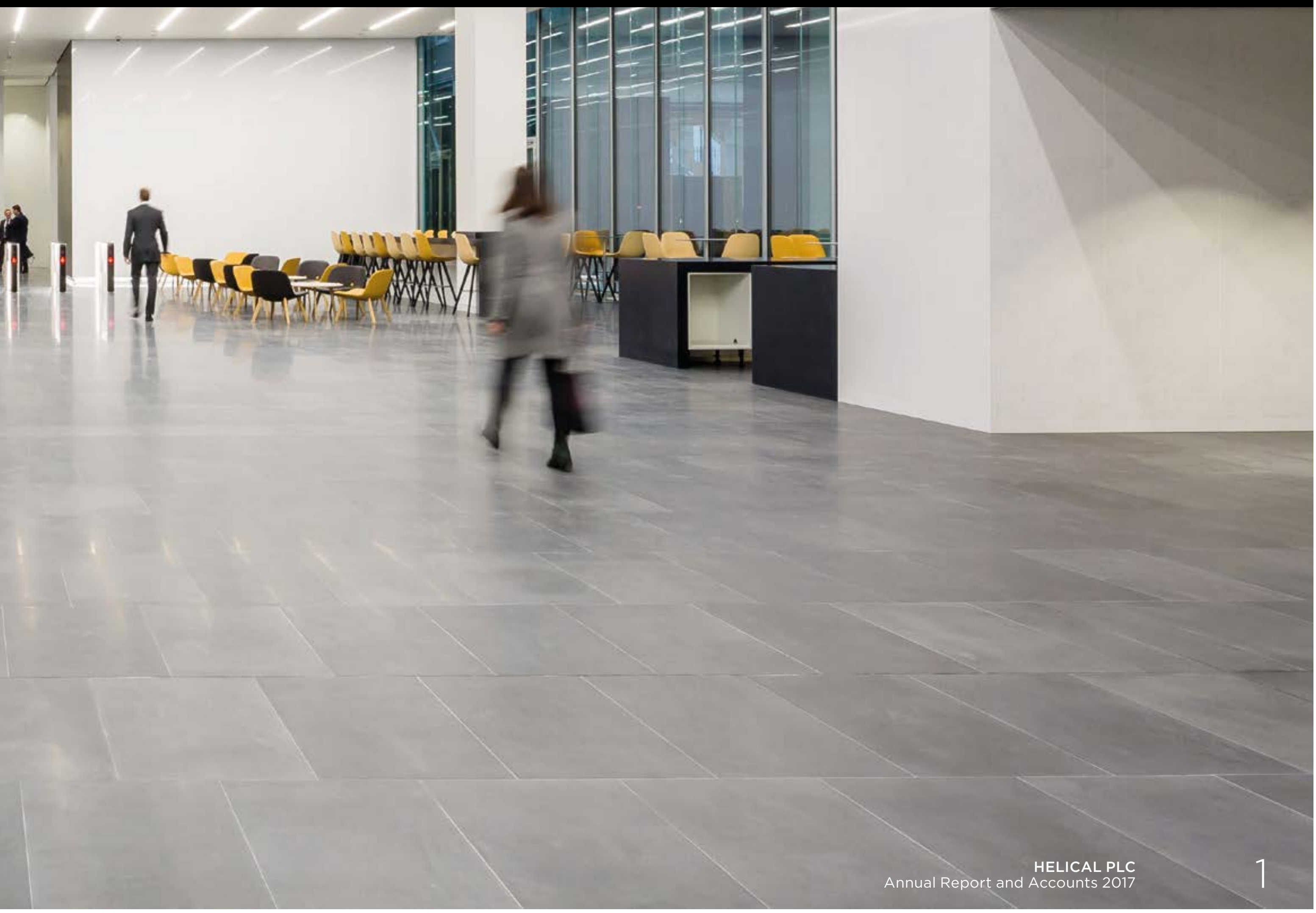
HELICAL

HELICAL PLC
Annual Report and Accounts 2017

HELICAL PLC IS A UK FOCUSED PROPERTY INVESTMENT AND DEVELOPMENT COMPANY

Helical invests in and develops high quality real estate which best serves the needs of our occupiers and maximises value. Through intelligent property selection, development and active asset management, we drive capital and rental income growth. Our portfolio is primarily targeted toward mixed used assets in London, offices in Manchester and a diverse portfolio of logistics assets.

helical.co.uk **Helical plc** **@helicalplc**



FINANCIAL HIGHLIGHTS

EPRA NET ASSET VALUE PER SHARE

473p

2016	456p
2015	385p

TOTAL PROPERTY RETURN

£79.9m

2016	£164.6m
2015	£155.3m

PROFIT BEFORE TAX

£41.6m

2016	£114.0m
2015	£87.4m

EPRA EARNINGS PER SHARE

0.5p

2016	17.1p
2015	2.4p

SEE-THROUGH PORTFOLIO VALUE

£1,205.2m

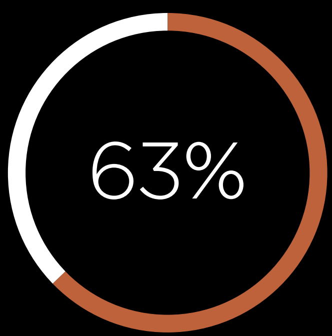
2016	£1,240.0m
2015	£1,021.4m

NET ASSETS

£516.9m

2016	£480.7m
2015	£404.4m

LONDON PORTFOLIO



READ LONDON HIGHLIGHTS

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See Appendix 5 for all EPRA performance measures page 146.

PORTFOLIO RETURN - IPD

9.4%

2016	21.7%
2015	20.4%

TOTAL SHAREHOLDER RETURN

-18.0%

2016	1.0%
2015	7.6%

TOTAL DIVIDEND DECLARED PER SHARE

8.60p

2016	8.17p
2015	7.25p

INTEREST COVER RATIO

2.6x

2016	5.4x
2015	2.5x

SEE-THROUGH NET GEARING

120%

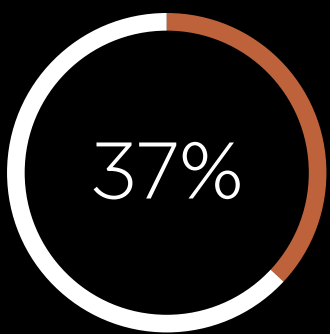
2016	142%
2015	132%

SEE-THROUGH LOAN TO VALUE

51%

2016	55%
2015	52%

REGIONAL PORTFOLIO



READ REGIONAL HIGHLIGHTS

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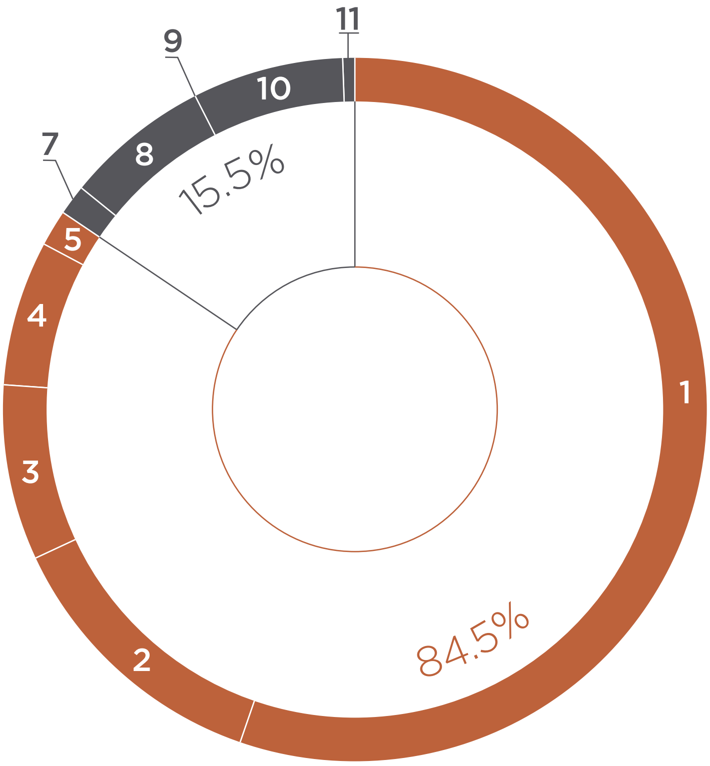
See Glossary of Terms used throughout the Annual Report page 149.

PORTFOLIO OVERVIEW

The portfolio comprises office, logistics, retail and residential properties, located in London and throughout the UK.

TOTAL PORTFOLIO BY FAIR VALUE

£1,205.2m



INVESTMENT PROPERTIES

£1,016.9m

1	London Offices	55.3%	£665.6m
2	Regional Logistics	13.0%	£156.5m
3	Regional Offices	7.9%	£95.3m
4	Regional Retail	6.6%	£79.5m
5	Retirement Villages	1.7%	£19.9m
6	Land	–	£0.1m

DEVELOPMENT STOCK

£188.3m

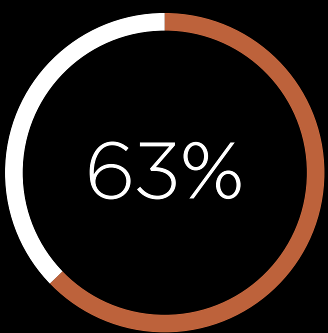
7	London Offices	1.6%	£19.8m
8	London Residential	6.5%	£78.8m
9	Regional Offices	–	£0.5m
10	Retirement Villages	6.9%	£82.9m
11	Land	0.5%	£6.3m

LONDON HIGHLIGHTS
CITY AND TECH BELT AND THE WEST

Strong valuation performance supported by ongoing lettings progress and the completion of refurbishments.

LONDON PROPERTIES
City and Tech Belt
Barts Square **EC1**
The Bower **EC1**
C-Space **EC1**
25 Charterhouse Square **EC1**
One Creechurch Place **EC3**
The Loom **E1**
The West
Power Road Studios **W4**
The Powerhouse **W4**
The Shepherds Building **W14**

LONDON PORTFOLIO



PROPERTY PORTFOLIO

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9.8% VALUATION INCREASE, ON A LIKE-FOR-LIKE BASIS, OF SEE-THROUGH LONDON INVESTMENT PORTFOLIO, VALUED AT

£666m

at 31 March 2017 (65.5% of investment portfolio) compared with £593m at 31 March 2016 (56.4%).

CONTRACTED RENTS ON OUR SEE-THROUGH LONDON PORTFOLIO AT 31 MARCH 2017, INCLUDING PRE-LETS AT THE BOWER, INCREASED TO

£27.9m

(2016: £23.6m) compared to an ERV of £45.0m (2016: £45.4m).

AT 25 CHARTERHOUSE SQUARE EC1, REFURBISHMENT WORKS ON THIS 43,600 SQ FT BUILDING WERE COMPLETED IN MARCH 2017 WITH

50%

of the office space (18,725 sq ft) let at £75 psf.

AT THE BOWER EC1

58,907 sq ft

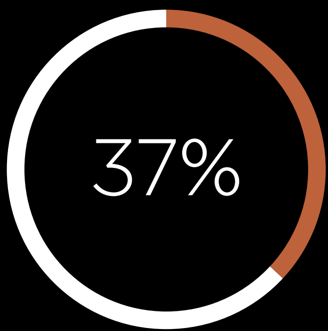
of Phase 2, The Tower, was pre-let to WeWork in November 2016.

REGIONAL HIGHLIGHTS

Asset recycling providing stronger focus on Manchester offices and logistics units.

KEY REGIONAL PROPERTIES
Manchester
Churchgate & Lee House
Dale House
31 Booth Street
Trinity Court
Logistics
Sainsbury's **Yate**
Royal Mail **Chester**
Next **Doncaster**
Retirement villages
Bramshott Place **Liphook**
Durrants Village **Faygate**
Millbrook Village **Exeter**
Maudslay Park **Great Alne**

REGIONAL PORTFOLIO



2.1% VALUATION DECREASE, ON A LIKE-FOR-LIKE BASIS, IN THE SEE-THROUGH REGIONAL INVESTMENT PORTFOLIO, VALUED AT

£351m

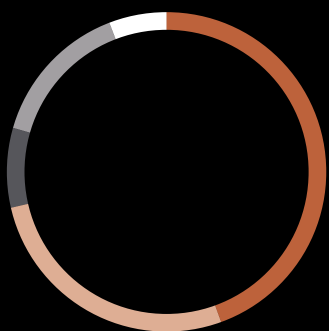
at 31 March 2017 (34.5% of investment portfolio) compared with £460m at 31 March 2016 (43.6%).

CONTRACTED GROSS RENTS ON SEE-THROUGH REGIONAL INVESTMENT PORTFOLIO AT 31 MARCH 2017 OF

£24.3m

(2016: £32.4m) compared to an ERV of £26.6m (2016: £35.6m).

REGIONAL INVESTMENT PORTFOLIO



- 15.4% Logistics
- 9.3% Offices
- 2.8% Retail Parks
- 5.0% In Town Retail
- 2.0% Other

(percentages of whole investment portfolio at year end).

CHURCHGATE & LEE HOUSE

Manchester

FINANCING

Significant cash resources and bank facilities available to complete the Group's capex and development plans and to take advantage of future opportunities.

SEE-THROUGH LOAN TO VALUE REDUCED TO

51%

(31 March 2016: 55%).

AVERAGE MATURITY OF THE GROUP'S SHARE OF DEBT OF

3.6 years

(31 March 2016: 4.5 years) at an average cost of 4.3% (31 March 2016: 4.2%).

GROUP'S SHARE OF CASH AND UNDRAWN BANK FACILITIES AT 31 MARCH 2017 OF

£267m

(31 March 2016: £193m).

FINANCIAL REVIEW

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THE BOWER
London EC1

PICTURED 25 Charterhouse Square, London EC1.

THE LONDON MARKET

OVERVIEW

Helical's core business is developing and owning dynamic, well located office space in London and Manchester and also includes a portfolio of logistics units along the motorway network of England and Wales. With intelligent stock selection, we aim to maximise returns by development and refurbishment as well as through significant asset management initiatives.

IN LONDON

54%

of our new lettings in the year to 31 March 2017 were to companies involved in media advertising and marketing, technology and other creative industries.

ERV OF PORTFOLIO

£69m

In our judgement, the London commercial property market currently provides the best source of potential capital profits and we expect this to remain the case for the foreseeable future, notwithstanding the risks associated with our exit from the European Union and other potential headwinds.

In order for Helical to generate capital profits the Company 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. Using the skills, knowledge and expertise gained over many years, the Helical team aims to deliver attractive and exciting office space, in locations with growing tenant demand.

The Company has recognised three continuing major developments in the London office market. First, the growth of the London population, which exceeded its previous peak during 2015. Second, the continuing and rapid expansion of the creative industries, predominantly in technology and media. Third, the migration of occupiers from the West End to the City and East London.

London's population reached 8.7 million in 2015, exceeding its previous peak in 1939, and is forecast to continue growing towards 10 million by 2030. Whilst this growth will present challenges to London, particularly in terms of its infrastructure, the opening of the Elizabeth Line (Crossrail) at the end of 2018 will assist in alleviating these problems. Our properties in the City and Tech Belt are all in locations that will benefit from this rail link.

Recently published research by CBRE noted that the UK is a global leader in the creative industries and we have targeted these industries with our portfolio. In London, companies involved in media, advertising and marketing, technology and other creative industries comprised 54% of our new lettings in the year to 31 March 2017.

The third factor influencing our choice of location for our portfolio is the migration of occupiers 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 is a common theme in discussing requirements with tenants. Most obviously, those hubs are in the Tech Belt from King's Cross to Whitechapel.

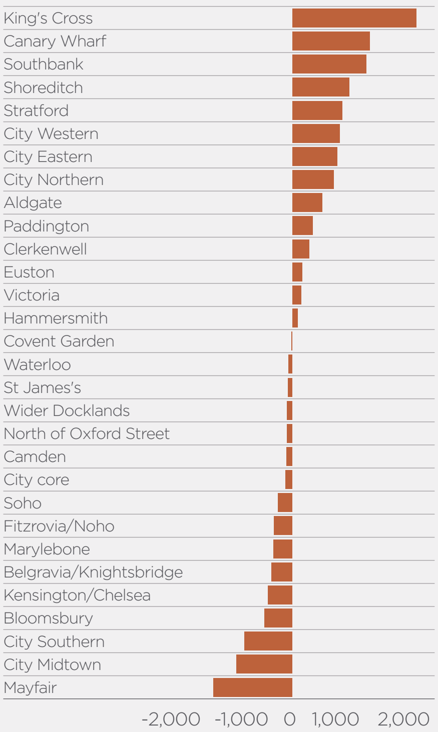
In London, Helical is building up a portfolio of multi-tenanted office buildings in the Tech Belt locations of Farringdon, the Old Street roundabout and Whitechapel and also in West London from Chiswick to Shepherd's Bush. By owning these "clusters" or "villages" of office buildings it has a portfolio of assets with multiple lease events leading to ongoing asset management opportunities.

The Company also seeks to expand its profitability by taking on additional schemes in Central London either by co-investment or by forward selling/funding them, to allow for the generation of profit shares and development management fees but with reduced balance sheet exposure.

PICTURED 31 Booth Street, Manchester.

WHICH MARKETS HAVE BENEFITTED MOST FROM MIGRATION 2011-2016 (000 SQ FT)

MIGRATION: ALL SECTORS



Data source: JLL

THE REGIONAL MARKET

Outside London, the Company has identified two key areas that contribute the potential for capital growth and are a source of recurring net rental income at good yields.

In Manchester we now have four assets (one acquired post year-end) with a potential capital value, after all refurbishment works and lettings are concluded, approaching £100m. Here, the occupational and investment market continues to strengthen. The city has high quality office stock and a diverse occupier base which has seen much international and institutional investment over the past few years. Companies have access to a deep and highly skilled talent pool in a cost effective location both for the employer and the employee. Recent research by CBRE identified Manchester as the "leading UK creative location outside London by some margin" and our buildings are designed to attract creative occupiers. Annual office take up is consistently in excess of 1m sq ft with high profile new occupiers coming to the city on a frequent basis.

In addition, we have a portfolio of logistics units comprising 15% of our investment portfolio but which contribute 25% of our current contracted rents. This sector is characterised by strong occupational demand and limited available supply. These properties have little obsolescence and good prospects of rental growth.

LOOKING FORWARD

The key areas of focus going forward for Helical are London, Manchester offices and logistics units. All other assets currently held are regarded as non-core and we will seek to continue to exit those assets as the opportunities to do so arise.

Our ambition is to have a balanced portfolio which generates sufficient net rental income to exceed all of our recurring costs and provide a surplus significantly greater than our annual dividend to shareholders. We have an ERV on the portfolio, post recent sales, of £69m and expect to generate this surplus once all of our current asset management initiatives are completed. We also seek a pipeline of opportunities to grow the balance sheet of Helical through the creation of development profits and capital surpluses.

HELICAL'S BUSINESS MODEL

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

RESOURCES IN

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

People and Culture
A motivated, qualified and experienced team.

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

Relationships and Reputation
An extensive network of joint venture partners, advisors, and industry contacts.

A long-standing reputation for speed of execution and excellence in delivery.

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

ACQUIRE ASSETS

ACQUISITION
Locate assets with significant development or asset management potential, within select locations or asset classes.

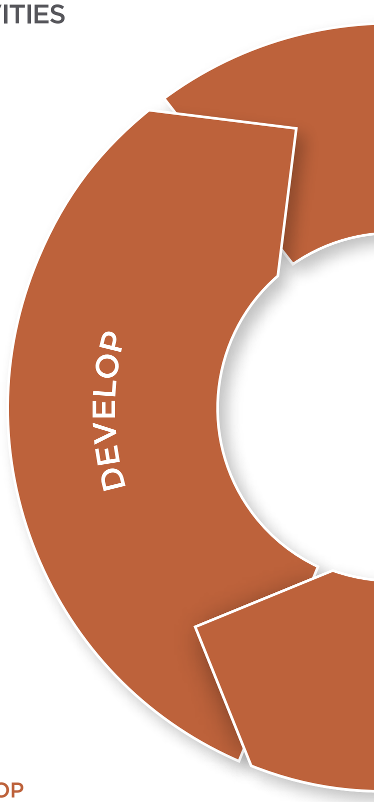
STRUCTURE AND FUNDING

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

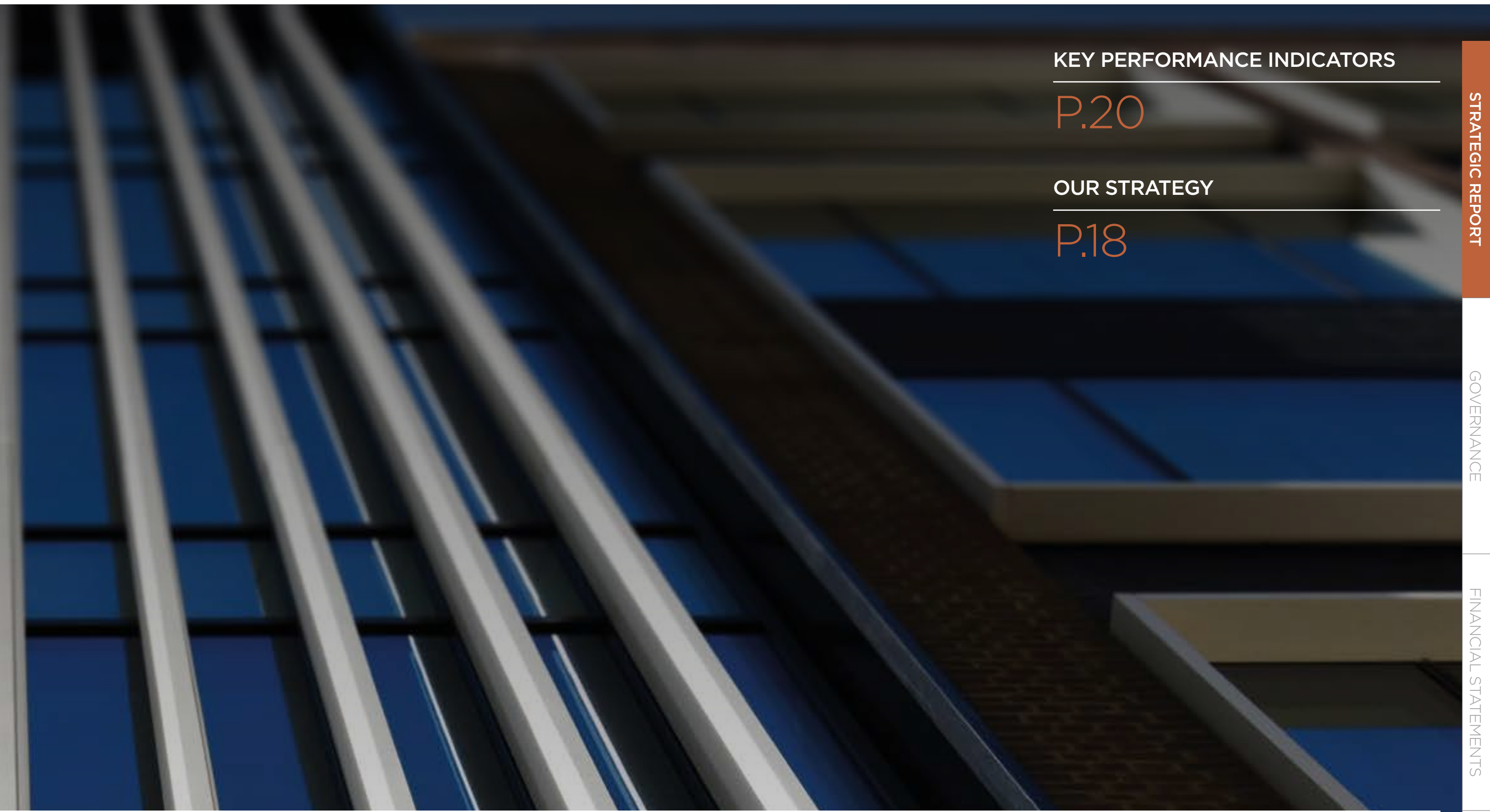
SHORT-MEDIUM
Identify a joint venture partner, limiting our capital commitment and risk exposure, whilst linking our return to performance.

Manage the project on behalf of a partner, sharing in the profit on the successful sale or letting, with minimal equity invested.

CORE ACTIVITIES



DEVELOP
We actively manage our assets throughout their development, working with trusted contractors and focusing on quality, efficiency and safety.



KEY PERFORMANCE INDICATORS
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OUR STRATEGY
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LET
We look to let our properties on flexible terms to diverse tenants who are financially robust.

RENTAL VALUE
Value creation through rent collection and valuation gains, derived from maximising rental value and driving a high level of occupancy.

VALUE CREATION

EXIT
Through sale at the right point in the market or upon completion of projects, recycling capital into new opportunities or repayment of finance/ return of equity.

ASSET MANAGE
Through proactive asset management we drive the rental value forward while maximising occupancy.

RESOURCES OUT

Property
Innovative and modern properties with attractive public realm.

A portfolio of diversified, robust tenants.

People and Culture
A motivated, qualified and experienced team.

Market Expertise
Greater and more focused market, product and customer knowledge.

Relationships and Reputation
Increased presence in the industry and deeper relationships that will unlock new opportunities.

Financing
Capital growth through rental income, valuation gain and development profit.

Long-term shareholder returns, including a growing dividend stream.

CHIEF EXECUTIVE'S STATEMENT

EPRA NAV INCREASE

+3.7%
to 473p

EPRA EPS

0.5p

RENTAL INCOME

+8.3%
to £47.0m

INCREASE IN TOTAL DIVIDEND

5.3%

TOTAL PROPERTY RETURN

£79.9m

IPD PROPERTY RETURN

9.4%

GERALD KAYE
CHIEF EXECUTIVE

I am pleased to present the Company's 2017 Annual Results, the first since my appointment as Chief Executive of Helical plc at the 2016 AGM.

OVERVIEW

The year to 31 March 2017 has been eventful with the real estate sector proving resilient against a background of both UK and international political change. Looking back 12 months it was clear that the exceptional growth in property values that we experienced over the period from 2012 to 2016, as the market recovered from the 2008 Global Financial Crisis, was coming to an end with yields approaching historic lows, but with some prospect for growth in rental values.

At Helical, we took advantage of the strong recovery in property values during this period by expanding the Company's business activities, investing in development opportunities in London and higher yielding regional assets to provide a stable flow of rental income. Using the proceeds of our 2013 Retail Bond and our 2014 Convertible Bond, together with additional borrowings, we increased our property portfolio from £626m at 31 March 2013 to over £1.2bn, generating significant surpluses which have more than doubled shareholders' funds from £254m to £517m at 31 March 2017.

During the year we have sought to recycle some of the capital created in this period into the schemes which we believe will continue to support the future growth of the Company. We have narrowed the focus of the Company to London, offices in Manchester and a portfolio of logistics units. We expect to complete this process during the current year with the sale of the remaining non-core assets, being the retail properties and regional offices outside of Manchester, whilst continuing to work through the retirement village programme.

In the year under review, the majority of our performance has come from the assets we own in London, where we have increased our weighting to 63% of the total portfolio. Sales of regional assets since the year end have increased this London weighting further to 66%. In the investment portfolio we have created buildings which reflect the needs of our tenants, acknowledging that modern lifestyles increasingly merge work and leisure needs. We now have a portfolio of multi-let, flexible and desirable properties which also provide ongoing asset management opportunities to add value. Our London portfolio remains reversionary with further value to be created through the completion of our redevelopment and refurbishment programme, letting vacant space and upcoming rent reviews.

We believe that London will continue to outperform the rest of the UK over the medium and long term and our strategy is to continue to increase our London holdings.

RESULTS FOR THE YEAR

The profit before tax for the year to 31 March 2017 was £41.6m (2016: £114.0m). Total Property Return reduced to £79.9m (2016: £164.6m) and included growing net rents of £47.0m, an increase of 8.3% on 2016 (£43.4m), and development losses of £5.7m (2016: profit of £27.5m) after deducting provisions of £12.8m (2016: £6.4m). The gain on sale and revaluation of the investment portfolio contributed £38.6m (2016: £93.7m).

Net finance costs of £21.2m were lower than in 2016 (£22.6m) and the Income Statement benefited from the shortening of the maturity period for the Group's remaining interest rate swaps which led to a £0.8m credit (2016: charge of £6.9m) arising from the valuation of the Company's derivative financial instruments. The revaluation of the Company's Convertible Bond provided a credit of £3.0m (2016: £0.5m). Recurring administration costs were marginally higher at £10.8m (2016: £10.7m). Performance related awards were substantially lower at £6.9m (2016: £13.3m) with National Insurance on these awards of £0.7m (2016: £2.1m).

These results allow the Board to continue its progressive dividend policy and to recommend to Shareholders a final dividend of 6.20p which, together with the interim dividend of 2.40p paid in December 2016, takes the total dividend for the year to 8.60p (2016: 8.17p), an overall increase of 5.3%.

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.

EPRA earnings per share fell from 17.1p to 0.5p, reflecting growing net rental income offset by reduced development profits. On a like-for-like basis, the investment portfolio increased by 5.2% (4.5% including sales and purchases). Sales during the year offset this growth in values contributing to an overall reduction in the portfolio value to £1,205m (2016: £1,240m). The unleveraged return of our property portfolio, as measured by IPD, was 9.4% (2016: 21.7%), compared to 4.4% (2016: 11.4%) for the benchmark index. These investment gains contributed to an increase in EPRA net asset value per share, up 3.7% to 473p (2016: 456p).

FINANCE

The Company has expanded its activities significantly in recent years, seeking to increase shareholder funds through the generation and retention of increased net rental streams, development profits and valuation surpluses. This growth has been financed through an increase in secured debt borrowed primarily from UK high street banks and, since 2013, through the use of unsecured debt in the form of a Retail Bond and a Convertible Bond. In assessing the needs of the business the Company is conscious that it needs to manage any risks inherent in this leveraged approach to growing the business. It seeks to do this through the use of unsecured debt (24% of total debt), by maintaining an appropriate debt maturity profile and by hedging its interest rate exposure.

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

At 31 March 2017, the Company's see-through loan to value ("LTV"), being the ratio of see-through net borrowings to the value of the see-through property portfolio, was 51%. This metric has varied between 45% and 55% in the last five years and, subsequent to the year end, has fallen below 50% following the recent sales of properties in Cardiff and Great Yarmouth.

Looking forward, the Company will seek to operate within an LTV range of 40%-50% for the foreseeable future, subject to being able to maximise opportunities in the market whilst remaining aware of the risks of higher levels of gearing.

During the year, the average debt maturity reduced to 3.6 years (2016: 4.5 years), with no secured loan repayable before November 2019, whilst marginally increasing the average cost of debt at 4.3% (2016: 4.2%). The Company has a significant level of liquidity with cash and unutilised bank facilities of £267m (2016: £193m) to fund capital works on its portfolio.

BOARD MATTERS

In July 2016, I became CEO of Helical plc succeeding Michael Slade who became the Company's Non-Executive Chairman. The Board also consists of three Executive Directors and five Independent Non-Executive Directors. Our Executive team has an average of over 19 years' experience at Helical and are supported by a strong team of property and finance professionals and administrative staff.

THE FUTURE

Helical has a dynamic portfolio with good upside potential through a combination of development, refurbishment and significant asset management opportunities. We believe our concentration on offices and mixed use assets in London, offices in Manchester and well located logistics units will provide capital growth from development gains and rising income streams.

We have ambition to continue to grow the Company and have actively sought to add to our development pipeline with exciting new schemes, particularly in London. Rebalancing the portfolio through the sale of non-core assets enables us to recycle some of the capital we have created in recent years and fully pursue those opportunities that we have identified.

GERALD KAYE
Chief Executive

25 May 2017

HELICAL'S STRATEGY

We develop and invest in high quality real estate which best serves the needs of our occupiers and maximises value. We realise capital and rental income growth through development, refurbishment and active asset management with a focus on offices and mixed use assets in London, offices in Manchester and a diverse portfolio of logistics units.

PORTFOLIO

Manage a balanced portfolio with clear market focus, combining assets with significant development and asset management potential with high yielding property for income.

- London for capital growth and development profits.
- Manchester offices for capital growth, asset management and income.
- Logistics for income and liquidity.
- Locate sites where complexity presents opportunity to add significant value through innovative development and asset management.
- Maximise income through attracting a diverse and financially robust portfolio of tenants.
- Continue a culture that is committed to the highest standards in Health & Safety.
- Improve the communities in which we are active and ensure sustainability underpins our approach.

PEOPLE

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

- Small core team supported by valued advisors to allow scalability.
- Clear plan for succession.

Maintain our excellent reputation and network of trusted partners and advisors.

- Use our network of contacts to attract the best opportunities then deliver quickly and to a high standard.
- Strong relationships and a reputation which generates off market opportunities.
- Work with joint venture partners to increase project scale and to manage risk.

CAPITAL

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

- LTV target 40-50%.
- Use of "equity lean" structures to maximise returns.
- Strong banking relationships for quick access to finance at competitive pricing.
- Build cash reserves to weather current climate and take advantage of opportunities as they arise.

KEY PERFORMANCE INDICATORS
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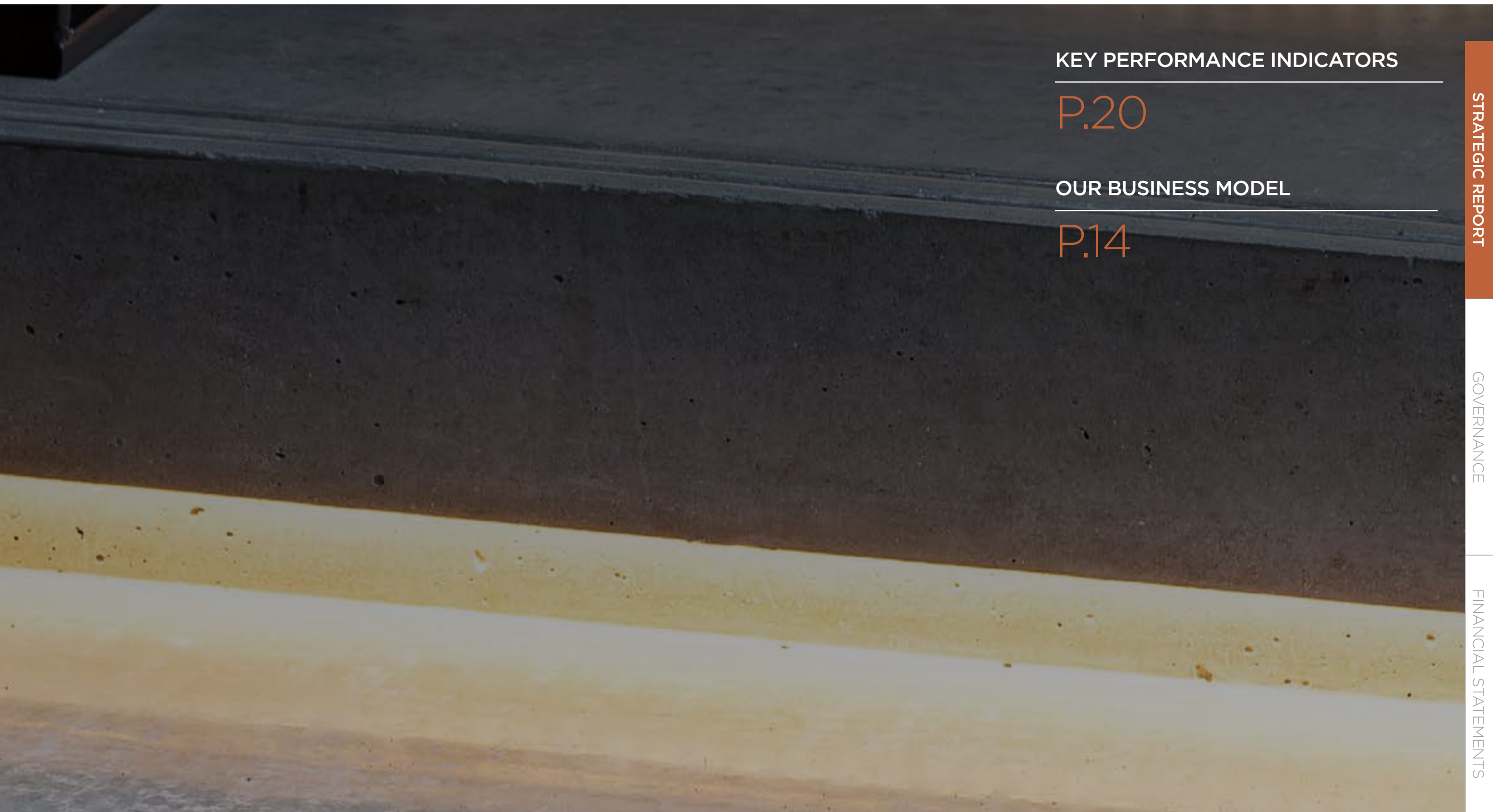
OUR BUSINESS MODEL
P.14



Performance Measures
- Total property return
- ERV and contracted rental income
- Vacancy rate
- WAULT

Principal Associated Risks
- Property values decline/reduced tenant demand for space
- Inability to asset manage, develop and let property assets
- Health and Safety/Bribery and corruption risk
- The Group's strategy is inconsistent with the market

Performance Measures
- Training and development days per employee

Principal Associated Risks
- Employment and retention of key personnel
- Poor management of stakeholder relations

Performance Measures
- LTV
- Gearing
- Average cost of debt and maturity
- Interest cover ratio
- Cash and undrawn bank facility levels

Principal Associated Risks
- Availability of bank borrowing and cash resources
- Breach of loan and bond covenants
- Increase in cost of borrowing
- Political risk

KEY PERFORMANCE INDICATORS

EPRA NAV	EPRA NAV CAGR (3 YEARS)
473p	14.8%

TOTAL SHAREHOLDER RETURN (3 YEARS)	IPD UNLEVERAGED RETURN
-3.8%	9.4%

AVERAGE EMPLOYEE SERVICE	AVERAGE STAFF TURNOVER
8.0 yrs	5.7%

ADDITIONAL PERFORMANCE MEASURES

EPRA EARNINGS PER SHARE	TOTAL DIVIDEND DECLARED PER SHARE
0.5p	8.60p

KEY PERFORMANCE INDICATORS

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

EPRA NET ASSET VALUE PER SHARE

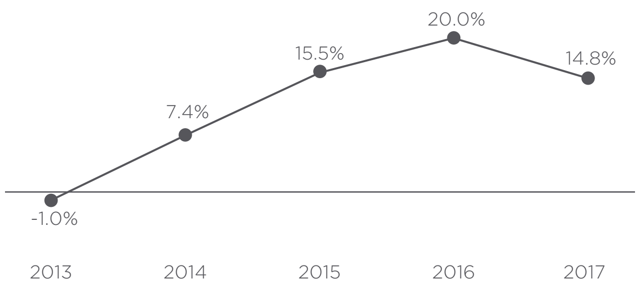
EPRA NAV

473p

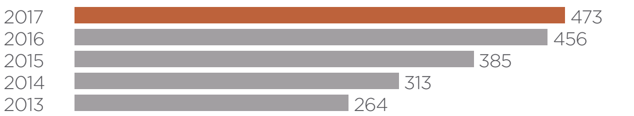
EPRA NAV INCREASE

17p

EPRA NET ASSET VALUE COMPOUND ANNUAL GROWTH RATE (3 YEARS)



EPRA NET ASSET VALUE PER SHARE (P)



DESCRIPTION

Our Group's main objective is to maximise growth in net asset value 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 share 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 32 to the financial statements.

PERFORMANCE

The diluted net asset value per share, excluding trading stock surplus, at 31 March 2017 increased by 6.4% to 431p (2016: 405p). Including the surplus on valuation of trading and development stock and adjusting for the fair value of derivatives and deferred taxation, the EPRA net asset value per share at 31 March 2017 increased by 3.7% to 473p (2016: 456p).

LINK TO REMUNERATION

Director Bonuses

The calculation of the Directors' bonuses under the Annual Bonus Scheme 2016 is based on a model where Directors share in the profits generated by the Company's property activities. As these are the same profits that drive increases in EPRA NAV, the Directors' bonus is strongly aligned to this performance measure.

Performance Share Plan

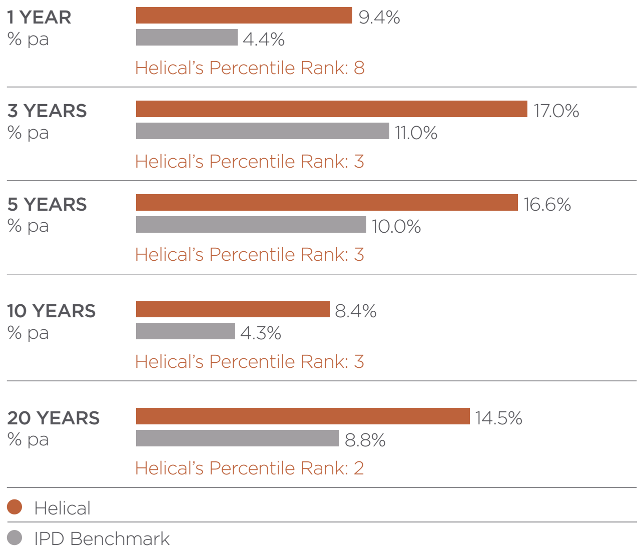
A third of the Performance Share Plan ("PSP") vesting criteria is based on compound growth in net asset value ("NAV") over three years, so these awards are directly linked to this performance measure.

INVESTMENT PROPERTY DATABANK

IPD UNLEVERAGED RETURN

9.4%

HELICAL'S UNLEVERAGED PORTFOLIO RETURNS TO 31 MARCH 2017



Source: Investment Property Databank.

DESCRIPTION

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

IPD has compared the unleveraged performance of Helical's total property portfolio against portfolios within IPD for the last 20 years. The Group's annual performance target is to exceed the top quartile of the IPD database, which it has consistently achieved.

PERFORMANCE

Helical's unleveraged performance for the year to 31 March 2017 was 9.4% (2016: 21.7%) compared to the IPD benchmark of 4.4% (2016: 11.4%) and upper quartile benchmark of 6.9% (2016: 13.0%).

LINK TO REMUNERATION

Performance Share Plan

A third of the PSP vesting criteria is based on performance compared with the IPD so these awards are directly linked to this performance measure.

We incentivise management to outperform the Group's competitors by setting appropriate levels for performance indicators against which rewards are measured. We also design our remuneration packages to align management's interests with shareholders' aspirations. Key to this is the monitoring and reporting against identifiable performance targets and benchmarks.

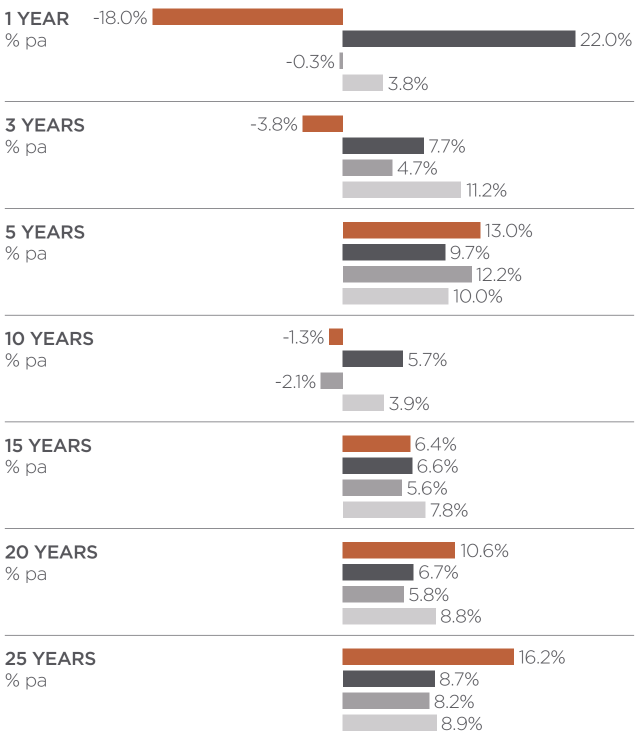
OUR STRATEGY
P.18

TOTAL SHAREHOLDER RETURN

TOTAL SHAREHOLDER RETURN (3 YEARS)

-3.8%

HELICAL'S RETURNS TO 31 MARCH 2017



- Helical Plc. Growth over all periods to 31/03/17
- UK equity market. Growth in FTSE All-Share Return Index over all periods to 31/03/17
- Listed real estate sector index. Growth in FTSE 350 Real Estate Super Sector Return Index over all periods to 31/03/17. For data prior to 30 September 1999 FTSE All Share Real Estate Sector Index has been used
- Direct property – monthly data. Growth in total return of IPD UK monthly index (all property) over all periods to 31/03/17

Source: Thomson Reuters Datastream.

DESCRIPTION

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

PERFORMANCE

The Total Shareholder Return in the year to 31 March 2017 was -18.0% (2016: 1.0%). Over five, ten, fifteen, twenty and twenty five years Helical's Total Shareholder Return exceeded that of the Listed Real Estate Sector Index.

LINK TO REMUNERATION

Performance Share Plan

A third of the PSP vesting criteria is based on performance against the FTSE 350 Super Sector Real Estate Index, excluding storage companies and agencies. These awards are therefore directly linked to this performance measure.

AVERAGE LENGTH OF EMPLOYEE SERVICE AND STAFF TURNOVER

AVERAGE LENGTH OF EMPLOYEE SERVICE

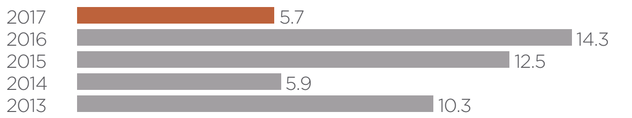
8.0 yrs

AVERAGE STAFF TURNOVER

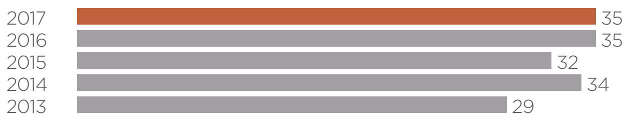
5.7%

AVERAGE LENGTH OF EMPLOYEE SERVICE (YEARS)

AVERAGE STAFF TURNOVER (%)



AVERAGE EMPLOYEE NUMBERS



DESCRIPTION

High levels of staff retention remain a key feature of Helical's business. The Group retains a highly skilled and experienced team. We assess our success based on two key metrics, the average length of service of the Group's head office employees and average staff turnover.

PERFORMANCE

The average length of service of the Group's head office employees at 31 March 2017 was eight years and the average staff turnover was 5.7%.

