HELICAL

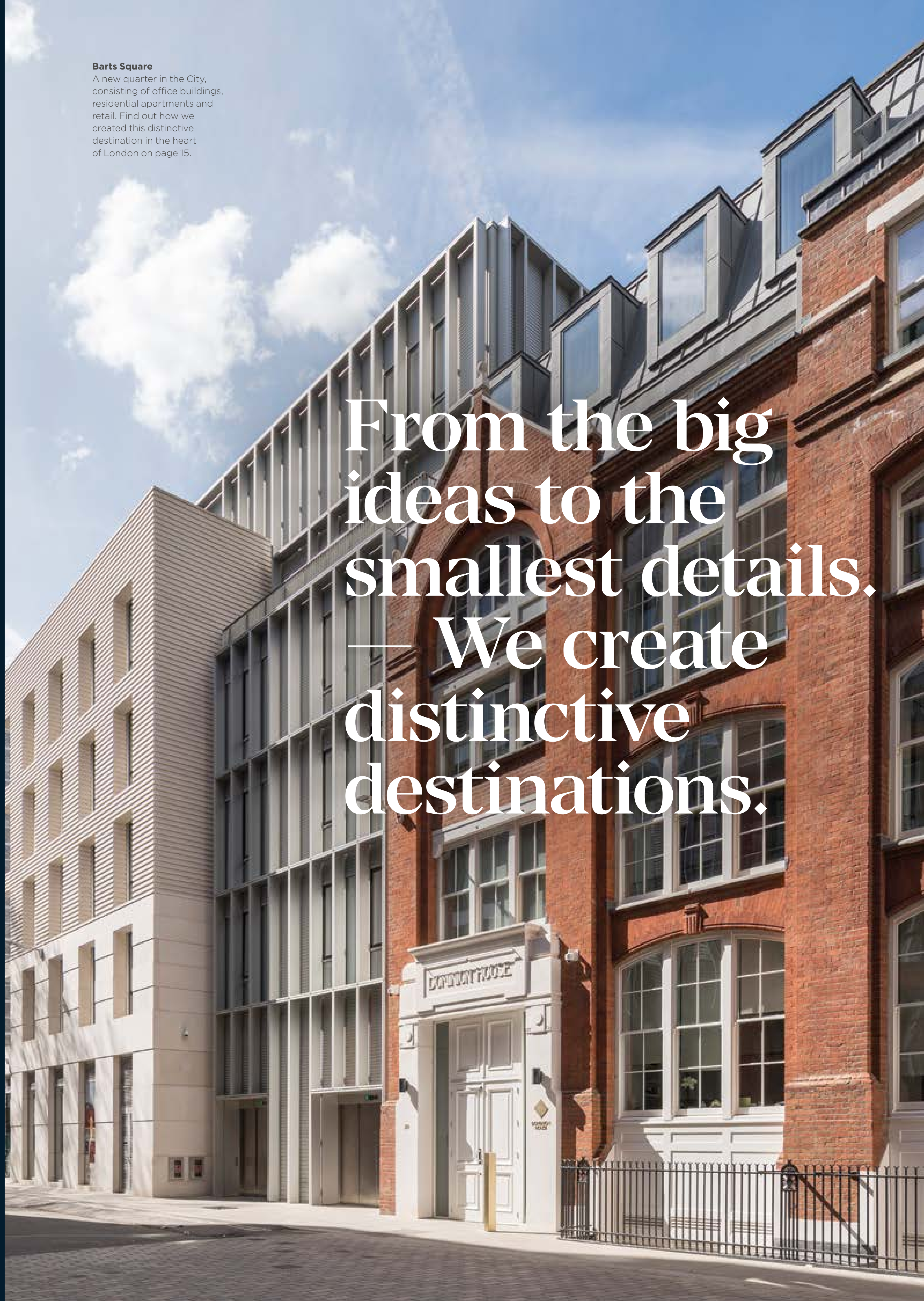
HELICAL PLC

Annual Report and Accounts 2020

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

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

Front cover image: Kaleidoscope, London EC1



Barts Square
A new quarter in the City, consisting of office buildings, residential apartments and retail. Find out how we created this distinctive destination in the heart of London on page 15.

2020 FINANCIAL HIGHLIGHTS

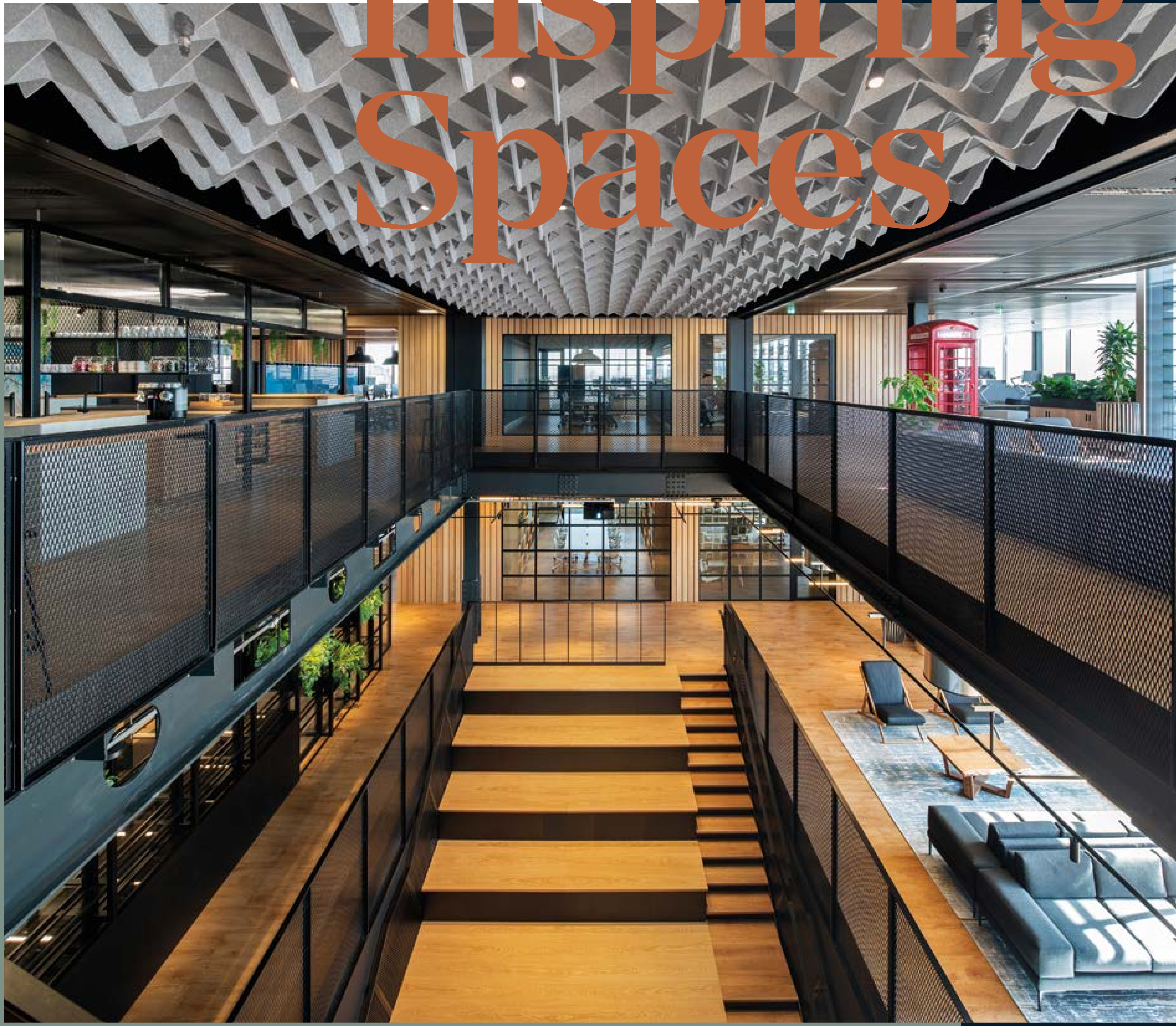
Helical has had another successful year, delivering a Total Property Return of 9.6%, Total Accounting Return on EPRA net assets of 9.3% and an increase in EPRA net asset value per share of 6.0%. This was reflected in a Total Shareholder Return of 8.7%.

Financial Highlights

Net assets (£m)	599	+5.5%	2019: 567
EPRA net asset value per share[1] (p)	511	+6.0%	2019: 482
Profit before tax (£m)	43.0		2019: 43.5
Total dividend per share (p)	8.70		2019: 10.10
IFRS earnings per share (p)	32.3		2019: 35.8
EPRA earnings per share[1] (p)	7.6		2019: loss of 8.4
Total Property Return[1] (£m)	83.9		2019: 81.4
Portfolio return – MSCI (%)	9.6		2019: 10.1
See-through loan to value[1] (%)	31.4		2019: 30.6
Total shareholder return[1] (%)	8.7		2019: 5.2

1 See Glossary of Terms for definition.

Inspiring Spaces



CHIEF EXECUTIVE'S STATEMENT

Well positioned with a high quality portfolio and a robust balance sheet

GERALD KAYE
CHIEF EXECUTIVE

INTRODUCTION

Having started the financial year with the political uncertainty over Brexit followed by the December General Election, 2020 commenced with an encouraging level of business confidence. This confidence dissipated rapidly as the Covid-19 pandemic spread and we are now encountering a recession, caused not by financial stress but by the cessation of a considerable level of economic activity. The pace of economic recovery is uncertain, and it is against this backdrop that we announce the Company's 2020 annual results.

Helical has had another successful year, delivering a Total Property Return of 9.6%, Total Accounting Return on EPRA net assets of 9.3% and an increase in EPRA net asset value per share of 6.0%. This was reflected in a Total Shareholder Return of 8.7%.

THE COMPLETION OF OUR DEVELOPMENT PIPELINE

In the last year we have completed a full development cycle which started in March 2011 when we acquired, in joint venture, 3.2 acres of land and buildings at Barts Square, London EC1. By March 2020, we had built or refurbished 2.3m sq ft of office space in 20 buildings in London and Manchester and delivered 236 residential apartments (0.2m sq ft).

Whilst 1.3m sq ft of offices has been developed in partnership with their ultimate owners or subsequently sold, we have retained a high quality portfolio comprising 1.0m sq ft of new or recently refurbished Grade A offices in London and Manchester.

RESULTS FOR THE YEAR

Profit before tax for the year to 31 March 2020 remained steady at £43.0m (2019: £43.5m). Total Property Return increased to £83.9m (2019: £81.4m) and included net rents of £28.5m (2019: £25.2m), bolstered by development profits of £9.9m (2019: losses of £4.4m). The net gain on sale and revaluation of the investment portfolio contributed £45.5m (2019: £60.6m).

Net finance costs of £15.6m were substantially lower than in 2019 (£18.4m) as a result of the reduction in borrowings achieved in the last two years and lower interest rates. However, the Income Statement was adversely affected by the reduction in medium and long-term interest rates over the year which led to a £7.7m charge (2019: £3.3m) arising from the valuation of the Company's derivative financial instruments. The repayment of the Company's Convertible Bond provided a credit of £0.5m (2019: £0.9m).

Recurring administration costs were marginally lower at £11.1m (2019: £11.3m), whilst performance related awards increased marginally to £5.3m (2019: £5.2m) with National Insurance on these awards of £0.9m (2019: £0.7m).

IFRS basic earnings per share decreased to 32.3p (2019: 35.8p). However, EPRA earnings per share improved to 7.6p (2019: loss of 8.4p), reflecting the contribution to earnings from the development profits.

The Total Accounting Return on EPRA net assets, being the growth in the net asset value of the Group, as calculated in accordance with EPRA guidelines, plus dividends paid in the year, was 9.3% (2019: 8.0%). EPRA net asset value per share was up 6.0% to 511p (31 March 2019: 482p), with EPRA triple net asset value per share up 3.2% to 480p (31 March 2019: 465p).

Portfolio return - MSCI
9.6%

Profit before tax
£43.0m

Total Shareholder Return
8.7%

EPRA net asset value
511p

> "In the last year we have completed a full development cycle which started in March 2011 when we acquired, in joint venture, 3.2 acres of land and buildings at Barts Square, London EC1. By March 2020, we had built or refurbished 2.3m sq ft of office space in 20 buildings in London and Manchester and delivered 236 residential apartments (0.2m sq ft)."

On a like-for-like basis, the investment portfolio increased in value by 5.9% (5.8% including purchases and gains on sales). The see-through total portfolio value increased to £949.3m (31 March 2019: £876.4m).

The unleveraged return of our property portfolio, as measured by MSCI, was 9.6% (2019: 10.1%). We compare our portfolio performance to two MSCI benchmarks. The MSCI UK March-Valued Annual Property Index produced a return of -1.1% (2019: 3.6%) with an upper quartile return of 2.9% (2019: 7.0%). The MSCI Central London Offices Total Return Index produced a return of 4.5% (2019: 4.8%) with an upper quartile return of 6.2% (2019: 6.2%).

FINANCE

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

During the year to 31 March 2020, the Group invested £86.8m in its investment portfolio and incurred development expenditure of £15.5m on its residential scheme at Barts Square, London EC1. Offsetting this expenditure, the Group generated £41.6m of investment sales and £24.7m from the sale of development stock and funded the balance of expenditure through borrowings, which increased to £298.5m (2019: £268.6m).

The see-through loan to value ratio ("LTV") marginally increased to 31.4% at the year end (31 March 2019: 30.6%) and our see-through net gearing, the ratio of net borrowings to the net asset value of the Group, increased to 49.9% (31 March 2019: 47.3%) over the same period.

At the year end, the average debt maturity on secured loans, on a see-through basis, was 4.1 years (31 March 2019: 3.4 years), increasing to 5.5 years on exercise of options to extend the Group's £400m RCF and on a fully utilised basis. No secured loan is repayable before December 2021. The average cost of debt at 31 March 2020 was 3.5% (31 March 2019: 4.0%). The Group has a significant level of liquidity with see-through cash and unutilised bank facilities of £279m (31 March 2019: £382m) to fund capital works on its portfolio and future acquisitions.

EARNINGS AND DIVIDENDS

As I stated in last year's Annual Report, Helical is primarily a capital growth stock, albeit one with an increasingly important income stream as our redeveloped and refurbished investment assets become let.

The portfolio was 82% let at 31 March 2020, generating contracted rents of £37.6m (2019: £33.2m), at an average of £42.60 psf, growing to £47.8m on the letting of currently vacant space, towards an ERV of £60.0m (2019: £51.5m). The Group's contracted rent has a Weighted Average Unexpired Lease Term ("WAULT") of 7.8 years in London and 3.9 years in Manchester.

The most immediate impact on our business from Covid-19 has been the delay in letting our most recently completed office schemes at Kaleidoscope, London EC1 and Trinity, Manchester. The ERV of these two buildings is £8.9m, or 15% of the portfolio's total ERV, and we had anticipated lettings being achieved by now. Whilst we have good interest in the buildings, they remain available and this will have an impact on earnings in the coming year.

Commensurate with action taken elsewhere to reduce outgoings and preserve the Group's cash resources in the current uncertain environment, the Board is recommending to Shareholders a final dividend of 6.00p, a reduction of 20.0% on last year (7.50p). If approved by Shareholders at the 2020 AGM, the total dividend for the year will be 8.70p, down 13.9% on 2019 (10.10p). This reduction of the dividend recognises the near-term uncertainty in our earnings and provides us with the opportunity, over the medium term, to grow dividends in line with sustainable earnings.

CHIEF EXECUTIVE'S STATEMENT
CONTINUED

OUR BALANCE SHEET STRENGTH AND LIQUIDITY
At 31 March 2020, we had £64m of cash deposits available to deploy without restrictions and a further £19m of rent and sales receipts collected in bank accounts available to service payments under loan agreements, cash held at managing agents and cash held in joint venture. In addition, the sale of 90 Bartholomew Close, London EC1 in April, realised a further £8m for Helical. The net cash available to the Group is sufficient to cover over two years of operating costs. Furthermore, the Group has £196m of loan facilities available to draw on plus £70m of currently uncharged investment assets.

With no secured borrowings repayable before December 2021, the weighted average maturity of its secured borrowings is 4.1 years, increasing to 5.5 years on exercise of options to extend the £400m RCF and on a fully utilised basis. The Group's weighted average cost of debt is 3.5%. The marginal cost of fully utilising the undrawn RCF is 2.2%.

BOARD MATTERS
At the 2019 AGM we said goodbye to Mike Slade, the founder and former Chief Executive of Helical, who retired from the Board after 35 years to be succeeded as Chairman by Richard Grant. At the same time, Michael O'Donnell stepped down from the Board after eight years as a Non-Executive Director and we thank both of them for their contributions to the success of the Company.

In June 2019, Sue Farr was appointed as an independent Non-Executive Director and a member of each of the Company's Audit and Risk, Nominations and Remuneration Committees. Sue is an experienced Non-Executive Director and, subject to her re-election at the 2020 AGM, will assume the role of Chair of the Remuneration Committee.

SUSTAINABILITY
Sustainability underpins all activities at Helical and we have long recognised that our activities have an impact on the environment and communities in which we operate. During the year we formalised our approach to sustainability and notably established a Sustainability Committee, chaired by Property Director Matthew Bonning-Snook, along with other representatives from across the business. We are also pleased to announce our new Sustainability Strategy, "Built for the Future", which will be made available alongside our Annual Report and Accounts. This strategy sets out our long-term vision and associated targets for our key areas: Our Environment, Our People and Our Communities.

Eight of our buildings have either achieved or are targeting a BREEAM rating of "Excellent" and 75% of our portfolio holds an EPC rating of C and above. As part of our ongoing commitment to sustainability reporting, we measure our performance under MSCI, GRESB and CDP, along with aligning our disclosures with EPRA. In addition to this, we have also had our greenhouse gas (GHG) emissions externally verified giving additional confidence to our stakeholders.

OUR RESPONSE TO COVID-19
OUR PEOPLE
We have 29 full and part-time employees in the Company who have been working from home since mid-March. Despite the challenges they have faced, their commitment and contribution have been unwavering, and the Board is proud of the way they have continued undeterred by current events.

OUR COMMUNITY
Helical's relationship with LandAid began over 30 years ago and since then the Group has raised or donated a significant amount to provide temporary accommodation for vulnerable young people, enabling them to make a new start in life.

Helical has participated in LandAid events throughout its life as a charity and when the call came in March for further assistance, Helical became one of the first Founding Partners to donate to the LandAid Emergency Fund. Our donation of £20,000 is enabling frontline charities across the country to provide vital support to young homeless people during the Covid-19 pandemic.

Group's share of cash and undrawn bank facilities
£279m

Weighted average maturity of secured borrowings
5.5yrs

Office buildings holding or targeting BREEAM "Excellent"
8

March 2020 quarter rent collected
92%

OUR TENANTS
We are a provider of Grade A office space to multiple businesses in London and Manchester, all of which are having to navigate their own journey through this difficult time. Since the Covid-19 lockdown, we have continued to keep all our buildings open, ensuring that they comply with Government guidelines on providing safe office space.

During this period, we have engaged positively with all our tenants, seeking solutions to any short-term cash flow concerns. For those in financial difficulty, we have agreed to rent concessions with the March quarter rent being paid monthly rather than quarterly. This approach has enabled us to collect 92% of the March quarter rents, with a further 3% being paid in instalments and 2% deferred. In addition, we have collected 97% of the quarterly service charge due from our tenants.

In anticipation of possible cash flow difficulties for some occupiers, we have taken early steps to engage with all our tenants in advance of the June quarter. Whilst the Government has launched a range of business support measures, including protection against forfeiture and legal action to recover rents, it has reiterated that commercial tenants remain liable for their obligations under leases. We will continue to work collaboratively with our tenants to help them through this crisis.

OUR DEVELOPMENT PROGRAMME
At the outbreak of Covid-19, work at our only major scheme, at 33 Charterhouse Street, London EC1, halted temporarily whilst appropriate assessment of the Government's guidance on safe working on construction sites was considered. Demolition of the structures on site has now resumed in full compliance with the latest guidance.

ACTIONS TAKEN TO REDUCE OVERHEADS AND OTHER OUTGOINGS
Notwithstanding the strong financial position of the Group at 31 March 2020, we are in a period of uncertainty, with clarity unlikely until businesses return to their usual places of work and become able to operate normally.

With this as the background, we have taken prudent steps to reduce the costs of the business and the call on our cash resources. We have reviewed our overheads and cancelled the previously anticipated annual salary increases for the Board and staff, other than in exceptional circumstances. The Executive Directors have agreed to a reduction of 10% in their annual bonus entitlement, an amount equivalent to a reduction in base salary of 25% for six months, with the reduced bonus level awarded wholly in shares with no cash element. In addition, capital expenditure programmes have been reviewed to ensure that any commitments are accretive to value.

OUTLOOK
These results are announced during a period of considerable uncertainty with the timing and strength of the recovery from the Covid-19 pandemic yet to be determined. For the office sector, questions are being asked about the desire to return to previous working practices. As we move through the various stages of the Covid-19 pandemic and arrive at the so-called "new normal", we shall learn how businesses and their staff view their experiences and the productivity of working from home. What we do know, however, is that people are sociable and prefer to congregate together, both at work and at play.

It is our view that a large majority of businesses will continue to seek space for their employees to gather in a centralised working environment and that the draw of London, as a pre-eminent global city, will remain. It is our challenge to ensure that what we have to offer is attractive to these businesses. We believe they will continue to seek well located and accessible buildings near large and modern transport hubs, served with the latest technology but with an increased focus on health and wellbeing within sustainable buildings. Our properties, with spacious, light filled floors let on flexible leases and served by multiple transport options, amenity rich with sizeable bike storage and changing facilities, will continue to provide the features of office life that our tenants and their employees are seeking.

We anticipate there will be a growing divergence in the office sector between Grade A buildings and the rest. The response from both occupiers and investors following Covid-19 is likely to accelerate this process and we are confident that the successful delivery of our strategy in recent years means we are positioned on the right side of this gap, with our Grade A buildings offering an appealing environment for businesses seeking high quality space.

The Company has robust finances and will seek to protect Shareholder value and meet the challenges that the coming months will bring. Going forward, Helical has £279m of cash and undrawn bank facilities available to pursue its strategy of growing the business when the opportunities arise.

GERALD KAYE
Chief Executive

4 June 2020

OUR MARKET

MATTHEW BONNING-SNOOK
PROPERTY DIRECTOR

Q&A

Helical Property Director Matthew Bonning-Snook assesses the market

Why are you focusing on offices in London and Manchester?
MB-S/ Gerald and I have over 70 years combined experience in the London commercial property market, of which 50 years has been with Helical. We remain confident that London will continue to provide the best source of capital profits for the foreseeable future.

London benefits from being the home to government, finance, technology, the creative industries and life sciences. The increase in urbanisation and the "war for talent" have driven the demand for the highest quality office space, whilst geographical and political constraints continue to limit supply.

Manchester presents attractive opportunities for us outside of London as it appeals to many of the same occupiers and Helical has found that its approach to providing inspiring workspaces has been equally well received by its tenants in both cities.

> "The increase in urbanisation and the "war for talent" have driven the demand for the highest quality office space, whilst geographical and political constraints continue to limit supply."

How have the occupiers' office and amenity requirements evolved and how is this impacting your property developments?
MB-S/ There is clear and growing demand from occupiers for sustainable and amenity rich workplaces that supports talent attraction and retention.

We are invested in delivering design-led, best in class space to occupiers that benefit both their physical and mental wellbeing. We aspire to create pleasant communal areas and public realm within, or around, our developments, increasing employee happiness and, as a result, tenant demand. All our buildings include generous cycle provisions and changing facilities, supporting our occupiers in exercising and keeping fit.

Technology is playing an important role in delivering and monitoring the sustainability and ongoing efficiency of our buildings. We are working to incorporate this technology into our new developments, as well as retrofitting this to other buildings within the portfolio.

As a final point, we are seeing more occupiers, particularly those looking at smaller floorplates and shorter leases, interested in fully fitted rather than traditional Cat A space. In response to this we offer pre-fitted "Plug & Play" options, as well as a more bespoke fit out if required, to occupiers in both London and Manchester, on flexible lease terms.

> "We are also now capitalising on the value of owning properties in clusters, as tenants expand from one building within our portfolio to another."

Why have you built up a cluster of assets in the Old Street and Farringdon areas and are there any other locations you are considering?
MB-S/ Helical has always been an opportunity led investor and does not limit itself to considering assets in pre-defined locations within London; all potential assets are assessed on their individual merits. However, when making this assessment the individual characteristics of the micro location will be a significant factor, including the area's transportation links, future potential, supply/demand dynamics, but also importantly the cultural richness of the area.

Both the Old Street and Farringdon areas have excellent public transport, with the latter expected to benefit significantly from the opening of the Elizabeth Line. They both attract tenants from the creative and tech industries, sitting within the "Tech Belt". Finally, they are both undergoing significant regeneration and revitalisation, through Government and private investment, which is expected to continue for the foreseeable future. We are also now capitalising on the value of owning properties in clusters, as tenants expand from one building within our portfolio to another.

Whilst we continue to look for new opportunities within these locations, we are also looking for the next emerging area in which to build a footprint.

Sustainability has rapidly moved up most stakeholders' agendas; how are you responding?
MB-S/ During the year we refocused our approach to sustainability to ensure that our vision and the pathway to achieving our goals is clear. Firstly, in September 2019 we appointed a Sustainability Committee. This Committee, which I chair, meets on a quarterly basis and creates a forum in which ideas can be discussed, targets and policies set, and knowledge shared. Secondly, this Committee is pleased to announce our new Sustainability Strategy "Built for the Future". This strategy sets out our long-term vision, and associated targets, for our key areas: Our Environment, Our People and Our Communities.

