumulative audit fee. The assignment of non-audit services with fees below this threshold may be approved by the Committee Chairman. This policy is designed to ensure that the Group receives the most appropriate advice without compromising the independence of the Auditor. As part of this policy prior approval of all non-audit services is required. During the year, the following non-audit services were undertaken by Deloitte:

- review of the Half Year Results (£53,745); and
- review of the Performance Share Plan and Directors' Bonus Scheme (£9,000).

The Committee considered all the services to be appropriate, that they were an extension to the role of the external Auditor; and they did not impact Deloitte's independence. The ratio of audit vs non-audit fees during the year was 19%, 16% of which was for the Interim Review.

ANNUAL GENERAL MEETING

At the Annual General Meeting to be held on 11 July 2019, the following resolutions relating to the Auditor are being proposed:

- The re-appointment of Deloitte LLP as Independent Auditor; and
- To authorise the Directors to set the remuneration of the Independent Auditor.

I hope that Shareholders will support the Committee and vote in favour of these resolutions.

RICHARD GRANT
Chairman of the Audit and Risk Committee

23 May 2019

MICHAEL O'DONNELL
CHAIRMAN OF THE REMUNERATION COMMITTEE

Committee membership and attendance

	Independent	Committee meeting attendance
Michael O'Donnell (Chairman)[1]	Yes	3/3
Sue Clayton	Yes	3/3
Richard Cotton	Yes	3/3
Richard Grant	Yes	3/3
Joe Lister[2]	Yes	2/2

1 Michael O'Donnell will not be standing for re-election to the Board at the 2019 AGM.
2 All served throughout the year except Joe Lister, who joined the Board and the Committee on 1 September 2018.

The Company Secretary acts as Secretary to the Committee.

The terms of reference of the Committee are available on request and are included on the Group's website at: **www.helical.co.uk/investors/corporate-governance.**

FOCUS AREAS

- Remuneration policies, including basic pay, long and short-term incentives
- Remuneration practice and its cost to the Company
- Recruitment, service contracts and severance policies
- Compliance with the new UK Corporate Governance Code
- The engagement and independence of external remuneration advisors

ROLE OF THE COMMITTEE

The Committee assists the Board to fulfil its responsibility to Shareholders to ensure that the Remuneration Policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

ANNUAL STATEMENT

DEAR SHAREHOLDER,

I am pleased to present the Remuneration Committee's Directors' Remuneration Report for the year to 31 March 2019. As this will be my final Report as Chairman of the Remuneration Committee, I would like to take this opportunity to thank my colleagues for all of their support. This Report has been approved by the Board of Helical plc.

This Directors' Remuneration Report has been divided into the following three sections:

- This **Annual Statement**, which summarises the remuneration outcomes in the year to 31 March 2019;
- The **Remuneration Policy Report**, which sets out the Remuneration Policy for Executive and Non-Executive Directors, which was approved by Shareholders at the 2018 AGM. No changes are proposed for the 2019 AGM; and
- The **Annual Report on Remuneration**, which discloses how the Remuneration Policy was implemented in the year to 31 March 2019 and how the policy will be operated in the year to 31 March 2020.

WORK OF THE COMMITTEE DURING THE YEAR

The Committee considered the following during the year under review:

- The Committee consulted with its major investors and the main representative bodies in respect of the revised Remuneration Policy, which was approved by Shareholders at the 2018 AGM;
- The impact of the new UK Corporate Governance Code (both in terms of the impact on the Committee's operation and remit and the current Remuneration Policy);
- The bonuses payable under the terms of the Annual Bonus Scheme 2016 for the year to 31 March 2018 were finalised. These were the last bonuses awarded under this scheme;
- The three-year performance conditions in respect of Performance Share Plan awards granted in 2015, which vested in 2018, were assessed. The performance conditions were partially satisfied and 45.65% of awards vested;
- Performance Share Plan awards were granted in June 2018 which are expected to vest in June 2021, subject to performance conditions;
- Changes to the basic salaries of the Executive Directors with effect from 1 April 2019, as noted below, were approved;
- The fees paid to the Chairman of the Company were reviewed and it was determined that on his succession to the role of Chairman at the 2019 AGM, the fee payable to Richard Grant should be set at £150,000 pa. This is lower than the remuneration paid to Michael Slade (2019: £223,000 including benefits); and

PREPARATION OF THIS REPORT

This Report, prepared by the Remuneration Committee on behalf of the Board, takes full account of the prevailing UK Corporate Governance Code and the latest Investment Association (IA) Principles of Remuneration and Institutional Shareholder Services (ISS) UK and Ireland Proxy Voting Guidelines, and has been prepared in accordance with the provisions of the Companies Act 2006 ("the Act"), the Listing Rules of the Financial Conduct Authority and the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Act requires the Auditor to report to the Group's Shareholders on the audited information within this Report and to state whether in their opinion those parts of the Report have been prepared in accordance with the Act. Those parts of the Report which have been subject to audit are clearly marked.

- For completeness, although not a Committee responsibility, the Board, excluding the Non-Executive Directors, set the fee payable to Joe Lister on his appointment as a Non-Executive Director on 1 September 2018 at £45,000 pa. The Executive Directors also reviewed the current fees payable to the Non-Executive Directors and increased the base fee payable to them by 6.7% from £45,000 pa to £48,000 pa with effect from 1 April 2019. This increase does not apply to the Chairman, Deputy Chairman or Senior Independent Director. Further, the additional fee payable to the Chairmen of the Audit and Risk, Remuneration and Property Valuation Committees are to remain at £10,000 pa.

PERFORMANCE, DECISIONS AND REWARD OUTCOMES

Executive performance measures and pay are closely aligned to Shareholders' interests with a high proportion of total available remuneration based on variable pay designed to award the achievement of long-term strategic objectives. As noted in the Strategic Report on pages 1 to 65, the EPRA net assets per share of the Group has increased by 3.0% (2018: reduced by 1.1%) in the year under review. The Group's total portfolio return, as reported by MSCI (formerly IPD) was 10.1% (2018: 11.1%). The Total Accounting Return (growth in net asset value plus dividends paid in the year) was 8.4% (2018: 5.3%).

Annual Bonus Scheme 2018

Subsequent to the year end, and in accordance with the rules of the Helical Annual Bonus Scheme 2018, cash and deferred shares have been approved for inclusion in the financial statements for the year to 31 March 2019 for Gerald Kaye, Tim Murphy and Matthew Bonning-Snook. Half of the maximum bonus payable was dependent on the relative Total Property Return of the Group, as calculated by MSCI, compared with the MSCI Central London Offices Total Return Index, one quarter was determined by the Total Accounting Return of the Group and the remaining quarter was payable based on strategic/personal objectives. In accordance with these performance criteria, bonuses were calculated for the Executive Directors as follows: Gerald Kaye will receive £727,156 (£532,000 in cash, £195,156 deferred into shares for three years), Tim Murphy will receive £387,045 (£309,600 in cash, £77,445 in deferred shares) and Matthew Bonning-Snook will receive £524,423 (£413,800 in cash, £110,623 in deferred shares). Full details of the targets and the performance against these targets are set out in the Annual Report on Remuneration.

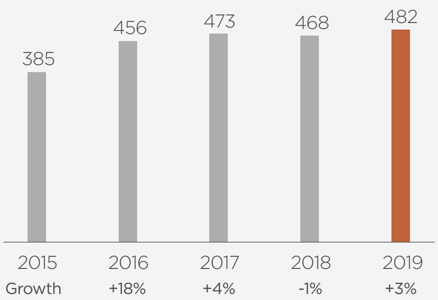
For the year to 31 March 2019, the Remuneration Committee did not consider it appropriate to exercise discretion, reflecting the encouraging performance of the business, particularly in relation to the key Total Property Return and Total Accounting Return KPIs, which form 75% of the bonus targets. In the previous year, the Committee applied negative discretion to reduce the bonus awards by 25% in light of the Shareholder experience during the corresponding bonus year.

Performance Share Plan 2014

Share awards granted in 2016 under the terms of the 2014 Performance Share Plan were subject to three performance conditions over the three years to 31 March 2019. One third of the awards was based on absolute net asset value performance, the second third of the awards was based on a comparison of the Group's portfolio return to the MSCI Total Return Index and the final third of the awards was based on a comparison of the Group's Total Shareholder Return to that of a basket of companies in the Real Estate Super Sector. The performance criteria were measured at the end of the three-year period and the MSCI conditions were met in full. Neither the net asset value condition, nor the TSR condition, were met. Consequently 33.3% of the awards are expected to vest in June 2019. Full details of the targets and Helical's performance are set out in the Annual Report on Remuneration.

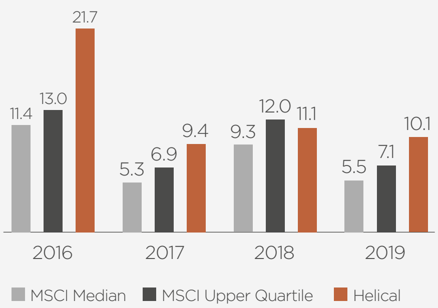
The Committee believes that the provision for annual cash and deferred share bonuses and the expected vesting of the PSP award in respect of the three-year performance period ended 31 March 2019 accurately and fairly represents the reward determined by the Group's remuneration schemes based on the performance of the Group over the respective annual and three-year performance periods.

EPRA NET ASSETS PER SHARE
pence

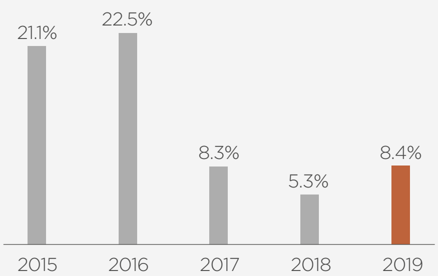


SHAREHOLDERS' FUNDS
£m

PORTFOLIO RETURN
%



TOTAL ACCOUNTING RETURN
%



IMPLEMENTATION OF THE POLICY FOR THE YEAR TO 31 MARCH 2020

The Remuneration Policy will be implemented for the year to 31 March 2020 as follows:

- Executive Director basic salaries were increased by 2.4%, reflecting the increase in RPI to 31 March 2019. The average salary increase for all other staff was 3.1%. All increases were effective from 1 April 2019 (the normal salary review date). As such, Gerald Kaye's current salary is £544,750, Matthew Bonning-Snook's current salary is £423,750 and Tim Murphy's current salary is £317,050. No changes will be made to the provision of benefits;
- The policy of not providing separate pension provision, with Executive Directors expected to provide for their retirement from remuneration provided through the Company's incentive schemes, continues unchanged;
- For the year to 31 March 2020, annual bonuses will continue to be capped at 150% of salary with targets based on Total Property Return (50% of potential), Total Accounting Return (25% of potential) and strategic/personal objectives (25% of potential). To the extent that there is low or no bonus payable on the portfolio/financial measures, the Committee will retain discretion to reduce (including to zero) the payout under the strategic/personal targets. One third of any bonus will continue to be deferred into shares for three years, unless the Executive Director has met the shareholding guideline, in which case the annual bonus will be payable in cash up to 100% of salary and in deferred shares from 100% to 150% of salary;
- The Remuneration Committee will review the stretch target for the Total Property Return measure, which accounts for 50% of the total bonus weighting and is currently set at MSCI Central London Offices index +3.25%, to ensure it remains appropriate;
- The 2019 award under the PSP will be granted over shares equal to 250% of annual salary. The proposed performance targets, which are set out in detail in the Annual Report on Remuneration, will continue to be linked to net asset value per share growth, Total Property Return versus MSCI and relative Total Shareholder Return. A two-year post vesting holding period will apply to these awards to the extent that they vest;
- Shareholding guidelines will remain at 500% of salary; and
- Malus and clawback provisions will continue to operate.

The Committee is committed to ensuring that its Remuneration Policy remains aligned to the long-term interests of Shareholders – incentivising management to increase total returns and grow net asset value per share – whilst ensuring that an appropriate balance is maintained between the targets set for management and the risk profile of the Group. The Committee believes that its policy strikes the right balance between fixed annual remuneration and an incentive structure with challenging targets which seek to reward outperformance with a mixture of cash-based bonus payments and longer-term share awards.

Further details of the proposed implementation of the Remuneration Policy for the year to 31 March 2020 can be found on page 94.

2019 ANNUAL GENERAL MEETING RESOLUTION

The following resolution relating to remuneration will be presented at the 2019 AGM to be held on 11 July 2019:

- An advisory resolution in respect of the Annual Statement and Annual Report on Remuneration for the year to 31 March 2019.

I trust that Shareholders will support the Committee and vote in favour of this resolution.

I will be available at the AGM to respond to any questions Shareholders may have on this report or in relation to any Committee activities. In the meantime, if you would like to discuss any aspect of the Remuneration Policy, please feel free to contact me through James Moss (Company Secretary) at jm@helical.co.uk.

MICHAEL O'DONNELL
Chair of the Remuneration Committee

23 May 2019

REMUNERATION POLICY REPORT

This section of the Remuneration Report sets out the Remuneration Policy of the Group. The Committee believes that the policy continues to support the Group's strategy and is aligned with Shareholders' interests.

POLICY SCOPE

The Remuneration Policy applies to the Chairman, Executive Directors and Non-Executive Directors.

POLICY DURATION

The Remuneration Policy report was approved by Shareholders at the Annual General Meeting held on 12 July 2018 for a maximum period of three years. No changes are proposed for the 2019 Annual General Meeting.

REMUNERATION POLICY

Helical's approach to the remuneration of its Executive Directors is to provide a basic remuneration package combined with an incentive-based bonus and share scheme structure aligned with the interests of its Shareholders. The majority of performance-based awards are judged on the relative performance of the Group's real estate portfolio against an industry benchmark or on the absolute performance of the Group and its Total Shareholder Return against appropriate industry benchmarks. The remaining awards are judged on strategic/personal objectives. Remuneration within the real estate sector is monitored and reviewed regularly to ensure that the Group's positioning of its remuneration remains in line with these objectives. In addition to this external view, the Committee monitors the remuneration levels of senior management below Board level and the remuneration of other employees to ensure that these are taken into account in determining the remuneration of Executive Directors. It also considers environmental, social, governance and risk issues.

The objective of the Remuneration Policy is to ensure that Executive Directors and senior management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. Within the terms of the agreed policy the Committee shall determine, for the Executive Directors:

- The total individual remuneration packages of each Executive Director including, where appropriate, basic salaries, bonuses, share awards, and other benefits;
- Targets and hurdles for any performance related remuneration schemes; and
- Service agreements incorporating termination payments and compensation commitments.

PEER GROUP

The Remuneration Committee has determined a peer group of companies which is used for benchmarking (albeit with some caution, given the variances in size and nature of operations in the sector and more general risk of pay inflation where too great a reliance is placed on published data) and as a reference point in ensuring that performance targets are appropriately stretching and when reviewing the Group's relative performance.

The peer group, which remains unchanged from that disclosed last year, is as follows: Capital & Counties Properties plc; Capital & Regional plc; Derwent London plc; Great Portland Estates plc; Hammerson plc; Hansteen Holdings plc; Intu Properties plc; LondonMetric Property plc; McKay Securities plc; NewRiver REIT plc; RDI REIT plc; Shaftesbury plc; U+I Group plc; Urban&Civic plc; St. Modwen Properties plc; and Workspace Group plc.

Directors' Remuneration Policy Table

The table below summarises the Directors' Remuneration Policy. No changes to the policy approved at the 2018 AGM are being proposed.

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	• Reflects the value of the individual and their role and responsibilities • Reflects delivery against key personal objectives and development • Provides an appropriate level of basic fixed income, avoiding excessive risk arising from over reliance on variable income	• Normally reviewed annually, effective 1 April • Paid in cash on a monthly basis; not pensionable • Takes periodic account against companies with similar characteristics and sector comparators • Reviewed in context of the salary increases across the Group	• No minimum or maximum salary increase is operated • Salary increases will normally be aligned to the average increase awarded to other employees • Increases may be above this level if there is an increase in the scale, scope or responsibility of the role or to allow the basic salary of newly appointed Executives to move towards market norms as their experience and contribution increases	• N/A

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Annual bonus	• Provides focus on delivering returns from the Group's property portfolio • Rewards and helps retain key Executive Directors and is aligned with the Group's risk profile • Maximum bonus only payable for achieving demanding targets	• Payable in cash (two thirds) and deferred shares (one third) unless the shareholding guideline has been met, in which case the annual bonus will be payable in cash up to 100% of salary and in deferred shares from 100% to 150% of salary • Non-pensionable • Dividend equivalent payments (in cash or in shares) may be payable on deferred shares	• 150% of salary pa for all Executive Directors	• Performance normally measured over one year • The majority of the bonus potential will be based on portfolio and financial targets (50% on Total Property Return, 25% on Total Accounting Return) • Strategic/personal objectives form the remaining 25% of targets • Malus and clawback provisions apply
Long-term incentive awards	• Aligned to main strategic objective of delivering long-term value creation • Aligns Executive Directors' interests with those of Shareholders • Rewards and helps retain key Executives and is aligned with the Group's risk profile	• Discretionary annual grant of conditional share awards under the 2014 PSP Scheme • Executive Directors are required to retain PSP shares acquired for at least two years after vesting • Dividend equivalent payments (in cash or in shares) may be payable	• 250% of salary pa for all Executive Directors	• Performance normally measured over three years • 10% of an award vests at threshold performance • Performance targets linked equally to net asset value per share, Total Property Return and Total Shareholder Return • Malus and clawback provisions apply
Pensions	• There is no Group pension scheme for Directors and no contributions are payable to Directors' own pension schemes	• N/A	• N/A	• N/A
Other benefits	• Provide insured benefits to support the individual and their family during periods of ill health, accidents or death • Cars or car allowances and fuel allowances to facilitate effective travel	• Benefits provided through third party providers • Insured benefits include: private medical cover, life assurance and permanent health insurance • Other benefits may be provided where appropriate	• N/A	• N/A
Share ownership guidelines	• To provide alignment of interests between Executive Directors and Shareholders	• Executive Directors are required to build and maintain a specified shareholding through the retention of the post-tax shares received on the vesting of awards	• N/A	• Aim to hold a shareholding to equal or exceed 500% of basic salary
Non-Executive Director fees	• Reflects time commitments and responsibilities of each role and fees paid by similarly sized companies • The remuneration of the Non-Executive Directors is determined by the Executive Board	• Cash fee paid monthly • Fees are reviewed on a regular basis • Benefits may be provided where appropriate • Fixed three-year contracts with three-month notice periods	• No minimum or maximum fee increase is operated • Fee increases may be guided by the average increase awarded to Executive Directors and other employees and/or general movements in the market • Increases may be above this level if there is an increase in the scale, scope or responsibility of the role	• N/A

In addition to the above, Executive Directors may also participate in any all-employee share arrangement operated by the Company, up to prevailing HMRC limits. However, employees including Executive Directors who participate in the Group's long-term incentive awards are excluded from the Helical Bar 2010 Approved Share Option Scheme.

RECRUITMENT POLICY

In considering the structure of the Board, the balance between Executive Directors and independent Non-Executive Directors and the skills, knowledge and experience required to ensure the Board functions in accordance with the Group's objectives, the Committee will seek to apply the following principles in relation to the remuneration of new Directors, whether by internal promotion or external appointment:

Element	Policy
Salary	The salary of newly appointed Executive Directors would reflect the individual's experience and skills, taking into account internal comparisons. On initial appointment and depending on experience, salaries would generally be set at a level lower than benchmarked for that role to allow for pay increases to market levels subject to satisfactory progress and contribution.
Benefits	Benefits would be as are currently provided and periodically reviewed, being car or car allowance, car fuel allowance, private medical cover, permanent health insurance and life assurance.
Pension	There is no Group pension scheme for Directors and no contributions are payable to Directors' own pension schemes.
Annual bonus	Annual bonus arrangements under the terms of the 2018 Annual Bonus Scheme will be made in accordance with the terms of that scheme, with the Committee retaining the right to pro-rata any bonus payable in respect of the year of appointment.
Long-term incentives	Annual awards under the terms of the 2014 PSP will be made in accordance with the terms of that Plan.
Share Incentive Plan	In line with that of existing Executive Directors.
Buy-out awards	Should it be deemed necessary to compensate a new Director for loss of bonus or incentives from a previous employer, the Committee may structure the remuneration of such Director to buy-out any such bonus or incentives on a like-for-like basis in respect of currency (i.e. cash versus shares), timing and performance targets. Where possible such buy-out will be structured within the Company's existing incentive arrangements but the Committee has the discretion to implement the exemption under rule 9.4.2 of the Listing Rules.
Non-Executive Directors	Newly appointed Non-Executive Directors will be paid fees at a level consistent with existing Non-Executive Directors. Fees would be paid pro-rata in the year of appointment.

HOW EMPLOYEE PAY IS TAKEN INTO ACCOUNT AND COMPARED WITH THE REMUNERATION POLICY OF EXECUTIVE DIRECTORS

All permanent employees of the Group, including Executive Directors, receive a basic remuneration package including basic salary, private medical cover, permanent health insurance, life assurance and membership of the Share Incentive Plan. In addition, Directors and senior management are entitled to the use of company cars or the payment of a car allowance and a car fuel allowance. There is no Group pension scheme for Directors and no contributions are payable into Directors' own pension schemes. For all permanent employees below Board level, the Company pays pension contributions of either 10.0% or 12.5% into either a Group Pension Scheme or individual employees' own pension scheme. Whilst employees below Board level are not entitled to participate in the Annual Bonus Scheme, discretionary bonuses are paid to employees on an individual basis depending on their performance and contribution.

The Performance Share Plan is available to all employees but is primarily utilised to incentivise Executive Directors and senior management. An HMRC approved Share Option Scheme is available for the Committee to grant options to those who do not receive awards under the Performance Share Plan. Consequently, Directors are not granted awards under this scheme. In determining executive remuneration, the Committee considers the overall remuneration of all the Group's employees and, other than in exceptional circumstances, seeks to award increases in salaries at levels below those made to other staff and within its own guidelines. The remaining remuneration is weighted towards performance related awards. The Committee does not consult with the Group's employees when drawing up its Remuneration Policy.

SHAREHOLDER CONSULTATION

In proposing the changes to the Remuneration Policy in advance of the 2018 AGM, the Committee consulted with Helical's top 17 Shareholders representing 65% of issued share capital at 31 March 2018 and the major Shareholder representative bodies. Positive and constructive feedback was received and after considering the feedback, the Committee agreed to remove one of the proposed changes and continue compulsory deferral for all Executive Directors. The policy was subsequently approved with 97.1% of votes cast in favour. No changes to the policy are being proposed for the current year, therefore no further Shareholder consultation was required.

EXECUTIVE DIRECTORS' DATES OF APPOINTMENT AND SERVICE CONTRACTS

All service contracts are available for inspection at the registered offices of the Company. Original dates of appointment to the Board are as follows:

Executive Director	Notice period	Date of 1st employment	Board appointment	Date of current contract
Gerald Kaye	6 months	6 March 1994	28 September 1994	25 July 2016
Tim Murphy	6 months	1 March 1994	24 July 2012	25 July 2016
Matthew Bonning-Snook	6 months	13 March 1995	1 August 2007	25 July 2016

LEAVER POLICY

On termination of employment each Director may be entitled to a payment in lieu of notice of basic salary and other contractual entitlements i.e. provision of a car, health and life insurance etc. The Group may make payments in lieu of notice as one lump sum or in instalments, at its own discretion. If the Group chooses to pay in instalments the Director is obliged to seek alternative income over the relevant period and to disclose the amount of alternative income received to the Group. Instalment payments will be reduced by any alternative income.

Under the Annual Bonus Scheme 2018, participants will not normally be entitled to receive any payment under the scheme following cessation of employment and shall immediately cease to have any interests, benefits, rights and/or entitlements under the scheme howsoever arising on the date of such cessation except where good leaver status applies (i.e. death; injury; disability; redundancy; retirement; sale or transfer of employing company or business outside the Group; or any other reason permitted by the Committee). For good leavers, individuals would cease to accrue amounts in respect of any period after cessation of employment but would receive any amounts previously deferred into shares under the terms of the Annual Bonus Scheme 2018.