LINK TO REMUNERATION

Director Bonuses

Under the rules of the Annual Bonus Scheme 2016 a third of the bonuses are settled in deferred shares, which are required to be held for a period of three years.

Performance Share Plan

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

HELICAL'S PROPERTY PORTFOLIO

Helical divides its property activities into three core markets: London, Manchester offices and logistics. The London Portfolio represents 63% of the total property portfolio and drives capital growth, development profits and, increasingly, income. Manchester offices accounts for 6%, and logistics account for 13%.

In addition, we have a portfolio of four retirement villages which are being completed and sold over the next three years, a small portfolio of regional offices and four regional retail assets (two of which were sold post year end).

TOTAL PROPERTY PORTFOLIO

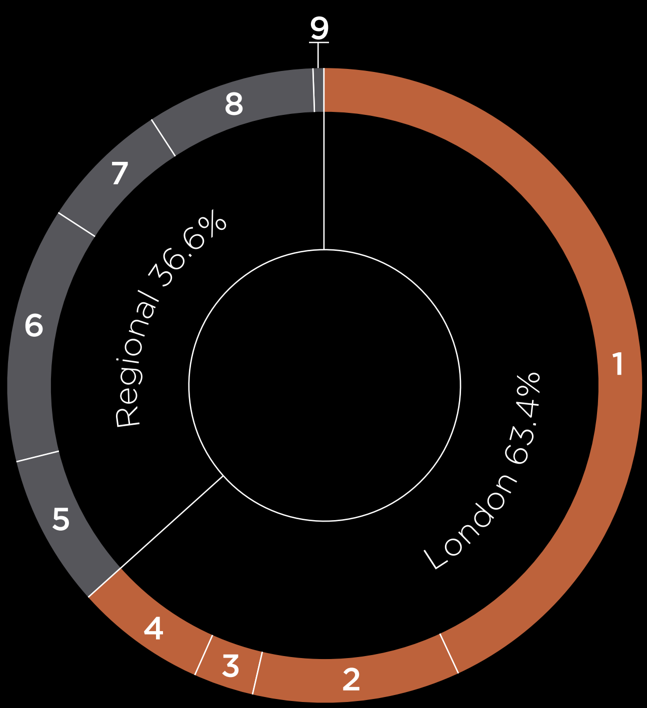
£1,205.2m

TOTAL PROPERTY RETURN

£79.9m

HELD AS INVESTMENT PROPERTIES

84.5%



TOTAL PORTFOLIO BY FAIR VALUE

LONDON

London Offices
1 Completed, let and available to let
2 Being redeveloped
3 Held for future development
4 London Residential

REGIONAL

5 Regional Offices
6 Regional Logistics
7 Regional Retail
8 Retirement Villages
9 Land

TOTAL PORTFOLIO BY FAIR VALUE

	Investment £m	%	Development £m	%	Total £m	%
London Offices						
Completed, let and available to let	501.5	49.3	19.8	10.5	521.3	43.3
Being redeveloped	125.7	12.4	–	–	125.7	10.4
Held for future development	38.4	3.8	–	–	38.4	3.2
London Residential	–	–	78.8	41.9	78.8	6.5
Total London	**665.6**	**65.5**	**98.6**	**52.4**	**764.2**	**63.4**
Regional Offices	95.3	9.3	0.5	0.3	95.8	7.9
Regional Logistics	156.5	15.4	–	–	156.5	13.0
Regional Retail	79.5	7.8	–	–	79.5	6.6
Retirement Villages	19.9	2.0	82.9	44.0	102.8	8.6
Land	0.1	–	6.3	3.3	6.4	0.5
Total Regional	**351.3**	**34.5**	**89.7**	**47.6**	**441.0**	**36.6**
TOTAL	**1,016.9**	**100.0**	**188.3**	**100.0**	**1,205.2**	**100.0**

TRADING AND DEVELOPMENT PORTFOLIO

	Book value £m	Fair value £m	Surplus £m	Fair value %
London Offices	15.8	19.8	4.0	10.5
London Residential	75.8	78.8	3.0	41.9
Total London	**91.6**	**98.6**	**7.0**	**52.4**
Regional Offices	0.2	0.5	0.3	0.3
Retirement Villages	79.0	82.9	3.9	44.0
Land	5.0	6.3	1.3	3.3
Total Regional	**84.2**	**89.7**	**5.5**	**47.6**
TOTAL	**175.8**	**188.3**	**12.5**	**100.0**


25

THE LONDON PORTFOLIO

PERCENTAGE OF TOTAL PORTFOLIO

63%

VALUATION INCREASE IN INVESTMENT ASSETS

9.1%

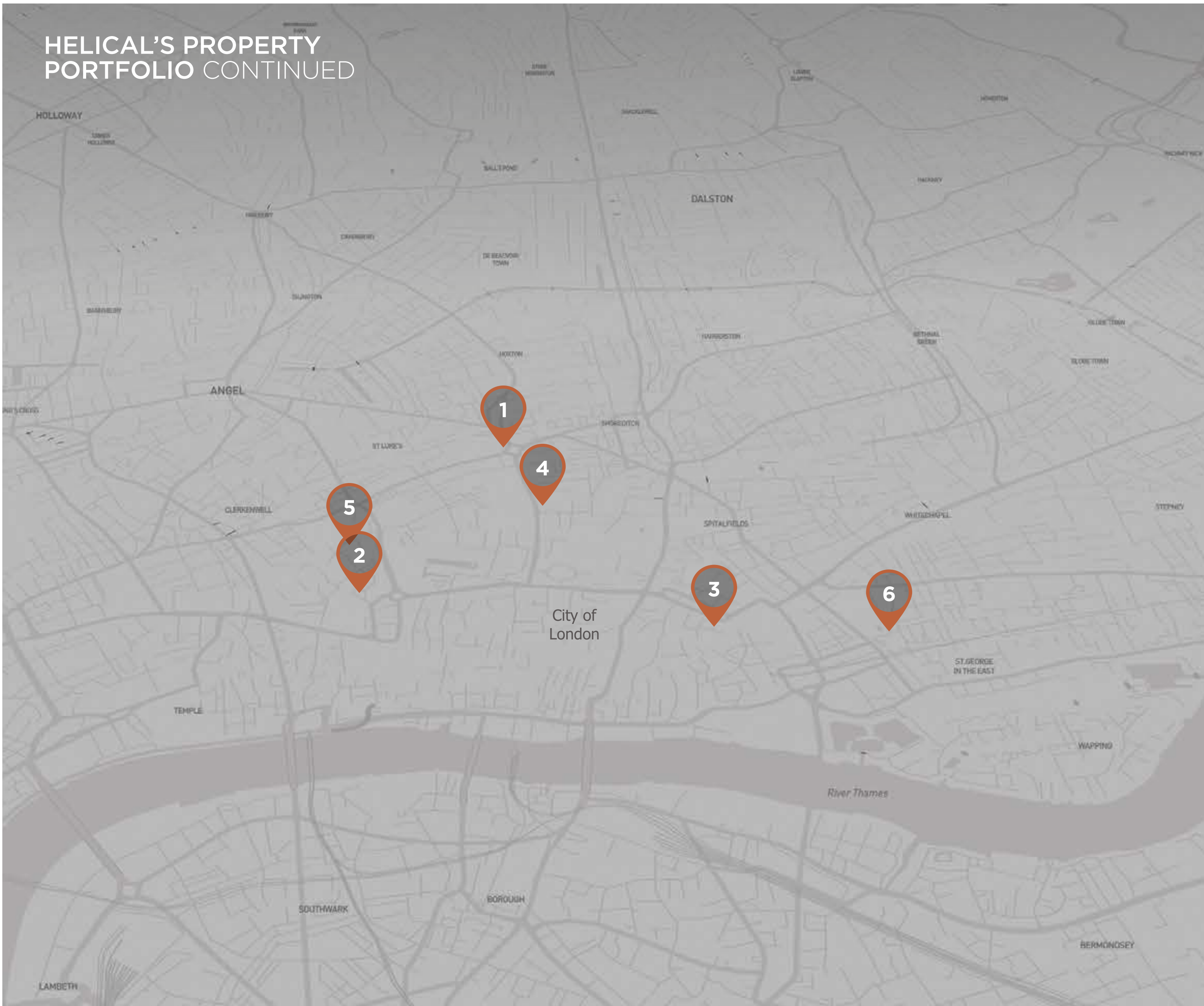
ERV

45.0m

REVERSIONARY YIELD

5.5%

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 and in West London, in particular Shepherds Bush, Chiswick and Hammersmith. Our London portfolio comprises income producing multi-let offices, office refurbishments and developments and residential development schemes.



CITY AND TECH BELT PORTFOLIO

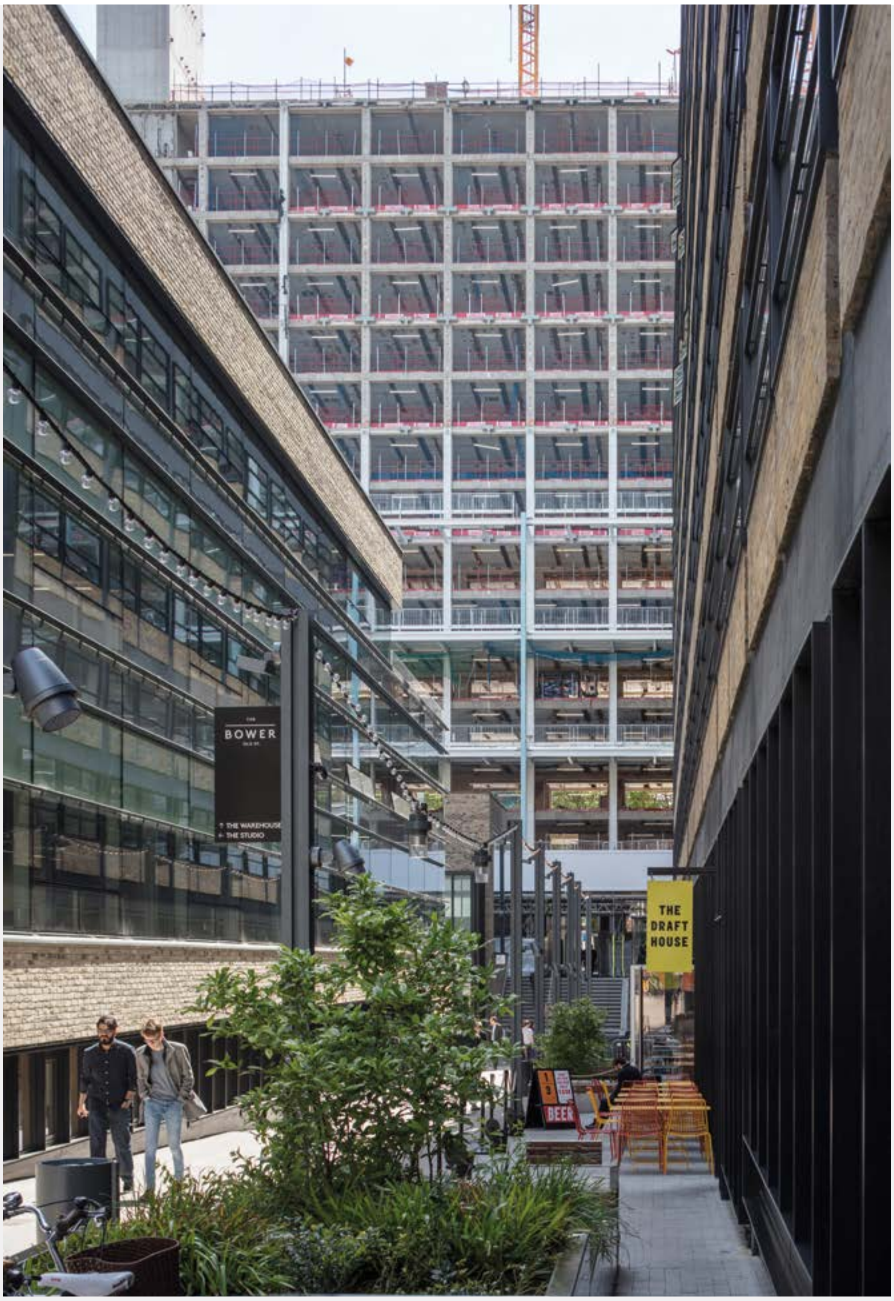
1 **The Bower** EC1
2 **Barts Square** EC1
3 **One Creechurch Place** EC3
4 **C-Space** EC1
5 **25 Charterhouse Square** EC1
6 **The Loom** E1

1

THE BOWER
OLD STREET EC1

This asset was acquired in November 2012 for £60.8m in a joint venture with Crosstree Real Estate Partners LLP. The site is in the heart of an area which has become a "creative halo", a district of London which is a hub for technology, media and telecommunications companies and which is benefiting from substantial investment in infrastructure. A planning consent has been implemented to increase the floor space on the site by 116,000 sq ft, to refurbish existing areas and significantly upgrade the public realm with the creation of a new pedestrian street.

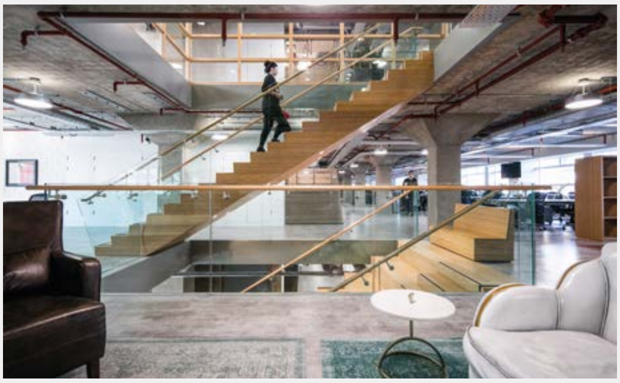
On 20 January 2016, Helical acquired The Warehouse and The Studio (211 Old Street) and The Tower (207 Old Street) from the joint venture.



211 OLD STREET EC1

The development of Phase One, comprising The Warehouse, 128,262 sq ft, and The Studio, 23,177 sq ft, completed in November 2015.

Phase One is fully let to CBS, Farfetch, Pivotal, Allegis and Stripe (The Warehouse) and John Brown Media (The Studio), and all tenants are in occupation. The retail operators are Bone Daddies, Draft House, Enoteca da Luca, Honest Burger, Maki and Franze & Evans.



207 OLD STREET EC1

At The Tower, 178,724 sq ft, the refurbishment and construction works are well underway with practical completion scheduled for Q2 2018. Whilst the formal letting campaign for the building is expected to commence closer to completion, we have already pre-let six floors, comprising 58,907 sq ft, to WeWork, the leading global provider of flexible collaborative co-working space.

2

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 Pauls and Smithfield Market, situated a short walk from Farringdon East station on the Elizabeth Line (Crossrail) which is due to be operational at the end of 2018.

Barts Square will ultimately provide an entirely new quarter of the City consisting of 236 residential apartments, three office buildings of 213,000 sq ft, 23,485 sq ft and 10,200 sq ft and 20,400 sq ft of retail/A3 at ground floor as well as major public realm improvements.

PHASE 1
Residential/Offices/Retail
Phase 1 of Barts Square comprises 144 residential units, 8,900 sq ft of retail space, 23,485 sq ft of new office space and extensive public realm improvements. Construction work is progressing well with the first apartments being handed over to purchasers in Summer 2017. Contracts have been exchanged for the sale of 118 residential units for a total value of £151.3m at an average of £1,570 psf, with a further three units under offer.

PHASE 2
One Bartholomew Close - Offices
One Bartholomew Close was sold to clients of Ashby Capital LLP ("Ashby") for £102.4m in August 2015. The demolition of the existing building and the construction of a new 12 storey office block of 213,000 sq ft commenced in January 2016. The building is due to be completed in August 2018. Ashby's clients finance 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.

PHASE 3
Residential/Retail
Demolition work on Phase 3 of Barts Square is well underway. This phase will comprise 92 apartments and 11,500 sq ft of retail space. Completion is due in Summer 2019.

3

ONE CREECHURCH PLACE
CITY OF LONDON EC3

One Creechurch Place is a landmark City office scheme in the heart of the insurance sector 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 receive a promote payment depending on the successful outcome of the scheme. The new building, comprising 272,505 sq ft NIA of offices and 786 sq ft of retail, achieved practical completion on 7 November 2016 and is currently being marketed for occupation. There are a number of potential tenants interested in the building.

4

C-SPACE
37–45 CITY ROAD EC1

Helical acquired C-Space in June 2013. Planning consent was obtained for a complete refurbishment of the building which increased the previous 50,000 sq ft office building to 61,973 sq ft. The works, which were completed in October 2015, involved an additional floor and extensions to the third floor, a landscaped courtyard and entrance pavilion to the rear and full height glazing to the raised ground floor. 75% of the space was pre-let to the creative agency MullenLowe in June 2015, with the remaining space let to NeuLion in November 2016.

5

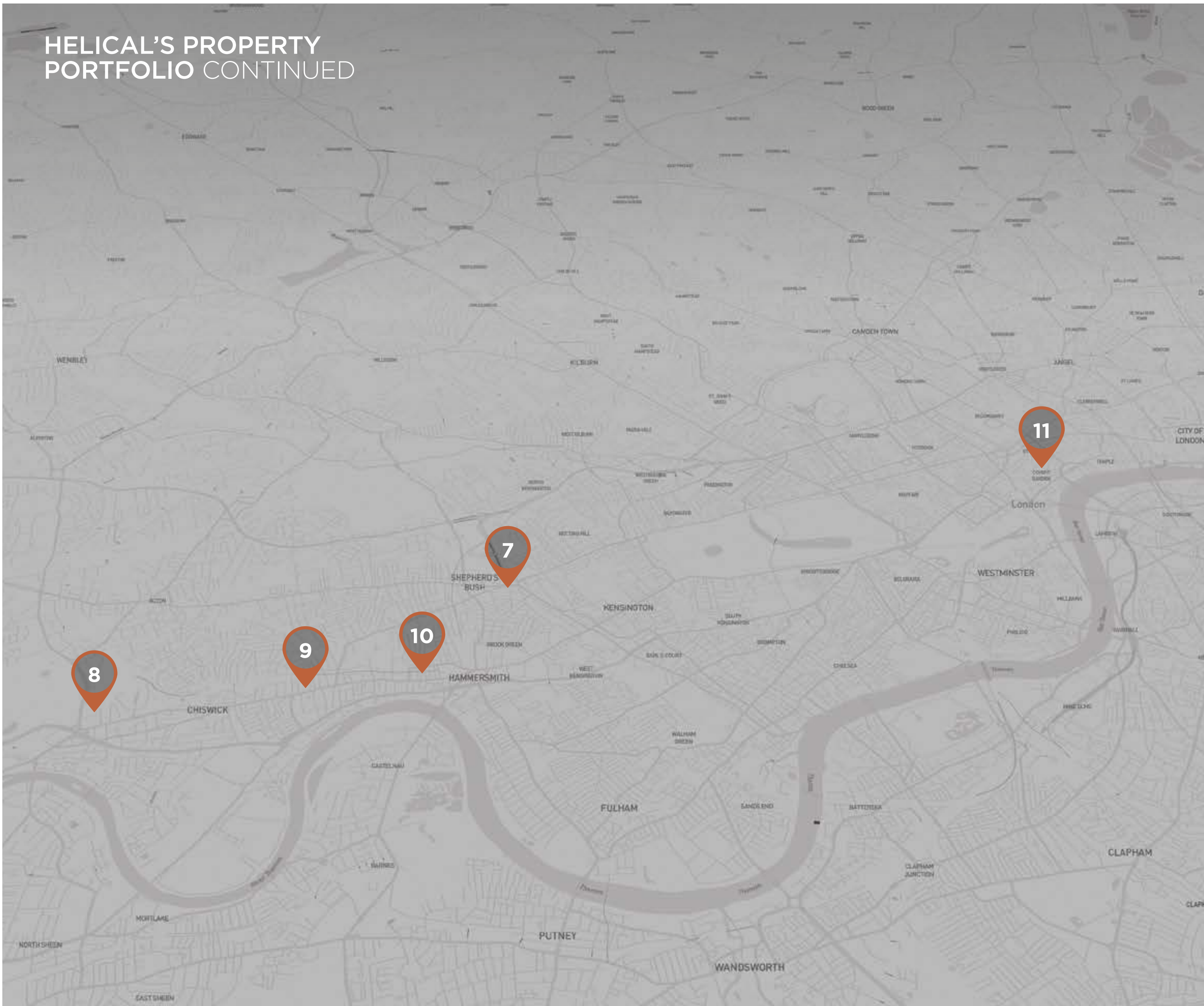
25 CHARTERHOUSE SQUARE
SMITHFIELD EC1

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. Helical has 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 added 5,138 sq ft of retail/restaurant. The building achieved practical completion on 28 March 2017. The top two floors, totalling 12,200 sq ft, have been let to Anomaly at £75.00 psf for a ten year lease term.

6

THE LOOM
WHITECHAPEL E1

This 110,000 sq ft listed former wool warehouse was acquired in 2013. A major repositioning was completed in September 2016 to include a new entrance and reception onto Gowers Walk, café, showers and a bike store. During the year we completed 11 new lettings and five renewals securing £1.8m of contracted rent. We also completed two rent reviews with an uplift to contracted rent of £300,000. The largest, most prominent, unit in the building of 9,000 sq ft was let in July for £54 psf. The average contracted rent for the building is £37.50 psf. 19,275 sq ft is currently available in five units with an ERV of circa £950k, of which 2,750 sq ft is under offer.



THE WEST LONDON PORTFOLIO

- **7 The Shepherds Building** W14
- **8 Power Road Studios** W4
- **9 The Powerhouse** W4
- **10 King Street** W6
- **11 Drury Lane & Dryden Street** WC2

7

THE SHEPHERDS BUILDING
SHEPHERDS BUSH W14

This 151,000 sq ft multi-let office building close to the Westfield London shopping centre maintains an occupancy approaching 100%, as it has for nine consecutive years. The average contracted rent for the building is £44 psf with a total contracted rent of £6.57m and a passing net rent of £3.6m. During the year, 13 new lettings, all in excess of £47.50 psf, were completed securing a contracted rent of £500,000. Two rent reviews were settled with an uplift to contracted rent of £225,000. 2,550 sq ft is currently available in four studio units.

8

POWER ROAD STUDIOS
CHISWICK W4

The site comprises 62,000 sq ft of offices across five buildings and is multi-let to a wide range of predominantly media tenants. Recent lettings have been concluded at a rent of £38 psf with £40 psf having been achieved in Studio 1, compared to an average rental of £24 psf at acquisition. Cineworld, which occupied 16,000 sq ft, has surrendered its lease and vacated, which permits the comprehensive refurbishment of the unit and creation of a new entrance at the front of the building. These works started in November 2016 and are expected to last nine months, increasing the rental value for this space from £22.00 psf to £42.50 psf. Planning permission to add a further 42,500 sq ft of office space has been granted.

9

THE POWERHOUSE
CHISWICK 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.

10

KING STREET
HAMMERSMITH W6

Hammersmith & Fulham Borough Council, who have been opposed to this regeneration project since the Council became Labour controlled, have exercised their option to terminate the development agreement. With our partners Grainger plc we will now seek to maximise the value of the land held by the joint venture company.

In addition to our holdings in the City and Tech Belt and West London we have one scheme in Covent Garden WC2.

11

DRURY LANE & DRYDEN STREET
COVENT GARDEN WC2

The existing buildings, which are in office and retail use, sit on an island site of approximately 0.5 acres. Approximately half of the site, adjacent to Dryden Street, sits within the Covent Garden Conservation Area. In July 2015, contracts were exchanged with Diageo Pension Fund (a fund managed by Savills Investment Management) for the conditional acquisition of the Drury Lane site. The contract is conditional on the viability of the scheme and Helical securing planning consent. A planning application for the residential led scheme of 68 apartments was submitted in August 2015 and resolution to grant consent was issued at a planning committee in April 2016. A further planning consent for an alternative office led scheme was submitted in December 2016 and is currently being considered by Westminster City Council.


31 BOO

THE REGIONAL PORTFOLIO

PERCENTAGE OF TOTAL PORTFOLIO

37%

PERCENTAGE OF NET RENTAL INCOME

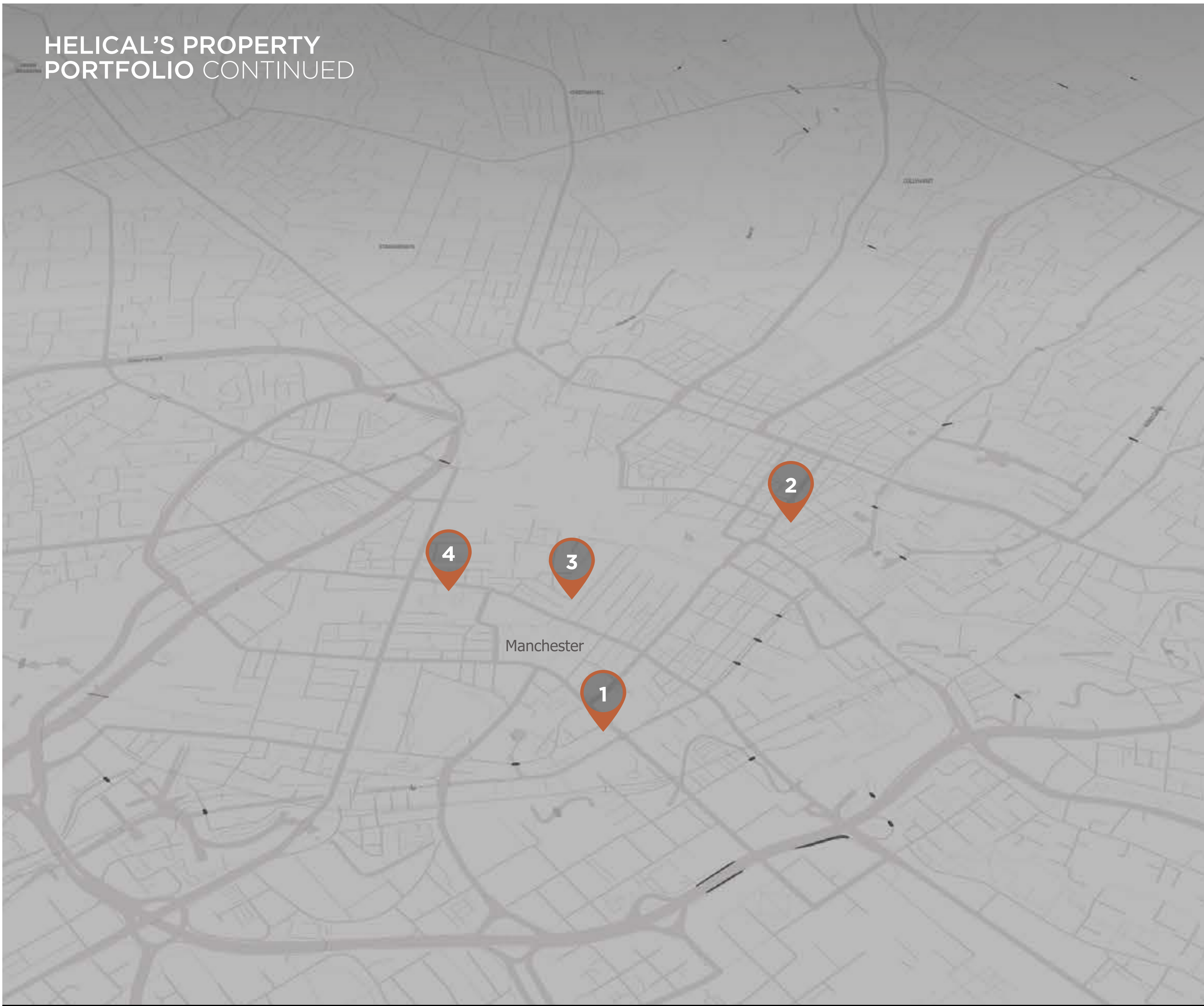
60%

PERCENTAGE LET

95%

Our approach to regional investment is to acquire assets where occupational demand is robust throughout the property cycle and the barriers to new supply are high. Successfully picking the sectors and assets with these attributes will ensure strong cash flows and rental growth. In general, yields for regional assets are higher than those in London and these assets are acquired to provide significant cash flow for the Group. We anticipate that income will become an increasingly important part of total returns as yield compression slows and, as such, we focus our attention on areas where we believe the occupational market remains robust.

Our regional portfolio contributed 60% of our net rental income from tenants in diverse sectors and geographical locations. The £351m regional portfolio comprises £156m of logistics (44% of the regional investment portfolio), £95m of offices (27%), £80m retail warehousing and in-town retail (23%), mainly The Morgan Quarter, Cardiff, which has been sold for £55m since year end, and £20m of value from ground rents and assignment fees from our retirement village development programme (6%).



MANCHESTER OFFICES PORTFOLIO

1 Churchgate and Lee House
2 Dale House
3 31 Booth Street
4 Trinity Court

Our regional office investment portfolio comprises seven assets including four in Manchester and others in Crawley, Glasgow and Reading. During the year we sold three assets in Cobham, Castle Donnington and Cheadle for £14.15m, a 6.8% premium to book value.

Manchester is a city with a diverse, thriving and growing economy which is widely regarded as England's second city and the centre of the 'Northern Powerhouse'. The assets we hold there are:

1

CHURCHGATE AND LEE HOUSE

This asset, comprising 249,000 sq ft of multi-let offices, was purchased in March 2014. Since purchase we have refurbished the reception and 75,254 sq ft of office space. With the successful letting of the 1st floor of Lee House and the Sunshine Suite (15,536 sq ft), Churchgate and Lee House is now 100% occupied. Looking forward asset management initiatives still exist to drive further rental growth. We will continue to refurbish the asset as space becomes available through lease events.

3

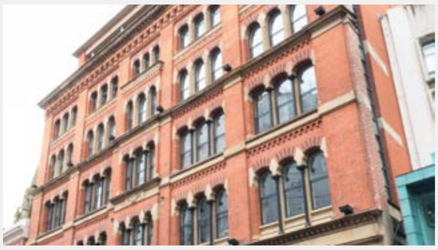
31 BOOTH STREET

This 25,441 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. We have received significant occupational interest to date and hope to secure our first letting soon.

2

DALE HOUSE

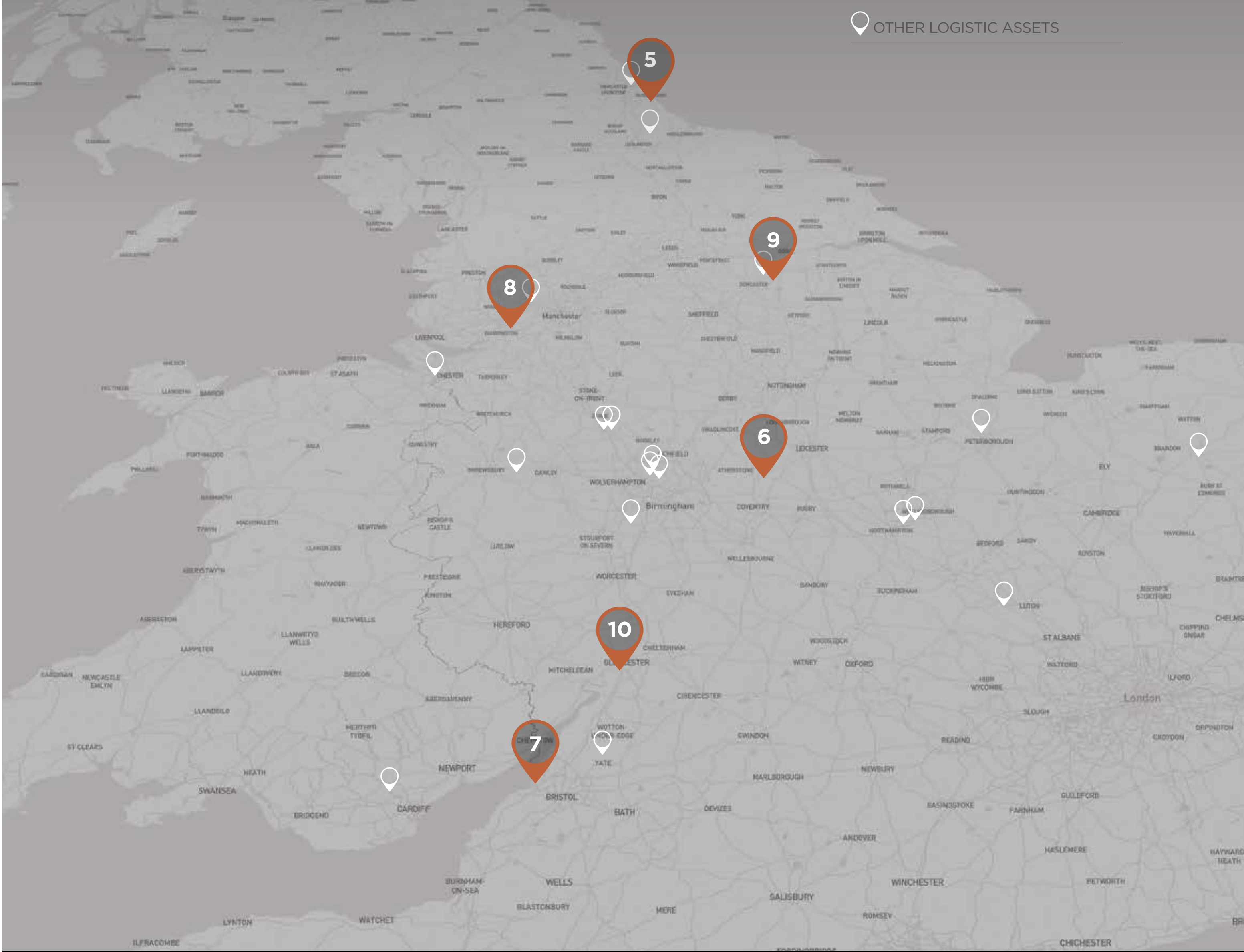
Dale House is a 54,000 sq ft office building situated in the Northern Quarter of Manchester. Following purchase we have pursued surrenders across the building. We successfully achieved surrenders of the top three floors, lower ground and basement spaces which amounts to circa 33,000 sq ft. Refurbishment of these areas has commenced with delivery in Q4 2017. We have secured a pre-let of the 5th floor (7,100 sq ft) and have significant interest in the remaining space that is being delivered.



4

TRINITY COURT

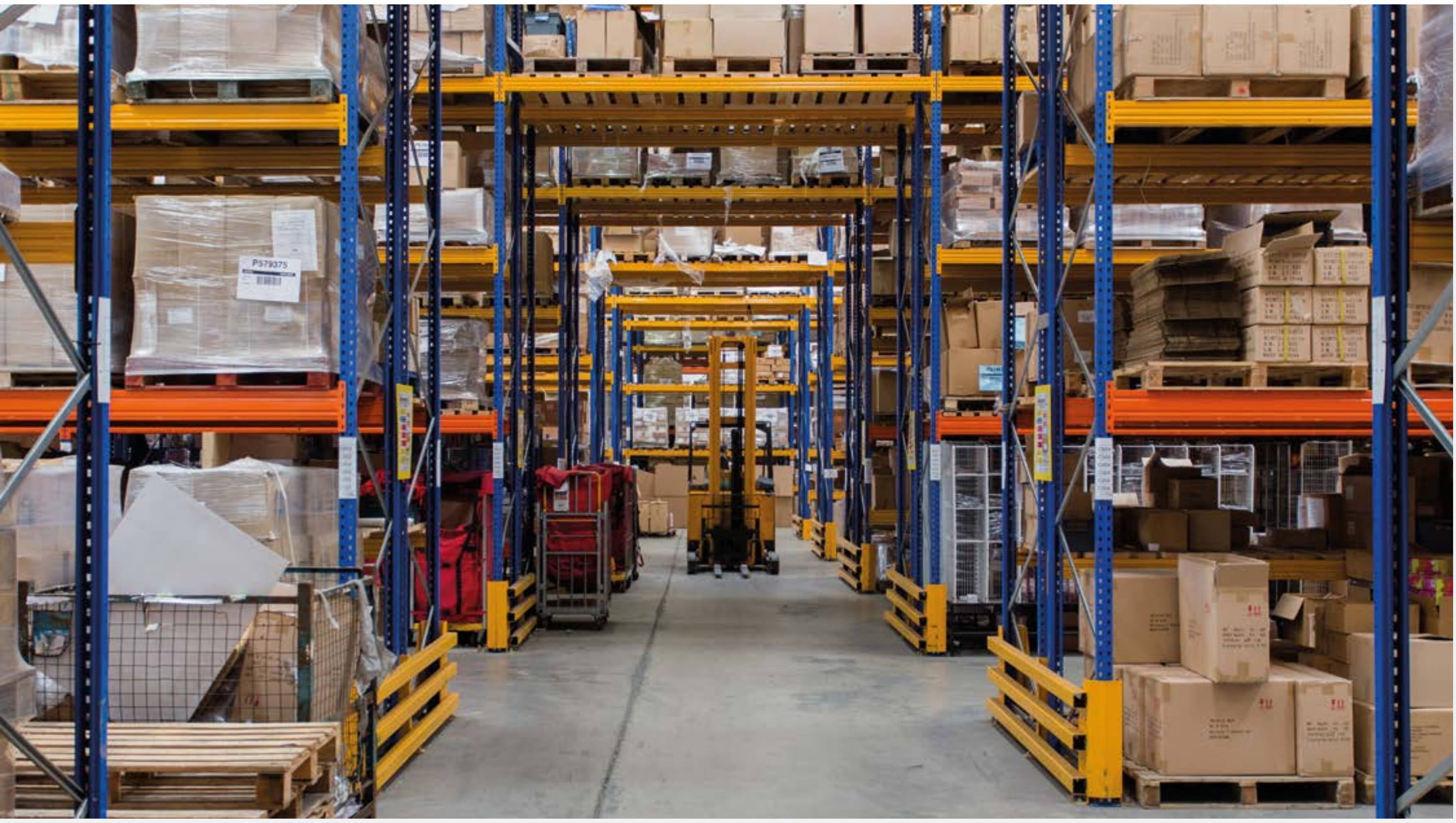
Trinity Court, purchased in May 2017 for £12.9m, is a 47,500 sq ft office building situated in the central business district of Manchester. The building is currently 100% let with secured income until the end of 2017 at a passing rent of £26.94 psf. The building will be vacated in 2018 and a full refurbishment and extension will be implemented delivering new office space to the market in early 2019.



LOGISTICS PORTFOLIO

5 **Doxford Technology Park** Sunderland
6 **Jacknell Road** Hinckley
7 **Royal Portbury Dock Road** Bristol
8 **Raglan Court** Warrington
9 **Aspect Way** Doncaster
10 **Olympus Park** Quedgeley

Helical had 25 distribution and logistics units located around major UK transport networks at 31 March 2017. These units generally have few bespoke features making them straightforward to re-let if vacancies occur with minimal capital expenditure required. The majority of the assets are single-let. Significant assets within the portfolio include a 256,000 sq ft distribution warehouse let to Sainsbury's in Yate, Bristol, a 203,000 sq ft facility in Leighton Buzzard, Bedfordshire and a 183,000 sq ft distribution warehouse let to the Royal Mail in Chester.



5
DOXFORD TECHNOLOGY PARK
SUNDERLAND

6
JACKNELL ROAD
HINCKLEY

7
ROYAL PORTBURY DOCK ROAD
BRISTOL

8
RAGLAN COURT
WARRINGTON

9
ASPECT WAY
DONCASTER

10
OLYMPUS PARK
QUEDGELEY

RETAIL AND RETIREMENT VILLAGES PORTFOLIO

11 **The Morgan Quarter** Cardiff

12 **Parkgate** Shirley

13 **Cortonwood** Barnsley

14 **Truro** Cornwall

15 **Bramshott Place** Liphook

16 **Durrants Village** Faygate

17 **Millbrook Village** Exeter

18 **Maudslay Park** Great Alne

Our retail assets total £80m, 7% of our portfolio (31 March 2016: £143m). This part of the portfolio includes a prime retail asset in Cardiff, three retail parks and a number of pre-let and/or pre-funded retail developments.

During the year, six retail properties were sold for a total of £44.1m, at c. 6% below book value. At the year end the portfolio consisted of four assets of which Cardiff and Great Yarmouth have since been sold, reducing the total value of the portfolio to £24.2m.

RETAIL

11

THE MORGAN QUARTER
CARDIFF

During the year we continued to reposition the asset and strengthen the tenant mix. We concluded 12 retail leases representing over £400,000 pa in rental income which included two tenants upsizing within the estate. Negotiations with Jack Wills, first started in 2015, for them to extend their store finally came to fruition in December.

Along with this expansion, we also completed all of the planned lease renewals and regears with the Hayes retailers, Molton Brown, White Stuff and Joules. In addition we completed the lease renewal with Route One in the Morgan Arcade.

Within the Creative Quarter we completed six office leases and work on Phase Three of the refurbishment completed in May 2017 providing 5,700 sq ft of new space. Since the year end this asset has been sold for £55m, a net initial yield of 5.9% in line with its March 2016 book value.

RETAIL DEVELOPMENTS

12

PARKGATE
SHIRLEY, WEST MIDLANDS

The shopping centre at Parkgate, Shirley, where Helical had a 50% interest, was completed in 2014 and the 80,000 sq ft Asda, which had been pre-sold to the food-store, together with a number of other retailers including Poundland, Peacocks and Store Twenty-one have all opened successfully for trade. In November 2016 the scheme was sold to a private purchaser.

A second phase of high density residential is being progressed on a ten acre site opposite the Parkgate scheme. Completions of the first phase of the site sales has occurred to Extracare Charitable Trust and Lioncourt Homes and demolition and infrastructure works have completed. A site for a petrol filling station has been sold to Asda.

13

CORTONWOOD RETAIL PARK
BARNSLEY

This 79,750 sq ft retail park has been 100% pre-let to tenants including Outfit, H&M, New Look, River Island and Marks and Spencer. The scheme has been forward funded with clients of Aberdeen Asset Management and construction is continuing with completion due in July 2017.

14

TRURO
CORNWALL

Helical has entered into a Conditional Purchase Agreement on the six acre Truro City Football Club site which has planning consent, subject to a s.106 Agreement, for a 78,000 sq ft non-food retail park. The scheme proposals provide for the relocation of the football club and we anticipate starting on site in 2018.

Our retirement village portfolio consists of four villages. We design each of the villages with an active, independent retirement in mind and the communities that we create are the ideal place to live a social and varied lifestyle. Each private, age-exclusive retirement community is centred around a residents' clubhouse, and features many amenities including an indoor pool and gym, landscaped gardens, bar, restaurant and library. With an increasing proportion of the UK population over 65 years old, and a severe under supply in retirement housing, this sector creates significant opportunities for investors and developers.

RETIREMENT VILLAGES

15

BRAMSHOTT PLACE
LIPHOOK, HAMPSHIRE

This village is situated amongst natural parkland near the village of Liphook on the border of Hampshire, West Sussex and Surrey. The village features a selection of two and three bedroom cottages and one, two and three bedroom apartments arranged around a residents' clubhouse. All construction works to Phases One to Three are completed where 151 units in total have been built and sold. Phase Four commenced in August 2016 with the construction of 40 additional cottages, due for completion in January 2018. Sales on the site will be formally launched in July 2017, with six of the 40 new cottages already having been reserved and a further two of the 40 being exchanged. The residents' clubhouse is now fully refurbished.

16

DURRANTS VILLAGE
FAYGATE, WEST SUSSEX

Durrants Village is set within 30 acres of private parkland in the hamlet of Faygate, near Horsham in West Sussex. The village features a selection of cottages and apartments. The first two phases of construction completed in January 2016 with 105 units located around the residents' clubhouse. Phase 3A has commenced and consists of an additional 20 units and is due to complete in September 2017. Sales have progressed well with 99 units sold, one exchanged and an additional ten units reserved. Good interest is being shown in Phase 3A and more reservations are expected to be secured leading up to the delivery of this section in September 2017.

18

MAUDSLAY PARK
GREAT ALNE, WARWICKSHIRE

Maudslay Park is set in 90 acres of parkland in the Warwickshire village of Great Alne, near Stratford-upon-Avon. The village will comprise 166 units with a mixture of cottages and apartments built around the central clubhouse facility. Similar to our other villages the clubhouse will include a restaurant and bar, games room, gym, cinema and a swimming pool. Phase 1 of the development is currently under construction which consists of 14 cottages, 35 apartments and the central clubhouse facility. The first cottages were completed in April 2017 with the central clubhouse facility being completed in January 2018. Currently we have sold one unit and have a further ten reservations.

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MILLBROOK VILLAGE
EXETER, DEVON

Millbrook Village is nestled close to the River Exe in the heart of the historic cathedral city of Exeter. The village features a selection of two and three bedroom cottages and one, two and three bedroom apartments. The site will comprise 164 units once completed. The clubhouse was completed in March and includes a restaurant and bar, games room, gym, cinema and a swimming pool. The build programme is well advanced with 114 units currently completed with more stock now coming online at regular three month intervals. We anticipate that the village will be fully constructed by November 2017. 59 units have been sold, two exchanged and an additional 22 reserved.

PORTFOLIO ANALYTICS

TOTAL PORTFOLIO BY FAIR VALUE

	Investment £m	%	Development £m	%	Total £m	%
London Offices						
Completed, let and available to let	501.5	49.3	19.8	10.5	521.3	43.3
Being redeveloped	125.7	12.4	-	-	125.7	10.4
Held for future development	38.4	3.8	-	-	38.4	3.2
London Residential	-	-	78.8	41.9	78.8	6.5
Total London	**665.6**	**65.5**	**98.6**	**52.4**	**764.2**	**63.4**
Regional Offices	95.3	9.3	0.5	0.3	95.8	7.9
Regional Logistics	156.5	15.4	-	-	156.5	13.0
Regional Retail	79.5	7.8	-	-	79.5	6.6
Retirement Villages	19.9	2.0	82.9	44.0	102.8	8.6
Land	0.1	-	6.3	3.3	6.4	0.5
Total Regional	**351.3**	**34.5**	**89.7**	**47.6**	**441.0**	**36.6**
Total	**1,016.9**	**100.0**	**188.3**	**100.0**	**1,205.2**	**100.0**

TRADING AND DEVELOPMENT PORTFOLIO

	Book value £m	Fair value £m	Surplus £m	Fair value %
London Offices	15.8	19.8	4.0	10.5
London Residential	75.8	78.8	3.0	41.9
Total London	**91.6**	**98.6**	**7.0**	**52.4**
Regional Offices	0.2	0.5	0.3	0.3
Retirement Villages	79.0	82.9	3.9	44.0
Land	5.0	6.3	1.3	3.3
Total Regional	**84.2**	**89.7**	**5.5**	**47.6**
Total	**175.8**	**188.3**	**12.5**	**100.0**

CAPITAL EXPENDITURE

We have a planned development and refurbishment programme.

