HELICAL PLC

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

Annual Results for the Year to 31 March 2019

A YEAR OF STRONG PROGRESS

Gerald Kaye, Chief Executive, commented:

"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 earlier this week the acquisition, in a 50:50 joint venture, of a major site for the development of 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.

"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 continue 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."

Operational Performance

- In our office development/refurbishment programme:
  - Practical completion was achieved at The Tower, London EC1 in August 2018, at One Bartholomew, London EC1 in December 2018 and at Trinity, Manchester in January 2019, delivering a total of 455,127 sq ft of new space.
  - Construction continues at our 88,680 sq ft office development at Farringdon East, renamed Kaleidoscope, London EC1, with completion expected in December 2019.
- 268,782 sq ft of new London office lettings during the year delivered contracted rent of £18.7m (Helical share £6.7m at 3.2% above 31 March 2018 ERVs).
- Post year end, 62,854 sq ft has been let at One Bartholomew at premium rents.
- In Manchester, five office lettings of 15,191 sq ft, with a further 8,208 sq ft let post year end, generated rental income of £538,000 at 15.9% above 31 March 2018 ERVs.
- We have completed six lettings of 20,100 sq ft to restaurants or retailers, including Albion & East (trading as Serata Hall) at The Tower, London EC1 and Stem + Glory at Barts Square, London EC1 for contracted rents of £871,000 (Helical share £686,000) at 9.0% above 31 March 2018 ERVs.
- Investment property sale proceeds of £167m since 31 March 2018 achieved at 12.0% above book value.

Financial Highlights

Earnings

- IFRS basic earnings per share of 35.8p (2018: 22.3p).
- IFRS Profit before tax of £43.5m (2018: £30.8m).
- Total Accounting Return[1] of 8.4% (2018: 5.3%).
- See-through Total Property Return[1] of £81.4m (2018: £68.8m):
  - Group's share[1] of net rental income of £25.2m (2018: £36.1m).
  - Development losses of £4.4m (2018: £8.0m), after provisions of £13.7m (2018: £4.1m).
  - Net gain on sale and revaluation of investment properties of £60.6m (2018: £40.7m).
- EPRA loss per share[1] of 8.4p (2018: 7.0p).
- Final dividend proposed of 7.50p per share (2018: 7.00p), up 7.1%.
- Total dividend for the year of 10.10p (2018: 9.50p), up 6.3%.

Balance Sheet

- Net asset value up 6.3% to £567.4m (31 March 2018: £533.9m).
- EPRA net asset value per share[1] up 3.0% to 482p (31 March 2018: 468p).
- EPRA triple net asset value per share[1] up 3.8% to 465p (31 March 2018: 448p).

Property Valuations

- IFRS property portfolio value of £778.8m (31 March 2018: £791.9m).
- See-through property portfolio[1] of £876.4m (31 March 2018: £909.6m).
- Total property portfolio performance, as measured by MSCI, of 10.1% compared to the MSCI Central London Offices Total Return Index of 4.8%.
- See-through investment property valuation gain, on a like-for-like basis, of 6.8% (7.4% including purchases and gains on sales).

Financing

- See-through loan to value[1] reduced to 30.6% (31 March 2018: 39.9%).
- See-through net borrowings[1] of £268.6m (2018: £362.9m).
- Average maturity of the Group's share[1] of secured debt of 3.4 years (31 March 2018: 3.5 years), increasing to 4.2 years, on exercise of options to extend current facilities.
- See-through average cost of secured facilities[1] of 4.1% (31 March 2018: 4.4%).
- £100m 4.0% Convertible Bond to be repaid in June 2019 from existing cash resources.
- Group's share[1] of cash and undrawn bank facilities of £382m (31 March 2018: £277m).