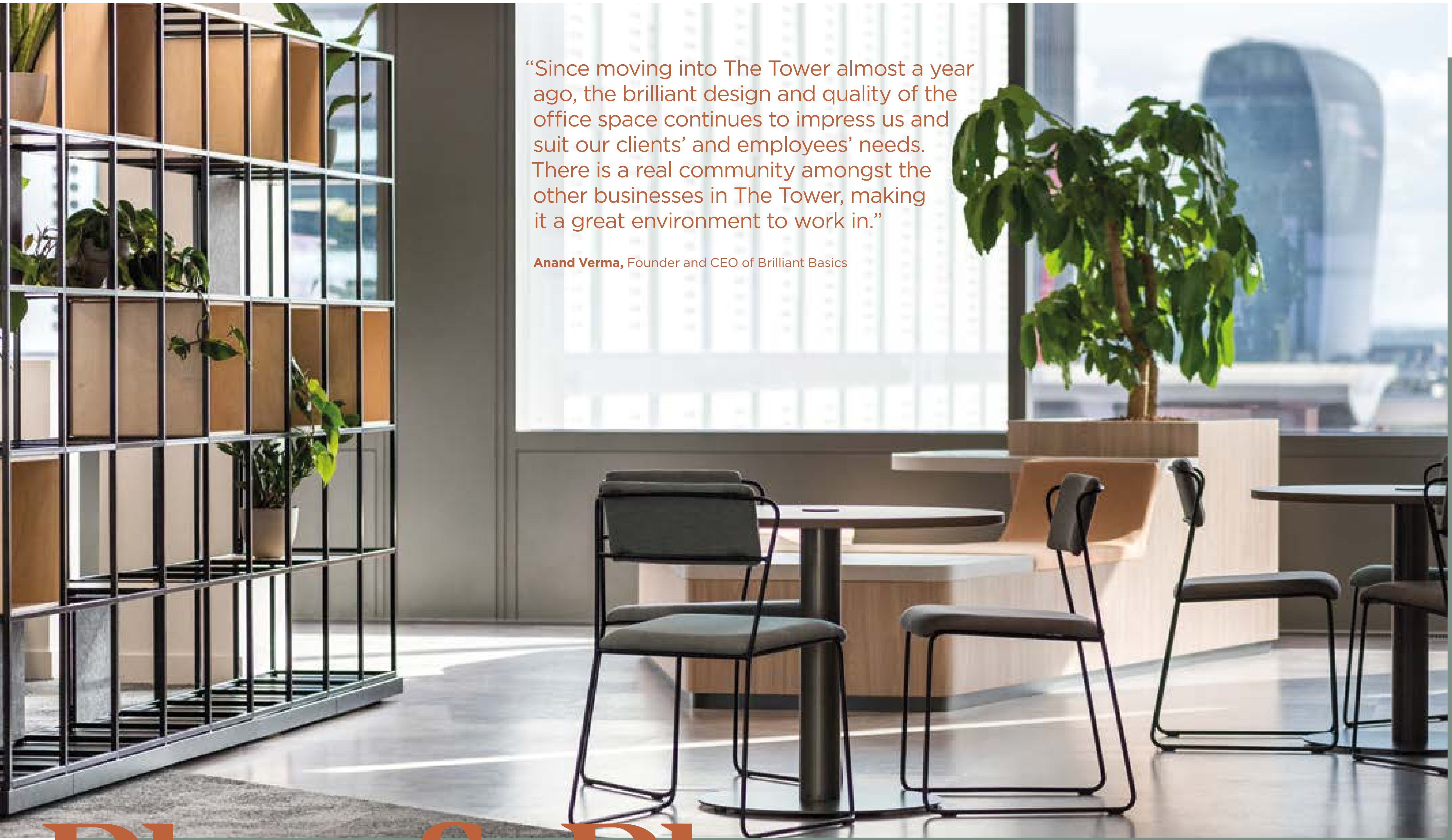
We recognise the importance of sustainability and the critical role it plays in business performance, now and in the future, and as such we are committed to finding ways to lower our carbon emissions, support social values in our communities and encourage a culture that promotes diversity and inclusion.

We believe our strategy will put us in a strong position to respond to the future risks and opportunities associated with sustainability.

What does the future look like for Helical?
MB-S/ Repositioning, refurbishing and redeveloping property is, and will continue to be, at the core of Helical's strategy.

As we reach the point where our net rental income covers our costs and dividends, our focus now is to build our pipeline, finding exciting new opportunities to add to our chosen "clusters" and looking for new growth locations in which we can play a key part of their regeneration and deliver strong capital returns to our Shareholders.

OUR MARKET
CONTINUED



"Since moving into The Tower almost a year ago, the brilliant design and quality of the office space continues to impress us and suit our clients' and employees' needs. There is a real community amongst the other businesses in The Tower, making it a great environment to work in."

Anand Verma, Founder and CEO of Brilliant Basics

Plug & Play

Fast paced and growing businesses need flexibility, fewer up-front costs and convenience. Helical's response to this is our "Plug & Play" offering. In partnership with trusted fit out contractors, we design and deliver fitted office suites which include flooring, data cabling, high quality furniture and partitioning, that allows the occupier to move into a space that is ready to go from day one.

Benefits to the occupier are threefold. Firstly, they do not have to organise and get necessary approvals for their own fit out, which can be a difficult and daunting task for those without prior property experience. Secondly, taking a Plug & Play unit reduces an occupier's upfront capital expenditure as they do not pay for their fit out. Thirdly, our Plug & Play spaces are let on a flexible basis, meaning that occupiers can upsize and downsize as their business requirements change, without the worry of high reinstatement costs.

From our perspective, we benefit from reaching a wider market and can let our vacant space more quickly. We have found there is a growing number of occupiers who have outgrown serviced offices and want their own space and identity but are not yet ready to commit to a long-term lease or undertake their own fit out. A further benefit is that the Plug & Play suites also act as a show suite for any remaining vacant space within the building. Finally, we are achieving a premium on our Plug & Play lettings compared to traditional lettings, even once fit out costs have been taken into account.

HOW IT WORKS
With our Plug & Play lettings, the cost of the fit out is written off over a five-year period. The fit out costs vary between buildings and locations, as does the style of finish, however we ensure the quality is consistent across the portfolio. The occupier covers the fit out costs through a reduced rent free period, a higher headline rent or, most likely, a combination of the two.

THE BOWER, 12TH FLOOR
In June 2019, working with Thirdway Interiors, we began work on our first Plug & Play floor within The Tower at The Bower, our flagship development in Old Street. Great care was taken in delivering space that was consistent with the quality of the base build and would suit tenants in the creative and tech sectors, key industries within this location, but equally provide flexibility to occupiers should they wish to make bespoke changes.

Following an eight-week programme the works were completed at the end of July 2019 and the floor was let to Brilliant Basics, an existing occupier, in October that year. This allowed them to take immediate occupation of the space.

Following the success of the 12th floor, the 13th and 14th floors of The Tower were pre-let to two separate occupiers on the same Plug & Play basis.

SUSTAINABILITY
Sustainability is hugely important to us and our Plug & Play solution is an environmentally friendly way to let space. All the materials and furniture used are of high quality and have been designed to last, and the spaces themselves are designed in a way that facilitates flexibility for future occupiers. At the end of the lease, rather than having to completely remove and replace the fit out, the space will undergo a light touch refurbishment and, where possible, be reused for the next occupier. In terms of the construction of our Plug & Play suites, we only partner with contractors who have a proven sustainability track record, and we ensure all waste is recycled where possible.

Bespoke fit outs

55 BARTHOLOMEW, FIFTH FLOOR
We appreciate that one size does not fit all. If occupiers require a more bespoke fit out, we work with them to create the perfect solution for their business. At 55 Bartholomew, ShadowFall designed their own fit out with our approved contractor, Warnes Projects. After entering into a simple form lease and works agreement, Helical executed the fit out on their behalf with the costs of the works being deducted from the initial rent free period. The fit out works were completed and ShadowFall were in occupation within three weeks of the lease documentation being signed.

STRATEGY

Our strategy

GROWTH

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

Strategic priorities

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

Key Performance Indicators

TOTAL SHAREHOLDER RETURN (1 YEAR)	8.7%
TOTAL ACCOUNTING RETURN	7.7%
EPRA NAV	511p

Other Performance Measures

EPRA EARNINGS PER SHARE	7.6p

Principal Associated Risks

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

PROPERTY

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

Strategic priorities

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

Key Performance Indicators

PORTFOLIO RETURN – MSCI (1 YEAR)	9.6%
PORTFOLIO RETURN – MSCI (3 YEAR)	10.2%

Other Performance Measures

ERV	£60.0m
CONTRACTED RENTAL INCOME	£37.6m
VACANCY RATE	17.8%
WAULT	7.1yrs
TOTAL PROPERTY RETURN	£83.9m

Principal Associated Risks

- Property values decline/reduced tenant demand for space
- Inability to asset manage, develop and let property assets
- Health and safety risk
- Risks arising from the Group's significant development projects

FINANCING

Operate a sustainable capital structure in which the core business costs are covered by income from the investment portfolio.

Use gearing on a tactical basis throughout the cycle to accentuate returns.

Strategic priorities

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

Other Performance Measures

SEE-THROUGH LOAN TO VALUE	31.4%
SEE-THROUGH NET GEARING	49.9%
AVERAGE COST OF DEBT	3.5%
AVERAGE MATURITY – SECURED DEBT	4.1yrs
CASH AND UNDRAWN BANK FACILITIES	£279m

Principal Associated Risks

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

PEOPLE

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

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

Strategic priorities

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

Key Performance Indicators

AVERAGE EMPLOYEE SERVICE	10.0yrs
AVERAGE STAFF TURNOVER	10.3%

Other Performance Measures

TRAINING AND DEVELOPMENT	900hrs

Principal Associated Risks

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

STRATEGY
CONTINUED

SUSTAINABILITY

Ensure that sustainability is at the heart of our business decisions creating a portfolio which is futureproofed for all our stakeholders.

Strategic priorities

- Transition to a low carbon business.
- Buy, use and re-use resources efficiently.
- Bring social, economic and environmental benefits to the areas in which we operate.
- Design and operate our buildings to support health and wellbeing.

Key Performance Indicators

BREEAM Rating (Excellent)	8 OFFICE BUILDINGS

Other Performance Measures

EPC Ratings (C or higher)	75%
Energy acquired from renewable sources	100%

Principal Associated Risks

- Sustainability risk

SUSTAINABILITY UNDERPINS ALL OF OUR OTHER STRATEGIC PRIORITIES, AND IS CONSIDERED THROUGHOUT THE IMPLEMENTATION OF OUR BUSINESS STRATEGY.

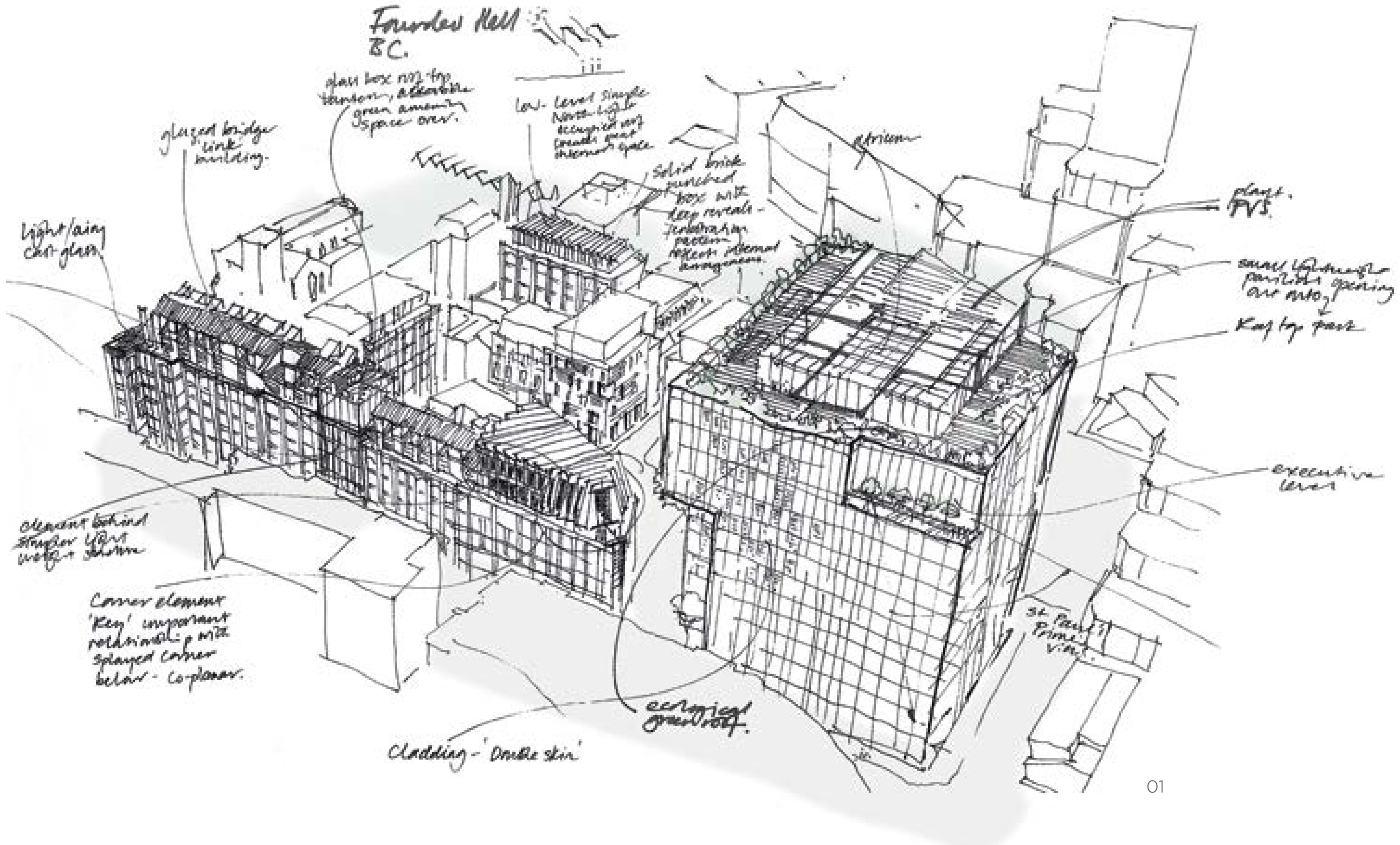
Section 172 Statement

Our stakeholders play a key role in the successful execution of our Company's long-term strategy. Our section 172(1) statement for the year ended 31 March 2020 on page 88 demonstrates the influence our stakeholders have had on some of the principal decisions made by the Board over the year.

BARTS SQUARE

CITY OF LONDON

BARTS SQUARE



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We create destinations through attention to every detail

THE VISION

The opportunity to purchase the freehold interest in land and buildings on a 3.2 acre site in the City of London does not come around very often. Lying adjacent to 200 Aldersgate, which we had recently refurbished, and the new Barts Hospital, the acquisition of c 400,000 sq ft of existing buildings, let on short-term leases to the NHS, provided the potential to create a new urban quarter in this historic but hidden away part of the City.

The area is home to London's oldest church, St Bartholomew the Great, as well as its Grade II listed gatehouse (see overleaf), and the lesser known, but equally historic, St John's Gate as well as housing several examples of splendid pre-war architecture.

The challenges of a redevelopment of this nature are many and varied with complex archaeology, the retention of historic façades and multiple important neighbours to consider throughout a multi phased mixed-use scheme developed over a number of years.

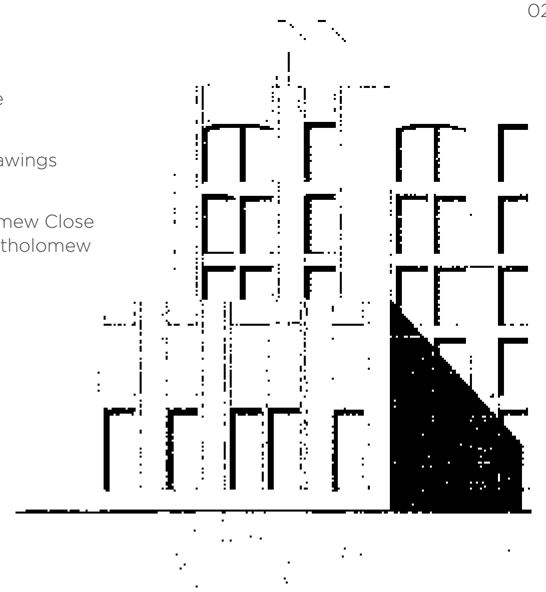
Working with architects Sheppard Robson, we created a masterplan for the site maintaining the existing streetscape. The basic strategy was simple; retain all pre-war elements of architectural significance and all new development would be in a style that was appropriate and complementary to the historic nature of the area.

The initial design concept was to create a fully mixed-use development with commercial office, residential apartments and ground floor restaurants and retail units. We appointed renowned landscape architects Gross Max to develop a scheme for the extensive public realm, which surrounds the development, and for the private gardens for the use of residents.

01 Barts Square initial sketch

02 Architect drawings

03 Detailing of 90 Bartholomew Close and One Bartholomew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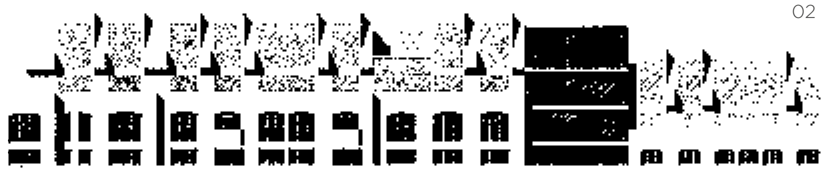
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03

History in our midst – the incredible story of the St Bartholomew the Great Church Gatehouse

Barts Square is steeped in centuries of London's history with the most significant and remarkable building being the Grade II listed Gatehouse of St Bartholomew the Great Church, which is located immediately adjacent to the current marketing suite on Little Britain. Dating back to 1123, the Gatehouse is a rare survivor of Tudor London with its characteristic monochrome façade and leaded windows. Despite being located at the epicentre of several catastrophic events, this small yet significant building is seemingly invincible to external calamities and is determined to maintain its longstanding position in its Little Britain location.

First, in 1666, despite the demise of the majority of the similarly constructed neighbouring buildings, it miraculously survived the Great Fire of London largely unscathed due to the huge stone walls of the neighbouring priory which then stood on the site providing the Gatehouse with protection.

Later, during the 18th century, a Georgian façade was erected over the original Tudor timber and the building was all but forgotten, the lower parts being used as a shop for the ensuing two centuries. During a German Zeppelin raid in 1917, the building suffered some bomb damage but again, the Gatehouse itself was largely protected by the existence of the Georgian façade. The cracks and damage caused to the façade by the bombing meant that the original building was revealed after two centuries under wraps. It was subsequently fully restored and has since been lovingly maintained as one of the finest surviving examples of London's Tudor past. Amazingly, the tiny residence above the Gatehouse (which was an addition to the original structure in 1595) is still inhabited by tenants today, arguably being the gatekeepers to one of London's most fascinating (and lucky) small buildings.

BARTS SQUARE

City living

Adding to the story of the City

RESIDENTIAL
One of the advertising "strap lines" that has been regularly used throughout the Barts residential sales campaign is "For those seeking homes like no other". The incorporation of the historic façades interwoven with new build elements ensures that individual buildings have their own character such that Barts Square feels more of a place than just a new development. The material choices for the new build elements were based on detailed research into the history and existing vernacular of the area. For example, the window reveals of The Levett Building feature a lace pattern inlaid into the tiling which is a direct copy of lace which was made by the members of the former convent at the church of St Bartholomew the Great. The timber detailing to the windows and doors of Abernethy House reference the warehouse vernacular so apparent in the area and the octagonal roof light in Hogarth House is a reconstructed version of the Victorian original. Interior architects Johnson Naylor worked with Helical to design a clean, sleek and stylish palette with understated luxury at its heart.

01

"Collaboration is at the heart of any great project and throughout our work on Barts Square we have worked closely with Helical to ensure we were assisting in bringing their initial vision to life, as well as collaborating with the architects, wider design team and even the branding agency to ensure that the end result had a truly joined up feel, packed with integrity."

02

01 Phase 2 residential exteriors

02 Vicary House interior

Interview with Fiona Naylor of Johnson Naylor

As local residents themselves, Johnson Naylor were perfectly placed to take on the challenge of creating the beautiful interiors at Barts Square. Fiona Naylor, founding partner, tells us about the project in more detail:

"We have a long history in this area so we were excited to be a part of bringing this significant site back to life. While the studio is working on many large central London schemes, it is a rare opportunity to be able to develop a site of such scale and significance in this richly historic area and we were delighted to be a key part of the team.

We started by looking in depth at the area's existing architectural grain and texture to ensure that while the interiors have a contemporary and premium feel, the area's heritage is not forgotten and plays a key part in informing the aesthetics of the apartments. The warehouse vernacular that is so evident in the area was a key theme that has flowed throughout the design of the interiors.

Collaboration is at the heart of any great project and throughout our work on Barts Square we have worked closely with Helical to ensure we were assisting in bringing their initial vision to life, as well as collaborating with the architects, wider design team and even the branding agency to ensure that the end result had a truly joined up feel, packed with integrity.

Materiality and texture are paramount in the design of the Barts Square apartments. The use of high quality finishes and the positioning of contrasting textures in close proximity to one another results in a feeling of 'discreet luxe'; sophisticated, prime central London living without ever feeling over the top or ostentatious. We create places for people to express their own personalities and create their own homes, rather than imposing a scripted style upon the occupiers."

BARTS SQUARE

Designed, delivered and operated responsibly

"The site is one of the most significant in the City in terms of the quality and character of the architecture in the immediate vicinity. This includes the medieval church of St Bartholomew the Great and its cloisters, as well as St Bartholomew's Hospital, the oldest hospital in London, designed by James Gibbs in the mid-18th century. The narrow streets and 19th and 20th century industrial buildings add to the unique character of this part of the City."

— Lead project architects, Sheppard Robson

01

OVERVIEW AND INCEPTION

From the inception of the initial design concept, Barts Square was intended to be a fully mixed-use development with commercial, residential and retail uses complementing each other. The position of the uses reflects the context of the surrounding area both in terms of design and scale.

OFFICES

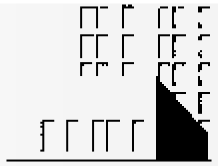
There are three office buildings at Barts Square;

- **One Bartholomew**
  214,434 sq ft, Grade A office building arranged over 12 floors.
- **90 Bartholomew Close**
  24,013 sq ft of office space arranged over first-sixth floors and a 6,414 sq ft restaurant at ground and lower ground, behind an attractive, retained Edwardian façade.
- **55 Bartholomew**
  A characterful, refurbished former Victorian warehouse which totals 10,976 sq ft arranged over ground and four upper levels.

02

All the office buildings in the scheme are on the south/south eastern part of Barts Square which faces towards the larger high-rise scale of the City of London, most notably the neighbouring 200 Aldersgate building. One Bartholomew and 90 Bartholomew Close are recognisable landmarks which form the gateway leading through to the newly created public realm at the heart of Barts Square.

Project timeline



2010
First site visit
August 2010

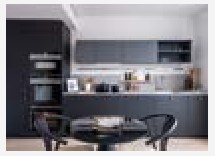
2011
Acquisition
April 2011

2012
Initial planning application made
February 2012

2013
Initial planning consent granted
May 2013

2014
Start on site
December 2014

2017
First resident moves in
September 2017



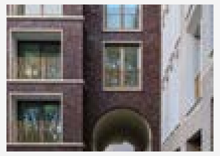
2018
90 Bartholomew Close completes
May 2018

Phase 1 Residential completes
September 2018

One Bartholomew completes
December 2018

2019
55 Bartholomew completes
December 2019

90 Bartholomew Close fully let
December 2019



2020
One Bartholomew fully let
January 2020

Phase 2 Residential completes
April 2020

03

PLANNING AND ENGAGEMENT

Most of the buildings which were on the site at acquisition were occupied by Barts and The London NHS Trust with a phased exit from 2011 through to 2016, as the neighbouring, new hospital buildings were completed. In addition to hospital wards and nurses' accommodation the site also housed the hospital's boilers and oxygen tanks. During construction it was imperative that the activities of the hospital were not impeded in any way, and this was a key priority for the logistical planning of the development. We have placed importance on active consultation with local stakeholders, including The Worshipful Company of Butchers and St Bartholomew the Great Church and as part of the planning process neighbours were invited to comment on the proposals to encourage community engagement.

Planning consent for the site was secured in 2012 with several minor variations being secured in the years that followed.

COMMUNITY BENEFITS

The Barts Square scheme has made a direct contribution to local community benefit, comprised of s106 payments, Affordable Housing Contribution, Mayoral and Crossrail Community Infrastructure Levy and public realm improvements.

The development also contributed towards the construction of a new Maggie's Cancer Care Centre at St Barts Hospital, with pro-bono assistance from professional consultants of the Barts Square project team.

04

01 The Levett Building exterior

02 90 Bartholomew Close and One Bartholomew

03 Initial architect's sketch looking down Little Britain

04 The Trade Desk fit out at One Bartholomew

ADAPTING TO CHANGE

At the peak of construction activities during 2017 there were over 600 operatives on site daily, with a weekly construction spend in excess of £1m.

Due to the phased nature of the development, taking eight years from site acquisition to delivery of the final office building, there was the challenge of designing for a dynamic occupier market with fast changing needs. From 2012, when the City of London was still feeling the effects of the Global Financial Crisis, the shape of the economy has changed markedly. The economy of London and especially the City fringe has benefitted from a burgeoning tech and digital sector, helped by an already strong creative and arts culture. Within this context the design challenge has been to create workplaces that meet the changing needs of occupiers and, at its core, create places where people want to be.

BARTS SQUARE

01

One Bartholomew

Modern working in the heart of the City

DESIGN & CONSTRUCTION

One Bartholomew is distinct in its role as the anchor-point for the Barts Square masterplan and at 214,434 sq ft comprises the majority of the office space within the scheme. It offers ultra-flexible, tenant-focused commercial workplaces, executed to the highest quality. Arranged over 12 floors, the office space takes advantage of full height façade glazing, intelligent automatically controlled solar shading, high levels of natural daylighting and views over St Paul's and the City.

Highlights of the specification include:

- 2.85m floor-to-ceiling heights to all office floors
- Floor-to-floor glazing to office perimeter with raised bulkhead to maximise natural lighting
- Increased supply and extract air ductwork installed at first and second floors to allow enhanced occupancy of one person/6m^2
- Exceptional amenity provision including shower, changing and drying facilities, concierge and dry-cleaning services, complimentary towel service, bicycle maintenance facilities, Amazon Hub collection and return lockers, and secure USB charging lockers
- 338 bicycle racks, 17 showers and 338 lockers
- Smart Spaces app, which gives occupiers a simple platform for managing and monitoring many of the key systems including temperature, lighting and access control, as well as being a portal for tenant engagement.

01 Entrance to One Bartholomew

02 The Trade Desk fit out at One Bartholomew

Materials used throughout the building are naturally durable or have an enhanced specification to minimise maintenance demands and therefore optimise cost in use. Self-finished, natural materials such as Portland stone and granite feature in the main public facing areas, alongside hard-wearing and durable materials such as stainless steel, concrete and resin flooring being utilised in high traffic locations. Detailed lifecycle and material studies were undertaken to optimise material specification and minimise required frequency of repair or replacement.

A connection to the Citigen District Heating Network and the use of a "closed cavity façade" system contribute to achieving environmental sustainability as demonstrated by the achievement of the BREEAM "Excellent" standard.

The NHS vacated the building which stood on the site previously at the end of 2015 and One Bartholomew reached practical completion in December 2018. To achieve the highest quality in design, and to maximise the commercial benefits of a streamlined construction programme, early input of key specialist trade contractors was employed via pre-construction services agreements. This allowed the main contract to be secured in parallel with early design development activities.

A striking artwork installation was created in the reception to enhance the visual impact of the building at ground floor. The barcode spells "One Bartholomew" and is visible for the entire journey up King Edward Street from St Pauls, adding to the arrival experience.