Property	Capex budget (Helical share) £m	Remaining spend (Helical share) £m	Current total space Sq ft	Refurbished space Sq ft	New space Sq ft	Completion date
London Offices						
207 Old Street, London EC1	94.5	62.9	114,000	179,000	65,000	Jun 2018
Power Road Studios, W4	4.5	3.4	60,000	20,000	-	Sep 2017
The Loom, London E1	7.9	1.8	112,000	80,500	-	Mar 2018
London Residential						
Barts Square, London EC1	87.4	55.7	n/a	n/a	n/a	Sep 2019
Regional Offices						
Dale House, Manchester	4.3	3.5	54,000	30,000	-	Dec 2017

RETIREMENT VILLAGES

Property	Capex budget £m	Remaining spend £m	Total number of units	Completed units	Units under construction	Completion date
Millbrook Village, Exeter	43.5	7.1	164	114	50	Nov 2017
Durrants Village, Faygate	49.3	17.9	173	105	20	Sep 2019
Maudslay Park, Great Alne	60.9	53.1	166	5	45	May 2019
Bramshott Place, Liphook	17.8	9.5	40	-	40	Jan 2018
	171.5	87.6	543	224	155	

ASSET MANAGEMENT

Asset management is a critical component in driving Helical's performance. Through having well considered business plans and by maximising the combined skills of our management team, we are able to create value in our assets without relying on market movements.

Investment portfolio	Fair value weighting %	Passing rent £m	%	Contracted rent £m	%	ERV £m	%	ERV change since March 2016 %	ERV change like-for-like %
London Offices									
Completed, let and available to let	49.3	11.3	32.8	22.8	47.1	29.1	40.6	(2.6)	5.1
Being redeveloped	12.4	-	-	-	-	13.4	18.7	2.6	2.6
Held for future development	3.8	1.2	3.5	1.3	2.7	2.5	3.4	(3.3)	17.3
Total London	**65.5**	**12.5**	**36.3**	**24.1**	**49.8**	**45.0**	**62.7**	**(1.1)**	**4.9**
Regional Offices	9.3	5.5	15.9	6.3	13.0	7.9	11.0	(9.9)	3.9
Regional Logistics	15.4	10.9	31.6	12.2	25.2	12.5	17.6	(25.1)	(1.4)
Regional Retail	7.8	5.6	16.2	5.8	12.0	6.2	8.7	(38.6)	(0.9)
Retirement Villages	2.0	-	-	-	-	-	-	-	-
Total Regional	**34.5**	**22.0**	**63.7**	**24.3**	**50.2**	**26.6**	**37.3**	**(25.1)**	**0.3**
Total	**100.0**	**34.5**	**100.0**	**48.4**	**100.0**	**71.6**	**100.0**	**(11.7)**	**3.1**

During the year contracted income increased by £3.5m as a result of new lettings and rent reviews, net of any losses from breaks and lease expiries (2016: £12.7m). The significant contributors to the new lettings were: The Loom, London E1 (£1.6m), C-Space, London EC1 (£1.0m), and 25 Charterhouse Square, London EC1 (£0.9m).

There was significant activity within the investment portfolio with 165 lease events.

	Contacted rent £m
Rent lost at break/expiry	(2.3)
Rent reviews	0.5
Uplift at lease renewals	0.2
New lettings	5.1
Total increase in the year	**3.5**

PORTFOLIO ANALYTICS CONTINUED

PORTFOLIO YIELDS

	EPRA topped up NIY %	Reversionary %
London Offices		
Completed, let and available to let	4.3	5.4
Being redeveloped	–	5.8
Held for future development	3.1	5.6
Total London	**4.2**	**5.5**
Regional Offices	6.2	7.4
Regional Logistics	7.3	7.3
Regional Retail	6.9	7.2
Total Regional	**6.9**	**7.3**
Total	**5.2**	**6.1**

CAPITAL VALUES, VACANCY RATES AND UNEXPIRED LEASE TERMS

	Capital value psf £	Vacancy rate* %	WAULT Years
London Offices			
Completed, let and available to let	926	10.0	6.8
Being redeveloped	619	n/a	-
Held for future development	645	43.2	0.1
Total London	**828**	**33.2**	**6.9**
Regional Offices	201	12.9	5.1
Regional Logistics	54	4.3	4.8
Regional Retail	217	2.8	4.9
Total Regional	**94**	**5.2**	**5.0**
Total	**220**	**10.0**	**5.9**

* The vacancy rates exclude assets in the course of redevelopment.

VALUATION MOVEMENTS

	Val change inc capex, sales and purchases %	Val change inc capex, excl sales and purchases %	Investment portfolio weighting 31.3.17 %	Investment portfolio weighting 31.3.16 %
London Offices				
Completed, let and available to let	11.1	12.3	49.3	45.0
Being redeveloped	0.3	0.3	12.4	8.6
Held for future development	3.9	3.9	3.8	2.8
Total London	**9.1**	**9.8**	**65.5**	**56.4**
Regional Offices	1.7	1.4	9.3	9.7
Regional Logistics	1.6	0.2	15.4	20.0
Regional Retail	(9.6)	(11.4)	7.8	12.8
Retirement Villages	14.3	10.6	2.0	1.1
Total Regional	**(1.3)**	**(2.1)**	**34.5**	**43.6**
Total	**4.5**	**5.2**	**100.0**	**100.0**

LEASE EXPIRIES OR TENANT BREAK OPTIONS

	Year ended 31.3.18	Year ended 31.3.19	Year ended 31.3.20	Year ended 31.3.21	Year ended 31.3.22
% of rent roll	9.8	10.6	11.2	5.1	14.7
Number of leases	91	90	68	22	35
Average rent per lease (£)	51,742	56,770	79,331	111,898	202,620

We have a strong rental income stream and a diverse tenant base, with the largest tenant in the portfolio accounting for only 8.1% of the rent roll. The top ten tenants account for 34.8% of the total rent roll and the tenants come from a variety of industries.

Rank	Tenant	Tenant industry	Rent £m	Rent roll %
1	Endemol UK Limited	Media	3.9	8.1
2	MullenLowe Limited	Marketing communications	2.6	5.4
3	Gopivotal (UK) Limited	Technology	2.0	4.1
4	Farfetch UK Limited	Online retail	1.9	3.9
5	Sainsbury's Supermarkets Limited	Food retail	1.2	2.6
6	Economic Solutions Limited	Employment and skills training	1.1	2.3
7	Neulion Limited	Technology	1.0	2.2
8	CBS Interactive Limited	Media	1.0	2.2
9	Allegis Group Limited	Recruitment	1.0	2.1
10	Anomaly UK Limited	Marketing	0.9	1.9
Total			**16.6**	**34.8**

TIM MURPHY
FINANCE DIRECTOR

IFRS PERFORMANCE

PROFIT BEFORE TAX

£41.6m

(2016: £114.0m)

IFRS EPS

34.0p

(2016: 91.3p)

IFRS DILUTED NAV

431p

(2016: 405p)

EPRA PERFORMANCE

EPRA EPS

0.5p

(2016: 17.1p)

EPRA NAV

473p

(2016: 456p)

EPRA TRIPLE NAV

442p

(2016: 424p)

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

BASIS OF DISCLOSURE OF FINANCIAL INFORMATION

The financial information, tables and graphs included in the Financial Review are taken from the Group's financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In measuring and reporting on the financial performance of the Group's activities, the Group uses a number of alternative performance measures ("APM's") to ensure that these financial statements reflect such performance on a basis consistent with that used by management to monitor and assess the Group's property portfolio and to facilitate comparisons with other companies in the real estate sector.

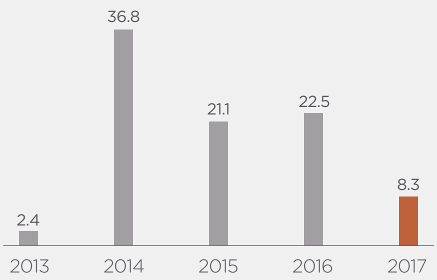
Since 2010, Helical has held a significant proportion of its property assets in joint ventures with partners that provide the majority of the equity required to purchase the assets, whilst relying on the Group to provide asset management or development expertise. Accounting convention requires Helical 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. In this review and elsewhere in this statement, we have incorporated the separate components of such joint ventures into a more detailed "see-through" analysis of our property portfolio and debt profile and the associated income streams and financing costs to assist in providing a more comprehensive overview of the Group's activities. This see-through analysis can be found in Appendix 1.

Helical is a member of the European Public Real Estate Association ("EPRA"), a body which aims, through its best practice recommendations, to make the financial statements of public real estate companies clearer, more transparent and comparable across Europe. Earnings reported in the income statement as required under IFRS do not provide

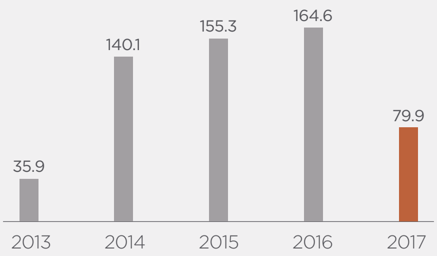
KEY PERFORMANCE INDICATORS
P.20

OUR BUSINESS MODEL
P.14

TOTAL ACCOUNTING RETURN
%



TOTAL PROPERTY RETURN
£m



stakeholders with the most relevant information on the operating performance of the underlying property portfolio of real estate companies. A key measure of a company's operational performance and the extent to which its dividend payments to shareholders are underpinned by earnings is the level of recurring income arising from operational activities. Unrealised changes in valuation, gains or losses on disposals of properties and certain other items do not necessarily provide an accurate picture of the Company's underlying operational performance and are, therefore, excluded from the EPRA performance measures.

Net asset value is a key performance measure used in the real estate industry. However, net asset value as reported in the financial statements under IFRS does not provide stakeholders with the most relevant information on the fair value of the assets and liabilities within an ongoing real estate investment company with a long-term investment strategy. The objective of the EPRA NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Similarly, trading properties and developments are adjusted to their fair value under the EPRA measure.

RESULTS FOR THE YEAR

The year to 31 March 2017 saw the Group deliver continued growth in net rental income and a valuation surplus on the investment portfolio leading to pre-tax profit of £41.6m and an increase in EPRA net asset value per share of 3.7%.

The proposed final dividend of 6.20p takes the total dividend for the year to 8.60p, a 5.3% increase on the previous year. With growing rents from our core London portfolio, supported by strong income streams from the regional portfolio, the Company aims to continue to grow this dividend.

The Group's real estate portfolio, including its share of assets held in joint ventures, reduced to £1,205m (2016: £1,240m) as gains from its annual revaluation and capital expenditure on the investment portfolio and development programme were offset by the sale of £199m of assets. There were no purchases of new investment, trading or development assets during the year.

The sale of investment assets during the year has resulted in a reduction in the Group's loan to value to 51% (2016: 55%) which has been reduced further since the year end to 49% on a pro-forma basis following the sale of £65m of assets and the purchase of one asset for £13m. The Group's debt maturity profile shortened to 3.6 years (2016: 4.5 years) and its weighted average cost of debt increased to 4.3% (2016: 4.2%).

At 31 March 2017, the Group had unutilised bank facilities of £158m and £109m of cash. The bank facilities are primarily available to fund Phase Two of the Group's redevelopment of The Bower, London EC1, the construction works at Barts Square, London EC1, including the last phase of residential, its retirement village development programme and future potential investment purchases.

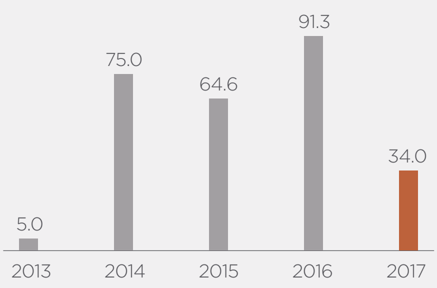
TOTAL ACCOUNTING RETURN

The total accounting return is the growth in the net asset value of the Company plus dividends paid in the 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.

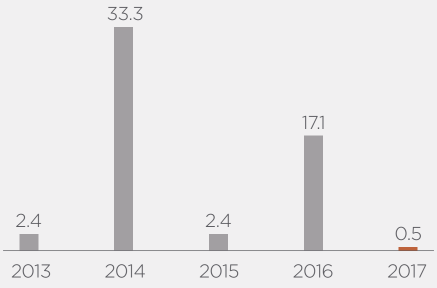
TOTAL PROPERTY RETURN

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.

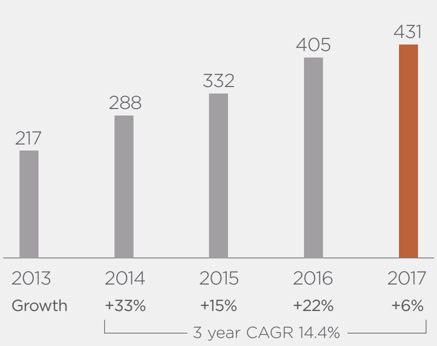
IFRS EARNINGS PER SHARE
pence



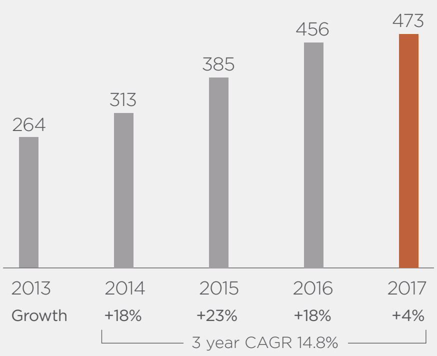
EPRA EARNINGS PER SHARE
pence



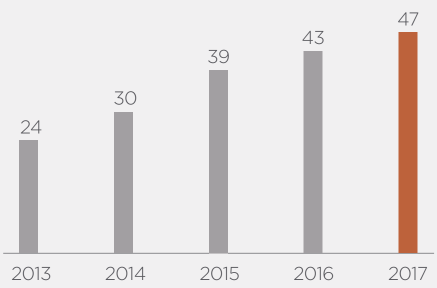
IFRS DILUTED NAV PER SHARE
pence



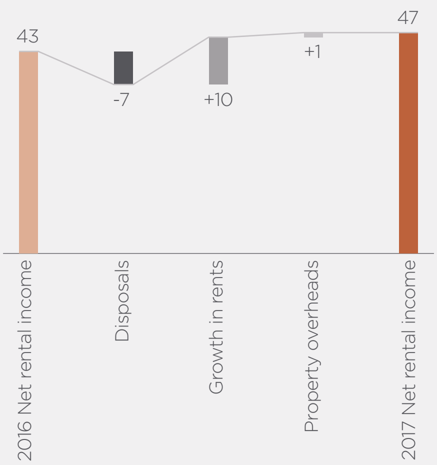
EPRA NAV PER SHARE
pence



SEE-THROUGH NET RENTAL INCOME
£m



GROWTH IN SEE-THROUGH NET RENTAL INCOME
£m



EARNINGS PER SHARE

The IFRS earnings per share decreased from 91.3p to 34.0p and is 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, earnings per share were 0.5p (2016: 17.1p), reflecting the Group's share of net rental income of £47.0m (2016: £43.4m) and development losses of £5.7m (2016: profits of £27.5m) but excluding gains on sale and revaluation of investment properties of £38.6m (2016: £93.7m).

NET ASSET VALUE

IFRS diluted net asset value per share increased from 405p to 431p and is a measure of shareholders' funds divided by the number of shares in issue at the period end, excluding those held by the Company's Employee Share Ownership Plan Trust, adjusted to allow for the effect of all dilutive share awards.

EPRA net asset value per share increased by 3.7% to 473p per share (2016: 456p). This increase arose principally from a total comprehensive income (retained profits) of £39.2m (2016: £104.9m) less dividends paid of £3.6m (2016: £14.4m) and reflecting a reduction in the surplus on valuation of the trading and development stock to £12.5m (2016: £19.4m).

INCOME STATEMENT

Rental Income and Property Overheads

Gross rental income receivable by the Group in respect of wholly owned properties increased by 7.3% to £48.8m (2016: £45.5m) reflecting the partial capture of the investment portfolio's reversionary potential offset by sales of assets during the year. In the joint ventures, gross rents fell from £1.8m to £0.9m. Property overheads in respect of wholly owned assets and in respect of those assets in joint ventures fell from £3.4m to £2.5m. After taking account of net rents payable to our profit share partners of £0.3m (2016: £0.5m), see-through net rents increased by 8.3% to £47.0m (2016: £43.4m).

Development Profits

The majority of the Group's development activities are carried out on assets held as investment properties such as The Bower, London EC1 and 25 Charterhouse Square, London EC1, schemes funded with third parties, or in joint ventures.

In the year under review the Company made progress at its retirement village portfolio, increasing sales to £40.0m, including the sale of land, (2016: £29.9m) with profits of £1.8m (2016: £0.6m). In its development management role at Barts Square, London EC1 and One Creechurch Place, London EC3 and in respect of the development of the Scottish Power headquarters in Glasgow, it earned fees of £2.8m. Our retail development programme generated net profits of £2.3m (2016: loss of £1.8m) as the pre-let scheme at Cortonwood was forward funded during the year. In total, the Group generated development profits of £7.1m (2016: £30.7m).

At the year end we reviewed the book value of our land holdings and made provisions of £6.3m (2016: £6.4m), primarily in respect of the retirement village at Great Alne, where forecast costs have increased during the year. Net of these provisions, a development property profit of £0.8m (2016: £24.3m) was recognised.

In the previous year to 31 March 2016, profits included a development management fee of £23.2m in respect of The Bower, London EC1 and £3.7m in respect of One Creechurch Place and the Scottish Power headquarters.

Share of Results of Joint Ventures
The sale of our retail development at Shirley and the termination of the lease to the NHS at Barts Square to allow the final phase of development to commence reduced net rents in our joint ventures from £1.3m to £0.8m. No further rents are expected in respect of assets currently held in joint ventures in the short term. At the year end we reviewed the book value of our land holdings in the joint ventures and made provisions of £6.5m against the carrying value of our schemes at Hammersmith Town Hall and Barts Square. Finance, administration and taxation costs and sundry provisions against the carrying value of assets added a further £0.8m of losses leaving a net loss from our joint ventures of £6.5m.

In the previous year to 31 March 2016, gains on the sale or revaluation of the investment assets of £43.9m, mainly in respect of The Bower, London EC1 and Barts Square, London EC1, contributed to a total net profit from joint ventures for that year of £50.5m.

Gain on Sale and Revaluation of Investment Properties
During the year, we sold 24 investment assets for a total of £159m generating a net overall profit of £1.4m. In London we sold two office buildings at One King Street, Hammersmith, W6 and Chart House, EC1 for £42.0m at a small net loss of £0.3m. In the regions we sold three office buildings at Castle Donnington, Cheadle and Cobham for £14.2m at a profit of £0.7m after costs. We sold six retail assets during the period, being a shop in Leicester and five retail parks in Ellesmere Port, Harrogate, Huddersfield, Scarborough and Stockport for a combined £44.1m at a net loss of £2.9m. From our logistics portfolio we sold 13 assets for £58.5m at a net profit of £3.8m.

The valuation of our investment portfolio continued to reflect the benefit of our refurbishment activities in London where we generated an increase of 9.1% overall and 9.8% on a like-for-like basis. The regions contributed a loss of 1.3% overall and 2.1 % on a like-for-like basis. In total, the investment portfolio showed a valuation increase of 4.5%, or 5.2% 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 £38.6m (2016: £93.7m).

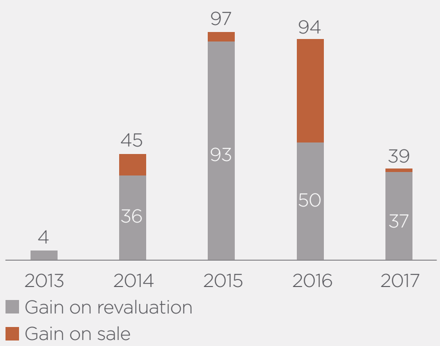
Administration Costs
Administration costs, before performance related awards, increased marginally from £10.7m to £10.8m.

Performance related share awards and bonus payments, before National Insurance costs, were £6.9m (2016: £13.3m). Of this amount, the £1.7m (2016: £6.7m) 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. In addition, National Insurance of £0.7m (2016: £2.1m) has been charged in the year.

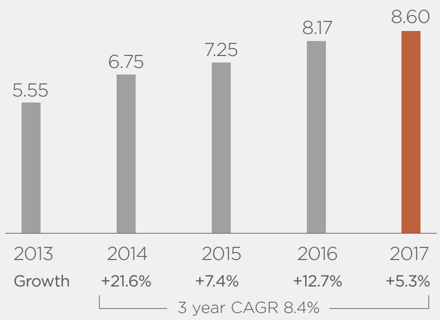
	2017 £000	2016 £000
Administration Costs	**10,800**	10,717
Share awards	**1,672**	6,666
Directors' and senior executives' bonuses	**5,182**	6,633
NIC on share awards and bonuses	**718**	2,087
Total	**18,372**	26,103

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, increased to £24.7m (2016: £23.9m). Interest payable in respect of the unsecured Retail and Convertible Bonds was £8.8m (2016: £8.8m). The movement in medium and long-term interest rate projections during the year, offset by the shortening maturity period of the Group's financial instruments, contributed to a credit of £0.8m (2016: charge of £6.9m) on their mark-to-market valuation. Capitalised interest increased from £4.9m to £7.9m as development schemes progressed. Total finance costs, including joint ventures, reduced from £27.8m to £25.6m. Finance income earned was £4.4m (2016: £5.1m).

NET GAIN ON SALE AND REVALUATION OF INVESTMENT PROPERTIES
£m



TOTAL DIVIDEND DECLARED
pence



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

The deferred tax charge for the year is principally derived from the revaluation surpluses recognised in the year offset by the recognition of tax losses which the Group believes will be utilised against profits in the foreseeable future.

Investment Portfolio

	Wholly owned £000	In joint venture £000	See-through £000	Lease incentives £000	Book value £000
Valuation at 31 March 2016	1,041,100	11,552	1,052,652	(6,067)	1,046,585
Acquisitions	–	–	–	–	–
Capital expenditure	63,712	4,230	67,942	–	67,942
Disposals	(155,548)	–	(155,548)	685	(154,863)
Transfer from stock	5,066	–	5,066	–	5,066
Revaluation surplus					
Helical	49,210	(1,875)	47,335	(10,058)	37,277
Profit share partners	(540)	–	(540)	–	(540)
Valuation at 31 March 2017	1,003,000	13,907	1,016,907	(15,440)	1,001,467

Debt Profile at 31 March 2017 - Excluding the Effect of Arrangement Fees

	Total facility £000's	Total utilised £000's	Available facility £000's	Net LTV %	Weighted average interest rate %	Average maturity Years
Investment facilities	572,859	457,992	114,867	–	4.3	4.1
Development facilities	60,000	42,949	17,051	–	3.7	3.4
Total wholly owned	632,859	500,941	131,918	–	4.3	3.6
In joint ventures	72,270	55,886	16,384	–	3.4	2.7
Total secured debt	705,129	556,827	148,302	37	4.2	3.9
Retail Bond	80,000	80,000	–	–	6.0	3.2
Convertible Bond	100,000	100,000	–	–	4.0	2.2
Working capital	10,000	–	10,000	–	–	–
Fair Value of Convertible Bond	(226)	(226)	–	–	–	–
Total unsecured debt	189,774	179,774	10,000	–	4.9	2.7
Total debt	894,903	736,601	158,302	51	4.3	3.6

Dividends

Helical follows a progressive dividend policy increasing its dividends in line with its results, whilst retaining the majority of funds generated for investment in growing the business. The interim dividend paid on 30 December 2016 of 2.40p was an increase of 4.3% on the previous interim dividend of 2.30p. The Company has proposed a final dividend of 6.20p, an increase of 5.6% on the previous year (2016: 5.87p). In total, the dividend paid or payable in respect of the results for the year to 31 March 2017 is 8.60p (2016: 8.17p), an increase of 5.3%. Since 2014 the compound annual growth rate of the Company's dividends has been 8.4%.

BALANCE SHEET

Shareholder's Funds

Shareholders' Funds at 1 April 2016 were £480.7m. The Group's results for the year added £39.2m, net of tax, representing the total comprehensive income for the year. Movements in reserves arising from the Group's share schemes increased funds by £0.6m. The Company paid dividends to shareholders amounting to £3.6m leaving a net increase in Shareholders' Funds from the Group activities during the year of £36.2m to £516.9m.

Debt and Financial Risk

In seeking to finance Helical's expansion in recent years, the Group has used a combination of new secured facilities, whose purpose and terms reflect the nature of the assets charged to the lenders, and unsecured bonds, which have provided the firepower to acquire many of the assets which have contributed to the recent growth in Shareholders' Funds. The composition of the Group's debt structure has significantly changed since 31 March 2013 with unsecured debt now representing 24% of debt drawn at 31 March 2017.

In total, Helical's outstanding debt at 31 March 2017 of £737m (2016: £778m) had an average maturity of 3.6 years (2016: 4.5 years) and a weighted interest cost of 4.3% (2016: 4.2%).

Secured Debt

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

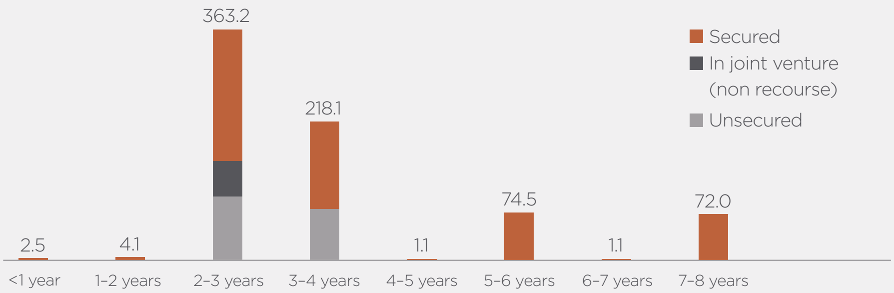
- Investment facilities
  We have £190m of revolving credit facilities which enable the Group to acquire, refurbish, reposition and hold significant parts of our investment portfolio. We have used these facilities to finance our regional portfolio. Our London investment assets are primarily held in £383m of term loan secured facilities which, where appropriate, allow us to finance refurbishment projects including the redevelopment of The Tower at The Bower, Old Street, London EC1. The value of the Group's properties secured in these facilities at 31 March 2017 was £983m (31 March 2016: £945m) with a corresponding loan to value of 47% (2016: 54%).
  The average maturity of the Group's investment facilities at 31 March 2017 was 4.1 years (2016: 5.0 years) with a weighted average interest rate of 4.3% (2016: 3.8%).
- Development facilities
  These facilities finance the construction of the retirement villages at Durrants Village, Faygate; Maudslay Park, Great Alne; Millbrook Village, Exeter; and the fourth phase of Bramshott Place, Liphook. The average maturity of the Group's development facilities at 31 March 2017 was 3.4 years (2016: 4.4 years) with a weighted average interest rate of 3.7% (2016: 3.8%).
- 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 2017 was 2.7 years (2016: 3.7 years) with a weighted average interest rate of 3.4% (2016: 3.4%).

Unsecured Debt

The Group's unsecured debt, including the Convertible Bond at its mark-to-market valuation, is £179.8m (2016: £182.7m) as follows:

- Retail Bond
  In June 2013, the Group raised £80m from the issue of an unsecured Retail Bond with a 6.00% coupon. This bond is repayable in June 2020.

DEBT MATURITY PROFILE
£m



	2017 £m	Effective interest rate %	2016 £m	Effective interest rate %
Fixed rate debt				
Secured borrowings	**471.6**	**4.0**	452.8	3.9
Retail Bond	**80.0**	**6.0**	80.0	6.0
Convertible Bond	**100.0**	**4.0**	100.0	4.0
Fair value of Convertible Bond	**(0.2)**	**–**	2.7	–
Total	**651.4**	**4.2**	635.5	4.2
Floating rate debt				
Secured	**29.3**	**8.9**[1]	107.1	3.9
Total	**680.7**	**4.4**	742.6	4.2
In joint ventures				
Fixed rate	**–**	**–**	–	–
Floating rate	**55.9**	**3.4**	35.3	3.4
Total borrowings	**736.6**	**4.3**	777.9	4.2

1 This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 3.0%.

- 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 2017, as determined by the listed market price, was £99.8m (2016: £102.7m).
- Short-term working capital facilities
  These facilities provide access to additional working capital for the Group.

Cash and Cash Flow
At 31 March 2017, the Group had £267m (2016: £193m) of cash and agreed, undrawn, committed bank facilities including its share in joint ventures as well as £17m (2016: £153m) of uncharged property on which it could borrow funds.

Net Borrowings and Gearing
Total gross borrowings of the Group, including in joint ventures, have reduced from £777.9m to £736.6m during the year to 31 March 2017. After deducting cash balances of £109.0m (2016: £86.8m) and unamortised refinancing costs of £7.6m (2016: £9.3m), net borrowings reduced from £681.8m to £620.0m. The gearing of the Group, including in joint ventures, reduced from 142% to 120%.

	2017	2016
See-through gross borrowings	**£736.6m**	£777.9m
See-through cash balances	**£109.0m**	£86.8m
Unamortised refinancing costs	**£7.6m**	£9.3m
See-through net borrowings	**£620.0m**	£681.8m
Shareholders' Funds	**£516.9m**	£480.7m
See-through gearing - IFRS	**120%**	142%

Hedging
At 31 March 2017, the Group had £651.4m (2016: £635.5m) of fixed rate debt with an average effective interest rate of 4.2% (2016: 4.2%) and £29.3m (2016: £107.1m) of floating rate debt with an average effective interest rate, excluding commitment fees, of 3.0% (2016: 3.9%). In addition, the Group had £3.3m of interest rate caps at an average of 0.75% (2016: £157m at 4.0%). In our joint ventures, the Group's share of fixed rate debt was £nil (2016: £nil) and £55.9m (2016: £35.3m) of floating rate debt with an effective rate of 3.4% (2016: 3.4%) with interest rate caps set at 1.5% plus margin on £61.8m and 0.5% plus margin on £56.9m (2016: £nil).

Interest Cover
In assessing the results of the Group for each financial year, Helical considers its interest cover as a measure of its performance and its ability to finance its annual interest payments from its net operating income, before revaluation gains or losses on the investment portfolio and net realisable provisions on the trading and development stock. In the year to 31 March 2017, this interest cover was 2.6 times (2016: 5.4 times).

	2017	2016
See-through net operating income	**£55.4m**	£121.3m
See-through net finance costs	**£21.2m**	£22.6m
Interest cover	**2.6x**	5.4x

INVESTMENT PROPERTY ACCOUNTING TREATMENT
International Accounting Standard 40 - *Investment Property* requires that accrued operating lease income assets should be shown separately and deducted from the fair value of the investment properties in the Statement of Financial Position. This accounting treatment had not been applied at 31 March 2016 but has been adopted for the period ended 31 March 2017. A prior year adjustment has been made to ensure consistency of comparative information, clarity and transparency.

The effect of the adjustment on the relevant financial statement line items for the year ended 31 March 2016 is detailed in note 35.

TIM MURPHY
Finance Director

25 May 2017

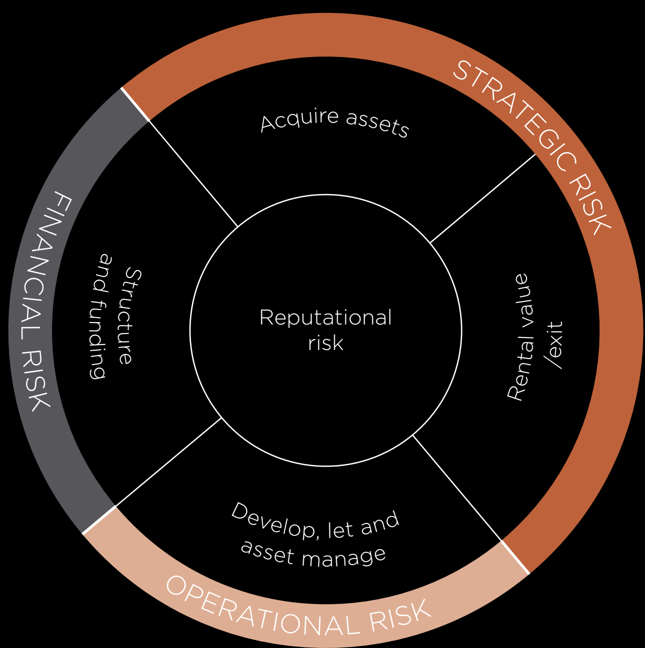
PRINCIPAL RISKS REVIEW

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

Risk management starts at Board level where the Directors set the overall risk appetite of the Group and the risk management strategies. Helical's management runs the business within these guidelines and part of its role is to act within these strategies and to report to the Board on how they are being operated.

The Group's risk appetite and risk management strategies are continually assessed by the Board to ensure that they are appropriate and consistent with the Group's overall strategy and with external market conditions. The effectiveness of the Group's risk management strategy is reviewed regularly by the Audit and Risk Committee and by the full Board.

The Board has ultimate responsibility for risk within the business. However, the small size of the team and our flat management structure allows the Executive Directors to have close contact with all aspects of the business and allows them to ensure that the identification and management of risks and opportunities is part of the mindset of all decision makers at Helical.



VIABILITY STATEMENT

The Directors have assessed the viability of the Group for a period of five years to March 2022, being the period for which the Board regularly reviews forecasts and which encompasses the lifetime of the Group's major development projects. The Board does consider the future performance of the Group beyond the five years but a longer timeframe involves less certainty over the forecasting assumptions.

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

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

In making their assessment, the Board considers the principal risks and then assesses the potential impacts in severe, but plausible, downside scenarios together with the likely effectiveness of mitigating actions that the Group would have at its disposal.

The most relevant risks and the potential impact of them on the viability of the Group are considered to be:

- A significant reduction in the fair value of the Group's property portfolio, which could result in the Group breaching loan covenants and being required to repay a proportion of borrowings;
- A lack of demand from tenants as the Group's development properties near practical completion, which could reduce the Group's levels of rental income and profitability; and
- An inability to maintain sufficient levels of rental income, which could present a short-term liquidity risk for the Group.

The Group subjected the cashflow forecasts to sensitivity analysis in which it assessed the impact of significant reductions to the property portfolio fair value and associated rental income on the Group's loan covenants. Management also modelled the rental income profile of the Group, taking into account expected changes to leases and contracted rents, comparing expected income with the loan covenant requirements in order to determine points of potential pressure.

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

OUR PRINCIPAL RISKS

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

	Risk description	Mitigation/action
STRATEGIC RISKS	Strategic risks are external risks that could prevent the Group delivering its strategy. These risks principally impact our decision to purchase or exit from a property asset.	
The Group's strategy is inconsistent with the market	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 the Helical 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. The Group carries out significant development projects over several years and is therefore exposed to fluctuations in the market over time.	Management constantly monitors the market and makes changes to the Group's strategy in light of market shifts. The Group's management is highly experienced and has a strong track record of understanding the property market. Due to the Group's small management team, changes in strategy can be implemented quickly. Management carefully reviews the risk profile of individual developments and in some cases builds properties in several phases to minimise the exposure to reduced demand for particular asset classes or geographical locations over time. The Group limits the number of speculative developments it does on its own balance sheet.
Property values decline/reduced tenant demand for space	The property portfolio is at risk of revaluation falls through changes in market conditions, including under-performing sectors or locations, lack of tenant demand or general economic uncertainty.	The Group's property portfolio is diverse in asset type, location and tenant industries, reducing over-exposure to one sector. 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 for the changing market.
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. This risk has increased significantly following the United Kingdom's decision to leave the European Union in June 2016.	Management seeks advice from experts to ensure continued monitoring of upcoming regulatory and tax changes and to understand the potential impact on the Group. It maintains good relationships with planning consultants and local authorities.
FINANCIAL RISKS	Financial risks are those that could prevent the Group from funding its chosen strategy, both in the long and short term.	
Availability of bank borrowing and cash resources	The inability to roll over existing facilities or take out new borrowing would 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 maintains a good relationship with many established lending institutions and borrowings are spread across a number of these. Funding requirements are reviewed weekly by management, who 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.
Breach of loan and bond 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 analysis to assess the likelihood of future breaches based on significant changes in property values or rental income.
Increase in cost of borrowing	The Group is at risk of increased interest rates on unhedged borrowings.	The Group hedges the interest rates on the majority of its borrowings, effectively fixing the rates over several years.

OPERATIONAL RISKS

Operational risks are internal risks that could prevent the Group from delivery 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 and the average length of service is high. The Nominations Committee and Board regularly review succession planning issues and remuneration is set to attract and retain high calibre staff. The Group has well established relationships with joint venture partners.
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, contractors, architects, project managers, marketing agencies, lawyers and managing agents.	The Group has a highly experienced team managing its properties. It 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.
Health and Safety/Bribery and corruption risk	The nature of the Group's operations and markets expose it to potential health and safety and bribery and corruption risks.	The Group reviews and updates its Health and Safety policy regularly and it is approved by the Board annually. The Group engages an external health and safety consultant to review contractor contracts prior to appointment to ensure they have appropriate policies and procedures in place, then monitors the adherence to policies throughout the project. 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. The Group's anti-bribery and whistleblowing policies 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. All employees are required to complete an online anti-bribery and corruption course and to submit details of corporate hospitality and gifts received.
Disruption to the business from failure of Information Technology systems	The Group relies on Information Technology to perform effectively. Failure would adversely affect the Group's operations. Commercially sensitive 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 protected by law.	The Group engages and actively manages external Information Technology experts to ensure the systems operate effectively and that we respond to the evolving I.T. 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.

REPUTATIONAL RISKS

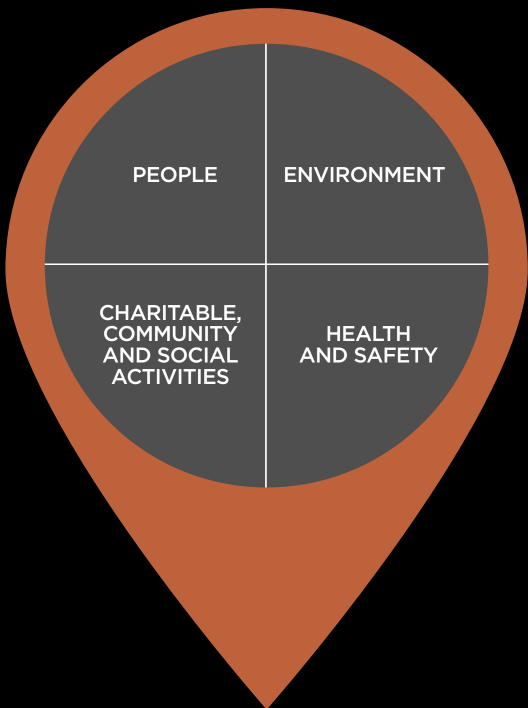
Reputational risks are those that could affect the Group in all aspects of its strategy.

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. 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).
Modern Slavery and Human Trafficking	The Group would attract criticism and negative publicity were any instances of "modern slavery" identified within its supply chain.	Our Modern Slavery Act statement, which is prominently displayed on our website, gives details of our policy and our approach.

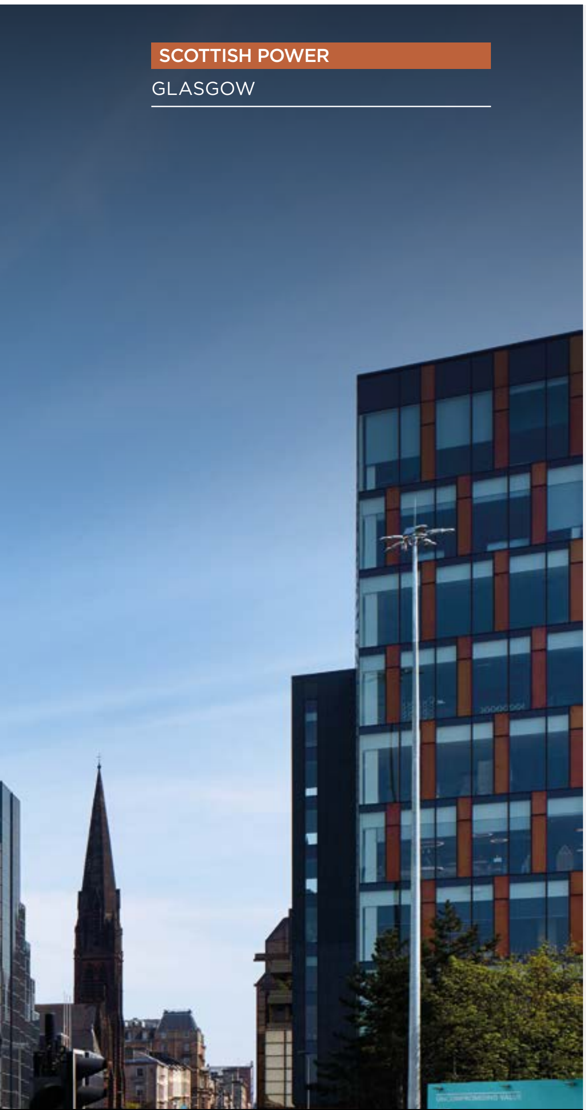
"THE QUESTION THAT WE ALWAYS ASK OURSELVES WHEN WE BUY A BUILDING IS "WOULD WE WANT TO WORK HERE OURSELVES?""

Gerald Kaye
Chief Executive

RESPONSIBLE ENVIRONMENTAL AND SOCIAL PRACTICES



CORPORATE RESPONSIBILITY FRAMEWORK
Our management of our corporate responsibilities is achieved through a focus on four key areas above.



SCOTTISH POWER
GLASGOW

Helical implements responsible environmental and social practices across its direct business, via partners, contractors and suppliers and through its joint venture activities.

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

The benefits of managing environmental and social impacts include an increased ability to secure planning consent, improved marketability of assets to prospective tenants, reduced operating costs of assets, mitigating the risk of future legislation and regulation, and enhanced corporate reputation.

MANAGING CORPORATE RESPONSIBILITY

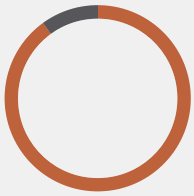
Each year Helical reviews and updates its environmental management system, which has been in place since 2003. The environmental management system, is available on the Company website and key elements of the system include:

- "Environment" and "Corporate Responsibility" policies which set out the Group's high-level commitment across a number of impact areas. These are reviewed annually at Board level and are implemented by the senior management team;
- Annual (and ongoing) performance targets to enable Helical to focus its efforts throughout the year on measurable, and achievable performance goals;
- Key Performance Measures to help Helical monitor progress towards these targets and to ensure they can report in line with investor disclosure requirements, notably FTSE4Good;
- Checklists to assist in applying minimum sustainability requirements across its development activities. Helical has developed a sustainability project management checklist to ensure that sustainability issues are incorporated into all decisions throughout the development lifecycle. In addition, an Environmental Impact Checklist is issued to individual contractors in order to address corporate goals at the construction stage; and
- Effective use of internal audit and review through quarterly meetings of key Helical personnel, external Corporate Responsibility advisors and principal managing agents to ensure effective delivery of the objectives and targets.

The management system has been designed specifically to reflect the flexibility of Helical's business model. It also reflects the key role that Helical's partners play in delivering enhanced sustainability outcomes in all its business ventures, be they developments/ refurbishments or in the management of individual multi-let assets.

We comment overleaf on some of the highlights across our four key areas.

BOARD



Male	90%
Female	10%

EXECUTIVES

Male	67%
Female	33%

ALL EMPLOYEES

Male	50%
Female	50%

PEOPLE

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

As at 31 March 2017, Helical had 30 permanent and three temporary employees (9.1% of the staff) based at the Group's head office in London. In addition, there were two employees in the Polish subsidiary and three employees of the retirement village companies. The majority of the staff working at the retirement villages were transferred to the external company responsible for the day to day management of the sites during the year.

The information set out below is in respect of the head office only.

Gender diversity of the Board and the Company as at 31 March 2017 is set out in the charts to the left.

Helical continues to enforce its equal opportunities, harassment and sexual discrimination policies. We also continue to monitor compliance with its anti-bribery and whistle blowing policies. There have been no incidents to report against these policies to date.

A high level of staff retention remains a key feature of the business. Staff turnover is low at 5.7% (representing two permanent employees leaving in the year). Helical has retained a highly skilled and experienced team and the table below shows a breakdown of staff by length of service:

	Total number of staff as at 31 March 2017	Average length of service (years)
Executive Directors	4	19.5
Executives	15	5.7
All employees	30	8.0

THE AVERAGE LENGTH OF SERVICE OF OUR PEOPLE IS 8 YEARS.

Helical's staff retention levels not only reflect competitive remuneration and benefits packages but also its commitment to enhancing the professional and personal skills of its team by supporting employee training and development, by means of training courses, seminars and mentoring.

As in previous years, Helical continues to evaluate training needs in line with business objectives. Collectively, our people spent 1,148 hours on training and development during the year, an average of 5.3 days per employee.

There are no human rights issues of which the Board is aware that are considered relevant to the Group.

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

COLLECTIVELY, OUR PEOPLE SPENT 1,148 HOURS ON TRAINING AND DEVELOPMENT DURING THE YEAR.

ENVIRONMENT

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

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

Full details of the Group's performance against the targets during the year is available in the Corporate Responsibilities section of the Company's website, but a selection of highlights are presented below:

- Due to changes in the portfolio over the year, it is difficult to provide meaningful overall like-for-like statistics. However, of the properties that can be compared:
  - The Shepherds Building, London W14, has shown an increase in energy consumption of 6%, which can be partially attributed to the ongoing major essential repairs to the lifts. Water consumption increased by 24% with the addition of new showers in the common parts last year and varying usage based on occupancy levels.
  - The Hub, Glasgow, has shown an 8% increase in gas consumption attributable to increased occupancy levels (although a decrease of 8% in electricity consumption has also been achieved) and a 54% decrease in water consumption, which is principally a result of works to faulty toilet cisterns.
  - Churchgate & Lee House, Manchester, has shown a small decrease in electricity consumption compared with last year, but increases of 11% for gas and 34% for water are principally attributed to increased occupancy.
  - The Morgan Quarter, Cardiff, has shown a 15% decrease in electricity consumption through implementing a successful awareness raising programme for staff regarding the role they can play in reducing costs and lessening environmental impact.
- The Group continues to offer recycling facilities at the larger of its managed assets. Where data is available Helical comfortably exceeded its ongoing target of a recycling rate of at least 35% at most properties with over 80% of waste generated being recycled at The Loom, London E1, 211 Old Street, London EC1, The Hub, Glasgow, and Churchgate & Lee House, Manchester.
- In line with the mandatory requirement for reporting its greenhouse gas emissions, Helical provides a separate disclosure in this report below.