Portfolio Update

London Portfolio

- 6.6% valuation increase, on a like-for-like basis, of our see-through London investment portfolio, valued at £693.8m at 31 March 2019 (85.0% of investment portfolio) compared to £699.9m at 31 March 2018 (84.8% of investment portfolio).
- Contracted rents on our see-through London investment portfolio of £27.5m (2018: £28.4m) compared to an ERV of £42.4m (2018: £49.6m).
- WAULT of 8.0 years on the London portfolio (31 March 2018: 5.8 years).

Manchester Portfolio

- 7.8% valuation increase, on a like-for-like basis, of our Manchester investment portfolio, valued at £122.7m at 31 March 2019 (15.0% of investment portfolio) compared to £98.0m at 31 March 2018 (11.9% of investment portfolio).

- Contracted rents on the Manchester portfolio at 31 March 2019 increased to £5.7m (2018: £4.7m) compared to an ERV of £9.0m (2018: £8.1m).
- WAULT of 3.9 years on the Manchester portfolio (31 March 2018: 4.2 years).

For further information, please contact:

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Results Presentation

Helical will be holding a presentation for analysts and investors starting at 9am on Thursday 23 May 2019 at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. If you would like to attend, please contact FTI Consulting on 020 3727 1000, or email schelical@fticonsulting.com.

The presentation will be on the Company's website www.helical.co.uk and a conference call facility will be available. The dial-in details are as follows:

Participants, Local – London, United Kingdom:	+44 (0)330 336 9125
Confirmation Code:	8740144

Webcast Link:
https://webcasting.brrmedia.co.uk/broadcast/5cadfaadeb566331974d5fc4

[1] See Glossary for definition of terms. 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.

Chief Executive's Statement

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 earlier this week 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).

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).

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%).

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, dependant on market fluctuations, 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 & 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

Our Market

Overview

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.

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.

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 continue to rise. 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 firstly, exceed all of our recurring costs and second, 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.

Performance

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

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.

MSCI (formerly IPD)

MSCI 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 MSCI for the last 20 years. The Group's annual performance target is to exceed the top quartile of the MSCI Annual March All Properties Universe, which it has consistently achieved. Helical's ungeared performance for the year to 31 March 2019 was 10.1% (2018: 11.1%). This compares to the MSCI Annual March All Properties Universe of 3.6% (2018: 9.3%) with an 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 the 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 unleveraged portfolio returns to 31 March 2019 were as follows:

	1 year	3 years	5 years	10 years	20 years
Helical **(%)**	10.1	10.2	14.4	11.9	12.8
MSCI Annual March All Properties Universe **(%)**	3.6	5.7	9.1	9.8	8.0
Helical's Percentile Rank	5	8	3	10	2
MSCI Central London Offices Total Return Index **(%)**	4.8	4.8	10.6	12.9	9.6

Source: MSCI

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

EPRA Net Asset Value Per Share

The Group's main objective is to maximise growth in net asset value per share, which we seek to achieve through increases in investment portfolio values and from retained earnings from other property related activity. EPRA net 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 22 to the financial statements.

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).

Total Shareholder Return

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

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

	Performance Measured Over						
	1 year Total return pa %	3 years Total return pa %	5 years Total return pa %	10 years Total return pa %	15 years Total return pa %	20 years Total return pa %	25 years Total return pa %
Helical plc[1]	5.2	(2.9)	(0.1)	3.6	6.4	9.0	10.3
UK Equity Market[2]	6.4	9.5	6.1	11.1	7.8	5.1	7.4
Listed Real Estate Sector Index[3]	(0.3)	2.4	4.3	12.5	4.7	5.8	6.2
Direct Property - monthly data[4]	5.6	6.8	10.1	10.0	7.3	8.3	8.7

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

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 period. The metric measures the growth in Shareholders' Funds each year and is expressed as an absolute measure.

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

	2019	2018	2017	2016	2015
Total Accounting Return	**8.4**	5.3	8.3	22.5	21.1

Average Length of Employee Service and Average Staff Turnover

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

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%.