02

Efficiency, adaptability and best-in-class amenity provision are at the heart of the design and have attracted a diverse range of tenants.

LETTING

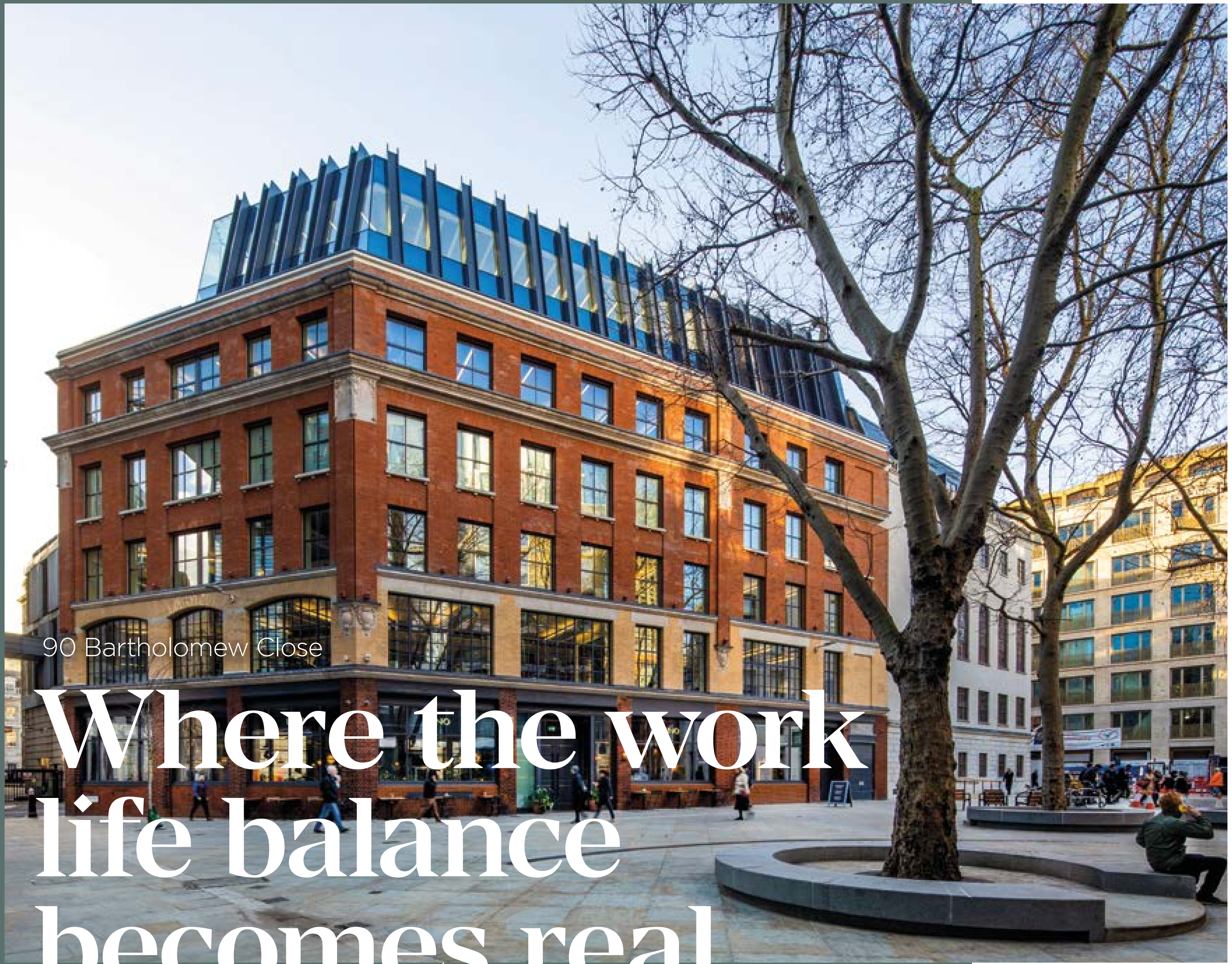
The building was designed with sufficient flexibility to allow it to satisfy the needs of a wide range of occupiers with large space requirements, not just those traditionally associated with the City of London.

Efficiency, adaptability and best-in-class amenity provision are at the heart of the design and have attracted a diverse range of tenants who have embraced the building's qualities to create their own exceptional office spaces. For example, the structure was designed so that occupiers could link floors with additional stairs to increase permeability between contiguous units. The market perception of the development is testament to its commercial success. The building was fully let one year after completion, attracting high rents, a diverse range of occupiers and securing a pre-let for 35% of the space.

The first letting was to The Trade Desk, a technology-led advertising business, who pre-let the top four floors. They have created a truly spectacular space that makes the best of the unobstructed views and clear span floors. The ground, first and second floors are occupied by Chicago Booth School of Business who took advantage of the building's ability to accommodate a second, exclusive entrance. This added level of activity makes the building more accessible and adds to life within Bartholomew Close.

The architectural vision for the Barts Square development is for a contemporary reinterpretation of the existing fabric and 90 Bartholomew Close represents this approach in every aspect.

01



02

90 Bartholomew Close

Where the work life balance becomes real

DESIGN & CONSTRUCTION

90 Bartholomew Close started life as a linoleum and carpet warehouse in c.1910 and with its triangular form and red brick exterior is a recognisable landmark in the area, acting as a visual "book end" for street views from the east. Several different uses were considered, including hotel, but office use fitted the building's layout and the smaller floors allow Barts Square to satisfy tenant demand from across the size spectrum. Whilst the building was not listed, its attractive façade was retained with modern, functional office space created behind.

The Sheppard Robson designed building delivers a contrasting mix between old and new where, above the retained elements, metal portal frames fan across the roof to create the enclosure. The structure is set back from the parapet to create a terrace at 5th floor level.

The building totals 30,427 sq ft and comprises 24,013 sq ft of Grade A offices across six upper floors and a 6,414 sq ft retail unit on the ground and lower ground levels. With significant frontage to both Bartholomew Close and Little Britain, the property has excellent levels of natural light throughout.

The architectural vision for the Barts Square development was for a contemporary reinterpretation of the existing fabric and 90 Bartholomew Close represents this approach in every aspect. Targeting tech and media sectors, which have long been associated with the area, the interior has exposed concrete soffits on most of the floors and an industrial aesthetic. Even with the constraints of building behind the retained façade there are excellent facilities in the building for cyclists with racks for 30 bicycles along with associated showers and lockers.

As with the rest of the Barts Square development the building is connected to Citigen, providing a lower carbon and cost-efficient energy system which helped to obtain a BREEAM Excellent score.

Construction was procured on a two-stage design and build contract. As the building was occupied by the hospital until just before the start of construction it was only possible to do a limited amount of investigative survey work so the two stage route allowed design to be developed through the early part of the programme. The preliminary works contractor carried out demolition, façade retention and parts of the concrete frame before handing over to the main contractor with overall delivery responsibility. Logistically this was a challenging building to construct as it is in close proximity to St Barts Hospital, so deliveries needed to be carefully coordinated. In addition, the façade needed to be retained from the inside so that the highways were not obstructed in any way. The effect of this was that there needed to be a high level of coordination and carefully planned package sequencing. Practical completion was achieved in May 2018.

The reception uses a mix of raw finishes that chime with the building's industrial heritage.

03

01 Lino, 90 Bartholomew Close

02 90 Bartholomew Close exterior

03 90 Bartholomew Close concept sketch

LETTING

Given the smaller floorplates of this building, it was designed to accommodate letting on a floor by floor basis. Interest for 90 Bartholomew Close came from across the occupier spectrum with many businesses looking for "design-led" space, previously only the preserve of those in the creative sectors. In fact, two of the floors in the building were let to law firms; Northridge on the first floor and Constantine Cannon LLP on the third. Management consultancy Sia Partners took the fourth and fifth floors and recruitment consultant, Eric Salmon, the sixth.

One of the most evident changes in the London office market in the last decade has been the rise of the flexible workspace offering. Occupiers, especially at the smaller end of the market, increasingly see lease flexibility and greater service offering as key requirements. To meet this demand, the second floor was fitted out, ready for occupation, and shortly after those works were completed it was let to Peakon, a tenant who also occupies a floor in 25 Charterhouse Square, London EC1, another of Helical's buildings.

The restaurant unit is important to the overall Barts Square retail strategy as it is highly visible and marks out one of the key gateways to the development. The space itself is spectacular, with a floor to ceiling height of nearly five metres. Interest was received from many London restaurant operators, both large and small. Lino, providing high quality, seasonal modern British cuisine, were selected due to their imaginative proposals for the space and for having an experienced team. In addition, their focus on British produce ties in well with the historic connection of the area to the meat trade, through proximity to Smithfield Market and the neighbouring Butchers' Hall.

55 Bartholomew

55 Bartholomew was originally three Victorian residential townhouses which were later merged and converted to office space.

The building was acquired subsequently to the wider Barts Square scheme and planning permission for a comprehensive refurbishment and additional floor was granted in January 2018. The property was used as the contractor's office during the Barts Square initial build and once these offices were vacated we began the refurbishment works in November 2018.

Great emphasis was placed on ensuring the refurbishment respected and complemented the heritage of the building. Exposed brickwork, steel beams and sash windows were retained and cohere seamlessly with the otherwise modern interiors. The refurbishment was completed in December 2019 and 55 Bartholomew now comprises 10,976 sq ft of high quality, characterful office space over lower ground to fifth floor.

The building has achieved BREEAM "Excellent" and has an EPC rating of "B".

Working in partnership

The Barts Square project for Helical has been one built on partnership and collaboration, with numerous stakeholders ranging from neighbours, St Barts Hospital and St Bartholomew the Great Church, to finance providers HSBC and development partner clients of AshbyCapital.

At the core of these relationships is our partnership with our joint venture partner, The Baupost Group LLC " ("Baupost"). In 2011, when Helical was offered the off-market opportunity to acquire the 3.2 acre development site, the scale of the project was too large to undertake on its own. Consistent with the Group strategy and business model, where Helical acts as development manager as well as equity partner, a joint venture partnership was established with Baupost having 67% ownership and Helical 33%. This equity lean structure is well suited to Helical particularly as it gives the opportunity for further profit to be earned by successfully managing, letting or selling different elements of the scheme. This ensures that we are incentivised to make both partners' equity work hard and deliver returns. Throughout the project, both parties have worked effectively and built a strong working relationship.

The scope of the Barts project required that debt funding be used alongside equity and this facility was provided by HSBC. The mixed-use development scheme comprising both offices and residential properties posed a challenge in sourcing debt finance. However, HSBC were supportive and receptive to the complexities. The relationship has gone from strength to strength through several refinancings and amendments, including responding to the challenges of the liquidation of the main contractor, Carillion, in 2018.

Once construction on the scheme was underway in 2015, an opportunity arose to de-risk part of it by way of a sale to a third party. Clients of AshbyCapital offered to forward purchase the office building One Bartholomew with the joint venture continuing to act as development manager until the building was complete and fully let. The sale completed in September 2015 at a purchase price of £102.4m, with a development management fee and profit share agreement to be run alongside until completion of the project. Whilst this transaction de-risked the site and allowed equity to be repaid to the partners, the ongoing development management role ensured Helical maintained involvement in all parts of the scheme, helping preserve the overall design and feel of the destination, as well as further incentivising the development activities.

55 Bartholomew Close

BARTS SQUARE

Value creation

Delivering on every level

As the scheme is nearing the end of development, it is clear to see the value that has been created through selling the residential units and letting the offices and retail/restaurant space, as well as the sales of individual properties within this landmark destination.

01


02


01 Hogarth House interior
02 Phase 2 residential exteriors

OVERALL
As at 31 March 2020, the Barts Square development has generated £77.7m of capital profits and £34.5m of development fees.

Total capital profit and development fees

£112.2m

RESIDENTIAL AND RETAIL
The second phase ("Phase 2") of the residential scheme of 92 apartments has recently reached practical completion with the first phase ("Phase 1") of 144 apartments having been complete since early 2019. A total of 138 apartments in Phase 1 have been sold for a total value of £177.4m, with two further apartments exchanged for £2.9m and just four apartments remaining available. The Phase 2 units were released in 2018 with 32 apartments sold by 31 March 2020 for a total value of £48.3m with a further 20 apartments exchanged at £30.0m, leaving 40 apartments for sale.

As part of the residential phases, the retail units have also reached practical completion and Phase 1 is fully let with contracted rent of £0.1m. Phase 2 units are now complete and available, with an ERV of £0.5m for the seven units.

Phase 1 unit sales

£180.3m

Phase 2 unit sales

£78.3m

ONE BARTHOLOMEW
The sale of One Bartholomew in September 2015 for £102.4m to clients of AshbyCapital for the joint venture resulted in a profit of £58.4m. Under its role as development manager, the Barts joint venture was entitled to a £1.8m fee for overseeing the construction of the building and a promote fee based on the letting success. This generated a further £32.7m of profit for the joint venture.

Profit from sale

£58.4m

90 BARTHOLOMEW CLOSE
Following the redevelopment and subsequent letting of 90 Bartholomew Close, it was sold on 28 April 2020 for £48.5m. This price reflected a NIY of 3.92% and represented £1.5m premium to book value at 31 March 2020, crystallising a total capital profit of £19.2m for the joint venture.

Profit from sale

£19.2m

55 BARTHOLOMEW
The office building at 55 Bartholomew obtained practical completion at the end of 2019, with one floor let in February 2020. At 31 March 2020 a total valuation gain of £2.0m has been recognised and the ERV was £0.8m.

Valuation gain at 31 March 2020

£2.0m

HELICAL'S SHARE
Whilst Helical owns 33.35% of the joint venture, the partnership agreement with the Baupost Group LLC allows us to earn a higher share of the return. The increased return is dependent on the final IRR of the joint venture and it is currently anticipated that Helical will receive 43.0% of future equity distributions.

At 31 March 2020 Helical had recognised £43.6m of net profit from its interest in the joint venture and a further £4.1m of fee income for managing the development.

Helical's total profit recognised at 31 March 2020

£47.7m

BARTS SQUARE
CITY OF LONDON

Barts Square is the embodiment of the Helical difference.

One of the most iconic and diverse schemes in Helical's history, the Barts Square development began almost 10 years ago and its legacy will continue into the future.

bartssquare.com

Investing with Helical

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

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

1 Strong track record

Each of the Executive Directors has over 25 years of experience at Helical, and supported by a dynamic and collaborative team, have developed award-winning buildings that appeal to the most demanding of occupiers.

Over 5m sq ft of completed office developments.

2 Focused portfolio

The Group has built a high quality portfolio, located in areas of London and Manchester which are growing, have excellent transport links and are culturally rich. The buildings are occupied by a diverse range of tenants, but with a clear focus on the fast-growing creative sectors.

50% of our tenants work in creative industries.

3 A customer focused approach

Helical develops buildings which appeal to occupiers looking for design led, sustainable and amenity rich workplaces, and that support talent attraction and retention. Whether the properties are built from the ground up, or are rejuvenated existing assets, they aim to be the best in class, respecting the culture of the area. Once complete and let, Helical applies the same philosophy of excellence to its ongoing asset management, ensuring the occupiers receive the best service.

98% of our tenants are pleased to be in our buildings.

4 Market knowledge and relationships

With 35 years' experience as a property company, through multiple property cycles, Helical has developed a comprehensive knowledge of the market and built an extensive network from which it can source new development opportunities and access to capital.

33 Charterhouse Street acquired off-market in May 2019.

5 Robust financial position

The Group uses gearing on a tactical basis, increasing it to accentuate returns in a rising market, or reducing debt to prepare for more challenging times whilst retaining firepower to take advantage of opportunities that arise.

£279m of cash and undrawn bank facilities.

6 Sustainable business model

Sustainability is at the core of all activities at Helical. We recognise the impact the buildings we develop have on the environment and are focused on reducing our carbon footprint throughout the property's lifecycle.

Eight BREEAM "Excellent" office buildings.

BUSINESS MODEL

Building value

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

RESOURCES

Assets, skills and knowledge to create our competitive advantage.

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

People and Culture
A motivated, qualified and experienced team.

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

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

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

1. STRUCTURE & FUNDING

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

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

2. DEVELOP

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

3. LET

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

4. MANAGE

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

SUSTAINABILITY

Working for the long-term benefit of our stakeholders, local communities and the environment underpins all our activities.

Sustainability — Page 68

VALUE CREATION

Enhanced value for reinvestment or realisation.

Property	£949.3m SEE-THROUGH PORTFOLIO VALUE
	£83.9m TOTAL PROPERTY RETURN
	8/14 OFFICE BUILDINGS CERTIFIED OR TARGETING BREEAM "EXCELLENT"
People and Culture	89.7% AVERAGE STAFF RETENTION
Market Expertise	98% OF TENANTS SURVEYED WERE PLEASED TO BE IN OUR BUILDINGS
Relationships and Reputation	c.200,000 sq ft NEW OFFICE DEVELOPMENT AT 33 CHARTERHOUSE STREET, LONDON EC1, ACQUIRED IN JOINT VENTURE
Financing	8.7% TOTAL SHAREHOLDER RETURN
	3.5% SEE-THROUGH WEIGHTED AVERAGE INTEREST RATE

KEY PERFORMANCE INDICATORS

Measuring our performance

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

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

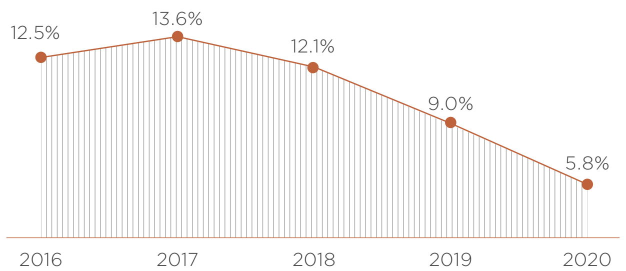
EPRA NET ASSET VALUE PER SHARE

511p EPRA NAV

480p EPRA NNNAV

EPRA NET ASSET VALUE PER SHARE
pence

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



DESCRIPTION
The Group's main objective is to maximise growth in net asset value per share, which we seek to achieve through increases in investment portfolio values and from retained earnings from other property related activity. EPRA net asset value per share is the property industry's preferred measure of the proportion of net assets attributable to each share as it includes the fair value of net assets on an ongoing long-term basis. The adjustments to net asset value to arrive at this figure are shown in Note 35 to the Financial Statements.

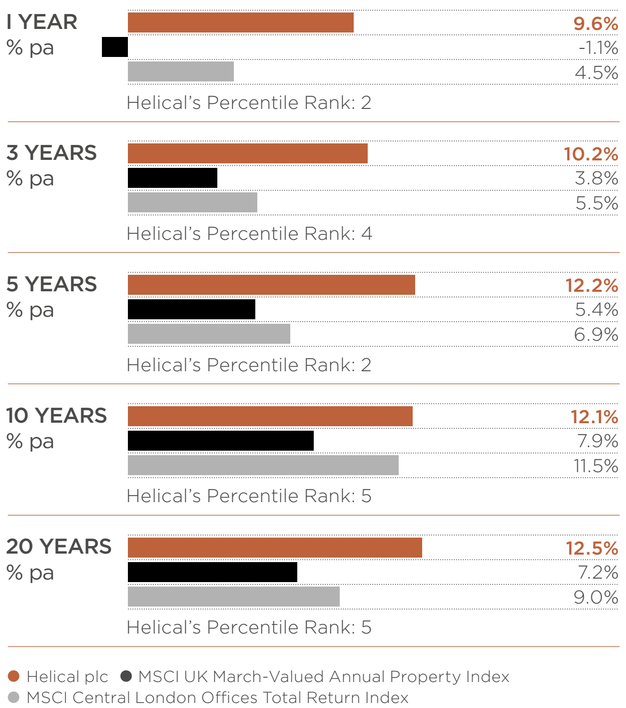
PERFORMANCE
The EPRA net asset value per share at 31 March 2020 increased by 6.0% to 511p (31 March 2019: 482p). EPRA triple net asset value per share at 31 March 2020 increased by 3.2% to 480p (31 March 2019: 465p).

LINK TO REMUNERATION
PERFORMANCE SHARE PLAN 2014
A third of the maximum Performance Share Plan ("PSP") award is based on the compound growth in net asset value ("NAV") over three years.

MSCI PROPERTY INDEX

9.6%

HELICAL'S UNLEVERAGED PORTFOLIO RETURNS TO 31 MARCH 2020



Source: MSCI.

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

PERFORMANCE
MSCI has compared the ungeared performance of Helical's total property portfolio against that of portfolios within MSCI for over 20 years. The Group's annual performance target is to exceed the top quartile of the MSCI UK March-Valued Annual Property Index, which it has consistently achieved. Helical's ungeared performance for the year to 31 March 2020 was 9.6% (2019: 10.1%). This compares to the MSCI UK March-Valued Annual Property Index of -1.1% (2019: 3.6%) with an upper quartile return of 2.9% (2019: 7.0%).

The MSCI Central London Offices Total Return Index showed a return of 4.5% (2019: 4.8%) with an upper quartile return of 6.2% (2019: 6.2%).

Helical's share of the development portfolio (4% of gross property assets) is included in its performance, as measured by MSCI, at the lower of book cost or fair value and uplifts are only included on the sale of an asset.

LINK TO REMUNERATION
ANNUAL BONUS SCHEME 2018
Half of the Annual Bonus Scheme 2018 performance criteria is based on the Group's performance compared to the MSCI Central London Offices Total Return Index, with target performance being to match the index and outperformance exceeding it by 3.25%.

PERFORMANCE SHARE PLAN 2014
A third of the maximum PSP award is based on the Group's performance as compared with the MSCI UK March-Valued Annual Property Index over three years.

KEY PERFORMANCE INDICATORS
CONTINUED

TOTAL SHAREHOLDER RETURN

8.7%

HELICAL'S TOTAL RETURNS TO 31 MARCH 2020

	Helical plc[1]	UK equity market[2]	Listed real estate sector index[3]	Direct property – monthly data[4]
1 YEAR % pa	8.7%	(18.5)%	(14.5)%	0.1%
3 YEARS % pa	6.7%	(4.2)%	(2.8)%	5.6%
5 YEARS % pa	0.1%	0.6%	(3.0)%	6.4%
10 YEARS % pa	2.6%	4.4%	5.9%	8.4%
15 YEARS % pa	4.8%	5.3%	2.1%	6.1%
20 YEARS % pa	8.4%	3.5%	5.1%	7.5%

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

Source: Datastream (Thomson Reuters).

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 2020 was 8.7% (2019: 5.2%).

LINK TO REMUNERATION
PERFORMANCE SHARE PLAN 2014
A third of the maximum PSP award is based on the Group's TSR performance compared with its peers.

1 Growth over all years to 31/03/20.
2 Growth in FTSE All-Share Return Index over all years to 31/03/20.
3 Growth in FTSE 350 Real Estate Super Sector Return Index over all years to 31/03/20. For data prior to 30 September 1999, the FTSE All Share Real Estate Sector Index has been used.
4 Growth in Total Return of MSCI UK Monthly Index (All Property) over all years to 31/03/20.

TOTAL ACCOUNTING RETURN

7.7%

TOTAL ACCOUNTING RETURN
%

2020	7.7%
2019	8.4%
2018	5.3%
2017	8.3%
2016	22.5%

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

PERFORMANCE
The Total Accounting Return on IFRS net assets in the year to 31 March 2020 was 7.7% (2019: 8.4%).

LINK TO REMUNERATION
ANNUAL BONUS SCHEME 2018
A quarter of the maximum bonus is payable based on the Total Accounting Return (growth in net asset value plus dividends), adjusted for performance-related awards.

AVERAGE LENGTH OF EMPLOYEE SERVICE AND AVERAGE STAFF TURNOVER

10.0yrs

AVERAGE LENGTH OF SERVICE AT 31 MARCH
years

2020	10.0
2019	8.7
2018	7.9
2017	8.0
2016	7.6

STAFF TURNOVER DURING THE YEAR TO 31 MARCH
%

2020	10.3%
2019	6.9%
2018	15.2%
2017	5.7%
2016	14.3%

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

PERFORMANCE
The average length of service of the Group's head office employees at 31 March 2020 was 10.0 years and the average staff turnover during the year to 31 March 2020 was 10.3%.

LINK TO REMUNERATION
ANNUAL BONUS SCHEME 2018
The deferred shares awarded under the Annual Bonus Scheme 2018 are required to be held for a period of three years.

PERFORMANCE SHARE PLAN 2014
These awards have a three-year vesting period and the participants are required to hold them for a further two years after they vest.

BREEAM RATINGS

8/14 OFFICE BUILDINGS CERTIFIED OR TARGETING BREEAM "EXCELLENT"

DESCRIPTION
BREEAM is an environmental impact assessment methodology for commercial buildings. It sets out best practice standards for the environmental performance of buildings through their design, specification, construction and operational phases. Performance is measured across a series of ratings; "Pass", "Good", "Very Good", "Excellent" and "Outstanding". We target a BREEAM rating of "Very Good" to "Excellent" on any major refurbishment or new development.

PERFORMANCE
During the year to 31 March 2020, eight of our 14 (31 March 2019: eight out of 15) office buildings held or are targeting a BREEAM certification of "Excellent".

Rating	Building
Excellent	The Warehouse, London EC1[1]
	The Tower, London EC1[1]
	25 Charterhouse Square, London, EC1[1]
	90 Bartholomew Close, London EC1[1]
	One Bartholomew, London EC1[1]
	Kaleidoscope, London EC1[2]
	55 Bartholomew, London EC1[2]
	33 Charterhouse Street, London EC1[3]

1 Final certification
2 Certified at Design Stage
3 Targeting

We are currently exploring BREEAM In Use certification for those assets where it was not possible to obtain a BREEAM certification at the design and development stages.

LINK TO REMUNERATION
ANNUAL BONUS SCHEME 2018
A quarter of the maximum Annual Bonus is payable based on the strategic and personal objectives, which include targeting a BREEAM rating of between "Very Good" to "Excellent" on any major refurbishment or new development.

PROPERTY PORTFOLIO

London portfolio

Market context
London

In our judgement, the London commercial property market continues to provide the best source of capital profits. From an occupational perspective the market fundamentals remain robust with strong global demand for commercial office space from occupiers and a constrained supply of high quality, new space. 2019 saw annual leasing activity reaching 11.5m sq ft which was c.9% above the 10-year average. By the end of 2019 the overall London office vacancy rate had fallen to 4.1%, which is significantly below the 10-year average of 5.5%. These factors contributed to the significant increases in prime rents across the London market, with a 7% rise seen in the City office market. In particular, we have seen substantial premiums being paid for best in class space within sub-markets, as occupiers increasingly search for quality environments from which to conduct business.

Whilst occupational demand remains strong, within the London office sector there remains a looming supply shortage, particularly in new prime space. Recent research from CBRE shows that of the c.12.6m sq ft of office space under construction, 60% is already let or under offer. Whilst Tech, Media and Telecoms (TMT) occupiers make up the largest group taking pre-let space, the market is diverse with significant requirements from Financial and Professional Services businesses.