GREENHOUSE GAS (GHG) EMISSIONS REPORTING

For the reporting year to 31 March 2017 the 2014 UK Government's Conversion Factors for Company Reporting has been followed. Greenhouse gas emissions are reported using the following parameters to determine what is included within the reporting boundaries.

- **Scope 1** - direct emissions includes any gas data for landlord controlled parts and fuel use for Group owned vehicles. Fugitive emissions from air conditioning are included where it is Helical's responsibility within the managed portfolio, when the data is available.
- **Scope 2** - indirect energy emissions includes purchased electricity throughout the Group's operations within landlord controlled parts. Electricity used in refurbishment projects has been recorded separately where appropriate. In the majority of cases the electricity consumed is recorded for the individual properties as part of the data collection for the management of common parts, and contractors have been required to collect project specific data.

The table below highlights that overall GHG emissions have increased by 27% year on year. The reason for this is primarily due to an increase in tenant occupation at a number of the larger multi-let properties, which has also increased the common parts consumption. Data for last year has been restated due to metering and billing issues at a number of properties, in particular Churchgate & Lee House, Manchester, and Leighton Buzzard. For Scope 1 this represents an increase of 226 tonnes and for Scope 2 an increase of 469 tonnes.

Due to the changing portfolio, the like-for-like GHG emissions are only reported for a small number of properties (seven properties for electricity and three properties for gas). Although consumption overall for the portfolio has increased, the like-for-like performance across the assessed properties has reduced by 8%. This is due in part to improved energy efficiency, light fittings and a greater awareness of responsibilities regarding personal impact on consumption.

Only three multi-let office buildings and one shopping centre can report on carbon intensity. At Churchgate & Lee House, Manchester, The Hub, Glasgow, and The Shepherds Building, London W14, the average carbon intensity equates to 0.11 tCO_2e/m^2, whilst The Morgan Quarter, Cardiff, has a carbon intensity of 0.01 tCO_2e/m^2. These levels are consistent with last year's performance.

Greenhouse gas emissions (tonnes CO_2e) are set out below for the year:

	Total portfolio Tonnes CO_2e		Like-for-like portfolio Tonnes CO_2e	
	Year ended 31.3.16	Year ended 31.3.17	Year ended 31.3.16	Year ended 31.3.17
Scope 1: Direct emissions	796	**1,009**	366	**382**
Scope 2: Indirect emissions	2,877	**3,628**	1,288	**1,144**
Total all scopes	3,673	**4,637**	1,654	**1,526**

The specific target set by Helical is to reduce energy consumption by 2% pa in the principal managed assets. As discussed earlier in this section of the report, year on year performance is variable across the portfolio and complicated by the changing nature of the portfolio through acquisition and divestment, increasing occupancy and ongoing refurbishment of the component assets. Like-for-like has seen an improvement of 8% on the 2016 baseline performance achieving the 2% reduced energy consumption target.

HELICAL HAS DELIVERED OVER TWO MILLION HOURS OF CONSTRUCTION DURING THE YEAR.

HEALTH & SAFETY

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

The Group's Health & Safety Policy was last reviewed and updated in February 2017 to reflect the latest legislative and regulatory developments. Training of Helical staff in the updated Health and Safety Policy and supporting CDM requirements has been undertaken during the reporting year. The Group's Health & Safety policy can be found on the Company's website and a summary of performance for the 18 active sites is below.

Helical has delivered over two million hours of construction during the year with no fatalities or major accidents and only seven RIDDOR reportable incidents. Overall Health and Safety performance using Lost Time Accident Frequency Rate is a 61% improvement over last year. The majority of Helical projects are managed by principal contractors holding OHSAS 18001 certification and that maintain 100% Construction Skills Certification Scheme (CSCS) accreditation for all full time and subcontracted staff.

	Number of Lost Time accidents	Number RIDDOR reportable	Number of fatalities	Number of hours worked	Accident frequency rate for Lost Time accidents	Accident frequency rate for RIDDOR reportable
Year ended 31.3.16	13	23	nil	2,557,524	0.90	0.51
Year ended 31.3.17	10	7	nil	2,104,085	0.48	0.33

CHARITABLE, COMMUNITY AND SOCIAL INITIATIVES

Helical takes a strong interest in charitable, community and social issues. As a group, we recognise that the buildings that we own and develop have an impact on the local environment and the communities that live and work there and we believe that engagement with those communities is an important part of our activities. Community engagement is an on-going concern throughout the development process, from planning until development completion and operation.

Over the past year Helical has set up social media accounts on Twitter, LinkedIn and Instagram in order to communicate more effectively with our tenants and other stakeholders. A quarterly online newsletter, City Life, has also been introduced which circulates articles on the Group's projects, occupiers and contributing partners. These can all be accessed through the Helical website.

As part of our commitment to the regions in which we operate, we regularly support community initiatives. Some examples from the year to 31 March 2017 include:

- The Morgan Quarter, Cardiff, team worked with Cardiff Pride last summer to provide a hub for the LGBT community for a week in the run up to the Pride Festival. They have also been shortlisted for a Cardiff Life Award in the Property category;
- A number of charity fundraising events have been held at The Shepherds Building, London W14, over the last 12 months, many of which tie into high-profile national charity campaigns (for example the MacMillan baking event, Wear It Pink Day and Children in Need);

WE RECOGNISE THAT THE BUILDINGS WE OWN AND DEVELOP HAVE AN IMPACT ON THE LOCAL ENVIRONMENT AND THE COMMUNITIES THAT LIVE AND WORK THERE AND WE BELIEVE THAT ENGAGEMENT WITH THOSE COMMUNITIES IS AN IMPORTANT PART OF OUR ACTIVITIES.

- At Churchgate & Lee House, Manchester, the team attended a local conference linked to Manchester Metropolitan University about coffee cup recycling and litter prevention and invited tenants along to join. We have also held several events for our tenants that have involved partnerships with local businesses, organisations and musicians;
- Helical continues to be a member of The Aldgate Partnership ("TAP"), formed in 2014 to help drive a powerful agenda for change. Membership of the Group currently includes landowners, commercial occupiers, and developers. TAP works in partnership with its members to develop Aldgate as 'One Location', delivering a range of interventions to support community development and develop a premier business hub with high quality public realm and environment that produces a safe, convenient and inspiring destination for all employees, residents and visitors;
- During the year Helical staff raised funds for numerous charities, most particularly LandAid, the property industry's charity. LandAid works with young disadvantaged people in the UK who are living on the streets, or who are at severe risk of homelessness, to provide them with accommodation and training as well as working to tackle the root causes of homelessness. Seven members of Helical's staff participated in the 10k LandAid Run and five employees took part in "LandAid Day" (touring around London raising over £17,000 in donations from local businesses). One Helical staff member participated in the "Source to Sea" - a non-stop relay race from the source of the River Thames to the sea stretching 237 miles, averaging more than 33 miles per runner and raising over £9,000 for LandAid;
- Helical has been a sponsor of the Property Race Day every year since it started in 2006, raising funds for a number of national charities;
- Alongside the Group's formal charitable activities, Helical employees raise funds for charities on a personal basis and, where appropriate, the Group will make donations to help the staff reach their fundraising goals; and
- To help encourage young people to enter the property industry, for the last ten years Helical has held a work experience event comprising a two-day intensive introductory programme into London Real Estate run by Helical's Chief Executive with support from the senior members of the Property team. The package is available to 8-10 students studying either a BA or Masters in Real Estate or equivalent qualification.

FUTURE ENVIRONMENTAL RISKS AND OPPORTUNITIES

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

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

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

The Strategic Report, on pages 2 to 63, was approved by the Board on 25 May 2017.

On behalf of the Board

GERALD KAYE
Chief Executive

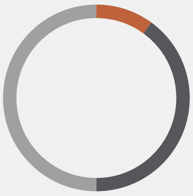
GOVERNANCE

The Board of Helical is collectively responsible for providing the leadership of the Company within a framework of controls and reporting structures which assist in pursuing its strategic aims and business objectives. It comprises a Non-Executive Chairman, a Chief Executive, five Non-Executive Directors and three Executive Directors. The Board delegates operational responsibilities to an Executive Committee and governance responsibilities to Nominations, Audit and Risk, Remuneration and Property Valuations Committees whilst retaining overall responsibility for the running of the Company.

C-SPACE
London EC1

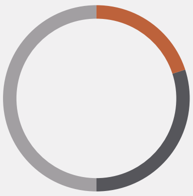
MICHAEL SLADE
CHAIRMAN

COMPOSITION OF THE BOARD



Non-Executive Chairman	10%
Executive Directors	40%
Independent Non-Executive Directors	50%

TENURE



15 years or more	2
10-15 years	0
5-10 years	3
1-5 years	5

It has been another good year at Helical with a reshaping of the Board completed, equity recycled through the sale of almost £200m of assets and the Company's activities streamlined. We have also sought to strengthen our compliance with Corporate Governance requirements.

DEAR SHAREHOLDER,

I am pleased to be able to address Shareholders for the first time as Chairman of Helical. After leading the Company as Chief Executive for 32 years I was delighted the Board selected Gerald Kaye to be my successor and am confident he will lead the Company with distinction for many years.

The Company has had a good year despite an uncertain background following the decision to leave the European Union. The rationalisation of the portfolio leaves the Company with a focused portfolio balanced between a London investment and development programme providing both capital and rental growth opportunities and a high yielding regional investment portfolio.

COMPOSITION OF THE BOARD

The composition of the Board is discussed in greater detail in the Nominations Committee Report on pages 76 to 77. Following the changes implemented at the 2016 AGM, the Board consists of a Non-Executive Chairman, four Executive Directors and five independent Non-Executive Directors, a balance which satisfies governance requirements for a FTSE 350 Company, notwithstanding that we are currently outside of that index. There are no changes proposed at the AGM on the 13 July 2017 and none are anticipated before 2019. Good governance is reflected in the contribution that a diverse Board offers and the Company will seek to make further progress in this area in future years.

BOARD DECISIONS

Much of the year was taken up in discussion of the changing economic and political environment and outlook for our markets, against a background of the decision to leave the European Union and other geopolitical factors. In addition, the Board meeting agendas during the year contained many issues including:

- A review of the Group's corporate, property and financial strategy;
- A complete review of the Company's compliance with the UK Corporate Governance Code 2014 and the introduction of new policies on diversity and slavery;
- Consideration and approval of significant property transactions; and,
- Completion of the changes to the composition of the Board as outlined on page 76.

PRINCIPAL RISKS REVIEW
P.54

ANNUAL STRATEGY REVIEW

In March 2017, the Board considered the Executive Directors' Annual Strategy Review of the business, examining the economic, geopolitical, societal and environmental risks affecting the business. This review reaffirmed the Company's principal objective of combining investment and development activity to ensure maximum shareholder returns whilst managing risks appropriately.

BOARD EVALUATION

For the first time, the Board Evaluation was undertaken by an external advisor and the results of this review are outlined in the Governance Review on pages 72 to 75. I am pleased to report that the overall findings noted that Helical has an effective Board with many strengths. Recognising that some improvements can be made, the Governance Review also notes the actions to be taken during the year to 31 March 2018 and I will be reporting on these in the 2018 Annual Report.

BOARD COMMITTEES

The work of the Nominations, Remuneration and Audit and Risk Committees are discussed in detail in their individual reports on pages 76 to 97. With regard to remuneration and in the light of increasing shareholder scrutiny of this area I note that Shareholders approved the Company's Remuneration Policy at the 2016 AGM with 97% in favour and no changes are being proposed at the 2017 AGM.

INVESTOR RELATIONS

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

The Chief Executive, Gerald Kaye, and the Finance Director, Tim Murphy, attended the majority of these meetings during the year with the remaining Executive Directors, Duncan Walker and Matthew Bonning-Snook, also attending as appropriate. The Senior Independent Director, Richard Gillingwater, attended a small number of meetings. Richard Gillingwater and I are available to meet Shareholders if they wish to discuss any matters with us.

Finally, I would like to thank my fellow Non-Executive Directors, Gerald Kaye and his Executive team, the senior property professionals, finance team and all the staff for their hard work during the year.

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

MICHAEL SLADE
Chairman

25 May 2017

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

Gerald Kaye
- Chairman

Matthew Bonning-Snook

Tim Murphy

Duncan Walker

Responsibilities
Assists the Chief Executive in the performance of his duties within the bounds of his authority and subject to the limitations of authority set out in the schedule of matters reserved for the Board.

NOMINATIONS COMMITTEE

Richard Gillingwater
- Chairman

Susan Clayton

Richard Cotton

Richard Grant

Michael O'Donnell

Michael Slade

Responsibilities
Leads the process for Board appointments and the annual Board evaluation process and makes recommendations to the Board.

READ P.76-77

AUDIT AND RISK COMMITTEE

Richard Grant
- Chairman

Susan Clayton

Richard Cotton

Richard Gillingwater

Michael O'Donnell

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

READ P.78-79

REMUNERATION COMMITTEE

Michael O'Donnell
- Chairman

Susan Clayton

Richard Cotton

Richard Gillingwater

Richard Grant

Responsibilities
Assists the Board to fulfil its responsibility to Shareholders to ensure that the remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

READ P.80-97

PROPERTY VALUATIONS COMMITTEE

Susan Clayton
- Chairman

Gerald Kaye

Duncan Walker

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

The Board of Helical is collectively responsible for providing the leadership of the Company within a framework of controls and reporting structures which assist in pursuing its strategic aims and business objectives. It comprises a Non-Executive Chairman, a Chief Executive, five Non-Executive Directors and three Executive Directors. The Board delegates operational responsibilities to an Executive Committee and governance responsibilities to Nominations, Audit and Risk, Remuneration and Property Valuations Committees whilst retaining overall responsibility for the running of the Company.

LEADERSHIP

The Chairman is Michael Slade. The Chief Executive is Gerald Kaye and the three Executive Directors are Tim Murphy (Finance Director), Matthew Bonning-Snook and Duncan Walker. The Non-Executive Directors are Richard Gillingwater (Senior Independent Director), Susan Clayton, Richard Cotton, Richard Grant and Michael O'Donnell. All the Directors will be offering themselves for re-election at the 2017 AGM.

Biographies of all Directors and details of their shareholdings in the Company are on pages 70 to 71 and 96 respectively.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

The Chairman and the Chief Executive are responsible for the leadership of the Company. The Chairman's primary responsibility is to lead the Board and ensure its effectiveness, whilst the Chief Executive is responsible for running the Company's business. The division of responsibilities is clearly established at Helical, is set out in writing and is approved by the Board.

BOARD RESPONSIBILITIES

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

All Directors take decisions objectively in the interests of the Group. As part of their roles as members of the Board, Non-Executive Directors constructively challenge and help develop proposals on strategy and the risk appetite of the Group. Non-Executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration for the Executive Directors and have a prime role in appointing and, where necessary, removing Executive Directors. In conjunction with the Nominations Committee, the Board considers succession planning of Board members and senior management. In addition to Boardroom discussions, the Chairman maintains contact with other Non-Executive Directors by telephone and at least annually, will hold meetings with the Non-Executive Directors without the Executive Directors present. Richard Gillingwater (Senior Independent Director) holds meetings of the independent Non-Executive Directors separately from the rest of the Board at least once a year to ensure that any issues may be discussed without the presence of a non-independent Director.

The Board has a schedule of matters specifically reserved to it for decision. The Board controls the business but delegates day-to-day responsibility to the executive management. An Executive Committee, comprising all the Executive Directors, meets regularly to discuss the development of strategy, to review and implement proposed transactions, to review policies and procedures (including health and safety), to monitor budget and financial performance and to assess risk. The full Board reviews all minutes of proceedings at Executive Committee meetings and receives reports from the Executive Committee Chairman at every Board meeting.

However, there are a number of matters which are required to be or, in the interests of the Group, should only be, decided by the Board as a whole. A summary of the schedule of matters reserved for the Board is set out below:

BOARD RESPONSIBILITIES	
Strategy and management	Responsibility for the overall leadership of the Group; approval of the Group's long-term strategic aims and objectives; approval of annual operating and capital expenditure budgets; oversight of the Group's operations and review of performance; extension of the Group's activities into new business areas; approval of major capital projects and projects outside the normal course of business; entering into a binding commitment to a major strategic alliance, joint venture partnership or profit sharing arrangement; any decision to cease to operate all or any material part of the Group's business.
Structure and capital	Changes to the Group's capital structure; major changes to the Group's corporate structure; changes to the Group's management and control structure; changes to the Company's listing or plc status.
Financial reporting and controls	Approval of interim and final results announcements; approval of half yearly report and Annual Report and Accounts, including the Directors' Report, Corporate Governance Statement and the Directors' Remuneration Report; approval of dividend policy, recommendation and declaration of dividends; approval of significant changes in accounting policies or practices; approval of material unbudgeted capital or operating expenditures.
Internal controls	Ensuring maintenance of a sound system of control and risk management.
Contracts	Approval of major capital projects and investments; approval of contracts above limits of authority delegated by the Board.
Communication	Approval of resolutions and corresponding documentation to be put to Shareholders at a general meeting; approval of all circulars and listing particulars.
Board membership and other appointments	Appointment and removal of the Company Secretary; membership of Board committees following recommendations from the Nominations Committee; proposing resolutions for the appointment, re-appointment or removal of the external auditor to Shareholders for approval, following recommendation of the Audit and Risk Committee.
Corporate governance matters	Undertaking a formal and rigorous review of its own performance; considering the balance of interests between Shareholders, employees and other stakeholders; authorise conflicts of interest where permitted by the Company's Articles of Association; review the Company's overall corporate governance arrangements.
Remuneration	Determine the remuneration policy for the Chairman, Executive Directors, Company Secretary and other senior executives following recommendation from the Remuneration Committee; determine the remuneration of the Non-Executive Directors subject to the Articles of Association and Shareholder approval as appropriate.
Approval of core policies	Including anti-bribery policy; anti-slavery policy; whistleblowing procedures; equal opportunities policy; diversity policy; disclosure policy and share dealing code; health and safety policy; environmental and corporate social responsibility policy; charitable donations policy.
Delegation of authority	The division of responsibilities between the Chairman and the Chief Executive, approval of any delegated levels of authority, establishment of Board committees and approval of their terms of reference.

BOARD OF DIRECTORS

E EXECUTIVE COMMITTEE

N NOMINATIONS COMMITTEE

A AUDIT AND RISK COMMITTEE

R REMUNERATION COMMITTEE

V PROPERTY VALUATIONS COMMITTEE

COMMITTEE CHAIRMAN

MICHAEL SLADE
CHAIRMAN

N

Board meetings attended 7/7

Tenure 32 years

Skills and experience

Michael Slade, BSc (Est Man) FRICS, joined the Board as an Executive Director in 1984, was appointed Chief Executive in 1986 and Chairman in 2016. He is President of LandAid, the property industry charity, a Fellow of the College of Estate Management, Fellow of Wellington College, a Trustee of Purley Park charity and Sherborne School Foundation and Vice Admiral of the Marie Rose Trust. In April 2017, Mike was appointed Chairman of The Royal Marsden Cancer Charity's Clinical Care and Research Centre Appeal to build a £50 million global cancer treatment and research centre at The Royal Marsden NHS Foundation Trust. Mike is a member of the Nominations Committee.

GERALD KAYE
CHIEF EXECUTIVE

E V

Board meetings attended 7/7

Tenure 22 years

Skills and experience

Gerald Kaye, BSc (Est Man) FRICS, was appointed Chief Executive in 2016. He joined the Board as an Executive Director in 1994, responsible for the Group's development activities. Gerald is a past President of the British Council for Offices, a former Director of London & Edinburgh Trust Plc and former Chief Executive of SPP. LET. EUROPE NV.

TIM MURPHY
FINANCE DIRECTOR

E

Board meetings attended 7/7

Tenure 4 years

Skills and experience

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

MATTHEW BONNING-SNOOK
DIRECTOR

E

Board meetings attended 7/7

Tenure 9 years

Skills and experience

Matthew Bonning-Snook, BSc (Urb Est Surveying) MRICS, was appointed to the Board as an Executive Director in 2007. Prior to joining Helical in 1995 he was a Development Agent and Consultant at Richard Ellis (now CBRE). He is responsible for the Group's development activities.

DUNCAN WALKER
DIRECTOR

E V

Board meetings attended 7/7

Tenure 5 years

Skills and experience

Duncan Walker, MA (Hons) (Oxon), PG Dip Surveying, joined the Group in 2007 and was appointed to the Board as an Executive Director in 2011. Prior to joining Helical, Duncan led Edinburgh House Estate's investment team. He is responsible for the Group's investment portfolio.

RICHARD GILLINGWATER
SENIOR INDEPENDENT DIRECTOR

N A R

Board meetings attended 7/7

Tenure 4 years

Skills and experience

Richard Gillingwater, CBE, is the Non-Executive Chairman of Janus Henderson Group plc and of SSE plc. He was, until 2013, Dean of Cass Business School. Prior to this he was Chief Executive and later Chairman of the Shareholder Executive, after a career in investment banking at Kleinwort Benson and then at BZW/Credit Suisse First Boston. He has also been a Non-Executive Director of P&O, Debenhams, Tomkins, Qinetiq Group, Kidde Hiscox and Morrisons. Richard is the Senior Independent Director, Chairman of the Nominations Committee and a member of the Audit and Remuneration Committees.

RICHARD GRANT
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

A N R

Board meetings attended 7/7

Tenure 4 years

Skills and experience

Richard Grant, BA (Oxon), ACA is the Finance Director at Cadogan Estates Limited and former Corporate Finance Partner at PricewaterhouseCoopers, whom he joined in 1975. Richard is the Chairman of the Audit and Risk Committee and a member of the Nominations and Remuneration Committees.

MICHAEL O'DONNELL
CHAIRMAN OF THE REMUNERATION COMMITTEE

R N A

Board meetings attended 7/7

Tenure 5 years

Skills and experience

Michael O'Donnell was appointed to the Board in June 2011. He is a former Managing Director of LGV Capital, a private equity firm. Through his company, Ebbtide Partners, he acts as a consultant to, and investor in, private companies. Michael is Chairman of the Remuneration Committee and a member of the Nominations and Audit and Risk Committees.

SUSAN CLAYTON
CHAIRMAN OF THE PROPERTY VALUATIONS COMMITTEE

V N A R

Board meetings attended 7/7

Tenure 1 year

Skills and experience

Susan Clayton FRICS, was appointed to the Board in February 2016. Sue is an Executive Director at CBRE and former Managing Director of CBRE's Capital Markets Team. She has sat on the CBRE UK Management and Executive Boards and on the CBRE Group Inc. Board as Employee Director. Sue currently chairs CBRE UK's Women's Network. In addition to her roles at CBRE, Sue is a Board Member of the Committee of Management of Hermes Property Unit Trust, and a Trustee of the Reading Real Estate Foundation. Barwood Capital have appointed Sue as Chair of the Barwood Property Fund 2017. Sue chairs Helical's Property Valuations Committee and is a member of the Nominations, Audit and Risk and Remuneration Committees.

RICHARD COTTON
NON-EXECUTIVE DIRECTOR

N A R

Board meetings attended 7/7

Tenure 1 year

Skills and experience

Richard Cotton was appointed to the Board as a Non-Executive Director in March 2016. Richard was formally head of UK Real Estate at J.P. Morgan Cazenove which he left in 2009 and spent the subsequent five years at Forum Partners. Richard is a Non-Executive Director of Big Yellow Group plc and a member of the Commercial Development Advisory Group of Transport for London. He was previously Chairman of Centurion Properties and a Non-Executive Director of Hansteen Holdings plc. Richard is a member of the Nominations, Audit and Risk and Remuneration Committees.

JAMES MOSS
COMPANY SECRETARY AND GROUP FINANCIAL CONTROLLER

Board meetings attended 7/7

Tenure 2 years

Skills and experience

James Moss, MChem (Hons) (Oxon) FCA, joined Helical in September 2014 as Group Financial Controller and was appointed Company Secretary in May 2015. He was previously at Grant Thornton, where he was responsible for leading audit and other assurance assignments in their real estate team.

At Helical we believe that robust corporate governance is of fundamental importance in delivering for shareholders the long-term success of the Company through the effective, entrepreneurial and prudent management of the Company.

During the year under review we have sought to strengthen further our compliance with the UK Corporate Governance Code 2014 ("Governance Code"/"Code") and are aware of the changes reflected in the UK Corporate Governance Code 2016, which will be fully effective for the year to 31 March 2018. We have also sought to reflect the recommendations of the Financial Reporting Council in their note on 'Developments in Corporate Governance and Stewardship 2016', issued in January 2017.

COMPOSITION OF THE BOARD AND ALIGNMENT TO CORPORATE STRATEGY

The Code requires a Board and its committees to have an appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively and in line with its corporate strategy. Helical operates with a strong management team of senior decision makers backed up by a finance team and other support staff. The Group is keen to promote exceptional talent to Board level at the earliest opportunity to expose such individuals to the broader issues facing the business, encourage their long-term commitment to the Group and provide for future succession.

Provision B.1.2 of the Code notes that companies such as Helical, which are below the FTSE350, are required to have at least two independent Non-Executive Directors. Following the changes to the Board at the 2016 AGM, the Board comprises the Chairman, four Executive Directors and five independent Non-Executive Directors, a balance in line with the Code's requirement for FTSE 350 companies.

The Chairman is Michael Slade, former Chief Executive of Helical, who was re-elected as a Director and assumed his new role as Chairman at the 2016 AGM with 85% of votes cast by Shareholders in favour of his re-election. In advance of these changes, the Company consulted with Shareholders and proceeded with the indicated approval of a significant majority. However, as noted in last year's Annual Report, Michael Slade is not considered to have been independent on his appointment as required by the Governance Code. As a consequence, the Board has ensured that there are safeguards in place to counter any concerns regarding his independence status. In particular, he does not chair the Nominations Committee, although he is a member of that Committee, and is not a member of the Audit and Risk or Remuneration Committees. Furthermore, the Board Evaluation process is run by Richard Gillingwater, the Company's Senior Independent Director. Notwithstanding this, the Board considers Michael Slade to be of independent character and judgement. In assessing his contribution to the business, the other members of the Board consider Michael Slade to be a valuable asset to the Company, providing almost 50 years of experience in the real estate sector.

The independent Non-Executive Directors are Richard Gillingwater (Senior Independent Director), Susan Clayton, Richard Cotton, Richard Grant and Michael O'Donnell. Between them the Non-Executive team provide a current FTSE 100 Chairman, an Executive Director of CBRE (the leading advisor on commercial property and real estate matters), a former head of UK Real Estate at J P Morgan Cazenove, the current Finance Director at Cadogan Estates (a real estate family owned trust owning a substantial part of West London) and a private equity corporate advisor with residential and retirement living experience.

In the Board's view, the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the real estate sector, the listed environment, financial accounting and the Company to discharge their respective duties effectively as required by the Code.

CULTURE OF THE COMPANY

In July 2016, the Financial Reporting Council ("FRC") issued a report entitled 'Corporate Culture and the Role of Boards'. During the year under review the Company has started to reflect the recommendations of the report in its governance structures and culture, with greater engagement and involvement of Board members and employees in identifying, documenting and targeting its strategic aims and objectives. In particular, senior property professionals below Board level regularly make presentations to the Board on assets they are responsible for. In addition, in considering the Company's Annual Strategy Review, the Executive Directors met with and discussed the views of the senior management of Helical and incorporated their views in the final Strategy Report. In taking this action the Company is seeking to reflect the main aims of the FRC report which are to:

- Connect purpose and strategy to culture;
- Align values and incentives; and
- Assess, measure and report on the Company's culture.

The Company will consider how it can adopt the recommendations of the report during the year to 31 March 2018 and will report back to Shareholders on its impact in the Annual Report 2018.

THE UK CORPORATE GOVERNANCE CODE 2014 (THE "CODE")

The Board is accountable to the Group's Shareholders for good corporate governance and we believe in applying the highest principles of corporate governance. We have complied throughout the year with the principles as set out in the section of the Code headed "The Main Principles of the Code" and, except where stated above in relation to Michael Slade, and in respect of sending out the Notice of the AGM and related papers to shareholders at least 20 working days before the meeting (where they were sent out 18 days before the 2016 AGM), have complied with the provisions of the Code throughout the year under review.

ANNUAL EVALUATION OF THE BOARD

Since the Company is not in the FTSE 350, the Code does not require our annual Board evaluation to be externally facilitated every three years. However, following the changes to the Board in 2016, it was proposed that the 2017 Board evaluation would be carried out externally to ensure that the Group's Board and governance process is highly effective in carrying out its responsibilities. In January 2017, we retained SA Associates, an executive search and board evaluation services firm, to undertake a full external evaluation, which involved:

- An initial briefing on the future strategy of the Company from the Chairman, Senior Independent Director and the Chief Executive;
- The observation of Board meetings and Committee meetings;
- Distribution of a short, focussed questionnaire to each Board member;
- Conducting one-to-one interviews; and,
- Reviewing governance documents and Board meeting agendas and minutes.

The key areas for consideration were: Board composition, roles and responsibilities, Board culture, dynamics, teamwork and leadership, Board processes, reporting and agendas, overall Board effectiveness, strategy input and relationship between Board and management.

The evaluation report by SA Associates was presented for discussion at the March Board meeting. The overall findings noted that Helical has an effective Board with a positive dynamic and a good platform to challenge and support. The following key strengths and development opportunities were identified:

Key Strengths

- The new Chairman and Chief Executive have settled well into their respective roles;
- The relationships between Executive and Non-Executive Directors is strong;
- The Board applies good governance practices across the business;
- Discussion of strategic issues, including consideration of the annual Strategy Review, receive suitable discussion time; and,
- Health and safety issues receive appropriate focus.

Development Opportunities

- Time allocated to discussion of a broader Corporate Strategy could be increased;
- Elevating the importance of discussion of risks facing the business; and,
- Talent development and succession throughout the Company could receive more focus.

Actions for 2017-18

At the March 2017 Board meeting, the Board discussed and agreed the following actions:

- The introduction of a Strategy Day for the whole Board, incorporating external speakers;
- The reallocation of the primary responsibility for risk from the Executive Committee to a renamed Audit and Risk Committee; and,
- Greater exposure for those below Board level to the full Board.

NOMINATIONS COMMITTEE

The Nominations Committee Report which describes the work of the Committee, is on pages 76 to 77.

REMUNERATION COMMITTEE

The Directors' Remuneration Report, which describes the work of the Committee and discloses the Company's Remuneration Policy and Annual Report on Remuneration, is on pages 80 to 97.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee Chairman is Richard Grant, the Finance Director of Cadogan Estates Limited and a former partner of PWC. As a result, the Board considers that he has recent and relevant financial experience as required by the Code. The report of the Chairman of the Audit and Risk Committee describing the issues considered by the Committee in the year under review is on pages 78 and 79.

Risk Management and Internal Controls

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

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

- Clearly defined organisational responsibilities and limits of authority. The day-to-day involvement of the Executive Directors in the running of the business ensures that these responsibilities and limits are adhered to;
- Financial controls and review procedures;
- Financial information systems including cash flow, profit and capital expenditure forecasts. The Board receives regular and comprehensive reports on the day-to-day running of the business;
- An Audit and Risk Committee which meets with the Auditors and deals with any significant internal control matters. In the year under review the Audit and Risk Committee met with the Auditors on two occasions; and
- The Board is responsible for the management of the Group's risk profile which is reviewed by the Audit and Risk Committee during the year. An analysis of the Group's principal risks can be found on pages 54 to 57.

VIABILITY AND GOING CONCERN

The Company's Viability Statement is included on page 55 within the Principal Risks Review of the Strategic Report.

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

The key areas of sensitivity are:

- Timing and value of property sales;
- Availability of loan finance and related cash flows;
- Future property valuations and their impact on covenants and potential loan repayments;
- Committed future expenditure;
- Future rental income; and
- Receipt, amount and timing of development profits.

The forecast cash flows have been sensitised to reflect those cash inflows which are less certain and to take account of a potential deterioration of property valuations. In addition, the forecasts have been subject to sensitivity analysis in which the impact of significant reductions to the fair value of the property portfolio and associated rental income on the Group's loan covenants was assessed. From their review, the Directors believe that the Group has adequate resources to continue to be operational as a going concern for the foreseeable future.

ANNUAL GENERAL MEETINGS

At the 2016 Annual General Meeting, held on the 25 July 2016, all the Directors, with the exception of Michael Slade (discussed below), were re-elected with over 98% of the votes cast in favour of their re-election. The two resolutions relating to the re-appointment and remuneration of the Auditors also received over 98% of the votes cast in favour. The resolution to renew the Company's Remuneration Policy received a vote in favour of over 97%, whilst the resolution to approve amendments to the rules of the Company's Annual Bonus Scheme were approved by over 98%. The non-binding vote in respect of the approval of the Company's Directors' Remuneration Report received a vote in favour of over 84% (see below). All the remaining resolutions were approved with votes cast in favour by between 94% and 100%.

The re-election of Michael Slade received a vote in favour of 84.5% with 15.5% against. In addition, shares representing 2.1% of the Company's shareholders withheld their vote on this resolution. We believe that these votes provide strong support for Michael Slade's Chairmanship of the Company whilst recognising some Shareholder concern regarding his lack of independence on appointment.

The resolution to approve the Company's Directors' Remuneration Report ("DRR") also received 84.5% of votes cast in favour with 15.5% against and, again, 2.1% of Shareholders withholding their vote on the resolution. Engagement with shareholder representative bodies suggests that the overall quantum of remuneration remains a concern for them. We were, however, pleased to note the strong support for the Company's renewal of its Remuneration Policy (97%) and the changes to the rules of the Annual Bonus Scheme (98%).

At the 2017 Annual General Meeting to be held on the 13 July 2017, the Company will be seeking re-election of all the current Board members, consideration of the Annual Report to 31 March 2017 and approval of the final dividend to be paid on 21 July 2017, the re-appointment of and authorisation to set the remuneration of the Company's auditors, the approval of the Directors' Remuneration Report and a number of regular technical resolutions.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS DURING THE YEAR

Seven scheduled meetings of the Board were held during the year ended 31 March 2017. In addition, several unscheduled meetings were arranged to discuss particular transactions and events. On occasions, Directors who are not members of the Committees attend at the invitation of the Committee Chairman. The attendance record of the Directors at the scheduled meetings and at meetings of the Board's committees is shown in the table below:

	Full Board	Audit and Risk Committee	Remuneration Committee	Nominations Committee
Chairman				
Michael Slade	7/7	–	–	2/2[1]
Executive Directors				
Gerald Kaye	7/7	–	–	–
Tim Murphy	7/7	–	–	–
Matthew Bonning-Snook	7/7	–	–	–
Duncan Walker	7/7	–	–	–
Non-Executive Directors				
Richard Gillingwater	7/7	5/5	5/5	3/3
Susan Clayton	7/7	5/5	5/5	3/3
Richard Cotton	7/7	5/5	5/5	3/3
Richard Grant	7/7	5/5	5/5	3/3
Michael O'Donnell	7/7	5/5	5/5	3/3
Former Directors				
Nigel McNair Scott[2]	3/3[1]	–	–	1/1
Andrew Gulliford[2]	3/3[1]	–	–	1/1

1 Michael Slade became a member of the Nominations Committee on his appointment as Chairman at the AGM on 25 July 2016. His attendance relates to the period since this appointment.
2 Nigel McNair Scott and Andrew Gulliford stood down from the Board on 25 July 2016. Their attendance relates to the period from 1 April 2016 to 25 July 2016.

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and its Directors are free to seek any further information they consider necessary. The Directors have access to the services of a Company Secretary who is responsible for advising the Board on all governance matters and ensuring compliance with Board procedures and applicable laws and regulations. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors, as well as facilitating induction of new Directors and assisting with professional development as required. The Board ensures that Directors have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as Directors. Training is available for all Directors as necessary.

ENGAGEMENT WITH SHAREHOLDERS

The Directors value the views of the Company's Shareholders and recognise their interest in the Group's strategy and performance, Board membership and quality of management. They hold regular meetings with, and give presentations to, the Company's institutional Shareholders to discuss the Group's results and objectives. The Directors regularly meet, with the help of the Company's brokers, institutions that do not currently hold shares in the Group to inform them of the Company's objectives. Gerald Kaye, as Chief Executive, attended all of the meetings during the year and he is usually accompanied by at least one of the other Executive Directors.

The Senior Independent Director, Richard Gillingwater, met with a small number of shareholders and was available to meet with other Shareholders throughout the year under review and will hold meetings with Shareholders whenever requested in order to ensure sufficient understanding of any issues and concerns they may have.

The AGM is used to communicate with investors and they are encouraged to participate. The Chairman, Senior Independent Director and members of the Audit and Risk, Remuneration and Nominations Committees will attend the AGM and will be available to answer questions. Separate resolutions are proposed on each issue in order that they can be given proper consideration and there is a separate resolution to consider the Annual Report and accounts. All proxy votes are counted and the level of proxies lodged on each resolution will be indicated after it has been dealt with by a show of hands.

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

Principal Investor Relations Activities	
May 2016	– Annual results announcement and analysts presentation for 2016
May/June 2016	– Investor Roadshow presentations in London, Edinburgh and Netherlands
July 2016	– AGM Trading Update – Annual General Meeting
September 2016	– Update on portfolio activity – JPMC Investor Conference – London portfolio property tour
November 2016	– Half year results announcement and analysts presentation
November/December 2016	– Investor Roadshow presentation, London, Edinburgh and Netherlands
January 2017	– JPMC Investor Conference and property tour

By Order of the Board

JAMES MOSS FCA
Company Secretary

25 May 2017

RICHARD GILLINGWATER CBE
SENIOR INDEPENDENT DIRECTOR

COMMITTEE MEMBERS*

Chairman Richard Gillingwater
Susan Clayton
Richard Cotton
Richard Grant
Michael O'Donnell
Michael Slade

* With the exception of Michael Slade, all of the Committee are independent Non-Executive Directors and all served throughout the year. Michael Slade became a member of the Committee on his appointment as Chairman of the Company on 25 July 2016. The Company Secretary acts as Secretary to the Committee.

ROLE OF THE COMMITTEE

Leads the process for Board appointments, Board evaluation, succession planning and makes recommendations to the Board.

TERMS OF REFERENCE

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

DEAR SHAREHOLDER,

In accordance with the UK Corporate Governance Code, the role of the Nominations Committee, and my primary responsibility as its Chairman, is to ensure that the Company is headed by an effective Board which is collectively responsible for the long-term success of the Company.

THE WORK OF THE NOMINATIONS COMMITTEE IN THE YEAR

The Committee met three times during the year. A record of attendance at all Board and Committee meetings is shown on page 74.

The Committee reviewed the following matters during the year:

- Recommendations arising from the Board evaluation;
- Composition of the Board and Membership of the Board Committees; and
- Succession planning.

BOARD APPOINTMENTS AND DIVERSITY

Appointments to the Board and its Committees are made against objective criteria. The Committee controls the process for Board appointments and makes recommendations to the Board. The Board is mindful of the Group's diversity policy and the Committee gives full consideration to diversity, including gender diversity, when recommending to the Board any future Board appointments. All Board appointments are based on experience and will be made on merit.

Care is taken to ensure that appointees have enough time available to devote to the job on appointment. To enable the Board to identify any potential conflicts of interest and ensure that Directors will continue to have sufficient time available to devote to the Company, Directors are required to inform the Board of any changes to their other significant commitments. In February 2017, Susan Clayton informed the Board that she had been appointed Chairman of Barwood Property Fund, which is to launch this year. In April 2017, Mike Slade informed the Board that he had been appointed Chairman of The Royal Marsden Cancer Charity's Clinical Care and Research Centre Appeal. The Board is satisfied that both Directors will continue to have sufficient time to devote to their roles.

COMPOSITION OF THE BOARD

Several Board changes, together with details of the recruitment process for the new appointments, were set out in last year's report and I am pleased that Shareholders voted in support of the Committee's recommendations to approve those changes at the 2016 AGM. The refreshed Board consists of a Non-Executive Chairman, four Executive Directors and five independent Non-Executive Directors. This provides a strong balance of entrepreneurial leadership and a talented executive team, supported by committees with an appropriate balance of skills, experience, independence and knowledge of the Company to be able to constructively challenge and assist the executive team in achieving its objectives. No further changes have been made to the composition of the Board during the year.

BOARD OF DIRECTORS

P.70

SUCCESSION PLANNING

By strengthening our Board evaluation process in employing an external assessor the Company has sought to improve its processes with regard to succession at all levels. The issue of who should succeed the previous Chief Executive and the balance of the Board with regard to the number of independent Non-Executive Directors compared to Executive Directors has been settled for the foreseeable future. The focus of the Committee and future Board evaluation processes will now be on ensuring there is a pipeline of potential future senior executives, both for below and at Board level. In considering these matters, the Board will seek to reflect a greater diversity at Board and senior management level whilst ensuring that the Company has the requisite balance of skills to ensure its long-term success.

BOARD EVALUATION

As detailed in the Governance Review on pages 72 to 75, the Board retained an external assessor, SA Associates, to undertake a full evaluation of the Board and governance process in January 2017. At the March 2017 meeting, the Committee and Executive Directors discussed the recommendations made in the evaluation report in detail.

ANNUAL GENERAL MEETING

The Board believes that the requirements of Code Provision B.7.1 of the UK Corporate Governance Code should be fulfilled. This provision requires all directors of FTSE350 companies to be subject to annual re-election by shareholders. Whilst the Company is not in the FTSE350, the Board has chosen to comply with this provision as it accepts that shareholders should annually have the right to vote on each Director's election or re-election to the Board.

At the Annual General Meeting to be held on 13 July 2017, the following resolutions relating to the appointment of Directors are being proposed:

- The re-election of Mike Slade as Non-Executive Chairman;
- The re-election, as Executive Directors, of Gerald Kaye, Tim Murphy, Matthew Bonning-Snook and Duncan Walker; and
- The re-election, as Non-Executive Directors, of Susan Clayton, Richard Cotton, Richard Gillingwater, Richard Grant and Michael O'Donnell.

The Nominations Committee confirms to Shareholders that, following the annual formal performance evaluation and taking into account their qualifications and experience, these Directors continue to be effective and demonstrate commitment to their roles. Biographical details of the Directors are given on pages 70 and 71.

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

RICHARD GILLINGWATER, CBE
Chairman of the Nominations Committee

25 May 2017

RICHARD GRANT
CHAIRMAN OF THE
AUDIT AND RISK COMMITTEE

COMMITTEE MEMBERS*

Chairman
Richard Grant

Susan Clayton

Richard Cotton

Richard Gillingwater

Michael O'Donnell

* All of whom are independent Non-Executive Directors and all served throughout the year. The Company Secretary acts as secretary to the Committee.

ROLE OF THE COMMITTEE

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

The integrity of the financial information provided to shareholders;

The Company's system of internal controls and risk management;

The external audit process and auditors; and

The processes for compliance with laws, regulations and ethical codes of practice.

TERMS OF REFERENCE

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

DEAR SHAREHOLDER,

During the year the responsibilities of the Audit Committee were broadened to include Risk. This formalised the Committee's mandate to oversee the Group's identification, monitoring and mitigation of risk.

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

THE WORK OF THE AUDIT AND RISK COMMITTEE IN THE YEAR

The Committee met five times during the year and a record of attendance at these meetings is shown on page 74. It is common practice at Helical for Audit and Risk Committee meetings to be attended by all Board members, whether or not they are members of the Committee, so that their contribution to the matters discussed may be obtained.

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

- Risk and internal controls;
- The financial statements of the Group and the announcement of the annual results to 31 March 2016 and the interim statement on the half year results to 30 September 2016;
- The Annual Report for the year to 31 March 2016 to ensure it is fair, balanced and understandable;
- The performance of the external auditors and their programme of work;
- The re-appointment of the Group's external auditor;
- The external auditors' independence and the provision of non-audit services by the external auditor; and
- The consideration of the requirement for an internal audit function.

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

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

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

In discharging its responsibilities in connection with the preparation of the financial statements for the year to 31 March 2017, the Committee is responsible for reviewing the appropriateness of the Group's accounting policies, assumptions, judgements and estimates as applied by the executive management to the financial statements. During this review the following significant issues were considered:

- **Internal Controls** The Committee annually reviews the need for an internal audit function and recently reaffirmed its stance that, in view of the small scale and simplicity of the business, it does not consider that an internal audit function would be effective. However, periodically, the Committee asks the Group's auditors to review its internal controls and their most recent report was presented to the Committee in April 2015. Grant Thornton's "Report on the Design and Operating Effectiveness of Internal Controls of Helical plc" provided a review of the Group's control environment and internal controls. Neither this report nor the Audit and Risk Committee's review highlighted any material weaknesses in the design and effectiveness of the Group's systems and controls.

- **Property Valuation** The valuation of the Group's investment and trading and development portfolio is a key area of judgement in preparing the annual and half yearly financial statements and reports. For this reason the fair value of the Group's investment portfolio is determined by independent third party experts who are familiar with the markets in which the Group operates and have suitable professional qualifications.

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

  In order to assist the Audit and Risk Committee in considering the valuations, the fair values of the investment, trading and development property portfolios are reviewed and approved by the Property Valuations Committee which is chaired by Susan Clayton, FRICS, an independent Non-Executive Director.

- **Revenue Recognition** Revenue recognition is a presumed significant risk under International Standards on Auditing (UK and Ireland) and where the Group enters into complex transactions, judgment must be applied in determining when, and to what extent, revenue should be recognised. For material transactions, technical papers are presented to the Committee by Management and the Committee also requests that the Group's external auditors review and report on these judgments. The Committee assesses the appropriateness of the proposed revenue recognition for each transaction and these are discussed between the external auditor and myself.

In addition to the significant issues discussed above, the Committee also considered, and concluded upon, the Group's ability to continue as a going concern and the estimates and judgements discussed in note 37 to these accounts.

EFFECTIVENESS OF THE EXTERNAL AUDITOR

During the year, the Audit and Risk Committee reviewed Grant Thornton UK LLP's fees, effectiveness and whether the agreed audit plan had been fulfilled and the reasons for any variation from the plan.