	2019	2018	2017	2016	2015
Average length of service at 31 March - years	**8.7**	7.9	8.0	7.6	7.6
Staff turnover during the year to 31 March - %	**6.3**	15.2	5.7	14.3	12.5

Financial Review

IFRS Performance	EPRA Performance
Profit Before Tax £43.5m (2018: £30.8m)	EPRA EPS Loss 8.4p (2018: loss 7.0p)
IFRS EPS 35.8p (2018: 22.3p)	EPRA NAV 482p (31 March 2018: 468p)
IFRS Diluted NAV 469p (31 March 2018: 445p)	EPRA Triple NAV 465p (31 March 2018: 448p)

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.

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.

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Total Property Return	81.4	68.8	79.9	164.6	155.3

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).

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).

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 development 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).

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% 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 2016, the compound annual growth rate of the Company's dividends has been 7.3%.

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

		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**

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 the 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 – Excluding the Effect of Arrangement Fees

	Total facility £000	Total utilised £000	Available facility £000	Weighted average interest rate %	Average maturity Years	Extended* 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

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

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).

	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%).

Tim Murphy
Finance Director
23 May 2019

Helical's Property Portfolio – 31 March 2019

Property Overview

Helical divides its property activities into two core markets: London and Manchester offices. Following the sale of the last three non-core investment assets and the acquisition of a new office building in Manchester, London represents 86% and Manchester 14% of the total property portfolio. Whilst there are structural differences in these markets, Helical has found that its business model can be applied successfully to each, driving capital growth, development profits and rental income.

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.

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.

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.

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.

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/Retail

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 – Offices

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 (9^{th}-11^{th}) were let to The Trade Desk, who subsequently took an additional floor (8^{th}). Since the year end the ground, first and second floor 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

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

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.

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.

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.

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.

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.

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.

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.

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.

Churchgate & Lee, Manchester

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 Lee reception.

31 Booth Street, Manchester

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.

35 Dale Street, Manchester

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, Manchester

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, Manchester

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.

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 developments.

Portfolio Analytics

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*	58.7	35.2	-	88,680	88,680	December 2019
Charterhouse Street, London EC1**	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

* Includes deferred consideration payment due in April 2020.
** Acquired after 31 March 2019 – see Note 25.

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)**

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

	31 March 2019 Capital value psf £	31 March 2019 Vacancy rate %	31 March 2019 WAULT Years	31 March 2018 WAULT 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 sale %	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, 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, 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 psf £	Change to 31 March 2018 ERV %
Investment Properties				
Completed, let and available to let - 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
Completed, let and available to let – 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				
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				
Completed, let and available to let				
One Creechurch Place, EC3	86,311	445,000	64.43	2.1
One Bartholomew, EC1	74,101	-	84.62	n/a

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	13	**(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	12	**44,284**	23,848
Fair value movement of available-for-sale assets	15	**144**	1,385
Gross profit		**79,037**	74,262
Administrative expenses	7	**(16,753)**	(12,765)
Operating profit		**62,284**	61,497
Finance costs	8	**(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
Tax on profit on ordinary activities	9	**(836)**	(4,537)
Profit for the year		**42,620**	26,285

Earnings per share	11		
Basic		**35.8p**	22.3p
Diluted		**35.3p**	22.1p

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 Balance Sheet

At 31 March 2019

	Notes	31.3.19 £000	31.3.18 £000
Non-current assets			
Investment properties	12	778,752	791,948
Owner occupied property, plant and equipment		1,747	1,825
Investment in joint ventures	13	24,676	27,809
Derivative financial instruments	20	915	123
		806,090	821,705
Current assets			
Land, developments and trading properties	14	2,311	6,042
Corporation tax receivable		-	3,736
Trade and other receivables	16	58,726	100,757
Cash and cash equivalents	17	197,570	91,871
		258,607	202,406
Total assets		1,064,697	1,024,111
Current liabilities			
Trade and other payables	18	(43,159)	(51,378)
Corporation tax payable		(2,561)	-
Borrowings	19	(100,468)	-
		(146,188)	(51,378)
Non-current liabilities			
Borrowings	19	(324,814)	(416,992)
Derivative financial instruments	20	(4,158)	(2,874)
Long leasehold liability		(2,189)	(2,189)
Trade and other payables	18	(11,405)	-
Deferred tax liability	9	(8,518)	(16,784)
		(351,084)	(438,839)
Total liabilities		(497,272)	(490,217)
Net assets		567,425	533,894
Equity			
Called-up share capital	21	1,459	1,451
Share premium account		101,304	98,798
Revaluation reserve		131,050	162,753
Capital redemption reserve		7,478	7,478
Other reserves		291	291
Retained earnings		325,843	263,123
Total equity		567,425	533,894