Any share-based entitlements granted to an Executive Director under the Group's share plans will be determined based on the relevant plan rules. For awards granted under the 2014 PSP, awards held by good leavers will vest on the normal vesting date subject to performance conditions and time pro-rating, unless the Committee determines that awards should vest at cessation and/or time pro-rating should not apply.

NON-EXECUTIVE DIRECTORS

Non-Executive Directors are appointed by a Letter of Appointment and their remuneration is determined by the Executive Board. Current Letters of Appointment, setting out the terms of appointment, operate from 1 April 2015 or, if later, the date of appointment. The appointment of Non-Executive Directors is terminable on three months' notice. Non-Executive Directors are not eligible to participate in any new share awards made under the terms of the Group's bonus or share award schemes. In exceptional circumstances, where an Executive Director becomes a Non-Executive Director, ongoing participation in awards previously made in bonus and share schemes will be subject to the rules of those schemes and to the discretion of the Committee.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Non-Executive Director	Board appointment	Commencement date of current term
Michael Slade[1] – Chairman	21 August 1984	25 July 2016
Sue Clayton – Chairman of the Property Valuations Committee	1 February 2016	1 February 2016
Richard Cotton – Senior Independent Director	1 March 2016	1 March 2016
Richard Grant – Deputy Chairman, Chairman of the Audit and Risk Committee and Chairman of the Nominations Committee	24 July 2012	1 April 2015
Joe Lister	1 September 2018	1 September 2018
Michael O'Donnell[1] – Chairman of the Remuneration Committee	24 June 2011	1 April 2015

1 Michael Slade and Michael O'Donnell are not standing for re-election at the 2019 AGM.

PSP POST VESTING HOLDING PERIOD AND SHARE OWNERSHIP GUIDELINES

Directors will not normally be permitted to sell shares received through the 2014 PSP, other than to meet taxation and national insurance contributions liabilities, for at least two years and until they own shares to the value of 500% of basic salary. A shareholding guideline of 100% of salary operates for other senior management below Board level.

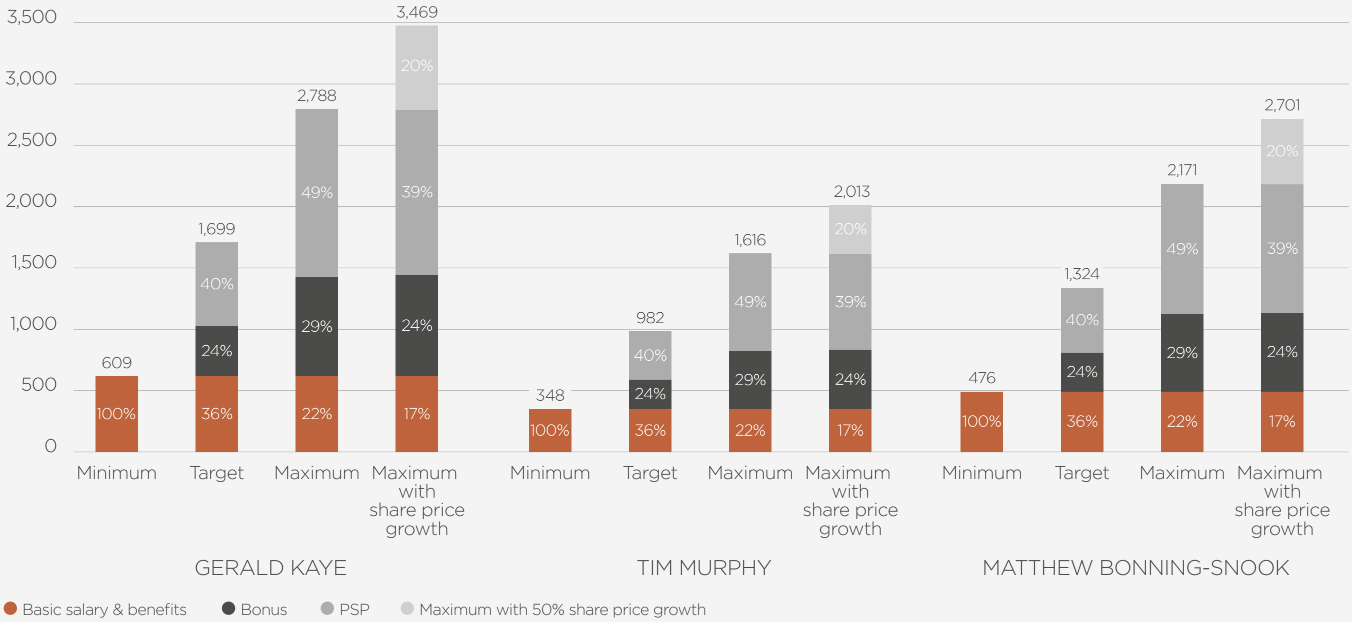
REWARD SCENARIOS

The charts below show how the composition of the Executive Directors' remuneration packages varies under four different performance scenarios, namely, at minimum (i.e. fixed pay), target (assumed to be 50% of the maximum incentive levels), maximum levels, all assuming no share price appreciation, and the maximum levels assuming 50% share price appreciation across the performance period of long-term incentive awards.

The chart is based on:

- Salary levels effective 1 April 2019;
- An approximated annual value of benefits (no pension is provided);
- A 150% of salary maximum annual bonus (with target assumed to be 50% of the maximum);
- A 250% of salary award under the 2014 PSP in line with the normal maximum award (with target assumed to be 50% of the maximum); and
- In the final chart only, share appreciation of 50% across the three-year performance period of the awards made under Performance Share Plan 2014.

VALUE OF REMUNERATION PACKAGES AT DIFFERENT LEVELS OF PERFORMANCE £'000



ANNUAL REPORT ON REMUNERATION

This part of the Directors' Remuneration Report explains how the Group has implemented the Remuneration Policy in the year to 31 March 2019 and how the policy is intended to be implemented in the year to 31 March 2020.

APPLICATION OF THE REMUNERATION POLICY IN THE YEAR TO 31 MARCH 2019

This section has been subject to audit unless otherwise stated.

BALANCE OF FIXED VERSUS VARIABLE PAY (UNAUDITED)

In line with its policy, the Committee seeks to ensure that the balance of remuneration provides a basic salary and performance related bonuses and share awards that reward absolute performance and outperformance relative to the Group's peer group. In the year to 31 March 2019, the balance of fixed versus variable pay on an actual basis for the Executive Directors in office throughout the year compared to the maximum payable was as follows:

	Actual £000	Share of total %	Maximum £000	Share of total %
Basic salaries and benefits-in-kind	1,403	35	1,403	23
Annual Bonus Scheme 2018	1,639	41	1,884	31
Performance Share Plan shares vested	918	23	2,754	45
Deferred bonus dividend shares	56	1	56	1
	4,016	100	6,097	100

Note: Performance Share Plan shares reflect the market value of shares that are expected to vest (actual) or could vest (maximum) in respect of the three-year performance period to 31 March 2019 in accordance with the terms of the Performance Share Plan 2014.

DIRECTORS' REMUNERATION

Total remuneration in respect of the Directors was as follows:

	Fixed				Variable				
Year to 31 March 2019	Basic salary/fees £000	Benefits[1] £000	Share Incentive Plan[2] £000	Sub-total £000	Annual cash bonus £000	Deferred bonus shares £000	Share[3] awards £000	Sub-total £000	Total £000
Executive Directors									
Gerald Kaye	532	57	7	596	532	195	380	1,107	1,703
Tim Murphy	310	24	7	341	310	77	243	630	971
Matthew Bonning-Snook	414	45	7	466	414	111	351	876	1,342
	1,256	126	21	1,403	1,256	383	974	2,613	4,016
Non-Executive Directors									
Michael Slade	155	68	–	223	–	–	–	–	223
Sue Clayton	55	–	–	55	–	–	–	–	55
Richard Cotton	70	–	–	70	–	–	–	–	70
Richard Gillingwater[4]	16	–	–	16	–	–	–	–	16
Richard Grant	70	–	–	70	–	–	–	–	70
Michael O'Donnell	55	–	–	55	–	–	–	–	55
Joe Lister	26	–	–	26	–	–	–	–	26
Total	**1,703**	**194**	**21**	**1,918**	**1,256**	**383**	**974**	**2,613**	**4,531**

1 Benefits include the provision of a car/car allowance, fuel allowance, private medical cover, life assurance and permanent health insurance. Significant individual benefits included £38,000 and £32,000 car allowance for Gerald Kaye and Michael Slade respectively.
2 The Share Incentive Plan figure relates to the free and matching shares awarded under the Helical Bar 2002 Approved Share Incentive Plan, details of which are on page 93.
3 Value of share awards based on average share price over three months to 31 March 2019 of 335.02p. Dividend shares awarded to Directors on 26 July 2018 under the term of the Annual Bonus Scheme 2012 are included at their vesting price of 334.0p.
4 Richard Gillingwater stepped down from the Board on 12 July 2018.

Year to 31 March 2018	Fixed				Variable				
	Basic salary/fees £000	Benefits[2] £000	Share Incentive Plan[3] £000	Sub-total £000	Annual cash bonus £000	Deferred bonus shares £000	Share[4] awards £000	Sub-total £000	Total £000
Executive Directors									
Gerald Kaye	515	57	7	579	773	386	471	1,630	2,209
Tim Murphy	300	25	7	332	–	–	305	305	637
Matthew Bonning-Snook	401	60	7	468	601	300	435	1,336	1,804
	1,216	**142**	**21**	**1,379**	**1,374**	**686**	**1,211**	**3,271**	**4,650**
Former Executive Director									
Duncan Walker[1]	112	8	4	124	–	–	20	20	144
Non-Executive Directors									
Michael Slade	155	69	–	224	–	–	251	251	475
Sue Clayton	55	–	–	55	–	–	–	–	55
Richard Cotton	48	–	–	48	–	–	–	–	48
Richard Gillingwater	55	–	–	55	–	–	–	–	55
Richard Grant	57	–	–	57	–	–	–	–	57
Michael O'Donnell	55	–	–	55	–	–	–	–	55
Total	**1,753**	**219**	**25**	**1,997**	**1,374**	**686**	**1,482**	**3,542**	**5,539**

1 Duncan Walker stepped down from the Board on 11 July 2017 and ceased employment on 11 January 2018.
2 Benefits include the provision of a car/car allowance, fuel allowance, private medical cover, life assurance and permanent health insurance. Significant individual benefits included £38,000, £32,000 and £38,000 car allowance for Gerald Kaye, Michael Slade and Matthew Bonning-Snook respectively.
3 The Share incentive Plan figure relates to the free and matching shares awarded under the Helical Bar 2002 Approved Share Incentive Plan, details of which are on page 93.
4 Share awards are included at their actual vesting values in July 2018 of 334.00p. The table included in the 2018 financial statements included share awards at the average share price over three months to 31 March 2018 of 335.07p. Dividend shares awarded to Directors on 22 June 2017 under the terms of the Annual Bonus Scheme 2012 are included at their actual vesting price of 299.50p.

The information in this section has been audited.

HELICAL ANNUAL BONUS SCHEME 2018

Gerald Kaye, Tim Murphy and Matthew Bonning-Snook participate in the Annual Bonus Scheme 2018, which was approved by Shareholders at the 2018 AGM. This scheme provides annual bonuses based on the performance of the property portfolio, the Group and the individual Directors and is aligned with Shareholders' interests with appropriate hurdles and Shareholder protections.

The main features of the Annual Bonus Scheme 2018 are as follows:

- 50% of the maximum annual bonus will be payable if the Total Property Return ("TPR") of the Group's property portfolio matches or exceeds the performance of the MSCI Central London Offices Total Return Index ("Index") plus 3.25%, with 20% of this part of the award paid out if the performance matches the performance of the Index;
- 25% of the maximum annual bonus will be payable if the Total Accounting Return ("TAR") of the Group (Growth in IFRS NAV plus dividends), calculated annually, is or exceeds 10.0%, with 20% of this part of the award paid out if the TAR is 5.0%; and
- 25% of the maximum annual bonus will be payable if strategic/personal objectives, to be determined by the Committee and reported on retrospectively each year, are met.

The Committee will regularly review the threshold and maximum TPR and TAR targets to ensure they remain appropriate to the Group's strategy and market conditions.

Shareholder Protections

- Annual bonus payments to individual Directors will be restricted in any financial year to 150% of salary;
- Until the minimum shareholding guideline of 500% of salary is met, two thirds of any payment is made in cash after the relevant year end and one third is deferred for three years into Helical plc shares. Once the minimum shareholding guideline is met, any bonus payment is made in cash up to 100% of salary and in deferred shares from 100% to 150% of salary;
- The Committee will have a general negative discretion surrounding bonus payments and, to the extent there is a low or no bonus payable on the financial measures, it will retain the discretion to reduce (including to zero) the payment under the strategic/personal targets;
- The scheme will operate malus and clawback provisions, whereby amounts deferred, or the net of tax amounts paid, may be recovered or withheld in the event of a misstatement of results, an error being made in assessing the calculation or in the event of gross misconduct; and
- The Committee will have discretion to award annual bonuses in deferred shares (in full or in part) irrespective of an Executive Director's shareholding guidelines, although it is expected that this discretion would only be used in exceptional circumstances.

Other matters

Awards may be satisfied through shares purchased in the market or by new issue or treasury shares. Where new issue or treasury shares are used, the standard 5% in ten-year dilution limit will apply.

Determination of annual bonus outcome

The first table below sets out the financial measures and their respective outcomes under the terms of the Annual Bonus Scheme 2018. These measures apply to all Executive Directors equally. The second table sets out the strategic/personal objectives for each Executive Director, which account for 25% of the maximum bonus payable. The sum of these provides each Director with a percentage payout of their maximum bonus, capped at 150% of basic salary. This is set out in the third table below.

Metric	Performance condition	Weighting	Threshold target	Stretch target	Outcome	% of bonus payable
TPR	**Total Property Return v MSCI property** 20% of the maximum bonus available pays out if the Group's TPR matches the performance of the Index increasing pro-rata to 50% for matching or exceeding the Index plus 3.25%.	50%	4.80%	8.05%	10.12%	50.0%
TAR	**Total Accounting Return** 20% of the maximum bonus available pays out if the Group's TAR, adjusted for performance related awards and calculated annually, exceeds 5.0% increasing pro-rata to 25% for a TAR of 10.0% or greater.	25%	5.0%	10.0%	8.83%	20.3%
Subtotal from financial measures						70.3%

Executive Director	Weighting	Target	Committee's assessment of the extent to which the performance targets have been met	% of bonus payable
Gerald Kaye	6.7%	Seek to acquire at least one high quality project in the year which complements the existing portfolio and which is consistent with Helical's strategy and long-term plans.	50%	3.3%
	3.3%	Achieve a BREEAM benchmark of between "Very Good" (threshold target) and "Excellent" (stretch target) on any new developments or major refurbishment completed in the year.	100%	3.3%
	15.0%	Threshold and stretch targets across recently completed properties.	94%	14.1%
Subtotal for Gerald Kaye				**20.7%**
Tim Murphy	6.7%	Seek appropriate financing solutions (i.e. debt, equity, JVs) to enable Helical to increase its deal capacity.	50%	3.3%
	10.0%	Extend average debt maturity and reduce average cost of debt.	50%	5.0%
	3.3%	Ensure satisfactory progress in respect of refinancing or repayment (as appropriate) of the Convertible Bond maturing in June 2019.	75%	2.5%
	5.0%	Threshold and stretch targets to reduce recurring administration costs.	44%	2.2%
Subtotal for Tim Murphy				**13.0%**
Matthew Bonning-Snook	6.7%	Seek to acquire at least one high quality project in the year which complements the existing portfolio and which is consistent with Helical's strategy and long-term plans.	50%	3.3%
	3.3%	Complete an occupier satisfaction survey in 2018/19 and demonstrate an improvement in respect of both the process and results versus the prior year survey.	100%	3.3%
	10.0%	Threshold and stretch targets for developmental milestones on selected properties.	75%	7.5%
	5.0%	Threshold and stretch targets for recently completed property.	–	–
Subtotal for Matthew Bonning-Snook				**14.1%**

The total annual bonus for the year ended 31 March 2019 is set out below:

Executive Director	Basic salary £000	Maximum bonus payable (150% basic salary) £000	Actual % of bonus payable %	Bonus payable £000	Cash £000	Deferred shares £000
Gerald Kaye	532	798	91.0	727	532	195
Tim Murphy	310	464	83.3	387	310	77
Matthew Bonning-Snook	414	621	84.4	525	414	111

All Executive Directors satisfy the minimum shareholding guideline of 500% of salary, therefore the bonus payment is made in cash up to 100% of salary with the remainder in deferred shares.

HELICAL ANNUAL BONUS SCHEME – DEFERRED SHARES

Under the terms of the Annual Bonus Scheme 2012 and Annual Bonus Scheme 2016, one third of annual bonuses awarded to scheme participants each year were deferred for three years into Helical plc shares. Under the Annual Bonus Scheme 2018, the same applies unless an Executive Director satisfies the minimum shareholding guideline, in which case up to 100% of any bonus is payable in cash with the remainder in deferred shares. Deferred shares awarded under the terms of these schemes, and which vested during the year to 31 March 2019, are as noted in the table below:

Executive Director	Deferred shares 1 April 2018	2015 award vesting 26 July 2018	2018 bonus award 26 July 2018	Deferred shares 31 March 2019	Expected[1] 2019 award	Dividend shares awarded on 2015 vesting
Gerald Kaye	358,025	(96,619)	115,643	377,049	58,252	8,660
Tim Murphy	42,434	–	–	42,434	23,117	–
Matthew Bonning-Snook	314,374	(89,285)	89,955	315,044	33,020	8,002

1 The expected 2019 deferred share award represents the deferred share element of the annual bonus awarded in respect of the year to 31 March 2019 at 335.02p per share, the average share price over the three months to 31 March 2019.

PSP AWARDS VESTING IN 2019

The PSP award granted on 1 June 2016 will vest after 2 June 2019. The expected vesting percentage is as follows:

Metric	Performance condition	Weighting	Threshold target	Stretch target	Actual	% vesting
NAV (fully diluted triple net)	**Net Asset Value Growth** 10% of this part of an award vests for pre-dividend compound NAV growth of 7.5% pa increasing pro-rata to 100% of this part of an award vesting for pre-dividend compound NAV growth of 15% pa	33.33%	7.5%	15.0%	5.8%	0.00%
TPR	**Total Property Return v MSCI property** 10% of this part of an award vests for median ranking increasing pro-rata to 100% of this part of an award vesting for upper quartile or above performance	33.33%	Median 7.2%	Upper quartile 8.3%	10.1%	33.33%
TSR	**Total Shareholder Return** 10% of this part of an award vests for median ranking increasing pro-rata to 100% of this part of an award for upper quartile or above performance	33.33%	Median 15.2%	Upper quartile 29.4%	-9.3%	0.00%
Total						**33.33%**

Based on the above and given that net asset value per share (having added back dividends) increased over the three-year performance period, details of the shares under award and the expected value at vesting are as follows:

Executive Director	Number of shares at grant	Number of shares expected to lapse	Number of shares expected to vest	Estimated value at vesting[1] £'000
Gerald Kaye	314,354	209,569	104,785	351
Tim Murphy	217,291	144,861	72,430	243
Matthew Bonning-Snook	290,506	193,671	96,835	324

1 The share price used to calculate the expected value at vesting was 335.02p, based on the average share price over the three months to 31 March 2019.

The share awards presented for the comparatives in the remuneration table on page 90 are based on the 2014 PSP scheme awards granted on 8 June 2015. The three-year performance period to 31 March 2018 showed that the net asset value per share, calculated in accordance with the terms of the 2014 PSP, had increased by 12.32% pa. During this three-year period the total return of Helical's property portfolio, as determined by IPD (now MSCI), was 13.9% compared to the upper quartile of the IPD Benchmark which showed a return of 10.1%. The TSR of the Company during the period was minus 7.1% compared to the median of plus 9.8% and upper quartile of 35.5%. Therefore, 45.65% of the shares vested. The share price used to calculate the expected value at vesting for the 2015 PSP awards was 335.07p (based on the average share price over the three months to 31 March 2018). The actual share price at vesting on 26 July 2018 was 334.00p and the comparative figures reflect these actual vesting share prices.

PSP AWARDS GRANTED IN THE YEAR

The following conditional awards were granted on 1 June 2018 under the 2014 PSP:

Executive Director	Basis of award (as a % of salary)	Face value £000	Vesting at threshold	Vesting at maximum	Performance period
Gerald Kaye	250%	1,288	10%	100%	3 years to 31 March 2021
Tim Murphy	250%	749	10%	100%	3 years to 31 March 2021
Matthew Bonning-Snook	250%	1,002	10%	100%	3 years to 31 March 2021

Details of the performance targets attached to the awards are set out on pages 94 to 95.

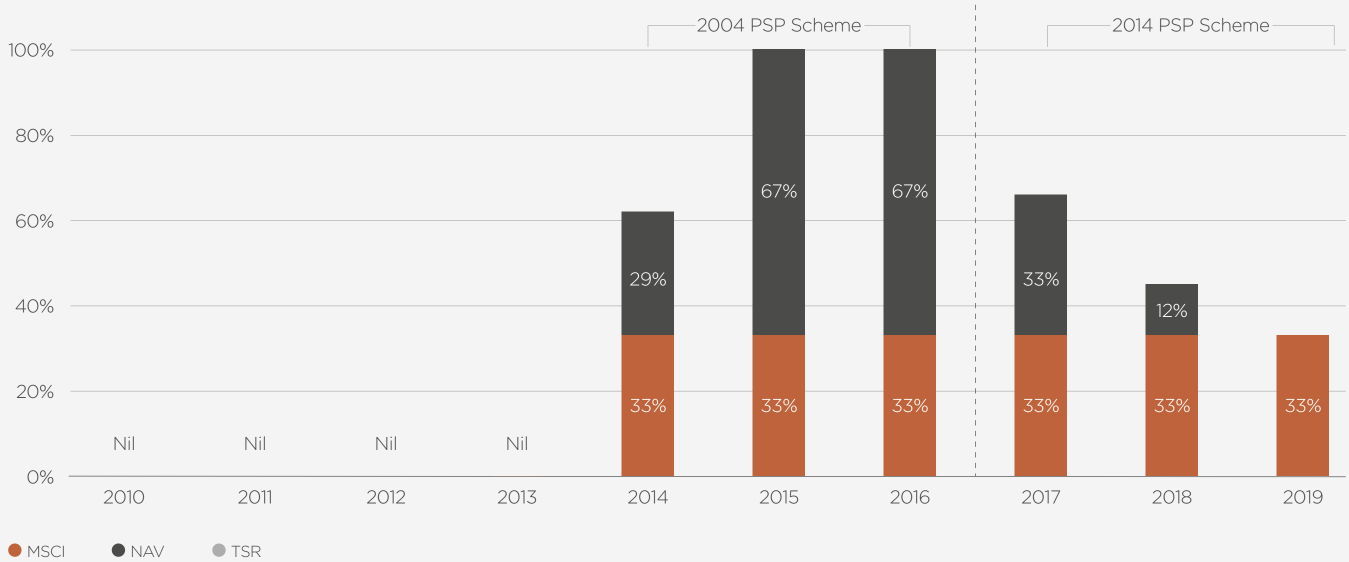
The total number of awards made to Directors under the terms of the 2014 PSP which have not yet vested are as follows:

Executive Director	Shares awarded 01.06.16 at 395.00p	Shares awarded 06.06.17 at 320.00p	Shares awarded 01.06.18 at 375.00p	Total shares awarded
Gerald Kaye	314,354	445,312	343,333	1,102,999
Tim Murphy	217,291	272,531	199,800	689,622
Matthew Bonning-Snook	290,506	364,312	267,066	921,884

It is currently expected that 33.3% of the shares awarded on 1 June 2016, 28.0% of the shares awarded on 6 June 2017 and 43.6% of the shares awarded on 1 June 2018 will vest.

VESTING OF PSP AWARDS OVER THE LAST TEN YEARS (UNAUDITED)

Awards to Executive Directors, in office during each year and excluding leavers, which have vested or are expected to vest in accordance with the terms of the 2004 and 2014 PSP schemes in the last ten years are as follows:



The 2004 PSP Scheme operated with two vesting conditions. The TSR condition was an addition brought into the 2014 PSP Scheme. To date, this condition has not vested.