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

In addition, the Committee was notified by the Financial Reporting Council (FRC) that they had carried out a review of Grant Thornton UK LLP and the work they performed in conducting the audit of Helical's 31 March 2016 results.

The FRC assessed that Grant Thornton's audit procedures in respect of investment property valuations could be significantly improved. Grant Thornton subsequently agreed the changes it would make in its approach with the FRC to address the shortcomings in their audit work identified in the FRC report.

The Committee took the results of this review seriously and met with Grant Thornton and management in advance of the 2017 audit to discuss their revised approach and then, at the conclusion of the audit process, to satisfy itself that these changes had been appropriately implemented.

As a result of their review the Committee concluded that the audit process was effective.

AUDIT INDEPENDENCE

The Audit and Risk Committee considers the external auditor to be independent. The Committee's policy is not to award non-audit services where the outcome of the work is relevant to a future audit judgement or that could impact the independence or objectivity of the audit firm. This policy is designed to ensure that the Group receives the most appropriate advice without compromising the independence of the Auditor. As part of this policy prior approval of non-audit services that exceed £20,000 is required. During the year, the following non-audit fees were paid to Grant Thornton UK LLP:

- £45,750 for the review of the Half Year Results;
- £6,000 for the review of the Performance Share Plan and Directors' Bonus Scheme;
- £4,311 for advisory services in relation to the Group's Polish operations, carried out by a separate team to the audit and the work was not relied upon by the audit team in reaching their opinion; and
- £13,440 for local taxation compliance work in the Netherlands.

The Committee considered all the services to be appropriate and that they did not impact the audit independence.

AUDITOR ROTATION

The Audit and Risk Committee has reviewed the EU guidance for mandatory auditor rotation, which has now been adopted into UK law. Under this legislation, Grant Thornton are required to rotate from the audit after the 31 March 2020 year end.

After considering this legislation, best practice guidance and the Group's strategic position, the Committee has determined to carry out a tender process in 2018 with the aim of having a new firm in place to report on the 31 March 2019 year end. Given their period of tenure as the incumbent auditor, Grant Thornton will not be included in this process.

The proposed timeline for the tender process is set out below:

January 2018	• Meet with a selection of audit firms to assess their proposed team and credentials.
February 2018	• Select a shortlist of firms and issue them the formal invitation to tender. • Provide detailed information and arrange for the firms to meet with management.
March 2018	• Receive and evaluate the tender documents and presentations. • Audit and Risk Committee to submit their recommendation for Board approval.
April/May 2018	• Arrange for the new firm to shadow Grant Thornton's audit of the 31 March 2018 year end.
July 2018	• Seek shareholder approval at the 2018 AGM of the formal appointment of the new auditor.

ANNUAL GENERAL MEETING

At the Annual General Meeting to be held on 13 July 2017 the following resolutions relating to the Auditor are being proposed:

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

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

RICHARD GRANT
Chairman of the
Audit and Risk Committee

25 May 2017

MICHAEL O'DONNELL
CHAIRMAN OF THE REMUNERATION COMMITTEE

COMMITTEE MEMBERS*

Chairman
Michael O'Donnell

Susan Clayton

Richard Cotton

Richard Gillingwater

Richard Grant

* All of whom are independent Non-Executive Directors and all served throughout the year. The Company Secretary acts as Secretary to the Committee.

ROLE OF THE COMMITTEE

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

Areas of focus:

Remuneration policies, including base pay, long and short-term incentives;

Remuneration practice and its cost to the Company;

Recruitment, service contracts and severance policies; and

The engagement and independence of external remuneration advisers.

TERMS OF REFERENCE

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

The Company has, once again, produced a good set of results, with an increase in EPRA NAV per share of 3.7% (3 year CAGR of 14.8%) and with Shareholders' Funds more than doubled since 2013.

ANNUAL STATEMENT

DEAR SHAREHOLDER,

I am pleased to present the Remuneration Committee's Report on Directors' remuneration for the year to 31 March 2017. This report has been approved by the Board of Helical plc.

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

- **This Annual Statement**;
- **Remuneration Policy Report**, which sets out the Group's shareholder approved policy on the remuneration of Executive and Non-Executive Directors; and,
- **Annual Report on Remuneration**, which discloses how the remuneration policy was implemented in the year ended 31 March 2017 and how the policy will be operated in the year ending 31 March 2018.

Following the changes made to the remuneration policy last year to reflect the reshaping of the Board and the Committee's desire to simplify and reduce variable pay quantum and introduce additional shareholder protections, the Committee remains committed to its overall approach to Executive Directors' remuneration of:

- Maintaining fixed remuneration packages below the median level of its peers; and,
- Aligning variable incentive-based bonus and share schemes with the long-term success of the Company and the interests of its Shareholders.

As such, no changes will be made to the remuneration policy at the 2017 AGM.

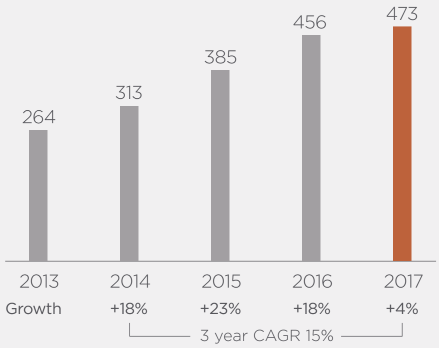
WORK OF THE COMMITTEE DURING THE YEAR

The Committee met five times during the year and a record of attendance at these meetings is shown on page 74.

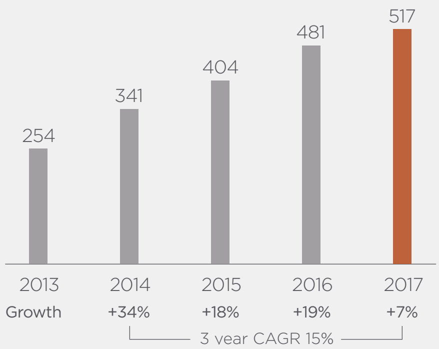
In the year to 31 March 2017, the Committee completed its review of its remuneration policy in the light of the 2016 reshaping of the Board, the Executive Bonus Plan 2011 reaching the end of its shareholder approved life at the end of the previous financial period and a desire to acknowledge sensitivities surrounding executive pay. At the 2016 AGM, shareholders approved an amended Helical Annual Bonus Scheme 2016, which removed potential additional bonus awards of 300% of salary in 2017 and 2022 which would have been available under the previous scheme, and introduced additional shareholder protections and an updated Remuneration Policy. In addition, the Committee considered a number of other matters during the financial year as follows:

- New service contracts were introduced for all Executive Directors, which included a reduction in notice periods from 12 to six months. These contracts came into effect on 25 July 2016;
- The bonuses payable under the terms of the Annual Bonus Scheme 2012 for the year to 31 March 2016 were finalised. Two thirds of these bonuses were paid in cash in June 2016, and one third in deferred shares to be held for a minimum of three years;
- The final bonuses payable in accordance with the terms of the Executive Bonus Plan 2011 were paid in June 2016 for the year to 31 March 2016;
- The three year performance conditions in respect of the share awards granted in 2013 under the Performance Share Plan 2004 were considered. The performance conditions were fully satisfied and, therefore, 100% of shares vested;
- The terms of unvested PSP awards held by Michael Slade were amended to reduce the awards to reflect the proportion of the vesting period served as an Executive Director;
- The Committee resolved in June 2016 to make an award of shares under the terms of the 2014 Performance Share Plan which is expected to vest in June 2019, subject to performance conditions;
- Changes to the basic salaries of the Executive Directors, as noted below, were approved; and
- The fees paid to the Chairman were reviewed in March 2017 and no increase was awarded. For completeness,

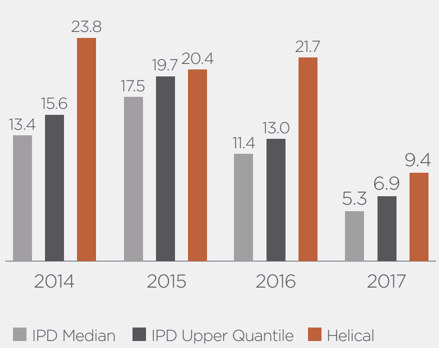
EPRA NET ASSETS PER SHARE
(pence per share)



SHAREHOLDERS' FUNDS
(£m)



PORTFOLIO RETURN
(%)



although not a Committee responsibility, the Board, excluding Non-Executive Directors, reviewed Non-Executive Director fees and no increases were awarded.

THE YEAR TO 31 MARCH 2017

The Committee believes that the provision for annual cash and deferred share bonuses and the expected vesting of the 2014 PSP award in respect of the three-year performance period ended 31 March 2017 accurately and fairly represents the reward determined by the Group's remuneration schemes based on the performance of the Group over the respective annual and three-year performance periods.

PERFORMANCE

As noted in the Strategic Report on pages 2 to 63, the Group has delivered an increase in EPRA net assets per share of 3.7% (2016: 18.4%) in the year under review with a CAGR over the three years to 31 March 2017 of 14.8% (2016: 20.0%). The Group's total portfolio return, as reported by IPD was 9.4% (2016: 21.7%). Pre-tax profits of the Group, before performance related awards, were £49m (2016: £129m).

REWARD

Basic Salaries

In the 2016 Directors' Remuneration Report I reported on changes to the Company's Remuneration Policy which were approved by shareholders at the 2016 AGM. Included in these changes was an indication that Gerald Kaye's salary would be increased to £515,000, a level £20,800 below that of his predecessor. In addition, Duncan Walker's salary would be increased to that of Matthew Bonning-Snook. It was noted that both increases would be implemented over a two year period with the final increase effective from 1 April 2017 and would be subject to the satisfactory performance of the two Directors in that period. In March 2017, the Remuneration Committee reviewed the performance of both Gerald Kaye and Duncan Walker and was satisfied that the final increases to the targeted salary levels should be implemented with effect from 1 April 2017. It is expected that future increases will be linked to RPI. The salaries of Matthew Bonning-Snook and Tim Murphy were increased by 3.1%, reflecting RPI to 31 March 2017. The salaries of all other staff were also reviewed and increased by an average of 6.7%. All increases were effective from 1 April 2017.

Annual Bonus Scheme 2016

Subsequent to the year end, and in accordance with the rules of the Helical Annual Bonus Scheme 2016, cash and deferred shares have been approved for inclusion in the financial statements for the year to 31 March 2017. For the relevant participants, these are 50% of what would have been payable under the Annual Bonus Scheme 2012, should its final year have been implemented. Details of these annual bonus awards are disclosed in the Annual Report on Remuneration.

Performance Share Plan 2014

Share awards made in 2014 under the terms of the 2014 Performance Share Plan ("PSP") were subject to three performance conditions over the three years to 31 March 2017. One third of the awards were based on absolute net asset value performance, the second third of the awards were based on a comparison of the Group's portfolio return to the IPD Total Return index and the final third of the awards were based on a comparison of the Group's Total Shareholder Return to a basket of companies in the Real Estate Super Sector. The performance criteria were measured at the end of the three year period and both of the net asset value and IPD conditions were met in full. The TSR conditions were not met and consequently 66.7% of the awards are expected to vest in July 2017.

Remuneration Policy for the Year to 31 March 2018

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

Further details of the proposed implementation of the remuneration policy for the year to 31 March 2018 can be found on pages 92 to 94.

ANNUAL GENERAL MEETING

The Company's Remuneration Policy was approved at the 2016 AGM with over 97% of shareholders voting in favour of the new arrangements. We are not proposing any changes this year but, for reference purposes only, include the full policy for shareholders on pages 82 to 86.

At the 2017 AGM to be held on 13 July 2017, a resolution in respect of the Annual Statement and Annual Report on Remuneration for the year to 31 March 2017 is being proposed. I trust that shareholders will support the Committee and vote in favour of this resolution.

MICHAEL O'DONNELL

Chairman of the Remuneration Committee

25 May 2017

REMUNERATION POLICY REPORT

The Report of the Remuneration Committee has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). The Company's remuneration policy follows the principles and guidelines of the Listing Rules and the UK Corporate Governance Code as they relate to directors' remuneration.

The Company's Remuneration Policy Report was approved by shareholders at the Annual General Meeting held on 25 July 2016 for a maximum period of three years. No changes are proposed for the 2017 Annual General Meeting.

REMUNERATION POLICY REPORT

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

REMUNERATION POLICY

Helical's approach to the remuneration of its Executive Directors is to provide a basic remuneration package below the median level of its peers within the listed real estate sector (the FTSE 350 Super Sector Real Estate Index, excluding storage companies, agencies and companies run by external investment managers) combined with an incentive based bonus and share scheme structure aligned with the interests of its shareholders. The majority of performance based awards are judged on the absolute performance of the Group through its profitability and growth in net asset value per share. The remaining awards are judged on the relative performance of the Group's real estate portfolio and its total shareholder return against appropriate industry benchmarks. Remuneration within the real estate sector is monitored and reviewed regularly to ensure that the Group's positioning of its remuneration remains in line with these objectives. In addition to this external view, the Committee also monitors the remuneration levels of senior management below Board level and the remuneration of other employees to ensure that these are taken into account in determining the remuneration of Executive Directors. It also considers environmental, social, governance and risk issues.

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

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

DIRECTORS' REMUNERATION POLICY TABLE

The table below summarises the Directors' remuneration policy which was approved by Shareholders at the 2016 AGM.

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	• Reflects the value of the individual and their role and responsibilities • Reflects delivery against key personal objectives and development • Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income	• Normally reviewed annually, effective 1 April • Paid in cash on a monthly basis; not pensionable • Takes periodic account against companies with similar characteristics and sector comparators • Targeted below median level of its peers • Reviewed in context of the salary increases across the Group	• No maximum or maximum salary increase is operated • Salary increases will be linked to RPI and will not normally exceed the average increase awarded to other employees • Increases may be above this level if there is an increase in the scale, scope or responsibility of the role or to allow the basic salary of newly appointed Executives to move towards market norms as their experience and contribution increases	• N/A
Annual bonus	• Provides focus on delivering returns from the Group's property portfolio • Aligned with shareholders' interests through a profit sharing model, with appropriate hurdles and shareholder protections • Rewards and helps retain key executives and is aligned with the Group's risk profile • Maximum bonus only payable for achieving demanding targets	• Payable in cash and deferred shares • Non-pensionable	• 300% of salary pa (200% for Finance Director) • Dividend equivalent payments (in cash or in shares) may be payable on deferred shares	• Performance normally measured over one year Targets/hurdles based on: • Profits/losses of the business plus growth in values of the investment, trading and development portfolio after charging for the Group's finance, administration costs and the use of the Group's equity • Clawback provisions apply • Details of profit sharing arrangements are set out on page 93

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Long-term incentive awards	• Aligned to main strategic objective of delivering long-term value creation • Aligns Executive Directors' interests with those of Shareholders • Rewards and helps retain key Executives and is aligned with the Group's risk profile	• Discretionary annual grant of conditional share awards under the 2014 PSP	• 300% of salary pa for all Executive Directors • Dividend equivalent payments (in cash or in shares) may be payable	• Performance normally measured over three years • 10% of an award vests at threshold performance • Performance targets linked to net asset value per share, total property return and total shareholder return • Clawback provisions apply • Details of actual targets for the awards to be granted in 2017 are set out on page 94
Pensions	• There is no Group pension scheme for Directors and no contributions are payable to Directors' own pension schemes	• N/A	• N/A	• N/A
Other benefits	• Provide insured benefits to support the individual and their family during periods of ill health, accidents or death • Cars or car allowances and fuel allowances to facilitate effective travel	• Benefits provided through third party providers • Insured benefits include: private medical cover, life assurance and permanent health insurance • Other benefits may be provided where appropriate	• N/A	• N/A
Share ownership guidelines	• To provide alignment of interests between Executive Directors and Shareholders	• Executive Directors are required to build and maintain a specified shareholding through the retention of the post-tax shares received on the vesting of awards • PSP participants are required to retain shares acquired for at least two years after vesting	• N/A	• Aim to hold a shareholding to equal or exceed 300% of basic salary
Non-Executive Director fees	• Reflects time commitments and responsibilities of each role and fees paid by similarly sized companies • The remuneration of the Non-Executive Directors is determined by the Executive Board	• Cash fee paid monthly • Fees are reviewed on a regular basis • Benefits may be provided where appropriate • Fixed three year contracts with three month notice periods	• No maximum or maximum fee increase is operated • Fee increases may be guided by the average increase awarded to Executive Directors and other employees and/or general movements in the market • Increases may be above this level if there is an increase in the scale, scope or responsibility of the role	• N/A

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

RECRUITMENT POLICY

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

Element	Policy
Salary	The salary of newly appointed Executive Directors would reflect the individual's experience and skills, and be targeted below the median of appropriate sector comparables, taking into account internal comparisons. On initial appointment, salaries would generally be set at a level lower than benchmarked for that role to allow for pay increases to market levels subject to satisfactory progress and contribution.
Benefits	Benefits would be as are currently provided and periodically reviewed, being car or car allowance, car fuel allowance, private medical cover, permanent health insurance and life assurance.
Pension	There is no Group pension scheme for Directors and no contributions are payable to Directors' own pension schemes.
Annual bonus	Annual bonus arrangements under the terms of the 2016 Annual Bonus Scheme will be made in accordance with the terms of that scheme, with the Committee retaining the right to pro-rata any bonus payable in respect of the year of appointment.
Long-term incentives	Annual awards under the terms of the 2014 PSP will be made in accordance with the terms of that Plan.
Share Incentive Plan	In line with that of existing Executive Directors.
Buy-out awards	Should it be deemed necessary to compensate a new director for loss of bonus or incentives from a previous employer, the Committee may structure the remuneration of such director to buy-out any such bonus or incentives on a like-for-like basis in respect of currency (ie cash versus shares), timing and performance targets. Where possible such buy-out will be structured within the Company's existing incentive arrangements but the Committee has the discretion to implement the exemption under rule 9.4.2 of the Listing Rules.
Non-Executive Directors	Newly appointed Non-Executive Directors will be paid fees at a level consistent with existing Non-Executive Directors. Fees would be paid pro-rata in the year of appointment.

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

All permanent employees of the Group, including Executive Directors, receive a basic remuneration package including basic salary, private medical cover, permanent health insurance, life assurance and membership of the Share Incentive Plan. In addition, Directors and senior management are entitled to the use of company cars or the payment of a car allowance and a car fuel allowance. There is no Group pension scheme for Directors and no contributions are payable into Directors' own pension schemes. For all permanent employees below Board level, the Company pays pension contributions of either 7.5% or 10.0% into either a Group Pension Scheme or individual employees' own pension scheme. Whilst employees below Board level are not entitled to participate in the Annual Bonus Scheme, discretionary bonuses are paid to employees on an individual basis depending on their performance and contribution. The Performance Share Plan is available to all employees but is primarily utilised to incentivise Executive Directors and senior management. An HMRC approved Share Option Scheme is available for the Committee to grant options to those who do not receive awards under the Performance Share Plan. Consequently, Directors are not granted awards under this scheme. In determining executive remuneration, the Committee considers the overall remuneration of all the Group's employees and, other than in exceptional circumstances, seeks to award increases in salaries at levels below those made to other staff and within its own guidelines. The remaining remuneration is weighted towards performance related awards. The Committee does not consult with its employees when drawing up the Group's remuneration policy.

PERFORMANCE METRICS

The performance metrics used in the Annual Bonus Scheme and the Long Term Incentives Plan are aligned with the Group's Key Performance Indicators, discussed on pages 20 to 21.

The Annual Bonus Scheme 2016 is a profit sharing model which takes the results of the Company, including valuation movements on its property portfolio, and, after charging all finance costs, non-performance related administration costs and a charge for the use of the Group's equity (initially set at 7% but subject to regular review), allocates the net results into a profit pool for payment to participants with maximum limits, deferral, clawback and other shareholder protections. The scheme is open to all Executive Directors.

Long-term incentives, awarded in accordance with the rules of the 2014 PSP, are subject to an absolute net asset value growth test, a relative performance metric based on the performance of the Group's property portfolio compared to an IPD index and a relative performance metric based on Total Shareholder Return.

EXECUTIVE DIRECTORS' DATES OF APPOINTMENT AND SERVICE CONTRACTS

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

Executive Director	Notice period	Date of 1st employment	Board appointment	Date of current contract
Gerald Kaye	6 months	6 March 1994	28 September 1994	25 July 2016
Tim Murphy	6 months	1 March 1994	24 July 2012	25 July 2016
Matthew Bonning-Snook	6 months	13 March 1995	1 August 2007	25 July 2016
Duncan Walker	6 months	28 August 2007	24 June 2011	25 July 2016

LEAVER POLICY

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

Under the Annual Bonus Scheme 2016, participants shall not normally be entitled to receive any distribution under the scheme following cessation and shall immediately cease to have any interests, benefits, rights and/or entitlements under the scheme howsoever arising on the date of such cessation except where good leaver status applies (ie death; injury, disability; redundancy; retirement; sale or transfer of employing company or business outside of the Group or any other reason permitted by the Committee). For good leavers, individuals would cease to accrue future amounts into the Bonus Award Pool although would continue to receive deferred share awards and any remaining amounts held in the Bonus Award Pool for a period of two years after cessation.

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

NON-EXECUTIVE DIRECTORS

Non-Executive Directors are appointed by a Letter of Appointment and their remuneration is determined by the Board. Current Letters of Appointment, setting out the terms of appointment, operate from 1 April 2015 or, if later, the date of appointment. The appointment of Non-Executive Directors is terminable on three months' notice. Non-Executive Directors are not eligible to participate in any new share awards made under the terms of the Group's bonus or share award schemes. In exceptional circumstances, where an Executive Director becomes a Non-Executive Director eg Michael Slade becoming Chairman in 2016, ongoing participation in awards previously made in bonus and share schemes will be subject to the rules of those schemes and will be subject to the discretion of the Committee.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Non-Executive Director	Board appointment	Commencement date of current term
Michael Slade - Chairman	21 August 1984	25 July 2016
Susan Clayton - Chairman of the Valuation Committee	1 February 2016	1 February 2016
Richard Cotton	1 March 2016	1 March 2016
Richard Gillingwater - Senior Independent Director	24 July 2012	1 April 2015
Richard Grant - Chairman of the Audit and Risk Committee	24 July 2012	1 April 2015
Michael O'Donnell - Chairman of the Remuneration Committee	24 June 2011	1 April 2015

SHARE OWNERSHIP GUIDELINES

Directors will not normally be permitted to sell shares received through the 2014 PSP, other than to meet taxation (and national insurance contributions) liabilities, for at least two years and until they own shares to the value of 300% (increased from 200%) of basic salary for Executive Directors and 100% of salary for other Senior Management.

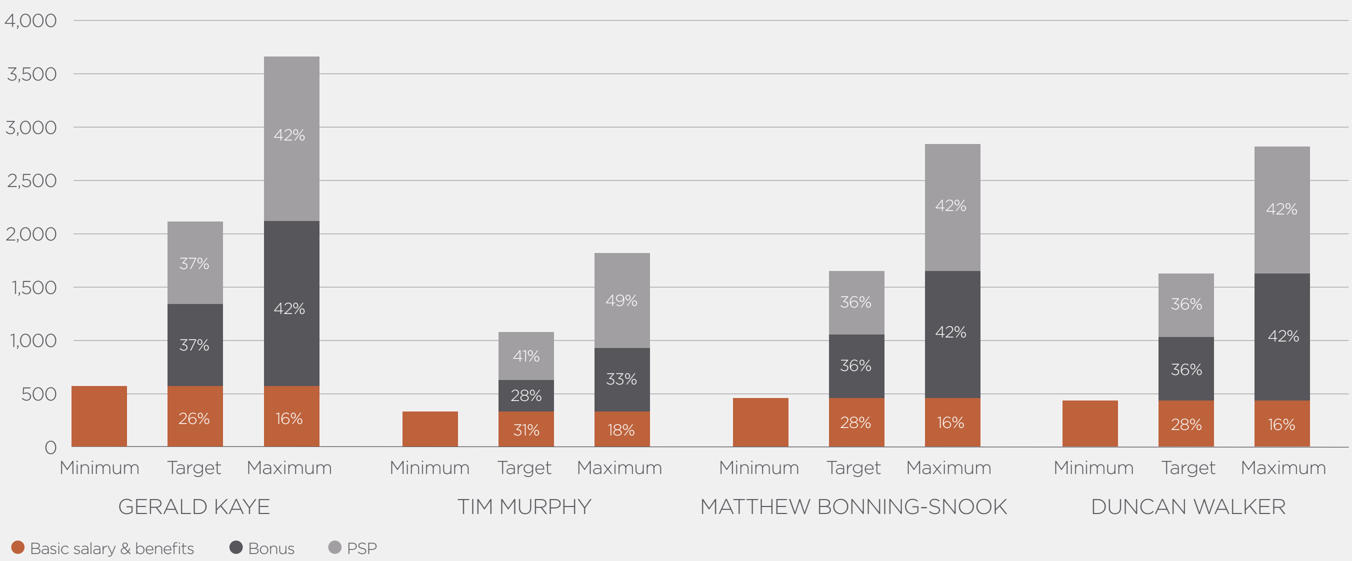
ALIGNMENT WITH SHAREHOLDER INTERESTS

The Remuneration Committee has analysed the potential gains that may be made by Executives (Directors and those below Board level) through the 2014 PSP and other incentive arrangements currently in place. It has concluded that the share of the increase in the value of the Group (measured as the increase in the net asset value, before incentives, plus cash returned as dividends to shareholders) that could accrue to all Executives through the Group's long and short-term incentive and bonus plans at the point at which the maximum awards vest over the term of the plans might be of the order of 20%. At this point, in absolute terms, the Group will have increased its triple net asset value by at least 15% pa with the Group's relative performance placing it in the top quartile of IPD and Total Shareholder Return, over each three year period.

REWARD SCENARIOS

The charts below show how the composition of the Executive Directors' remuneration packages varies at three performance levels, namely, at minimum (ie fixed pay), target (assumed to be 50% of the maximum incentive levels) and maximum levels, under the policy set out in the table overleaf.

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



The chart is based on:

- Salary levels effective 1 April 2017;
- An approximated annual value of benefits (no pension is provided);
- A 300% of salary maximum annual bonus for the CEO and other directors and 200% for the Finance Director (with target assumed to be 50% of the maximum);
- A 300% of salary award under the 2014 PSP in line with the normal maximum award (with target assumed to be 50% of the maximum); and
- No share price appreciation in respect of deferred bonus and PSP awards has been assumed.

ANNUAL REPORT ON REMUNERATION
APPLICATION OF THE REMUNERATION POLICY IN THE YEAR TO 31 MARCH 2017

BALANCE OF FIXED VERSUS VARIABLE PAY

In line with its policy, the Committee seeks to ensure that the balance of remuneration provides a basic salary below the median, and performance related bonuses and share awards that reward absolute performance and outperformance relative to the Group's peer group. In the year to 31 March 2017, the balance of fixed versus variable pay on an actual basis for the Executive Directors in office during the year compared to the maximum payable was as follows:

	Actual £000	Share of total %	Maximum £000	Share of total %
Basic salaries and benefits-in-kind	1,866	21	1,866	17
Annual Bonus Scheme 2016	4,051	45	4,243	39
Performance Share Plan shares vested	3,023	34	4,711	44
	8,940	100	10,820	100

Note: Performance Share Plan shares vested reflect the market value of shares that are expected to vest (actual) or could vest (maximum) in respect of the three year performance period to 31 March 2017 in accordance with the terms of the Group's Performance Share Plan.

DIRECTORS' REMUNERATION

Remuneration in respect of the Directors was as follows:

	Fixed				Variable				
Year to 31 March 2017	Basic salary/fees £000	Benefits[1] £000	Share Incentive Plan £000	Sub-total £000	Annual cash bonus £000	Deferred bonus shares £000	Share[2] awards £000	Sub-total £000	Total £000
Executive Directors									
Gerald Kaye	475	48	7	530	950	475	687	2,112	2,642
Tim Murphy	291	22	7	320	259	130	475	864	1,184
Matthew Bonning-Snook	389	52	7	448	777	389	635	1,801	2,249
Duncan Walker	357	19	7	383	714	357	539	1,610	1,993
As former Executive Director									
Michael Slade	170	15	–	185	–	–	687	687	872
Non-Executive Directors									
Michael Slade	106	44	–	150	–	–	–	–	150
Susan Clayton	55	–	–	55	–	–	–	–	55
Richard Cotton	45	–	–	45	–	–	–	–	45
Richard Gillingwater	55	–	–	55	–	–	–	–	55
Richard Grant	55	–	–	55	–	–	–	–	55
Michael O'Donnell	55	–	–	55	–	–	–	–	55
Former Non-Executive Directors									
Nigel McNair Scott	52	5	–	57	–	–	–	–	57
Andrew Gulliford	17	–	–	17	–	–	–	–	17
Total	2,122	205	28	2,355	2,700	1,351	3,023	7,074	9,429

1 Benefits include the provision of a car/car allowance, fuel allowance, private medical cover, life assurance and permanent health insurance.
2 Value of share awards based on average share price over three months to 31 March 2017 of 303.17p.

Year to 31 March 2016	Fixed				Variable				
	Basic salary/fees £000	Benefits £000	Share Incentive Plan £000	Sub-total £000	Annual cash bonus £000	Deferred bonus shares £000	Share awards[1] £000	Sub-total £000	Total £000
Executive Directors									
Michael Slade	533	42	7	582	1,500	–	1,785	3,285	3,867
Tim Murphy	285	30	7	322	500	–	916	1,416	1,738
Gerald Kaye	412	49	7	468	828	414	1,415	2,657	3,125
Matthew Bonning-Snook	381	54	7	442	765	383	1,132	2,280	2,722
Duncan Walker	323	29	7	359	649	325	916	1,890	2,249
Non-Executive Directors									
Nigel McNair Scott	155	23	–	178	–	–	–	–	178
Andrew Gulliford	52	–	–	52	–	–	–	–	52
Richard Gillingwater	52	–	–	52	–	–	–	–	52
Richard Grant	52	–	–	52	–	–	–	–	52
Michael O'Donnell	52	–	–	52	–	–	–	–	52
Susan Clayton	9	–	–	9	–	–	–	–	9
Richard Cotton	4	–	–	4	–	–	–	–	4
Total	**2,310**	**227**	**35**	**2,572**	**4,242**	**1,122**	**6,164**	**11,528**	**14,100**

1 Share awards are included at their actual vesting values in December 2016 of 290.00p and 297.75p. The table included in the 2016 financial statements included share awards at the average share price in the three months to 31 March 2016 of 398.75p.

The information in this section has been audited.

HELICAL ANNUAL BONUS SCHEME 2016

The Helical Annual Bonus Scheme 2016 was approved by shareholders at the 2016 AGM. This scheme provides annual cash bonuses based on the performance of the Group's property portfolio and is aligned with shareholders' interests through a profit sharing model, with appropriate hurdles and shareholder protections (including deferral and clawback). Total 2016 Bonus Scheme bonuses have been accrued in the financial statements for the year to 31 March 2017 and the cash element will be payable in June 2017.

The main features of the 2016 Bonus Scheme as applied to the year to 31 March 2017 were as follows:

- The scheme participants were Gerald Kaye, Tim Murphy, Matthew Bonning-Snook and Duncan Walker. Former Director, Jack Pitman, remained eligible for a bonus in respect of the bonus pool carried forward from 31 March 2015 in the Annual Bonus Scheme 2012;
- The Bonus Pool carried forward at 31 March 2016 in respect of the Annual Bonus Scheme 2012 was rolled into the Annual Bonus Scheme 2016. The Bonus Pool transferred to the new scheme of £24.0m was reduced by £10.5m as the result of additional shareholder protections introduced into the new scheme;
- All property assets held during the year were allocated to the 'Profit Pool';
- Investment assets were included at valuation as at 31 March 2016 with subsequent valuation movements increasing or decreasing the size of the Profit Pool. Development assets were also included at valuation as at 31 March 2016 with subsequent valuation movements increasing or decreasing the size of the Profit Pool;
- Development profits, development management fees, net rents, other income and profits/losses on the sale of property assets were allocated to the Profit Pool; and,
- Profits in the Profit Pool were eligible for the award of bonuses once they were sufficient to exceed the recovery of all related finance costs, a charge for the use of the Company's equity at an initial rate of 7% (reviewed regularly to reflect any changes in the risk profile of the Company's activities), the Group's total administrative costs (excluding performance related remuneration) and any unallocated losses from the previous three financial years.

SHAREHOLDER PROTECTIONS

- No more than 10% of profits were available to participants for distribution ("Bonus Award Pool") at the end of the relevant financial year;
- The distribution of the Bonus Award Pools to participants was restricted to 200% of salary for Tim Murphy and 300% for each of the other scheme participants. Any excess is deferred and carried forward to the subsequent year to form part of the Bonus Award Pool for up to a maximum of the next two years;
- Two thirds of any payment is to be paid in cash in June 2017 and one third is deferred for three years into Helical plc shares; and
- Other shareholder protections as noted on page 93 in respect of the Annual Bonus Scheme 2016.

BONUS AWARD POOL - YEAR TO 31 MARCH 2017

The amount transferred to the Bonus Award Pool based on the results of the Group for the year to 31 March 2017 and its allocation to cash and deferred share awards is as follows:

Profit Pool	£000
Gross profit	78,650
Administration costs (before performance-related awards)	(10,800)
Net finance costs	(22,442)
Tax adjustment - joint ventures	(1,396)
Accounting profits eligible for annual bonus award	44,012
Movement in fair value of stock	(5,122)
Equity charge in the year	(35,001)
Net profits eligible for annual bonus award	3,889

Bonus Award Pool	£000
Surplus Bonus Award Pool brought forward from 31 March 2016	24,035
Amount transferred to Bonus Award Pool - 10% of Profit Pool	389
Bonuses awarded in year to 31 March 2017	(4,051)
Bonus Award Pool forfeited as a result of carry forward restriction	(10,550)
Surplus Bonus Award Pool carried forward at 31 March 2017	9,823

The Surplus Bonus Award Pool carried forward at 31 March 2017 represents the balance remaining of the pool brought forward from 31 March 2016. This pool will either be utilised during the year to 31 March 2018 or reduced to £nil at that date.

PSP AWARDS VESTING IN 2017

The PSP award granted on 25 July 2014 will vest after 26 July 2017. The expected vesting percentage is as follows:

Metric	Performance Condition	Weighting	Threshold Target	Stretch Target	Actual	% Vesting (max 33.33% each)
NAV (fully diluted triple net)	**Net Asset Value Growth** 10% of this part of an award vests for compound NAV growth of 7.5% pa increasing pro-rata to 100% of this part of an award vesting for compound NAV growth of 15% pa	33.33%	7.5%	15.0%	16.9%	33.33%
TPR	**Total Property Return v IPD property** 10% of this part of an award vests for median ranking increasing pro-rata to 100% of this part of an award vesting for upper quartile or above performance	33.33%	Median 5.3%	Upper quartile 6.9%	9.4%	33.33%
TSR	**Total Shareholder Return** 10% of this part of an award vests for median ranking increasing pro-rata to 100% of this part of an award for upper quartile or above performance	33.33%	Median 19.5%	Upper quartile 39.6%	(10.3%)	0.00%
Total						**66.66%**

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

Directors	Number of shares at grant	Number of shares expected to lapse	Number of shares expected to vest	Estimated value at vesting[1] £'000
Gerald Kaye	340,055	113,352	226,703	687
Tim Murphy	235,055	78,352	156,703	475
Matthew Bonning-Snook	314,245	104,748	209,497	635
Duncan Walker	266,706	88,902	177,804	539
Michael Slade[2]	440,195	213,732	226,463	687
Jack Pitman - former Director	272,053	211,597	60,456	183

1 The share price used to calculate the expected value at vesting was 303.17p, based on the average share price over the three months to 31 March 2017.
2 Reflecting Michael Slade's switch from Chief Executive to Chairman last year, his PSP awards vest on the normal vesting dates, subject to pro-rating to reflect the period of time served as an Executive Director.

The 2004 PSP numbers presented for the comparatives in the remuneration table above are based on the 2004 PSP awards granted on 25 June 2013. The three year performance period to 31 March 2016 showed that the net asset value per share, calculated in accordance with the terms of the 2004 PSP, had increased by 22.2% pa. During this three year period the total return of Helical's property portfolio, as determined by IPD, was 22.0% compared to the upper quantile of the IPD Benchmark which showed a return of 15.7%. Therefore, 100% of the shares vested. The share price used to calculate the expected value at vesting for the 2013 PSP awards was 398.75p (based on the average share price over the three months to 31 March 2016). The actual share prices at vesting on 9 December 2016 and 15 December 2016 were 297.75p and 290.00p respectively.

The information in this section has been audited.

PSP AWARDS GRANTED IN THE YEAR

The following conditional awards were granted on 1 June 2016 under the 2014 PSP in the year:

Individual	Basis of award (as a % of salary)	Face value £000	Vesting at threshold	Vesting at maximum	Performance period
Gerald Kaye	300%	1,242	10%	100%	3 years to 31 March 2019
Tim Murphy	300%	858	10%	100%	3 years to 31 March 2019
Matthew Bonning-Snook	300%	1,148	10%	100%	3 years to 31 March 2019
Duncan Walker	300%	974	10%	100%	3 years to 31 March 2019

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

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

Director	Shares awarded 25.07.14 at 358.00p	Shares awarded 08.06.15 at 420.00p	Shares awarded 01.06.16 at 395.00p	Total shares awarded
Gerald Kaye	340,055	289,857	314,354	944,266
Tim Murphy	235,055	200,357	217,291	652,703
Matthew Bonning-Snook	314,245	267,857	290,506	872,608
Duncan Walker	266,706	227,335	246,531	740,572
Michael Slade[1]	339,694	125,071	–	464,765
Jack Pitman - former Director[1]	90,684	–	–	90,684

1 Outstanding PSP awards made to Michael Slade and Jack Pitman have been amended and will vest on the normal vesting dates, pro-rated to reflect the period served as an Executive Director.

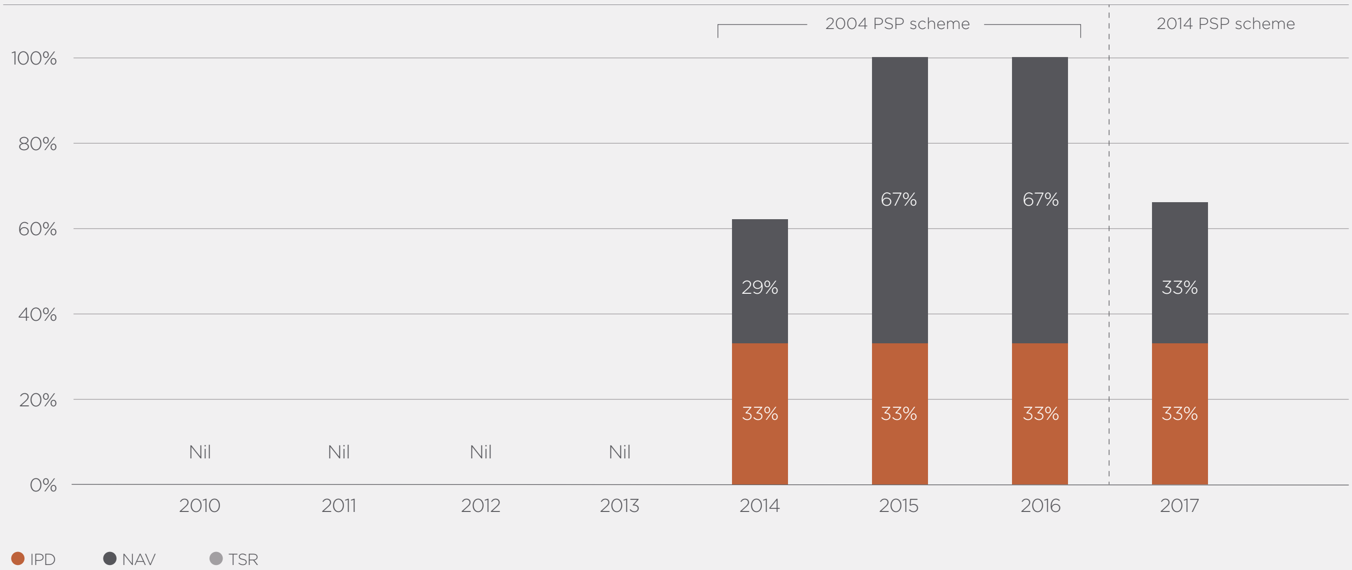
It is currently expected that 66% of the shares awarded on 25 July 2014, 43% of the shares awarded on 8 June 2015 and 33% of the shares awarded on 1 June 2016 will vest.

As detailed on page 91, Jack Pitman, a former Director, has been treated as a good leaver under the 2004 PSP and 2014 PSP. Awards will vest under terms of the relevant plans at the normal vesting dates, subject to performance and time pro-rating.

The information in this section has been audited.

VESTING OF PSP AWARDS

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



HELICAL BAR 2002 APPROVED SHARE INCENTIVE PLAN

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

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

	6 March 2017 at 312.50p	4 January 2017 at 283.75p	9 December 2016 at 297.75p	13 September 2016 at 281.75p	15 August 2016 at 274.25p	15 June 2016 at 365.75p	20 April 2016 at 374.50p
Gerald Kaye	432	383	453	477	117	1,362	587
Tim Murphy	432	207	453	477	63	1,362	307
Matthew Bonning-Snook	432	379	453	477	116	1,362	582
Duncan Walker	432	230	453	477	71	1,361	343

Shares held by the Trustees of the Plan at 31 March 2017 were 437,597 (2016: 437,597).

The information in this section has been audited.

PAYMENTS TO FORMER DIRECTORS - DEPARTURE OF JACK PITMAN

Jack Pitman stepped down from the Board on 13 February 2015 and ceased employment on 31 March 2015. No payments in respect of salary and car allowance were made after 31 March 2015 although in line with his termination arrangements, Jack Pitman's Group health insurance continued until the end of the policy in October 2015.

In respect of his incentives, it was determined by the Remuneration Committee that Jack Pitman should be treated as a Good Leaver for the purposes of the Annual Bonus Scheme 2012 and his outstanding PSP awards.

In accordance with his Good Leaver status, he ceased to accrue future amounts under the Annual Bonus Scheme 2012 from cessation of his employment but was entitled to his share of the balance remaining in that scheme at 31 March 2015 for a further two years in line with the plan rules, subject to offset of future losses and clawback. Any final payment under the terms of this scheme is expected to be paid in June 2017 and will be disclosed in the 2018 Annual Report.

The 2013 PSP (granted under the 2004 PSP) vested in full. The value of this award, pro-rated for time, was £943,795. The 2014 PSP award (granted under the 2014 PSP) is expected to vest in July 2017 and its estimated value, based on the average share price over the three months to 31 March 2017 of 303.17p and the expected vesting of 66% of the shares originally awarded and time pro-rated, is £183,000. No further payments are to be made to Jack Pitman in respect of the Annual Bonus Scheme 2012 or the Performance Share Plan 2014 other than those referred to above.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR TO 31 MARCH 2018

EXECUTIVE DIRECTORS' BASIC ANNUAL SALARY AND BENEFITS-IN-KIND

The basic package of salary and benefits is designed to match the experience and responsibilities of each Director and is reviewed annually to ensure that it is consistent with and appropriate to their responsibilities and expectations. The Group does not provide any separate pension provision for Executive Directors and expects individuals to provide for their retirement through their basic salaries and incentive payments. Executive Directors' basic annual salaries at 31 March 2017 and increases from 1 April 2017 are as follows:

Director	At 31 March 2017 £	Increases wef 1 April 2017 £	At 1 April 2017 £
Gerald Kaye	475,000	40,000	515,000
Tim Murphy	290,700	9,000	299,700
Matthew Bonning-Snook	388,600	12,000	400,600
Duncan Walker	357,000	43,600	400,600

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

Consistent with the disclosure set out on page 97 of last year's Directors' Remuneration Report surrounding Gerald Kaye's promotion to Chief Executive, and reflecting the Committee's positive assessment of personal performance over this period, the Committee determined that it was appropriate to award the second stage of his two-year salary adjustment from 1 April 2017. As such, Gerald Kaye's basic salary was increased from £475,000 to £515,000 pa from 1 April 2017 as planned. The adjusted salary remains £20,800 below that of the previous Chief Executive's salary.

Also consistent with the disclosures set out in last year's Directors' Remuneration Report, the second stage of Duncan Walker's basic salary increase to reflect his increased responsibilities was approved following the Committee's positive assessment of personal performance. As such, Duncan Walker's basic salary was increased from £357,000 to £400,600 on 1 April 2017 (the same level as Matthew Bonning-Snook).

Following completion of these planned changes, subsequent increases for all Executive Directors are expected to be limited to inflationary increases each year.

In addition to these two changes, the Committee has determined that the basic salaries for the remaining two Executive Directors should increase by 3.1%, being the increase in RPI to 31 March 2017, from 1 April 2017, compared to an average 6.7% awarded to other employees.

BENEFITS-IN-KIND

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

NON-EXECUTIVE DIRECTORS' FEES

No increases to Non-Executive Directors' annual fees were awarded from 1 April 2017. Current fees are as follows:

Director	1 April 2017 £
Michael Slade	155,000[1]
Susan Clayton	55,000
Richard Cotton	45,000
Richard Gillingwater	55,000
Richard Grant	55,000
Michael O'Donnell	55,000

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

ANNUAL BONUSES

HELICAL ANNUAL BONUS SCHEME 2016

Gerald Kaye, Tim Murphy, Matthew Bonning-Snook and Duncan Walker will participate in the Helical Annual Bonus Scheme 2016, which was approved by Shareholders at the 2016 AGM. This scheme provides annual bonuses based on the performance of the Group's property portfolio and is aligned with shareholders' interests through a profit sharing model, with appropriate hurdles and shareholder protections (including deferral and clawback).

The main features of the Annual Bonus Scheme 2016 as applied to the year to 31 March 2018, are as follows:

- All property assets held at 1 April 2017 will be included in the Profit Pool;
- Investment assets will be included at valuation as at 31 March 2017 with subsequent valuation movements increasing or decreasing the size of the Profit Pool. Development assets will be included at valuation as at 31 March 2017 with subsequent valuation movements increasing or decreasing the size of the Profit Pool;
- Development profits, development management fees, net rents, other income and profits/losses on the sale of property assets will be allocated to the Profit Pool; and,
- Profits in the Profit Pool will be eligible for the award of bonuses once they are sufficient to exceed the recovery of all related finance costs, a charge for the use of the Company's equity at a rate of 7% (reviewed regularly to reflect any changes in the risk profile of the Company's activities), and the Group's total administrative costs (excluding performance related remuneration).