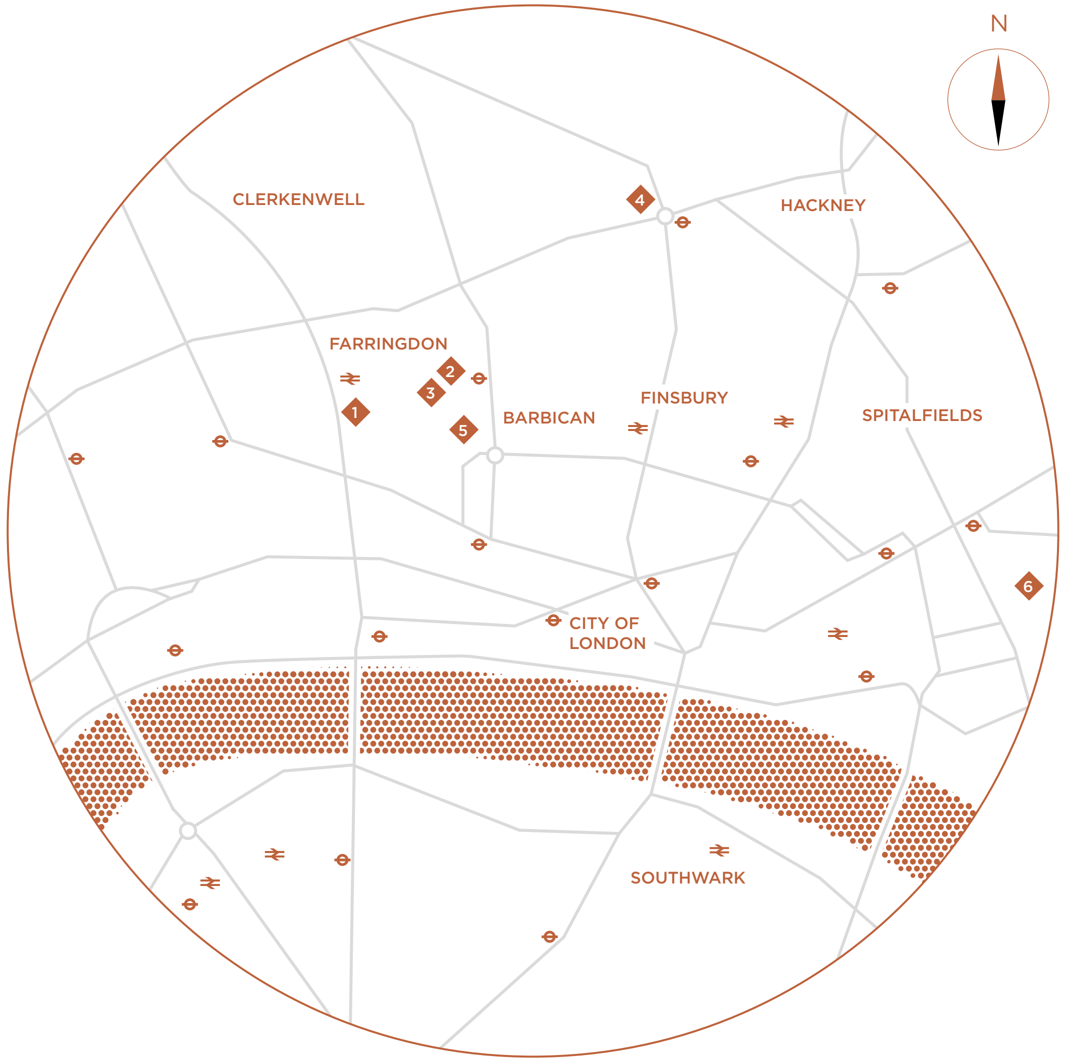
Prior to the impact of Covid-19, the investment market had begun to benefit from renewed confidence at the beginning of 2020, which aligned with stability in the political environment. Whilst investment volumes may be expected to remain subdued this year due to concerns regarding Covid-19, significant capital is still available to be allocated to the London office market which we believe will provide an opportunity to deliver strong capital returns. Furthermore, when compared against similar global cities, London remains competitively priced, with prime yields in Central London having not compressed to previous cyclical lows, primarily due to Brexit concerns since 2016.

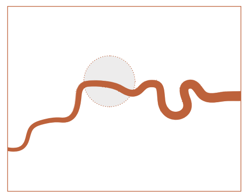
In recent years, the office market has seen significant evolution with occupiers increasingly focusing their property decisions on maximising employee wellbeing and ensuring the sustainability of the space they occupy. It is anticipated that this trend will continue, with the impact of Covid-19 likely to further expedite change in the office environment. Furthermore, the rapid evolution of the integration of technology into the workplace continues, with best in class buildings providing innovative technological solutions to enhance occupier efficiency. We believe these trends align with our London properties which place an emphasis on quality, modernity and wellbeing and help to differentiate the portfolio.

The trend towards flexibility in occupiers' leasing arrangements continues to evolve across the commercial office market in London. At Helical, we continue to engage with our customers and look to develop long-standing relationships with them. By offering flexible leases on our multi-let assets, which allows them to occupy space commensurate with their requirements, we target the long-term retention of our customers. We continue to evolve our offering to reflect trends in demand, specifically the recent introduction of fitted "Plug & Play" solutions across the portfolio.

We consider that the London office market provides solid fundamentals which align with our strengths in the three "Rs" – repositioning, refurbishing and redeveloping property. Our ability to effectively engage with occupiers and evolve our offering enables us to remain well positioned to take advantage of market trends and continue to deliver best in class space.

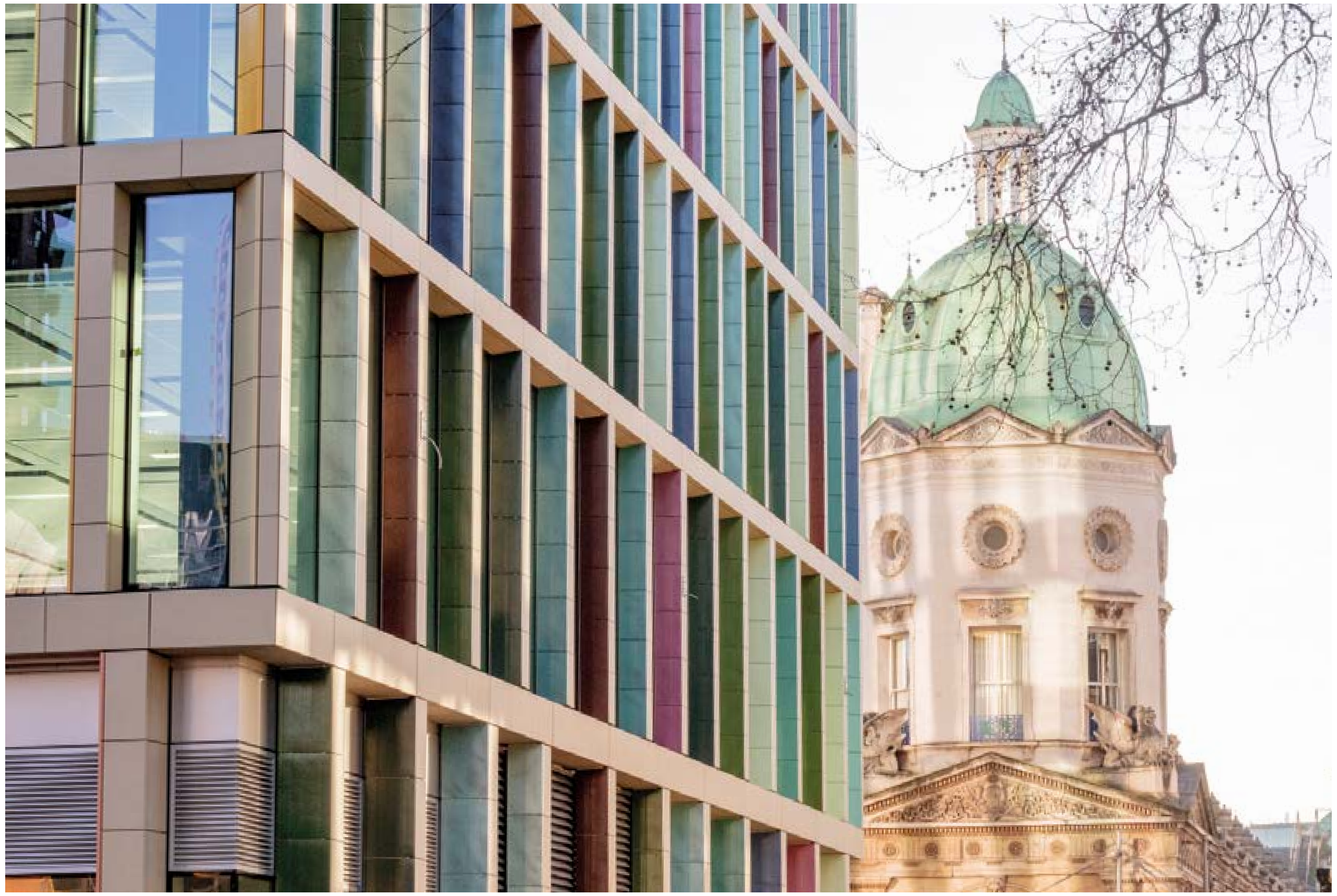
Our London portfolio comprises income-producing multi-let offices, office refurbishments and developments and a mixed-use commercial/residential scheme. Our strategy is to continue to increase our London holdings, focusing on areas where we see strong tenant demand and growth potential, such as the "Tech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





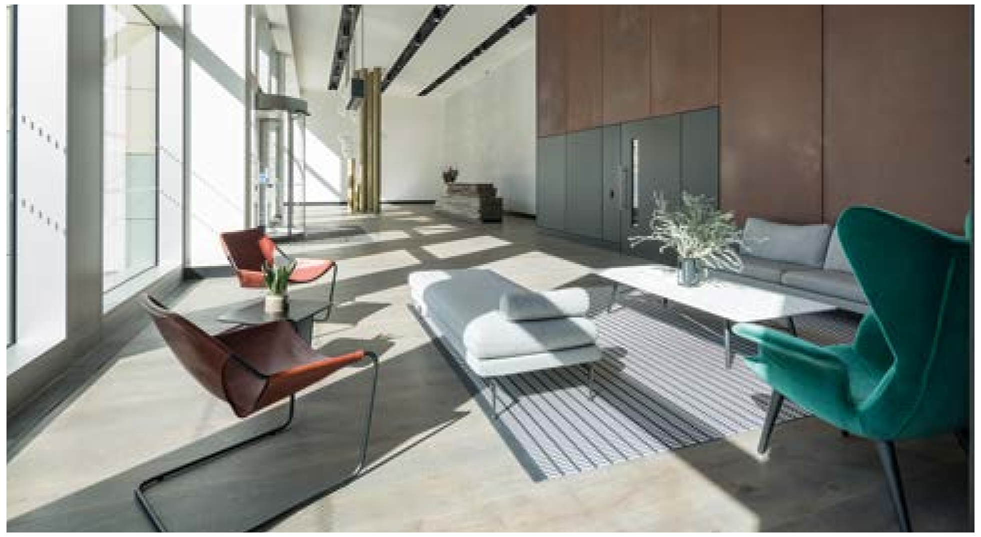
1 — 33 Charterhouse Street, EC1
2 — 25 Charterhouse Square, EC1
3 — Kaleidoscope, EC1
4 — The Bower, EC1
5 — Barts Square, EC1
6 — The Loom, E1

PROPERTY PORTFOLIO
CONTINUED



Kaleidoscope/EC1

Practical completion of this new office development above the Farringdon East Elizabeth Line station was achieved in December 2019. We are now actively marketing the 86,064 sq ft of office space, spread over five floors, alongside a ground floor restaurant/retail unit and a kiosk unit.



33 Charterhouse Street/EC1

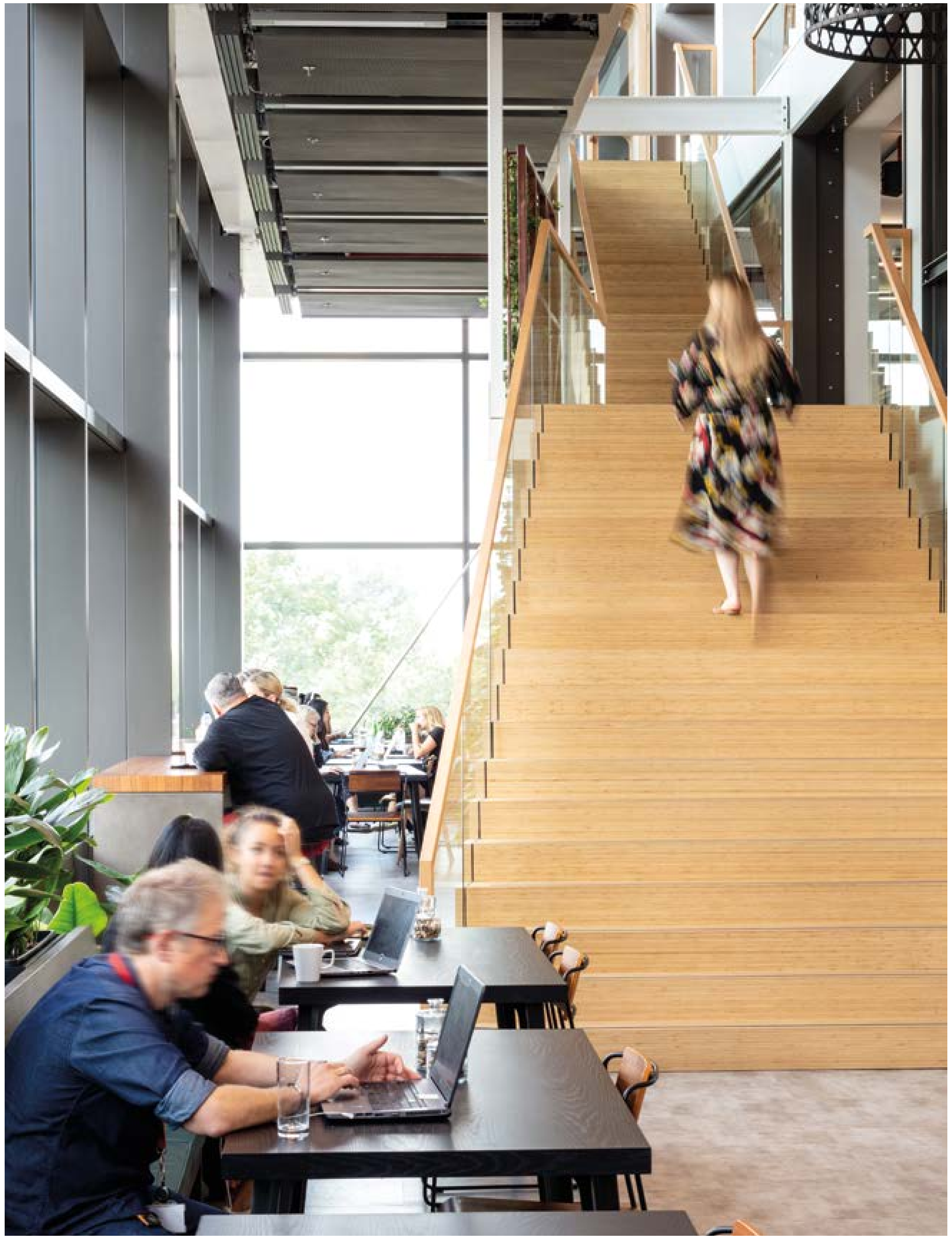
In May 2019, we acquired the long leasehold interest in 33 Charterhouse Street, a major development site located in Farringdon, in a 50:50 joint venture with AshbyCapital. The site is situated on the corner of Charterhouse Street and Farringdon Road, just 100m from Farringdon Station and immediately opposite the future Museum of London site at Smithfield General Market.

Since acquisition, planning consent has been obtained to enhance the ground floor configuration and to add an additional floor of 13,175 sq ft within the envelope of the existing design, such that the property will now provide c.200,000 sq ft of office accommodation over ground plus ten floors.

Work started on site in February 2020 and following a two-week suspension in activity on site due to Covid-19, work is back underway and the building is due to complete in summer 2022.

25 Charterhouse Square/EC1

25 Charterhouse Square comprises 38,355 sq ft of Grade A offices and 5,138 sq ft of retail space adjacent to the new Farringdon East Elizabeth Line station and overlooks the historic Charterhouse Square. The building was extensively refurbished upon acquisition in January 2016, achieving practical completion in March 2017, and is fully let to Anomaly, Peakon, Hudson Sandler and Senator International.



The Bower/EC1

The Bower is a landmark estate immediately adjacent to the Old Street roundabout featuring 312,575 sq ft of innovative, high quality office space along with 21,059 sq ft of restaurant and retail space.

THE WAREHOUSE AND THE STUDIO

The Warehouse comprises 122,858 sq ft of offices and The Studio 18,283 sq ft of offices, with 10,298 sq ft of retail space across the two buildings. The offices are fully let to CBS, Farfetch, Pivotal, Allegis and Stripe (The Warehouse) and John Brown Media (The Studio), with the first rent reviews for the office tenants taking place in the coming year. The retail operators are Bone Daddies, Brewdog AF, Enoteca da Luca, Honest Burger, Mokka Brothers and Good To Go.

THE TOWER

The Tower, completed in August 2018, offers 171,434 sq ft of office space with a contemporary façade and innovatively designed interconnecting floors, along with 10,761 sq ft of retail space, across two units, let to food and beverage occupiers, Serata Hall and Wagamama.

During the year, we let the 12th and 15th floors to Brilliant Basics, an Infosys Company, an existing tenant. We also let the 13th floor to OpenPayd, a financial services business, the 14th floor to Snowflake Computing and the 16th floor to Incubeta, a multi-national marketing group. The lettings on the 12th, 13th and 14th floors were on a "Plug & Play" basis. Following these lettings, The Tower is now fully let.

PROPERTY PORTFOLIO
CONTINUED

Barts Square/EC1

In a joint venture with The Baupost Group LLC, Helical acquired the freehold interest of Barts Square, a 3.2 acre site between St Paul's and Smithfield Market, in 2011. A redevelopment comprising 236 residential apartments, three office buildings of 214,434 sq ft, 24,013 sq ft and 10,976 sq ft together with 21,144 sq ft of retail/A3 at ground floor as well as major public realm improvements has now been completed.

PHASE ONE

Residential/Retail
During the year we completed on the sales of four residential apartments in Phase One and exchanged contracts for the sale of a further two residential apartments, one of which has completed since the end of the year. This leaves just four apartments to sell, of which one has been reserved since the end of the year. In total, the sales of the 140 apartments have achieved a total value of £180.3m, at an average price of £1,536 psf. The retail space is fully let to Stem + Glory and Halfcup. The landscaping of the new public square has been completed offering a further public amenity.

90 Bartholomew Close – Office/Restaurant
At 90 Bartholomew Close, a redevelopment comprising 24,013 sq ft of offices and 6,414 sq ft of restaurant, we let five floors during the year and the building is now fully let. The second floor was let to Peakon, an existing tenant within the Helical portfolio, on a "Plug & Play" basis. The remaining floors were let to Sia Partners, Constantine Cannon LLP and Eric Salmon.

Subsequent to the year end, we completed the sale of 90 Bartholomew Close to La Francaise Real Estate Partners International, a pan-European investment business acting on behalf of a French collective real estate investment vehicle. The disposal price of £48.5m reflected a Net Initial Yield of 3.92% (£1,594 per sq ft capital value).

PHASE TWO

One Bartholomew – Offices
One Bartholomew was sold to clients of AshbyCapital for £102.4m in August 2015. The construction of a new 12 storey Grade A office block of 214,434 sq ft completed in December 2018. AshbyCapital's clients financed the development costs and Helical acted as the development manager for delivery of the project.

During the year we let all the remaining space within the building, comprising 140,224 sq ft over eight floors. The ground, first and second floors were let to The University of Chicago Booth School of Business, the third and fourth floors have been let to BDB Pitmans, the fifth floor to finnCap Group, the sixth floor to Sopra Steria and the seventh floor to InfraRed Capital Partners. As a result of the building having been completed and successfully let, the Barts Square joint venture has received its profit share payment.

PHASE THREE

Residential/Retail
Phase Three is comprised of 92 residential apartments and 11,538 sq ft of retail space. During the year, practical completion was achieved on three of the four residential blocks, with the final block having been completed shortly after the year end, representing in total 91 apartments and six retail units. 56 West Smithfield, the site of the existing marketing suite, is to be redeveloped into the final apartment and retail unit at a later date.

We completed the sales of 32 apartments, with a further 15 completions having taken place since the year end. Legal completions of a further five exchanged apartments are ongoing over the coming weeks. In total the sales of the 52 apartments will achieve a total value of £78.3m, at an average price of £1,769 psf. There are 39 apartments remaining to sell, along with one additional duplex located at 56 West Smithfield which will be released at a later date. Six retail units within Phase Three have also been completed and are being marketed at present.

55 BARTHOLOMEW
The substantial refurbishment of 55 Bartholomew has been completed providing 10,976 sq ft of office accommodation. We have let the 1,040 sq ft fifth floor to ShadowFall Capital & Research, a hedge fund, at a headline rent of £80 psf.

PROPERTY PORTFOLIO
CONTINUED

The Loom/E1

At this 108,594 sq ft former Victorian wool warehouse, we have let six office units in the year at a c.4.3% premium to 31 March 2019 ERVs, along with the café. The building is 96% let with four units currently vacant, of which one is under offer. Since acquisition in 2013 we have extensively refurbished 92% of all the units. We are currently assessing further asset management opportunities to reconfigure units to offer larger floorplates to complement the existing mix.

One Creechurch Place/EC3

The sale of our 10% shareholding in One Creechurch Place, to our joint venture partner HOOPP, took place in September 2019, completing our involvement in the development.

The Powerhouse/W4

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

Power Road Studios/W4

The multi-let office campus, comprising 57,164 sq ft of offices across four studio buildings, was sold to a private UK investment manager for £41.6m in February 2020. The sale price marginally exceeded the 31 March 2019 valuation and reflected a Net Initial Yield of 4.8%.

Prior to disposal we had completed six lettings representing 16,637 sq ft and had also let the café to a new operator.

Manchester portfolio

Market context
Manchester

Manchester, the centre of the "Northern Powerhouse", is a city with a diverse and growing economy that continues to present attractive opportunities. The city continues to attract significant foreign investment, ranking second behind London, and is home to over 2,000 foreign-owned companies. The vibrant culture and high graduate retention rates provide a deep talent pool. This has contributed to the rise in the number of creative industry occupiers within the city in recent years, evidenced by a 50% increase in FinTech in the past decade. The city also continues to be a pioneer in relation to sustainability, with a goal to halve carbon emissions by 2025 and become "zero carbon" by 2038, 12 years ahead of the UK's broader target.

The commercial office market has expanded significantly in recent years and the trend has continued with take-up in 2019 for office space considerably in excess of the five-year average. 55% of total take-up comprises the serviced offices, TMT and Business & Consumer Services sectors. Whilst serviced offices alone contributed 20% of the total take-up in 2019, the sector represents just 3.8% of the Manchester city office market, which is significantly lower than the c.7% seen in London.

We continue to see a decline in the supply of prime stock in the market with less than one year of Grade A supply reported as being available at the end of 2019 (based on average Grade A take-up rates). The limited supply has contributed to a 7% increase in city centre prime rents to £36.50 per sq ft. With increased private and public investment into the city and significant infrastructure spending proposed in the coming years, rental growth is anticipated in the medium term.

Going forward, 2.1m sq ft of office space is under construction, double the average amount observed over the past 12 years. However, of the space under development, 40% of the Grade A space is pre-let, with 40% of that taken by the TMT sector and 19% by the serviced offices sector. As such, supply is expected to be constrained for the foreseeable future, particularly if construction is delayed due to the impacts of Covid-19.

Our Manchester portfolio comprises four offices where we offer vibrant, modern space to a diverse group of tenants. Our four offices are all clustered within a ten minute walk of one another, enabling us to offer tenants a choice in design, size and rental tone and aiding in the long-term retention of our customers.

1 — Trinity
2 — The Tootal Buildings
3 — 35 Dale Street
4 — Fourways

The Tootal Buildings

This 245,822 sq ft multi-let office is now fully let following the completion of the lettings of the recently refurbished third floor in Broadhurst (formerly known as Churchgate) and the sixth and seventh floors in Lee to Capita Business Services, an existing tenant.

We have continued our asset management programme which includes refurbishments of the Broadhurst and Lee reception areas and a rebranding of the two buildings as The Tootal Buildings to reflect the heritage of the property.

35 Dale Street

35 Dale Street is a 56,124 sq ft office building, situated in the Northern Quarter of Manchester, which underwent a comprehensive refurbishment that was completed in June 2018. The property is fully let apart from one unit which has been refurbished during the year and is currently under offer.

PROPERTY PORTFOLIO
CONTINUED

Fourways

We continue to apply our asset management skills to this 59,260 sq ft Grade II listed former packing warehouse to reconfigure the existing space to create a greater range of unit sizes, including a complete refurbishment and reconfiguration of the first floor. In the year, we have let a further six units representing 14,393 sq ft, taking the building to 75% let. The refurbishment of the atrium and common parts is due to be completed shortly.

Trinity

Following completion of the full redevelopment in January 2019, the repositioned building comprises 54,651 sq ft of office space and 4,300 sq ft of retail/restaurant space. During the year, three office floors and one retail unit have gone under offer.

THE PROPERTY PORTFOLIO IN NUMBERS

PORTFOLIO ANALYTICS

SEE-THROUGH TOTAL PORTFOLIO BY FAIR VALUE

	Investment £m	%	Development £m	%	Total £m	%
London Offices						
– Completed, let and available to let	731.9	80.1	–	–	731.9	77.1
– Being redeveloped	45.0	4.9	–	–	45.0	4.7
– Held for redevelopment	–	–	0.8	2.2	0.8	0.1
London Residential	–	–	34.2	96.0	34.2	3.6
Total London	**776.9**	**85.0**	**35.0**	**98.2**	**811.9**	**85.5**
Manchester Offices						
– Completed, let and available to let	136.7	15.0	–	–	136.7	14.4
Total Manchester	**136.7**	**15.0**	**–**	**–**	**136.7**	**14.4**
Total Core Portfolio	**913.6**	**100.0**	**35.0**	**98.2**	**948.6**	**99.9**
Other	0.1	0.0	0.6	1.8	0.7	0.1
Total Non-Core Portfolio	**0.1**	**0.0**	**0.6**	**1.8**	**0.7**	**0.1**
Total	**913.7**	**100.0**	**35.6**	**100.0**	**949.3**	**100.0**

SEE-THROUGH DEVELOPMENT PORTFOLIO

	Book value £m	Fair value £m	Surplus £m	Fair value %
London Offices	0.8	0.8	–	2.2
London Residential	34.2	34.2	–	96.0
Total London	**35.0**	**35.0**	**–**	**98.2**
Land	0.0	0.6	0.6	1.8
Total Non-Core Portfolio	**0.0**	**0.6**	**0.6**	**1.8**
Total	**35.0**	**35.6**	**0.6**	**100.0**

CAPITAL EXPENDITURE

We have a planned development and refurbishment programme.