HELICAL BAR 2002 APPROVED SHARE INCENTIVE PLAN

Under the terms of this Plan employees of the Group are given annual awards of free shares with a value of £3,600 and participants are allowed to purchase additional shares up to a value of £1,800, to be matched in a ratio of 2:1 by the Company. Provided participants remain employed by the Group for a minimum of three years they will retain the free and matching shares.

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

Executive Director	1 June 2018 at 375.00p	26 July 2018 at 334.00p	19 September 2018 at 334.50p	7 December 2018 at 317.00p	9 January 2019 at 317.00p	7 March 2019 at 335.0p
Gerald Kaye	1,326	1,087	402	426	437	405
Tim Murphy	1,326	637	405	426	258	402
Matthew Bonning-Snook	1,326	1,078	402	426	433	402

Shares held by the Trustees of the Plan at 31 March 2019 were 517,996 (2018: 462,996).The information in this section has been audited.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR TO 31 MARCH 2020

This section has not been subject to audit unless otherwise stated.

FIXED REMUNERATION

EXECUTIVE DIRECTORS' BASIC ANNUAL SALARY

The basic package of salary and benefits is designed to match the experience and responsibilities of each Director and is reviewed annually to ensure that it is consistent with and appropriate to their responsibilities and expectations. The Group does not provide any separate pension provision for Executive Directors and expects individuals to provide for their retirement through their basic salaries and incentive payments. Executive Directors' basic annual salaries at 31 March 2019 and increases from 1 April 2019 are as follows:

Executive Director	At 31 March 2019 £	Increases wef 1 April 2019 £	At 1 April 2019 £
Gerald Kaye	532,000	12,750	544,750
Tim Murphy	309,600	7,450	317,050
Matthew Bonning-Snook	413,800	9,950	423,750

The Committee's policy in respect of basic salaries is that they should be reviewed annually and increased to reflect an appropriate level of inflation (being linked to the Retail Price Index) or greater to reflect increases in the scale, scope or responsibility of their roles or to allow recently appointed Executives to move to market norms as their experience and contributions increase.

The Committee has determined that the basic salaries for the Executive Directors should increase from 1 April 2019 by 2.4%, being the increase in RPI to 31 March 2019, compared to an average 3.1% awarded to other employees.

BENEFITS-IN-KIND AND PENSION PROVISION

Benefits-in-kind provided to Executive Directors comprise the provision of a company car or car allowance, fuel allowance, private medical cover, permanent health insurance, life insurance and participation in the Company's Share Incentive Plan. There is no Group pension scheme for Directors and no contributions will be paid by the Group to the Directors' own pension schemes.

PERFORMANCE RELATED REMUNERATION

HELICAL ANNUAL BONUS SCHEME 2018

Gerald Kaye, Tim Murphy and Matthew Bonning-Snook will participate in the Annual Bonus Scheme 2018 which was approved by Shareholders at the 2018 AGM. This scheme provides annual bonuses based on the performance of the property portfolio, the Group and the individual Directors and is aligned with Shareholders' interests with appropriate hurdles and Shareholder protections. The main features and Shareholder protections of this scheme are set out on page 90. The Scheme will operate the same way in the year to 31 March 2020 as it did in the year to 31 March 2019. The strategic/personal objectives for each Executive Director are set by the Remuneration Committee and will be reported on retrospectively in the Annual Report for the year ended 31 March 2020.

PERFORMANCE SHARE PLAN 2014

It is anticipated that long-term incentives will be granted to all Executive Directors and senior management in June 2019 in the form of nil cost options awarded under the terms of the 2014 PSP Scheme. For Executive Directors the awards will be granted at 250% of basic salary as at 31 March 2019.

Awards will normally vest no earlier than the third anniversary of their grant to the extent that the applicable performance conditions (see below) have been satisfied and the participant is still employed by the Group. Directors are required to hold vested shares for a further two years after vesting.

Performance conditions for the awards to be granted in 2019 will be equally weighted and measured over the three years to 31 March 2022 as follows:

Growth in Net Asset Value

The "fully diluted triple net" asset value as at the start of the financial year in which a grant takes place will be compared to the value three years later (having added back dividends and changes in issued share capital):

Annual compound increase after three years	% of award vesting
12.5% pa or more	33.3
Between 5.0% pa and 12.5% pa	Pro-rata between 3.3 and 33.3
5.0% pa	3.3
Below 5.0% pa	nil

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

Total Property Return Versus MSCI Property Funds

The Total Property Return of the Group's property portfolio will be compared to the MSCI Central London Offices Total Return Index.

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

Relative Total Shareholder Return

The comparator group for the awards to be granted in 2019 will be the companies noted under Peer Group on page 84.

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

Share awards will lapse in full where:

- Net asset value per share (having added back dividends and changes in issued share capital) does not increase over the three-year performance period; or
- The gross return falls below the MSCI median, the growth in triple net asset value is below 5.0% pa and relative TSR is below median over the three-year period.

NON-EXECUTIVE DIRECTORS' FEES

Michael Slade and Michael O'Donnell are not standing for re-election at the 2019 AGM. The base fee payable to Non-Executive Directors, excluding the Chairman, Deputy Chairman and Senior Independent Director, was increased by 6.7% from £45,000 pa to £48,000 pa with effect from 1 April 2019. The additional fees payable to the Chairman of the Audit and Risk, Remuneration and Property Valuations Committees remains at £10,000 pa. The changes to fees payable to Non-Executive Directors are shown in the table below:

Director	31 March 2019 £	Change wef 1 April 2019 £	Change wef 11 July 2019 £	11 July 2019 £
Michael Slade[1]	155,000	–	(155,000)	–
Sue Clayton	55,000	3,000	–	58,000
Richard Cotton	70,000	–	–	70,000
Richard Grant	70,000	–	80,000	150,000
Michael O'Donnell	55,000	3,000	(58,000)	–
Joe Lister[2]	45,000	3,000	10,000	58,000

1 Michael Slade is paid a fee of £155,000 and has the use of administrative staff in connection with non-Helical matters, the value of which is estimated at £20,000 pa.

2 Joe Lister will receive an increased fee of £10,000 pa subject to his appointment as Chairman of the Audit and Risk Committee at the AGM.

PAYMENTS FOR LOSS OF OFFICE

No payments were made to Directors in the year for loss of office or to past Directors.

OTHER REMUNERATION MATTERS

SHARE PRICE PERFORMANCE AND TOTAL SHAREHOLDER RETURN

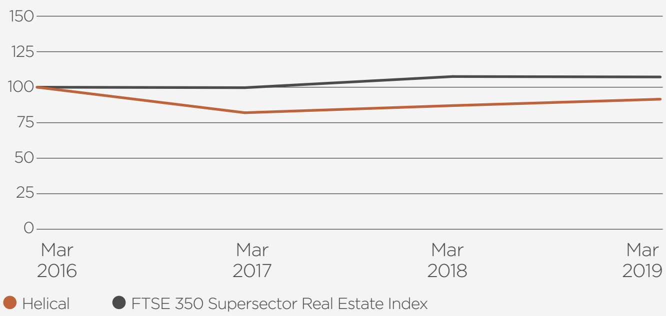
The market price of the ordinary shares of Helical plc at 31 March 2019 was 330.50p (2018: 323.00p). This market price varied between 301.50p and 398.00p and at an average of 339.23p during the year.

The Total Shareholder Returns for a holding in the Group's shares in the three, ten and 12 years to 31 March 2019 compared to a holding in the FTSE 350 Super-Sector Real Estate Index are shown in the graphs below. This index has been chosen because it includes the majority of listed real estate companies.

THREE YEARS TO 31 MARCH 2019

The graph showing the relative performance of Helical during the three years to 31 March 2019 matches the performance period for the 2016 PSP award granted on 1 June 2016 and which will be assessed against its performance criteria after 2 June 2019.

TOTAL SHAREHOLDER RETURN



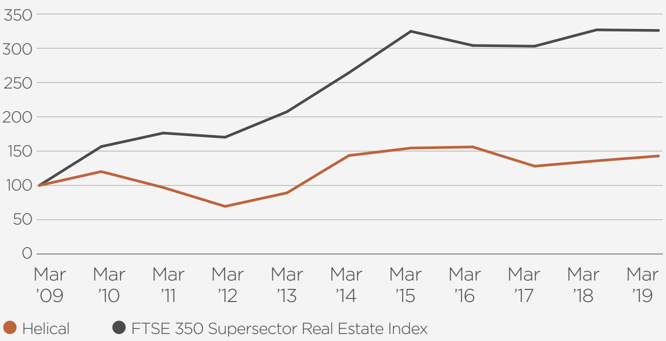
Source: Datastream (Thomson Reuters).

This graph shows the value, by 31 March 2019, of £100 invested in Helical on 31 March 2016, compared with the value of £100 invested in the FTSE 350 Super-Sector Real Estate Index.

TEN YEARS TO 31 MARCH 2019

The base position at 31 March 2009, from which subsequent performance is measured as required by the Regulations, is the nearest accounting period end to the bottom of the last property cycle. Helical's share price at that date was 287.50p per share, a small premium to the EPRA net asset value per share of 286.00p per share. The Company's share price, at that stage, had not fallen as much as the average of the FTSE 350 Super-Sector Real Estate Index and remained at a premium until 2012. The subsequent performance of the Company's TSR reflects the relatively higher base position of Helical's share price.

TOTAL SHAREHOLDER RETURN



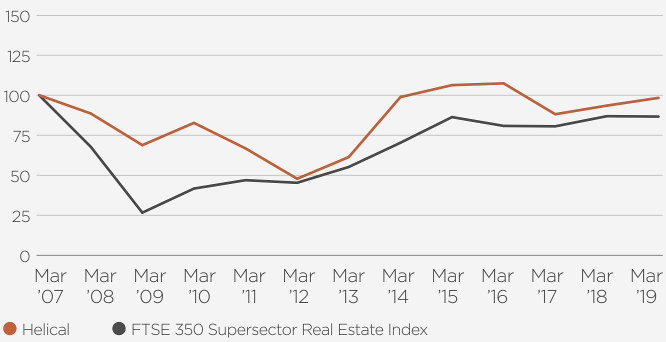
Source: Datastream (Thomson Reuters).

This graph shows the value, by 31 March 2019, of £100 invested in Helical on 31 March 2009, compared with the value of £100 invested in the FTSE 350 Super-Sector Real Estate Index.

12 YEARS TO 31 MARCH 2019

The 12 years to 31 March 2019 covers the end of the previous property cycle, the impact of the Financial Crisis of 2008 and the subsequent economic recovery and the impact of the decision of the UK to leave the European Union in June 2016. Helical's share price remained at a premium to NAV per share until 2012, following which it fell to a low of 164.00p before recovering and growing to 474.75p at 31 December 2015. Since then the share price has fallen to a low of 230.00p before increasing to 330.50p at 31 March 2019.

TOTAL SHAREHOLDER RETURN



Source: Datastream (Thomson Reuters).

This graph shows the value, by 31 March 2019, of £100 invested in Helical on 31 March 2007, compared with the value of £100 invested in the FTSE 350 Super-Sector Real Estate Index.

REMUNERATION OF THE CHIEF EXECUTIVE

Comparing the ten-year TSR of the Company, set out opposite, to the remuneration of the Chief Executive, the table below presents single figure remuneration for the Chief Executive over the period, since 31 March 2009, together with past annual bonus payouts and the vesting of long-term incentive share awards:

Year ended	Name	Total remuneration £000	Annual bonus (% of max payout)	LTIP (% of max vesting)
31 March 2019	Gerald Kaye	1,703	91	33
31 March 2018	Gerald Kaye	2,209	75	46
31 March 2017	Gerald Kaye	2,635[1]	100	66
31 March 2016	Michael Slade	3,867	100	100
31 March 2015	Michael Slade	5,534	100	100
31 March 2014	Michael Slade	3,343	100	62
31 March 2013	Michael Slade	1,523	65	–
31 March 2012	Michael Slade	541	–	–
31 March 2011	Michael Slade	538	–	–
31 March 2010	Michael Slade	1,500[2]	–	–

1 The total remuneration of Gerald Kaye includes the period whilst he was an Executive Director but prior to his appointment as CEO on 25 July 2016.
2 The total remuneration in the year to 31 March 2010 includes £973,000 in respect of share options granted in 2000 and eligible to vest between 2005 and 2010.

CHIEF EXECUTIVE'S REMUNERATION COMPARED TO REMUNERATION OF HELICAL EMPLOYEES

Percentage increases in Chief Executive remuneration:

	2019 £000	2018 £000	Change %	Average change for Helical employee %
Chief Executive				
Salary	532	515	+3.3	7.8%
Benefits and share incentive plan	64	64	+0.5	+6.6%
Annual bonus	727	1,159	-37.3%	+8.1%

CEO PAY RATIO

As Helical has fewer than 250 employees, there is no requirement to disclose the CEO pay ratio. Given the very low number of employees and the pay data required to be disclosed, voluntary disclosure is not considered appropriate at this time but this will be kept under review.

RELATIVE IMPORTANCE OF THE SPEND ON PAY

	2019 £000	2018 £000	Change %
Staff costs	9,289	6,294	47.6%
Distributions to Shareholders[1]	12,055	11,236	7.3%
Net asset value of the Group	567,425	533,894	+6.3

1 In respect of the financial year to which they relate.

DIRECTORS' SHARE INTERESTS AND SHAREHOLDING GUIDELINES (AUDITED)

Executive Director	Salary[1] £	Shareholding requirement[2] £	Value of beneficially held shares[3] £	Ratio of shares held to salary %
Gerald Kaye	532,000	2,660,000	5,818,000	1,094
Tim Murphy	309,600	1,548,000	2,264,000	731
Matthew Bonning-Snook	413,800	2,069,000	3,353,000	810

1 Salaries as at 31 March 2019.
2 Shareholding requirement is 500% of salary.
3 Value as per the weighted average share price for the three months to 31 March 2019 of 335.02p.

DIRECTORS' SHAREHOLDINGS (AUDITED)

	Legally owned 31.3.18	Legally owned 31.3.19	Share Incentive Plan unrestricted 31.3.19	Beneficially held total 31.3.19	Deferred shares 31.3.19	Share Incentive Plan restricted 31.3.19	PSP awards unvested 31.3.19
Executive Directors							
Gerald Kaye	1,574,326	1,700,252	36,269	1,736,521	377,049	18,347	1,102,999
Tim Murphy	636,120	659,594	16,310	675,904	42,434	16,227	689,622
Matthew Bonning-Snook	848,522	964,890	35,862	1,000,752	315,044	18,297	921,884
Non-Executive Directors							
Michael Slade	12,164,203	11,996,777	–	11,996,777	–	–	–
Sue Clayton	–	–	–	–	–	–	–
Richard Cotton	25,000	25,000	–	25,000	–	–	–
Richard Grant	15,000	15,000	–	15,000	–	–	–
Michael O'Donnell	67,000	67,000	–	67,000	–	–	–
Joe Lister	–	–	–	–	–	–	–
Past Directors							
Richard Gillingwater[1]	11,500	11,500	–	–	–	–	–

1 Richard Gillingwater retired from the Board on 12 July 2018.

The three Executive Directors of Helical have an average length of service of over 24 years and have built up a shareholding during that time of circa 3.4m shares with a market value at 31 March 2019 of circa £11.3m.

ADVISORS TO THE COMMITTEE

The Committee consults the Chief Executive and Finance Director about its proposals and has access to professional advice from FIT Remuneration Consultants LLP, who are members of the Remuneration Consultants Group, which is responsible for developing and maintaining the Code of Conduct for Consultants to Remuneration Committees of UK listed companies. FIT Remuneration Consultants are independent of both the Group and its Directors and as such, the Committee is satisfied that the advice received was objective and independent. Terms of reference for the remuneration consultants, which provided no other services to the Company, are available from the Company Secretary on request. Fees paid to FIT in the year to 31 March 2019 amounted to £45,561 (2018: £39,777). Fees are charged on a time plus disbursements basis.

SHAREHOLDER VOTING AT THE LAST AGM

Details of the 2018 binding Remuneration Policy vote, binding Annual Bonus Scheme 2018 vote and advisory Annual Remuneration Report vote were as follows:

	Issued	For	%	Against	%	Withheld	Total
Remuneration Policy	118,610,741	89,918,397	97.0	2,736,254	3.0	12,860	92,667,511
Annual Bonus Scheme 2018	118,610,741	91,055,513	98.3	1,611,998	1.7	–	92,667,511
Annual Remuneration Report	118,610,741	77,566,882	85.6	13,088,693	14.4	2,011,935	92,667,510

The Committee was pleased to note the level of Shareholder support for the Remuneration Policy, Annual Bonus Scheme 2018 and the Annual Report on Remuneration. The majority of the 14.4% votes against the Annual Remuneration Report resolution were in respect of the operation of the Annual Bonus Scheme 2016 under the previous Remuneration Policy. Noting that the policy and bonus plan were both replaced in 2018, the Committee was comfortable that no further actions were required in respect of these votes.

Approved by the Board on 23 May 2019 and signed on its behalf.

MICHAEL O'DONNELL
Chairman of the Remuneration Committee

REPORT OF THE DIRECTORS

STRATEGIC REPORT
A review of the Company's business during the year, the principal risks and uncertainties it faces as well as future prospects and developments are included in the Strategic Report on pages 1 to 65 which should be read in conjunction with this report.

RESULTS AND DIVIDENDS
The results for the year are set out in the Consolidated Income Statement on page 108 and Consolidated Statement of Comprehensive Income on page 108. An interim dividend of 2.60p (2018: 2.50p) was paid on 31 December 2018 to Shareholders on the Shareholder register on 30 November 2018. A final dividend of 7.50p (2018: 7.00p) per share is recommended for approval at the Annual General Meeting ("AGM") to be held on 11 July 2019 and, if approved, will be paid on 19 July 2019 to Shareholders on the register on 14 June 2019. The total ordinary dividend declared and paid in the year of 9.60p (2018: 8.70p) per share amounts to £11,406,000 (2018: £10,195,000).

CORPORATE GOVERNANCE
During the year ended 31 March 2019 the Group has applied the main principles of the UK Corporate Governance Code 2016 and has fully complied with the provisions of the Code apart from in relation to Michael Slade's continued appointment as Chairman. See page 70 for more detail.

DIRECTORS
The Directors who held office during the year and up to the date of this report are listed alongside their biographical details on pages 68 and 69. All the Directors currently serving, except for Michael Slade and Michael O'Donnell, will offer themselves for election or re-election, as appropriate, at the AGM to be held on 11 July 2019. Details of Directors' remuneration and their interests in share awards are set out in the Directors' Remuneration Report on pages 81 to 97.

Details of the Directors' interests in the ordinary shares of the Company are shown on page 97.

GOING CONCERN
Under provision C.1.3 of the UK Corporate Governance Code 2016, the Board is required to report whether the business is a going concern. In considering this requirement the Directors took into account the matters set out in the Group's viability statement on page 53. Having due regard to these matters, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' CONFLICT OF INTEREST
Under the Companies Act 2006 (the "Act"), Directors are subject to a statutory duty to avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. As is permissible under the Act, the Company's Articles of Association allow the Board to consider, and if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. Directors are required to notify the Company of any conflict or potential conflict of interest under an established procedure and any conflicts or potential conflicts are noted at each Board meeting.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY
The Company maintains Directors and Officers Liability Insurance. To the extent permitted by UK Law, the Company also indemnifies the Directors against claims made against them as a consequence of the execution of their duties as Directors of the Company.

POLITICAL DONATIONS
The Company's policy with regard to political donations is to ensure that Shareholder approval is sought before making any such payments. No Shareholder approval has been sought and, accordingly, the Company made no political donations in the year to 31 March 2019.

FINANCIAL INSTRUMENTS, CAPITALISED INTEREST AND LONG-TERM INCENTIVE SCHEMES
The information required in respect of financial instruments, as required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, is shown in note 37.

Interest capitalised on the Group property portfolio is shown in notes 15 and 20. Long-term incentive schemes are explained in the Directors' Remuneration Report on pages 81 to 97.

CHANGE OF CONTROL
Certain agreements between the Company or its subsidiaries and entities including lending banks, joint venture partners and development partners contain termination rights to take effect in the event of a change of control of the Group. Given the commercial sensitivity of these agreements, the Directors do not intend to disclose specific details.

The Company's Employee Share Incentive Plan, Annual Bonus Scheme and Performance Share Plan contain provisions relating to the vesting and exercise of options or share awards in the event of a change of control of the Company.

CONVERTIBLE BOND
Further to the issue on 17 June 2014 of a £100m 4.00% Convertible Bond due for redemption in June 2019 (the "Convertible Bond"), upon a change of control event as defined by the terms and conditions of the Convertible Bond, the Bondholders will have the right to require the issuer to redeem the Convertible Bond at their principal amount together with their accrued interest.

Substantial shareholdings	Number of ordinary shares	Percentage
Michael E Slade	11,996,777	10.05%
Baillie Gifford	9,003,170	7.54%
Janus Henderson Investors	8,967,073	7.51%
Merian Global Investors	7,777,234	6.52%
BlackRock	7,402,052	6.20%
M&G Investment Management	5,189,738	4.35%
Dimensional Fund Advisors	5,128,229	4.30%
Aviva Investors	4,762,617	3.99%
NBIM	4,573,316	3.83%
Schroder Investment Management	4,560,300	3.82%
Aberdeen Standard Investments	4,076,266	3.42%
Artemis Investment Management	3,789,519	3.17%
Vanguard Group	3,595,104	3.01%

SUBSTANTIAL SHAREHOLDINGS
As at 14 May 2019, the Shareholders listed above had notified the Company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Group.

EMPLOYMENT AND ENVIRONMENTAL MATTERS

Information in respect of the Group's employment and environmental matters as well as greenhouse gas reporting is contained in the Sustainability Report on pages 58 to 65.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are set out in note 34 to the Financial Statements.

GROUP STRUCTURE

Details of the Group's subsidiary undertakings are disclosed in note 40 to the Financial Statements.

SHARE CAPITAL

Details of the Company's issued share capital are shown in note 28 to the financial statements. The Company's share capital consists of both ordinary shares and deferred shares. Each class of shares rank pari passu between themselves. There are no restrictions on the transfer of shares in the Company other than those specified by law or regulation (for example: insider trading laws) and pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Group require the approval of the Company to deal in the ordinary shares. On a show of hands at a General Meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of the 2019 Annual General Meeting (AGM) specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. There are no restrictions on voting rights other than as specified by the Company's Articles of Association.

PURCHASE OF OWN SHARES

The Company was granted authority at the 2018 Annual General Meeting to make market purchases of its own ordinary shares. No ordinary shares were purchased under this authority during the year and up to the date of this report. The authority will expire at the conclusion of the 2019 AGM, at which a resolution will be proposed to renew this authority.

AMENDMENT OF ARTICLES OF ASSOCIATION

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 11 July 2019 at 11:30 am at The Connaught, Carlos Place, Mayfair, London W1K 2AL. The special business at the 2019 AGM will include resolutions dealing with the authority to issue shares, the disapplication of pre-emption rights, the authority for the Company to purchase its own shares and the authority to call General Meetings on not less than 14 clear days' notice. The Notice of Meeting, containing explanations of all the resolutions to be proposed at that meeting, is enclosed with this Annual Report and can be found on the Group's website at **www.helical.co.uk**

AUDITORS

The Company's Auditor, Deloitte LLP, appointed at the 2018 AGM, have expressed their willingness to continue in office and resolutions to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the 2019 AGM.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

By Order of the Board

JAMES MOSS FCA
Company Secretary

23 May 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Governance and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company and Group for that period.

In preparing these financial statements, International Accounting Standard 1 requires the Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Annual Report complies with the Companies Act 2006 and, as regards the financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the Directors, whose names and roles appear on page 68 to page 69, confirm that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Directors' statement under the UK Corporate Governance Code

Each of the Directors confirm that to the best of their knowledge the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's and Company's performance, business model and strategy.