SHAREHOLDER PROTECTIONS

- No more than 10% of profits will be available to participants for distribution ("Bonus Award Pool") at the end of the relevant financial year;
- The distribution of the Bonus Award Pool to participants will be restricted in any financial year to 300% of salary (200% for Tim Murphy). Any excess is deferred and carried forward to the subsequent year to form part of the Bonus Award Pool for the subsequent two year(s);
- A maximum of 6.5 times the aggregate Executive Director salary pool may be carried forward to form part of the Bonus Award Pool for the subsequent year;
- A maximum of two thirds of any payment is made in cash after the relevant financial year end and a minimum of one third is deferred for three years into Helical plc shares;
- No payments will be made where the Company has not generated a profit (amounts will be deferred until a profit is generated). In addition, the Remuneration Committee will retain discretion to increase the deferred share amount (up to 100% of the payment) or not to make a payment at all (with any amounts reverting back to the Company rather than remaining in the Bonus Award Pool) where it is considered appropriate to do so;
- Net losses will be carried forward for offset against future net profits. Carry forward of losses will be for a minimum of two years, subject to extension at the request of the Remuneration Committee;
- The scheme operates a clawback provision whereby amounts deferred, amounts held in Bonus Award Pools or the net of tax amounts paid may be recovered in the event of a misstatement of results, an error being made in assessing the calculation of Bonus Award Pools or in the event of gross misconduct; and,
- The share of any increase in value of the Company (measured as the increase in net asset value plus cash returned as dividends) that could accrue to all Executives through the Group's long and short-term incentive and bonus plans at maximum vesting/payouts during the lifetime of the plans will continue to be no more than 20%.

OTHER MATTERS

- Awards may be satisfied through shares purchased in the market or by new issue or treasury shares. Where new issue or treasury shares are used, the standard 5% in ten year dilution limit will apply; and
- On a change of control of the Company, any amounts accrued over the financial year up to the relevant date, and any amounts held within the Bonus Award Pools will be paid out, subject to a cap on those awards of 600% of basic salary, and any deferred shares would vest immediately.

LONG-TERM INCENTIVES

PERFORMANCE SHARE PLAN 2014

It is anticipated that long-term incentives will be granted to all Executive Directors and senior management in June 2017 in the form of nil cost options awarded under the terms of the 2014 PSP Scheme. For Executive Directors the awards will be granted at 300% of base salary as at 31 March 2017.

Awards will normally vest no earlier than the third anniversary of their grant to the extent that the applicable performance conditions (see below) have been satisfied and the participant is still employed by the Group. Once exercisable, awards will remain capable of exercise for a period of normally no more than six months.

Performance conditions for the awards to be granted in 2017 will be equally weighted and measured over the three years to 31 March 2020 as follows:

GROWTH IN NET ASSET VALUE

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

Annual compound increase after three years	% of award vesting
15% pa or more	33.3
Between 7.5% pa and 15% pa	Pro rata between 3.3 and 33.3
7.5% pa	3.3
Below 7.5% pa	nil

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

TOTAL PROPERTY RETURN VERSUS IPD PROPERTY FUNDS

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

RELATIVE TSR

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

The comparator group for the awards to be granted in 2017 will be the companies included in the FTSE 350 Super Sector Real Estate Index, excluding storage companies, agencies and companies run by external investment managers, as at 1 April 2017.

Share awards will lapse in full where:

- Net asset value per share (having added back dividends) does not increase over the three year performance period; or
- The gross return falls below the IPD median, the growth in triple net asset value is below 7.5% pa and relative TSR is below median over the three year period.

OTHER REMUNERATION MATTERS

SHARE PRICE PERFORMANCE AND TOTAL SHAREHOLDER RETURN

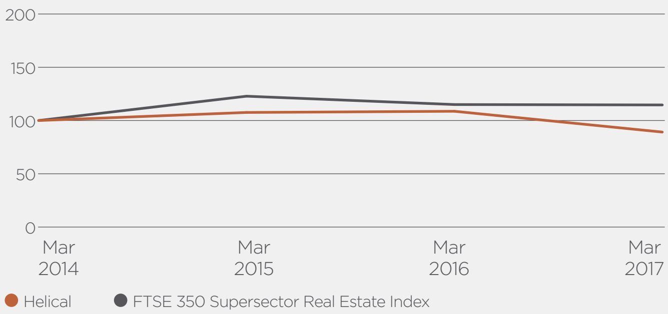
The market price of the ordinary shares at 31 March 2017 was 313.25p (2016: 386.00p). This market price varied between 230.00p and 403.25p during the year.

The total shareholder returns for a holding in the Group's shares in the three, eight and ten years to 31 March 2017 compared to a holding in the FTSE 350 Super-Sector Real Estate Index are shown in the graphs below. This index has been chosen because it includes the majority of listed real estate companies.

THREE YEARS TO 31 MARCH 2017

The graph showing the relative performance of Helical during the three years to 31 March 2017 matches the performance period for the 2014 PSP award granted on 25 July 2014 and which will be assessed against its performance criteria after 26 July 2017.

TOTAL SHAREHOLDER RETURN



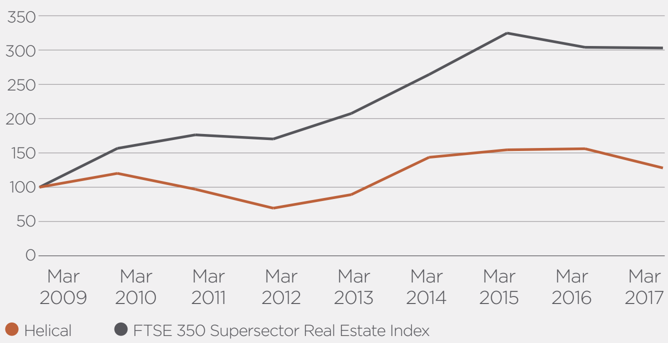
Source: Datastream (Thomson Reuters)

This graph shows the value, by 31 March 2017, of £100 invested in Helical on 31 March 2014, compared with the value of £100 invested in the FTSE 350 Super-Sector Real Estate Index.

EIGHT YEARS TO 31 MARCH 2017

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

TOTAL SHAREHOLDER RETURN



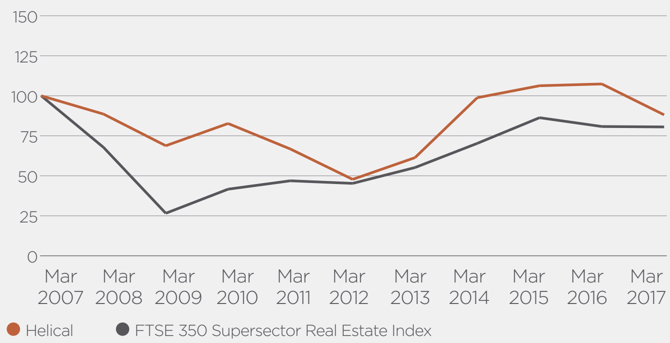
Source: Datastream (Thomson Reuters)

This graph shows the value, by 31 March 2017, of £100 invested in Helical on 31 March 2009, compared with the value of £100 invested in the FTSE 350 Super-Sector Real Estate Index.

TEN YEARS TO 31 MARCH 2017

The ten years to 31 March 2017 covers the end of the previous property cycle, the impact of the Financial Crisis of 2008 and the subsequent economic recovery and the impact of the decision of the UK to leave the European Union in June 2016. The graph below shows that Helical's share price remained at a premium to NAV per share until 2012, following which it fell to a low of 164.00p before recovering and growing to 474.75p at 31 December 2015. Since then the share price has fallen to a low of 230.00p before increasing to 313.25p at 31 March 2017.

TOTAL SHAREHOLDER RETURN



Source: Datastream (Thomson Reuters)

This graph shows the value, by 31 March 2017, of £100 invested in Helical on 31 March 2007, compared with the value of £100 invested in the FTSE 350 Super-Sector Real Estate Index.

REMUNERATION OF THE CHIEF EXECUTIVE

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

Year ended	Name	Total Remuneration £000	Annual Bonus (% of max payout)	LTIP (% of max vesting)
31 March 2017	Gerald Kaye	2,642[1]	100	66
31 March 2016	Michael Slade	3,867	100	100
31 March 2015	Michael Slade	5,534	100	100
31 March 2014	Michael Slade	3,343	100	62
31 March 2013	Michael Slade	1,523	65	–
31 March 2012	Michael Slade	541	–	–
31 March 2011	Michael Slade	538	–	–
31 March 2010	Michael Slade	1,500[2]	–	–

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

CHIEF EXECUTIVE'S REMUNERATION COMPARED TO REMUNERATION OF HELICAL EMPLOYEES

Percentage Increases in Chief Executive Remuneration

	2017 £000	2016 £000	Change %	Average change for Helical employee %
Chief Executive				
Salary	475	533	(11%)	9%
Benefits and share incentive plan	55	49	12%	7%
Annual bonus	1,425	1,500	(5%)	(36%)

	2017 £000	2016 £000	Changes %
Relative importance of the spend on pay			
Staff costs	12,070	15,622	(23%)
Distributions to shareholders[1]	9,993	9,361	7%
Net asset value of the Group	516,897	480,721	8%

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

DIRECTORS' SHARE INTERESTS AND SHAREHOLDING GUIDELINES

	Salary[1] £	Shareholding requirement[2] £	Value of beneficially held shares[3] £	Ratio of shares held to salary %
Gerald Kaye	515,000	1,545,000	4,286,408	832
Tim Murphy	299,700	899,100	1,700,250	567
Matthew Bonning-Snook	400,600	1,201,800	2,124,303	530
Duncan Walker	400,600	1,201,800	1,531,239	382

1 Salaries as at 1 April 2017.
2 Shareholding requirement is 300% of salary.
3 Value as per the weighted average share price for the three months to 31 March 2017 of 303.17p.

DIRECTORS' SHAREHOLDINGS

	Legally owned 31.3.16	Legally owned 31.3.17	Share Incentive Plan unrestricted 31.3.17	Total 31.3.17	Deferred shares 31.3.17	Share Incentive Plan restricted 31.3.17	PSP awards unvested 31.3.17
Executive Directors							
Gerald Kaye	1,047,722	1,386,145	27,718	1,413,863	321,300	18,797	944,266
Tim Murphy	351,600	553,068	7,756	560,824	–	17,841	652,703
Matthew Bonning-Snook	402,809	673,366	27,331	700,697	299,113	18,751	872,608
Duncan Walker	304,458	493,596	11,480	505,076	240,938	16,893	740,572
Non-Executive Directors							
Michael Slade	12,649,357	12,633,607	–	12,633,607	–	–	464,765
Susan Clayton	–	–	–	–	–	–	–
Richard Cotton	–	25,000	–	25,000	–	–	–
Richard Gillingwater	11,500	11,500	–	11,500	–	–	–
Richard Grant	15,000	15,000	–	15,000	–	–	–
Michael O'Donnell	62,000	67,000	–	67,000	–	–	–

The four Executive Directors of Helical have an average length of service of over 19 years and have built up a shareholding during that time of c. 3.2m shares with a market value at 31 March 2017 of c. £9.6m. All shares acquired since 31 March 2010, in accordance with the Company's annual bonus and long-term incentives schemes, have been retained (net of shares sold to pay tax and national insurance).

ADVISORS TO THE COMMITTEE

The Committee consults the Chief Executive and Finance Director about its proposals and has access to professional advice from independent remuneration consultants to help it determine appropriate remuneration arrangements. During the year the Committee reviewed the provision of remuneration advice by the consultants and appointed FIT Remuneration Consultants LLP (FIT) to replace New Bridge Street (NBS) in February 2017. Terms of reference for the remuneration consultants, which provided no other services to the Company, are available from the Company Secretary on request. Fees paid to FIT from appointment to 31 March 2017 amounted to £1,500. Fees paid to NBS for the year to 31 March 2017 amounted to £23,424 (2016: £20,384).

SHAREHOLDER VOTING AT THE LAST AGM

At the 2016 AGM a new Remuneration Policy was proposed to shareholders and there was an advisory vote on the Annual Remuneration Report. Voting by shareholders representing 84% of the issued share capital on these resolutions was as follows:

	Issued	For	%	Against	%	Withheld	Total
Remuneration Policy	118,183,806	96,585,226	97.1	2,927,565	2.9	54,863	99,567,654
Annual Remuneration Report	118,183,806	82,015,167	84.5	15,011,788	15.5	2,540,699	99,567,654

The Committee was pleased to note the level of shareholder support for the Remuneration Policy and the Annual Report on Remuneration.

Approved by the Board on 25 May 2017 and signed on its behalf.

MICHAEL O'DONNELL
Chairman of the Remuneration Committee

REPORT OF THE DIRECTORS

STRATEGIC REPORT

A review of the Company's business during the year, the principal risks and uncertainties facing the Group and future prospects and developments are included in the Strategic Report on pages 2 to 63 which should be read in conjunction with this report.

RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Income Statement on page 106 and Consolidated Statement of Comprehensive Income on page 106. An interim dividend of 2.40p (2016: 2.30p) was paid on 30 December 2016 to Shareholders on the Shareholder register on 2 December 2016. A final dividend of 6.20p (2016: second interim dividend of 5.15p and final of 0.72p) per share is recommended for approval at the Annual General Meeting ("AGM") to be held on 13 July 2017 and, if approved, will be paid on the 21 July 2017 to Shareholders on the register on 23 June 2017. The total ordinary dividend declared and paid in the year of 3.12p (2016: 12.60p) per share amounts to £3,566,000 (2016: £14,437,000).

DIRECTORS

The Directors who held office during the year and up to the date of this report are listed below.

Details of the Directors' interests in the ordinary shares of the Company are shown on page 96.

Biographical details of all Directors are shown on pages 70 and 71. All the Directors currently serving will offer themselves for re-election at the AGM to be held on 13 July 2017. Details of Directors' remuneration and their interests in share awards are set out in the Directors' Remuneration Report on pages 80 to 97.

	Age	Date of appointment	Date of retirement	Title
Chairman				
Michael Slade	70	August 1984		Chairman
Executive Directors				
Gerald Kaye	59	September 1994		Chief Executive
Tim Murphy	57	July 2012		Finance Director
Matthew Bonning-Snook	49	August 2007		Executive Director
Duncan Walker	38	June 2011		Executive Director
Non-Executive Directors				
Susan Clayton	59	February 2016		Chairman Property Valuations Committee
Richard Cotton	61	March 2016		
Richard Gillingwater	60	July 2012		Senior Independent Director and Chairman Nominations Committee
Richard Grant	63	July 2012		Chairman Audit and Risk Committee
Michael O'Donnell	50	June 2011		Chairman Remuneration Committee
Former Non-Executive Directors				
Nigel McNair Scott	71	December 1985	25 July 2016	Former Chairman
Andrew Gulliford	70	March 2006	25 July 2016	

CORPORATE GOVERNANCE

The Group's corporate governance policies, compliance with the UK Corporate Governance Code and Going Concern statement are set out in the Governance Review on pages 72 to 75.

DIRECTORS' CONFLICT OF INTEREST

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

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

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

POLITICAL DONATIONS

The Company's policy with regard to political donations is to ensure that shareholder approval is sought before making any such payments. No shareholder approval has been sought and, accordingly, the Company made no political donations in the year to 31 March 2017.

FINANCIAL INSTRUMENTS, CAPITALISED INTEREST AND LONG-TERM INCENTIVE SCHEMES

The information required in respect of financial instruments, as required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 is shown in note 34.

Interest capitalised on the Group property portfolio is shown in notes 14 and 19. Long-term incentive schemes are explained in the Directors' Remuneration Report on pages 80 to 97.

CHANGE OF CONTROL

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

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

Further to the issue on 24 June 2013 of £80 million 6.00% bonds due in 2020 (the "Bonds"), upon a change of control event as defined by the terms and conditions of the Bonds, the bondholders will have the option to require the Company to redeem or, at the Company's option, purchase the Bonds at their nominal amount together with accrued interest.

Similarly, if a change of control event occurs, the holders of the Convertible Bonds of £100m, issued on 17 June 2014 at 4.00% and due for redemption in June 2019, have the right to require the issuer to redeem the Convertible Bonds at their principal amount and accrued interest.

EMPLOYMENT AND ENVIRONMENTAL MATTERS

Information in respect of the Group's employment and environmental matters and greenhouse gas reporting is contained in the Corporate Responsibility Report on pages 58 to 63.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are set out in note 36 to the financial statements.

GROUP STRUCTURE

Details of the Group's subsidiary undertakings are disclosed in note 38 to the Financial Statements.

SHARE CAPITAL

Details of the Company's issued share capital are shown in note 26 to the Financial Statements. The Company's share capital consists of both ordinary shares and deferred shares. Each class of shares rank pari passu between themselves. There are no restrictions on the transfer of shares in the Company other than those specified by law or regulation (for example: insider trading laws) and pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Group require the approval of the Company to deal in the ordinary shares. On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the 2017 Annual General Meeting (AGM) specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. There are no restrictions on voting rights other than as specified by the Company's Articles of Association.

PURCHASE OF OWN SHARES

The Company was granted authority at the 2016 Annual General Meeting to make market purchases of its own ordinary shares. No ordinary shares were purchased under this authority during the year and up to the date of this report. The authority will expire at the conclusion of the 2017 AGM, at which a resolution will be proposed to renew this authority.

SUBSTANTIAL SHAREHOLDINGS

As at 17 May 2017, the Shareholders listed below had notified the Company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Group:

	Number of ordinary shares at 17 May 2017	%
Michael E Slade	12,633,607	10.7
Baillie Gifford & Co	10,608,826	9.0
Aberdeen Group	6,834,796	5.8
BlackRock Inc.	6,591,441	5.6
Investec Group	5,212,412	4.4
Aviva plc	5,196,280	4.4
Dimensional Fund Managers	4,953,781	4.2
Henderson Global Investors	4,452,470	3.8
Government of Norway Affiliated Managers Group	4,222,258	3.6
Old Mutual	4,093,410	3.5
Artemis Investment Management	3,578,023	3.0

AMENDMENT OF ARTICLES OF ASSOCIATION

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 13 July 2017 at 11.30am at The Connaught, Carlos Place, Mayfair, London W1K 2AL. The special business at the 2017 AGM will include resolutions dealing with the authority to issue shares, the disapplication of pre-emption rights, the authority for the Company to purchase its own shares and the authority to call general meetings on not less than 14 clear days' notice. The Notice of Meeting, containing explanations of all the resolutions to be proposed at that meeting, is enclosed with this Annual Report and can be found on the Group's website at **www.helical.co.uk**

AUDITORS

The Group's auditors, Grant Thornton UK LLP, have expressed their willingness to continue in office and resolutions to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the AGM.

By Order of the Board

JAMES MOSS FCA
Company Secretary

25 May 2017

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

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

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

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

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

The Directors confirm that:

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

The Directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

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

We confirm to the best of our knowledge:

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

GERALD KAYE
Chief Executive

TIM MURPHY
Finance Director

25 May 2017

FINANCIAL STATEMENTS

THE BOWER
London EC1

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELICAL PLC

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

WHO WE ARE REPORTING TO

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

WHAT WE HAVE AUDITED

Helical plc's financial statements for the year ended 31 March 2017 comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes.

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

OVERVIEW OF OUR AUDIT APPROACH

- Overall group materiality: £12.7m, which represents 1% of the Group's total assets;
- In addition, we applied lower materiality of £2m, to all income statement items above operating profit excluding share of joint ventures' gain or loss on investment properties, net gain on sale and revaluation of investment properties and impairment of available for sale investments, based on 5% of profit before tax for the year;
- We performed full scope audit procedures at all material locations; and
- Key audit risks were identified as revenue recognition and investment property valuation.

OUR ASSESSMENT OF RISK

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

AUDIT RISK	HOW WE RESPONDED TO THE RISK
Revenue recognition The risk: The revenue cycle includes fraudulent transactions. Under International Standard on Auditing (UK and Ireland) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk that revenue may be misstated owing to the improper recognition of revenue. The group has complex contracts for which the timing and quantum of revenue recognition require the exercise of management judgement. Dependent upon the nature of the contract, this risk applies to development property profit, share of results of joint ventures and net gain on sale and revaluation of investment properties. We therefore identified revenue recognition as a risk requiring special audit consideration.	Our audit work included, but was not restricted to: • evaluating the Group's revenue recognition policies to confirm that they comply with International Financial Reporting Standards as adopted by the European Union and have been applied consistently; • agreeing, on a sample basis, net rental income to managing agents' reports and the underlying lease agreements; • testing all investment property and residential unit sales and profits in retirement villages, and development property sales and profits on a sample basis, to completion statements and proceeds received; and • assessing the appropriateness of judgements exercised by management in respect of complex contracts. The Group's accounting policy on revenue recognition is shown in note 37 and related disclosures regarding revenues and profits are included in notes 2,3,4,5 and 18. The Audit and Risk Committee identified revenue recognition as a significant issue in its report on pages 78 and 79, where the Committee also described the action that it has taken to address this issue. Our findings: Based on our audit work, we are satisfied, that the judgements made, and assumptions used by management in determining the revenue recognised, were balanced and supported by the evidence obtained from our testing.

AUDIT RISK	HOW WE RESPONDED TO THE RISK
Investment property valuation The risk: Investment properties with a fair value of £1,003m are not valued appropriately. Investment property is held at fair value under International Accounting Standard (IAS) 40. The fair value of all of the Group's investment properties is determined based on level 3 fair value inputs as defined by IFRS 13 'Fair value measurement', which means that the inputs used in valuing investment properties are unobservable and are therefore subject to estimation. In determining a property's valuation the valuers take into account property specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments classified as investment properties, the residual appraisal method is used, by estimating the fair value of the completed project less estimated costs to complete. We therefore identified investment property valuation as a risk requiring special audit consideration.	Our audit work included, but was not restricted to: • examining the qualifications and experience of the Group's independent external valuers and whether the basis of their valuations was consistent with the RICS "red book" as required by IAS 40; • evaluating evidence of the reliability of valuation estimations by comparing the historical trend of investment property sales with the related carrying values; • obtaining the information provided by management to the independent valuers to confirm it was consistent with information obtained during our audit; • analysis of year on year valuation movements including discussion of any outliers with both management and the independent valuers; • benchmarking, for outlier properties identified by the analysis above, valuation yields used in the external valuations to yields for comparable published market data and seeking further corroboration for those that fall outside a pre-determined range; • discussions with the independent valuers used to understand, and assess the appropriateness of the estimates, assumptions and valuation methodology used; and • ensuring that valuations are reviewed and approved by the Valuations Committee through review of minutes and discussions with the Chair of the Committee. The Group's accounting policy on investment properties is shown in note 37 and related disclosures are included in note 14. The Audit and Risk Committee identified investment property valuation as a significant issue in its report on pages 78 and 79, where the Committee also described the action that it has taken to address this issue. Our findings: We were satisfied that: • investment property valuations were made by suitably qualified independent valuers using information provided by management that is consistent with information obtained during our audit; and • the judgements made, and assumptions used by, the valuers in determining the investment property valuations were balanced and supported by the evidence obtained from our testing.

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality

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

We determined materiality for the audit of the Group financial statements as a whole to be £12.7m, which is 1% of the Group's total assets (1% of the Group's net assets in the year ended 31 March 2016). We concluded that determining materiality based on the Group's total assets most appropriately reflects the ownership and valuation of investment properties of interest to the users of the financial statements, which is a key area of audit focus.

In addition, we applied lower materiality of £2m to all consolidated income statement items above operating profit excluding share of joint ventures' gain or loss on investment properties, net gain on sale and revaluation of investment properties and impairment of available for sale investments, based on 5% of the Group's profit before tax for the year. We believe misstatement of these specific income statement items of a lesser amount than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Group. We also apply a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Group financial statements.

We determined the threshold at which we will communicate misstatements to the Audit and Risk Committee to be £625,000 (except that all misstatements of Directors' remuneration and related party transactions are communicated). In addition we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

OVERVIEW OF THE SCOPE OF OUR AUDIT

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at **www.frc.org.uk/auditscopeukprivate**

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the "Responsibilities for the financial statements and the audit" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

In order to address the audit risks described above, as identified during our planning procedures, we performed a full scope audit of the financial statements of the Parent Company, Helical plc, and of the financial information of all the Group's operations. For Group reporting purposes a group materiality is adopted for all subsidiary entities within the Group, unless there are specific reasons for adopting an entity materiality, for example where a subsidiary is partially owned by a third party. There are no separate Group components subject to audit by auditors other than the Group audit team.

OTHER REPORTING REQUIRED BY REGULATIONS

OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 ARE UNMODIFIED

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

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

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

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Under the Listing Rules, we are required to review:

- the Directors' statements in relation to going concern and longer-term viability, set out on pages 55 and 74; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable; or
- the Annual Report does not appropriately disclose those matters that were communicated to the Audit and Risk Committee which we consider should have been disclosed.

We have nothing to report in respect of any of the above matters.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

What the Directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on page 100, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

STEPHEN MASLIN
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

25 May 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	Notes	Year ended 31.3.17 £000	Year ended 31.3.16 Restated £000
Revenue	2	99,934	116,500
Net rental income	3	46,162	42,164
Development property profit	4	843	24,252
Share of results of joint ventures	18	(6,528)	50,469
Other operating income		982	20
Gross profit before net gain on sale and revaluation of investment properties		41,459	116,905
Net gain on sale and revaluation of investment properties	5	40,543	49,826
Impairment of available-for-sale investments	20	(3,352)	(1,370)
Gross profit		78,650	165,361
Administrative expenses	6	(18,372)	(26,103)
Operating profit		60,278	139,258
Finance costs	8	(25,598)	(24,113)
Finance income	8	3,156	5,128
Change in fair value of derivative financial instruments	34	789	(6,860)
Change in fair value of Convertible Bond	24	2,973	516
Foreign exchange (loss)/gain		(3)	100
Profit before tax		41,595	114,029
Tax on profit on ordinary activities	9	(2,471)	(9,146)
Profit after tax		39,124	104,883
attributable to equity shareholders		39,124	104,943
attributable to non-controlling interests		–	(60)
Profit for the year		39,124	104,883

Earnings per share	13		
Basic		34.0p	91.3p
Diluted		33.2p	88.0p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Year ended 31.3.17 £000	Year ended 31.3.16 Restated £000
Profit for the year	39,124	104,883
Exchange difference on retranslation of net investments in foreign operations	48	(16)
Total comprehensive income for the year	39,172	104,867
attributable to equity shareholders	39,172	104,927
attributable to non-controlling interests	–	(60)
Total comprehensive income for the year	39,172	104,867

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

CONSOLIDATED AND COMPANY BALANCE SHEETS

At 31 March 2017

	Notes	Group 31.3.17 £000	Group 31.3.16 Restated £000	Company 31.3.17 £000	Company 31.3.16 £000
Non-current assets					
Investment properties	14	987,560	1,035,033	–	–
Owner occupied property, plant and equipment	16	2,124	2,200	2,039	2,166
Investment in subsidiaries	17	–	–	125,399	68,212
Investment in joint ventures	18	19,882	27,990	15	15
Deferred tax asset	10	–	–	1,104	1,334
		1,009,566	1,065,223	128,557	71,727
Current assets					
Land, developments and trading properties	19	86,680	92,035	45	–
Available-for-sale investments	20	–	3,114	–	–
Corporate tax receivable		3,320	–	1,744	–
Trade and other receivables	21	73,925	73,057	655,216	815,721
Cash and cash equivalents	22	99,262	74,670	59,098	36,225
		263,187	242,876	716,103	851,946
Total assets		1,272,753	1,308,099	844,660	923,673
Current liabilities					
Trade and other payables	23	(56,349)	(71,000)	(438,911)	(516,557)
Corporation tax payable		–	(1,592)	–	(1,554)
Borrowings	24	(2,517)	(885)	–	–
		(58,866)	(73,477)	(438,911)	(518,111)
Non-current liabilities					
Borrowings	24	(671,184)	(733,178)	(173,604)	(171,313)
Derivative financial instruments	34	(13,981)	(14,955)	(2,551)	(7,134)
Deferred tax liability	10	(11,825)	(5,768)	–	–
		(696,990)	(753,901)	(176,155)	(178,447)
Total liabilities		(755,856)	(827,378)	(615,066)	(696,558)
Net assets		516,897	480,721	229,594	227,115
Equity					
Called-up share capital	26	1,447	1,447	1,447	1,447
Share premium account		98,798	98,798	98,798	98,798
Revaluation reserve		164,190	143,699	–	–
Capital redemption reserve		7,478	7,478	7,478	7,478
Other reserves		291	291	1,987	1,987
Retained earnings		244,693	229,008	119,884	117,405
Equity attributable to equity holders of the parent		516,897	480,721	229,594	227,115
Non-controlling interests		–	–	–	–
Total equity		516,897	480,721	229,594	227,115

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 March 2017

	Group 31.3.17 £000	Group 31.3.16 Restated £000	Company 31.3.17 £000	Company 31.3.16 £000
Cash flows from operating activities				
Profit before tax	41,595	114,029	6,317	11,286
Depreciation	391	338	316	318
Net revaluation gain on investment properties	(39,152)	(47,441)	–	–
Gain on sales of investment properties	(1,391)	(2,385)	–	–
Profit on sale of plant and equipment	(56)	–	(56)	–
Net financing costs	22,442	18,985	7,106	5,639
Change in fair value of derivative financial instruments	(789)	6,860	–	(1,898)
Change in fair value of Convertible Bond	(2,973)	(516)	(4,583)	(2,049)
Share based payment charge	1,672	6,666	–	–
Share of results of joint ventures	6,528	(50,469)	–	–
Impairment of available-for-sale investment	3,352	1,370	–	–
Foreign exchange movement	6	250	–	–
Cash inflows from operations before changes in working capital	31,625	47,687	9,100	13,296
Change in trade and other receivables	876	(5,074)	158,933	(30,992)
Movement in property derivative financial asset	–	16,388	–	–
Change in land, developments and trading properties	3,789	306	(45)	–
Change in trade and other payables	(9,338)	5,314	(77,095)	99,929
Cash inflows generated from operations	26,952	64,621	90,893	82,233
Finance costs	(33,041)	(25,312)	(7,972)	(9,388)
Finance income	1,413	3,915	4,177	5,815
Tax paid	(3,392)	(4,712)	(3,341)	(4,000)
	(35,020)	(26,109)	(7,136)	(7,573)
Cash flows from operating activities	(8,068)	38,512	83,757	74,660
Cash flows from investing activities				
Additions to investment property	(59,310)	(405,133)	–	–
Sale of investment property	156,254	121,770	–	–
Investment in subsidiary	–	–	(57,187)	(31,627)
Return of investment in joint ventures	–	11,495	–	–
Dividends from joint ventures	1,580	82,569	–	–
Available for sale asset additions	(238)	(142)	–	–
Sale of plant and equipment	178	70	178	70
Purchase of owner occupied property, plant and equipment	(442)	(263)	(309)	(263)
Net cash generated from/(used by) investing activities	98,022	(189,634)	(57,318)	(31,820)
Cash flows from financing activities				
Borrowings drawn down	41,986	299,754	–	–
Borrowings repaid	(102,887)	(161,648)	–	(6,120)
Purchase of own shares	(944)	(18,857)	–	–
Equity dividends paid	(3,566)	(14,437)	(3,566)	(14,437)
Net cash (used by)/generated from financing activities	(65,411)	104,812	(3,566)	(20,557)
Net increase/(decrease) in cash and cash equivalents	24,543	(46,310)	22,873	22,283
Exchange gains/(losses) on cash and cash equivalents	49	(13)	–	–
Cash and cash equivalents at start of year	74,670	120,993	36,225	13,942
Cash and cash equivalents at end of year	99,262	74,670	59,098	36,225

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

At 31 March 2017

Group	Share capital £000	Share premium £000	Re-valuation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Own shares held £000	Non-controlling interests £000	Total £000
At 31 March 2015	1,447	98,798	108,060	7,478	291	188,229	–	60	404,363
Total comprehensive income	–	–	–	–	–	104,927	–	(60)	104,867
Revaluation surplus	–	–	47,441	–	–	(47,441)	–	–	–
Realised on disposals	–	–	(11,802)	–	–	11,802	–	–	–
Performance share plan	–	–	–	–	–	6,666	–	–	6,666
Performance share plan - deferred tax	–	–	–	–	–	(3,002)	–	–	(3,002)
Share settled bonus	–	–	–	–	–	1,121	–	–	1,121
Dividends paid	–	–	–	–	–	(14,437)	–	–	(14,437)
Purchase of own shares	–	–	–	–	–	–	(18,857)	–	(18,857)
Own shares held reserve transfer	–	–	–	–	–	(18,857)	18,857	–	–
At 31 March 2016 restated	1,447	98,798	143,699	7,478	291	229,008	–	–	480,721
Total comprehensive income	–	–	–	–	–	39,172	–	–	39,172
Revaluation surplus	–	–	39,152	–	–	(39,152)	–	–	–
Realised on disposals	–	–	(18,661)	–	–	18,661	–	–	–
Performance share plan	–	–	–	–	–	1,672	–	–	1,672
Performance share plan - deferred tax	–	–	–	–	–	(2,062)	–	–	(2,062)
Share settled bonus	–	–	–	–	–	1,904	–	–	1,904
Dividends paid	–	–	–	–	–	(3,566)	–	–	(3,566)
Purchase of own shares	–	–	–	–	–	–	(944)	–	(944)
Own shares held reserve transfer	–	–	–	–	–	(944)	944	–	–
At 31 March 2017	**1,447**	**98,798**	**164,190**	**7,478**	**291**	**244,693**	**–**	**–**	**516,897**

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

The adjustment against retained earnings of £1,672,000 (31 March 2016: £6,666,000) adds back the share based payments charge in accordance with IFRS 2 *Share Based Payments*.

There were net transactions with owners of £2,996,000 (31 March 2016: £28,509,000) made up of the Performance Share Plan charge of £1,672,000 (31 March 2016: £6,666,000) and related deferred tax debit of £2,062,000 (31 March 2016: £3,002,000), dividends paid of £3,566,000 (31 March 2016: £14,437,000), the purchase of own shares debit of £944,000 (31 March 2016: £18,857,000) and the share settled bonus credit of £1,904,000 (31 March 2016: £1,121,000).

Company	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 31 March 2015	1,447	98,798	7,478	1,987	120,498	230,208
Total comprehensive income	–	–	–	–	11,344	11,344
Dividends paid	–	–	–	–	(14,437)	(14,437)
At 31 March 2016	1,447	98,798	7,478	1,987	117,405	227,115
Total comprehensive income	–	–	–	–	6,045	6,045
Dividends paid	–	–	–	–	(3,566)	(3,566)
At 31 March 2017	**1,447**	**98,798**	**7,478**	**1,987**	**119,884**	**229,594**

Total Comprehensive Income is made up of the profit after tax of £6,045,000 (2016: £11,344,000).

Included within changes in equity are net transactions with owners of £3,566,000 (2016: £14,437,000) being dividends paid.

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

1. BASIS OF PREPARATION

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

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

The financial statements have been prepared in Sterling (rounded to the nearest thousand) under the historical cost convention as modified by the revaluation of investment properties, available-for-sale investments, convertible bonds and derivative financial instruments. The measurement bases and principal accounting policies of the Group are set out in note 37. These accounting policies are consistent with those applied in the year to 31 March 2016, as amended to reflect any new standards. Amendments to standards and interpretations which are mandatory for the year ended 31 March 2017 are detailed below:

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for periods beginning on or after 1 January 2016);
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective for periods beginning on or after 1 January 2016);
- Amendments to IFRS 10 Consolidated Financial Statements regarding the application of the consolidation exception (effective for periods beginning on or after 1 January 2016);
- Amendments to IFRS 11 Joint Arrangements Accounting for acquisitions of interests in joint operations (effective for periods beginning on or after 1 January 2016);
- Amendments to IFRS 12 Disclosure of Interest in Other Entities regarding the application of the consolidation exception (effective for periods beginning on or after 1 January 2016);
- Amendments to IAS 1 Presentation of Financial Statements (effective for periods beginning on or after 1 January 2016);
- Amendments to IAS 16 Property, Plant and Equipment (effective for periods beginning on or after 1 January 2016);
- Amendments to IAS 27 Separate Financial Statements (effective for periods beginning on or after 1 January 2016); and
- Amendments to IAS 28 Investments in Associates and Joint Ventures (effective for periods beginning on or after 1 January 2016).

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

- IFRS 9 Financial instruments (effective for periods beginning on or after 1 January 2018);
- IFRS 15 Revenue from Contracts with Customers (effective for periods beginning on or after 1 January 2018);
- IFRS 16 Leases (effective for periods beginning on or after 1 January 2019);
- Amendments to IAS 7 Statement of Cash Flows (effective for periods beginning on or after 1 January 2017); and
- Amendments to IAS 12 Income Taxes (effective for periods beginning on or after 1 January 2017).

The Group is carrying out an initial impact assessment of the new standards noted above but does not expect that their adoption in future periods will have a material impact on the financial statements of the Group.

2. SEGMENTAL INFORMATION

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

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

Revenue	Investment and trading Year ended 31.03.17 £000	Developments Year ended 31.03.17 £000	Total Year ended 31.03.17 £000	Investment and trading Year ended 31.03.16 £000	Developments Year ended 31.03.16 £000	Total Year ended 31.03.16 £000
Rental income	48,835	–	48,835	45,158	347	45,505
Development property income	–	49,994	49,994	–	70,876	70,876
Other revenue	1,105	–	1,105	119	–	119
Revenue	49,940	49,994	99,934	45,277	71,223	116,500

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

Revenue for the year comprises revenue from the sale of goods of £42,513,000 (2016: £42,910,000), revenue from other income £1,000,000 (2016: £nil), revenue from services of £7,586,000 (2016: £28,085,000), and rental income of £48,835,000 (2016: £45,505,000).

All revenues are within the UK other than proceeds from the sale of a development property in Poland in 2016 for £12,351,000, rental income from development properties in Poland of £nil (2016: £347,000) and £63,000 (2016: £225,000) of development income derived from the Group's operations in Poland.

Profit before tax	Investment and trading Year ended 31.03.17 £000	Developments Year ended 31.03.17 £000	Total Year ended 31.03.17 £000	Investment and trading Year ended 31.03.16 £000	Developments Year ended 31.03.16 £000	Total Year ended 31.03.16 £000
Net rental income	46,213	(51)	46,162	42,010	154	42,164
Development property profit	–	843	843	–	24,252	24,252
Share of results of joint ventures	(2,049)	(4,479)	(6,528)	47,592	2,877	50,469
Gain on sale and revaluation of investment properties	40,543	–	40,543	49,826	–	49,826
	84,707	(3,687)	81,020	139,428	27,283	166,711
Impairment of available for sale assets			(3,352)			(1,370)
Other operating income			982			20
Gross profit			78,650			165,361
Administrative expenses			(18,372)			(26,103)
Finance costs			(25,598)			(24,113)
Finance income			3,156			5,128
Change in fair value of derivative financial instruments			789			(6,860)
Change in fair value of Convertible Bond			2,973			516
Foreign exchange (loss)/gain			(3)			100
Profit before tax			41,595			114,029

Net assets	Investment and trading 31.03.17 £000	Developments 31.03.17 £000	Total 31.03.17 £000	Investment and trading 31.03.16 £000	Developments 31.03.16 £000	Total 31.03.16 £000
Investment properties	987,560	–	987,560	1,035,033	–	1,035,033
Land, development and trading properties	28	86,652	86,680	28	92,007	92,035
Investment in joint ventures	1,814	18,068	19,882	14,162	13,828	27,990
	989,402	104,720	1,094,122	1,049,223	105,835	1,155,058
Owner occupied property, plant and equipment			2,124			2,200
Available-for-sale investments			–			3,114
Trade and other receivables			73,925			73,057
Corporation tax receivable			3,320			–
Cash and cash equivalents			99,262			74,670
Total assets			1,272,753			1,308,099
Liabilities			(755,856)			(827,378)
Net assets			516,897			480,721

All non-current assets are derived from the Group's UK operations except for owner occupied property, plant and equipment with a net book value of £18,091 (2016: £31,600).

3. NET RENTAL INCOME

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Gross rental income	48,835	45,505
Rents payable	(68)	(80)
Property overheads	(2,283)	(2,728)
Net rental income	46,484	42,697
Net rental income attributable to profit share partner	(322)	(533)
Net rental income	46,162	42,164

Property overheads include lettings costs, vacancy costs and bad debt provisions. The amounts above include gross rental income from investment properties of £48,835,000 (2016: £45,158,000) and net rental income from investment properties of £46,213,000 (2016: £42,010,000). No contingent rental income was received in the year (2016: £nil).

4. DEVELOPMENT PROPERTY PROFIT

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Development property income	49,994	70,876
Profit on forward property contract	–	14
Cost of sales	(37,576)	(29,519)
Sales expenses	(5,275)	(10,671)
Provision against book values	(6,300)	(6,448)
Development property profit	843	24,252

5. NET GAIN ON SALE AND REVALUATION OF INVESTMENT PROPERTIES

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Net proceeds from the sale of investment properties	156,939	122,201
Book value (note 14)	(154,863)	(119,385)
Tenants incentives on sold investment properties	(685)	(431)
Gain on sale of investment properties	1,391	2,385
Revaluation surplus on investment properties	39,152	47,441
Net gain on sale and revaluation of investment properties	40,543	49,826

6. ADMINISTRATIVE EXPENSES

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Administrative expenses	18,372	26,103
Operating profit is stated after the following items that are contained within administrative expenses:		
Depreciation		
Owner occupied property, plant and equipment	391	338
Share-based payments charge	1,672	6,666
Auditor's remuneration:		
Audit fees		
Payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	164	159
Payable to the Company's auditor for the audit of Company's subsidiaries	95	90
Payable for the audit of Company's subsidiaries by affiliate of Group Auditor	–	3
Audit related assurance services	52	65
Tax advisory services	14	–
Other advisory services	4	39
Operating lease costs	1,131	1,118

7. STAFF COSTS

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Staff costs during the year:		
Wages and salaries	10,473	12,536
Social security costs	1,396	2,896
Other pension costs	201	190
	12,070	15,622

Details of the remuneration of Directors amounting to £9,429,000 are included in the Directors' Remuneration Report on pages 80 to 97. The amount of the share-based payments charge relating to share awards made to Directors is £1,171,000 (2016: £4,426,000). Included within wages and salaries are Directors' bonuses of £4,051,000 (2016: £5,364,000) as discussed in the Directors' Remuneration Report on pages 80 to 97.

Other pension costs relate to payments to individual pension plans.

The average number of employees (management and administration) of the Group during the year was 65 (2016: 53) of which 35 are UK head office staff, 25 are other UK staff and 5 are based in Poland.

Of the staff costs of £12,070,000 (2016: £15,622,000), £11,612,000 is included within administrative expenses (2016: £14,810,000) and £458,000 is included within development costs (2016: £812,000).

Within administrative costs is the share based payment charge for the year of £1,672,000 (2016: £6,666,000) which is not included in the staff costs above.

8. FINANCE COSTS AND FINANCE INCOME

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Interest payable on bank loans, bonds and overdrafts	(28,586)	(25,353)
Other interest payable and similar charges	(4,913)	(3,700)
Interest capitalised	7,901	4,940
Finance costs	(25,598)	(24,113)
Interest receivable and similar income	3,156	5,128
Finance income	3,156	5,128

On projects where specific third party loans have been arranged, interest has been capitalised in accordance with IAS 23 - *Borrowing Costs*, at the rate for the individual loan. The weighted average capitalised interest rate of such loans was 3.26% (2016: 3.50%). Where general finance has been used to fund the acquisition and construction of properties the rate used was a weighted average of the financing costs for the applicable borrowings of 4.19% (2016: 4.18%).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
The tax credit/(charge) is based on the profit for the year and represents:		
United Kingdom corporation tax at 20%		
Group corporation tax	–	(7,010)
Adjustment in respect of prior periods	1,521	(115)
Overseas tax	2	(712)
Current tax credit/(charge)	1,523	(7,837)
Deferred tax		
Capital allowances	(1,023)	(385)
Tax losses	(4,347)	500
Unrealised chargeable gains	1,803	(7,447)
Other timing differences	(427)	6,023
Deferred tax charge	(3,994)	(1,309)
Total tax charge for the year	(2,471)	(9,146)

Factors Affecting the Tax Charge for the Year
The tax assessed for the period is lower than the standard rate of corporation tax in the UK.

The differences are explained below:

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Profit on ordinary activities before tax	41,595	114,029
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	(8,319)	(22,806)
Effect of:		
Net income/ (expenses) not taxable/(deductible) for tax purposes	699	(534)
Adjustment to capital allowances	(203)	707
Tax movements on share awards	1,189	2,807
Movement on tax losses not previously recognised in deferred tax	(1,855)	1,930
Operating (loss)/profit of joint ventures	(1,306)	10,094
Prior year adjustment	1,521	(115)
Movement on sale and revaluation not recognised through deferred tax	6,864	741
Chargeable gain in excess of profit or loss on investment property	(375)	(2,472)
Overseas tax	(151)	(505)
Other timing differences	(578)	943
Effect of change of rate of corporation tax	43	64
Total tax charge for the year	(2,471)	(9,146)

Note: all deferred tax balances have been calculated at an effective rate of corporation tax of 19% which is the average of the substantively enacted future rates for the periods in which the deferred tax is expected to be realised.

Factors that may Affect Future Tax Charges
The tax charge is expected to be less than the full rate in future years, primarily due to the Group continuing to claim allowances in respect of eligible expenditure on investment properties.

10. DEFERRED TAX

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

Deferred tax	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Capital allowances	(2,969)	(1,946)	(71)	6
Tax losses	8,174	12,521	983	1,255
Unrealised chargeable gains	(22,331)	(24,134)	192	73
Other timing differences	5,301	7,791	–	–
Deferred tax (liability)/asset	(11,825)	(5,768)	1,104	1,334

Under IAS 12, deferred tax provisions are made for the tax that would potentially be payable on the realisation of investment properties and other assets at book value. Other timing differences include deferred tax assets arising from the recognition of the fair value of derivative financial instruments and future tax relief available to the Group from capital allowances and when share awards vest. A debit of £2,062,000 (2016: £3,002,000) in respect of future tax relief for share awards has been recognised in reserves in accordance with IAS 12.