Consolidated Cash Flow Statement

For the year to 31 March 2019

	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Cash flows from operating activities		
Profit before tax	43,456	30,822
Depreciation	296	291
Revaluation surplus on investment properties	(44,284)	(23,848)
Gain on sales of investment properties	(15,008)	(13,567)
(Profit)/loss on sale of plant and equipment	(52)	81
Net financing costs	16,424	33,135
Change in value of derivative financial instruments	3,322	(4,029)
Change in fair value of Convertible Bond	(865)	1,559
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)
Foreign exchange movement	(52)	(19)
Cash inflows from operations before changes in working capital	8,584	21,029
Change in trade and other receivables	40,561	(25,126)
Change in land, developments and trading properties	3,731	82,801
Change in trade and other payables	(3,176)	(6,917)
Cash inflows generated from operations	49,700	71,787
Finance costs	(25,358)	(45,537)
Finance income	461	162
Tax (paid)/received	(2,200)	6
	(27,097)	(45,369)
Cash flows from operating activities	22,603	26,418
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	-	(5,403)
Dividends from joint ventures	416	671
Receipts in respect of available-for-sale assets	144	1,385
Sale of plant and equipment	155	-
Purchase of owner occupied property, plant and equipment	(320)	(73)
Net cash generated from investing activities	84,711	238,329
Cash flows from financing activities		
Borrowings drawn down	64,089	94,196
Borrowings repaid	(54,306)	(356,670)
Shares issued	8	4
Sale of own shares	-	521
Equity dividends paid	(11,406)	(10,195)
Net cash used by financing activities	(1,615)	(272,144)
Net increase/(decrease) in cash and cash equivalents	105,699	(7,397)
Exchange gains on cash and cash equivalents	-	6
Cash and cash equivalents at start of year	91,871	99,262
Cash and cash equivalents at end of year	197,570	91,871

Consolidated Statement of Changes in Equity

At 31 March 2019

	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 Performance Share Plan	**-**	**-**	**-**	**-**	**-**	**(1,837)**	**1,837**	**-**
Share settled bonus	**-**	**-**	**-**	**-**	**-**	**(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 (31 March 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 (31 March 2018: £9,273,000) made up of the Performance Share Plan credit of £2,274,000 (31 March 2018: £1,185,000) and related deferred tax credit of £94,000 (31 March 2018: charge of £55,000), dividends paid of £11,406,000 (31 March 2018: £10,195,000), issued share capital of £8,000 (31 March 2018: £4,000) and corresponding share premium of £2,506,000 (31 March 2018: £nil), the sale of own shares of £nil (31 March 2018: £521,000), share settled PSP awards charge of £1,837,000 (31 March 2018: £nil) and the share settled bonus charge of £677,000 (31 March 2018: £733,000).

Notes to the Full Year Results

1. Basis of Preparation

These financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards ("IFRS"), including International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union.

The financial statements have been prepared in Sterling (rounded to the nearest thousand) under the historical cost convention as modified by the revaluation of investment properties, available-for-sale investments, convertible bonds and derivative financial instruments.

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but has been derived from the Company's audited statutory accounts for the year ended 31 March 2019. These accounts will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor's opinion on the 2019 accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The principal accounting policies of the Group are consistent with those applied in the year to 31 March 2018, as amended to reflect the new standards set out below. The Group Annual Report and Financial Statements for 2018 are available at Companies House.