A copy of the financial statements is placed on the Group's website and the Directors are responsible for the maintenance and integrity of the corporate and financial information on that website (**www.helical.co.uk**). Information published on the internet is accessible in multiple countries with differing legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement of Directors' Responsibilities was approved by the Board of Directors on 23 May 2019 and is signed on its behalf by:

GERALD KAYE
Chief Executive

23 May 2019

TIM MURPHY
Finance Director

23 May 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELICAL PLC

OPINION

In our opinion:

- the financial statements of Helical plc (the "Parent Company") and its subsidiaries (together the "Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Balance Sheets;
- the Consolidated and Company Cash Flow Statements;
- the Consolidated and Company Statements of Changes in Equity; and
- the related notes 1 to 40.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH	
Key audit matters	The key audit matters that we identified in the current year were: • Investment property valuation • Revenue recognition for promote fee
Materiality	The materiality that we used for the Group financial statements was £10,650,000 which was determined on the basis of 1% of total assets. In addition to total assets, we tested all items impacting the income statement, except for the revaluation of investment properties, at a lower measure for the Group and we applied a lower threshold of £2,484,000, being 5% of profit before tax.
Scoping	We performed a full scope audit of the financial statements of the Parent Company and the Group.

CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT	
Going concern We have reviewed the Directors' statement within the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements. We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT	
Principal risks and viability statement Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: • the disclosures on pages 52 to 57 that describe the principal risks and explain how they are being managed or mitigated; • the Directors' confirmation on page 53 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or • the Directors' explanation on page 53 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INVESTMENT PROPERTY VALUATION	
Key audit matter description	At 31 March 2019, the Group held wholly owned investment property valued at £778.75m (31 March 2018: £791.95m). Investment properties are held at fair value on the Group balance sheet. During the year, a net valuation gain of £44.3m (31 March 2018: £23.8m) was recorded (excluding acquisitions and disposals). Investment property valuation represents the most significant area of estimation and judgement within the Group financial statements, which is why we consider this to be a significant risk of material misstatement as well as a potential fraud risk. The fair values are calculated by third party valuation experts using factual information, such as lease agreements and tenancy data, and their professional judgement concerning market conditions and factors impacting individual properties. The key estimates associated with this balance which can lead to significant valuation movements relate to property yields, estimated rental values and the level of expenditure required to maintain a property. See also key sources of estimation uncertainty in note 39, the investment property in note 15 of the financial statements and the Audit and Risk Committee report on page 78.

INVESTMENT PROPERTY VALUATION	
How the scope of our audit responded to the key audit matter	We evaluated the appropriateness of the design and implementation of the Group's key controls to address the risk over property valuations. Management's process for challenging the appropriateness of property valuations has been assessed. We met with the third party valuers appointed by management to value the property portfolio. With the assistance of our internal real estate valuation specialists we challenged the significant judgements and assumptions applied in their valuation model, verified the movements in the key judgements and benchmarked the inputs against market data. We assessed the state of local markets from publicly available market commentaries. We analysed the individual property valuations to understand significant movements against prior year and comparative market evidence considered by the valuers. We tested the integrity of data and information pertaining to rental income, purchasers' costs and occupancy provided by management to external valuers and utilised in the valuation. We have assessed the competence and objectivity of the external valuers.
Key observations	Based on our audit work, we are satisfied that the judgements and assumptions used in the investment property valuation are supported by the evidence obtained during the audit.

REVENUE RECOGNITION FOR PROMOTE FEE	
Key audit matter description	The Group has individual joint venture arrangements in relation to the Creechurch Place and Barts Square developments. Within these agreements, the Group is engaged by the joint venture to manage the development and letting for One Creechurch Place, whilst the Barts joint venture is engaged to develop and let One Bartholomew. The Group is remunerated in respect of these services through a promote fee, calculated based upon the contractual agreement and the overall profit of the development. The Group recognises the Creechurch Place promote fee within revenue with the Barts Square promote fee recognised within share of results of joint ventures. The calculation of promote fees includes both a fixed and variable consideration, within the context of IFRS 15. There are two underlying performance obligations in relation to the development and letting of the building, these being the fixed and variable considerations respectively. The promote fee is therefore allocated proportionally to their standalone fair value. The key judgements associated with the promote fee calculations are based on the following key areas: • the allocation of the promote fee between each performance obligation; • the expected rent to be contracted in each development; and • the magnitude of constraint, if any, to apply to the promote fee. As at 31 March 2019, the Group has recognised £7.1m (2018: £10.1m) in respect of the One Creechurch Place promote fee and £6.0m (2018: £nil) in respect of One Bartholomew (Helical share). See also key sources of estimation uncertainty in note 39, revenue from contracts with customers in note 2 of the financial statements and the Audit and Risk Committee report on page 78.
How the scope of our audit responded to the key audit matter	We evaluated the appropriateness of the design and implementation of the Group's key controls to address the risk over the income arising from promote fees. We have critically assessed the assumptions made by management in the calculation and recognition of the promote fee by agreeing to underlying contractual and recent market data in relation to lettings contracted. We have assessed the allocation of the promote fee to each performance obligation, considering this allocation against standalone selling prices for equivalent services. We have agreed the overall accounting treatment and disclosure to the requirements of the newly implemented IFRS 15 revenue standard.
Key observations	Based on our audit work, we are satisfied that the judgements and assumptions used in revenue recognition for promote fee were supported by the evidence obtained during the audit.

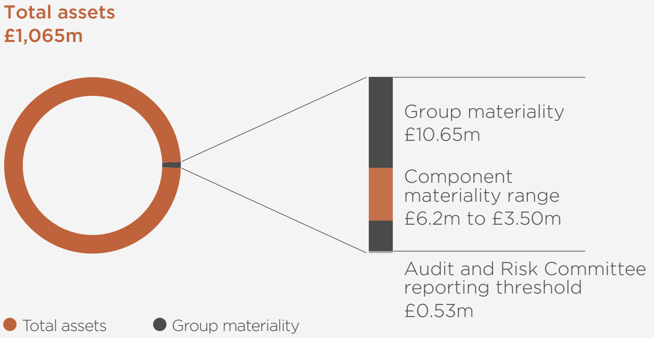
OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Materiality	£10,650,000 £2,484,000 for balances affecting the income statement	£6,243,000
Basis for determining materiality	1% of total assets. The lower materiality used for balances impacting the income statement, excluding revaluation of investment property, was determined using 5% of profit before tax.	1% of total assets.
Rationale for the benchmark applied	Total assets is the most appropriate benchmark because it appropriately reflects the valuation of investment property which is of key interest to the users of the financial statements. Profit before tax ("PBT") is deemed an appropriate benchmark for items impacting the income statement as these are more sensitive to the users of the financial statements.	Total assets is the most appropriate benchmark as this Company is a holding company.

TOTAL SHAREHOLDER RETURN



We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £0.53m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a full scope audit of the financial statements of the Parent Company and Group, which includes the audits of joint ventures which are treated as components.

A Group materiality is adopted for all subsidiary entities within the Group, unless a subsidiary is partially owned by a third party. There are three Group components that are subject to audit. The materiality range for the joint ventures is £3.5m to £6.2m. Audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. We have audited the material balances which support the Group's Annual Report, which includes auditing the consolidation and performing a desktop review over the non-significant components.

OTHER INFORMATION	
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that: • Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; • Audit and Risk Committee reporting – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; or • Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.	We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the Audit and Risk Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax, valuations, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: Investment property valuation and Revenue recognition of the promote fee; and
- obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the Companies Act 2006. In addition, compliance with terms of the Group's operating licence and the Landlord and Tenant Act 1985 were fundamental to the Group's ability to continue as a going concern.

Audit response to risks identified

As a result of performing the above, we identified "Investment property valuation" and "Revenue recognition for promote fee" as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION	
Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.

OTHER MATTERS

Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by Helical plc on 12 June 2018 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year, covering the year ending 31 March 2019.

Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

USE OF OUR REPORT

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

GEORGINA ROBB (SENIOR STATUTORY AUDITOR)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

23 May 2019

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Notes	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Revenue	3	44,175	175,596
Net rental income	4	24,599	36,329
Development property loss	5	(1,781)	(4,174)
Share of results of joint ventures	19	(3,217)	3,196
Other operating income		–	111
Gross profit before net gain on sale and revaluation of investment properties		19,601	35,462
Gain on sale of investment properties	6	15,008	13,567
Revaluation of investment properties	15	44,284	23,848
Fair value movement of available-for-sale assets	21	144	1,385
Gross profit		79,037	74,262
Administrative expenses	7	(16,753)	(12,765)
Operating profit		62,284	61,497
Finance costs	9	(17,407)	(37,438)
Finance income	9	983	4,303
Change in fair value of derivative financial instruments	37	(3,322)	4,029
Change in fair value of Convertible Bond		865	(1,559)
Foreign exchange gain/(loss)		53	(10)
Profit before tax		43,456	30,822
Tax on profit on ordinary activities	10	(836)	(4,537)
Profit for the year		42,620	26,285
Earnings per share	14		
Basic		35.8p	22.3p
Diluted		35.3p	22.1p

All the activities of the Group are from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Profit for the year	42,620	26,285
Exchange difference on retranslation of net investments in foreign operations	(51)	(15)
Total comprehensive income for the year	42,569	26,270

The exchange differences on retranslation of net investments in foreign operations will be reclassified to the Income Statement on disposal.

CONSOLIDATED AND COMPANY BALANCE SHEETS

At 31 March 2019

	Notes	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 Restated £000
Non-current assets					
Investment properties	15	778,752	791,948	–	–
Owner occupied property, plant and equipment	17	1,747	1,825	1,747	1,820
Investment in subsidiaries	18	–	–	157,621	156,173
Investment in joint ventures	19	24,676	27,809	–	15
Derivative financial instruments	37	915	123	270	–
Deferred tax asset	11	–	–	–	564
		806,090	821,705	159,638	158,572
Current assets					
Land, developments and trading properties	20	2,311	6,042	–	–
Corporation tax receivable		–	3,736	–	–
Trade and other receivables	22	58,726	100,757	299,814	360,407
Cash and cash equivalents	23	197,570	91,871	164,885	63,350
		258,607	202,406	464,699	423,757
Total assets		1,064,697	1,024,111	624,337	582,329
Current liabilities					
Trade and other payables	24	(43,159)	(51,378)	(190,723)	(297,056)
Corporation tax payable		(2,561)	–	–	–
Borrowings	25	(100,468)	–	(98,767)	–
		(146,188)	(51,378)	(289,490)	(297,056)
Non-current liabilities					
Borrowings	25	(324,814)	(416,992)	–	(98,694)
Derivative financial instruments	37	(4,158)	(2,874)	–	(2,404)
Long leasehold liability	27	(2,189)	(2,189)	–	–
Trade and other payables	24	(11,405)	–	–	–
Deferred tax liability	11	(8,518)	(16,784)	(159)	–
		(351,084)	(438,839)	(159)	(101,098)
Total liabilities		(497,272)	(490,217)	(289,649)	(398,154)
Net assets		567,425	533,894	334,688	184,175
Equity					
Called-up share capital	28	1,459	1,451	1,459	1,451
Share premium account		101,304	98,798	101,304	98,798
Revaluation reserve		131,050	162,753	–	–
Capital redemption reserve		7,478	7,478	7,478	7,478
Other reserves		291	291	1,987	1,987
Retained earnings		325,843	263,123	222,460	74,461
Total equity		567,425	533,894	334,688	184,175

The profit in the year for the Company was £159,405,000 (2018: restated loss of £35,228,000).

The financial statements were approved by the Board and authorised for issue on 23 May 2019.

TIM MURPHY
Finance Director

Company number 156663

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 March 2019

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 Restated £000
Cash flows from operating activities				
Profit/(loss) before tax	43,456	30,822	160,524	(34,728)
Depreciation	296	291	296	291
Revaluation surplus on investment properties	(44,284)	(23,848)	–	–
Gain on sales of investment properties	(15,008)	(13,567)	–	–
Profit on sale of subsidiaries	–	–	(14,435)	(2,847)
(Profit)/loss on sale of plant and equipment	(52)	81	(52)	–
Net financing costs	16,424	33,135	4,695	17,248
Change in fair value of derivative financial instruments	3,322	(4,029)	–	–
Change in fair value of Convertible Bond	(865)	1,559	(2,674)	(146)
Share-based payment charge	2,274	1,185	–	–
Share of results of joint ventures	3,217	(3,196)	–	–
Fair value movement of available-for-sale assets	(144)	(1,385)	–	–
Impairment of investments	–	–	5,459	37,041
Dividends received from subsidiaries	–	–	(157,591)	–
Foreign exchange movement	(52)	(19)	–	–
Cash inflows/(outflows) from operations before changes in working capital	8,584	21,029	(3,778)	16,859
Change in trade and other receivables	40,561	(25,126)	58,560	240,390
Change in land, developments and trading properties	3,731	82,801	–	45
Change in trade and other payables	(3,176)	(6,917)	63,546	(119,118)
Cash inflows generated from operations	49,700	71,787	118,328	138,176
Finance costs	(25,358)	(45,537)	(2,719)	(9,935)
Finance income	461	162	438	106
Tax (paid)/received	(2,200)	6	(2,200)	–
	(27,097)	(45,369)	(4,481)	(9,829)
Cash flows from operating activities	22,603	26,418	113,847	128,347
Cash flows from investing activities				
Additions to investment property	(79,742)	(95,821)	–	–
Sale of investment property	164,058	337,570	–	–
Investment in joint ventures and subsidiaries	–	(5,403)	(3,249)	(56,365)
Proceeds from sale of subsidiaries	–	–	–	22,538
Dividends from joint ventures	416	671	–	–
Receipts in respect of available-for-sale assets	144	1,385	–	–
Sale of plant and equipment	155	–	149	–
Purchase of owner occupied property, plant and equipment	(320)	(73)	(320)	(73)
Net cash generated from/(used by) investing activities	84,711	238,329	(3,420)	(33,900)
Cash flows from financing activities				
Borrowings drawn down	64,089	94,196	–	–
Borrowings repaid	(54,306)	(356,670)	–	(80,000)
Shares issued	8	4	2,514	–
Sale of own shares	–	521	–	–
Equity dividends paid	(11,406)	(10,195)	(11,406)	(10,195)
Net cash used by financing activities	(1,615)	(272,144)	(8,892)	(90,195)
Net increase/(decrease) in cash and cash equivalents	105,699	(7,397)	101,535	4,252
Exchange gains on cash and cash equivalents	–	6	–	–
Cash and cash equivalents at start of year	91,871	99,262	63,350	59,098
Cash and cash equivalents at end of year	197,570	91,871	164,885	63,350

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

At 31 March 2019

Group	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Own shares held £000	Total £000
At 31 March 2017	1,447	98,798	164,190	7,478	291	244,693	–	516,897
Total comprehensive income	–	–	–	–	–	26,270	–	26,270
Revaluation surplus	–	–	23,848	–	–	(23,848)	–	–
Realised on disposals	–	–	(25,285)	–	–	25,285	–	–
Issued share capital	4	–	–	–	–	–	–	4
Performance Share Plan	–	–	–	–	–	1,185	–	1,185
Performance Share Plan – deferred tax	–	–	–	–	–	(55)	–	(55)
Share settled bonus	–	–	–	–	–	(733)	–	(733)
Dividends paid	–	–	–	–	–	(10,195)	–	(10,195)
Sale of own shares	–	–	–	–	–	–	521	521
Own shares held reserve transfer	–	–	–	–	–	521	(521)	–
At 31 March 2018	1,451	98.798	162,753	7,478	291	263,123	–	533,894
Total comprehensive income	–	–	–	–	–	42,569	–	42,569
Revaluation surplus	–	–	44,284	–	–	(44,284)	–	–
Realised on disposals	–	–	(75,987)	–	–	75,987	–	–
Issued share capital	8	2,506	–	–	–	–	(2,514)	–
Performance Share Plan	–	–	–	–	–	2,274	–	2,274
Performance Share Plan – deferred tax	–	–	–	–	–	94	–	94
Share settled bonus	–	–	–	–	–	(1,837)	1,837	–
Share settled Performance Share Plan	–	–	–	–	–	(677)	677	–
Dividends paid	–	–	–	–	–	(11,406)	–	(11,406)
At 31 March 2019	1,459	101,304	131,050	7,478	291	325,843	–	567,425

For a breakdown of total comprehensive income see the Consolidated Statement of Comprehensive Income.

The adjustment against retained earnings of £2,274,000 (2018: £1,185,000) adds back the share-based payments charge in accordance with IFRS 2 *Share Based Payments*.

There were net transactions with owners of £9,038,000 (2018: £9,273,000) made up of the Performance Share Plan credit of £2,274,000 (2018: £1,185,000) and related deferred tax credit of £94,000 (2018: charge of £55,000), dividends paid of £11,406,000 (2018: £10,195,000), issued share capital of £8,000 (2018: £4,000) and corresponding share premium of £2,506,000 (2018: £nil), the sale of own shares of £nil (2018: £521,000), share settled PSP awards charge of £1,837,000 (2018: £nil) and the share settled bonus charge of £677,000 (2018: £733,000).

Company	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings restated £000	Total restated £000
At 31 March 2017	1,447	98,798	7,478	1,987	119,884	229,594
Total comprehensive income	–	–	–	–	(35,228)	(35,228)
Issued share capital	4	–	–	–	–	4
Dividends paid	–	–	–	–	(10,195)	(10,195)
At 31 March 2018	1,451	98,798	7,478	1,987	74,461	184,175
Total comprehensive income	–	–	–	–	159,405	159,405
Issued share capital	8	2,506	–	–	–	2,514
Dividends paid	–	–	–	–	(11,406)	(11,406)
At 31 March 2019	1,459	101,304	7,478	1,987	222,460	334,688

Total comprehensive income is made up of the profit after tax of £159,405,000 (2018: restated loss of £35,228,000). Refer to Note 38 for information regarding the prior year restatement.

Included within changes in equity are net transactions with owners of £8,892,000 (2018: £10,191,000) being dividends paid of £11,406,000 (2018: £10,195,000) and issued share capital of £2,514,000 (2018: £4,000).

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

1. BASIS OF PREPARATION

Helical plc (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The address of the Company's registered office is shown on page 147. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 65.

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

The Directors have taken advantage of the exemption offered by Section 408 of the Companies Act 2006 not to present a separate Income Statement for the Parent Company.

The financial statements have been prepared in sterling (rounded to the nearest thousand) under the historical cost convention as modified by the revaluation of investment properties, available-for-sale assets, Convertible Bonds and derivative financial instruments. The measurement bases and principal accounting policies of the Group are set out in Note 39. These accounting policies are consistent with those applied in the year to 31 March 2018, as amended to reflect any new standards. Amendments to standards and interpretations which are mandatory for the year ended 31 March 2019 are detailed below:

- IFRS 9 *Financial Instruments* (effective for periods beginning on or after 1 January 2018);
- IFRS 15 *Revenue from Contracts with Customers* (effective for periods beginning on or after 1 January 2018);
- Annual Improvements to IFRS Standards 2014–2016 Cycle – amendments to IFRS 1 and IAS 28 (effective for accounting periods beginning on or after 1 January 2018);
- Amendments to IFRS 2 *Share Based Payments* – amendments to clarify the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018);
- Amendments to IAS 40 *Investment Property* – transfer of investment property (effective for accounting periods beginning on or after 1 January 2018); and
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (effective for accounting periods beginning on or after 1 January 2018).

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

- IFRS 16 *Leases* (effective for periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 *Financial Instruments* – prepayment features with negative compensation (effective for periods beginning on or after 1 January 2019);
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* – long-term interest in associates and joint ventures (effective for periods beginning on or after 1 January 2019);
- Annual Improvements to IFRS Standard 2015-2017 Cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective for periods beginning on or after 1 January 2019); and
- IFRIC 23 *Uncertainty over Income Tax Treatments* (effective for periods beginning on or after 1 January 2019).

The most significant of these, and their impact on the Group's reporting, are set out below:

IFRS 9 Financial instruments

This standard applies to the classification, measurement and recognition of financial assets and financial liabilities, impairment provisioning and hedge accounting and replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. The adoption of IFRS 9 has led to changes in neither the carrying amount of financial instruments nor their classification. The standard introduces an expected credit loss model, which replaces the incurred loss impairment model. However, the Group concluded that this has no material impact on its financial statements. The table below reflects the classification categories under IAS 39 and IFRS 9.

Financial Instrument	IAS 39 classification and measurement	IFRS 9 classification and measurement
Cash and cash equivalents	Loans and receivables at amortised cost	Financial assets held at amortised cost
Trade and other receivables	Loans and receivables at amortised cost	Financial assets held at amortised cost
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Profit share partner accruals	Designated as at fair value through profit and loss	Designated as at fair value through profit and loss
Derivative financial instruments	Fair value through profit and loss	Fair value through profit and loss
Borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Convertible Bond	Designated as at fair value through profit and loss	Designated as at fair value through profit and loss

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is that the Group should recognise revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The standard sets out a five–step model:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations within a contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations within the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard is applicable to investment property disposals, development property disposals, property development management/ advisory services and service charge income, but excludes rental income, which is within the scope of IAS 17 (until the adoption of IFRS 16 for accounting periods beginning on 1 January 2019). There has been no change to the measurement of revenue as a result of the adoption of IFRS 15. Additional disclosures have been made in Notes 2, 22 and 39 in accordance with IFRS 15.

Prior year adjustment

An adjustment to the revenue reported for the year to 31 March 2018 has been made to reflect the gross up of service charges in rental income and costs, where the net amount had previously been recognised in rental costs. This adjustment is due to the adoption of IFRS 15 *Revenue from Contracts with Customers* and has no net impact on the profit for the year or on the Group's Net asset position.

IFRS 16 Leases

This standard does not affect the accounting for rental income earned by the Group as a lessor, but from the Group's initial assessment of its head office lease, it believes adoption will result in the recognition on the Consolidated and Company Balance Sheets of: a right of use asset of £5,600,000; a lease liability of £7,300,000; the reversal of lease incentive accrual of £1,300,000; and a net asset decrease of £400,000.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Development management services	7,963	17,309
Development property sales	–	21,660
Corporate sale – retirement village portfolio	–	86,709
Development property income	7,963	125,678
Service charge income	8,058	9,623
Other income	–	138
Total revenue from contracts with customers	16,021	135,439

The total revenue from contracts with customers is the revenue recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*. This reflects the development property income, Service charge income and other revenue in Note 3 Segmental Information.

No impairment of contract assets was recognised in the year to 31 March 2019 (2018: £nil).

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 trading properties, which are owned or leased with the intention to sell; and
- development properties, which include sites, developments in the course of construction, completed developments available for sale, and pre-sold developments.

Revenue	Investment and trading Year ended 31.03.19 £000	Developments Year ended 31.03.19 £000	Total Year ended 31.03.19 £000	Investment and trading Year ended 31.03.18 £000	Developments Year ended 31.03.18 £000	Total Year ended 31.03.18 £000
Rental income	28,154	–	28,154	40,157	–	40,157
Development property income	–	7,963	7,963	–	125,678	125,678
Service charge income	8,058	–	8,058	9,623	–	9,623
Other revenue	–	–	–	138	–	138
Revenue	36,212	7,963	44,175	49,918	125,678	175,596

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

Revenue for the year comprises revenue from the sale of goods of £nil (2018: £108,369,000), revenue from other income £nil (2018: £138,000), revenue from services of £7,963,000 (2018: £17,309,000), service charge income of £8,058,000 (2018: £9,623,000) and rental income of £28,154,000 (2018: £40,157,000).