The Group contains entities with tax losses for which no deferred tax asset is recognised. The total unrecognised losses amount to approximately £10,621,000 (2016: £9,026,000). A deferred tax asset has not been recognised because the entities in which the losses have been generated either do not have forecast taxable profits or the losses have restrictions whereby their utilisation is considered to be unlikely.

If upon sale of the investment properties the Group retained all the capital allowances, the deferred tax provision in respect of capital allowances of £2,969,000 (2016: £1,946,000) would be released and further capital allowances of £31,390,000 (2016: £20,340,000) 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.

11. DIVIDENDS PAID AND PAYABLE

	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Attributable to equity share capital		
Ordinary		
Interim paid 2.40p per share (2016: 2.30p)	2,743	2,652
Second interim paid of 5.15p per share	–	5,886
Prior year final paid 0.72p per share (2015: 5.15p)	823	5,899
	3,566	14,437

A final dividend of 6.20p, if approved at the AGM on 13 July 2017, will be paid on 21 July 2017 to Shareholders on the register on 23 June 2017. This final dividend, amounting to £7,249,950, has not been included as a liability as at 31 March 2017, in accordance with IFRS.

12. PARENT COMPANY

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The profit for the year of the Company was £6,045,000 (2016: 11,344,000).

13. EARNINGS PER SHARE

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

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares 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 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 31.3.17 000's	Year ended 31.3.16 000's
Ordinary shares in issue	118,196	118,184
Weighting adjustment	(3,110)	(3,296)
Weighted average ordinary shares in issue for calculation of basic and EPRA earnings per share	115,086	114,888
Weighted average ordinary shares issued on share settled bonuses	1,402	1,197
Weighted average ordinary shares to be issued under performance share plan	1,403	3,212
Weighted average ordinary shares in issue for calculation of diluted earnings per share	117,891	119,297

	£000	£000
Earnings used for calculation of basic and diluted earnings per share	39,124	104,943
Basic earnings per share	34.0p	91.3p
Diluted earnings per share	33.2p	88.0p

		£000	£000
Earnings used for calculation of basic and diluted earnings per share		39,124	104,943
Net (gain)/loss on sale and revaluation of investment properties	– subsidiaries	(40,543)	(49,826)
	– joint ventures	1,929	(50,210)
Tax on profit on disposal of investment properties		420	998
Fair value movement on derivative financial instruments	– subsidiaries	(789)	6,860
	– joint ventures	42	(211)
Fair value movement on Convertible Bond		(2,973)	(516)
Impairment of available-for-sale investment		3,352	1,370
Deferred tax on adjusting items		(37)	6,212
Earnings used for calculation of EPRA earnings per share		525	19,620
EPRA earnings per share		0.5p	17.1p

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

14. INVESTMENT PROPERTIES

	Freehold 31.3.17 £000	Leasehold 31.3.17 £000	Total 31.3.17 £000	Freehold 31.3.16 £000	Leasehold 31.3.16 £000	Total 31.3.16 £000
Group						
Book value at 1 April	920,015	115,018	1,035,033	591,870	109,651	701,521
Additions and transfers at cost	51,366	17,412	68,778	377,890	27,243	405,133
Disposals	(131,862)	(23,001)	(154,863)	(96,237)	(23,148)	(119,385)
Revaluation surplus	34,616	4,536	39,152	46,169	1,272	47,441
Revaluation surplus attributable to profit share partners	(540)	–	(540)	323	–	323
Book value at 31 March	873,595	113,965	987,560	920,015	115,018	1,035,033

Investment properties are stated at fair value as at 31 March 2017 as follows:

	Freehold 31.3.17 £000	Leasehold 31.3.17 £000	Total 31.3.17 £000	Freehold 31.3.16 £000	Leasehold 31.3.16 £000	Total 31.3.16 £000
Group						
Book value at 1 April	873,595	113,965	987,560	920,015	115,018	1,035,033
Lease incentives and costs included in trade and other receivables	15,430	10	15,440	5,610	457	6,067
Fair value at 31 March	889,025	113,975	1,003,000	925,625	115,475	1,041,100

Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £4,401,000 (2016: £1,200,000).

Interest capitalised in respect of the refurbishment of investment properties is included in investment properties to the extent of £10,972,000 (2016: £6,571,000).

Investment properties with a total fair value of £993,900,000 (2016: £945,400,000) were held as security against borrowings.

All of the Group's properties are level 3, as defined by IFRS 13 Fair Value Measurement, in the fair value hierarchy as at 31 March 2017 and there were no transfers between levels during the year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (observable inputs either directly, ie as prices, or indirectly, ie derived from prices).

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer.

Valuation Methodology
The fair value of the Group's investment property as at 31 March 2017 was determined by independent external valuers at that date, except for investment properties valued by the Directors. The valuations are in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation - Professional Standards ("The Red Book") and the International Valuation Standards and were arrived at by reference to market transactions for similar properties. Fair values for investment properties are calculated using the present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields as discussed below. A key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the cash flow profile of the property for a number of years. The valuation assumes adjustments from these rental values to current market rent at the time of the next rent review (where a typical lease allows only for upward adjustment) and as leases expire and are replaced by new leases. The current market level of rent is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations. The nominal equivalent yield is applied as a discount rate to the rental cash flows which, after taking into account other input assumptions such as vacancies and costs, generates the market value of the property. The equivalent yield applied is assessed by reference to market transactions for similar properties and takes into account, amongst other things, any risks associated with the rent uplift assumptions.

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

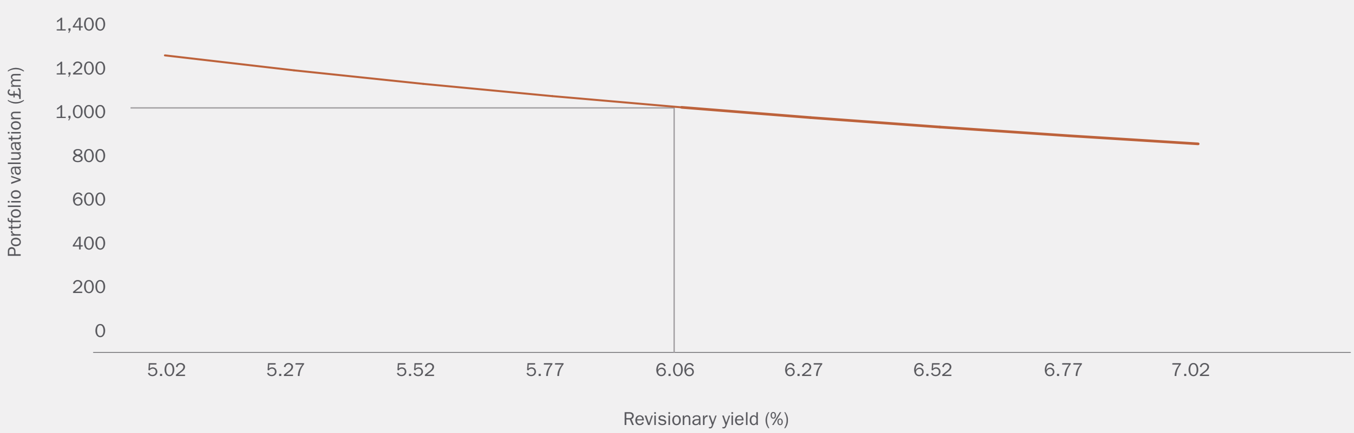
The reversionary yield is the return received from an asset once the estimated rental value has been captured on today's assessment of market value.

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

Details of the investment portfolio yields can be found on page 46 and in Appendix 5 of this report.

The graph below illustrates the sensitivity of the value of the investment portfolio to the reversionary yield.

Valuation – reversionary yield sensitivity



The investment properties have been valued at 31 March 2017 as follows:

	Group 31.3.17 £000	Group 31.3.16 £000
Cushman & Wakefield LLP	1,002,850	801,800
Colliers International UK plc	–	239,200
Directors' valuation	150	100
	1,003,000	1,041,100

The historical cost of investment property is £822,161,000 (2016: £889,493,00).

15. OPERATING LEASE ARRANGEMENTS

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

	Group 31.3.17 £000	Group 31.3.16 £000
Not later than one year	46,191	43,266
Later than one year but not more than five years	135,557	157,948
More than five years	104,018	115,382
	285,766	316,596

The Company has no operating lease arrangements as lessor.

At the balance sheet date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group and Company	31.3.17 £000	31.3.16 £000
Not later than one year	818	818
Later than one year but not more than five years	3,273	3,273
More than five years	5,319	5,319
	9,410	9,410

16. OWNER OCCUPIED PROPERTY, PLANT AND EQUIPMENT

Group	Short leasehold improvements 31.3.17 £000	Plant and equipment 31.3.17 £000	Total 31.3.17 £000	Short leasehold improvements 31.3.16 £000	Plant and equipment 31.3.16 £000	Total 31.3.16 £000
Cost at 1 April	2,106	1,012	3,118	2,007	1,008	3,015
Additions at cost	–	442	442	99	164	263
Disposals	(33)	(251)	(284)	–	(160)	(160)
Cost at 31 March	2,073	1,203	3,276	2,106	1,012	3,118
Depreciation at 1 April	257	661	918	111	543	654
Provision for the year	147	244	391	146	192	338
Eliminated on disposals	–	(157)	(157)	–	(74)	(74)
Depreciation at 31 March	404	748	1,152	257	661	918
Net book amount at 31 March	1,669	455	2,124	1,849	351	2,200

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

All short leasehold improvements and plant and equipment relate to the Company except for plant and equipment with a net book value of £85,107 as at 31 March 2017 (2016: £34,000).

17. INVESTMENT IN SUBSIDIARIES

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
At 1 April	–	–	68,212	36,585
Acquired during year	–	–	57,187	31,627
At 31 March	–	–	125,399	68,212

A list of all the Company's subsidiary undertakings, all of which have been consolidated, are shown in note 38 to the financial statements.

18. INVESTMENT IN JOINT VENTURES

	Investment and trading 31.3.17 £000	Development 31.3.17 £000	Total 31.3.17 £000	Investment and trading 31.3.16 £000	Development 31.3.16 £000	Total 31.3.16 £000
Summarised consolidated income statements						
Revenue	5	926	931	917	911	1,828
Gross rental income	5	926	931	917	911	1,828
Property overheads	(52)	(48)	(100)	(483)	(75)	(558)
Net rental income	(47)	878	831	434	836	1,270
Development (loss)/profit	(3)	(6,556)	(6,559)	–	3,223	3,223
(Loss)/profit on sale of property	(54)	–	(54)	41,553	–	41,553
(Loss)/gain on revaluation of investment properties	(1,872)	(3)	(1,875)	995	1,321	2,316
Other operating (expense)/income	(176)	(942)	(1,118)	196	22	218
Administrative expenses	(130)	(208)	(338)	(705)	(435)	(1,140)
Finance costs	(2)	–	(2)	(1,902)	(1,771)	(3,673)
Finance income	113	1,120	1,233	12	9	21
Change in fair value movement of derivative financial instruments	(3)	(39)	(42)	211	–	211
(Loss)/profit before tax	(2,174)	(5,750)	(7,924)	40,794	3,205	43,999
Tax	123	1,273	1,396	458	(329)	129
(Loss)/profit after tax	(2,051)	(4,477)	(6,528)	41,252	2,876	44,128
Economic interest adjustment*	–	–	–	6,341	–	6,341
Share of results of joint ventures	(2,051)	(4,477)	(6,528)	47,593	2,876	50,469
Summarised balance sheets						
Non-current assets						
Investment properties	12,417	1,490	13,907	10,107	1,445	11,552
Owner occupied property, plant and equipment	–	30	30	50	46	96
Deferred tax	174	1,637	1,811	50	362	412
Derivative financial instruments	1	51	52	–	–	–
	12,592	3,208	15,800	10,207	1,853	12,060
Current assets						
Land, development and trading properties	–	89,115	89,115	–	75,904	75,904
Trade and other receivables	260	1,067	1,327	769	2,728	3,497
Cash and cash equivalents	3,550	6,195	9,745	6,433	5,744	12,177
	3,810	96,377	100,187	7,202	84,376	91,578
Current liabilities						
Trade and other payables	(747)	(16,952)	(17,699)	(836)	(13,600)	(14,436)
	(747)	(16,952)	(17,699)	(836)	(13,600)	(14,436)
Non-current liabilities						
Trade and other payables	–	(23,124)	(23,124)	–	(26,586)	(26,586)
Borrowings	(6,172)	(49,110)	(55,282)	(2,413)	(32,213)	(34,626)
	(6,172)	(72,234)	(78,406)	(2,413)	(58,799)	(61,212)
Net assets	9,483	10,399	19,882	14,160	13,830	27,990

* Under the Barts Square joint venture agreement the Group is entitled to varying returns dependent upon the performance of the development. Whilst the Group holds a 33.35% equity share in the Barts Square group, it has accounted for its share at 43.8% at the current and prior year end to reflect its expected economic interest in the joint venture. In the prior year, this had changed from the 33.35% interest shown at 31 March 2015, and resulted in a gain of £6,341,000 being recognised in the Consolidated Income Statement in the year to 31 March 2016 to reflect the Group's increased share in the opening net assets of the joint venture.

The Directors' valuation of trading and development stock shows a surplus of £7,500,000 (2016: £7,000,000) above book value.

Dividends of £1,580,000 were received from joint venture companies during the year (2016: £82,569,000). The joint venture companies are private companies, therefore no quoted market prices are available for their shares.

In the year ended 31 March 2016, Old Street Holdings LP sold its investments in 207 Old Street Unit Trust, 211 Old Street Unit Trust, Old Street Retail Unit Trust and City Road Jersey Limited. The Group purchased the trust capital of 207 Old Street Unit Trust and 211 Old Street Unit Trust from Old Street Holdings LP.

In the year ended 31 March 2016, Barts Two Limited sold its investment in Barts Two Investment Property Limited.

The cost of the Company's investment in joint ventures was £15,000 (2016: £15,000).

The Group has one material joint venture (2016: three). The full results and position of these joint ventures are set out overleaf, of which we have included our share in the above table.

18. INVESTMENT IN JOINT VENTURES CONTINUED

	Barts LP Group 31.03.17 £000	Barts LP Group 31.03.16 £000	Old Street Holdings LP Group 31.03.16 £000	Shirley Advance LLP 31.03.16 £000
Summarised income statements				
Revenue	828	1,681	1,772	915
Gross rental income	828	1,681	1,772	915
Property overheads	(238)	(104)	(1,329)	(59)
Net rental income	590	1,577	443	856
Development (loss)/profit	(6,240)	–	–	3,234
Profit on sale of property	–	20,113	98,232	–
(Loss)/gain on revaluation of investment properties	(4,281)	5,287	–	–
Other operating (expense)/income	(967)	50	(34,506)	–
Administrative expenses	(499)	(1,044)	(1,839)	–
Finance costs	–	(1,134)	(4,738)	(3,192)
Finance income	551	33	2	–
Change in fair value movement of derivative financial instruments	(96)	–	632	–
(Loss)/profit before tax	(10,942)	24,882	58,226	898
Tax	1,501	340	(95)	–
(Loss)/profit after tax	(9,441)	25,222	58,131	898
Summarised balance sheets				
Non-current assets				
Investment properties	31,750	26,375	–	–
Owner occupied property, plant and equipment	69	106	150	–
Deferred tax	2,430	925	–	–
Derivative financial instruments	118	–	–	–
	34,367	27,406	150	–
Current assets				
Land, development and trading properties	158,648	110,281	–	16,250
Trade and other receivables	2,428	4,720	1,671	2,017
Cash and cash equivalents	17,339	20,125	1,554	591
	178,415	135,126	3,225	18,858
Current liabilities				
Trade and other payables	(38,385)	(25,855)	(1,124)	(2,598)
	(38,385)	(25,855)	(1,124)	(2,598)
Non-current liabilities				
Trade and other payables	–	–	–	(15,373)
Borrowings	(126,214)	(79,054)	–	–
Deferred Tax	–	–	–	(2)
	(126,214)	(79,054)	–	(15,375)
Net assets	48,183	57,623	2,251	885

At 31 March 2017 the Group and the Company had legal interests in the following joint venture companies:

	Country of incorporation	Class of share capital held	Proportion held Group	Proportion held Company	Nature of business
Barts Close Office Limited	Jersey	Ordinary	33%	–	Investment
Barts Square First Office Limited	Jersey	Ordinary	33%	–	Investment
Barts Square Active One Limited	Jersey	Ordinary	33%	–	Investment
Barts Square First Limited	United Kingdom	Ordinary	33%	–	Development
Barts Square Land One Limited	United Kingdom	Ordinary	33%	–	Development
OBC Development Management Limited	United Kingdom	Ordinary	33%	–	Development
Old Street Holdings LP	Jersey	n/a	33%	–	Investment
Abbeygate Helical (Leisure Plaza) Limited	United Kingdom	Ordinary	50%	50%	Development
Abbeygate Helical (Winterhill) Limited	United Kingdom	Ordinary	50%	50%	Development
Abbeygate Helical (C4.1) LLP	United Kingdom	n/a	50%	50%	Development
Shirley Advance LLP	United Kingdom	n/a	50%	–	Development
King Street Developments (Hammersmith) Limited	United Kingdom	Ordinary	50%	–	Development
Creechurch Place Limited	Jersey	Ordinary	10%	–	Development

Significant Judgements and Estimates

There are a number of companies which are accounted for as joint ventures where the Group has an equity interest of less than 50%. This typically occurs where the Group's joint venture partner is providing a greater share of finance into the Company, with the Group contributing a greater share towards the day to day management of the underlying project. In these cases neither party has control over the entity and therefore it is considered appropriate to account for our interest as a joint venture.

Under the Barts Square joint venture agreement the Group is entitled to varying returns dependent upon the performance of the development. Whilst the Group holds a 33.35% legal share in the Barts Square group, it has accounted for its share at 43.8% to reflect its expected economic interest in the joint venture.

This changed in the year to 31 March 2016 from the 33.35% interest shown at 31 March 2015, and resulted in a gain of £6,341,000 being recognised in the Consolidated Income Statement to reflect the Group's increased share in the opening net assets of the joint venture.

Under the Creechurch joint venture arrangement, whilst the Group holds a legal share of 10% of Creechurch Place Limited, a third party acquired the right to step in to take 20% of the Group's share of the effective economic interest, ie 2%. Therefore, the Group changed the share of joint venture that it accounted for from 10% to 8%.

19. LAND, DEVELOPMENTS AND TRADING PROPERTIES

Group	Development properties 31.3.17 £000	Trading stock 31.3.17 £000	Total 31.3.17 £000	Development properties 31.3.16 £000	Trading stock 31.3.16 £000	Total 31.3.16 £000
At 1 April	92,007	28	92,035	92,550	28	92,578
Acquisitions and construction costs	32,828	–	32,828	31,465	–	31,465
Interest capitalised	3,500	–	3,500	3,740	–	3,740
Disposals	(35,383)	–	(35,383)	(29,063)	–	(29,063)
Foreign exchange movements	–	–	–	(237)	–	(237)
Provision	(6,300)	–	(6,300)	(6,448)	–	(6,448)
At 31 March	86,652	28	86,680	92,007	28	92,035

The Directors' valuation of trading and development stock shows a surplus of £5,014,000 (2016: £12,412,000) above book value.

Total interest to date in respect of the development of sites is included in stock to the extent of £11,178,000 (2016: £11,626,000). Interest capitalised during the year in respect of development sites amounted to £3,500,000.

Land, developments and trading properties with carrying values totalling £79,007,000 (2016: £81,870,000) were held as security against borrowings.

The Company had £45,000 (2016: £nil) of land, developments or trading properties.

20. AVAILABLE-FOR-SALE INVESTMENTS

	Group 31.3.17 £000	Group 31.3.16 £000
Fair value at 1 April	3,114	4,342
Additions	248	142
Disposals	(10)	–
Impairment	(3,352)	(1,370)
Fair value 31 March	–	3,114

The fair value of the Group's Level 3 available-for-sale investment has been determined by assessing the expected future consideration receivable from this investment, as the value cannot be derived from observable market data. The fair value of the asset is sensitive only to potential sales proceeds.

The decline in value of £3,352,000 (2016: £1,370,000) has been recognised in the Consolidated Income Statement.

21. TRADE AND OTHER RECEIVABLES

Due within 1 year	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Trade receivables	12,836	20,869	117	117
Amounts owed by joint venture undertakings	25,665	32,099	–	40
Amounts owed by subsidiary undertakings	–	–	654,181	814,268
Other receivables	1,797	283	508	891
Prepayments and accrued income	33,627	19,806	410	405
	73,925	73,057	655,216	815,721

Receivables	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Fully performing	72,400	70,855	654,806	815,316
Past due < 3 months	756	1,397	–	–
Past due > 3 months	104	61	–	–
Total receivables being financial assets	73,260	72,313	654,806	815,316
Total receivables being non-financial assets	665	744	410	405
Total receivables	73,925	73,057	655,216	815,721

Past due receivables not impaired relate to a number of independent customers for whom there is no recent history of default. Against trade receivables, Helical held £4,823,000 of rental deposits at 31 March 2017 (2016: £4,562,000).

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

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Gross receivables being financial assets	73,291	72,385	654,806	815,316
Provisions for receivables impairment	(31)	(72)	–	–
Net receivables being financial assets	73,260	72,313	654,806	815,316
Receivables written off during the year as uncollectable	3	2	–	–

22. CASH AND CASH EQUIVALENTS

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Rent deposits and cash held at managing agents	4,046	4,906	–	–
Restricted cash	12,111	17,063	–	–
Cash deposits	83,105	52,701	59,098	36,225
	99,262	74,670	59,098	36,225

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

23. TRADE AND OTHER PAYABLES

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Trade payables	12,197	14,463	204	421
Social security costs and other taxation	2,535	5,774	–	–
Amounts owed to subsidiary undertakings	–	–	434,671	512,090
Other payables	487	2,444	–	–
Accruals	33,008	39,425	4,036	4,046
Deferred income	8,122	8,894	–	–
	56,349	71,000	438,911	516,557

24. BORROWINGS

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Current borrowings	2,517	885	–	–
Borrowings repayable within:				
one to two years	4,150	3,617	–	–
two to three years	304,641	3,650	94,196	–
three to four years	215,667	337,098	79,408	92,088
four to five years	1,053	219,523	–	79,225
five to six years	73,353	95,981	–	–
six to ten years	72,320	73,309	–	–
Non-current borrowings	671,184	733,178	173,604	171,313
Total borrowings	673,701	734,063	173,604	171,313

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the book value of £1,057,417,000 (2016: £1,021,211,000). These will be repayable when the underlying properties are sold. Bank overdrafts and term loans exclude the Group's share of borrowings in joint venture companies of £55,282,000 (2016: £34,626,000).

Convertible Bond
On 17 June 2014 the Group issued £100m convertible bonds at par with a 4% coupon rate which are due for settlement on 17 June 2019 (the "Bonds"). The Bonds can be converted from 28 July 2014 up to and including 7 July 2017, if the share price has traded at a level exceeding 130% of the conversion price for a specified period, and from 8 July 2017 to (but excluding) the seventh dealing day before 17 June 2019 at any time. On conversion, the Group can elect to settle the Bonds by any combination of ordinary shares and cash. The Convertible Bond is included at its fair value of £99,774,000 (2016: £102,747,000) in borrowings repayable within two to three years.

Retail Bond
On 24 June 2013 the Group issued an £80m fixed rate retail bond at 6% pa and with a maturity date of 24 June 2020. Under certain circumstances, the bonds can be repaid early. The Retail Bond is included at its amortised cost of £79,408,000 (2016: £79,225,000) in borrowings repayable within three to four years.

25. FINANCING AND DERIVATIVE FINANCIAL INSTRUMENTS
The policies for dealing with liquidity and interest rate risk are noted in the Principal Risks Review on pages 54 to 57.

	Group 31.3.17 £000	Group 31.3.16 £000
Borrowings maturity		
Due after more than one year	671,184	733,178
Due within one year	2,517	885
	673,701	734,063

The Group has various undrawn committed borrowing facilities. The facilities available at 31 March 2017 in respect of which all conditions precedent had been met were as follows:

	Group 31.3.17 £000	Group 31.3.16 £000
Expiring in one year or less	10,000	10,000
Expiring in more than one year but not more than two years	–	–
Expiring in more than two years but not more than three years	86,666	–
Expiring in more than three years but not more than four years	18,622	55,697
Expiring in more than four years but not more than five years	–	14,499
Expiring in more than five years	26,630	3,445
	141,918	83,641

25. FINANCING AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Interest rates - Group	%	Expiry	31.3.17 £000	%	Expiry	31.3.16 £000
Fixed rate borrowings:						
swap rate plus bank margin	3.650	Nov 2019	105,000	3.650	Nov 2019	105,000
swap rate plus bank margin	5.650	Nov 2019	44,500	5.650	Nov 2019	44,500
fixed rate plus margin	3.480	Dec 2024	79,120	3.480	Dec 2024	80,005
fixed rate Retail Bond	6.000	Jun 2020	80,000	6.000	Jun 2020	80,000
swap rate plus bank margin	3.850	Apr 2022	75,000	3.850	Jan 2020	75,000
swap rate plus bank margin	4.070	Jul 2019	30,000	4.070	Jul 2019	30,000
fixed rate Convertible Bond	4.000	Jun 2019	100,000	4.000	Jun 2019	100,000
swap rate plus bank margin	4.025	Aug 2020	72,508	4.025	Aug 2020	74,280
swap rate plus bank margin	3.770	May 2018	10,800	3.770	May 2018	10,800
swap rate plus bank margin	4.070	Oct 2017	41,700	4.070	Oct 2017	20,300
swap rate plus bank margin	3.715	Aug 2020	13,000	3.715	Aug 2020	13,000
Weighted average	4.222	Aug 2020	651,628	4.226	Jul 2020	632,885
Floating rate borrowings	8.946	Dec 2020	29,313	3.924	Sep 2018	107,109
Unamortised finance costs			(7,014)	–	–	(8,678)
Fair value adjustment of Convertible Bond			(226)			2,747
Total borrowings	4.425	Nov 2020	673,701	4.182	Sep 2020	734,063

The year on year changes in fixed borrowing rates are the result of stepped increases/decreases in interest rate swaps rates. Floating rate borrowings bear interest at rates based on LIBOR.

At 31 March 2017 the Company had no interest rate swaps (2016: a £30,000,000 and £20,300,000 interest rate swap, both at 4.070% and expiring in July 2019 and October 2017 respectively). During the year two interest rate swaps were novated to a subsidiary company of Helical plc. Interest is fixed on the Retail Bond and Convertible Bond as shown above, with the remaining borrowings being at floating rates.

In addition to the above, the Group has a £50,000,000 interest rate swap at 1.865% starting in January 2020 and expiring in June 2026.

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

Instrument - Group	Value £000	Rate %	Start	Expiry
Current:				
cap	3,300	0.750	Jun 2016	Nov 2019

Net Gearing	Group 31.3.17 £000	Group 31.3.16 £000
Total borrowings	673,701	734,063
Cash	(99,262)	(74,670)
Net borrowings	574,439	659,393

Net borrowings excludes the Group's share of borrowings in joint ventures of £55,282,000 (2016: £34,626,000) and cash of £9,745,000 (2016: £12,177,000). All borrowings in joint ventures are secured.

	Group 31.3.17 £000	Group 31.3.16 £000
Net assets	516,897	480,721
Gearing	111%	137%

26. SHARE CAPITAL

	31.3.17 £000	31.3.16 £000
Authorised	39,577	39,577

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

Allotted, called up and fully paid:	31.3.17 £000	31.3.16 £000
118,196,215 (2016: 118,183,806) ordinary shares of 1p each	1,182	1,182
212,145,300 deferred shares of 1/8p each	265	265
	1,447	1,447

	Shares in issue 31.3.17 Number	Share capital 31.3.17 £000	Shares in issue 31.3.16 Number	Share capital 31.3.16 £000
Ordinary shares				
At 31 March	118,196,215	1,182	118,183,806	1,182
Deferred shares				
At 31 March	212,145,300	265	212,145,300	265

Capital Management

The Group's capital management objectives are:

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

The Group sets the amount of capital in proportion to its overall financing structure. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Capital is defined as being issued share capital, share premium, retained earnings, revaluation reserve and other reserves (2017: £509,419,000, 2016: £473,243,000). The Group continually monitors its gearing level to ensure that it is appropriate. Gearing decreased from 137% to 111% in the year as the Group took advantage of favourable debt market conditions.

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

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

27. SHARE OPTIONS

At 31 March 2017 and 31 March 2016 there were no unexercised options over new ordinary 1p shares in the Company. No options over purchased ordinary 1p shares held by the ESOP had been granted to Directors and employees under the Company's share option schemes (31 March 2016: none).

28. SHARE-BASED PAYMENTS

The Group provides share-based payments to employees in the form of performance share plan (PSP) awards and a share incentive plan. The Company uses a combination of the Black-Scholes and stochastic valuation models and the resulting value is amortised through the Consolidated Income Statement over the vesting period of the share-based payments.

Performance share plan awards	Awards	2017 Weighted average award value	Awards	2016 Weighted average award value
Outstanding at beginning of year	6,557,616	284p	9,127,153	221p
Awards vested during year	(2,779,914)	235p	(4,212,534)	153p
Awards lapsed during the year	(396,874)	332p	–	153p
Awards made during the year	1,362,856	322p	1,642,997	353p
Outstanding at end of year	4,743,684	320p	6,557,616	284p

The PSP awards outstanding at 31 March 2017 had a weighted average remaining contractual life of one year and one month.

The fair value of the awards made in the year to 31 March 2017 was £4,391,000 (2016: £5,802,000).

The inputs into the Black-Scholes and stochastic models of valuation of the PSP awards made in the year to 31 March 2017 were as follows:

	2017	2016	2015
Weighted average share price	391.5p	413.5p	355.0p
Weighted average exercise price	–	–	–
Expected volatility	21.6%	25.7%	28.4%
Expected life	3 years	3 years	3 years
Risk free rate	0.40%	0.79%	1.24%
Expected dividends	0.00%	0.00%	0.00%

The Group recognised a charge of £1,672,000 (2016: £6,666,000) during the year in relation to share-based payments.

Volatility is measured by calculating the standard deviation of the natural logarithm of share price movements for the period prior to the date of grant which is commensurate with the remaining length of the performance period.

At the balance sheet date there were no exercisable awards.

29. OWN SHARES HELD

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

The ESOP purchases shares in the Company to satisfy the Company's obligations under its Share Option Scheme and Performance Share Plan. For this purpose, 254,000 shares (2016: 4,488,000) in the Company were purchased during the year at a cost of £944,000 (2016: £18,857,000).

At 31 March 2017 the ESOP held 1,262,000 ordinary shares in Helical plc (2016: 3,901,000).

At 31 March 2017 options over nil (2016: nil) ordinary shares in Helical plc had been granted through the ESOP. At 31 March 2017 awards over 4,744,000 (2016: 6,558,000) ordinary shares in Helical plc, made under the terms of the Performance Share Plan, were outstanding.

30. CONTINGENT LIABILITIES

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

There were no other contingent liabilities at 31 March 2017 for the Group or the Company (2016: £nil).

31. CAPITAL COMMITMENTS

The Group has a commitment of £69,830,000 (2016: £17,209,000) in relation to construction contracts, which are due to be completed in the period to June 2018.

32. NET ASSETS PER SHARE

	31.3.17 £000	Number of shares 000's	31.3.17 pence per share
Net asset value	516,897	118,196	
Less: own shares held by ESOP		(1,262)	
deferred shares	(265)		
Basic net asset value	516,632	116,934	442
Add: share settled bonus		1,402	
Add: dilutive effect of the Performance Share Plan		1,410	
Diluted net asset value	516,632	119,746	431
Adjustment for:			
fair value of financial instruments	13,929		
fair value movement on Convertible Bond	(226)		
deferred tax	23,124		
Adjusted diluted net asset value	553,459	119,746	462
Adjustment for:			
fair value of trading and development properties	12,514		
EPRA net asset value	565,973	119,746	473
Adjustment for:			
fair value of financial instruments	(13,929)		
deferred tax	(23,124)		
EPRA triple net asset value	528,920	119,746	442

The adjustment for the fair value of trading and development properties represents the surplus of fair value over carrying value as at 31 March 2017.

	31.3.16 £000	Number of shares 000's	31.3.16 pence per share
Net asset value	480,721	118,184	
Less: own shares held by ESOP		(3,901)	
deferred shares	(265)		
Basic net asset value	480,456	114,283	420
Add: share settled bonus		1,197	
Add: dilutive effect of the Performance Share Plan		3,177	
Diluted net asset value	480,456	118,657	405
Adjustment for:			
fair value of financial instruments	14,955		
fair value movement on Convertible Bond	2,747		
deferred tax	23,161		
Adjusted diluted net asset value	521,319	118,657	439
Adjustment for:			
fair value of trading and development properties	19,412		
EPRA net asset value	540,731	118,657	456
Adjustment for:			
fair value of financial instruments	(14,955)		
deferred tax	(23,161)		
EPRA triple net asset value	502,615	118,657	424

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.

33. RELATED PARTY TRANSACTIONS

At 31 March 2017 and 31 March 2016 the following amounts were due from/(to) the Group's joint ventures.

	31.3.17 £000	31.3.16 £000
King Street Developments (Hammersmith) Limited	8,162	6,231
Shirley Advance LLP	503	11,347
Barts Square companies	(13)	77
Helical Sosnica Sp. zoo	1,126	1,099
Old Street Holdings LP	3	–
Creechurch Place Limited	15,883	13,345

At 31 March 2017 and 31 March 2016 there were the following balances between the Company and its subsidiaries.

	31.3.17 £000	31.3.16 £000
Amounts due from subsidiaries	654,181	814,268
Amounts due to subsidiaries	434,671	512,090

During the years to 31 March 2017 and 31 March 2016 there were the following transactions between the Company and its subsidiaries:

	31.3.17 £000	31.3.16 £000
Management charges receivable	6,831	9,734
Interest receivable	2,306	2,205
Interest payable	3,904	3,881

Management charges relate to the performance of management services for the Company or its subsidiaries. Interest receivable relates to interest on loans made by the Company to its subsidiaries. All of these transactions, and the year-end balance sheet amounts arising from these transactions, were conducted on an arm's length basis and on normal commercial terms. Amounts owed by subsidiaries to the Company are identified in note 21. Amounts owed to subsidiaries by the Company are identified in note 23.

The Group considers that key management personnel are the Directors. The compensation paid or payable to key management is:

	31.3.17 £000	31.3.16 £000
Salaries and other short-term employee benefits	5,721	7,715
Other long-term benefits	–	–
Share based payments	2,870	6,314
	8,591	14,029

The total dividends paid to Directors of the Group in the year were £466,000 (2016: £1,260,000). A second interim dividend was paid in relation to the year ended 31 March 2016 on 4 April 2016, resulting in a further payment of £907,000 to Directors (note 11).

During the year purchases of £20,000 (2016: £60,000) were made from a partnership in which Michael Slade, a Director of the Company, and his wife are partners. All transactions were carried out on an arm's length basis.

34. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial liabilities classed as "Fair value through the Profit or Loss" include derivatives and those liabilities designated as such. Financial liabilities also include secured bank loans and overdrafts, trade and other payables and provisions, all of which are classified as financial liabilities at amortised cost.

Financial Assets and Liabilities by Category

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

Financial assets	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Loans and receivables	172,522	146,983	715,648	851,541
Available-for-sale financial investments	–	3,114	–	–
Total financial assets	172,522	150,097	715,648	851,541

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

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Available-for-sale investments	–	3,114	–	–
Trade and other receivables	73,260	72,313	656,550	815,316
Cash and cash equivalents	99,262	74,670	59,098	36,225
Total financial assets	172,522	150,097	715,648	851,541

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

For the fair value of available-for-sale investments see note 20. The carrying value of the trade and other receivables and cash and cash equivalents is deemed not to be materially different from the fair value.

Financial liabilities	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Fair value through the Profit or Loss	14,941	18,562	2,551	7,134
Designated at Fair value through the Profit or Loss	99,774	102,747	–	–
Measured at amortised cost	621,193	689,815	612,515	687,870
Total financial liabilities	735,908	811,124	615,066	695,004

The Convertible Bond has been designated at fair value through the profit or loss. The change in fair value of the Convertible Bond is wholly attributable to changes in market conditions. If Bondholders do not exercise their conversion right, the obligation is settled by a cash payment of £100,000,000. The difference between the carrying amount of £99,774,000 and this settlement amount is an additional liability of £226,000.

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

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Trade and other payables	48,226	62,106	438,911	516,557
Borrowings - current	2,517	885	–	–
Borrowings - non-current	671,184	733,178	173,604	171,313
Derivative financial instruments	13,981	14,955	2,551	7,134
Total financial liabilities	735,908	811,124	615,066	695,004

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

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

Interest rate swaps, caps and floors are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

IFRS 13 categorises financial assets and liabilities as being valued in three hierarchical levels:

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

Assets and liabilities measured at fair value are classified as below:

Level 1	Convertible Bond (note 24)
Level 2	Derivative financial instruments (note 34)
Level 3	Available-for-sale investment (note 20) Investment property (note 14)

There were no transfers between categories in the current or prior year.

34. FINANCIAL INSTRUMENTS CONTINUED

Derivative financial instruments	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Interest rate swaps	(13,981)	(14,955)	–	–
Convertible Bond derivative element	–	–	(2,551)	(7,134)
	(13,981)	(14,955)	(2,551)	(7,134)

The Group's movement in the fair value of the derivative financial instruments in the year was a gain of £789,000 (2016: loss of £6,860,000) due to interest rate caps and swaps. In accordance with IAS 39, the convertible bond is split into a loan and derivative element in the Company Balance Sheet. On initial recognition the derivative element had a value of £8,190,000. At 31 March 2017, the derivative element had a value of £2,551,000 (2016: £7,134,000) with a corresponding gain of £4,583,000 (2016: £2,048,000) recognised in the Income Statement. The Company's interest rate swaps were novated to a subsidiary company during the year (2016: gain of £1,898,000).

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

As at 31 March 2017 the Group had total credit risk exposure excluding cash of £73,260,000, all of which is loans and receivables. The cash is held with reputable banking institutions and in client accounts with solicitors and managing agents and therefore credit risk is considered low.

All other debtors are deemed to be recoverable.

All Company debtors are considered to be fully recoverable.

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

For further information on trade and other receivables, see note 21.

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

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

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

For further information on debt facilities, see notes 24 and 25.

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

	Group 31.3.17 £000	Group 31.3.16 £000	Company 31.3.17 £000	Company 31.3.16 £000
Payable within 3 months	42,722	51,204	441,308	518,956
Payable between 3 months and 1 year	31,259	34,817	7,220	7,220
Payable between 1 and 3 years	356,708	65,602	111,119	19,032
Payable after 3 years	383,217	760,795	86,663	178,099
Total contracted liabilities	813,906	912,418	646,310	723,307

At 31 March 2017 the Group had £141,918,000 (2016: £83,641,000) of undrawn borrowing facilities, £16,847,000 (2016: £105,865,000) of uncharged property assets and cash balances of £99,262,000 (2016: £74,670,000). The above contracted liabilities assume that no loans are extended beyond their current facility expiry date. Management believe that these facilities, together with anticipated sales and the renewal of some of these loan facilities, mean that the Group can meet its contracted liabilities as they fall due.

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

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

Details of financing and financial instruments can be found in note 25.

In the year to 31 March 2017, if interest rates had moved by 0.5%, this would have resulted in the following movement to net profits and equity due to movements in interest charges and mark-to-market valuations of derivatives.

	Group impact on results 31.3.17 £000	Group equity impact 31.3.17 £000	Company impact on results 31.3.17 £000	Company equity impact 31.3.17 £000
0.5% increase - increase in net results and equity	7,815	7,815	154	154
0.5% decrease - decrease in net results and equity	(7,848)	(7,848)	(154)	(154)

Foreign Currency Exchange Risk

Due to its operations in Poland and its investment in a non-UK based property developer, the Group has exposure to exchange movements on foreign currencies. Management monitors its exposure to risks associated with foreign currency exchange risk and reviews any requirements to act to minimise these risks.

In the year to 31 March 2017 the Group made foreign exchange losses of £3,000 (2016: gains of £100,000) resulting from movements in foreign exchange rates during the year affecting its assets and liabilities related to its overseas operations.

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

	Euro 31.3.17 £000	Zloty 31.3.17 £000	US dollars 31.3.17 £000	Euro 31.3.16 £000	Zloty 31.3.16 £000	US dollars 31.3.16 £000
Gross currency assets	1,151	514	–	1,447	538	3,103
Gross currency liabilities	(65)	(269)	–	(66)	(788)	–
Net exposure	1,086	245	–	1,381	(250)	3,103

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

	Euro 31.3.17 £000	Zloty 31.3.17 £000	Euro 31.3.16 £000	Zloty 31.3.16 £000
Gross currency assets	1,400	1,286	1,320	1,168
Gross currency liabilities	–	–	–	–
Net exposure	1,400	1,286	1,320	1,168

The Group and Company have no material exposure to movements in foreign currency rates.

35. INVESTMENT PROPERTY ACCOUNTING RESTATEMENT

International Accounting Standard 40 - *Investment Property* requires that accrued operating lease income assets should be shown separately and deducted from the fair value of the investment properties in the Consolidated Balance Sheet. This accounting treatment had not been applied at 31 March 2016 but has been adopted for the year ended 31 March 2017. A prior year adjustment has been made to ensure consistency of comparative information, clarity and transparency.

The effect of the adjustment on the relevant financial statement line items for the year ended 31 March 2016 is as follows:

Impact on equity - increase/(decrease) in equity	Original 31.3.16 £000	Adjustment 31.3.16 £000	Restated 31.3.16 £000
Investment properties	1,041,100	(6,067)	1,035,033
Deferred tax liability	(6,367)	599	(5,768)
Equity	**486,189**	**(5,468)**	**480,721**

Impact on the consolidated income statement - increase/(decrease) in profit for the year	Original Year ended 31.3.16 £000	Adjustment Year ended 31.3.16 £000	Restated Year ended 31.3.16 £000
Net gain on sale and revaluation of investment properties	55,893	(6,067)	49,826
Profit before tax	120,096	(6,067)	114,029
Tax on profit on ordinary activities	(9,745)	599	(9,146)
Profit for the year	**110,351**	**(5,468)**	**104,883**

Impact on basic and diluted earnings per share and EPRA Net Asset Value - increase/(decrease)	Original Year ended 31.3.16 pence	Adjustment Year ended 31.3.16 pence	Restated Year ended 31.3.16 pence
Basic earnings per share	96.1	(4.8)	91.3
Diluted earnings per share	92.6	(4.6)	88.0
EPRA net asset value per share	461	(5)	456

The adjustment did not have an impact on the Group's EPRA earnings per share. The adjustment did not impact the Company.

No adjustment was made at 31 March 2015 on the grounds of materiality.

36. POST BALANCE SHEET EVENTS

In May 2017, the Group sold The Morgan Quarter, Cardiff for £55m and a retail asset in Great Yarmouth for £4.2m, and purchased an office building, Trinity Court, Manchester for £12.9m.

37. PRINCIPAL ACCOUNTING POLICIES

Basis of Consolidation

The Group financial statements consolidate those of Helical plc (the "Company") and all of its subsidiary undertakings (together the "Group") drawn up to 31 March 2017. Subsidiary undertakings are entities for which the Group is exposed to variable returns and has the ability to control those returns. Subsidiaries are accounted for under the purchase method and are held in the Company balance sheet at cost and reviewed annually for impairment.

Joint Ventures are entities whose economic activities are controlled jointly by the Group and by other ventures independent of the Group, where both parties are exposed to variable returns but neither has control over those returns. They are accounted for using the equity method of accounting, whereby the Group's share of profit after tax in the Joint Venture is recognised in the Consolidated Income Statement and the Group's share of the Joint Venture's net assets are incorporated in the Consolidated Balance Sheet.

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

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

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

The consolidated financial statements are presented in sterling which is also the functional currency of the parent company.

Going Concern

The accounts have been prepared on a going concern basis as explained in the Governance Review on page 74.

Revenue Recognition

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

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

Construction contracts - where an asset is constructed under a specific contract with a purchaser (a "pre-sold development") the initial sale of the site to that purchaser is recognised as a sale of goods in accordance with IAS 18 Revenue, where the sale of the land is not conditional on the construction of the buildings and is not reversible in the event that the building is not constructed. The construction element of the contract is treated, for the purposes of revenue recognition, as a construction contract in accordance with IAS 11 Construction Contracts. Revenue is recognised by reference to the stage of completion which is typically determined by reference to project appraisals, normally supported by independent valuation certificates provided by quantity surveyors. The Company's principal other responsibility on pre-sold developments is the identification of and agreement of terms with potential tenants of the completed building(s). The revenue recognition of this additional component of the funding agreements is considered separately to reflect the substance of the transaction as the rendering of services, in accordance with IAS 18 Revenue. The amount of revenue recognised is determined by reference to the percentage of the building(s) that are let.

Property advisory/development management services - where the Group provides these services to the third party property site owner the Group recognises income over the period these services are provided and in accordance with the specific terms of the contract. If the amount and payment of the consideration for these services are contingent upon a future event (such as sale of the property) and if the fair value of the consideration can be reliably estimated, the Group recognises this income as its services are performed, discounting for time and risk if appropriate.

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

Deferred income - money received in advance of the provision of goods or services is held in the balance sheet until the income can be recognised in the Income Statement.

Share-based Payments

The Group provides share-based payments in the form of performance share plan awards and a share incentive plan. These payments are discussed in greater detail in the Directors' Remuneration Report on pages 80 to 97. The fair value of share-based payments related to employees' service are determined indirectly by reference to the fair value of the related instrument at the grant date. The Group uses a combination of the Black-Scholes and stochastic valuation models and the resulting value is amortised through the Consolidated Income Statement ("Income Statement") over the vesting period of the share-based payments.

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

The amount charged to the Income Statement is credited to the Retained Earnings reserve.

Depreciation

In accordance with IAS 40 Investment Property, depreciation is not provided for on freehold investment properties or on leasehold investment properties. The Group does not own the freehold land and buildings which it occupies. Costs incurred in respect of leasehold improvements to the Group's head office at 5 Hanover Square, London W1S 1HQ are capitalised and held as short-term leasehold improvements. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Residual values are reassessed annually.

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

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

Taxation

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of those assets and liabilities. Such assets and liabilities are not recognised if the timing differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

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

a) the Group is able to control the timing of the reversal of the timing difference; and,

b) it is probable that the timing difference will not reverse in the foreseeable future.