Property	Capex budget (Helicals share) £m	Remaining spend (Helicals share) £m	Pre-redeveloped space sq ft	New space sq ft	Total completed space sq ft	Completion date
Investment – committed						
The Tower, The Bower, London EC1	109.8	3.8	114,000	68,195	182,195	Completed
Kaleidoscope, London EC1	62.2	15.8*	–	88,581	88,581	Completed
55 Bartholomew, London EC1	2.6	0.1	9,000	1,976	10,976	Completed
Investment – planned						
33 Charterhouse Street, London EC1	65.3	62.0	–	203,045	203,045	Summer 2022
Development – committed						
Barts Square, London EC1 – Phase One	63.6	0.2	–	127,364	127,364	Completed
Barts Square, London EC1 – Phase Three	40.0	1.2	–	89,314	89,314	Completed

* Includes deferred consideration of £10.8m payable in April 2020.

ASSET MANAGEMENT

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

See-through Investment portfolio	Fair value weighting %	Passing rent £m	%	Contracted rent £m	%	ERV £m	%	ERV change like-for-like %
London Offices								
– Completed, let and available to let	80.1	22.4	81.8	31.1	82.7	42.1	70.2	4.9
– Being redeveloped	4.9	–	–	–	–	8.5	14.2	–
Total London	**85.0**	**22.4**	**81.8**	**31.1**	**82.7**	**50.6**	**84.4**	**4.9**
Manchester Offices								
– Completed, let and available to let	15.0	5.0	18.2	6.5	17.3	9.3	15.5	3.6
Total Manchester	**15.0**	**5.0**	**18.2**	**6.5**	**17.3**	**9.3**	**15.5**	**3.6**
Other	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Total	**100.0**	**27.4**	**100.0**	**37.6**	**100.0**	**60.0**	**100.0**	**4.6**

During the year, total contracted income increased by £4.4m primarily as a result of rent from new lettings and rent reviews. This income more than offset the contracted income lost on the sale of Power Road Studios and losses from breaks and lease expiries.

	See-through total portfolio contracted rent £m
Contracted rent reduced through disposals of London Offices	(2.1)
Total contracted rental change from sales and purchases	**(2.1)**
Rent lost at break/expiry	(1.4)
Rent reviews and uplifts on lease renewals	0.3
New lettings	
– London	6.4
– Manchester	1.2
Total increase in the year from asset management activities	**6.5**
Net increase in contracted rents in the year	**4.4**

INVESTMENT PORTFOLIO

PORTFOLIO YIELDS

	EPRA Topped Up NIY 31.3.2020 %	EPRA Topped Up NIY 31.3.2019 %	Reversionary Yield 31.3.2020 %	Reversionary Yield 31.3.2019 %	True Equivalent Yield 31.3.2020 %	True Equivalent Yield 31.3.2019 %
London Offices						
– Completed, let and available to let	3.9	4.2	5.2	5.2	5.0	5.1
– Being redeveloped	n/a	n/a	5.5	5.7	4.9	4.9
Total London	**3.9**	**4.2**	**5.3**	**5.3**	**5.0**	**5.1**
Manchester Offices						
– Completed, let and available to let	4.4	4.2	6.2	6.3	6.0	6.1
Total Manchester	**4.4**	**4.2**	**6.2**	**6.3**	**6.0**	**6.1**
Total	**4.0**	**4.2**	**5.4**	**5.4**	**5.1**	**5.2**

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

	31 March 2020 Capital value psf £	31 March 2020 Vacancy rate %	31 March 2020 WAULT Years	31 March 2019 WAULT Years
London Offices				
– Completed, let and available to let	1,182	17.6	7.8	8.0
– Being redeveloped	443	n/a	n/a	n/a
Total London	**1,007**	**17.6**	**7.8**	**8.0**
Manchester Offices				
– Completed, let and available to let	325	18.1	3.9	3.9
Total Manchester	**325**	**18.1**	**3.9**	**3.9**
Total	**764**	**17.8**	**7.1**	**7.3**

SEE-THROUGH VALUATION MOVEMENTS

	Val change inc purchases & gains on sales %	Val change excl purchases & gains on sales %	Investment portfolio weighting 31 March 2020 %	Investment portfolio weighting 31 March 2019 %
London Offices				
– Completed, let and available to let	6.1	6.4	80.1	75.3
– Being redeveloped	9.7	n/a	4.9	9.7
Total London	**6.3**	**6.4**	**85.0**	**85.0**
Manchester Offices				
– Completed, let and available to let	2.9	2.9	15.0	15.0
Total Manchester	**2.9**	**2.9**	**15.0**	**15.0**
Total Core	**5.8**	**5.9**	**100.0**	**100.0**
Regional Offices/Retail/Other	0.0	0.0	0.0	0.0
Total	**5.8**	**5.9**	**100.0**	**100.0**

THE PROPERTY PORTFOLIO IN NUMBERS
CONTINUED

SEE-THROUGH LEASE EXPIRIES OR TENANT BREAK OPTIONS

	Year to 2021	Year to 2022	Year to 2023	Year to 2024	Year to 2025	2025 Onward
% of rent roll	6.5	15.4	15.1	11.6	8.9	42.5
Number of leases	23	31	23	21	19	40
Average rent per lease (£)	106,127	186,560	247,220	207,025	176,829	395,252

We have a strong rental income stream and a diverse tenant base. The top ten tenants account for 50.9% of the total rent roll and the tenants come from a variety of industries.

Rank	Tenant	Tenant industry	Contracted rent £m	Rent roll %
1	Farfetch	Online retail	3.9	10.4
2	WeWork	Flexible offices	3.8	10.2
3	Brilliant Basics	Technology	3.2	8.5
4	Pivotal	Technology	2.0	5.3
5	Anomaly	Marketing	1.4	3.7
6	CBS	Media	1.0	2.8
7	Allegis	Recruitment	1.0	2.7
8	Finablr	Financial Services	0.9	2.5
9	Incubeta	Marketing	0.9	2.5
10	OpenPayd	Financial Services	0.9	2.3
Total			**19.0**	**50.9**

PRINCIPAL LETTINGS

Property	Tenant	Area sq ft	Lease term to expiry Years
The Tower, The Bower, London EC1	Brilliant Basics	20,903	5
The Tower, The Bower, London EC1	Incubeta	11,306	10
The Tower, The Bower, London EC1	OpenPayd	10,046	5
The Tower, The Bower, London EC1	Snowflake Computing	9,568	5
The Tootal Buildings, Manchester	Capita Business Services	35,931	10
90 Bartholomew Close, London EC1	SIA Partners	7,564	10
Fourways, Manchester	OYO Technology and Hospitality	3,756	1
90 Bartholomew Close, London EC1	Peakon	4,675	5
The Loom, London E1	UI Centric	3,048	5
90 Bartholomew Close, London EC1	Constantine Cannon LLP	4,733	5

LETTING ACTIVITY

		Area sq ft	Contracted rent (Helical's Share) £	Rent psf £	Change to 31 March 2019 ERV[1] %
Investment Properties					
London					
Completed, let and available to let – offices	Power Road Studios, W4	16,637	692,000	41.57	9.0
	The Tower, The Bower, EC1	51,823	4,378,000	84.48	4.4
	The Loom, E1	10,030	572,000	57.00	4.3
	90 Bartholomew Close, EC1	19,371	638,000	76.56	2.0
	55 Bartholomew, EC1	1,040	36,000	80.00	8.5
		98,901	**6,316,000**	**72.88**	**5.0**
Completed, let and available to let – retail	The Loom, E1	1,313	10,000	7.62	-69.5
	Power Road Studios, W4	166	8,000	48.19	-33.3
	The Tower, The Bower, EC1	–	–	–	n/a
		1,479	**18,000**	**12.17**	**-59.8**
Other income – car parking/storage		–	81,000	–	n/a
Manchester	The Tootal Buildings	35,931	773,000	21.50	1.5
	Fourways – Office	12,620	395,000	31.34	3.3
	Fourways – Retail	1,773	50,000	28.20	19.9
		50,324	**1,218,000**	**24.20**	**2.9**
Total		**150,704**	**7,633,000**	**56.58**	**2.7**
Development Properties					
Completed, let and available to let	One Bartholomew, EC1	140,224	–	79.67	n/a

1 Excludes leases on a "Plug & Play" basis.

FINANCIAL REVIEW

TIM MURPHY
FINANCE DIRECTOR

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.

2020 Performance
Financial highlights

IFRS PERFORMANCE

PROFIT BEFORE TAX
£43.0m
(2019: £43.5m)

EPS
32.3p
(2019: 35.8p)

DILUTED NAV PER SHARE
489p
(31 March 2019: 469p)

TOTAL ACCOUNTING RETURN
7.7%
(31 March 2019: 8.4%)

EPRA PERFORMANCE

EPRA EARNINGS
£9.1m
(2019: loss of £10.0m)

EPRA EPS
7.6p
(2019: loss of 8.4p)

EPRA NAV PER SHARE
511p
(31 March 2019: 482p)

TOTAL ACCOUNTING RETURN ON EPRA NET ASSETS
9.3%
(31 March 2019: 8.0%)

FINANCIAL REVIEW
CONTINUED

OVERVIEW

The year has seen significant progress in the Group's development programme, with practical completion successfully achieved at Kaleidoscope, London EC1, 55 Bartholomew, London EC1 and at the second and final phase of residential apartments at Barts Square, London EC1, while the acquisition of 33 Charterhouse Street, London EC1, in joint venture, has added to the Group's development pipeline.

This success has been further reflected in Helical's letting activities. The final vacant floors at The Tower, London EC1 and One Bartholomew, London EC1 were let during the year. 90 Bartholomew Close, London EC1 was also fully let during the year, enabling its sale after the year end at significantly above its 31 March 2019 book value.

The completion of its development management roles at One Creechurch Place, London EC3 and One Bartholomew, London EC1 has allowed the Group to recognise its final profit shares, with receipt of these boosting its cash resources.

With the repayment of the £100m Convertible Bond in June 2019, the repayment of the development loan on The Bower, London EC1 and the completion of the expanded £400m Revolving Credit Facility, the Group has reduced its average cost of debt whilst extending the maturity of its borrowings.

RESULTS FOR THE YEAR

The see-through results for the year to 31 March 2020 include net rental income of £28.5m, a net gain on sale and revaluation of the investment portfolio of £45.5m and development profits of £9.9m, leading to a Total Property Return of £83.9m (2019: £81.4m). Total administration costs of £17.3m (2019: £17.2m) and net finance costs of £15.6m (2019: £18.4m) contributed to a pre-tax profit of £43.0m (2019: £43.5m). EPRA net asset value per share increased by 6.0% to 511p (31 March 2019: 482p).

The final dividend, payable on 27 July 2020, will be 6.00p per share (2019: 7.50p).

The Group's real estate portfolio, including its share of assets held in joint ventures, increased to £949.3m (31 March 2019: £876.4m) as a result of the acquisition, in joint venture, of 33 Charterhouse Street, London EC1, capital expenditure and net revaluation gains on the investment portfolio, offset by the sale of Power Road Studios, London W4.

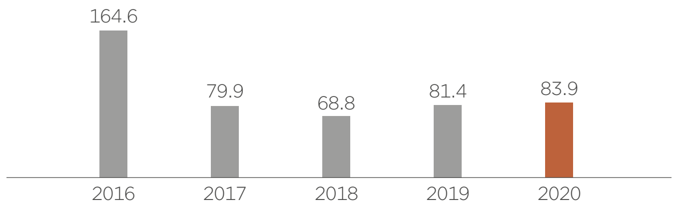
The expenditure on the investment portfolio during the year marginally increased the Group's see-through loan to value to 31.4% (31 March 2019: 30.6%). Repayment of the Convertible Bond and refinancing The Bower into an expanded £400m Revolving Credit Facility reduced the Group's weighted average cost of debt to 3.5% (31 March 2019: 4.0%) and increased the weighted average debt maturity to 4.0 years (31 March 2019: 2.7 years). The average maturity of the facilities would increase to 5.4 years on exercise of the two one-year extension options on the Revolving Credit Facility, on a fully utilised basis.

At 31 March 2020, the Group had unutilised bank facilities of £196m and £83m of cash on a see-through basis. These are primarily available to fund the development of 33 Charterhouse Street, London EC1, remaining capital commitments at Kaleidoscope, London EC1 and future property acquisitions.

TOTAL PROPERTY RETURN

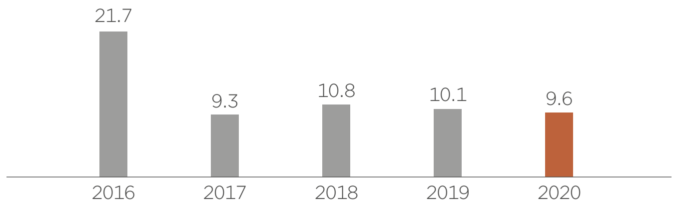
We calculate our Total Property Return to enable us to assess the aggregate of income and capital profits made each year from our property activities. Our business is primarily aimed at producing surpluses in the value of our assets through asset management and development, with the income side of the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

Total Property Return
£m



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

Unleveraged portfolio return – MSCI
%

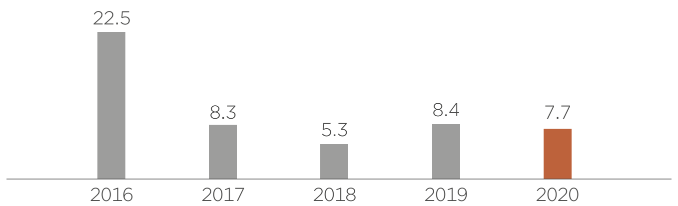


TOTAL ACCOUNTING RETURN

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

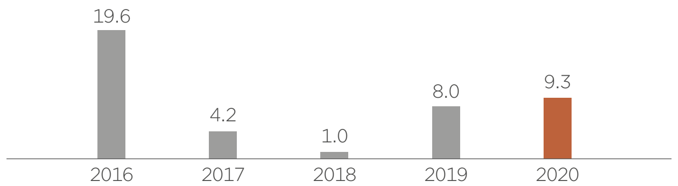
The Total Accounting Return on IFRS net assets in the year to 31 March 2020 was 7.7% (2019: 8.4%).

Total Accounting Return on IFRS net assets
%



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

Total Accounting Return on EPRA net assets
%



EARNINGS PER SHARE

The IFRS earnings per share decreased from 35.8p to 32.3p and are based on the after tax earnings attributable to ordinary Shareholders divided by the weighted average number of shares in issue during the year.

On an EPRA basis, the loss per share of 8.4p in 2019 improved to a positive earnings per share of 7.6p, reflecting the Group's share of net rental income of £28.5m (2019: £25.2m) and development profits of £9.9m (2019: losses of £4.4m), but excluding gains on sale and revaluation of investment properties of £45.5m (2019: £60.6m)

NET ASSET VALUE

IFRS diluted net asset value per share increased from 469p to 489p and is a measure of Shareholders' Funds divided by the number of shares in issue at the year end, adjusted to allow for the effect of all dilutive share awards.

EPRA net asset value per share increased by 6.0% to 511p per share (31 March 2019: 482p). This movement arose principally from a total comprehensive income (retained profits) of £38.8m (2019: £42.6m), less £12.2m of dividends (2019: £11.4m).

EPRA triple net asset value per share increased to 480p (31 March 2019: 465p).

EPRA has introduced three new asset value measures which will be applicable to Helical's annual results to 31 March 2021. The new measures will replace the existing EPRA net asset value and triple net asset value metrics. Helical considers the EPRA net tangible asset measure to be the most relevant for its business and its net asset value per share under this measure is 524p (31 March 2019: 494p).

INCOME STATEMENT

RENTAL INCOME AND PROPERTY OVERHEADS

Gross rental income for the Group in respect of wholly owned properties increased to £31.6m (2019: £28.2m), reflecting letting success and partial capture of the investment portfolio's reversionary potential. In the joint ventures, gross rents decreased marginally to £0.9m (2019: £1.0m). Property overheads in respect of wholly owned assets and in respect of those assets in joint ventures remained steady at £4.1m (2019: £4.1m). After taking account of net rents receivable from our profit share partners of £nil (2019: £0.1m), see-through net rents increased by 13.0% to £28.5m (2019: £25.2m).

DEVELOPMENT PROFITS

In the year, from our role as development manager at One Creechurch Place, London EC3, we recognised £0.8m of fees. Further fees of £1.3m were recognised for carrying out similar roles at Barts Square, London EC1 and 33 Charterhouse Street, London EC1.

A net write back of a provision for cost indemnities given on the sale of the Retirement Village schemes in 2017 contributed £1.1m and the sale of the Drury Lane scheme for a higher than anticipated value resulted in a further write back of £0.5m. The provisions of £0.4m against our legacy retail development programme, taking the carrying value of these assets to £nil, offset these to give a net development profit in the main group of £3.3m (2019: losses of £1.8m).

SHARE OF RESULTS OF JOINT VENTURES

The revaluation of our investment assets held in joint ventures generated a surplus of £8.5m (2019: £1.3m). Under our development management agreement for One Bartholomew, London EC1, we recognised a net development fee of £8.1m as a result of completing the development and letting this asset. However, a reassessment of the expected sales proceeds and costs on the remaining apartments in the first phase of residential at Barts Square resulted in a provision of £1.5m and net development profits in joint ventures of £6.6m. The sale of the Group's interest in One Creechurch Place, London EC3 resulted in a profit of £1.3m.

Finance, administration, taxation and other sundry items added a further £3.5m of costs. An adjustment to reflect our economic interest in the Barts Square, London EC1 development and to ensure our (now disposed of) investment in One Creechurch Place, London EC3 is shown at its recoverable amount, generated net surpluses of £0.5m, leaving a net profit from our joint ventures of £13.4m (2019: loss of £3.2m).

GAIN ON SALE AND REVALUATION OF INVESTMENT PROPERTIES

The valuation of our London investment portfolio, on a see-through basis, continued to reflect the benefit of our letting and development activities where we generated a valuation surplus of 6.3% (including purchases and gains on sales) and 6.4% on a like-for-like basis. In Manchester, a valuation surplus of 2.9% (including purchases and gains on sales) and 2.9% on a like-for-like basis was achieved. In total, the see-through investment portfolio showed a valuation surplus of 5.8% (including purchases and gains on sales), or 5.9% 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 £45.5m (2019: £60.6m).

ADMINISTRATIVE EXPENSES

Administration costs in the Group, before performance related awards, reduced from £10.9m to £10.5m.

Performance related share awards and bonus payments, including National Insurance costs, were £6.2m (2019: £5.9m). Of this amount, £2.8m (2019: £2.3m), being the charge for share awards under the Performance Share Plan, is expensed through the Income Statement but added back to Shareholders' Funds through the Statement of Changes in Equity.

	2020 £000	2019 £000
Administrative expenses (excluding performance related rewards)	10,524	10,858
Performance related awards, including NIC	6,191	5,895
Group	16,715	16,753
In joint ventures	596	406
Total	17,311	17,159

FINANCE COSTS, FINANCE INCOME AND DERIVATIVE FINANCIAL INSTRUMENTS

Total finance costs, including joint ventures, fell significantly during the year to £17.0m (2019: £19.5m), primarily as a result of the repayment of the Convertible Bond in June 2019.

	2020 £000	2019 £000
Interest payable on secured bank loans		
– subsidiaries	11,292	12,414
– joint ventures	543	511
Interest payable on unsecured bonds	855	4,000
Loan cancellation costs	1,692	1,151
Amortisation of refinancing costs	2,270	1,503
Sundry interest and bank charges		
– subsidiaries	1,736	1,554
– joint ventures	328	1,576
Interest capitalised	(1,745)	(3,215)
Total	16,971	19,494

Finance income earned, including in joint ventures, was £1.4m (2019: £1.1m). The movement downwards in medium and long-term interest rate projections during the year contributed to a charge of £7.7m (2019: £3.3m) on the mark-to-market valuation of the derivative financial instruments. The repayment of the £100m Convertible Bond resulted in a credit of £0.5m (2019: £0.9m) on the reversal of the 31 March 2019 mark-to-market valuation.

FINANCIAL REVIEW
CONTINUED

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

The current tax charge for the year decreased to £0.5m from £9.0m (which reflected the tax charge on the capital gain on the sale of The Shepherds Building, London W14 in September 2018).

DIVIDENDS
The interim dividend paid on 31 December 2019 of 2.70p was an increase of 3.8% on the previous interim dividend of 2.60p. The Company has proposed a final dividend of 6.00p, a decrease of 20% on the previous year (2019: 7.50p), for approval by Shareholders at the 2020 AGM. In total, the dividend paid or payable in respect of the results for the year to 31 March 2020 will be 8.70p (2019: 10.10p), a decrease of 13.9%.

BALANCE SHEET
SHAREHOLDERS' FUNDS
Shareholders' Funds at 1 April 2019 were £567.4m. The Group's results for the year added £38.8m (2019: £42.6m), net of tax, representing the total comprehensive income for the year. Movements in reserves arising from the Group's bonus and share schemes and the impact of adopting IFRS 16 *Leases* increased funds by £4.7m. The Company paid dividends to Shareholders amounting to £12.2m leaving a net increase in Shareholders' Funds from Group activities during the year of £31.3m to £598.7m.

INVESTMENT PORTFOLIO
In the year to 31 March 2020, the Group acquired 33 Charterhouse Street, London EC1 in joint venture for £37.1m (our share). The Group spent £49.7m on capital works on the investment portfolio, mainly at Kaleidoscope, London EC1 (£24.9m), The Tower, London EC1 (£7.8m), and 33 Charterhouse Street, London EC1 (£3.9m), The Tootal Buildings (formerly called Churchgate and Lee), Manchester (£6.2m) and Fourways, Manchester (£3.2m). Power Road Studios, London W4 was sold in the year with a book value of £41.5m. A downward economic adjustment of £0.5m was made to reflect our share of Barts Square, London EC1, at 43.0% compared to 43.8% in the prior year. Revaluation gains added £52.2m to increase the see-through value of the portfolio, before lease incentives, to £913.7m (31 March 2019: £816.6m). The accounting for head leases and lease incentives resulted in a book value of the see-through investment portfolio of £895.7m (31 March 2019: £804.0m).

DEBT AND FINANCIAL RISK
In total, Helical's outstanding debt at 31 March 2020 of £386.9m (31 March 2019: £479.2m) had a weighted interest cost of 3.5% (31 March 2019: 4.0%) and a weighted average debt maturity of 4.0 years (31 March 2019: 2.7 years). The average maturity of the facilities would increase to 5.4 years following exercise of the two one-year extensions of the Group's £400m Revolving Credit Facility, on a fully utilised basis.

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

- Investment facilities
  We have a £400m Revolving Credit Facility that enables the Group to acquire, refurbish, reposition and hold significant parts of our investment portfolio with the remaining investment assets held in an £81m term loan secured facility. The value of the Group's properties secured in these facilities at 31 March 2020 was £709m (31 March 2019: £698m) with a corresponding loan to value of 43.8% (31 March 2019: 44.4%). The average maturity of the Group's investment facilities at 31 March 2020 was 4.4 years (31 March 2019: 3.5 years), increasing to 6.0 years on a fully utilised basis and following the two one-year extensions of the Revolving Credit Facility. The weighted average interest rate was 3.3% (31 March 2019: 3.9%). The marginal cost of fully utilising the undrawn Revolving Credit Facility was 2.2% (31 March 2019: 2.1%).
- Development facilities
  This facility finances the over-station development at Kaleidoscope, London EC1. The maturity of the Group's development facility at 31 March 2020 was 3.4 years (31 March 2019: 4.4 years) with a weighted average interest rate of 3.8% (31 March 2019: 6.3%).
- 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 2020 was 1.8 years (31 March 2019: 2.8 years) with a weighted average interest rate of 4.2% (31 March 2019: 4.0%).

UNSECURED DEBT
The Group's unsecured debt, following the repayment of the £100m Convertible Bond in June 2019, is £5.0m (31 March 2019: £100.5m), as follows:

- Short-term working capital facilities
  Drawn £5m (31 March 2019: £nil) of these facilities as additional working capital for the Group.

CASH AND CASH FLOW
At 31 March 2020, the Group had £279m (31 March 2019: £382m) of cash and agreed, undrawn, committed bank facilities including its share in joint ventures, as well as £70m (31 March 2019: £25m) of uncharged property on which it could borrow funds.

NET BORROWINGS AND GEARING
Total gross borrowings of the Group, including in joint ventures, have decreased from £479.2m to £386.9m during the year to 31 March 2020. After deducting cash balances of £83.0m (31 March 2019: £205.2m) and unamortised refinancing costs of £6.0m (31 March 2019: £5.4m), net borrowings increased from £268.6m to £298.5m. The see-through gearing of the Group, including in joint ventures, increased from 47.3% to 49.9%.

	31 March 2020	31 March 2019
See-through gross borrowings	£386.9m	£479.2m
See-through cash balances	£83.0m	£205.2m
Unamortised refinancing costs	£6.0m	£5.4m
See-through net borrowings	£298.5m	£268.6m
Shareholders' Funds	£598.7m	£567.4m
See-through gearing – IFRS net asset value	49.9%	47.3%

HEDGING
At 31 March 2020, the Group had £285.8m (31 March 2019: £363.0m) of fixed rate debt with an average effective interest rate of 3.0% (31 March 2019: 3.7%) and £68.0m (31 March 2019: £67.2m) of floating rate debt with an average effective interest rate of 4.9% (31 March 2019: 5.7%). In addition, the Group had £240m of interest rate caps at an average of 1.75% (31 March 2019: £240m at 1.69%). In our joint ventures, the Group's share of fixed rate debt was £nil (31 March 2019: £nil) and £33.1m (31 March 2019: £49.0m) of floating rate debt with an effective rate of 4.2% (31 March 2019: 4.0%), with interest rate caps set at 1.5% plus margin on £32.3m (31 March 2019: £11.0m at 0.5%).

	31 March 2020 £m	Effective interest rate %	31 March 2019 £m	Effective interest rate %
Fixed rate debt				
– secured borrowings	280.8	3.0	262.5	3.6
– unsecured borrowings	5.0	3.3	–	–
– convertible Bond	–	–	100.0	4.0
– fair value of Convertible Bond	–	–	0.5	–
Total	285.8	3.0	363.0	3.7
Floating rate debt				
– secured	68.0	4.9[1]	67.2	5.7[1]
Total	353.8	3.4	430.2	4.0
In joint ventures				
– floating rate	33.1	4.2	49.0	4.0
Total borrowings	**386.9**	**3.5**	**479.2**	**4.0**

1 This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 3.0% (31 March 2019: 3.7%).

GOING CONCERN AND COVENANT COMPLIANCE
Helical's going concern analysis is discussed in Note 1 of the Notes to the Financial Statements. To the extent that this analysis considers the collection of rent and the impact of this collection on loan covenants, the position is outlined below.