3. SEGMENTAL INFORMATION CONTINUED

Profit before tax	Investment and trading Year ended 31.03.19 £000	Developments Year ended 31.03.19 £000	Total Year ended 31.03.19 £000	Investment and trading Year ended 31.03.18 £000	Developments Year ended 31.03.18 £000	Total Year ended 31.03.18 £000
Net rental income	24,599	–	24,599	36,329	–	36,329
Development property loss	–	(1,781)	(1,781)	–	(4,174)	(4,174)
Share of results of joint ventures	5,203	(8,420)	(3,217)	5,135	(1,939)	3,196
Gain on sale and revaluation of investment properties	59,292	–	59,292	37,415	–	37,415
	89,094	(10,201)	78,893	78,879	(6,113)	72,766
Fair value movement of available-for-sale assets			144			1,385
Other operating income			–			111
Gross profit			79,037			74,262
Administrative expenses			(16,753)			(12,765)
Finance costs			(17,407)			(37,438)
Finance income			983			4,303
Change in fair value of derivative financial instruments			(3,322)			4,029
Change in fair value of Convertible Bond			865			(1,559)
Foreign exchange gain/(loss)			53			(10)
Profit before tax			43,456			30,822

Net assets	Investment and trading 31.03.19 £000	Developments 31.03.19 £000	Total 31.03.19 £000	Investment and trading 31.03.18 £000	Developments 31.03.18 £000	Total 31.03.18 £000
Investment properties	778,752	–	778,752	791,948	–	791,948
Land, development and trading properties	–	2,311	2,311	28	6,014	6,042
Investment in joint ventures	17,556	7,120	24,676	12,352	15,457	27,809
	796,308	9,431	805,739	804,328	21,471	825,799
Owner occupied property, plant and equipment			1,747			1,825
Derivative financial instruments			915			123
Trade and other receivables			58,726			100,757
Corporation tax receivable			–			3,736
Cash and cash equivalents			197,570			91,871
Total assets			1,064,697			1,024,111
Liabilities			(497,272)			(490,217)
Net assets			567,425			533,894

All non-current assets are derived from the Group's UK operations except for owner occupied property, plant and equipment with a net book value of £nil (31 March 2018: £5,000).

4. NET RENTAL INCOME

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Gross rental income	28,154	40,157
Rents payable	(285)	(144)
Property overheads	(3,410)	(3,549)
Net rental income	24,459	36,464
Net rental costs/(income) attributable to profit share partner	140	(135)
Net rental income	24,599	36,329

Property overheads include lettings costs, vacancy costs and bad debt provisions. The amounts above include gross rental income from investment properties of £28,154,000 (2018: £40,157,000) and net rental income from investment properties of £24,599,000 (2018: £36,329,000).

5. DEVELOPMENT PROPERTY LOSS

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Development property income	7,963	125,678
Cost of sales	(5,399)	(125,085)
Sales expenses	–	(2,554)
Provision against book values	(4,345)	(2,213)
Development property loss	(1,781)	(4,174)

6. GAIN ON SALE OF INVESTMENT PROPERTIES

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Net proceeds from the sale of investment properties	164,058	341,911
Book value (Note 15)	(147,550)	(324,002)
Tenants incentives on sold investment properties	(1,500)	(4,342)
Gain on sale of investment properties	15,008	13,567

7. ADMINISTRATIVE EXPENSES

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Administrative expenses	16,753	12,765
Operating profit is stated after the following items that are contained within administrative expenses:		
Depreciation – Owner occupied property, plant and equipment	296	291
Share-based payments charge	2,274	1,388
Auditor's remuneration:		
Audit fees		
Payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	171	170
Payable to the Company's auditor for the audit of Company's subsidiaries	99	84
Audit related assurance services	54	58
Other non-audit services	9	19
Operating lease costs	1,214	1,201

8. STAFF COSTS

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Staff costs during the year:		
Wages and salaries	7,654	5,214
Social security costs	1,379	882
Other pension costs	256	198
	9,289	6,294

Details of the remuneration of Directors amounting to £4,531,000 are included in the Directors' Remuneration Report on pages 81 to 97. The amount of the share-based payments charge relating to share awards made to Directors is £1,687,000 (2018: £921,000). Included within wages and salaries are Directors' bonuses of £1,639,000 (2018: £2,060,000) as discussed in the Directors' Remuneration Report on pages 81 to 97.

Other pension costs relate to payments to individual pension plans.

The average monthly number of employees of the Group during the year was 32 (2018: 36) all of whom are UK head office staff. There were an average of five (2018: six) management, seven (2018: seven) property executives and 20 (2018: 23) administrative staff.

Of the staff costs of £9,289,000 (2018: £6,294,000), £9,289,000 is included within administrative expenses (2018: £6,124,000) and £nil is included within development costs (2018: £170,000).

Within administrative costs is the share-based payment charge for the year of £2,274,000 (2018: £1,388,000) which is not included in the staff costs above.

9. FINANCE COSTS AND FINANCE INCOME

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Interest payable on bank loans, bonds and overdrafts	(16,414)	(26,873)
Retail Bond redemption premium	–	(8,708)
Other interest payable and similar charges	(4,208)	(7,053)
Interest capitalised	3,215	5,196
Finance costs	(17,407)	(37,438)
Interest receivable and similar income	983	4,303
Finance income	983	4,303

On projects where specific third party loans have been arranged, interest has been capitalised in accordance with IAS 23 *Borrowing Costs*, at the rate for the individual loan. The weighted average capitalised interest rate of such loans was 4.35% (2018: 3.19%). Where general finance has been used to fund the acquisition and construction of properties the rate used was a weighted average of the financing costs for the applicable borrowings of 3.79% (2018: 4.19%).

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
The tax charge is based on the profit for the year and represents:		
United Kingdom corporation tax at 19% (2018: 19%)		
Group corporation tax	(8,813)	(831)
Adjustment in respect of prior periods	315	1,253
Use of tax losses	(509)	–
Current tax (charge)/credit	(9,007)	422
Deferred tax		
Capital allowances	(1,003)	709
Tax losses	(677)	(5,478)
Unrealised chargeable gains	10,647	2,525
Other temporary differences	(796)	(2,715)
Deferred tax credit/(charge)	8,171	(4,959)
Total tax charge for the year	(836)	(4,537)

Factors Affecting the Tax Charge for the Year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK.

The differences are explained below:

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Profit on ordinary activities before tax	43,456	30,822
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(8,257)	(5,856)
Effect of:		
Net expenses not deductible for tax purposes	(542)	(650)
Adjustment to capital allowances – disposals	623	1,544
Tax movements on share awards	48	8
Movement on tax losses not previously recognised in deferred tax	205	–
Operating (loss)/profit of joint ventures	(737)	607
Current tax charge adjustment in respect of prior periods	315	–
Movement on sale and revaluation not recognised through deferred tax	8,073	5,732
Chargeable gain in excess of profit or loss on investment property	(775)	(568)
Deferred tax adjustment in respect of prior periods	(791)	–
Loss on disposal of retirement villages	–	(5,354)
Change of rate of corporation tax	1,002	–
Total tax charge for the year	(836)	(4,537)

Factors That May Affect Future Tax Charges

The tax charge is expected to be less than the full rate in future years, primarily due to the Group continuing to claim allowances in respect of eligible expenditure on investment properties. In addition, following changes to the legislation governing the taxation of Non-Resident Landlords, chargeable gains on disposals of investment property held by these companies will become subject to UK corporation tax with effect from 1 April 2019 and their income profits will become subject to corporation tax with effect from April 2020. Neither change has an impact in the current year.

11. DEFERRED TAX

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

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Capital allowances	(3,263)	(2,260)	(159)	(137)
Tax losses	2,019	2,696	–	420
Unrealised chargeable (gains)/losses	(9,159)	(19,806)	–	281
Other temporary differences	1,885	2,586	–	–
Deferred tax (liability)/asset	(8,518)	(16,784)	(159)	564

Note: all deferred tax balances have been calculated at an effective rate of corporation tax of 17% (2018: 19%) which is the substantively enacted future rate for the period in which the deferred tax is expected to be realised.

Under IAS 12 *Income Taxes*, deferred tax provisions are made for the tax that would potentially be payable on the realisation of investment properties and other assets at book value. Other temporary differences include deferred tax assets arising from the recognition of the fair value of derivative financial instruments and future tax relief available to the Group from capital allowances and when share awards vest. A debit of £94,000 (2018: £55,000) in respect of future tax relief for share awards has been recognised in reserves in accordance with IAS 12 *Income Taxes*. Together with the charge through the Consolidated Income Statement, this movement explains the change in the deferred tax liability for the year.

The Group contains entities with tax losses for which no deferred tax asset is recognised. The total unrecognised losses amount to approximately £6,430,000 (31 March 2018: £6,597,000). A deferred tax asset has not been recognised because the entities in which the losses have been generated either do not have forecast taxable profits or the losses have restrictions whereby their utilisation is considered to be unlikely.

If upon sale of the investment properties the Group retained all the capital allowances, the deferred tax provision in respect of capital allowances of £3,263,000 (31 March 2018: £2,260,000) would be released and further capital allowances of £65,906,000 (31 March 2018: £40,921,000) would be available to reduce future tax liabilities.

12. DIVIDENDS PAID AND PAYABLE

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Attributable to equity share capital		
Ordinary		
Interim paid 2.60p per share (2018: 2.50p)	3,103	2,934
Prior year final paid 7.00p per share (2017: 6.20p)	8,303	7,261
	11,406	10,195

A final dividend of 7.50p, if approved at the AGM on 11 July 2019, will be paid on 19 July 2019 to Shareholders on the register on 14 June 2019. This final dividend, amounting to £8,952,000, has not been included as a liability as at 31 March 2019, in accordance with IFRS.

13. PARENT COMPANY

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Income Statement in the financial statements. The profit for the year of the Company was £159,405,000 (2018: restated loss of £35,228,000).

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary Shareholders divided by the weighted average number of shares in issue during the year. This is a different basis to the net asset per share calculations which are based on the number of shares at the year end.

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 options.

The EPRA 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 ended 31.3.19 000	Year ended 31.3.18 000
Ordinary shares in issue	119,363	118,611
Weighting adjustment	(307)	(997)
Weighted average ordinary shares in issue for calculation of basic and EPRA earnings per share	119,056	117,614
Weighted average ordinary shares issued on share settled bonuses	862	920
Weighted average ordinary shares to be issued under Performance Share Plan	778	478
Weighted average ordinary shares in issue for calculation of diluted earnings per share	120,696	119,012

	£000	£000
Earnings used for calculation of basic and diluted earnings per share	42,620	26,285
Basic earnings per share	35.8p	22.3p
Diluted earnings per share	35.3p	22.1p

		£000	£000
Earnings used for calculation of basic and diluted earnings per share		42,620	26,285
Net gain on sale and revaluation of investment properties	– subsidiaries	(59,292)	(37,415)
	– joint ventures	(1,288)	(3,317)
Tax on profit on disposal of investment properties		14,130	3,931
Gain on movement in share of joint ventures		–	(1,693)
Fair value movement on derivative financial instruments	– subsidiaries	3,322	(4,029)
	– joint ventures	35	(7)
Fair value movement on Convertible Bond		(865)	1,559
Profit on cancellation of derivative financial instruments		(72)	(1,756)
Expense on cancellation of loans		1,458	2,296
Retail Bond redemption premium		–	8,708
Fair value movement of available-for-sale assets		(144)	(1,385)
Deferred tax on adjusting items		(9,935)	(1,431)
Loss used for calculation of EPRA loss per share		(10,031)	(8,254)
EPRA loss per share		(8.4)p	(7.0)p

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

15. INVESTMENT PROPERTIES

Group	Freehold 31.3.19 £000	Leasehold 31.3.19 £000	Total 31.3.19 £000	Freehold 31.3.18 £000	Leasehold 31.3.18 £000	Total 31.3.18 £000
Book value at 1 April	714,817	77,131	791,948	873,595	113,965	987,560
Additions and transfers at cost	40,894	49,426	90,320	85,476	15,566	101,042
Disposals	(137,864)	(9,686)	(147,550)	(264,172)	(59,830)	(324,002)
Revaluation surplus	34,403	9,881	44,284	19,918	3,930	23,848
Revaluation (deficit)/ surplus attributable to profit share partners	–	(250)	(250)	–	3,500	3,500
Book value at 31 March	652,250	126,502	778,752	714,817	77,131	791,948

Investment properties are stated at fair value as at 31 March 2019 as follows:

Group	Freehold 31.3.19 £000	Leasehold 31.3.19 £000	Total 31.3.19 £000	Freehold 31.3.18 £000	Leasehold 31.3.18 £000	Total 31.3.18 £000
Book value at 31 March	652,250	126,502	778,752	714,817	77,131	791,948
Lease incentives and costs included in trade and other receivables	13,050	1,637	14,687	11,183	1,192	12,375
Head leases capitalised	–	(2,189)	(2,189)	–	(2,189)	(2,189)
Fair value at 31 March	665,300	125,950	791,250	726,000	76,134	802,134

Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £3,215,000 (2018: £3,661,000).

Interest capitalised in respect of the refurbishment of investment properties is included in investment properties to the extent of £11,357,000 (31 March 2018: £9,057,000).

Investment properties with a total fair value of £767,800,000 (31 March 2018: £705,500,000) were held as security against borrowings.

All of the Group's properties are Level 3, as defined by IFRS 13 *Fair Value Measurement*, in the fair value hierarchy as at 31 March 2019 and there were no transfers between Levels during the year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly, ie. as prices, or indirectly, ie. derived from prices).

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer.

Valuation Methodology

The fair value of the Group's investment property as at 31 March 2019 was determined by independent external valuers at that date, except for investment properties valued by the Directors. The valuations are in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards ("The Red Book") and the International Valuation Standards and were arrived at by reference to market transactions for similar properties. 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 nominal 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 output, 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.

Details of the investment portfolio yields can be found on page 44.

A sensitivity analysis was performed to ascertain the impact of a 25 basis point shift in the equivalent yield and a £2.50 psf shift in London ERVs and a £1.00 psf shift in Manchester ERVs for the wholly owned investment portfolio:

	Percentage change in portfolio value		
	London %	Manchester %	Total %
Equivalent yield			
+ 25 bps	(5.4)	(4.8)	(5.3)
- 25 bps	6.0	5.2	5.8
ERV			
+ £2.50 (London) & £1.00 (Manchester)	3.7	4.6	3.9
- £2.50 (London) & £1.00 (Manchester)	(3.8)	(4.7)	(4.0)

The investment properties have been valued at 31 March 2019 as follows:

	Group 31.3.19 £000	Group 31.3.18 £000
Cushman & Wakefield LLP	791,100	790,550
Directors' valuation	150	11,584
	791,250	802,134

The historical cost of investment property is £645,521,000 (31 March 2018: £622,226,000).

16. OPERATING LEASE ARRANGEMENTS

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

	Group 31.3.19 £000	Group 31.3.18 £000
Not later than one year	28,539	27,827
Later than one year but not more than five years	91,839	79,698
More than five years	103,489	52,032
	223,867	159,557

The Company has no operating lease arrangements as lessor.

At the balance sheet date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group and Company	31.3.19 £000	31.3.18 £000
Not later than one year	818	818
Later than one year but not more than five years	3,273	3,273
More than five years	3,682	4,500
	7,773	8,591

17. OWNER OCCUPIED PROPERTY, PLANT AND EQUIPMENT

Group	Short leasehold improvements 31.3.19 £000	Plant and equipment 31.3.19 £000	Total 31.3.19 £000	Short leasehold improvements 31.3.18 £000	Plant and equipment 31.3.18 £000	Total 31.3.18 £000
Cost at 1 April	2,065	1,154	3,219	2,073	1,203	3,276
Additions at cost	9	311	320	–	73	73
Disposals	–	(649)	(649)	(8)	(122)	(130)
Cost at 31 March	2,074	816	2,890	2,065	1,154	3,219
Depreciation at 1 April	538	856	1,394	404	748	1,152
Provision for the year	147	149	296	144	147	291
Eliminated on disposals	–	(547)	(547)	(10)	(39)	(49)
Depreciation at 31 March	685	458	1,143	538	856	1,394
Net book amount at 31 March	1,389	358	1,747	1,527	298	1,825

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

All short leasehold improvements and plant and equipment relate to the Company except for plant and equipment with a net book value of £nil as at 31 March 2019 (31 March 2018: £5,000).

18. INVESTMENT IN SUBSIDIARIES

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Cost at 1 April	–	–	195,425	138,516
Additions	–	–	3,249	125,764
Disposals	–	–	(6)	(68,855)
Cost at 31 March	–	–	198,668	195,425
Impairment at 1 April	–	–	39,252	13,117
Impaired during the year	–	–	1,795	29,685
Disposals	–	–	–	(3,550)
Impairment at 31 March	–	–	41,047	39,252
Net book amount at 31 March	–	–	157,621	156,173

A list of all the Company's subsidiary undertakings, all of which have been consolidated, are shown in Note 40 to the financial statements.

19. INVESTMENT IN JOINT VENTURES

Summarised consolidated income statements	Investment and trading 31.3.19 £000	Development 31.3.19 £000	Total 31.3.19 £000	Investment and trading 31.3.18 £000	Development 31.3.18 £000	Total 31.3.18 £000
Revenue	4,284	48,118	52,402	–	37,667	37,667
Gross rental income	94	877	971	–	189	189
Property overheads	(246)	(165)	(411)	(53)	(359)	(412)
Net rental (costs)/income	(152)	712	560	(53)	(170)	(223)
Development profit/(loss)	–	4,570	4,570	3	(1,942)	(1,939)
Provision against book value of development stock	–	(7,198)	(7,198)	–	(1,880)	(1,880)
Gain on revaluation of investment properties	1,636	(348)	1,288	3,439	(122)	3,317
Other operating income/(expense)	–	9	9	10	(41)	(31)
Gross profit/(loss)	1,484	(2,255)	(771)	3,399	(4,155)	(756)
Administrative expenses	(183)	(223)	(406)	(43)	(425)	(468)
Operating profit/(loss)	1,301	(2,478)	(1,177)	3,356	(4,580)	(1,224)
Interest payable on bank loans and overdrafts	(504)	(7)	(511)	(21)	(3)	(24)
Other interest payable and similar charges	–	(1,576)	(1,576)	–	(2,012)	(2,012)
Finance income	11	81	92	12	4	16
Change in fair value movement of derivative financial instruments	–	(35)	(35)	(1)	8	7
Profit/(loss) before tax	808	(4,015)	(3,207)	3,346	(6,583)	(3,237)
Tax	205	(1,604)	(1,399)	95	1,160	1,255
Profit/(loss) after tax	1,013	(5,619)	(4,606)	3,441	(5,423)	(1,982)
Reversal of Creechurch loss[1]	–	1,389	1,389	–	3,485	3,485
Uplift for Barts Square economic interest[2]	–	–	–	1,693	–	1,693
Share of results of joint ventures	1,013	(4,230)	(3,217)	5,134	(1,938)	3,196

Summarised consolidated balance sheets	Investment and trading 31.3.19 £000	Development 31.3.19 £000	Total 31.3.19 £000	Investment and trading 31.3.18 £000	Development 31.3.18 £000	Total 31.3.18 £000
Non-current assets						
Investment properties	24,106	1,183	25,289	21,133	1,490	22,623
Owner occupied property, plant and equipment	–	106	106	–	39	39
Derivative financial instruments	–	23	23	–	59	59
Deferred tax	514	1,260	1,774	309	2,762	3,071
	24,620	2,572	27,192	21,442	4,350	25,792
Current assets						
Land, development and trading properties	–	56,935	56,935	–	76,474	76,474
Trade and other receivables	4,726	5,828	10,554	384	5,725	6,109
Cash and cash equivalents	570	7,042	7,612	4,074	7,716	11,790
	5,296	69,805	75,101	4,458	89,915	94,373
Current liabilities						
Trade and other payables	(952)	(12,647)	(13,599)	(933)	(17,733)	(18,666)
	(952)	(12,647)	(13,599)	(933)	(17,733)	(18,666)
Non-current liabilities						
Trade and other payables	–	(20,419)	(20,419)	(2,231)	(25,421)	(27,652)
Borrowings	(12,181)	(36,292)	(48,473)	(10,384)	(39,139)	(49,523)
	(12,181)	(56,711)	(68,892)	(12,615)	(64,560)	(77,175)
Net assets pre-adjustments	16,783	3,019	19,802	12,352	11,972	24,324
Reversal of Creechurch net liability position[1]	–	4,874	4,874	–	3,485	3,485
Net assets	16,783	7,893	24,676	12,352	15,457	27,809

1 This is an adjustment that has been made to add back the Group's share of the loss incurred in one of its joint ventures, arising from finance and other costs in the year, to ensure the Group's interest is shown at its recoverable amount.
2 This is an adjustment to reflect the impact of the consolidation of a joint venture at its economic interest of 43.8% rather than its actual ownership interest of 33.3%.

The Directors' valuation of land, development and trading properties shows a surplus of £nil (31 March 2018: £1,700,000) above book value.

Dividends of £416,000 were received from joint venture companies during the year (2018: £672,000). The joint venture companies are private companies, therefore no quoted market prices are available for their shares.

The cost of the Company's investment in joint ventures was £nil (31 March 2018: £15,000).

The Group has one material joint venture (31 March 2018: one). The full results and position of this joint venture are set out overleaf, of which we have included our share in the above table.

19. INVESTMENT IN JOINT VENTURES CONTINUED

Summarised income statement	Barts LP Group 31.03.19 £000	Barts LP Group 31.03.18 £000
Revenue	44,040	37,493
Gross rental income	247	34
Property overheads	(806)	(622)
Net rental costs	(559)	(588)
Development gain/(loss)	6,946	(3,193)
Gain on revaluation of investment properties	2,941	7,573
Provision against book values	(16,434)	(4,292)
Other operating expense	(2)	(45)
Administrative expenses	(716)	(348)
Finance costs	(1,167)	(54)
Finance income	172	33
Change in fair value movement of derivative financial instruments	(79)	16
Loss before tax	(8,898)	(898)
Tax	627	754
Loss after tax	(8,271)	(144)

Summarised balance sheet	Barts LP Group 31.03.19 £000	Barts LP Group 31.03.18 £000
Non-current assets		
Investment properties	57,736	51,650
Owner occupied property, plant and equipment	241	90
Deferred tax	4,023	3,397
Derivative financial instruments	56	135
	62,056	55,272
Current assets		
Land, development and trading properties	97,943	130,849
Trade and other receivables	20,240	11,502
Cash and cash equivalents	13,021	21,206
	131,204	163,557
Current liabilities		
Trade and other payables	(26,624)	(41,524)
	(26,624)	(41,524)
Non-current liabilities		
Borrowings	(110,670)	(113,065)
	(110,670)	(113,065)
Net assets	55,966	64,240

At 31 March 2019 the Group and the Company had legal interests in the following joint venture companies:

	Country of incorporation	Class of share capital held	Proportion held Group	Proportion held Company	Nature of business
Barts, L.P.	United States	n/a	33%	–	Investment
Barts Close Office Limited	Jersey	Ordinary	33%	–	Investment
Barts Square First Office Limited	Jersey	Ordinary	33%	–	Investment
Barts Square Active One Limited	Jersey	Ordinary	33%	–	Investment
Barts Square First Limited	United Kingdom	Ordinary	33%	–	Development
Barts Square Land One Limited	United Kingdom	Ordinary	33%	–	Development
OBC Development Management Limited	United Kingdom	Ordinary	33%	–	Development
Old Street Holdings LP	Jersey	n/a	33%	–	Investment
Abbeygate Helical (Leisure Plaza) Limited	United Kingdom	Ordinary	50%	50%	Development
Abbeygate Helical (C4.1) LLP	United Kingdom	n/a	50%	50%	Development
Shirley Advance LLP	United Kingdom	n/a	50%	–	Development
King Street Developments (Hammersmith) Limited	United Kingdom	Ordinary	50%	–	Development
Helical Grainger Limited	United Kingdom	Ordinary	50%	–	Development
Helical Grainger Holdings Limited	United Kingdom	Ordinary	50%	–	Development
Creechurch Place Limited	Jersey	Ordinary	10%	–	Development

Significant Judgements and Estimates

There are a number of companies which are accounted for as joint ventures where the Group has an equity interest of less than 50%. This typically occurs where the Group's joint venture partner is providing a greater share of finance into the Company, with the Group contributing a greater share towards the day-to-day management of the underlying project. Key business decisions require unanimous agreement from the Group and its partner, therefore management judges that both parties control the entity equally and it is therefore considered appropriate to account for our interest as a joint venture.

Under the Barts Square joint venture agreement the Group is entitled to varying returns dependent upon the performance of the development. Whilst the Group holds a 33.3% legal share in the Barts Square group, it has accounted for its share at 43.8% to reflect its expected economic interest in the joint venture.