New standards adopted during the year

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 depict 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 and property development management/advisory services but excludes rental income, which is within the scope of IAS 17 *Leases* (until the adoption of IFRS 16 for accounting periods beginning on or after 1 January 2019).

Prior year adjustment

An adjustment of £9,623,000 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 9 *Financial Instruments*

This standard applies to classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting. The Group's assessment of IFRS 9 determined that the main area of potential impact was impairment provisioning on trade receivables, given the requirement to use a forward-looking expected credit loss model. However, the Group concluded that this has no material impact on its financial statements.
In addition, the following pronouncements had no significant impact on the consolidated financial statements:

- IFRS 2 *Share-based Payments* (amendment);
- IAS 28 *Investments in Associates* (amendment);
- IAS 40 *Investment Property* (amendment); and
- Amendments to IFRS (Annual improvements cycle 2014-2016).

Standards in issue but not yet effective

The following standards and interpretations, which have not been applied in these condensed unaudited financial statements, were in issue but not effective, and in some cases have not been adopted for use by the European Union:

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.

Going Concern

The Board continues to adopt the going concern basis in preparing the financial statements. The Board's assessment took into account the following:

- The Group's latest cash flow and profit forecasts, which were subject to sensitivity analysis;
- The cash and undrawn bank facilities available to the Group, within the constraints of the Group's loan covenants; and
- The Group's principal risks that could impact on the Group's ability to settle its liabilities over the 12 months from the date of signing.

2. Revenue from Contracts with Customers

	Year ended 31.03.19 £000	Year ended 31.03.18 £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 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

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)
Net finance costs			(18,881)			(30,665)
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
Other assets			258,958			198,312
Total assets			1,064,697			1,024,111
Liabilities			(497,272)			(490,217)
Net assets			567,425			533,894

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

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 12)	(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
Administration costs	(10,858)	(11,023)
Performance related awards	(5,203)	(1,677)
National Insurance on performance related awards	(692)	(65)
Administrative expenses	(16,753)	(12,765)

8. Finance Costs

	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)

9. 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 timing differences	(796)	(2,715)
Deferred tax credit/(charge)	8,171	(4,959)
Total tax charge for the year	(836)	(4,537)

Deferred tax	31.3.19 £000	31.3.18 £000
Capital allowances	(3,263)	(2,260)
Tax losses	2,019	2,696
Unrealised chargeable gains	(9,159)	(19,806)
Other timing differences	1,885	2,586
Deferred tax liability	(8,518)	(16,784)

Note: all deferred tax balances have been calculated at an effective rate of corporation tax of 17% (2018: 19%) which is the average of the substantively enacted future rates for the periods 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.

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 (2018: £2,260,000) would be released and further capital allowances of £65,906,000 (2018: £40,921,000) would be available to reduce future tax liabilities.

The net deferred tax asset in respect of other timing differences arises from tax relief available to the Group on the mark-to-market valuation of financial instruments, the future vesting of share awards and other timing differences.

10. Dividends

	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.

11. 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 calculations of EPRA earnings per share		(10,031)	(8,254)
EPRA loss per share		(8.4)p	(7.0)p

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

12. Investment Properties

	31.3.19 £000	31.3.18 £000
Book value at 1 April	791,948	987,560
Additions and transfers at cost	90,320	101,042
Disposals	(147,550)	(324,002)
Revaluation surplus	44,284	23,848
Revaluation (deficit)/surplus attributable to profit share partners	(250)	3,500
Book value at 31 March	778,752	791,948

All properties are stated at market value as at 31 March 2019, of which £791,100,000 are valued by professionally qualified external valuers (Cushman & Wakefield LLP) in accordance with the Valuation-Professional Standards published by the Royal Institution of Chartered Surveyors. The remaining £150,000 was valued by the Directors. The fair value of the investment properties at 31 March 2019 is as follows:

	31.3.19 £000	31.3.18 £000
Book value	778,752	791,948
Lease incentives and costs included in trade and other receivables	14,687	12,375
Head leases capitalised	(2,189)	(2,189)
Fair value	791,250	802,134

Interest capitalised in respect of the refurbishment of investment properties at 31 March 2019 amounted to £11,357,000 (31 March 2018: £9,057,000).