Despite the impact of Covid-19, the rent collection for the 25 March 2020 quarter remained high and further progress has been made since the quarter date, resulting in 92% of the rents collected to date.

	31 March 2020	30 April 2020	31 May 2020
Rent collected (%)	84	87	92

Of the remaining 8% uncollected, 5% is subject to an agreed payment plan or deferral.

In addition, we have collected 97% of the service charge for the 25 March 2020 quarter.

The Group has income cover covenants on its Revolving Credit Facility (RCF) and Aviva term loan and as a result of the strong rent collection the March 2020 covenants were comfortably met.

RCF Covenant	Threshold	Reported March 2020
Loan to Contracted Rental Value	<12:1	9.3:1
Actual Interest Cover	>200%	307%
Projected Interest Cover	>150%	360%

Aviva Covenant	Threshold	Reported March 2020
Historical Debt Service Cover	>200%	246%
Projected Debt Service Cover	>200%	291%

For the RCF, £5.5m of rent will be charged for the June 2020 rent quarter and we have rent deposits and bank guarantees of £9.7m from tenants in buildings secured in this facility. For the Aviva term loan, £2.0m of rent will be charged for the June 2020 rent quarter and we have rent deposits and bank guarantees of £1.8m from tenants in buildings secured to this loan.

The Group has adopted a going concern basis in preparing the accounts for the year ended 31 March 2020.

TIM MURPHY
Finance Director

4 June 2020

Investment portfolio

	Wholly owned £000	In joint venture £000	See-through £000	Head leases capitalised £000	Lease incentives £000	Book value £000
Valuation at 31 March 2019	791,250	25,382	816,632	2,189	(14,781)	804,040
Acquisitions						
– wholly owned	–	–	–	–	–	–
– joint ventures	–	37,114	37,114	–	–	37,114
Capital expenditure						
– wholly owned	43,979	–	43,979	(28)	–	43,951
– joint ventures	–	5,750	5,750	–	–	5,750
Disposals						
– wholly owned	(41,532)	–	(41,532)	–	51	(41,481)
Revaluation surplus						
– wholly owned	43,178	–	43,178	–	(4,827)	38,351
– joint ventures	–	9,027	9,027	–	(574)	8,453
Economic interest adjustment						
– joint ventures	–	(464)	(464)	–	–	(464)
Valuation at 31 March 2020	**836,875**	**76,809**	**913,684**	**2,161**	**(20,131)**	**895,714**

Debt profile at 31 March 2020 – including commitment fees but excluding the amortisation of arrangement fees

	Total facility £000	Total utilised £000	Available facility £000	Weighted average interest rate %	Average maturity Years	Extended[1] average maturity Years
Investment facilities	480,750	310,750	170,000	3.3	4.4	6.0
Development facilities	50,400	38,061	12,339	3.8	3.4	3.4
Total wholly owned	531,150	348,811	182,339	3.4	4.2	5.7
In joint ventures	42,140	33,075	9,065	4.2	1.8	1.8
Total secured debt	573,290	381,886	191,404	3.5	4.1	5.5
Working capital	10,000	5,000	5,000	3.3	1.0	1.0
Total unsecured debt	10,000	5,000	5,000	3.3	1.0	1.0
Total debt	583,290	386,886	196,404	3.5	4.0	5.4

1 Calculated on a fully utilised basis with the two one-year extensions of the Revolving Credit Facility included.

Helical's approach to risk management

Risk is an integral part of the Group's business activities and Helical's ability to identify, assess, monitor and manage its risks is fundamental to its financial stability, continuing performance and reputation.

When making business decisions, the Board of Helical assesses all potential risks faced and considers the effect that such risks could have on the achievement of the strategic priorities and the long-term success of the Company.

The Board acknowledges that there are numerous risks faced by the business and that these are often interrelated. However, the Board also views the potential risks as opportunities which, when handled appropriately, can drive performance. Therefore, having an effective risk management framework is key to support the delivery of the Group's strategy.

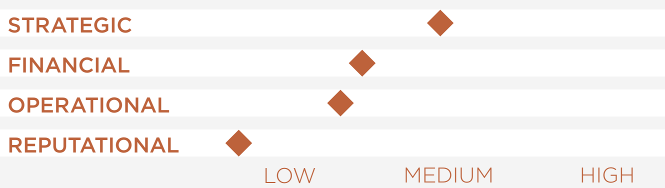
The Board confirms that during this reporting period it has carried out a robust assessment of the Group's emerging and principal risks (please see Audit and Risk Committee Report, page 94, for details of the work undertaken by the Directors during the reporting period). These risks and the Group's appetite for risk are discussed below.

RISK APPETITE

The Board has established procedures to determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. It is through the enactment of these procedures that the Company is able to set its risk appetite.

Helical's risk appetite is driven by the business strategy. The overall risk appetite is moderate to low and appropriate mitigating actions are taken to reduce the severity of identified risks into the acceptable range set by the Board. In determining the risk appetite, the Board considers upside risks as well as downside risks. Helical's risk appetite is not static and is reviewed by the Board at least twice a year.

Our appetite for risk in each principal risk category is set out below:



RISK CULTURE

In accordance with good stewardship, the Board does not inhibit sensible risk taking that is critical to growth. This approach is embedded in the risk culture of the Group which is guided by the Company's Values (see page 82). The risk culture aligns with the strategy and objectives of the business and is embedded within the risk appetite.

ROLES & RESPONSIBILITIES

Whilst the Board is ultimately responsible for the management of risk, the Group is structured in such a way that risk identification, assessment, management and monitoring occur at all levels of the Helical team. Roles and responsibilities with respect to risk are well established and the close working relationships existing between senior management and our Property Executives enhance our ability to manage our risks.

The identification of risk occurs primarily at Board level and as part of this process, the Risk Register and corresponding Risk Heat Map (please see page 64) are produced. The Board meets at least twice a year to assess the appropriateness of the Risk Register, taking into account the macro-economic environment, current projects and performance and past experience.

The Board considers both prevailing and emerging risks in the risk identification process. Horizon scanning is conducted, not just by the Board or senior management, but every individual staff member. Team meetings are conducted every two weeks and provide a forum for information sharing with respect to emerging risks. Helical's collaborative environment and flat management structure further support open discussion on future and emerging risks.

Risk management approach

TOP-DOWN APPROACH

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

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

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

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

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

BOTTOM-UP APPROACH

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

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

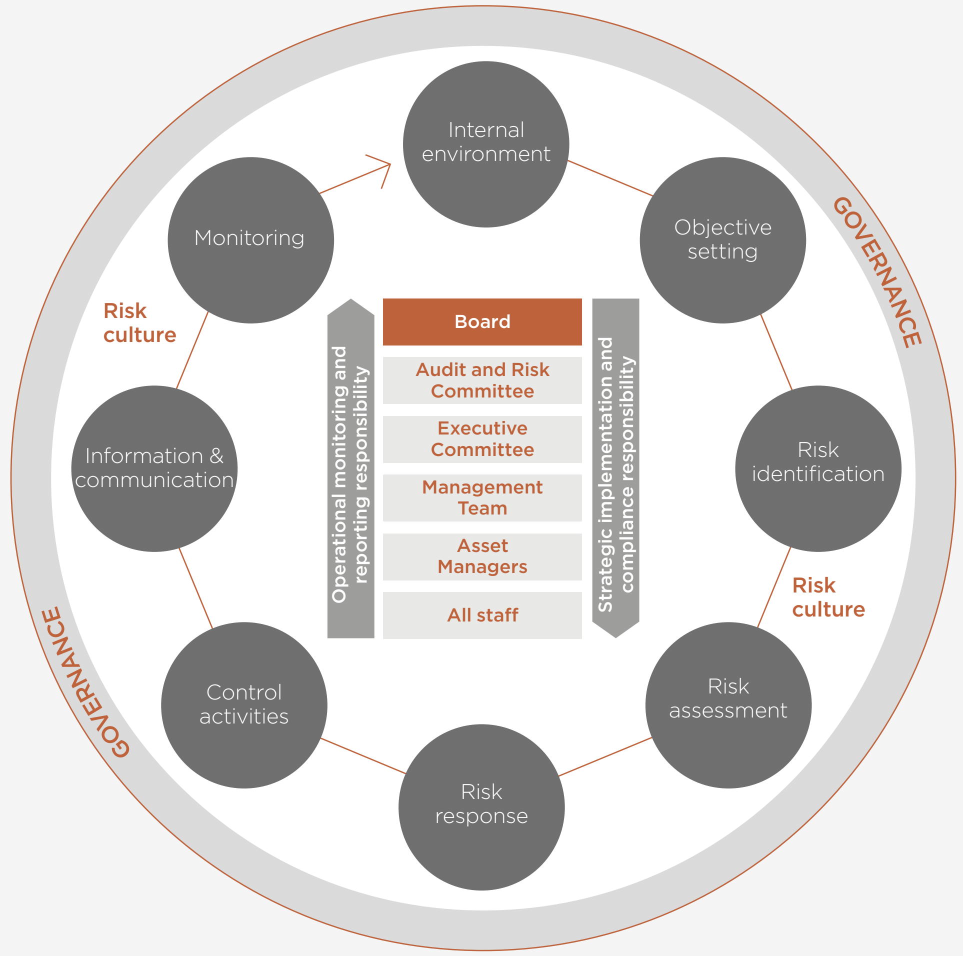
Both the small team size and the flat management structure allow the Executive Committee to have close contact with all aspects of the business and ensure that the identification and management of risks and opportunities are at the forefront of decision makers' minds.

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

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

Risk management framework

Helical's Risk Management Framework is made up of eight components which all function to create an effective system of risk management and internal control. It is through the application of the Risk Management Framework that clear procedures for risk identification, assessment, measurement, mitigation, monitoring and reporting are aligned with the Group's strategic aims and the Board's risk appetite.

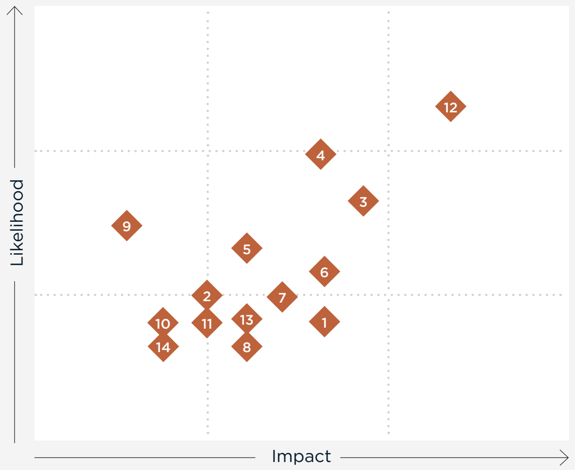


RISK MANAGEMENT
CONTINUED

Mapping our principal risks

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

*This risk has been separately identified this year.



VIABILITY STATEMENT

HELICAL'S LONG-TERM PROSPECTS

With over 35 years' experience as a property company, the Group has navigated multiple property cycles. These cycles present challenges and opportunities and it has been through successfully responding to both that Helical has grown to become a highly respected London office developer and asset manager. During this time, it has also built an extensive network of trusted partners who provide support, capital and access to new opportunities.

The Group has a high quality portfolio, located in growing areas of London and Manchester, and is delivering modern space which appeals to occupiers who need to attract the best talent. Helical has an excellent relationship with the financial institutions who provide its debt and, following the refinancing of its primary debt facility earlier in the year, has secured long-term and flexible financing.

It is from this strong position that the Board has considered the Company's future viability.

TIME PERIOD ASSESSMENT

The Directors have assessed the viability of the Group for a period of five years to March 2025, being the period for which the Board regularly reviews forecasts, and which encompasses the lifetime of the Group's major development projects. The Board considers the future performance of the Group beyond five years, but less certainty exists over the forecasting assumptions beyond this period.

REVIEW PROCESS

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

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

PRINCIPAL RISKS AND SENSITIVITY ANALYSIS

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

The assessment included the following key assumptions:

- **Rental income** – whilst the Group has a WAULT of 7.1 years across its portfolio, both void and rent-free periods have been included where a lease term ends within the period of review;
- **Debt financing** – the Company's primary source of financing is its £400m Revolving Credit Facility which expires in 2024, however, this facility has two one-year extension options which have been assumed to have been exercised;
- **Development and asset management** – these activities require capital expenditure, and this has been included for both specific projects and general ongoing works; and
- **Administration expenditure and finance costs** – administration expenditure has been subject to inflationary increases. The hedging instruments the Group have in place mitigates the impact of any future changes to the interest base rate.

The most relevant risks and their potential impact, along with the sensitivity analysis performed, are highlighted below:

Risk areas	Principal risks
Covid-19 The impact of Covid-19 is expected to have the most material effect in the next 12 months and is considered in the going concern review on page 115.	• Property values decline/reduced tenant demand for space • Political risk • Breach of loan covenants • Health and safety risk • Business disruption and cyber security
UK withdraws from the EU A disorderly or disruptive departure from the EU could adversely affect the business case for investment in the UK, depressing the property market and causing a decline in property values. This could in turn result in potential breaches in the loan to value covenants. The impact of a fall in property value of 25% was assessed.	• Property values decline/reduced tenant demand for space • Breach of loan covenants • Political risk

Based on the outcomes of the procedures outlined above and other matters considered by the Board, the Directors hold a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 March 2025.

OUR PRINCIPAL RISKS

Risk	Description	Mitigating actions	Changes in risk severity
STRATEGIC RISKS Strategic risks are external risks that could prevent the Group delivering its strategy. It is these risks which principally impact decision-making with respect to the purchasing or selling of property assets.			
The Group's strategy is inconsistent with the market Link to Strategy **Growth** YoY change =	Changing market conditions could hinder the Group's ability to buy and sell properties envisioned in its strategy. The location, size and mix of properties in Helical's portfolio determine the impact of the risk. If the Group's chosen markets underperform, the impact on the Group's liquidity, investment property revaluations and rental income is greater.	Management constantly monitors the market and makes changes to the Group's strategy in light of market conditions. The Group conducts an annual strategic review and maintains rolling forecasts, with inbuilt sensitivity analysis to model anticipated economic conditions. The Group's management team is highly experienced and has a strong track record of understanding the property market. Due to the Group's small management team, strategic change can be implemented quickly.	The Board considers the risk to have remained broadly the same as it has benefitted from a resilient office market.
Risks arising from the Group's significant development projects Link to Strategy **Property** YoY change ↓	The Group carries out significant development projects over a number of years and is therefore exposed to fluctuations in the market and tenant demand levels over time.	Management carefully reviews the risk profile of individual developments and in some cases builds properties in several phases to minimise the Group's exposure to reduced demand for particular asset classes or geographical locations over time. The Group carries out developments in partnership with other organisations and pre-lets space to reduce development risk, where considered appropriate.	The Group has completed the majority of its developments and has made significant letting progress in the past year, reducing the risk profile of the development portfolio.
Property values decline/reduced tenant demand for space Link to Strategy **Property** YoY change ↑	The property portfolio is at risk of valuation falls through changes in market conditions, including underperforming sectors or locations, lack of tenant demand or general economic uncertainty.	The Group's property portfolio has tenants from diverse industries, reducing the risk of over-exposure to one sector. We carry out occupier financial covenant checks ahead of approving leases in order to limit our exposure to tenant failure. Management reviews external data, seeks the advice of industry experts and monitors the performance of individual assets and sectors in order to dispose of non-performing assets and rebalance the portfolio to suit the changing market. Management regularly models different property revaluation scenarios through its forecasting process in order to prepare a considered approach to mitigating the potential impact.	The stabilisation of the political environment post the general election had decreased this risk, however Covid-19 has resulted in a high level of macro-economic uncertainty which is adversely impacting many businesses, particularly retail and leisure. As such, this risk has increased on the prior year.
Political risk Link to Strategy **Growth** YoY change ↓	There is a risk that regulatory and tax changes could adversely affect the market in which the Group operates and changes in legislation could lead to delays in receiving planning permission. There remains uncertainty over the outcome of the United Kingdom leaving the European Union. The results could adversely affect the case for investment in the UK, depressing the property investment and occupational market, negatively impacting the Group's performance.	Management seeks advice from experts to ensure it understands the political environment and the impact of emerging regulatory and tax changes on the Group. It maintains good relationships with planning consultants and local authorities. Where appropriate, management joins with industry representatives to contribute to policy and regulatory debate relevant to the industry.	The outcome of the general election has created a more politically stable outlook and set a clearer pathway for Brexit over the next year. Against this, Covid-19 has resulted in the Government taking significant measures to respond to this crisis. Overall this risk is considered to have decreased on the prior year.
Sustainability risk Link to Strategy **Growth**	The Group is exposed to sustainability risks such as climate and legislation changes related to ESG issues.	The Group has established a Sustainability Committee, chaired by Matthew Bonning-Snook, which will review the Group's approach and strategy for sustainability. The Committee will also set appropriate targets and KPIs which will be reported on annually. The Group benchmarks its ESG reporting against various industry indicators and instructs an external expert to perform gap analysis on its performance. For March 2020, a Sustainability Strategy and a key performance review document have been produced to clearly demonstrate the Group's approach to sustainability and the associated risks.	This risk has been separately identified this year and reflects our stakeholders' increasing focus on sustainability. We also recognise that the anticipated impact of carbon emissions and climate change continues to increase and that businesses that are not responding to these risks are likely to experience operational and reputational damage.

RISK MANAGEMENT
CONTINUED

Risk	Description	Mitigating actions	Changes in risk severity
FINANCIAL RISKS Financial risks are those that could prevent the Group from funding its chosen strategy, both in the long and short term.			
Availability and cost of bank borrowing and cash resources Link to Strategy **Financing** YoY change =	The inability to roll over existing facilities or take out new borrowing could impact on the Group's ability to maintain its current portfolio and purchase new properties. The Group may forego opportunities if it does not maintain sufficient cash to take advantage of them as they arise. The Group is at risk of increased interest rates on unhedged borrowings.	The Group maintains a good relationship with many established lending institutions and borrowings are spread across a number of these. Funding requirements are reviewed monthly by management, who seek to ensure that the maturity dates of borrowings are spread over several years. Management monitors the cash levels of the Group on a daily basis and maintains sufficient levels of cash resources and undrawn committed bank facilities to fund opportunities as they arise. The Group hedges the interest rates on the majority of its borrowings, effectively fixing or capping the rates over several years.	The Group has £279m of headroom (cash plus undrawn facilities) at 31 March 2020.
Breach of loan covenants Link to Strategy **Financing** YoY change ↑	If the Group breaches debt covenants, lending institutions may require the early repayment of borrowings.	Covenants are closely monitored throughout the year. Management carries out sensitivity analyses to assess the likelihood of future breaches based on significant changes in property values or rental income (see our Viability Statement).	While the Group has let vacant space in the period, the impact of Covid-19, and the lockdown response in particular, has put businesses under cash flow pressure. This in turn may adversely impact rent collection and, therefore, debt income covenants may come under pressure.
OPERATIONAL RISKS Operational risks are internal risks that could prevent the Group from delivering its strategy.			
Employment and retention of key personnel and business relationships Link to Strategy **People** YoY change =	The Group's continued success is reliant on its management and staff and successful relationships with its joint venture partners.	The senior management team is very experienced with a high average length of service. The Nominations Committee and Board review succession planning issues and remuneration is set to attract and retain high calibre staff. Staff are encouraged to undertake personal development and training courses, supported by the Company. The Group nurtures well established relationships with joint venture partners, seeking further projects where it has had previous successful collaborations.	The risk has remained broadly similar due to high staff retention levels and maintaining strong business relationships.
Reliance on key contractors and suppliers Link to Strategy **People** YoY change =	The Group is dependent on the performance of its key contractors and suppliers for successful delivery of its development property assets.	The Group actively monitors its development projects and uses external project managers to provide support. Potential contractors are vetted for their quality, health and safety record and financial viability prior to engagement. Their performance is closely monitored throughout the development process, with bi-weekly reporting to management. The Group often works with contractors with whom it has previously worked successfully.	No change has been noted or is expected.
Inability to asset manage property assets Link to Strategy **Property** YoY change =	The Group relies on external parties to support it in asset managing its properties, including planning consultants, architects, project managers, marketing agencies, lawyers and managing agents.	The Group has a highly experienced team managing its properties, who regularly conduct on-site reviews and monitor cash flows against budget. The Group seeks to maintain excellent relationships with its specialist professional advisors, often engaging parties with whom it has successfully worked previously. Management actively monitors these parties to ensure they are delivering the required quality on time.	No change has been noted or is expected.
Health and safety risk Link to Strategy **Property** YoY change ↑	The nature of the Group's operations and markets expose it to potential health and safety risks both internally and externally within the supply chain.	The Group reviews and updates its Health & Safety Policy regularly and it is approved by the Board annually. Contractors are required to comply with the terms of our Health & Safety Policy and the Group engages an external health and safety consultant to review contractor agreements prior to appointment and ensures they have appropriate policies and procedures in place, then monitors the adherence to such policies and procedures throughout the project's lifetime. The Executive Committee reviews the report by the external consultant every month and the Board reviews them at every scheduled meeting. The internal asset managers carry out regular site visits.	Whilst the level of the Group's development activity is expected to be lower, Covid-19 has presented additional challenges in maintaining safe working environments.

Risk	Description	Mitigating actions	Changes in risk severity
Business disruption and cyber security Link to Strategy **Property** YoY change ↑	The Group relies on Information Technology to perform effectively and a cyber-attack could result in IT systems being unavailable, adversely affecting the Group's operations. Commercially sensitive and personal information is electronically stored by the Group. Theft of this information could adversely impact the Group's commercial advantage and result in penalties where the information is governed by law (GDPR and Data Protection Act 2018). The Group is at risk of being a victim of social engineering fraud. An external event such as extreme weather, environmental incident, power shortage, pandemic or terrorist attack could cause significant damage, disruption to the business or reputational damage.	The Group engages and actively manages external Information Technology experts to ensure IT systems operate effectively and that we respond to the evolving IT security environment. This includes regular off-site backups and a comprehensive disaster recovery process. The external provider also ensures the system is secure and this is subject to routine testing including bi-annual disaster recovery tests and annual Cyber Essential Plus Certification. There is a robust control environment in place for invoice approval and payment authorisations including authorisation limits and a dual sign off requirement for large invoices and bank payments. The Group provides training and performs penetration testing to identify emails of a suspicious nature, ensuring these are flagged to the IT providers and ensure employees are aware they should not open attachments or follow instructions within the email. The Group has a disaster recovery plan, on-site security at its properties and insurance policies in place in order to deal with any external events and mitigate their impact.	The outbreak and spread of Covid-19 has created global economic uncertainty and we have significantly increased the impact and likelihood of this risk. The risk to cyber security has also increased as Covid-19 has led to increased fraud attempts.
REPUTATIONAL RISKS Reputational risks are those that could affect the Group in all aspects of its strategy.			
Poor management of stakeholder relations Link to Strategy **Growth** YoY change =	The Group risks suffering from reputational damage resulting in a loss of credibility with key stakeholders including Shareholders, analysts, banking institutions, contractors, managing agents, tenants, property purchasers/sellers and employees.	The Group believes that by successfully delivering its strategy and mitigating its strategic, financial and operational risks its good reputation will be protected. The Group regularly reviews its strategy and risks to ensure it is acting in the interests of its stakeholders. The Group maintains a strong relationship with investors and analysts through regular meetings. Management closely monitors day-to-day business operations and the Group has a formal approval procedure for all press releases and public announcements. A Group Disclosure Policy and Share Dealing Code, Policy & Procedures have been circulated to all staff in accordance with the EU Market Abuse Regulation (MAR).	This risk remains and is expected to remain broadly similar.
Non-compliance with prevailing legislation, regulation and best practice Link to Strategy **Growth** YoY change =	The nature of the Group's operations and markets expose it to financial crimes risks (including bribery and corruption risks, money laundering and tax evasion) both internally and externally within the supply chain. The Group is exposed to the potential risk of acquiring or disposing of a property where the owner/ purchaser has been involved in criminal conduct or illicit activities. The Group would attract criticism and negative publicity were any instances of modern slavery and human trafficking identified within its supply chain. The Group would attract criticism and negative publicity if instances of non-compliance with GDPR and the Data Protection Act 2018 were identified. Non-compliance may also result in financial penalties.	The Group's anti-bribery and corruption and whistleblowing policies and procedures are reviewed and updated annually and emailed to staff and displayed on our website. Projects with greater exposure to bribery and corruption are monitored closely. The Group avoids doing business in high risk territories. The Group has related policies and procedures designed to mitigate bribery and corruption risks including: Know Your Client checks; due diligence processes; capital expenditure controls; contracts risk assessment procedures; and competition and anti-trust guidance. The Group engages legal professionals to support these policies where appropriate. All employees are required to complete anti-bribery and corruption training and to submit details of corporate hospitality and gifts received. All property transactions are reviewed and authorised by the Executive Committee. Our Modern Slavery Act statement, which is prominently displayed on our website, gives details of our policy and our approach. The Group monitors its GDPR and Data Protection Act 2018 compliance to ensure appropriate safeguards, policies, procedures, contractual terms and records are implemented and maintained in accordance with the regulation.	This risk remains and is expected to remain broadly similar.

Focus on Sustainability

MATTHEW BONNING-SNOOK
Property Director & Chair of the Sustainability Committee

It is imperative that sustainability is at the core of all activities at Helical. As owners and creators of exciting design-led buildings we acknowledge that our activities have a direct and an indirect environmental, social and economic impact. We also recognise that there is a climate crisis and as a responsible business we need to ensure we are minimising our impact on the environment. As we move towards a net zero carbon world we are in a position where we can enact change in the way buildings are built, managed and operated. By creating measurable carbon targets, and adopting low carbon technologies and green energy contracts, Helical is well placed to become a net zero carbon business in the future.

As part of our continued focus on sustainability, I am happy to announce we have released our Sustainability Strategy "Built for the Future", which sets out our long-term vision for "Our Environment, Our Communities and Our People" to enable us to become a truly sustainable business.

In developing and refurbishing buildings, we seek to provide flexible and smart spaces which encourage creativity and collaboration, increasing productivity and meeting our customers' needs both now and in the future. We invest significantly in high quality public realm and building amenities, creating unique places where communities can thrive, boosting their health and wellbeing.

GRESB

FTSE4Good

CDP DISCLOSURE INSIGHT ACTION

EPRA sBPR BRONZE

SUSTAINABILITY REPORTS
Alongside our Annual Report and Accounts we have also published our new Sustainability Strategy "Built for the Future" and our Sustainability Performance Report. Please refer to our Company website to view these reports.