Under the Creechurch Place joint venture arrangement, whilst the Group holds a legal share of 10% of Creechurch Place Limited, a third party acquired the right to step in to take 20% of the Group's share of the effective economic interest, ie 2%. Therefore, the Group reflects this in the share of joint venture that it accounts for at 8%.

In addition, the joint venture agreement for Creechurch Place Limited provides for a put and call option, whereby the Group can put its 10% share or the joint venture partner can call the Group's 10% share. Under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the Group's investment in Creechurch Place Limited is a non-current asset held for sale. It is carried at the lower of its carrying amount and fair value less costs to sell of £nil at the balance sheet date. The sale is expected to complete within 12 months of the balance sheet date.

20. LAND, DEVELOPMENTS AND TRADING PROPERTIES

Group	Development properties 31.3.19 £000	Trading stock 31.3.19 £000	Total 31.3.19 £000	Development properties 31.3.18 £000	Trading stock 31.3.18 £000	Total 31.3.18 £000
At 1 April	6,014	28	6,042	86,652	28	86,680
Acquisitions and construction costs	1,444	–	1,444	36,640	–	36,640
Interest capitalised	–	–	–	2,188	–	2,188
Disposals	(1,567)	–	(1,567)	(118,426)	–	(118,426)
Provision	(3,608)	–	(3,608)	(1,040)	–	(1,040)
At 31 March	2,283	28	2,311	6,014	28	6,042

The Directors' valuation of land, developments and trading properties shows a surplus of £578,000 (31 March 2018: £628,000) above book value.

Total interest in respect of the development of sites is included in stock to the extent of £nil (31 March 2018: £nil). Interest capitalised during the year in respect of development sites amounted to £nil (2018: £2,188,000 relating to assets which were sold during the year).

Land, developments and trading properties with carrying values totalling £nil (31 March 2018: £nil) were held as security against borrowings.

The Company had £nil (31 March 2018: £nil) of land, developments or trading properties.

21. AVAILABLE-FOR-SALE ASSETS

The gain of £144,000 (2018: 1,385,000) recognised in the year is the result of cash received in relation to a previously fully impaired asset.

22. TRADE AND OTHER RECEIVABLES

Due within 1 year	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Trade receivables	9,680	35,883	–	–
Amounts owed by joint venture undertakings	22,511	28,193	22,340	20,096
Amounts owed by subsidiary undertakings	–	–	276,147	312,383
Other receivables	345	1,890	400	27,078
Prepayments	4,173	3,841	927	850
Accrued income	22,017	30,950	–	–
	58,726	100,757	299,814	360,407

Receivables	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Fully performing	55,358	98,132	298,887	359,557
Past due < 3 months	1,884	1,408	–	–
Past due > 3 months	434	255	–	–
Total receivables being financial assets	57,676	99,795	298,887	359,557
Total receivables being non-financial assets	1,050	962	927	850
Total receivables	58,726	100,757	299,814	360,407

Past due receivables not impaired relate to a number of independent customers for whom there is no recent history of default. Against trade receivables, Helical held £7,211,000 of rental deposits at 31 March 2019 (31 March 2018: £5,167,000).

Movements in the loss allowance of trade receivables are as follows:

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Gross receivables being financial assets	57,751	99,818	305,413	366,630
Provisions for receivables impairment	(75)	(23)	(6,526)	(7,073)
Net receivables being financial assets	57,676	99,795	298,887	359,557
Receivables written off during the year as uncollectable	24	22	4,191	24,780

The Group has assessed that the loss allowance under IFRS 9 *Financial Instruments* is not materially different to the impairment allowance under IAS 39 *Financial Instruments: Recognition and Measurement*. The Group has considered the likelihood of default for each tenant and for each contract balance, either on a 12-month basis, if there has been no significant change in credit risk, or on a lifetime basis, where credit risk has changed. This requires a forward looking assessment based on past performance and the Group's knowledge of its debtor profile.

Included in Total receivables being financial assets above are contract balances and receivables from contracts with customers, as defined by IFRS 15 *Revenue from Contracts with Customers*, as follows:

Contract assets from contracts with customers	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
At 1 April	16,275	622	–	–
Additions	–	15,658	–	–
Received during the year	(10,042)	(5)	–	–
Change in loss allowance	–	–	–	–
At 31 March	6,233	16,275	–	–

Receivables from contracts with customers	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
At 1 April	27,809	12,763	25,837	–
Additions	–	27,800	–	25,387
Received during the year	(27,809)	(12,754)	(25,837)	–
Change in loss allowance	–	–	–	–
At 31 March	–	27,809	–	25,387

Contract assets are typically recognised when the Group recognises revenue on partial completion of performance obligations, ordinarily the construction and letting of buildings in its role as development manager. Receivables are recognised when the Group has an unconditional right to consideration. Cash is typically received once a building is practically complete and a large proportion of the lettable area is subject to leases. This may be done in tranches.

23. CASH AND CASH EQUIVALENTS

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Cash held at managing agents	2,599	5,371	–	–
Restricted cash	2,678	2,713	–	–
Cash deposits	192,293	83,787	164,885	63,350
	197,570	91,871	164,885	63,350

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

24. TRADE AND OTHER PAYABLES

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Trade payables	13,009	11,175	734	849
Social security costs and other taxation	1,333	1,321	–	–
Amounts owed to subsidiary undertakings	–	–	183,689	292,294
Other payables	536	311	589	–
Accruals	23,368	32,735	5,711	3,913
Deferred income	4,913	5,836	–	–
Current trade and other payables	43,159	51,378	190,723	297,056
Accruals	11,405	–	–	–
Non-current trade and other payables	11,405	–	–	–
Total trade and other payables	54,564	51,378	190,723	297,056

25. BORROWINGS

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Current borrowings	100,468	–	98,767	–
Borrowings repayable within:				
one to two years	–	272,501	–	98,694
two to three years	195,410	–	–	–
three to four years	–	–	–	–
four to five years	37,399	21,878	–	–
five to six years	92,005	–	–	–
six to ten years	–	122,613	–	–
Non-current borrowings	324,814	416,992	–	98,694
Total borrowings	425,282	416,992	98,767	98,694

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the fair value of £767,800,000 (31 March 2018: £705,500,000). These will be repayable when the underlying properties are sold. Bank overdrafts and term loans exclude the Group's share of borrowings in joint venture companies of £48,473,000 (31 March 2018: £49,523,000).

Convertible Bond

On 17 June 2014 the Group issued £100m of Convertible Bonds at par with a 4% coupon rate which are due for settlement on 17 June 2019 (the "Bonds"). The Bond can be converted from 28 July 2014 up to and including 7 July 2017, if the share price has traded at a level exceeding 130% of the conversion price for a specified period, and from 8 July 2017 to (but excluding) the seventh dealing day before 17 June 2019 at any time. On conversion, the Group can elect to settle the Bonds by any combination of ordinary shares and cash. The Convertible Bonds is included at its fair value of £100,468,000 (31 March 2018: £101,333,000) within Current borrowings (31 March 2018: Borrowings repayable within one to two years).

26. FINANCING AND DERIVATIVE FINANCIAL INSTRUMENTS

The policies for dealing with liquidity and interest rate risk are noted in the Principal Risks Review on pages 52 to 57.

Borrowings maturity	Group 31.3.19 £000	Group 31.3.18 £000
Due after more than one year	324,814	416,992
Due within one year	100,468	–
	425,282	416,992

The Group has various undrawn committed borrowing facilities. The facilities available at 31 March 2019 in respect of which all conditions precedent had been met were as follows:

	Group 31.3.19 £000	Group 31.3.18 £000
Expiring in one year or less	10,000	10,000
Expiring in more than one year but not more than two years	–	77,285
Expiring in more than two years but not more than three years	3,321	–
Expiring in more than three years but not more than four years	–	–
Expiring in more than four years but not more than five years	160,377	77,326
Expiring in more than five years	–	–
	173,698	164,611

Interest rates – Group	%	Expiry	31.3.19 £000	%	Expiry	31.3.18 £000
Fixed rate borrowings:						
fixed rate Convertible Bond	4.000	Jun 2019	100,000	4.000	Jun 2019	100,000
swap rate plus bank margin	3.650	Nov 2019	105,000	3.650	Nov 2019	105,000
swap rate plus bank margin	4.150	Nov 2019	44,500	5.650	Nov 2019	44,500
swap rate plus bank margin	2.880	Apr 2024	50,000	3.850	Apr 2022	50,000
swap rate in excess of loan balance	2.382	Apr 2024	(30,000)	2.372	Apr 2022	(27,227)
fixed rate plus margin	3.480	Dec 2024	71,000	3.480	Dec 2024	71,000
fixed rate plus margin	3.210	Dec 2024	22,000	3.210	Dec 2024	22,000
Weighted average	3.745	Apr 2021	362,500	4.052	Mar 2021	365,274
Floating rate borrowings	5.650	Feb 2022	67,202	6.991	Sep 2022	54,115
Unamortised finance costs			(4,888)			(3,730)
Fair value adjustment of Convertible Bond			468			1,333
Total borrowings	4.056	Dec 2021	425,282	4.432	Jun 2021	416,992

Floating rate borrowings bear interest at rates based on LIBOR.

During the year, one interest rate swap was terminated and in February 2019 a £50,000,000 interest rate swap was entered into at 1.230% expiring in April 2024. Interest is fixed on the Convertible Bond as shown above, with the remaining borrowings being at floating rates.

In addition to the above, the Group has a £50,000,000 interest rate swap at 1.865% starting in January 2020 and expiring in June 2026.

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

Instrument – Group	Value £000	Rate %	Start	Expiry
Current:				
cap	15,000	0.750	Jun 2016	Nov 2019
cap	20,000	1.750	Aug 2018	Jul 2023
cap	35,000	1.750	Jul 2018	Jul 2023
cap	35,000	1.750	Aug 2018	Jul 2023
cap	50,000	1.750	Feb 2019	Apr 2024
floor	50,000	0.830	Feb 2019	Apr 2024
Future:				
cap	22,500	1.750	Nov 2019	Jul 2021
cap	22,500	1.750	Nov 2019	Jul 2021
cap	40,000	1.750	Jan 2020	Jul 2023

At 31 March 2019 the Company had no interest rate swaps, caps or floors (31 March 2018: nil).

Net gearing	Group 31.3.19 £000	Group 31.3.18 £000
Total borrowings	425,282	416,992
Cash	(197,570)	(91,871)
Net borrowings	227,712	325,121

Net borrowings excludes the Group's share of borrowings in joint ventures of £48,473,000 (31 March 2018: £49,523,000) and cash of £7,612,000 (31 March 2018: £11,790,000). All borrowings in joint ventures are secured.

	Group 31.3.19 £000	Group 31.3.18 £000
Net assets	567,425	533,894
Gearing	40%	61%

27. LONG LEASEHOLD LIABILITY

Finance lease obligations in respect of the Group's leasehold properties are payable as follows:

	Minimum lease payments 31.3.19 £000	Interest 31.3.19 £000	Present value of minimum lease payments 31.3.19 £000	Minimum lease payments 31.3.18 £000	Interest 31.3.18 £000	Present value of minimum lease payments 31.3.18 £000
Not later than one year	104	(5)	99	104	(5)	99
Later than one year but not more than five years	416	(62)	354	416	(62)	354
More than five years	15,600	(13,864)	1,736	15,600	(13,864)	1,736
	16,120	(13,931)	2,189	16,120	(13,931)	2,189

The long leasehold liability relates to ground rents payable in respect of the head lease at 25 Charterhouse Square, London EC1. The lease term is 155 years. The associated asset of £2,189,000 (31 March 2018: £2,189,000) is shown in Note 15.

28. SHARE CAPITAL

	31.3.19 £000	31.3.18 £000
Authorised	39,577	39,577

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

Allotted, called up and fully paid:	31.3.19 £000	31.3.18 £000
119,363,349 (31 March 2018: 118,610,741) ordinary shares of 1p each	1,194	1,186
212,145,300 deferred shares of 1/8p each	265	265
	1,459	1,451

	Shares in issue 31.3.19 Number	Share capital 31.3.19 £000	Shares in issue 31.3.18 Number	Share capital 31.3.18 £000
Ordinary shares				
At 1 April	118,610,741	1,186	118,196,215	1,182
Issued share capital	752,608	8	414,526	4
At 31 March	119,363,349	1,194	118,610,741	1,186
Deferred shares				
At 1 April and 31 March	212,145,300	265	212,145,300	265

Capital Management

The Group's capital management objectives are:

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

The Group sets the amount of capital in proportion to its overall financing structure. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt. Capital is defined as being issued share capital, share premium, retained earnings, revaluation reserve and other reserves (2019: £559,947,000, 2018: £526,416,000). The Group continually monitors its gearing level to ensure that it is appropriate. Gearing decreased from 61% to 40% in the year as the Group repaid debt from the proceeds of sale of property.

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

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

29. SHARE OPTIONS

At 31 March 2019 and 31 March 2018 there were no unexercised options over new ordinary 1p shares in the Company. No options over purchased ordinary 1p shares held by the ESOP had been granted to Directors and employees under the Company's share option schemes (31 March 2018: none).

30. SHARE-BASED PAYMENTS

The Group provides share-based payments to employees in the form of Performance Share Plan (PSP) awards and a Share Incentive Plan. The Group uses a combination of the Black-Scholes and stochastic valuation models and the resulting value is amortised through the Consolidated Income Statement over the vesting period of the share-based payments. Details of the performance criteria are set out on page 94 to 95.

Performance Share Plan awards	Awards	2019 Weighted average award value	Awards	2018 Weighted average award value
Outstanding at beginning of year	3,734,498	313p	4,743,684	320p
Awards vested during year	(750,029)	353p	(1,235,491)	295p
Awards lapsed during the year	(454,897)	353p	(1,186,942)	315p
Awards made during the year	1,133,530	375p	1,413,247	271p
Outstanding at end of year	3,663,102	319p	3,734,498	313p

All awards have an exercise price of £nil (2018: £nil).

The weighted average share price at the date of exercise for the share options exercised during the year was 334p (2018: 300p).

The PSP awards outstanding at 31 March 2019 had a weighted average remaining contractual life of one year and two months.

The fair value of the awards made in the year to 31 March 2019 was £3,676,000 (2018: £3,835,000). These were granted on 1 June 2018.

The inputs into the Black-Scholes and stochastic models of valuation of the PSP awards made in the year to 31 March 2019 were as follows:

	2019	2018	2017
Weighted average share price	375.0p	320.0p	391.5p
Weighted average exercise price	–	–	–
Expected volatility	30%	28%	22%
Expected life	3 years	3 years	3 years
Risk free rate	0.65%	0.08%	0.40%
Expected dividends	0.00%	0.00%	0.00%

The Group recognised a charge of £2,274,000 (2018: £1,388,000) during the year in relation to share-based payments.

Volatility is measured by calculating the standard deviation of the natural logarithm of share price movements for the period prior to the date of grant which is commensurate with the remaining length of the performance period.

At the balance sheet date there were no exercisable awards. There is a two-year holding period for vested awards.

31. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those whose cash flows were, or future cash flows will be, classified in the Consolidated and Company Cash Flow Statements as cash flows from financing activities.

Borrowings	Group £000	Company £000
At 31 March 2017	673,701	173,604
Financing cash flows	(262,474)	(80,000)
Fair value moment of Convertible Bond	1,559	–
Other changes	4,206	5,090
At 31 March 2018	416,992	98,694
Financing cash flows	9,783	–
Fair value moment of Convertible Bond	(865)	–
Other changes	(628)	73
At 31 March 2019	425,282	98,767

Financing cash flows comprise borrowings drawn down and repaid in the Consolidated and Company Cash Flow Statements. Other changes include the rolling up of interest and the change in unamortised refinancing costs.

32. CONTINGENT LIABILITIES

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

There were no other contingent liabilities at 31 March 2019 for the Group or the Company (31 March 2018: £nil).

33. CAPITAL COMMITMENTS

The Group has a commitment of £64,900,000 (31 March 2018: £63,143,000) in relation to construction contracts, which are due to be completed in the year to March 2020, of which £19,200,000 (31 March 2018: £520,000) relates to the Group's share of commitments in joint ventures.

34. POST BALANCE SHEET EVENTS

In May 2019 the Group completed its acquisition of the site at Charterhouse Street, London EC1, in joint venture with AshbyCapital, for £75,000,000 (Helical's share: £37,500,000).

35. NET ASSETS PER SHARE

	31.3.19 £000	Number of shares 000	31.3.19 pence per share
Net asset value	567,425	119,363	
Less: deferred shares	(265)		
Basic net asset value	567,160	119,363	475
Add: share settled bonus		862	
Add: dilutive effect of the Performance Share Plan		734	
Diluted net asset value	567,160	120,959	469
Adjustment for:			
fair value of financial instruments	3,218		
fair value movement on Convertible Bond	468		
deferred tax	11,687		
Adjusted diluted net asset value	582,533	120,959	482
Adjustment for:			
fair value of trading and development properties	578		
EPRA net asset value	583,111	120,959	482
Adjustment for:			
fair value of fixed rate loans	(5,449)		
fair value of financial instruments	(3,218)		
deferred tax	(11,687)		
EPRA triple net asset value	562,757	120,959	465

The adjustment for the fair value of land, development and trading properties represents the surplus of fair value over carrying value as at 31 March 2019.

	31.3.18 £000	Number of shares 000	31.3.18 pence per share
Net asset value	533,894	118,611	
Less: deferred shares	(265)		
Basic net asset value	533,629	118,611	450
Add: share settled bonus		920	
Add: dilutive effect of the Performance Share Plan		478	
Diluted net asset value	533,629	120,009	445
Adjustment for:			
fair value of financial instruments	2,692		
fair value movement on Convertible Bond	1,333		
deferred tax	21,662		
Adjusted diluted net asset value	559,316	120,009	466
Adjustment for:			
fair value of trading and development properties	2,328		
EPRA net asset value	561,644	120,009	468
Adjustment for:			
fair value of financial instruments	(2,692)		
deferred tax	(21,662)		
EPRA triple net asset value	537,290	120,009	448

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 triple net asset value per share reflects the fair value of all the assets and liabilities of the Group at 31 March 2019. One of the loans held by the Group is at a fixed rate and therefore not at fair value, the adjustment of £5,449,000 is the increase from book to fair value.

36. RELATED PARTY TRANSACTIONS

At 31 March 2019 and 31 March 2018 the following amounts were due from the Group's joint ventures:

	31.3.19 £000	31.3.18 £000
King Street Developments (Hammersmith) Limited	71	9,916
Shirley Advance LLP	330	249
Barts Square companies	34	2,205
Old Street Holdings LP	3	3
Creechurch Place Limited	22,073	32,096

In the year, interest on bonds of £451,000 (2018: £1,590,000) was charged by the Group to Creechurch Place Limited. In addition, a development management fee £7,142,000 (2018: £14,008,000) was charged to Creechurch Place Limited and £821,000 (2018: £1,924,000) to the Barts Square companies. An amount of £237,000 (2018: £nil) was written off the balance owed from King Street Developments (Hammersmith) Limited.

All balances are repayable on demand, other than the amount owed from Creechurch Place Limited, which is due for repayment on the sale of the Group's share of that company (Note 19). No provisions have been recognised in respect of amounts owed from joint ventures.

At 31 March 2019 and 31 March 2018 there were the following balances between the Company and its subsidiaries:

	31.3.19 £000	31.3.18 £000
Amounts due from subsidiaries	276,147	312,383
Amounts due to subsidiaries	183,689	292,294

During the years to 31 March 2019 and 31 March 2018 there were the following transactions between the Company and its subsidiaries:

	31.3.19 £000	31.3.18 £000
Management charges receivable	3,307	6,721
Interest receivable	1,611	2,887
Interest payable	3,998	3,986

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

The Group considers that key management personnel are the Directors. The compensation paid or payable to key management is:

	31.3.19 £000	31.3.18 £000
Salaries and other short-term employee benefits	3,612	3,808
Share-based payments	1,481	2,386
	5,093	6,194

The total dividends paid to Directors of the Group in the year were £1,480,124 (2018: £1,381,737).

37. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

Financial assets in the Group include derivative financial assets and available-for-sale assets which are designated as "Fair value through the Profit or Loss". Financial assets also include trade and other receivables and cash and cash equivalents, all of which are included within financial assets measured at amortised cost.

Financial liabilities classed as "Fair value through the Profit or Loss" include derivatives and those liabilities designated as such. Financial liabilities also include secured bank loans and overdrafts, trade and other payables and provisions, all of which are classified as financial liabilities at amortised cost.

Financial Assets and Liabilities by Category

The financial instruments of the Group as classified in the financial statements can be analysed under the following categories. IFRS 9 *Financial Instruments* is applicable for the year to 31 March 2019 and IAS 39 *Financial Instruments: Recognition and Measurement* for the year to 31 March 2018. In accordance with IFRS 7: 42Q, disclosure is not made of the line item amounts that would have been reported in accordance with the classification and measurement requirements under IFRS 9 for prior year and IAS 39 for the current year.

Financial assets	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Measured at amortised cost (2018: Loans and receivables)	255,246	191,666	463,772	422,907
Fair value through the Profit or Loss	915	123	270	–
Total financial assets	256,161	191,789	464,042	422,907

These financial assets are included in the Balance Sheet within the following headings:

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Trade and other receivables	57,676	99,795	298,887	359,557
Cash and cash equivalents	197,570	91,871	164,885	63,350
Derivative financial asset	915	123	270	–
Total financial assets	256,161	191,789	464,042	422,907

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

The carrying value of the trade and other receivables and cash and cash equivalents is not deemed to be materially different from the fair value.

Financial liabilities	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Fair value through the Profit or Loss	4,158	3,721	–	2,404
Designated at Fair value through the Profit or Loss	100,468	101,333	–	–
Measured at amortised cost	375,320	361,223	289,490	395,750
Total financial liabilities	479,946	466,277	289,490	398,154

The Convertible Bond has been designated at fair value through the profit or loss. The change in fair value of the Convertible Bond is wholly attributable to changes in market conditions. If Bondholders do not exercise their conversion right, the obligation is settled by a cash payment of £100,000,000. The difference between the carrying amount of £100,468,000 (31 March 2018: £101,333,000) and this settlement amount is an additional liability of £468,000 (31 March 2018: £1,333,000).

The financial liabilities are included in the Balance Sheet within the following headings:

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Trade and other payables	48,317	44,222	190,723	297,056
Borrowings – current	100,468	–	98,767	–
Borrowings – non-current	324,814	416,992	–	98,694
Long leasehold liability	2,189	2,189	–	–
Derivative financial instruments	4,158	2,874	–	2,404
Total financial liabilities	479,946	466,277	289,490	398,154

The carrying value of trade and other payables and borrowings is not deemed to be materially different from the fair value, other than for one fixed rate loan, whose fair value is £5,449,000 greater than its carrying value. Financial liabilities are stated in accordance with IAS 32 *Financial Instruments: Presentation*.

The Group and Company financial instruments that are measured subsequent to initial recognition at fair value are interest rate swaps, caps and floors, and those designated on initial recognition.

Interest rate swaps, caps and floors are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

IFRS 13 categorises financial assets and liabilities as being valued in three hierarchical levels:

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

Assets and liabilities measured at fair value are classified as below:

Level 1 Convertible Bond (Note 25)
Level 2 Derivative financial instruments (Note 37)
Level 3 Investment property (Note 15)

There were no transfers between categories in the current or prior year.

Derivative financial instruments	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Interest rate caps	915	123	–	–
Interest rate floors	(579)	–	–	–
Interest rate swaps	(3,579)	(2,874)	–	–
Convertible Bond derivative element	–	–	270	(2,404)
	(3,243)	(2,751)	270	(2,404)

The Group's movement in the fair value of the derivative financial instruments in the year was a loss of £3,322,000 (2018: gain of £4,029,000) due to interest rate caps, floors and swaps. In accordance with IFRS 9 *Financial Instruments*, the Convertible Bond is split into a loan and derivative element in the Company Balance Sheet. On initial recognition the derivative element had a liability value of £8,190,000. At 31 March 2019, the derivative element had an asset value of £270,000 (2018: liability value of £2,404,000) with a corresponding gain of £2,674,000 (2018: £146,000) recognised in the Company Income Statement.