The historical cost of investment property is £645,521,000 (31 March 2018: £622,226,000).

13. Investments in Joint Ventures

Share of results of joint ventures	Year ended 31.3.19 £000	Year ended 31.3.18 £000
Summarised consolidated income statement		
Revenue	52,402	37,667
Gross rental income	971	189
Property overheads	(411)	(412)
Net rental income/(expense)	560	(223)
Development gain/(loss)	4,570	(1,939)
Provision against book value of development stock	(7,198)	(1,880)
Gain on revaluation of investment properties	1,288	3,317
Other operating income/(expenses)	9	(31)
Gross loss	(771)	(756)
Administrative expenses	(406)	(468)
Operating loss	(1,177)	(1,224)
Interest payable on bank loans and overdrafts	(511)	(24)
Other interest payable and similar charges	(1,576)	(2,012)
Finance income	92	16
Change in fair value of derivative financial instruments	(35)	7
Loss before tax	(3,207)	(3,237)
Tax	(1,399)	1,255
Loss after tax	(4,606)	(1,982)
Reversal of Creechurch loss*	1,389	3,485
Uplift for Barts Square economic interest**	-	1,693
Share of results of joint ventures	(3,217)	3,196

* 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.

** 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%.

Investment in joint ventures	31.3.19 £000	31.3.18 £000
Summarised balance sheets		
Non-current assets		
Investment properties	25,289	22,623
Owner occupied property, plant and equipment	106	39
Derivative financial instruments	23	59
Deferred tax	1,774	3,071
	27,192	25,792
Current assets		
Land, development and trading properties	56,935	76,474
Trade and other receivables	10,554	6,109
Cash and cash equivalents	7,612	11,790
	75,101	94,373
Current liabilities		
Trade and other payables	(13,599)	(18,666)
	(13,599)	(18,666)
Non-current liabilities		
Trade and other payables	(20,419)	(27,652)
Borrowings	(48,473)	(49,523)
	(68,892)	(77,175)
Net assets pre-adjustments	19,802	24,324
Reversal of Creechurch net liability position*	4,874	3,485
Net assets	24,676	27,809

* 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.

The Directors' valuation of land, developments and trading properties shows a surplus of £nil (31 March 2018: £1,700,000) above book value.

14. Land, Developments and Trading Properties

	31.3.19 £000	31.3.18 £000
Development properties	2,283	6,014
Properties held as trading stock	28	28
	2,311	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 to date in respect of the development of sites is included in stock to the extent of £nil (2018: £nil). Interest capitalised during the year in respect of development sites amounted to £nil (31 March 2018: £2,188,000 relating to assets which were sold during the year).

15. Available-for-sale investments

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.

16. Trade and Other Receivables

	31.3.19 £000	31.3.18 £000
Trade receivables	9,680	35,883
Other receivables	22,856	30,083
Prepayments	4,173	3,841
Accrued income	22,017	30,950
	58,726	100,757

17. Cash and Cash Equivalents

	31.3.19 £000	31.3.18 £000
Rent deposits and cash held at managing agents	2,599	5,371
Restricted cash	2,678	2,713
Cash deposits	192,293	83,787
	197,570	91,871

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

18. Trade and Other Payables

	31.3.19 £000	31.3.18 £000
Trade payables	13,009	11,175
Other payables	1,869	1,632
Accruals	23,368	32,735
Deferred income	4,913	5,836
Current trade and other payables	43,159	51,378
Accruals	11,405	-
Non-current trade and other payables	11,405	-
Total trade and other payables	54,564	51,378

19. Borrowings

	31.3.19 £000	31.3.18 £000
Current borrowings	100,468	-
Borrowings repayable within:		
- one to two years	-	272,501
- 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
Total borrowings	425,282	416,992

Included within current borrowings is the Convertible Bond at its fair value of £100,468,000 (31 March 2018: £101,333,000) which is repayable in June 2019. It is a financial instrument classified as Level 1 under the IFRS 13 *Fair Value Measurement* fair value hierarchy.