Performance in the year

2019: 9%

4%
reduction in our like-for-like portfolio GHG emissions (Scope 1 and 2)

2019: 59%

62%
of waste recycled across our managed portfolio

2019: 55%

65%
of our assets achieved an EPC rating of "B"

2019: 8/15

8/14
office buildings certified or targeting BREEAM "Excellent"

+7%

2019: 699

c.900
hours of employee training

+29%

2019: £34,000

£45,000
in charity donations

+32%

SUSTAINABILITY AT HELICAL
CONTINUED

Through the entire lifecycle of our buildings, we continue to look for innovative ways to reduce our carbon emissions and running costs for the benefit of both Helical and our tenants.

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

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

— FTSE4Good;

— Carbon Disclosure Project;

— GRESB; and

— ISS ESG

We also align our reporting with EPRA Best Practice in Sustainability Reporting Guidelines. Maintaining listed status on these benchmark indices remains a key priority for Helical, and informs our evolving approach to sustainability.

OUR APPROACH
We recognise that there is a direct link between sustainability and shareholder value through enhancing the long-term value of the business. In response to this we have created a Sustainability Strategy "Built for the Future". Our strategy sets out our long-term vision for the business, our approach to sustainability and our long-term targets. The document works alongside our Environmental Management System to ensure we continue to effectively monitor, control and improve our environmental performance.

Our Sustainability Strategy and Environmental Management System are available on the Company's website and key elements of the system include:

- Our Environmental Policy which sets out the Group's high-level commitment across a number of impact areas. These are reviewed annually by the Board and are implemented by the Sustainability and Executive Committees;
- 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 monitor progress towards these targets and to ensure we can report in line with any investor disclosure requirements;
- Checklists to ensure minimum sustainability requirements are applied across our 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 our corporate goals in the construction stage; and
- Effective oversight through quarterly meetings of the Sustainability Committee, use of external sustainability advisors and regular meetings with our principal managing agents to ensure effective delivery against our 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.

SUSTAINABILITY COMMITTEE
In September 2019, a Sustainability Committee was formally appointed, chaired by Matthew Bonning-Snook, our Property Director. The Committee meets on a quarterly basis to review and set targets, policies and our overall approach to sustainability. The Committee reports to both the Executive Committee and the Board.

MEMBERS
Matthew Bonning-Snook
Property Director & Chair of Sustainability Committee

Laura Beaumont
Sustainability Executive

John Inwood
Head of Asset Management

Pavlos Clifton
Senior Development Executive

Lois Robertson
Office Manager

Our people

Key priorities
— Attract and retain the best people

— Maintain strong relationships with our business partners

By ensuring that Helical is a diverse business, the Group benefits from a variety of experiences and perspectives, stimulating creativity and contributing to our open and cohesive culture.

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

OUR CULTURE
At Helical we encourage an open and inclusive culture and we believe this creates a collaborative and focused approach to achieving the Group's aims and aspirations, encouraging individuals to proactively suggest ideas and opportunities for the benefit of the business and the people. This culture is further supported and encouraged through Helical's Values. Please see the Governance Review on page 82 for further details of these.

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

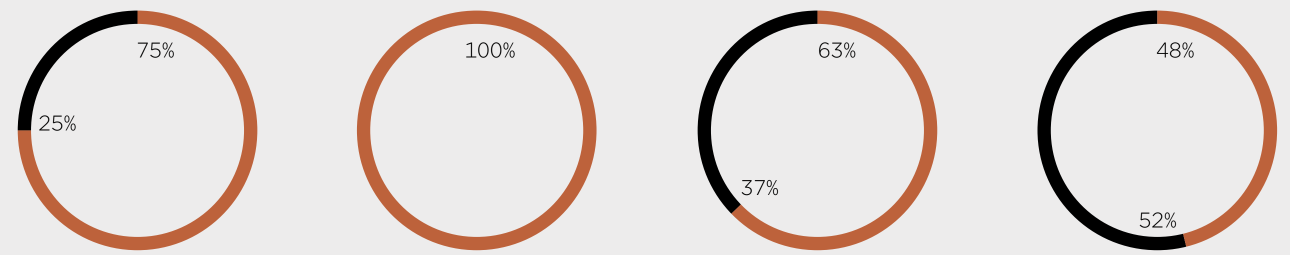
OUR APPROACH
Not only do we offer our staff a competitive remuneration and benefits package, but we also support part-time, job-sharing and flexible working requests where possible. During the year under review, 16.5% of the workforce carried out their roles on a part-time basis in order to meet family commitments. We believe this competitive approach to remuneration, alongside an attractive working environment, has continued to keep staff turnover low at 10.3%, with an average length of service of 10.0 years.

To ensure a highly skilled and experienced team, Helical continues to evaluate training needs in line with business objectives. Our employees are actively encouraged to attend training that enhances their knowledge and benefits the business. Over the year, our staff undertook c.900 hours of training and development, an average of 4.2 days per employee.

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

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

OUR PEOPLE
AS AT 31 MARCH 2020



The Board[1]	8	Executive Directors[1]	3	Executives[1]	16	All employees[1]	29
Average length of service (years)	8.2	Average length of service (years)	25.6	Average length of service (years)	7.8	Average length of service (years)	10.0

● Male ● Female

1 Total as at 31 March 2020

SUSTAINABILITY AT HELICAL
CONTINUED

Our environment

Key priorities
— Transition to a low carbon business

— Buy, use and re-use resources efficiently

OUR APPROACH
The Group's corporate commitments to environmental issues are outlined in our Sustainability Strategy "Built for the Future" and the Group's Environmental Policy, both of which can be found on the Company's website.

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

Full details of our performance against the targets during the year are available in the Environment section of the Company's website. Due to changes in the portfolio over the year, it is difficult to provide meaningful overall like-for-like statistics. However, of the properties that can be compared we have seen a stable reduction across the electricity consumption (-2%) and an increase in gas (19%). We will focus on gas reduction going forward, as we have successfully done for electricity over the past 12 months.

The Group continues to offer recycling facilities at the larger of its managed assets and there has been great success in working with tenants to roll out initiatives to avoid single use plastics including the use of paper straws, biodegradable cutlery and reusable cup discounts. Most properties exceeded the ongoing target of a recycling rate of 50% including; The Warehouse and The Tower; The Loom; 25 Charterhouse Square; 90 Bartholomew Close in London and Fourways in Manchester. All properties where waste is collected achieved 100% diversion from landfill. Going forward at The Tootal Buildings and 35 Dale Street in Manchester we will look to increase the scope of their site recycling to exceed the Helical target.

In line with the mandatory requirement for reporting the total energy consumption for the year to 31 March 2020 is 10,345,777 kWh, including electricity, natural gas, diesel and petroleum fuels. Helical completed the second phase assessment in accordance with the Government Energy Savings Opportunities Scheme (ESOS). Based on the findings from the assessment several key areas are currently under investigation across our portfolio to improve the energy efficiency of our assets. These are as follows:

- Increasing coverage of LED lighting;
- Developing existing energy management practices;
- Increasing the coverage of climate and lighting controls;
- Considering Low and Zero Carbon (LZC) technologies, such as photovoltaics; and
- Active management of ventilation and heating strategies.

Adhering to the mandatory requirement for reporting on its greenhouse gas emissions, Helical provides this disclosure below which has been based on all the data that has been made available to us.

THIRD PARTY VERIFICATION
In March 2020, Helical plc appointed Avieco Ltd to perform third party verification of our greenhouse gas (GHG) emissions statement for the year 1 April 2019 to 31 March 2020.

The objective was to verify that Helical's underlying raw data, reporting processes, application of international standards and publicly reported GHG emissions and environmental indicators are free from material misstatement. The aim was to provide greater confidence to stakeholders of the relevance, completeness, consistency, transparency and accuracy of the environmental information disclosed.

Alongside our Annual Report we have also published a Sustainability Performance Report. This report includes further information and data on our sustainability performance in the year. A copy of this report can be found on the company website.

Based on the verification procedures detailed in their full statement. Avieco have found no evidence to suggest that Helical's GHG statement and associated environmental indicators are materially incorrect and confirm they have been prepared in accordance with the relevant guidance and legislation.

This conclusion should be read in conjunction with Avieco's full ISO 14064:3 limited verification statement available in the Sustainability Performance Report 2020 on our website.

GREENHOUSE GAS (GHG) EMISSIONS REPORTING

The table on the right highlights that overall GHG emissions have decreased by 4% year-on-year. Due to the changing portfolio, the like-for-like GHG emissions are only reported for a small number of properties (6 properties for electricity and 3 properties for gas). The decrease of over 4% demonstrates that the improvements made from increased awareness and engagement with tenants on consumption and energy efficient design measures (such as LED light fittings) have proved effective across the portfolio in addition to the effects from decarbonisation of the UK grid.

It should be noted that due to the impact of Covid-19 it has not been possible to gather consumption information for some of our development sites. Although every effort has been made to quantify GHG emissions for construction related activities the impact of the omitted emissions is not considered to be material.

Scope 1

Direct emissions include 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 include 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.

Greenhouse gas (GHG) 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 31.3.20	Year ended 31.3.19	Year ended 31.3.20	Year ended 31.3.19
Scope 1: Direct emissions	642	739	250	362
Scope 2: Indirect emissions	1,789	1,794	666	959
Total all scopes	**2,431**	**2,533**	**916**	**1,321**

Emissions Intensity based on floor area:

Reporting year	Scope 1 & 2 Tonnes CO_2e	Portfolio Floor area (GIA) m^2	Scope 1 & 2 Tonnes CO_2e/m^2	Net Rental Income £m	Scope 1 & 2 Tonnes CO_2e/£m
2020	2,431	167,333	0.015	27.8	87.5
2019	2,533	171,954	0.015	24.6	102.9

The specific target set by Helical is to reduce GHG emissions by 2% pa in its principal managed assets. It is challenging to produce meaningful analysis of year on year performance due to the changes in the portfolio from acquisitions and divestments, increased occupancy and the ongoing refurbishment of the component assets. Like-for-like GHG emissions have seen an improvement of 4% on the 2019 baseline performance and achieved the 2% reduced GHG emissions target.

SUSTAINABILITY AT HELICAL
CONTINUED

Our communities

Key priorities
— Bring social, economic and environmental benefits to the areas in which we operate
— Design and operate our buildings to support health and wellbeing

Creating and supporting communities is at the heart of our development activities and is a priority for Helical. 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. We create a calendar of events and initiatives to ensure we are positively engaging with local residents, schools, community groups and businesses.

The health and wellbeing of our tenants is a priority for how we operate and we understand the importance of creating an environment that promotes the productivity, creativity and happiness of our tenants. One tool we use to achieve this is through our annual tenant survey. The survey reveals what tenants are looking for from their spaces and enables us to respond accordingly. Of the tenants surveyed, 98% were pleased to be in our buildings. We also have building specific events to promote health and wellbeing and also encourage active lifestyles with cycle and shower facilities.

ACTIVITIES IN THE YEAR
As part of our commitment to the areas in which we operate, we regularly support community and tenant initiatives. Some examples from the year to 31 March 2020 include:

THE BOWER, LONDON EC1
At The Bower, London EC1, we held a number of One Great Day events raising over £1,200 for the Great Ormond Street Charity. In addition to this we also donated £1,000 to St Monica's School in Hackney and £750 to Spitalfields Crypt Trust. Throughout the year we held several tenant social events along with our annual table tennis competition for all occupiers. We also continue to support health and wellbeing by hosting a bicycle servicing event and inviting a health professional to hold a Nutrition & Lifestyle Medicine Clinic.

THE LOOM, LONDON E1
At The Loom, London E1, we continue to send a weekly newsletter to tenants detailing upcoming events and during the year the Macmillan Coffee Morning raised over £600, we also hosted a health "pop-up" which offered corporate rates on gym memberships and free advice on health and nutrition.

35 DALE STREET, MANCHESTER
35 Dale Street, Manchester hosted a Wellness Week in July to encourage exercise with discounts at local gyms, tenant yoga sessions and a table tennis tournament. We continued the health initiative in January by supporting Veganuary and by holding a vegan bake sale for charity along with many other Veganuary events. For The Samaritans 'Brew Monday' campaign, we offered free plant based hot drinks to our tenants. Both events served to encourage colleagues to connect and engage with one another.

TOOTAL BUILDINGS, MANCHESTER
At the Tootal Buildings, Manchester, we held a very successful Christmas event. Many tenants attended for mulled wine and mince pies and listened to a local choir. The event raised £90 for a local charity and over 100 toys were donated to The Mission Christmas charity.

KALEIDOSCOPE, LONDON EC1
At our Kaleidoscope, London EC1 site a cycle safety event was held for over 140 cyclists and school children, where people were given the opportunity to sit in the cab of a concrete lorry to see where the blind spots were and raise awareness to help general road safety around construction sites.

In November 2019 the Sustainability Committee was invited to view the "secret" garden at St Bartholomew The Great in Smithfield. The church is at the heart of both our Barts Square and Kaleidoscope developments and through the help of local volunteers and the donation of materials from our site contractors the garden has been completely revived.

"We have opened up the view from the street and the garden now has a huge sensory footprint to the thousands of residents, workers and tourists who pass-by in a year: the sight, the smell, the colours."

BERNADETTE SKEHAN
LOCAL RESIDENT

We continue to run The Helical Bursary which was established in 2017/18 to support Real Estate and Planning students studying at Henley Business School, University of Reading. To date we have funded £15,000 towards tuition and living costs for a current student.

LandAid
THE PROPERTY INDUSTRY CHARITY

LANDAID EMERGENCY COVID-19 APPEAL
Helical is very pleased to be a Founding Partner of the LandAid Emergency Covid-19 Fund. The fund aims to raise £1m to support young homeless people during the Covid-19 global crisis.

The fund will enable charities up and down the country to meet the needs of young homeless people throughout this crisis, from basic necessities to emergency support including: food; a safe space to isolate or recuperate, money to pay bills; and vital mental health support. Every penny raised will go directly to charities helping vulnerable young people who are suffering severe hardship as a result of Covid-19.

"At this critical time Helical are pleased to support this great initiative by LandAid to provide emergency food, accommodation and safety to vulnerable young people who have nowhere else to turn for help."

GERALD KAYE
CEO

EQUIEM
In October 2019 we announced the launch of Equiem, our tenant engagement app, as part of our ongoing commitment to creating strong communities. We have initially launched this app at all of our Manchester properties. The app incorporates a number of features including: our building information; our building information; meeting room bookings; deals and offers; news and events; and message boards. Our aim is to elevate the tenants' experiences of our buildings, enabling them to easily connect to amenities, services and experiences, increasing their enjoyment, productivity, and sense of community.

The app has proven to be a particularly valuable tool throughout the Covid-19 crisis. The app has been used to keep tenants up to date on government guidelines and a number of resources are available on how best to work from home and stay connected with colleagues.

"It's a great tool for us to flag up things that are going on to other users of the building."

MANCHESTER TENANT

Health and 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 and is a core component of Helical's culture. 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 2020 to reflect the latest legislative and regulatory developments. Training of Helical staff in the updated Health & Safety Policy and supporting the Construction Design and Management requirements has been undertaken during the reporting year.
- The Group's Health & Safety Policy can be found on the Company's website and a summary of performance for the active sites is below. This is based on all the data that has been made available to us.
- Helical has delivered nearly three million hours of construction during the year with no fatalities or major accidents and only four RIDDOR reportable incidents. 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.

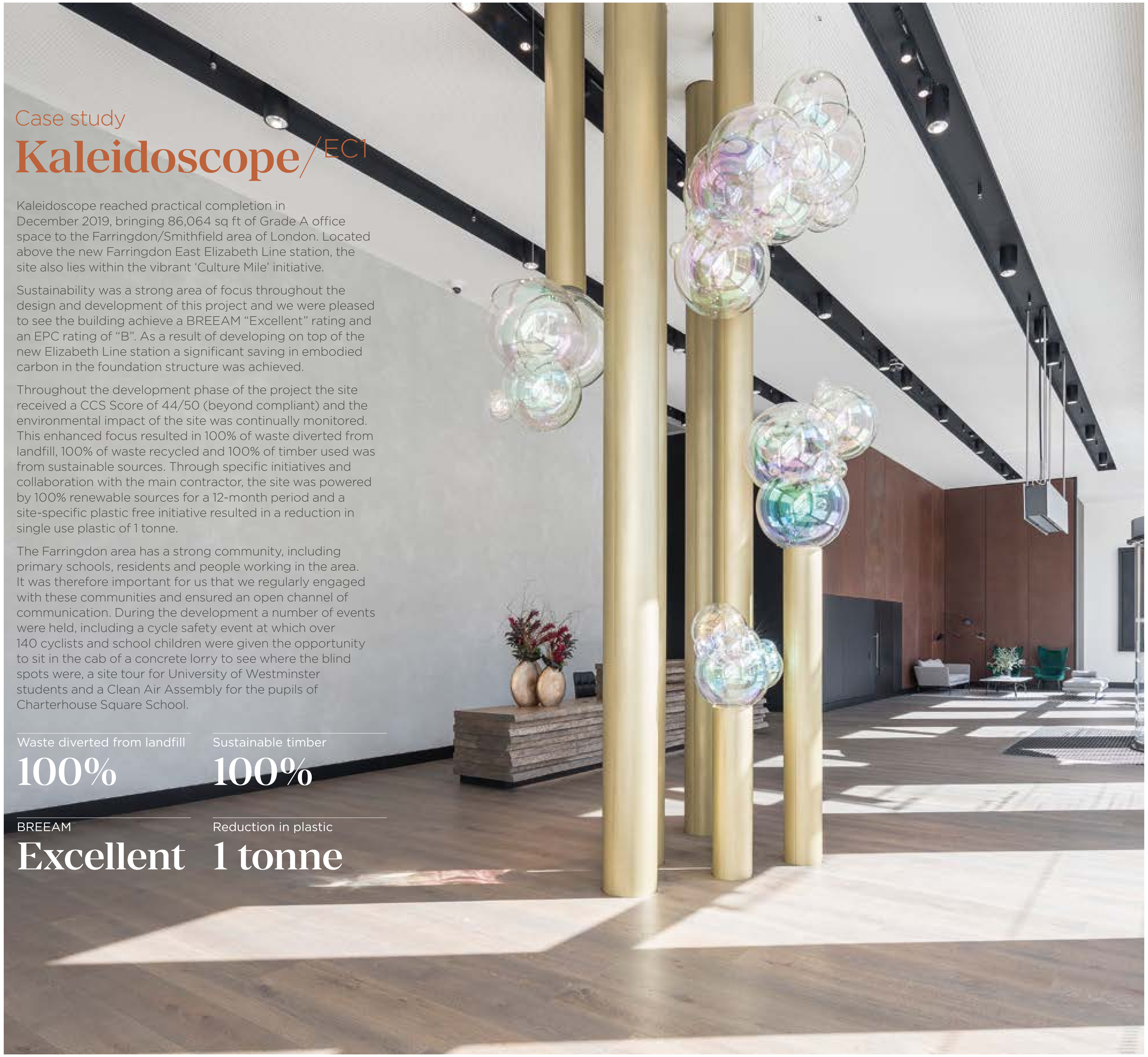
	Year ended 31.3.20	Year ended 31.3.19
Number of Lost Time accidents	4	11
Number RIDDOR reportable	4	4
Number of fatalities	0	0
Number of hours	2,919,095	1,922,894
Accident frequency rate for Lost Time accidents (LTAFR)	0.14	0.57
Accident frequency rate for RIDDOR reportable (AFR)	0.14	0.21

Reduction in LTAFR

75%

Reduction in AFR

33%



Case study

Kaleidoscope/EC1

Kaleidoscope reached practical completion in December 2019, bringing 86,064 sq ft of Grade A office space to the Farringdon/Smithfield area of London. Located above the new Farringdon East Elizabeth Line station, the site also lies within the vibrant 'Culture Mile' initiative.

Sustainability was a strong area of focus throughout the design and development of this project and we were pleased to see the building achieve a BREEAM "Excellent" rating and an EPC rating of "B". As a result of developing on top of the new Elizabeth Line station a significant saving in embodied carbon in the foundation structure was achieved.

Throughout the development phase of the project the site received a CCS Score of 44/50 (beyond compliant) and the environmental impact of the site was continually monitored. This enhanced focus resulted in 100% of waste diverted from landfill, 100% of waste recycled and 100% of timber used was from sustainable sources. Through specific initiatives and collaboration with the main contractor, the site was powered by 100% renewable sources for a 12-month period and a site-specific plastic free initiative resulted in a reduction in single use plastic of 1 tonne.

The Farringdon area has a strong community, including primary schools, residents and people working in the area. It was therefore important for us that we regularly engaged with these communities and ensured an open channel of communication. During the development a number of events were held, including a cycle safety event at which over 140 cyclists and school children were given the opportunity to sit in the cab of a concrete lorry to see where the blind spots were, a site tour for University of Westminster students and a Clean Air Assembly for the pupils of Charterhouse Square School.

Waste diverted from landfill

100%

Sustainable timber

100%

BREEAM

Excellent

Reduction in plastic

1 tonne

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 from global agreements to tackle climate change and from more local actions that may be taken to tackle specific environmental issues (for example measures to reduce air pollution in city centres); and
- Broader technological and social changes that may impact on our tenants, our partners and the wider communities where our properties are situated.

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

The Strategic Report, on pages 1 to 77, was approved by the Board on 4 June 2020.

On behalf of the Board

GERALD KAYE
Chief Executive

CHAIRMAN'S REVIEW

RICHARD GRANT
CHAIRMAN

A good year for Helical

DEAR SHAREHOLDER,

I am pleased to present to you my first review of the business since becoming Chairman of Helical at the 2019 Annual General Meeting.

In the year to 31 March 2020, Helical completed a full development cycle and accompanied this with a strong operational and financial performance against a background of great political uncertainty. These results are a credit to the whole team at Helical. We now face new uncertainty dealing with the impacts of the Covid-19 pandemic and the team at Helical will work with all our stakeholders to ensure that we all get through this crisis. Looking forward, we acquired, during the year, a new 200,000 sq ft office development scheme at 33 Charterhouse Street, London EC1 and I look forward to seeing additions to this new development pipeline in due course.

Turning to governance, there were a number of changes to the Board during the year as well as the adoption of new procedures to ensure compliance with the UK Corporate Governance Code 2018. These changes, together with other actions taken by the Board, are noted below.

CHANGES TO THE BOARD

I was pleased and honoured to be asked to succeed Michael Slade as Chairman of Helical at the 2019 AGM. Mike joined the Board in 1984 and turned a struggling, listed steel company that had made reinforcing bars for the construction industry since its incorporation in July 1919, into a successful property development and investment company, selling off its previous business early in the transformation. I am sure Shareholders will join me, one final time, in thanking Mike for his service and contribution to the success that is Helical today.

There were further changes to the Board in the year. Michael O'Donnell stepped down, also at the 2019 AGM, after eight years' service as a Non-Executive Director, the last four years as Chair of the Remuneration Committee. On behalf of the Board I would like to thank Michael for his service to the Company and his contribution to its success.

In June 2019, the Board was delighted to welcome Sue Farr as an independent Non-Executive Director. Through the addition of Sue, the Board has gained expertise in the areas of marketing, branding and consumer issues, improving the balance of knowledge and experience on the Board. For details of Sue's recruitment process, please see the Nominations Committee Report on page 92. It is proposed that Sue will become the Chair of the Company's Remuneration Committee, subject to her re-election by Shareholders at the 2020 AGM, and I look forward to welcoming her to her new role. The current Remuneration Committee Chair, Richard Cotton, will remain as Senior Independent Director and continue to be a member of the Committee. On behalf of the Board, I would like to thank Richard for chairing the Remuneration Committee for the past year.

BOARD DECISIONS

The Board is committed to ensuring Helical's sustainable success whilst navigating through the current challenging background. Regardless of the market conditions, the Board's decision-making process is founded on the promotion of the long-term success of the business for the benefit of our Shareholders, whilst also having regard to the interests of our other stakeholders.

In addition to discussions on economic and political issues and their impact on the market, the Board meeting agendas over the year covered a variety of issues including:

- a review of the Group's corporate, property and financial strategy;
- consideration and approval of material property transactions and opportunities;
- approval of the Group's updated Risk Management Framework, and risk appetite with respect to principal and emerging risks;
- implementation of UK corporate governance reforms: approval of enhancements to governance and reporting practices to ensure full compliance with the 2018 UK Corporate Governance Code and The Companies (Miscellaneous Reporting) Regulations 2018;
- approval of the articulation of the Company's Purpose, Values and Culture;
- the setting of the Group's sustainability strategy and the establishment of a Sustainability Committee;
- review of the effectiveness of the Board and its Committees, conducted as part of an external board evaluation process;
- approval of the Company's Diversity and Inclusion Policy and the setting of key diversity and inclusion objectives for the Group; and
- approval of changes to the composition of the Board, notably the appointment of Sue Farr in June 2019, and consideration of Board and senior management succession plans.

UK CORPORATE GOVERNANCE REFORMS

Throughout the year to 31 March 2020, the Group's corporate governance reporting and practices have been enhanced to ensure full compliance with the UK Corporate Governance Code 2018 (the "Code") and Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"). The Financial Reporting Council's 2018 Guidance on Board Effectiveness has also informed the practices of the Board over the course of the year.

Both of these reforms place more importance on the Company's role in the wider society and in accordance with the Code, and the Regulations which run in parallel, we have described in our Governance Review how the wider interests set out in section 172 of the Companies Act 2006 have been considered in the Board's discussions and decision making throughout the year.

The Regulations, supported by the Code, also introduced the requirement to understand the views of our wider stakeholders and report on our stakeholder engagement mechanisms. A noteworthy change, which was implemented in compliance with the Regulations, was the appointment of Sue Clayton as the Designated Non-Executive Director for Workforce Engagement. The Governance Review reports on this requirement of the Regulations, and Sue's new role, in more detail on page 91.

The importance of a healthy corporate culture and its link to long-term sustainability is a recurring theme throughout the Code, and in order to articulate our Culture to our stakeholders, the Board has defined Helical's Purpose and Values and considered the behaviours it wishes to promote throughout the organisation. The Purpose and Values are aligned with the Company's Culture and flow through to all the practices and policies of the business, as well as its strategy.

These are just some of the key highlights with respect to our governance enhancements over the year, and I encourage you to read our Governance Review for a more detailed account of how Helical has complied with these reforms.

ANNUAL STRATEGY REVIEW

In September 2019, the Board carried out its annual strategic review of the business, which included consideration of the economic, geopolitical, societal and environmental risks affecting the business. This review involved an assessment of the Company's position in the listed sector, its strengths and weaknesses and options for business growth. The strategic review confirmed that the Group's focus on development of, and investment in, offices in London and Manchester would maximise the potential future performance of the Group given the talent, knowledge and experience of the current executive team and was, and continues to be, in the best interests of Shareholders.

Further details of the Board's annual strategy review can be found on page 84 of the Governance Review.

BOARD EVALUATION

In the year to 31 March 2020, an external Board Effectiveness Review was undertaken. The overall findings from that appraisal have concluded that Helical's Board, Committees and individual Directors continue to operate effectively.