37. FINANCIAL INSTRUMENTS CONTINUED

Credit Risk

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk the Group periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors. It is Group policy to assess the financial viability of potential tenants where their rent roll is individually significant before entering into lease agreements. This review involves the latest available set of financial statements, other publicly available financial information and management accounts where appropriate. The covenant strength of each tenant is determined based on this information and a deposit or guarantee is sought if necessary. The Group's tenants are spread across a wide variety of industries, reducing the Group's risk to any individual industry. The Group works closely with its agents, who advise where a loss allowance is required for individual tenants, based on their credit control procedures.

Credit risk also exists due to cash and cash equivalents and deposits with banks and other financial institutions. The cash is held with reputable banking institutions and in client accounts with solicitors and managing agents and therefore credit risk is considered low.

As at 31 March 2019 the Group had total credit risk exposure excluding cash of £57,677,000, all of which is loans and receivables. The quantitative disclosures of trade and other receivables credit risk is shown in Note 22.

The Group has a small number of other debtors that are financial assets. Therefore, each is considered on an individual basis and involves the Group's detailed knowledge of the counterparties involved in order to assess the likelihood of non-recoverability. All these debtors are deemed to be recoverable.

The amounts owed to the Company are considered on an individual basis by assessing the subsidiaries' and joint ventures' ability to repay the debt at the point at which it is repayable. The Group considers the net assets of the debtor, taking into account any potential uplifts to fair value of investments, land, development and trading properties in making its assessment.

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

Liquidity Risk

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

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

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

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

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

	Group 31.3.19 £000	Group 31.3.18 £000	Company 31.3.19 £000	Company 31.3.18 £000
Payable within 3 months	137,825	31,373	290,549	298,257
Payable between 3 months and 1 year	10,864	30,048	614	3,412
Payable between 1 and 3 years	219,240	294,609	1,637	21,982
Payable after 3 years	144,015	164,700	6,955	86,363
Total contracted liabilities	511,944	520,730	299,755	410,014

At 31 March 2019 the Group had £173,698,000 (31 March 2018: £164,611,000) of undrawn borrowing facilities, £25,230,000 (31 March 2018: £104,564,000) of uncharged property assets and cash balances of £197,570,000 (31 March 2018: £91,871,000). The above contracted liabilities assume that no loans are extended beyond their current facility expiry date. Management believes that these facilities, together with anticipated sales and the renewal of some of these loan facilities, mean that the Group can meet its contracted liabilities as they fall due.

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

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

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

In the year to 31 March 2019, if interest rates had moved by 0.5%, this would have resulted in the following movement to net profits and equity due to movements in interest charges and mark-to-market valuations of derivatives.

	Group impact on results 31.3.19 £000	Group impact on equity 31.3.19 £000	Company impact on results 31.3.19 £000	Company impact on equity 31.3.19 £000
0.5% increase – increase in net results and equity	5,620	5,620	340	340
0.5% decrease – decrease in net results and equity	(3,187)	(3,187)	(340)	(340)

Foreign Currency Exchange Risk
The Group and Company have no material exposure to movements in foreign currency rates.

38. PRIOR YEAR COMPANY RESTATEMENT

As part of a Group reorganisation during the year ended 31 March 2018, a number of transactions within the Company accounts were not identified. These were in relation to the transfer of intercompany investments and associated impairments. These have been corrected as a prior year adjustment and the net impact is set out in the table below. The impact of these adjustments results in an increase in Parent Company profit before tax of £7,749,000. These adjustments do not have a tax impact. These adjustments have no impact on the Group results.

The effect of the adjustment on the relevant financial statement line items for the year ended 31 March 2018 is as follows:

Company Impact on equity – increase/(decrease) in equity	Original 31.3.18 £000	Adjustment 31.3.18 £000	Restated 31.3.18 £000
Investment in subsidiaries	165,928	(9,755)	156,173
Trade and other receivables	369,072	(8,665)	360,407
Total assets	600,749	(18,420)	582,329
Trade and other payables	(323,225)	26,169	(297,056)
Total liabilities	(424,323)	26,169	(398,154)
Net assets	176,426	7,749	184,175
Retained earnings	66,712	7,749	74,461
Equity	176,426	7,749	184,175

39. PRINCIPAL ACCOUNTING POLICIES

Basis of Consolidation

The Group financial statements consolidate those of Helical plc (the "Company") and all of its subsidiary undertakings (together the "Group") drawn up to 31 March 2019. Subsidiary undertakings are entities for which the Group has power over the investee, is exposed to or has the rights to variable returns and has the ability to control those returns. Subsidiaries are accounted for under the purchase method and are held in the Company Balance Sheet at cost and reviewed annually for impairment.

Joint ventures are entities whose economic activities are contractually controlled jointly by the Group and by other ventures independent of the Group, where both parties are exposed to variable returns but neither has control over those returns. This exists where unanimous agreement of the investee's relevant activities is required. They are accounted for using the equity method of accounting, whereby the Group's share of profit after tax in the joint venture is recognised in the Consolidated Income Statement ("Income Statement") and the Group's share of the joint venture's net assets are incorporated in the Consolidated Balance Sheet.

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

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

The Consolidated Financial Statements are presented in sterling which is also the functional currency of the Parent Company.

Going Concern

The accounts have been prepared on a going concern basis as explained in the Report of the Directors on page 98.

Revenue Recognition

Rental income

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

Sale of goods

Assets, such as trading properties, development sites and completed developments, are regarded as sold at the point at which the customer has control of the goods. This occurs on completion of the contract for sale. Measurements of revenue arising from the sale of such assets are derived from the transaction price as determined by IFRS 15 *Revenue from Contracts with Customers*.

Construction contracts and development management services

The Group has contracts to develop and let properties for third parties. Where two or more contracts are entered into at or near the same time with the same customer, the contracts are combined and accounted for as a single contract. An arrangement may involve the construction and letting of a third party property or the sale and subsequent construction and letting of a property. The construction and letting of a property are considered to be separate performance obligations. Where an arrangement also involves the sale of an asset, this is an additional distinct performance obligation. The initial sale of a site to a customer is recognised as a sale of goods in accordance with IFRS 15, where the sale of land is not conditional on the construction of the buildings and is not reversible in the event that the building is not constructed.

Ordinarily, the Group return includes both fixed and variable consideration. These constitute the transaction price. Variable consideration is estimated as the amount of consideration to which the Group would be entitled in exchange for transferring goods or services. This is done on an expected value basis. This estimate is constrained to the extent that it is highly probable that a significant reversal of the amount of revenue recognised will not occur when the uncertainty is removed.

The fixed and variable consideration are allocated to the relevant performance obligations in proportion to their estimated stand-alone selling prices. Revenue is recognised either over time or at a point in time, depending on the terms of the contract. The proportion of the transaction price allocated to construction is recognised at any given reporting date in proportion to the costs certified to date as a percentage of the total expected construction costs. The proportion of the transaction price allocated to the letting of the property is recognised at any given reporting date in proportion to the area subject to leases as a percentage of the total lettable space.

Investment income

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

Deferred income

Money received in advance of the provision of goods or services is held in the Balance Sheet until the income can be recognised in the Income Statement.

Share-based Payments

The Group provides share-based payments in the form of Performance Share Plan awards and a Share Incentive Plan. These payments are discussed in greater detail in the Directors' Remuneration Report on pages 81 to 97. The fair values of share-based payments related to employees' service are determined indirectly by reference to the fair value of the related instrument at the grant date. The Group uses a combination of the Black-Scholes and stochastic valuation models and the resulting value is amortised through the Income Statement over the vesting period of the share-based payments.

For the Performance Share Plan and Share Incentive Plan awards, where market conditions apply, the expense is allocated to the Income Statement evenly over the vesting period.

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

The amount charged to the Income Statement is credited to the Retained Earnings reserve.

Depreciation
In accordance with IAS 40 *Investment Property*, depreciation is not provided for on freehold investment properties or on leasehold investment properties. The Group does not own the freehold land and buildings which it occupies. Costs incurred in respect of leasehold improvements to the Group's head office at 5 Hanover Square, London W1S 1HQ are capitalised and held as short-term leasehold improvements. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Residual values are reassessed annually.

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

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of those assets and liabilities. Such assets and liabilities are not recognised if the timing differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

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

a) the Group is able to control the timing of the reversal of the timing difference; and

b) it is probable that the timing difference will not reverse in the foreseeable future.

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

Investment Properties
Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment properties are initially recognised at cost, including associated transaction costs, and subsequently at fair value adjusted for the carrying value of lease incentive and letting cost receivables. These fair values are based on market values as determined by professionally qualified external valuers or are determined by the Directors of the Group based on their knowledge of the property. In accordance with IAS 40 *Investment Property*, investment properties held under leases are stated gross of the recognised finance lease liability.

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

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

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

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

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

Investment properties are derecognised on completion of sale.

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

Gross borrowing costs associated with expenditure on properties under development or undergoing major refurbishment are capitalised. The interest capitalised is either based on the interest paid (where a project has a specific loan) or calculated using the Group's weighted average cost of borrowings (where there are no specific borrowings for the project). Interest is capitalised from the date of commencement of the development work until date of practical completion.

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

39. PRINCIPAL ACCOUNTING POLICIES CONTINUED

Financial Assets

Financial assets do not carry any interest and are stated initially at fair value and subsequently at amortised cost as reduced by appropriate loss allowances. The loss allowance is based on the lifetime expected credit losses, if the credit risk of a receivable has increased significantly since initial recognition. This is reduced to 12 months where the credit risk has not increased significantly. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or on transfer of the fixed asset and of the associated risks and rewards to another party.

Cash and Cash Equivalents

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

Trade and Other Payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost. The Group derecognises trade and other payable liabilities when they are extinguished, which occurs when the obligation associated with the liability is discharged, cancelled or expires.

Borrowing and Borrowing Costs

Interest bearing bank loans and overdrafts are initially recorded at fair value, net of finance and other costs yet to be amortised, in accordance with IFRS 9, and subsequently at amortised cost. Embedded derivatives contained within the borrowing agreements are treated in accordance with IFRS 9, which includes consideration of whether embedded derivatives require bifurcation.

Convertible Bonds are designated as fair value through the profit and loss and so are presented on the Balance Sheet at fair value, with all gains and losses, including the write-off of issuance costs, recognised in the Income Statement. The interest charge in respect of the coupon rate on the Bonds has been recognised within finance costs on an accruals basis.

Borrowing costs directly attributable to the acquisition and construction of new developments and investment properties are added to the costs of such properties until the date of completion of the development or investment. After initial recognition borrowings are carried at amortised cost.

Gains or losses on extinguishing debt are recognised in the Income Statement in the period in which they occur.

Derivative Financial Instruments

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

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Further information on the categorisation of financial instruments can be found in Note 37.

Leases

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

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

In accordance with IAS 17 *Leases*, operating leases receipts and payments are spread on a straight-line basis over the length of the lease.

Net Asset Values Per Share

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

Earnings Per Share

Earnings per share have been calculated in accordance with IAS 33 *Earnings per Share* and the best practice recommendations of EPRA.

Use of Judgements and Estimates

To be able to prepare accounts according to the 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 judgement and estimates that may significantly impact the Group's earnings and financial position are:

Significant judgements
The adoption of IFRS 15 *Revenue from Contracts with Customers* requires management to make judgements in relation to the performance obligations of its contracts, the constraints of variable consideration, the allocation of the transaction price to the performance obligations and an assessment of satisfaction of the performance obligations.

The four judgements are explained below:

- The Group has entered into contracts to develop and let property on behalf of third parties. These are judged to be separate performance obligations under IFRS 15, satisfied at practical completion and once a minimum level of space is subject to lease, respectively;
- Where a contract involves both fixed and variable consideration, judgement is exercised in determining the level of variable consideration. IFRS 15 requires that variable consideration is constrained to the extent that it is highly probable that a significant reversal will not occur. Management must make a judgement at each reporting period end based on both the progress of the construction and letting of the property, and its knowledge of the current rental market;
- Judgement is exercised in determining the stand–alone sales price of each performance obligation. For construction, the market price for build-only contracts forms the basis for this judgement. For lettings, the Group considers the fee chargeable by letting agents and adds a risk premium. The stand–alone sales price is used to allocate the total consideration, on a pro–rata basis, to determine the allocated transaction price of each obligation; and
- At each reporting period end, the stage of completion of a performance obligation must be assessed, which determines the proportion of the allocated transaction price to be recognised in any given reporting period. The stage of completion of construction is based on an assessment of the costs certified to date as a percentage of the total expected construction costs, reflecting the transfer of the property to the customer over time. The letting progress is measured as the area subject to lease, as a proportion of the total lettable space. This reflects the transfer of value to the customer.

Consideration of the nature of joint arrangements. In the context of IFRS 10 *Consolidated Financial Statements*, this involves consideration 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 19).

Key sources of estimation uncertainty
The key areas are discussed below:

- Estimates must be made as to the expected variable consideration under IFRS 15 *Revenue from Contracts with Customers*, which is dependent upon the rental values achieved and the quantum of construction costs incurred. At each reporting date the expected value approach is used to estimate the total variable consideration. One contract was subject to estimation in the year to 31 March 2019, with associated revenue of £6.0m. The building is completed, so construction costs were not subject to estimation. Rental values were the key area for estimation and if assumed rental values on vacant floors were 5% higher, revenue for the year to 31 March 2019 would be £0.7m higher. If values were 5% lower, revenue would be £0.7m lower;
- Recognition of share-based payments where non-market conditions apply, is dependent upon the estimated number of Performance Share Plan awards that will vest at the end of the period based on future forecast performance and employee retention (Note 30). The 2016 award is based on the 31 March 2019 results, so does not require estimation, but the 2017 and 2018 vesting percentages do require estimation. As at March 2019, the estimated vesting percentage for 2017 was 28% and for 2018 was 44%. These have been sensitised for a range of reasonably possible vesting outcomes. If it was estimated that nil% of the remaining shares were expected to vest it would result in a credit to the Income Statement of £0.7m and if it was estimated that 100% were expected to vest it would result in a £1.8m additional charge. A 10% variation in the estimated vesting percentage would result in a £0.4m charge/credit recognised in the Income Statement;
- Determination of the most appropriate percentage interest level at which to recognise our share of joint ventures, where our economic interest can differ to our ownership interest (see Note 19). Under the Barts Square joint venture agreement, the Group is entitled to varying returns dependent upon the performance of the development. Whilst the Group holds a 33.3% legal share in the Barts Square group, it has accounted for its share at 43.8% to reflect its expected economic interest in the joint venture. There are several estimates that contribute to this expected economic interest, the most sensitive of which is the estimated sales price of the residential units. If the estimated sales prices were 10% lower, the Group's economic interest would fall by 1.1% (with a net asset decrease of £0.2m), whilst an increase of 10% would result in a rise of in economic interest of 0.7% (with a net asset increase of £0.1m);
- Valuation of investment properties. The sensitivity of these valuations to changes in the equivalent yields and rental values is included in Note 15; and
- The net realisable value of land and development properties contain subjective assumptions including the results of future planning decisions, future construction costs and future sales values and timings. One project in the year to 31 March 2019 required significant estimates of future sales prices resulting in a £7.2m provision being made during the year to reduce the value of the property to its net realisable value. If the estimated sales prices were 10% lower, an increased provision of £2.7m would have been recognised, whilst an increase of 10% would have resulted in a reduced provision of £2.6m.

40. SUBSIDIARY AND RELATED UNDERTAKINGS

The Company's subsidiary and related undertakings are listed below. Except where otherwise indicated all undertakings are incorporated, registered and operate in the United Kingdom at 5 Hanover Square, London, W1S 1HQ.

The share capital of each of the companies, where applicable, is comprised of ordinary shares unless otherwise stated.

	Company	Direct/ Indirect	Ultimate %
	ACTIVE SUBSIDIARIES		
1	207 OLD STREET UNIT TRUST[1]	Indirect	100%*
2	211 OLD STREET UNIT TRUST[1]	Indirect	100%*
3	AYCLIFFE & PETERLEE INVESTMENT COMPANY LIMITED	Direct	100%
4	BAYLIGHT DEVELOPMENTS LIMITED	Indirect	100%
5	CPP INVESTMENTS LIMITED	Indirect	100%
6	DOWNTOWN SPACE PROPERTIES LLP	Indirect	100%
7	EMBANKMENT PLACE (LP) LIMITED[8]	Direct	100%
8	FARRINGDON EAST (JERSEY) LIMITED[4]	Indirect	100%
9	G2 ESTATES LIMITED	Direct	100%
10	HB SAWSTON NO 3 LIMITED	Direct	100%
11	HELICAL (BEACON ROAD) LIMITED	Direct	100%
12	HELICAL (BOOTH ST) LIMITED	Direct	100%
13	HELICAL (BOSS) LIMITED	Direct	100%
14	HELICAL (BROWNHILLS) LIMITED	Direct	100%
15	HELICAL (CANNOCK) LIMITED	Direct	100%
16	HELICAL (CARDIFF) LIMITED	Direct	100%
17	HELICAL (CHART) LIMITED	Direct	100%
18	HELICAL (CHESTER) LIMITED	Direct	100%
19	HELICAL (CHURCHGATE) LIMITED	Indirect	100%
20	HELICAL (CS HOLDINGS) JERSEY LIMITED[4]	Indirect	100%
21	HELICAL (CS) JERSEY LIMITED[4]	Indirect	100%
22	HELICAL (DALE HOUSE) LIMITED	Direct	100%
23	HELICAL (DOXFORD) LIMITED	Direct	100%
24	HELICAL (FP) HOLDINGS LIMITED	Indirect	100%
25	HELICAL (HALESOWEN) LIMITED	Direct	100%
26	HELICAL (HINCKLEY) LIMITED	Direct	100%
27	HELICAL (HUDDERSFIELD) LIMITED	Direct	100%
28	HELICAL (JARROW) LIMITED	Direct	100%
29	HELICAL (LB) LIMITED	Direct	100%
30	HELICAL (NORTHAMPTON) LIMITED	Direct	100%
31	HELICAL (NQ) LIMITED	Direct	100%
32	HELICAL (OS HOLDCO) JERSEY LIMITED[4]	Indirect	100%
33	HELICAL (PETERBOROUGH) LIMITED	Direct	100%
34	HELICAL (PORCHESTER) LIMITED	Direct	100%
35	HELICAL (PORTBURY) LIMITED	Direct	100%
36	HELICAL (POWER ROAD) LIMITED	Direct	100%
37	HELICAL (QUARTZ) LIMITED	Direct	100%
38	HELICAL (SEVENOAKS) LIMITED	Direct	100%
39	HELICAL (SHEPHERDS) LIMITED	Indirect	100%
40	HELICAL (SIX) LIMITED	Direct	100%
41	HELICAL (SOUTHEND) LIMITED	Direct	100%
42	HELICAL (STONE) LIMITED	Direct	100%
43	HELICAL (SUN) LIMITED	Direct	100%
44	HELICAL (TELFORD) LIMITED	Direct	100%
45	HELICAL (WELLINGBOROUGH) LIMITED	Direct	100%
46	HELICAL (WHITECHAPEL) LIMITED	Indirect	100%
47	HELICAL (YATE) LIMITED	Direct	100%
48	HELICAL ASSET MANAGEMENT SP. Z O.O.[5]	Indirect	100%
49	HELICAL B.V.[3]	Direct	100%
50	HELICAL BAR (CATHCART) LIMITED	Direct	100%
51	HELICAL BAR (DRURY LANE) LIMITED	Direct	100%
52	HELICAL BAR (GREAT DOVER STREET) LIMITED	Indirect	100%
53	HELICAL BAR (JERSEY) LIMITED[4]	Direct	100%
54	HELICAL BAR (MAPLE) LIMITED	Direct	100%
55	HELICAL BAR (MITRE SQUARE) DEVELOPMENTS LIMITED	Direct	100%
56	HELICAL BAR (ST VINCENT STREET) LIMITED	Direct	100%
57	HELICAL BAR (WALES) LIMITED	Indirect	100%
58	HELICAL BAR DEVELOPMENTS (SOUTH EAST) LIMITED	Direct	100%

	Company	Direct/ Indirect	Ultimate %
59	HELICAL BAR DEVELOPMENTS LIMITED	Direct	100%
60	HELICAL FARRINGDON EAST (JERSEY) LIMITED[4]	Direct	100%
61	HELICAL FINANCE (AV) LIMITED	Direct	100%
62	HELICAL FINANCE (BAR) LIMITED	Direct	100%
63	HELICAL FINANCE (RBS) LIMITED	Direct	100%
64	HELICAL INVESTMENT HOLDINGS LIMITED	Direct	100%
65	HELICAL JERSEY HOLDINGS LIMITED[4]	Direct	100%
66	HELICAL JERSEY INVESTMENT HOLDINGS LIMITED[4]	Direct	100%
67	HELICAL OLD STREET JERSEY HOLDINGS LIMITED[4]	Direct	100%
68	HELICAL OLD STREET JERSEY LIMITED[4]	Indirect	100%
69	HELICAL POLAND SP. Z O.O.[2]	Indirect	100%
70	HELICAL PROPERTIES (HSM) LIMITED	Indirect	100%
71	HELICAL PROPERTIES INVESTMENT LIMITED	Direct	100%
72	HELICAL RETAIL LIMITED	Direct	100%
73	HELICAL SERVICES LIMITED	Direct	100%
74	HELICAL WROCLAW SP. Z O.O.[2]	Indirect	100%
75	METROPOLIS PROPERTY LIMITED	Indirect	100%
76	OLD STREET UNITHOLDER NO 1 LIMITED[4]	Indirect	100%
77	OLD STREET UNITHOLDER NO 2 LIMITED[4]	Indirect	100%
	JOINT VENTURES AND JOINT OPERATIONS		
1	ABBEYGATE HELICAL (C4.1) LLP	Direct	50%
2	ABBEYGATE HELICAL (LEISURE PLAZA) LIMITED	Direct	50%
3	BARTS CLOSE OFFICE LIMITED[4]	Indirect	33%
4	BARTS ONE LIMITED[4]	Indirect	33%
5	BARTS SQUARE ACTIVE ONE LIMITED[4]	Indirect	33%
6	BARTS SQUARE FIRST LIMITED	Indirect	33%
7	BARTS SQUARE FIRST OFFICE LIMITED[4]	Indirect	33%
8	BARTS SQUARE FIRST RESIDENTIAL LIMITED[4]	Indirect	33%
9	BARTS SQUARE LAND ONE LIMITED	Indirect	33%
10	BARTS TWO LIMITED[4]	Indirect	33%
11	BARTS, L.P.[6]	Indirect	33%
12	CREECHURCH PLACE LIMITED[7]	Indirect	10%
13	HASLUCKS GREEN LIMITED	Indirect	50%
14	HELICAL GRAINGER LIMITED	Indirect	50%
15	HELICAL GRAINGER (HOLDINGS) LIMITED	Indirect	50%
16	KING STREET DEVELOPMENTS (HAMMERSMITH) LIMITED	Indirect	50%
17	OBC DEVELOPMENT MANAGEMENT LIMITED	Indirect	33%
18	SHIRLEY ADVANCE LLP	Indirect	50%
	DORMANT SUBSIDIARIES AND JOINT VENTURES		
1	AYCLIFFE & PETERLEE DEVELOPMENT COMPANY LIMITED	Direct	100%
2	DENCORA (FORDHAM) LIMITED	Indirect	100%
3	FARRINGDON EAST LIMITED	Indirect	100%
4	GLENLAKE LIMITED	Indirect	100%
5	HB SAWSTON NO. 1 LIMITED	Direct	100%
6	HB SAWSTON NO. 2 LIMITED	Direct	100%
7	HB SAWSTON NO. 4 LIMITED	Direct	100%
8	HELICAL (ALFRETON) LIMITED	Direct	100%
9	HELICAL (ARTILLERY) LIMITED	Direct	100%
10	HELICAL (BATTERSEA) LIMITED	Direct	100%
11	HELICAL (BOSS 2) LIMITED	Direct	100%
12	HELICAL (BROADWAY) LIMITED	Direct	100%
13	HELICAL (CG) LIMITED	Direct	100%
14	HELICAL (COBHAM) LIMITED	Direct	100%
15	HELICAL (CORBY INVESTMENTS) LIMITED	Direct	100%
16	HELICAL (ELLESMERE PORT) LIMITED	Direct	100%
17	HELICAL (ENTERPRISE) LIMITED	Indirect	100%
18	HELICAL (FORDHAM) LIMITED	Direct	100%
19	HELICAL (GRACELANDS) LIMITED	Direct	100%