Dividends

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

Investment Properties

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

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

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

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

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

Details of the valuation of investment properties can be found in note 14.

Land, Developments and Trading Properties

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

Gross borrowing costs associated with expenditure on properties under development or undergoing major refurbishment are capitalised. The interest capitalised is either based on the interest paid (where a project has a specific loan) or calculated using the Group's weighted average cost of borrowings (where there are no specific borrowings for the project). Interest is capitalised from the date of commencement of the development work until date of practical completion.

37. PRINCIPAL ACCOUNTING POLICIES CONTINUED

Investments

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

Held for Sale Investments

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

Trade Receivables

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

Cash and Cash Equivalents

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

Trade and Other Payables

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

Borrowing and Borrowing Costs

Interest bearing bank loans and overdrafts and the Group's retail bond are initially recorded at fair value, net of finance and other costs yet to be amortised in accordance with IAS 39. Embedded derivatives contained within the borrowing agreements are treated in accordance with IAS 39, which includes consideration of whether embedded derivatives require bifurcation. The retail bond and bank loans are held at amortised cost.

Convertible bonds are designated as fair value through the profit and loss and so are presented on the Balance Sheet at fair value, with all gains and losses, including the write-off of issuance costs, recognised in the Income Statement. The interest charge in respect of the coupon rate on the bonds has been recognised within finance costs on an accruals basis.

Borrowing costs directly attributable to the acquisition and construction of new developments and investment properties are added to the costs of such properties until the date of completion of the development or investment. After initial recognition borrowings are carried at amortised cost.

Gains or losses on extinguishing debt are recognised in the Income Statement in the period in which they occur.

Derivative Financial Instruments

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

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

A derivative property asset is recognised on the Balance Sheet when the Group has contractually assigned an existing purchase contract. A derivative property asset is initially recorded at its fair value and is remeasured at each reporting period date to its fair value, which is based upon the future contracted cash flow discounted for both time and risk. Any change in fair value is recognised in the Income Statement as a development profit.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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

Leases

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

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

In accordance with IAS 17, operating leases receipts and payments are spread on a straight-line basis over the length of the lease.

Foreign Currencies

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

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

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

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

Earnings Per Share
Earnings per share have been calculated in accordance with IAS 33 and the best practice recommendations of EPRA.

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

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

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

Estimates
- Recognition of share-based payments which is dependent upon the estimated number of performance share plan awards that will vest at the end of the periods based on future forecast performance and employee retention (note 28). The 2014 award is an actual figure therefore the estimation is around 2015 and 2016 vesting percentages. As at March 2017, the estimated vesting percentage for 2015 was 42.57% and for 2016 was 33.33%. These have been sensitised for a range of reasonably possible vesting outcomes. If it was estimated that nil% of the remaining shares were expected to vest it would result in a credit to the Consolidated Income Statement of £1.8m and if it was estimated that 100% were expected to vest it would result in a £2.8m additional charge. A 10% variation in the estimated vesting % would result in a £0.5m charge/credit recognised in the Consolidated Income Statement.
- Determination of the most appropriate percentage interest at which to recognise our share of joint ventures, where our economic interest can differ to our ownership interest (see note 18). Under the Barts Square joint venture agreement the Group is entitled to varying returns dependent upon the performance of the development. Whilst the Group holds a 33.35% legal share in the Barts Square group, it has accounted for its share at 43.8% to reflect its expected economic interest in the joint venture. There are several estimates that contribute to this expected economic interest, the most sensitive of which is the estimated sales price of the residential units. If the estimated sales prices were 15% lower, the Group's economic interest would fall to 42.0% (with a net asset decrease of £0.9m) whilst an increase of 15% would result in a 48.4% economic interest (with a net asset increase of £2.2m).
- Valuation of investment properties. The sensitivity of these valuations to changes in the reversionary yield is included in note 14;
- The net realisable value of land and development properties contain subjective assumptions including the results of future planning decisions, future construction costs and future sales values and timings (note 19). We do not consider the range of reasonably possible outcomes for changes in estimated cost or sales price would result in a material impact to net realisable value; and
- Determination of the stage of completion of development management projects which impact the amount of development management revenue. There are no changes in assumptions for which the reasonably possible outcomes would have a material impact on the revenue recognised in the year.

Judgements
- Calculation and assessment of the recoverability of deferred tax assets, where it has been assumed that sufficient taxable profits will be available in future periods to allow all of the assets to be recovered (note 10);
- An assessment of the most suitable accounting treatment for convertible bonds (note 24);
- Consideration of the nature of joint arrangements. In the context of IFRS 10, this involves consideration of where the control lies and whether either party has the power to vary its returns from the arrangements. In particular, significant judgement is exercised where the shareholding of the Group is not 50% (note 18);
- Consideration of whether an investment property purchase that has exchanged but not completed should be recognised as investment property under IAS 40. The judgement lies in assessing whether the exchange is unconditional, in which case it is recognised (note 14); and
- Recognition of development management project revenue, where payment for these services is triggered by a future event (sale or letting of the property).

38. SUBSIDIARY AND RELATED UNDERTAKINGS

The Company's subsidiary and related undertakings are listed below. All undertakings operate in the United Kingdom other than Helical Wroclaw Sp.Z.o.o, EC Property Management Sp.Z.o.o and Helical Asset Management Sp.Z.o.o and, unless otherwise indicated, are incorporated and registered in the United Kingdom at 5 Hanover Square, London W1S 1HQ.

The share capital of each of the companies, where applicable, is comprised of ordinary shares unless otherwise stated.

	Company	Direct/ Indirect	Ultimate %
	ACTIVE SUBSIDIARIES		
1	207 OLD STREET UNIT TRUST[1]	Indirect	100%+
2	211 OLD STREET UNIT TRUST[1]	Indirect	100%+
3	AYCLIFFE & PETERLEE INVESTMENT COMPANY LIMITED	Direct	100%
4	BAYLIGHT DEVELOPMENTS LIMITED	Indirect	100%
5	BRAMSHOTT PLACE MANAGEMENT LIMITED	Indirect	100%
6	CPP INVESTMENTS LIMITED	Indirect	100%
7	DENCORA (DOCKLANDS) LIMITED	Direct	100%
8	DENCORA (FORDHAM) LIMITED	Indirect	100%
9	DOWNTOWN SPACE PROPERTIES LLP	Direct	100%
10	DURRANTS MANAGEMENT LIMITED	Indirect	100%
11	EC PROPERTY MANAGEMENT SP. Z O.O.[2]	Indirect	100%
12	EMBANKMENT PLACE (LP) LIMITED[11]	Direct	100%
13	G2 ESTATES LIMITED	Direct	100%
14	HARBOUR DEVELOPMENTS (BRACKNELL) LIMITED	Direct	100%
15	HB SAWSTON NO 3 LIMITED	Direct	100%
16	HELICAL (ALFRETON) LIMITED	Direct	100%
17	HELICAL (ARTILLERY) LIMITED	Direct	100%
18	HELICAL (BASILDON RETAIL) LP	Indirect	100%
19	HELICAL (BASILDON) B.V.[3]	Indirect	100%
20	HELICAL (BATTERSEA) LIMITED	Direct	100%
21	HELICAL (BEACON ROAD) LIMITED	Direct	100%
22	HELICAL (BOOTH ST) LIMITED	Direct	100%
23	HELICAL (BOSS 2) LIMITED	Direct	100%
24	HELICAL (BOSS) LIMITED	Direct	100%
25	HELICAL (BRAMSHOTT PLACE) LIMITED	Indirect	100%
26	HELICAL (BROADWAY) LIMITED	Indirect	100%
27	HELICAL (BROWNHILLS) LIMITED	Direct	100%
28	HELICAL (CANNOCK) LIMITED	Direct	100%
29	HELICAL (CARDIFF) LIMITED	Indirect	100%
30	HELICAL (CHART) LIMITED	Direct	100%
31	HELICAL (CHESTER) LIMITED	Direct	100%
32	HELICAL (CHURCHGATE) LIMITED	Direct	100%
33	HELICAL (COBHAM) LIMITED	Direct	100%
34	HELICAL (CORBY INVESTMENTS) LIMITED	Direct	100%
35	HELICAL (CROWNHILL) LIMITED[4]	Indirect	100%
36	HELICAL (CS HOLDINGS) JERSEY LIMITED[4]	Direct	100%
37	HELICAL (CS) JERSEY LIMITED[4]	Indirect	100%
38	HELICAL (DALE HOUSE) LIMITED	Direct	100%
39	HELICAL (DOXFORD) LIMITED	Direct	100%
40	HELICAL (DURRANTS) LIMITED	Indirect	100%
41	HELICAL (EASTCHEAP) LIMITED[4]	Indirect	100%
42	HELICAL (ELLESMERE PORT) LIMITED	Direct	100%
43	HELICAL (ENTERPRISE) LIMITED	Indirect	100%
44	HELICAL (EXETER) LIMITED	Indirect	100%
45	HELICAL (FORDHAM) LIMITED	Direct	100%
46	HELICAL (FP) HOLDINGS LIMITED	Indirect	100%
47	HELICAL (FP) JERSEY HOLDINGS LIMITED[4]	Indirect	100%
48	HELICAL (GRACELANDS) LIMITED	Direct	100%
49	HELICAL (GREAT YARMOUTH) LIMITED	Direct	100%
50	HELICAL (HAILSHAM) LIMITED	Indirect	100%
51	HELICAL (HALESOWEN) LIMITED	Direct	100%
52	HELICAL (HARROGATE) LIMITED	Direct	100%
53	HELICAL (HAVANT) LIMITED	Direct	100%
54	HELICAL (HEDGE END) LIMITED	Direct	100%
55	HELICAL (HINCKLEY) LIMITED	Direct	100%
56	HELICAL (HUDDERSFIELD) LIMITED	Direct	100%
57	HELICAL (JARROW) LIMITED	Direct	100%

	Company	Direct/ Indirect	Ultimate %
58	HELICAL (LB) LIMITED	Direct	100%
59	HELICAL (LIPHOOK) LIMITED[5]	Indirect	100%
60	HELICAL (MINT) LIMITED	Direct	100%
61	HELICAL (NEWMARKET) B.V.[3]	Indirect	100%
62	HELICAL (NORTHAMPTON) LIMITED	Direct	100%
63	HELICAL (OS HOLDCO) JERSEY LIMITED	Indirect	100%
64	HELICAL (PETERBOROUGH) LIMITED	Direct	100%
65	HELICAL (PORCHESTER) LIMITED	Direct	100%
66	HELICAL (PORTBURY) LIMITED	Direct	100%
67	HELICAL (POWER ROAD) LIMITED	Direct	100%
68	HELICAL (QUARTZ) LIMITED	Direct	100%
69	HELICAL (SALFORD) LIMITED	Direct	100%
70	HELICAL (SCARBOROUGH) LIMITED	Direct	100%
71	HELICAL (SEVENOAKS) LIMITED	Direct	100%
72	HELICAL (SHEPHERDS) LIMITED	Indirect	100%
73	HELICAL (SHOREDITCH) LIMITED	Direct	100%
74	HELICAL (SIX) LIMITED	Direct	100%
75	HELICAL (SOUTHEND) LIMITED	Direct	100%
76	HELICAL (STEVENAGE) LIMITED	Direct	100%
77	HELICAL (STOCKPORT) LIMITED	Indirect	100%
78	HELICAL (STONE) LIMITED	Direct	100%
79	HELICAL (SUN) LIMITED	Direct	100%
80	HELICAL (SUTTON-IN-ASHFIELD) B.V.[3]	Indirect	100%
81	HELICAL (SUTTON-IN-ASHFIELD) HOLDINGS B.V.[3]	Indirect	100%
82	HELICAL (TELFORD) LIMITED	Direct	100%
83	HELICAL (WELLINGBOROUGH) LIMITED	Direct	100%
84	HELICAL (WHITECHAPEL) LIMITED	Direct	100%
85	HELICAL (WINTERHILL) LIMITED	Direct	100%
86	HELICAL (YATE) LIMITED	Direct	100%
87	HELICAL ASSET MANAGEMENT SP. Z O.O.[6]	Indirect	100%
88	HELICAL B.V.[3]	Direct	100%
89	HELICAL BAR (CATHCART) LIMITED	Direct	100%
90	HELICAL BAR (DRURY LANE) LIMITED	Direct	100%
91	HELICAL BAR (FALKIRK) LIMITED	Direct	100%
92	HELICAL BAR (GREAT DOVER STREET) LIMITED	Indirect	100%
93	HELICAL BAR (JERSEY) LIMITED[4]	Direct	100%
94	HELICAL BAR (MAPLE) LIMITED	Direct	100%
95	HELICAL BAR (MITRE SQUARE) DEVELOPMENTS LIMITED	Direct	100%
96	HELICAL BAR (ST VINCENT STREET) LIMITED	Direct	100%
97	HELICAL BAR (WALES) LIMITED	Indirect	100%
98	HELICAL BAR (WHITE CITY) LIMITED	Direct	100%
99	HELICAL BAR (YOKER) LIMITED	Direct	100%
100	HELICAL BAR DEVELOPMENTS (SOUTH EAST) LIMITED	Direct	100%
101	HELICAL BAR DEVELOPMENTS LIMITED	Direct	100%
102	HELICAL BAR TRUSTEES LIMITED	Direct	100%
103	HELICAL FINANCE (AV) LIMITED	Direct	100%
104	HELICAL FINANCE (BAR) LIMITED	Direct	100%
105	HELICAL FINANCE (RBS) LIMITED	Direct	100%
106	HELICAL FOOD RETAIL LIMITED	Direct	100%
107	HELICAL INVESTMENT HOLDINGS LIMITED	Direct	100%
108	HELICAL JERSEY HOLDINGS LIMITED[4]	Direct	100%
109	HELICAL JERSEY INVESTMENT HOLDINGS LIMITED[4]	Direct	100%
110	HELICAL OLD STREET JERSEY HOLDINGS LIMITED[4]	Direct	100%
111	HELICAL OLD STREET JERSEY LIMITED[4]	Indirect	100%
112	HELICAL POLAND SP. Z O.O.[2]	Indirect	100%
113	HELICAL PROPERTIES (HSM) LIMITED	Indirect	100%
114	HELICAL PROPERTIES INVESTMENT LIMITED	Direct	100%
115	HELICAL PROPERTIES RETAIL LIMITED	Direct	100%
116	HELICAL RETAIL LIMITED	Direct	100%
117	HELICAL RETIREMENT HOMES LIMITED	Direct	100%

	Company	Direct/ Indirect	Ultimate %
118	HELICAL SERVICES LIMITED	Direct	100%
119	HELICAL WROCLAW SP. Z O.O.[2]	Indirect	100%
120	METROPOLIS PROPERTY LIMITED	Indirect	100%
121	MILLBROOK VILLAGE MANAGEMENT LIMITED	Indirect	100%
122	NEWMARKET LP	Indirect	100%
123	OLD STREET UNITHOLDER NO 1 LIMITED[4]	Indirect	100%
124	OLD STREET UNITHOLDER NO 2 LIMITED[4]	Indirect	100%
125	RENAISSANCE VILLAGES LIMITED	Direct	100%
126	SUTTON-IN-ASHFIELD LP	Indirect	100%
127	THE ASSET FACTOR LIMITED	Direct	100%
	JOINT VENTURES AND JOINT OPERATIONS		
1	ABBEYGATE HELICAL (C4.1) LLP	Direct	50%
2	ABBEYGATE HELICAL (LEISURE PLAZA) LIMITED	Direct	50%
3	BARTS CLOSE OFFICE LIMITED[4]	Indirect	33%
4	BARTS ONE LIMITED[4]	Indirect	33%
5	BARTS SQUARE ACTIVE ONE LIMITED[4]	Indirect	33%
6	BARTS SQUARE FIRST LIMITED	Indirect	33%
7	BARTS SQUARE FIRST OFFICE LIMITED[4]	Indirect	33%
8	BARTS SQUARE FIRST RESIDENTIAL LIMITED[4]	Indirect	33%
9	BARTS SQUARE LAND ONE LIMITED	Indirect	33%
10	BARTS TWO LIMITED	Indirect	33%
11	BARTS, L.P.[7]	Indirect	33%
12	CREECHURCH PLACE LIMITED[8]	Indirect	10%
13	EUROPA CENTRALNA SP. Z O.O[9]	Indirect	50%
14	HASLUCKS GREEN LIMITED	Indirect	50%
15	HELICAL BAR (MITRE SQUARE) LTD	Direct	10%
16	KING STREET DEVELOPMENTS (HAMMERSMITH) LIMITED	Indirect	50%
17	OBC DEVELOPMENT MANAGEMENT LIMITED	Indirect	33%
18	OLD STREET HOLDINGS GP LIMITED[1]	Indirect	33%
19	OLD STREET HOLDINGS L.P.[1]	Indirect	33%
21	SHIRLEY ADVANCE LLP	Indirect	50%
	DORMANT SUBSIDIARIES AND JOINT VENTURES		
1	61 SOUTHWARK STREET LIMITED	Indirect	100%
2	AYCLIFFE & PETERLEE DEVELOPMENT COMPANY LIMITED	Direct	100%
3	ALBION LAND (BUSHEY MILL) LIMITED	Indirect	100%
4	BANAGATE LIMITED	Indirect	100%
5	BASILDON GENERAL PARTNER LIMITED	Direct	100%
6	BASILDON NOMINEE LIMITED	Indirect	100%
7	CRANMER INVESTMENTS (WHITSTABLE) LIMITED	Indirect	100%
8	DENCORA (HARLOW) LIMITED	Indirect	100%
9	GLENLAKE LIMITED	Indirect	100%
10	GROOVEMODEL LIMITED	Direct	100%
11	HALLCO 850 LIMITED	Direct	100%
12	HB CAMBS NO 3 LIMITED	Direct	100%
13	HB DALES MANOR NO 3 LIMITED	Direct	100%
14	HB SAWSTON NO. 1 LIMITED	Direct	100%
15	HB SAWSTON NO. 2 LIMITED	Direct	100%
16	HB SAWSTON NO. 4 LIMITED	Direct	100%
17	HELICAL (ALDRIDGE) LIMITED	Direct	100%
18	HELICAL (ASHFORD) LIMITED	Direct	100%
19	HELICAL (BASILDON) LIMITED	Direct	100%
20	HELICAL (CG) LIMITED	Direct	100%
21	HELICAL (CG2) LIMITED	Direct	100%
22	HELICAL (CMV) LIMITED	Direct	100%
23	HELICAL (COWLEY) LIMITED	Indirect	100%
24	HELICAL (CR) LIMITED	Indirect	100%
25	HELICAL (CRAWLEY) LIMITED	Direct	100%
26	HELICAL (EAST KILBRIDE) LIMITED	Direct	100%
27	HELICAL (FLEET) LIMITED	Direct	100%
28	HELICAL (FLEET) NO 1 LIMITED	Indirect	100%
29	HELICAL (FLEET) NO 2 LIMITED	Indirect	100%
30	HELICAL (GLASGOW) LIMITED[10]	Direct	100%

	Company	Direct/ Indirect	Ultimate %
31	HELICAL (HUB) LIMITED	Direct	100%
32	HELICAL (KIDLINGTON) LIMITED	Indirect	100%
33	HELICAL (MERLIN PARK) LIMITED	Indirect	100%
34	HELICAL (MILL STREET) LIMITED	Direct	100%
35	HELICAL (MOTHERWELL) LIMITED	Indirect	100%
36	HELICAL (NEWMARKET) LIMITED	Direct	100%
37	HELICAL (PAIGNTON) LIMITED	Direct	100%
38	HELICAL (SA) LIMITED	Direct	100%
39	HELICAL (SAWSTON) LIMITED[4]	Indirect	100%
40	HELICAL (SOUTHALL) LIMITED	Indirect	100%
41	HELICAL (SOUTHAMPTON) LIMITED	Indirect	100%
42	HELICAL (SUTTON-IN-ASHFIELD) LIMITED	Indirect	100%
43	HELICAL (WEST LONDON) LIMITED	Direct	100%
44	HELICAL (WESTFIELDS) LIMITED	Direct	100%
45	HELICAL (WOKING) LIMITED	Indirect	100%
46	HELICAL BAR (BUNHILL ROW) LIMITED	Direct	100%
47	HELICAL BAR (CITY DEVELOPMENTS) LIMITED	Indirect	100%
48	HELICAL BAR (CITY INVESTMENTS) LIMITED	Indirect	100%
49	HELICAL BAR (CL) INVESTMENT COMPANY LIMITED	Direct	100%
50	HELICAL BAR (EPSOM) LIMITED	Direct	100%
51	HELICAL BAR LIMITED	Direct	100%
52	HELICAL GROUP LIMITED	Direct	100%
53	HELICAL NOMINEES LIMITED	Direct	100%
54	HELICAL PROPERTIES LIMITED	Direct	100%
55	HELICAL PROPERTIES (RS) LIMITED	Direct	100%
56	HELICAL PROPERTIES (WSM) LIMITED	Indirect	75%
57	HELICAL REGISTRARS LIMITED	Direct	100%
58	HELICAL RETAIL (RBS) LIMITED	Indirect	100%
59	HGCI (HOLDCO) LIMITED	Indirect	100%
60	HGCI (TRANSCO) LIMITED	Indirect	100%
61	HGCI (UK) LIMITED	Indirect	100%
62	HGCI HOLDINGS LIMITED	Indirect	100%
63	HGCI INTERMEDIATE LIMITED	Direct	100%[++]
64	HGCI LIMITED	Direct	100%
65	MATCHEARTH LIMITED	Direct	100%
66	MAUDSLAY PARK MANAGEMENT LIMITED	Indirect	100%
67	NEWMARKET GENERAL PARTNER LIMITED	Direct	100%
68	NEWMARKET NOMINEE LIMITED	Indirect	100%
69	PAPERBRICK LIMITED	Direct	100%
70	PRESCOT STREET INVESTMENTS LIMITED	Direct	100%
71	RATELAWN LIMITED	Indirect	100%
72	ROPEMAKER PARK MANAGEMENT COMPANY LIMITED	Indirect	100%[++]
73	SCBP MANAGEMENT COMPANY LIMITED	Indirect	75%
74	SHOPFILE LIMITED	Direct	100%
75	SPRING (EFS) LIMITED	Indirect	100%
76	SPRING (EM) LIMITED	Indirect	100%
77	SPRING (HOLDINGS) LIMITED	Indirect	100%
78	SPRING (ITE) LIMITED	Indirect	100%
79	SPRING (NO.1) LIMITED	Direct	100%
80	SPRING (NO.2) LIMITED	Indirect	100%
81	SPRING (NO.3) LIMITED	Indirect	100%
82	SUTTON-IN-ASHFIELD GENERAL PARTNER LIMITED	Indirect	100%
83	SUTTON-IN-ASHFIELD NOMINEE LIMITED	Indirect	100%
84	THE MORGAN APARTMENTS MANAGEMENT COMPANY LIMITED	Indirect	100%

Registered offices:
1 13 Castle Street, St Helier, Jersey JE4 5UT.
2 Hoża 55/45, 00-681 Warsaw, Poland.
3 Hoogoorddreef 15 1101 BA Amsterdam, The Netherlands.
4 12 Castle Street, St Helier, Jersey JE2 3RT.
5 One The Esplanade, St Helier, Jersey JE2 3QA.
6 B.PRUSA 10 30-109 Krakow Poland.
7 c/o Corporation Service Company 2711 Centerville Road, Suite 400, Wilmington DE 19808, United States.
8 c/o Ocorian Limited, 26 New Street, St Helier, Jersey JE2 3RA.
9 Skaryszewska 7, 03-802 Warsaw, Poland.
10 c/o Shepherd and Wedderburn LLP, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL.
11 c/o Maclay Murray & Spens LLP, 1 George Square, Glasgow G2 1AL.
\+ No shares in issue in the Unit Trusts. The registered office address is that of the appropriate trustee.
++ Limited by Guarantee.

ADDITIONAL INFORMATION

THE BOWER
London EC1

APPENDIX 1

SEE-THROUGH ANALYSIS

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 31.3.17 £000	Year ended 31.3.16 £000
Gross rental income	– subsidiaries	48,835	45,505
	– joint ventures	931	1,828
Total gross rental income		49,766	47,333
Rents payable	– subsidiaries	(68)	(80)
Property overheads	– subsidiaries	(2,283)	(2,728)
	– joint ventures	(100)	(558)
Net rental income attributable to profit share partner		(322)	(533)
See-through net rental income		46,993	43,434

See-through Net Development 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 31.3.17 £000	Year ended 31.3.16 £000
In parent and subsidiaries		7,143	30,700
In joint ventures		(35)	3,223
Total gross development profit		7,108	33,923
Provision against stock	– subsidiaries	(6,300)	(6,448)
	– joint ventures	(6,524)	–
See-through development (losses)/profit		(5,716)	27,475

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 joint ventures are shown in the table below.

		Year ended 31.3.17 £000	Year ended 31.3.16 £000
Revaluation surplus/(deficit) on investment properties	– subsidiaries	39,152	47,441
	– joint ventures	(1,875)	2,316
Total revaluation surplus		37,277	49,757
Net gain/(loss) on sale of investment properties	– subsidiaries	1,391	2,385
	– joint ventures	(54)	41,553
Total net gain on sale of investment properties		1,337	43,938
See-through net gain on sale and revaluation of investment properties		38,614	93,695

APPENDIX 1
CONTINUED

See-through Net Finance Costs
Helical's share of the interest payable, finance charges, capitalised interest and interest receivable on bank borrowings and cash deposits in subsidiaries and in joint ventures are shown in the table below.

		Year ended 31.3.17 £000	Year ended 31.3.16 £000
Interest payable on bank loans and overdrafts	– subsidiaries	28,586	25,353
	– joint ventures	2	3,673
Total interest payable on bank loans and overdrafts		28,588	29,026
Other interest payable and similar charges	– subsidiaries	4,913	3,700
Interest capitalised	– subsidiaries	(7,901)	(4,940)
Total finance costs		25,600	27,786
Interest receivable and similar income	– subsidiaries	(3,156)	(5,128)
	– joint ventures	(1,233)	(21)
See-through net finance costs		21,211	22,637

See-through Property Portfolio
Helical's share of the investment, trading and development property portfolio in subsidiaries and joint ventures are shown in the table below.

		31.3.17 £000	31.3.16 £000
Investment property fair value	– subsidiaries	1,003,000	1,041,100
	– joint ventures	13,907	11,552
Total investment property fair value		1,016,907	1,052,652
Trading and development stock	– subsidiaries	86,680	92,035
	– joint ventures	89,115	75,904
Total trading and development stock		175,795	167,939
Trading and development stock surplus	– subsidiaries	5,014	12,412
	– joint ventures	7,500	7,000
Total trading and development stock surpluses		12,514	19,412
Total trading and development stock at fair value		188,309	187,351
See-through property portfolio		1,205,216	1,240,003

See-through Net Borrowings
Helical's share of borrowings and cash deposits in parent and subsidiaries and joint ventures are shown in the table below.

		31.3.17 £000	31.3.16 £000
In parent and subsidiaries	– gross borrowings less than one year	2,517	885
	– gross borrowings more than one year	671,184	733,178
Total gross borrowings in parent and subsidiaries		673,701	734,063
In joint ventures	– gross borrowings less than one year	–	–
	– gross borrowings more than one year	55,282	34,626
Total gross borrowings in joint ventures		55,282	34,626
In parent and subsidiaries	– Cash and cash equivalents	(99,262)	(74,670)
In joint ventures	– Cash and cash equivalents	(9,745)	(12,177)
See-through net borrowings		619,976	681,842

APPENDIX 2

SEE-THROUGH ANALYSIS RATIOS

Interest cover	31.03.17 £000	31.03.16 £000	31.03.15 £000	31.03.14 £000	31.03.13 £000
Net rental income	46,993	43,434	38,645	29,839	24,459
Trading profits/(losses)	–	–	2,503	252	(1)
Development profits (before provisions)	7,108	33,923	18,028	64,472	7,616
Gain/(loss) on sale of investment properties	1,337	43,938	3,571	8,580	(2,388)
Net operating income	55,438	121,295	62,747	103,143	29,686
Finance costs	21,211	22,637	24,799	12,360	10,893
Interest cover	2.6x	5.4x	2.5x	8.3x	2.7x
Balance sheet					
Property portfolio	1,205,216	1,240,003	1,021,362	801,712	626,425
Net borrowings	619,976	681,842	531,897	365,059	283,350
Shareholders' funds	516,897	480,721	404,363	340,527	253,768
Loan to value	51%	55%	52%	46%	45%
Gearing	120%	142%	132%	107%	112%

APPENDIX 3

FIVE YEAR REVIEW

Income Statements

	31.3.17 £000	31.3.16 £000	31.3.15 £000	31.3.14 £000	31.3.13 £000
Revenue	99,934	116,500	106,341	123,637	65,439
Net rental income	46,162	42,164	34,233	24,402	19,578
Development profit	7,143	30,700	16,126	62,273	7,616
Provisions against stock	(6,300)	(6,448)	(452)	552	(660)
Trading profit/(loss)	–	–	2,503	252	(1)
Share of results of joint ventures	(6,528)	50,469	27,497	16,448	3,854
Other income/(expense)	982	20	368	230	(547)
Gross profit before gain/(loss) on investment properties	41,459	116,905	80,275	104,157	29,840
Gain/(loss) on sale of investment properties	1,391	2,385	2,480	8,611	(2,388)
Revaluation surplus on investment properties	39,152	47,441	66,904	20,714	3,723
Impairment of available-for-sale investments	(3,352)	(1,370)	(773)	(88)	–
Administrative expenses excluding performance related awards	(10,800)	(10,716)	(10,156)	(8,816)	(8,092)
Performance related awards	(7,572)	(15,387)	(16,374)	(17,860)	(6,828)
Finance costs	(25,598)	(24,113)	(23,678)	(13,983)	(9,577)
Finance income	3,156	5,128	2,480	4,135	887
Movement in fair value of derivative financial instruments	789	(6,860)	(8,389)	5,312	(2,573)
Convertible Bond adjustment	2,973	516	(3,263)	–	–
Foreign exchange (losses)/gains	(3)	100	(2,061)	(501)	17
Profit before tax	41,595	114,029	87,445	101,681	5,009
Tax	(2,471)	(9,146)	(12,669)	(14,126)	815
Profit after tax	39,124	104,883	74,776	87,555	5,824

APPENDIX 3
CONTINUED

Balance Sheets

	31.3.17 £000	31.3.16 £000	31.3.15 £000	31.3.14 £000	31.3.13 £000
Investment portfolio at fair value	1,003,000	1,041,100	701,521	493,201	312,026
Land, developments and trading properties	86,680	92,035	92,578	98,160	92,874
Group's share of investment properties held by joint ventures	13,907	11,552	88,305	107,504	94,962
Group's share of land, trading and development properties held by joint ventures	89,115	75,904	102,715	75,368	76,698
Group's share of land, trading and development stock surpluses	12,514	19,412	36,243	27,479	49,685
Group's share of total properties at fair value	1,205,216	1,240,003	1,021,362	801,712	626,425
Net debt	574,439	659,393	477,248	312,849	222,878
Group's share of net debt of joint ventures	45,537	22,449	54,649	52,210	60,472
Group's share of net debt	619,976	681,842	531,897	365,059	283,350
Shareholders' funds	516,897	480,721	404,363	340,527	253,768
EPRA shareholders' funds	565,973	540,731	469,128	370,062	313,733
Dividend per ordinary share paid/payable	3.12p	12.60p	6.85p	5.70p	5.25p
Dividend per ordinary share declared	8.60p	8.17p	7.25p	6.75p	5.55p
EPRA earnings per ordinary share	0.5p	17.1p	2.4p	33.3p	2.4p
EPRA net assets per share	473p	456p	385p	313p	264p

APPENDIX 4

PROPERTY PORTFOLIO

London Portfolio

Address	Held as	Description	Area sq ft (NIA)	Vacancy rate
The Shepherds Building, W14	Investment	Multi-let office building.	150,470	2%
The Bower (Ph 1), EC1	Investment	Office and retail buildings	151,439	–
The Bower (Ph 2), EC1	Investment	Office and retail buildings undergoing refurbishment and extension	178,724	n/a
The Loom, E1	Investment	Multi-let office building	110,143	18%
C-Space, EC1	Investment	Multi-let office building	61,973	–
The Powerhouse, W4	Investment	Single let recording studios/office building	24,288	–
Power Road Studios, W4	Investment	Multi-let office building with redevelopment potential	58,404	43%
25 Charterhouse Square, EC1	Investment	Office refurbishment scheme completed in March 2017	43,493	72%
Barts Square, EC1	Investment/ Development	213,000 sq ft offices, 236 residential apartments and 20,400 sq ft retail/leisure development under construction	471,228	n/a
One Creechurch Place, EC3	Development	New building completed November 2016	277,513	n/a
Drury Lane, WC1	Development	Planning consent for an alternative office led scheme has been submitted		n/a
King Street, W6	Development	Development site		n/a
			1,527,675	

APPENDIX 4
CONTINUED

Regional Portfolio

Address	Held as	Description	Area sq ft (NIA)	Vacancy rate
In Town Retail				
The Morgan Quarter, Cardiff	Investment	Prime retail parade and listed retail arcades	289,537	6.6%
			289,537	
Out-of-town Retail				
Great Yarmouth	Investment	Single-let retail park	38,771	–
Sevenoaks, Kent	Investment	Retail park	42,490	–
Southend on Sea	Investment	Retail park	74,954	–
			156,215	
Logistics				
Bolton	Investment	Single-let cash and carry	73,433	–
Bristol, Portbury	Investment	Single-let industrial centre	64,003	–
Brownhills, Birmingham	Investment	Single-let distribution centre	52,538	–
Cannock	Investment	Single-let distribution centre	153,536	–
Cannock	Investment	Single-let distribution centre	103,050	–
Cardiff, Heol Billingsley	Investment	Single-let distribution centre	50,684	–
Chester	Investment	Single-let distribution centre	182,824	–
Doncaster, Aspect Way	Investment	Single-let distribution centre	122,591	100%
Doncaster, Kirk Sandall	Investment	Single-let distribution centre	153,547	–
Gloucester Quedgeley	Investment	Multi-let industrial estate	43,723	–
Halesowen	Investment	Single-let industrial centre	72,120	–
Hinckley	Investment	Single-let distribution centre	189,349	–
Jarrow	Investment	Single-let industrial centre	101,476	–
Leighton Buzzard	Investment	Multi-let industrial estate	202,674	–
Newton Aycliffe	Investment	Multi-let industrial estate	20,657	7%
Northampton, Crow Lane	Investment	Multi-let distribution centre	146,716	–
Peterborough	Investment	Single-let industrial centre	160,791	–
Stone, Bibby	Investment	Single-let industrial centre	122,301	–
Stone, Opal Way	Investment	Single-let industrial centre	130,537	–
Sunderland, Doxford	Investment	Single-let industrial centre	139,130	–
Telford	Investment	Single-let distribution centre	65,225	–
Thetford	Investment	Single-let distribution centre	127,574	–
Warrington, Raglan Court	Investment	Single-let distribution centre	81,342	–
Wellingborough	Investment	Single-let industrial centre	67,570	–
Yate	Investment	Single-let distribution centre	255,714	–
			2,883,105	

APPENDIX 4
CONTINUED

Address	Held as	Description	Area sq ft (NIA)	Vacancy rate
Regional Offices				
Crawley	Investment	Single-let office building	48,131	–
The Hub, Glasgow	Investment	Multi-let office building	57,388	2%
Manchester, 31 Booth St	Investment	Fully refurbished multi-let office building which achieved practical completion in March 2017	25,441	100%
Manchester, Churchgate & Lee House	Investment	Multi-let city centre office	249,233	2%
Manchester, Dale House	Investment	Multi-let city centre office building with refurbishment and asset management potential	53,635	53%
Reading	Investment	Office building	35,847	–
			469,675	
Land				
Telford, Dawley Road	Development	Residential land	n/a	n/a
Crawley, Tilgate	Development	Commercial development site	n/a	n/a
Retail Development				
Cortonwood Retail Park	Development	Pre-let retail park	79,750	–
Four Pools, Evesham	Development	Retail park	41,000	15%
Ibstock site, Kingswinford	Development	Retail park	80,000	n/a
Barking Road, East Ham	Development	Retail/leisure	43,000	–
Treyew Road, Truro	Development	Retail park	78,000	n/a
			321,750	

Address	Held as	Description	Units	Vacancy rate
Retirement Villages				
Millbrook Village, Exeter	Development	Retirement village development	164	n/a
Durrants Village, Faygate	Development	Retirement village development	173	n/a
Maudslay Park, Great Alne	Development	Retirement village development	166	n/a
Bramshott Place, Liphook	Development	Retirement village development	191	n/a
Bramshott Place Clubhouse	Investment	Clubhouse at retirement village	n/a	n/a
Durrants Village Clubhouse	Investment	Clubhouse at retirement village	n/a	n/a
Millbrook Village Clubhouse	Investment	Clubhouse at retirement village	n/a	n/a
			694	

APPENDIX 5

EPRA PERFORMANCE MEASURES

The European Public Real Estate Association Best Practice Recommendations sets out a number of EPRA Performance Measures ("EPMs") to aid comparability in reporting across property companies. The principal EPMs applicable to the Group are set out below:

EPRA performance measure	Definition	Note	31.3.17	31.3.16
EPRA Earnings	Earnings from operational activities.	13	0.5p	17.1p
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	32	473p	456p
EPRA NNNAV	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	32	442p	424p
ERPA NIY	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.		3.70%	2.95%
EPRA Topped Up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		5.20%	3.97%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.		27.26%	26.05%

APPENDIX 5
CONTINUED

The note references provide the calculation of the associated measure. Other measures are calculated as follows:

EPRA Net Initial Yield and EPRA Topped Up Net Initial Yield				31.3.17
	Investment property at fair value	– subsidiaries		1,003,000
	Investment property at fair value	– joint ventures		13,907
Less:	Property under construction	– subsidiaries		(111,750)
	Property under construction	– joint ventures		(13,907)
	Undeveloped land			(100)
	Properties not held for rental income			(19,900)
	Completed property portfolio			871,250
	Allowance for estimated purchaser's costs		6.8%	59,245
	Gross up completed property portfolio			930,495
	Passing rent net of head rents			34,386
	EPRA NIY			**3.70%**
Add:	Contracted rent			13,981
	Topped up annualised net rents			48,367
	EPRA Topped up NIY			**5.20%**

EPRA Vacancy Rate	31.3.17
ERV of vacant space	19,508
ERV of total portfolio	71,563
EPRA Vacancy rate	**27.26%**

Below is a table setting out in greater detail the types of capital expenditure made by the Group during the year.

	Note	Year ended 31.3.17
Acquisitions		–
Existing portfolio		64,376
Capitalised interest		4,402
Additions and transfers at cost	14	68,778
Tenant incentives		9,373
Total capex		78,151

There were no new investment property purchases during the year. The majority of the expenditure on the existing portfolio was made on the London portfolio (80%) and the Manchester offices (7%). Similarly, 94% of the capitalised interest is in London and 6% is in Manchester offices. Capitalised interest is calculated in accordance with IAS 23 *Borrowing Costs*.

Tenant lease incentives are calculated in accordance with IAS 17 *Leases*. The debtor balances recognised by the Group have increased by £9.4m due to developments being completed and let during the year. The majority of the increase relates to The Bower, London EC1 (c. £6m) and C-Space, London EC1 (c. 2.7m).

SHAREHOLDER INFORMATION

WEBSITE
The report and financial statements, a list of properties held by the Group, Company presentations, press releases, the financial calendar and other information on the Group are available on our website at **www.helical.co.uk**

REGISTRAR
All general enquiries concerning holdings of ordinary shares in Helical plc should be addressed to the Company's Registrar:

Capita Asset Services
The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Telephone: 0871 664 0300*
Fax: 020 8639 2220
From outside the UK +44 371 664 0300

Website: **www.capitaassetservices.com**
Email: shareholderenquiries@capita.co.uk

* Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00am and 5:30pm, Monday to Friday excluding public holidays in England and Wales.

E-COMMUNICATION
Shareholders and all interested parties may choose to be alerted about press releases, regulatory news updates and financial calendar updates by subscribing to the alert service in the "Regulatory News" area of our website.

Shareholders may inform us how they wish to receive statutory communications from the Company, including annual reports and notices of general meetings, via the Shareholder portal. Further to a letter of deemed consent sent to Shareholders on 5 April 2017, shareholders are notified by post by default when notices, documents and information from the Company are available on the website at **www.helical.co.uk**. If you wish to be notified by email each time the Company places a statutory document on its website or if you would like to receive printed copies of statutory documents in the post, please go to **www.signalshares.com**. Once you have registered, click on the "Manage your Account" link and follow the on-screen instructions.

PAYMENT OF DIVIDENDS
UK Shareholders whose dividends are not currently paid to mandated accounts may wish to consider having their dividends paid directly into their bank or building society account. This has a number of advantages, including the crediting of cleared funds into the nominated account on the dividend payment date. Shareholders, who would like their future dividends to be paid in this way should complete a mandate instruction available from the Registrar or register their mandate at: **www.signalshares.com**. Under this arrangement dividend confirmations are sent to the Shareholder's registered address.

DIVIDENDS FOR SHAREHOLDERS RESIDENT OUTSIDE THE UK
Instead of waiting for a sterling cheque to arrive by mail, you can ask us to send your dividends direct to your bank account. For information, please contact the Company's Registrar.

DIVIDEND REINVESTMENT PLAN (DRIP)
The Company offers shareholders the option to participate in a DRIP. This enables shareholders to reinvest their cash dividends in Helical plc shares.

For further details, contact the Company's Registrar or complete an application form online at: **www.signalshares.com**

For participants in the DRIP, key dates of forthcoming dividends can be found in Financial Calendar page in the "Investors" section of the website at **www.helical.co.uk**

SHARE DEALING SERVICE
An online and telephone share dealing service is available to our shareholders through Capita Deal.

For further information on this service or to buy and sell shares online, please visit **www.capitadeal.com**

For telephone dealing, please call 0371 664 0445*

* Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.00am - 4.30pm Monday to Friday excluding public holidays in England and Wales.

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

Further information about ShareGift is available at **www.sharegift.org** or by writing to:

ShareGift, PO Box 72253, London, SW1P 9LQ.

Email: help@sharegift.org
Telephone: 020 7930 3737

DIVIDENDS
Dividends declared and/or paid during the year to 31 March 2017 were as follows:

Dividend	Record date 2016	Payment date 2016	Amount
2015-16 2nd Interim	11 March	4 April	5.15p
2015-16 Final	1 July	29 July	0.72p
2016-17 Interim	2 December	30 December	2.40p

Dividend payment dates in 2017 will be as follows:

Dividend	Record date 2017	Payment date 2017	Amount
2016-17 Final	23 June	21 July	6.20p
2017-18 Interim	December	December	TBC

UNSOLICITED INVESTMENT ADVICE - WARNING TO SHAREHOLDERS
Many companies have become aware that their Shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. It is not just the novice investor who has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports into the Company.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation;
- Check that they are properly authorised by the FCA (Financial Conduct Authority) before getting involved. You can check at **www.fca.org.uk/consumers**; and
- Report the matter to the FCA either by calling: 0800 111 6768 or by completing an online form at: **www.fca.org.uk/consumers/report-scam-unauthorised-firm**

SHARE PRICE INFORMATION
The latest information on the Helical plc share price is available on our website **www.helical.co.uk**

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Registered in England and Wales No. 156663

GLOSSARY OF TERMS

Average unexpired lease term
The average unexpired lease term expressed in years.

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

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

EPRA earnings per share
Earnings per share adjusted to exclude losses/gains on sale and revaluation of investment properties and their deferred tax adjustments, the tax on loss/profit on disposal of investment properties, trading property losses/profits, impairment of available-for-sale investments and fair value movements on derivative financial instruments, on an undiluted basis. Details of the method of the calculation of the EPRA earnings per share are available from EPRA (see note 13).

EPRA net assets per share
Diluted net asset value per share adjusted to exclude fair value 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 32).

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 (see Appendix 5).

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 32).

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.

Equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received in arrears.

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

Gearing
The normal value of Group borrowings expressed as a percentage of net assets

Initial yield
Annualised net rents on investment properties as a percentage of the investment property valuation.

IPD
The Investment Property Databank Limited (IPD) is a company that produces a number of independent benchmarks of unleveraged commercial property returns.

Net assets value per share (NAV)
Equity Shareholders' Funds divided by the number of ordinary shares at the balance sheet date.

Net gearing
Total borrowings less short-term deposits and cash as a percentage of equity shareholders' funds.

Passing rent
The annual gross rental income 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
The consolidated Group and the Group's share in its joint ventures (see Appendix 1).

See-through gearing
The see-through net borrowings as expressed as a percentage of equity Shareholders' Funds (see Appendix 2).

Total accounting return
The growth in the net asset value if the Company plus dividends paid in the year, expressed as a percentage of net asset value.

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.

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 year.

True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received quarterly in advance.

Unleveraged returns
Total property gains and losses (both realised and unrealised) plus net rental income expressed as a percentage of the total value of the properties.

WAULT
The total contracted rent up to the lease expiry date dividend by the contracted annual rent.

CALENDAR 2017-2018

2017	
22 June 2017	Ex-dividend date for final ordinary dividend
23 June 2017	Record date for final ordinary dividend
13 July 2017	Annual General Meeting
21 July 2017	Final ordinary dividend payable
November 2017[1]	Half Year Results and interim ordinary dividend announced
December 2017[2]	Ex-dividend date for interim ordinary dividend
December 2017[2]	Registration qualifying date for interim ordinary dividend

2018	
May 2018	Announcement of Full Year Results to 31 March 2018

Notes
1 The announcement date of the Half Year Results will be confirmed in October 2017.
2 Dates for the potential interim dividend will be confirmed in the Half Year Results Announcement.

ADVISORS

Registrars	– Capita Asset Services
Bankers	– Aviva Commercial Finance Limited – Barclays Bank PLC – Deutsche Pfandbriefbank AG – HSBC Bank PLC – Lloyds Bank PLC – Santander UK PLC – The Royal Bank of Scotland PLC
Joint stockbrokers	– J.P. Morgan Cazenove – Numis Securities Limited
Auditors	– Grant Thornton UK LLP
Merchant bankers	– Lazard & Co Limited
Corporate solicitors	– Ashurst LLP – Mishcon de Reya LLP

CONTACT DETAILS

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NOTES

NOTES

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