Net gearing	31.3.19 £000	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.

	31.3.19 £000	31.3.18 £000
Net assets	**567,425**	533,894
Gearing	**40%**	61%

20. Derivative Financial Instruments

	31.3.19 £000	31.3.18 £000
Derivative financial instruments asset	**915**	123
Derivative financial instruments liability	**(4,158)**	(2,874)

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

21. Share Capital

	31.3.19 £000	31.3.18 £000
Authorised	**39,577**	39,577

The authorised share capital of the Company is £39,576,627 divided into ordinary shares of 1p each and deferred shares of 1/8p each.

	31.3.19 £000	31.3.18 £000
Allotted, called up and fully paid:		
- 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

22. 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 trading and development properties represents the surplus 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 (2018: £nil) is the increase from book to fair value.

23. 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

24. 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 (2018: £520,000) relates to the Group's share of commitments in joint ventures.

25. 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).

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 Income Statement and Balance Sheet. Net asset value per share, a key performance measure used in the real estate industry, as reported in the financial statements under IFRS, does not provide shareholders with the most relevant information on the fair value of assets and liabilities within an ongoing real estate company with a long-term investment strategy.

This analysis incorporates the separate components of the results of the consolidated subsidiaries and Helical's share of its joint ventures' results into a 'see-through' analysis of 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 are 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 are 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

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

	31.03.19 £000	31.03.18 £000
Balance sheet		
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

	Year ended 31.03.19 £m	Year ended 31.03.18 £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	8.4%	5.3%

	Year ended 31.03.19 £m	Year ended 31.03.18 £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*	n/a	n/a
54 Bartholomew Close, EC1	Office redevelopment	10,286*	n/a	n/a
		696,580	n/a	n/a

*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*	n/a	n/a
Barking Road, East Ham	Development	Retail/leisure	43,000*	n/a	n/a
			113,000		

*Estimated space once developed.

Appendix 5 – Risk Register

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.		
Risk	**Risk description**	**Mitigation/action**
The Group's strategy is inconsistent with the market	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.	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	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.	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	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.	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	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.	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.		
Risk	Risk description	Mitigation/action
Availability and cost of bank borrowing and cash resources	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.	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	If the Group breaches debt covenants, lending institutions may require the early repayment of borrowings.	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 RISK Operational risks are internal risks that could prevent the Group from delivering its strategy.		
Risk	Risk description	Mitigation/action
Employment and retention of key personnel	The Group's continued success is reliant on its management and staff and successful relationships with its joint venture partners.	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	The Group is dependent on the performance of its key contractors and suppliers for successful delivery of its development property assets.	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	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.	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	The nature of the Group's operations and markets expose	The Group reviews and updates its Health and Safety policy regularly and it is approved by the

	it to potential health and safety risks both internally and externally within the supply chain.	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	The Group relies on Information Technology to perform effectively and a cyber-attack could result in ITsystems 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.	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.		
Risk	Risk description	Mitigation/action
Poor management of stakeholder relations	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.	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	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.	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.

Appendix 6 – Glossary of Terms

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

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

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

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

EPRA
European Public Real Estate Association.

EPRA earnings per share
Earnings per share adjusted to exclude gains/losses on sale and revaluation of investment properties and their deferred tax adjustments, the tax on profit/loss on disposal of investment properties, trading property profits/losses, movement in fair value of available-for-sale assets and fair value movements on derivative financial instruments, on an undiluted basis. Details of the method of calculation of the EPRA earnings per share are available from EPRA (see Note 11).

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 22).

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 22).

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 IPD)
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 22).

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.

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