40. SUBSIDIARY AND RELATED UNDERTAKINGS CONTINUED

	Company	Direct/ Indirect	Ultimate %
20	HELICAL (GREAT YARMOUTH) LIMITED	Direct	100%
21	HELICAL (HAILSHAM) LIMITED	Indirect	100%
22	HELICAL (HARROGATE) LIMITED	Direct	100%
23	HELICAL (HAVANT) LIMITED	Direct	100%
24	HELICAL (HEDGE END) LIMITED	Direct	100%
25	HELICAL (HUB) LIMITED	Direct	100%
26	HELICAL (JERSEY) LIMITED[4]	Direct	100%
27	HELICAL (MINT) LIMITED	Direct	100%
28	HELICAL (SA) LIMITED	Direct	100%
29	HELICAL (SALFORD) LIMITED	Direct	100%
30	HELICAL (SCARBOROUGH) LIMITED	Direct	100%
31	HELICAL (SHOREDITCH) LIMITED	Direct	100%
32	HELICAL (STEVENAGE) LIMITED	Direct	100%
33	HELICAL (WEST LONDON) LIMITED	Direct	100%
34	HELICAL (WINTERHILL) LIMITED	Direct	100%
35	HELICAL BAR (CITY INVESTMENTS) LIMITED	Indirect	100%
36	HELICAL BAR (MITRE SQUARE) LIMITED	Indirect	10%
37	HELICAL BAR (WHITE CITY) LIMITED	Direct	100%
38	HELICAL BAR LIMITED	Direct	100%
39	HELICAL BAR TRUSTEES LIMITED	Direct	100%
40	HELICAL FOOD RETAIL LIMITED	Direct	100%
41	HELICAL GROUP LIMITED	Direct	100%
42	HELICAL PROPERTIES LIMITED	Direct	100%
43	HELICAL PROPERTIES (RS) LIMITED	Direct	100%
44	HELICAL REGISTRARS LIMITED	Direct	100%
45	HGCI (HOLDCO) LIMITED	Indirect	100%
46	HGCI (TRANSCO) LIMITED	Indirect	100%
47	HGCI (UK) LIMITED	Indirect	100%
48	HGCI HOLDINGS LIMITED	Indirect	100%
49	HGCI INTERMEDIATE LIMITED	Direct	100%**
50	HGCI LIMITED	Direct	100%
51	OLD STREET HOLDINGS GP LIMITED[1]	Indirect	33%
52	OLD STREET HOLDINGS L.P.[1]	Indirect	33%
53	OLD STREET UNITHOLDER LIMITED	Indirect	33%
54	ROPEMAKER PARK MANAGEMENT COMPANY LIMITED	Indirect	100%**
55	SCBP MANAGEMENT COMPANY LIMITED	Indirect	75%
56	SPRING (HOLDINGS) LIMITED	Indirect	100%
57	SPRING (NO.1) LIMITED	Direct	100%
58	SPRING (NO.2) LIMITED	Indirect	100%
59	SPRING (NO.3) LIMITED	Indirect	100%
60	THE ASSET FACTOR LIMITED	Direct	100%

Registered offices:
1 13 Castle Street, St Helier, Jersey JE4 5UT.
2 Hoża 55/45, 00-681 Warsaw, Poland.
3 Hoogoorddreef 15 1101 BA Amsterdam, The Netherlands.
4 12 Castle Street, St Helier, Jersey JE2 3RT.
5 B.PRUSA 10 30-109 Krakow Poland.
6 c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, United States.
7 c/o Ocorian Limited, 26 New Street, St Helier, Jersey JE2 3RA.
8 c/o Dentons, 1 George Square, Glasgow G2 1AL.

Notes:
* No shares in issue in the Unit Trusts. The registered office address is that of the appropriate trustee.
** Limited by Guarantee.

APPENDIX 1 – SEE-THROUGH ANALYSIS

All appendices are unaudited.

Helical holds a significant proportion of its property assets in joint ventures with partners that provide the majority of the equity required to purchase the assets, whilst relying on the Group to provide asset management or development expertise. Accounting convention requires Helical to account under IFRS for our share of the net results and net assets of joint ventures in limited detail in the Consolidated Income Statement and Consolidated 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 our 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 ended 31.3.19 £000	Year ended 31.3.18 £000
Gross rental income	– subsidiaries	28,154	40,157
	– joint ventures	971	189
Total gross rental income		29,125	40,346
Rents payable	– subsidiaries	(285)	(144)
Property overheads	– subsidiaries	(3,410)	(3,549)
	– joint ventures	(411)	(412)
Net rental costs/(income) attributable to profit share partner		140	(135)
See-through net rental income		25,159	36,106

SEE-THROUGH NET DEVELOPMENT (LOSSES)/PROFITS

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

		Year ended 31.3.19 £000	Year ended 31.3.18 £000
In parent and subsidiaries		4,740	(1,961)
In joint ventures		4,570	(1,939)
Total gross development profit/(loss)		9,310	(3,900)
Provision against stock	– subsidiaries	(6,521)	(2,213)
	– joint ventures	(7,198)	(1,880)
See-through development losses		(4,409)	(7,993)

SEE-THROUGH NET GAIN ON SALE AND REVALUATION OF INVESTMENT PROPERTIES

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

		Year ended 31.3.19 £000	Year ended 31.3.18 £000
Revaluation surplus on investment properties	– subsidiaries	44,284	23,848
	– joint ventures	1,288	3,317
Total revaluation surplus		45,572	27,165
Net gain on sale of investment properties	– subsidiaries	15,008	13,567
	– joint ventures	–	–
Total net gain on sale of investment properties		15,008	13,567
See-through net gain on sale and revaluation of investment properties		60,580	40,732

APPENDIX 1 – SEE-THROUGH ANALYSIS CONTINUED

SEE-THROUGH NET FINANCE COSTS

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

		Year ended 31.3.19 £000	Year ended 31.3.18 £000
Interest payable on bank loans, bonds and overdrafts	– subsidiaries	16,414	26,873
	– joint ventures	511	24
Total interest payable on bank loans, bonds and overdrafts		16,925	26,897
Other interest payable and similar charges	– subsidiaries	4,208	15,761
	– joint ventures	1,576	2,012
Interest capitalised	– subsidiaries	(3,215)	(5,196)
Total finance costs		19,494	39,474
Interest receivable and similar income	– subsidiaries	(983)	(4,303)
	– joint ventures	(92)	(16)
See-through net finance costs		18,419	35,155

SEE-THROUGH PROPERTY PORTFOLIO

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

		31.3.19 £000	31.3.18 £000
Investment property fair value	– subsidiaries	791,250	802,134
	– joint ventures	25,382	22,623
Total investment property fair value		816,632	824,757
Trading and development stock	– subsidiaries	2,311	6,042
	– joint ventures	56,935	76,474
Total trading and development stock		59,246	82,516
Trading and development stock surplus	– subsidiaries	578	628
	– joint ventures	-	1,700
Total trading and development stock surpluses		578	2,328
Total trading and development stock at fair value		59,824	84,844
See-through property portfolio		876,456	909,601

SEE-THROUGH NET BORROWINGS

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

		31.3.19 £000	31.3.18 £000
Gross borrowings less than one year	– subsidiaries	100,468	-
Gross borrowings more than one year	– subsidiaries	324,814	416,992
Total gross borrowings in parent and subsidiaries		425,282	416,992
Gross borrowings less than one year	– joint ventures	-	-
Gross borrowings more than one year	– joint ventures	48,473	49,523
Total gross borrowings in joint ventures		48,473	49,523
Cash and cash equivalents	– subsidiaries	(197,570)	(91,871)
	– joint ventures	(7,612)	(11,790)
See-through net borrowings		268,573	362,854

SEE-THROUGH ANALYSIS RATIOS

	31.3.19 £000	31.3.18 £000
Property portfolio	876,456	909,601
Net borrowings	268,573	362,854
Net assets	567,425	533,894
Loan to value	30.6%	39.9%
Gearing	47.3%	68.0%

APPENDIX 2 – TOTAL ACCOUNTING RETURN AND TOTAL PROPERTY RETURN

Total Accounting Return	Year ended 31.3.19 £m	Year ended 31.3.18 £m
Brought forward net assets	533.9	516.9
Carried forward net assets	567.4	533.9
Increase in net assets	33.5	17.0
Dividends paid	11.4	10.2
Total Accounting Return	44.9	27.2
Total Accounting Return Percentage	8.4%	5.3%

Total Property Return	Year ended 31.3.19 £m	Year ended 31.3.18 £m
See-through net rental income	25.2	36.1
See-through development losses	(4.4)	(8.0)
See-through revaluation surplus	45.6	27.2
See-through net gain on sale of investment properties	15.0	13.5
Total Property Return	81.4	68.8

APPENDIX 3 – FIVE YEAR REVIEW

INCOME STATEMENTS

	Year ended 31.3.19 £000	Year ended 31.3.18 £000	Year ended 31.3.17 £000	Year ended 31.3.16 £000	Year ended 31.3.15 £000
Revenue	44,175	175,596	99,934	116,500	106,341
Net rental income	24,599	36,329	46,162	42,164	34,233
Development property profit/(loss)	2,564	(1,961)	7,143	30,700	16,126
Provisions against stock	(4,345)	(2,213)	(6,300)	(6,448)	(452)
Trading profit	-	-	-	-	2,503
Share of results of joint ventures	(3,217)	3,196	(6,528)	50,469	27,497
Other operating income	-	111	982	20	368
Gross profit before gain on investment properties	19,601	35,462	41,459	116,905	80,275
Gain on sale of investment properties	15,008	13,567	1,391	2,385	2,480
Revaluation surplus on investment properties	44,284	23,848	39,152	47,441	66,904
Fair value movement of available-for-sale assets	144	1,385	(3,352)	(1,370)	(773)
Administrative expenses excluding performance related awards	(10,858)	(11,023)	(10,800)	(10,716)	(10,156)
Performance related awards	(5,895)	(1,742)	(7,572)	(15,387)	(16,374)
Finance costs	(17,407)	(37,438)	(25,598)	(24,113)	(23,678)
Finance income	983	4,303	3,156	5,128	2,480
Movement in fair value of derivative financial instruments	(3,322)	4,029	789	(6,860)	(8,389)
Change in fair value of Convertible Bond	865	(1,559)	2,973	516	(3,263)
Foreign exchange gains/(losses)	53	(10)	(3)	100	(2,061)
Profit before tax	43,456	30,822	41,595	114,029	87,445
Tax on profit on ordinary activities	(836)	(4,537)	(2,471)	(9,146)	(12,669)
Profit after tax	42,620	26,285	39,124	104,883	74,776

BALANCE SHEETS

	31.3.19 £000	31.3.18 £000	31.3.17 £000	31.3.16 £000	31.3.15 £000
Investment portfolio at fair value	791,250	802,134	1,003,000	1,041,100	701,521
Land, developments and trading properties	2,311	6,042	86,680	92,035	92,578
Group's share of investment properties held by joint ventures	25,382	22,623	13,907	11,552	88,305
Group's share of land, trading and development properties held by joint ventures	56,935	76,474	89,115	75,904	102,715
Group's share of land, trading and development stock surpluses	578	2,328	12,514	19,412	36,243
Group's share of total properties at fair value	876,456	909,601	1,205,216	1,240,003	1,021,362
Net debt	227,712	325,121	574,439	659,393	477,248
Group's share of net debt of joint ventures	40,861	37,733	45,537	22,449	54,649
Group's share of net debt	268,573	362,854	619,976	681,842	531,897
Net assets	567,425	533,894	516,897	480,721	404,363
EPRA net assets	583,111	561,644	565,973	540,731	469,128
Dividend per ordinary share paid/payable	9.60p	8.70p	3.12p	12.60p	6.85p
Dividend per ordinary share declared	10.10p	9.50p	8.60p	8.17p	7.25p
EPRA (loss)/earnings per ordinary share	(8.4)p	(7.0)p	0.5p	17.1p	2.4p
EPRA net assets per share	482p	468p	473p	456p	385p

APPENDIX 4 – PROPERTY PORTFOLIO

LONDON PORTFOLIO – INVESTMENT PROPERTIES

Address	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2019	Vacancy rate at 31 March 2018
Completed, let and available to let				
The Warehouse & Studio, The Bower, EC1	Multi-let office building	151,439	0.0%	0.0%
The Tower, The Bower, EC1	Multi-let office building	181,742	28.5%	n/a
The Loom, E1	Multi-let office building	108,640	2.9%	17.0%
The Powerhouse, W4	Single-let recording studios/office building	24,288	0.0%	0.0%
Power Road Studios, W4	Multi-let office building with redevelopment potential	57,585	40.3%	29.0%
25 Charterhouse Square, EC1	Multi-let office building	43,493	0.0%	0.0%
90 Bartholomew Close, EC1	Multi-let office building	30,427	63.7%	n/a
		597,614	16.2%	8.3%
Being redeveloped				
Kaleidoscope, EC1	Over-station office development	88,680[1]	n/a	n/a
54 Bartholomew Close, EC1	Office redevelopment	10,286[1]	n/a	n/a
		696,580	n/a	n/a

1 Estimated space once developed.

LONDON PORTFOLIO – DEVELOPMENT PROPERTIES

Address	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2019	Vacancy rate at 31 March 2018
Completed, let and available to let				
One Creechurch Place, EC3	Multi-let office building	273,291	0.0%	31.0%
Being redeveloped				
Barts Square, EC1	236 residential apartments and 14,916 sq ft retail/ leisure development under construction	217,750	n/a	n/a
		491,041		

MANCHESTER OFFICES

Address	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2019	Vacancy rate at 31 March 2018
Churchgate & Lee	Multi-let office building	244,627	3.4%	0.0%
35 Dale Street	Multi-let office building	54,112	0.0%	38.0%
Fourways House	Multi-let office building	59,067	25.7%	n/a
Trinity	Newly completed office building	58,951	100.0%	n/a
		416,757	19.8%	12.8%

REGIONAL PORTFOLIO

Address	Held as	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2019	Vacancy rate at 31 March 2018
Land					
Dawley Road, Telford	Development	Residential land	n/a	n/a	n/a
Retail Development					
Ibstock site, Kingswinford	Development	Retail park	70,000[1]	n/a	n/a
Barking Road, East Ham	Development	Retail/leisure	43,000[1]	n/a	n/a
			113,000		

1 Estimated space once developed.

APPENDIX 5 – EPRA PERFORMANCE MEASURES

The European Public Real Estate Association ("EPRA") Best Practice Recommendations set out a number of EPRA Performance Measures ("EPMs") to aid comparability in reporting across property companies. The principal EPMs applicable to the Group are set out below:

EPRA performance measure	Definition	Note	31.3.19	31.3.18
EPRA Losses per share	Losses per share from operational activities.	14	(8.4)p	(7.0)p
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	35	482p	468p
EPRA NNNAV	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	35	465p	448p
EPRA NIY	Annualised rental income based on the cash rents passing at the Balance Sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.		2.74%	4.20%
EPRA Topped Up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		4.18%	4.78%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.		16.16%	8.63%

The note references provide the calculation of the associated measure. Other measures are calculated as follows:

EPRA Net Initial Yield and EPRA Topped Up Net Initial Yield			31.3.19 £000	31.3.18 £000
	Investment property at fair value	– subsidiaries	791,250	802,134
		– joint ventures	25,382	22,623
Less:	Property under construction	– subsidiaries	(70,250)	(203,334)
		– joint ventures	(8,408)	(22,623)
	Undeveloped land		(100)	(100)
	Properties not held for rental income		–	–
	Completed property portfolio		737,874	598,700
	Allowance for estimated purchaser's costs of 6.8%		50,175	40,712
	Gross up completed property portfolio		788,049	639,412
	Passing rent net of head rents		21,620	26,875
	EPRA NIY		2.74%	4.20%
Add:	Contracted rent		11,305	3,668
	Topped up annualised net rents		32,925	30,563
	EPRA Topped Up NIY		4.18%	4.78%

EPRA Vacancy Rate	31.3.19 £000	31.3.18 £000
ERV of vacant space	8,324	3,210
ERV of total portfolio	51,497	37,190
EPRA Vacancy Rate	16.16%	8.63%

Below is a table setting out in greater detail the types of capital expenditure made by the Group during the year:

	Note	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Acquisitions		30,573	24,967
Existing portfolio		56,532	72,414
Capitalised interest		3,215	3,661
Total capital expenditure	15	90,320	101,042

There was one (2018: two) new investment property purchased during the year, Fourways House, Manchester (£17.6m including purchase costs) and deferred consideration on the purchase of Kaleidoscope, London EC1 (£13.0m). The majority of the expenditure on the existing portfolio was made on the London portfolio (83%) and the Manchester offices (17%). Similarly, 85% of the capitalised interest is in London and 15% is in Manchester offices. Capitalised interest is calculated in accordance with IAS 23 *Borrowing Costs*.

SHAREHOLDER INFORMATION

WEBSITE
The report and financial statements, a list of properties held by the Group, Company presentations, press releases, the financial calendar and other information on the Group are available on our website at **www.helical.co.uk**

REGISTRAR
All general enquiries concerning holdings of ordinary shares in Helical plc should be addressed to the Company's Registrar:

Link Asset Services
The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Telephone: 0871 664 0300*
From outside the UK +44 371 664 0300

Website: **www.linkassetservices.com**
Email: enquiries@linkgroup.co.uk

* Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00am and 5:30pm, Monday to Friday excluding public holidays in England and Wales.

E-COMMUNICATION
Shareholders and all interested parties may choose to be alerted about press releases, regulatory news updates and financial calendar updates by subscribing to the alert service in the "Regulatory News" area of our website.

Shareholders may inform us how they wish to receive statutory communications from the Company, including annual reports and notices of general meetings, via the Shareholder portal. Further to letters of deemed consent sent to Shareholders on 5 April 2017 and 2 May 2019, Shareholders are notified by post by default when notices, documents and information from the Company are available on the website at **www.helical.co.uk**. If you wish to be notified by email each time the Company places a statutory document on its website or if you would like to receive printed copies of statutory documents in the post, please go to **www.signalshares.com**. Once you have registered, click on the "Manage your Account" link and follow the on-screen instructions.

PAYMENT OF DIVIDENDS
UK Shareholders whose dividends are not currently paid to mandated accounts may wish to consider having their dividends paid directly into their bank or building society account. This has a number of advantages, including the crediting of cleared funds into the nominated account on the dividend payment date. Shareholders who would like their future dividends to be paid in this way should complete a mandate instruction available from the Registrar or register their mandate at: **www.signalshares.com**. Under this arrangement dividend confirmations are sent to the Shareholder's registered address.

DIVIDENDS FOR SHAREHOLDERS RESIDENT OUTSIDE THE UK
Instead of waiting for a sterling cheque to arrive by mail, you can ask us to send your dividends direct to your bank account. For information, please contact the Company's Registrar.

DIVIDEND REINVESTMENT PLAN (DRIP)
The Company offers Shareholders the option to participate in a DRIP. This enables Shareholders to reinvest their cash dividends in Helical plc shares.

For further details, contact the Company's Registrar (on 0371 664 0381* or email shares@linkgroup.co.uk) or complete an application form online at: **www.signalshares.com**

* Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

For participants in the DRIP, key dates of forthcoming dividends can be found on the Financial Calendar page in the "Investors" section of the website at **www.helical.co.uk**

SHARE DEALING SERVICE
An online and telephone share dealing service is available to our Shareholders through Link Share Deal.

For further information on this service or to buy and sell shares online, please visit **www.linksharedeal.com** or call 0371 664 0445*.

* Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.00am – 4.30pm Monday to Friday excluding public holidays in England and Wales.

SHAREGIFT
Shareholders with a small number of shares, which are uneconomical to sell, may wish to consider donating them to a charity, free of charge through ShareGift (registered charity 1052686). For further information please visit **www.sharegift.org**, call 020 7930 3737 or write to ShareGift, PO Box 72253, London, SW1P 9LQ/help@sharegift.org

DIVIDENDS
Dividends declared and/or paid during the year to 31 March 2019 were as follows:

Dividend	Record date 2018	Payment date 2018	Amount
2017-18 Final	15 June	20 July	7.00p
2018-19 Interim	30 November	31 December	2.60p

Dividend payment dates in 2019 will be as follows:

Dividend	Record date 2019	Payment date 2019	Amount
2018-19 Final	14 June	19 July	7.50p
2019-20 Interim	December	December	TBC[1]

1 The amount of the 2019–20 Interim Dividend will be announced in November 2019.

UNSOLICITED INVESTMENT ADVICE – WARNING TO SHAREHOLDERS
Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. It is not just the novice investor who has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited investment advice, offers to buy shares at a discount or offers of free reports into Helical.

If you receive unsolicited investment advice:

- Exercise caution and never disclose personal details;
- Obtain the correct name of the person and organisation and make a record of any other information they give you, such as a telephone number, address or website address;
- Check that they are properly authorised by the FCA (Financial Conduct Authority) before getting involved. This can be checked at **fca.org.uk/consumers**. If you deal with an unauthorised firm you will not be eligible to receive payment under the Financial Services Compensation Scheme;
- Get impartial advice before handing over any money;
- If the caller persists, hang up;
- Inform us on 020 7629 0113 (email: reception@helical.co.uk) or our Registrars, Link Asset Services, on 0871 664 0300 (email: enquiries@linkgroup.co.uk). Whilst we are not able to investigate such incidents ourselves we will record the details and will liaise with the FCA; and
- Report the suspected fraud to the FCA either by calling: 0800 111 6768 or by completing an online form at: **www.fca.org.uk/consumers/report-scam-unauthorised-firm**

SHARE PRICE INFORMATION
The latest information on the Helical plc share price is available on our website **www.helical.co.uk**

REGISTERED OFFICE
5 Hanover Square, London, W1S 1HQ
Registered in England and Wales No. 156663

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.

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. (see Note 14).

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 14).

EPRA net assets per share
Diluted net asset value per share adjusted to exclude fair value surplus of financial instruments and the Convertible Bond, 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 35).

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.

EPRA triple net asset value per share
EPRA net asset value per share adjusted to include fair value of financial instruments and deferred tax on capital allowances and on investment properties revaluation (see Note 35).

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

Gearing
Group borrowings expressed 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.

MCSI Inc. (MSCI)
MSCI Inc. is a company that produces independent benchmarks of property returns.

Net asset value per share (NAV)
Net assets divided by the number of ordinary shares at the balance sheet date (see Note 35).

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

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 Appendix 1).

See-through net gearing
The see-through net borrowings expressed as a percentage of net assets (see Appendix 1).

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 Appendix 2).

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 Appendix 2).

Total Shareholder Return (TSR)
The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.

True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received quarterly in advance.

Unleveraged returns
Total property gains and losses (both realised and unrealised) plus net rental income expressed as a percentage of the total value of the properties.

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

CALENDAR 2019-2020

2019	
13 June 2019	Ex-dividend date for final ordinary dividend
14 June 2019	Record date for final ordinary dividend
28 June 2019	Last day for DRIP elections
11 July 2019	Annual General Meeting
19 July 2019	Final ordinary dividend payable
November 2019[1]	Half Year Results and interim ordinary dividend announced
December 2019[2]	Ex-dividend date for interim ordinary dividend
December 2019[2]	Registration qualifying date for interim ordinary dividend

2020	
May 2020	Announcement of Full Year Results to 31 March 2020

Notes
1 The announcement date of the Half Year Results will be confirmed in October 2019.
2 Dates for the potential interim dividend will be confirmed in the Half Year Results Announcement.

ADVISORS

Registrars	– Link Asset Services
Bankers	– Aviva Commercial Finance Limited – Barclays Bank PLC – HSBC Bank PLC – Lloyds Bank PLC – National Westminster Bank PLC – Santander UK PLC – The Royal Bank of Scotland PLC – Wells Fargo
Joint stockbrokers	– J.P. Morgan Cazenove – Numis Securities Limited
Auditors	– Deloitte LLP
Corporate solicitors	– Clifford Chance LLP – Mishcon de Reya LLP

CONTACT DETAILS

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