This year's external evaluation process highlighted a small number of key improvements which could be implemented to increase the effectiveness of the Board, and the Directors are focused on actioning the Review's recommendations over the course of the coming year. Further information on the Board Effectiveness Review can be found on page 87.

BOARD COMMITTEES

The work of the Nominations, Remuneration and Audit and Risk Committees is discussed in detail in their individual reports on pages 92 to 114. A report on the newly established Sustainability Committee can be found on page 70 of the Strategic Report. The establishment of the Committee reflects the Board's proactive and structured approach towards the oversight of sustainability practices. The importance afforded to the sustainability of the business model is also communicated to our stakeholders through the setting of the Group's sustainability strategy which is available to download from our website.

At the 2018 AGM, the current three-year Remuneration Policy was proposed and approved by 97% of Shareholders who voted. No changes are being proposed in relation to the Company's Remuneration Policy at the 2020 AGM.

However, the Policy will be renewed at the 2021 AGM and the Remuneration Committee will engage with Shareholders during the next 12 months to seek approval of any changes considered appropriate.

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.

I met with several of our major Shareholders during the year, alongside the Chief Executive, Gerald Kaye, and the Finance Director, Tim Murphy. Gerald and Tim attended the majority of the Shareholder meetings in the year to 31 March 2020, with the Property Director, Matthew Bonning-Snook, and Company Secretary, James Moss, also attending as appropriate. The other independent Non-Executive Directors are also available to meet Shareholders should they wish to discuss any matters with the wider Board. Several of the Non-Executive Directors will be attending the Company's planned property tours for investors later in the year, and look forward to meeting Shareholders at these events.

SUMMARY

Finally, I would like to thank my fellow Non-Executive Directors, Gerald Kaye and his Executive team, the senior property professionals, finance team and all the staff for their hard work during the year. The drive, skill and enthusiasm of the entire Helical team is fundamental to the effectiveness of the Board, and this has proved particularly so during this challenging year. I should also like to thank our stakeholders for their contribution to our success for the year to 31 March 2020 and the Board will continue to prioritise and expand its stakeholder engagement activities going forward.

Overall, I am confident that Helical is well positioned to pursue its strategy and take advantage of opportunities in the forthcoming year and I look forward to witnessing the achievements of the business and the ongoing success of the Company.

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

RICHARD GRANT
Chairman

4 June 2020

Our Board


1


2


3


4


5

A AUDIT AND RISK COMMITTEE MEMBER

N NOMINATIONS COMMITTEE MEMBER

R REMUNERATION COMMITTEE MEMBER

V PROPERTY VALUATIONS COMMITTEE MEMBER

S SUSTAINABILITY COMMITTEE MEMBER

E EXECUTIVE COMMITTEE MEMBER

COMMITTEE CHAIR

S SECRETARY TO THE BOARD AND BOARD COMMITTEES

1. RICHARD GRANT
CHAIRMAN AND CHAIR OF THE NOMINATIONS COMMITTEE

N A R

Board meetings present: 6/6

Tenure 8 years

Skills and experience
Richard Grant, BA (Oxon), ACA, has over 40 years' financial experience. He was the Chief Financial Officer of Cadogan Estates Limited from 1994 until his retirement in 2017, and prior to this, he was a Corporate Finance Partner at PricewaterhouseCoopers. Richard was appointed to the role of Chairman of the Board at the 2019 AGM.

Other external appointments
Chairman of Stenprop Limited and Chairman of Wittington Investments (Properties) Limited.

2. GERALD KAYE
CHIEF EXECUTIVE AND CHAIR OF THE EXECUTIVE COMMITTEE

E V

Board meetings present: 6/6

Tenure 26 years

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

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

3. TIM MURPHY
FINANCE DIRECTOR

E

Board meetings present: 6/6

Tenure 8 years

Skills and experience
Tim Murphy, BA (Hons) FCA, joined the Group in 1994 and became Finance Director of the Company in 2012. He is responsible for the Financial Statements, financial reporting, treasury and taxation.

4. MATTHEW BONNING-SNOOK
PROPERTY DIRECTOR AND CHAIR OF THE SUSTAINABILITY COMMITTEE

S E V

Board meetings present: 6/6

Tenure 12 years

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

In 2019, the Board appointed Matthew as Chair of the Sustainability Committee and he now leads our commitment to measuring and improving Helical's corporate ESG performance against external industry benchmarks.

5. RICHARD COTTON
SENIOR INDEPENDENT DIRECTOR

R A N

Board meetings present: 6/6

Tenure 4 years

Skills and experience
Richard Cotton was appointed to the Board as a Non-Executive Director in March 2016 and as Senior Independent Director in March 2018. Richard was formerly head of UK Real Estate at J.P. Morgan Cazenove, a position he held until 2009, and he spent five subsequent years as managing director of Forum Partners. Richard has also previously held the position of Chairman of Centurion Properties and was a Non-Executive Director of Hanseden Holdings plc.

Richard currently Chairs the Remuneration Committee, but will step down from this role at the 2020 AGM. He is also a member of the Audit and Risk Committee and the Nominations Committee.

Other external appointments
Richard is Non-Executive Director of Big Yellow Group plc. He is also a member of the Commercial Development Advisory Group at Transport for London.


6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9

Changes to Board composition during the year

Michael Slade OBE retired from the Board at the 2019 AGM on 11 July 2019 after thirty five years of service.

After eight years of service, Michael O' Donnell stepped down from the Board at the 2019 AGM on 11 July 2019.

Helical was pleased to appoint Sue Farr to the Board on 5 June 2019. Sue is a member of the Audit and Risk Committee, Nominations Committee and Remuneration Committee.

6. SUE CLAYTON
NON-EXECUTIVE DIRECTOR, CHAIR OF THE PROPERTY VALUATIONS COMMITTEE AND DESIGNATED WORKFORCE REPRESENTATIVE

V A N R

Board meetings present: 6/6

Tenure 4 years

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

In addition to being Chair of the Property Valuations Committee, Sue is a member of the Nominations Committee, the Audit and Risk Committee and the Remuneration Committee.

In 2019, the Board appointed Sue as the designated workforce representative and she has engaged directly with members of the workforce on a regular basis throughout the year.

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

7. JOE LISTER
NON-EXECUTIVE DIRECTOR AND CHAIR OF THE AUDIT AND RISK COMMITTEE

A N R

Board meetings present: 6/6

Tenure 1 year and 6 months

Skills and experience
Joe Lister was appointed to the Board in September 2018 and as Chair of the Audit and Risk Committee in July 2019. He is Chief Financial Officer at Unite Group plc, a position he has held since January 2008 after joining the company in 2002. Prior to joining Unite Group plc, Joe qualified as a Chartered Accountant with PricewaterhouseCoopers.

In addition to being Chair of the Audit and Risk Committee, Joe is a member of both the Nominations Committee and the Remuneration Committee.

Other external appointments
Executive Director, Unite Group plc.

8. SUE FARR
NON-EXECUTIVE DIRECTOR AND CHAIR OF THE REMUNERATION COMMITTEE (DESIGNATE)

R A N

Board meetings present: 5/5

Tenure 9 months

Skills and experience
Sue was appointed to the Helical Board in June 2019. Sue is Special Advisor to the Chime Group and a Non-Executive Director of British American Tobacco plc and Accsys Technologies PLC.

Sue is a former Chair of both the Marketing Society and the Marketing Group of Great Britain. Prior to joining the Chime Group in 2003, where she was Chair of the Advertising and Marketing Services Division and Strategic and Business Development Director until 2015, Sue served as Marketing Director of the BBC for seven years, Director of Corporate Affairs at Thames Television for three years and Director of Corporate Communications at Vauxhall Motors. Sue has also served as a Non-Executive Director for Millennium & Copthorne Hotels plc, New Look plc, Dairy Crest plc, Dolphin Capital Partners and Historic Royal Palaces.

Sue is a member of the Audit and Risk Committee, the Nominations Committee and the Remuneration Committee. It is proposed that, upon her re-election as Director at the 2020 AGM, Sue will replace Richard Cotton as the Remuneration Committee Chair. For details regarding the appointment process, please see the Report of the Nominations Committee.

Other external appointments
Non-Executive Director, British American Tobacco, Non-Executive Director, Accsys Technologies PLC, and Special Advisor, Chime Group

9. JAMES MOSS
COMPANY SECRETARY AND GROUP FINANCIAL CONTROLLER

S E

Board meetings present: 6/6

Tenure 5 years

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

GOVERNANCE REVIEW

Underpinning Helical's business model is its commitment to strong corporate governance, this being an essential component of the Company's objective: long-term value creation for stakeholders, having a beneficial impact on society and taking responsibility for its effect on the environment. The Board is continuously assessing the basis on which the Company generates and preserves value over the long term.

CORPORATE GOVERNANCE STATEMENT – COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2018

For the financial year 1 April 2019 to 31 March 2020, the Group has applied the Principles of the UK Corporate Governance Code 2018 (the "Code") and complied with its provisions in full. The Code, along with the Financial Reporting Council's 2018 Guidance on Board Effectiveness, has informed the Company's governance practices, particularly with respect to the Board's effectiveness and decision making, and has contributed to the delivery of strategy.

In response to the new Code, The Companies (Miscellaneous Reporting) Regulations 2018 and best practice guidance, we have enhanced our reporting in this year's Governance section of the Annual Report. The key additions are highlighted as follows:

- Disclosure of Helical's Purpose & Values
- A heightened focus on the Company's Culture and its link to the long-term sustainability of Helical
- Details of Helical's efforts to promote diversity throughout the Company
- The Section 172(1) Companies Act 2006 statement ("s172(1) Statement")
- Enhanced reporting on Helical's stakeholder engagement initiatives and the consideration given to stakeholder interests when decision making

Our Governance Review is structured around the Principles of the Code, and articulates how we have applied the Code's Principles and complied with its Provisions throughout the year. To help our Shareholders and other stakeholders navigate through our Annual Report and evaluate our application of the Code Principles, we have included the following table:

Code section	Principles	Pages	
Board Leadership and Company Purpose	A-E	80-96 62-67	Governance Report Risk Management
Division of Responsibilities	F-I	80-91	Governance Report
Composition, succession and evaluation	J-L	80-91 92-93	Governance Report (specifically Board Effectiveness Review) Nominations Committee Report
Audit, risk and internal control	M-O	62-67 94-96	Risk Management Audit and Risk Committee Report
Remuneration	P-R	97-114	Directors' Remuneration Report

OUR PURPOSE, VALUES AND CULTURE

The Board recognises the importance of articulating its strategy and business model to its stakeholders in a clear and concise manner and this is evidenced through the defining of the Company's Purpose and Values.

Following the reorganisation and refocusing of the Group's business over the last few years, the Purpose of Helical is clear:

To create buildings for today's occupiers in London and Manchester by providing sustainable, inspiring space with distinctive architectural detail, carefully curated public realm, market leading amenities, high-quality management and a flexible approach to leasing.

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

The Company's Purpose is inextricably linked to the Values which support the way in which Helical strives to achieve its strategic aims.

The Helical Board promotes an open culture, enabling the strategic direction to be fully understood by all members of the workforce. This environment supports the achievement of the Company's aims and aspirations and is conducive to the Group's collaborative and focused approach of encouraging all members of staff to proactively share ideas, opportunities and concerns.

The Board has articulated the Company's Culture through the setting of six Company Values which, combined with the Purpose, align to the policies, practices and desired behaviours in the business.

COLLABORATION – SETTING OF THE HELICAL VALUES

The collaborative environment fostered by the Board can be demonstrated through the setting of the Company Values.

As part of the process of deciding which Values best supported the strategic aims of the business, the Board asked a selection of people across the business to select those values which they felt best reflected Helical. The results of this exercise were communicated to the Board and contributed to the setting of the final six Values.

The Values represent the Company's Culture as articulated by its workforce and are at the heart of every decision and action.

Our Values

Integrity

Through our honest and open approach, we aim to engender the respect of everyone we work with.

Excellence

Using our market experience and intelligence, we strive to be "best in class" in everything we do.

Collaboration

Building strong relationships and teamwork are at the heart of our success.

Creative

We are passionate about developing innovative and inspiring spaces.

Dynamic

Energy, adaptability and agility are core to our approach.

Sustainable

Working for the long-term benefit of our stakeholders, local communities and the environment drives the decisions we make.

As part of its leadership responsibilities, the Board continually monitors the Culture of the business and during the reporting period, Sue Clayton was appointed as the Designated Non-Executive Director for Workforce Engagement. For more information on Sue's role in enabling the Board to monitor the Company's Culture and in ensuring that the Culture is reflected in decision making, please see the Stakeholder Engagement and Section 172(1) Companies Act 2006 section on pages 88–91.

The Purpose and Values of the Company are also taken into account when setting the Group Remuneration Policy and structure. Details of this can be found in the Report of the Remuneration Committee at pages 97–114.

Helical's Culture and Values are reinforced through the Company's Code of Conduct along with various other policies and procedures including share dealing, security of data and anti-bribery and corruption measures. In terms of engaging with external stakeholders, the Company publishes certain key policies on its website (**https://www.helical.co.uk/sustainability/policies-reports/**). All Company policies and procedures have been implemented for the purpose of supporting the long-term sustainable success of the business.

The ability of our employees to speak freely and openly is an important characteristic of Helical's ethos. Helical's Whistleblowing Policy enables all members of the workforce to raise concerns about malpractice or misconduct, in confidence, to either the CEO, Company Secretary, Chairman or Senior Independent Director. Whistleblowing is a matter reserved for the Board and any whistleblowing issue raised, as well as any outcome of subsequent investigations, will be notified to the Board. Further methods for the Board to engage with the workforce and other stakeholders are detailed in the Stakeholder Engagement and Section 172(1) Companies Act 2006 section at pages 88–91.

As well as being linked to the Culture, the Purpose and Values flow through to other policies, practices and behaviours in the business. For example, the Value of working Sustainably underpins the Company's strategy and more detail on this can be found in the Sustainability Report on pages 68–77.

As confirmed in the Company's most recent external Board Effectiveness Review (for more information on the 2019/20 external Board Effectiveness Review, please see the report on page 87), the Board of Directors collectively have the skills and experience required to provide effective leadership of the Company. They demonstrate focus and interest in generating Shareholder value and in contributing to the wider society. The Directors' variety of backgrounds and expertise ensure that the Company's leadership is effective and balanced (see pages 80–81 for details), and the range of the Board's skill set has been further bolstered by the addition of Sue Farr in 2019. Sue possesses considerable experience in marketing, branding and consumer issues (please see Nominations Committee Report on pages 92–93 for further details regarding Sue's appointment).

GOVERNANCE REVIEW
CONTINUED

OUR BOARD AND ITS COMMITTEES
The Board appreciates the Company's broader role in society and the need to engage with all those affected by its endeavours. The Board prioritises its duty to promote the success of the Company whilst having regard to all its stakeholders and contributing to the wider society (for more information on how this is demonstrated in practice, see the Stakeholder Engagement and s172(1) Companies Act 2006 section on pages 88–91).

The Helical Board is suitably balanced in terms of power, with more than half of the Board, excluding the Chairman, being independent Non-Executive Directors.

There is a clear division of responsibilities between the running of the Board and the Executive Directors' responsibility for running the business. A culture of openness and debate exists between both the Executive and Non-Executive Directors, enabling the Non-Executives to provide constructive challenge and give their specialist advice and guidance on strategy. This open forum extends beyond the boardroom and can be evidenced by the Board's usage of an instant messaging platform to share real time, key business updates.

ANNUAL STRATEGY SESSION
In September 2019, the Board met for its annual strategy session at which all the Directors were in attendance. The annual session provides a forum outside the quarterly Board meetings for the whole Board to come together to focus their discussions on Company strategy, and draw upon the breadth of experience and strategic insights of the Non-Executive Directors.

The Directors were provided with reading materials in advance of the session to allow for prior consideration of the agenda items. The Company's advisors, JP Morgan Cazenove, presented their Strategic Review of Helical at the outset of the meeting. The Board's discussions focused on the market, economic climate and outlook, sustainability, Shareholders and other stakeholders, with the strategic options available to the Company being carefully deliberated in light of these factors.

The meeting concluded with key actions which were incorporated into the Group's strategy for the forthcoming year.

The Group's core activities are performed within the governance and strategic framework set by the Board. However, once set, the strategy is continually overseen by the Board throughout the year, and reviewed as necessary. For example, changes to strategy may be implemented in the event of significant changes to market conditions or to align the Company's objectives with the interests of its stakeholders.

The Executive Committee, led by the Chief Executive, is responsible for ensuring the Group's strategy is communicated and implemented. It is comprised of the three Executive Directors and two senior managers and usually meets monthly, or more frequently if required. Given the size of the organisation, the importance of succession planning within the executive team is a key area of focus for the Board. The Company is in the process of further developing its succession plans. Further details on succession planning can be read in the Nominations Committee Report on pages 92–93.

KEY ROLES AND RESPONSIBILITIES ON THE BOARD
Chairman and Chief Executive
The positions of Chairman and Chief Executive are held separately, and their roles and responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for the leadership of the Board and ensuring its effectiveness. The Chief Executive is responsible for the leadership of the business and managing it within the authorities delegated by the Board. Alongside boardroom discussions, the Chairman maintains contact with the Non-Executive Directors by telephone and, at least annually, will hold meetings with the Non-Executive Directors without the Executive Directors present.

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

The annual appraisal of the Chairman's performance was conducted by the SID as part of the Board Effectiveness Review (for further details, please see page 87).

The detailed roles of the Chairman, CEO and SID are available on our website: **https://www.helical.co.uk/investors/corporate-governance/**

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

Since his appointment as Chairman, Richard Grant has met with Shareholders on several occasions, with feedback from such interactions having been reported directly to the Board.

The Helical Directors strive to maintain effective corporate leadership by integrating stakeholder engagement with the accepted core functions of the Board. For more details on how the Board discharges this key responsibility of engagement, please see Stakeholder Engagement and Section 172(1) Companies Act 2006 section on pages 88–91.

LEADERSHIP
GOVERNANCE STRUCTURE

BOARD OF DIRECTORS
The Board's main responsibilities include, but are not limited to:
- providing overall leadership of the Group and for setting its long-term strategic aims;
- approving changes to the Group's capital, corporate and governance structures;
- reviewing management/operational performance;
- oversight and approval of the Group's financial reporting;
- approving the risk appetite of the Company and ensuring the maintenance of a robust system of controls and risk management;
- approving major capital projects, investments and contracts above limits of authority delegated by the Board;
- approving resolutions and corresponding documentation to be put to Shareholders at general meetings; circulars and listing particulars;
- approving major disposals;
- ensuring satisfactory dialogue, and approving all formal communications, with Shareholders;
- approval of policies on matters such as health and safety, sustainability and the environment; and
- oversight of all corporate governance matters.

Board members
Richard Grant (Independent Non-executive Chairman)
Gerald Kaye (Chief Executive)
Richard Cotton (Senior Independent Director)
Sue Clayton (Independent Non-Executive Director)
Joe Lister (Independent Non-Executive Director)
Sue Farr (Independent Non-Executive Director)
Tim Murphy (Finance Director)
Matthew Bonning-Snook (Property Director)

Secretary to the Board
James Moss

EXECUTIVE COMMITTEE
Assists the Chief Executive in the performance of his duties and ensures that the Group's strategy is implemented, subject to the limitations of authority set out in the Schedule of Matters Reserved for the Board.

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

COMMITTEES

AUDIT AND RISK COMMITTEE
Assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring:
- the integrity of financial information provided to Shareholders;
- the Company's system of internal control and risk management;
- the external audit process and auditors; and
- the processes for compliance with laws, regulations and ethical codes of practice.

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

See Audit and Risk Committee Report on pages 94–96.

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

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

See Nominations Committee Report on pages 92–93.

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

Committee members
Sue Farr (Chair) (NED)*
Sue Clayton (NED)
Richard Cotton (NED)
Richard Grant (NED)
Joe Lister (NED)

See Directors' Remuneration Report on pages 97–114.

SUBCOMMITTEES

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

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

See Audit and Risk Committee Report on pages 94–96.

SUSTAINABILITY COMMITTEE
Assists the Board in setting and monitoring the Company's sustainability strategy, policies, targets and performance. The Committee was formed during the year, and details with respect to the background of its establishment can be found on page 70.

Committee members
Matthew Bonning-Snook (Chair)
Laura Beaumont (Sustainability Executive)
John Inwood (Head of Asset Management)
Pavlos Clifton (Senior Development Executive)
Lois Robertson (Office Manager)

For further details on the Group's sustainability initiatives, see Sustainability at Helical on pages 68–77.

* It is proposed that, upon her re-election as Director at the 2020 AGM, Sue Farr will replace Richard Cotton as the Remuneration Committee Chair. Sue's appointment as Chair was carefully considered by the Nominations Committee, which concluded that Sue had the requisite relevant and recent skills and experience to enable her to become Chair of the Committee. The Board approved the appointment based upon the recommendation of the Nominations Committee in May 2020.

GOVERNANCE REVIEW
CONTINUED

Diversity and Inclusion

In the workforce:

Helical is dedicated to promoting and celebrating the positive effect that diversity has, both in the workplace and within the wider community, and this is embedded within the Company's Culture. In addition, the Board is focused on ensuring that the views of its workforce and other stakeholders are taken into account, and that an environment of inclusivity is promoted at all times.

By ensuring that Helical is an inclusive and diverse business, the Group benefits from a variety of experiences and perspectives. Such variety helps to stimulate creativity and contributes to our open and cohesive Culture. In addition, benefits extend to the development of a diverse succession pipeline, necessary for future sustainability.

Over the reporting period, the Board set key objectives with regards to diversity and inclusion in the workforce and these objectives are documented in the Company's Diversity and Inclusion Policy which can be found on our website: **https://www.helical.co.uk/sustainability/policies-reports/**

The Board will be monitoring and reviewing the Company's progress with regards to its Diversity and Inclusion ("D&I") initiatives by assessing the successful delivery of Company strategy over time against the objectives set. Success will also be measured using the information gathered through the Company's employee engagement initiatives (please see Stakeholder Engagement and Section 172(1) Companies Act 2006 section on pages 88–91).

The positive impact of our D&I Policy and initiatives, and the value created by the Company's open and cohesive Culture, can be demonstrated through Helical's ability to attract and retain staff (for details of our staff tenure and turnover rates, please see Sustainability at Helical on pages 68–77). The impact of our D&I Policy will be continually monitored by the Board.

Helical's Employment Policy supports its D&I objectives, whereby all employee candidates are considered fairly and without prejudice or discrimination. The Policy also supports the enhancement of our employees' career development. The Company's Employment Policy can also be found on our website: **https://www.helical.co.uk/sustainability/policies-reports/**

During the year under review, 37% of the Group's professional positions were held by women, providing a positive balance of gender in our talent pool. In order to maintain a diverse and inclusive business, Helical supports part-time, job-sharing and flexible working requests wherever possible. During the year under review 17% of the workforce carried out their roles on a part-time basis in order to meet family commitments. The overall gender balance of the workforce can be found on page 71. The Board supports the findings of the Hampton-Alexander Review with respect to increasing gender diversity in company leadership below board level, and diversity in the succession pipeline will be a key factor in the Nomination Committee's work with respect to Board and senior management level succession planning in the coming year.

Helical is a signatory to Real Estate Balance CEO's Commitments for Diversity and the Group supports the principles on leadership, culture and opportunity contained in the Real Estate Balance Toolkit, designed to support a more diverse workplace.

On the Board:

Whilst Helical does not set specific targets for diversity on the Board, it recognises that diversity brings benefits and resources to the execution of the strategic role of the Board. Furthermore, diversity underpins each of Helical's Values and is key to the achievement of the Company's Purpose.

The Board is committed to making appointments based on merit and objective criteria, and promotes the diversity of social and ethnic backgrounds, as well as gender. The Nominations Committee regularly reviews the balance of experience, skills, cognitive and personal strengths and diversity of thought to ensure that the composition of the Board and its Committees is appropriate for the Group as it continues to evolve and implement strategy.

With respect to gender diversity, the Board has made improvements to its composition over the reporting period, and following the appointment of Sue Farr in June 2019, female representation on the Board of Directors has increased and now stands at 25%.

The Board will continue to focus on the levels of diversity amongst its Directors, aiming to make improvements to such levels, in order to promote the success of the Company, thereby generating value for Shareholders and contributing to wider society.

EFFECTIVENESS

Key Board activities

Board Matter	Activity
Strategy	• Review of corporate objectives • Review of market trends, opportunities and risks • Annual off-site strategy meeting • Setting the Group's sustainability strategy and monitoring the achievement of objectives
People	• Executive and Non-Executive development and succession planning • Evaluation of the Board's effectiveness • Review of staff resource and development of the Group's employees • Review of staff engagement initiatives and appointment of a Designated Non-Executive Director for Workforce Engagement • Engagement with the Company's stakeholders and consideration of their interests when making Board decisions (see Stakeholder Engagement and Section 172(1) Companies Act 2006 section on pages 88–91) • Appointment of Sue Farr to further increase the balance of skills on the Board • Oversight and review of Company whistleblowing procedures
Financial	• Approval of half year and annual results • Review of dividend policy • Review of Group's capital and debt structure • Assessment of viability and going concern, including sensitivity analysis
Governance	• Implementation of UK corporate governance reforms – 2018 UK Corporate Governance Code, FRC's Guidance on Board Effectiveness and The Companies (Miscellaneous Reporting) Regulations 2018 • Approval of Board policies and procedures, Schedule of Matters Reserved for the Board and Committee terms of reference • Establishment of a Sustainability Committee • Implementation of the sustainability strategy
Risk management & internal controls	• Oversight of the Group's Health & Safety Policy and monitoring the Group's performance • Financial crime risks review and mitigation • Internal control system review • Review of principal risks • Approval of the Group's Risk Management Framework and risk appetite
Property transactions and operations	• Approval of material property transactions and opportunities – including the sale of Power Road Studios, London W4 and the acquisition of 33 Charterhouse Street, London EC1, in joint venture • Review of independent valuations of assets

BOARD EFFECTIVENESS REVIEW

To ensure that the optimal performance of the Board is maintained, an evaluation of the effectiveness of the Board is conducted annually, with an external evaluation instructed every three years in accordance with the Code's best practice standards. In 2017, Helical instructed executive search and board evaluation services firm, Sam Allen Associates, to conduct an external evaluation of the Board and its effectiveness. Three years later, the Board thought it appropriate for Sam Allen Associates to return to perform a new evaluation, allowing the effectiveness of the Board to be compared and contrasted over the three-year period and provide insight into the results of the Company's transformation over the same period.

The process

At the start of the process, the Board Effectiveness Review ("BER") timetable was formulated and agreed with the Chairman, the Senior Independent Director, the Chief Executive and the Company Secretary. Sam Allen Associates created a bespoke BER programme for Helical which was conducted in phases, beginning initially with the anonymous completion of a questionnaire by the Directors. The questionnaire responses were then collated to detect key themes which would be used as focal points in the subsequent interview stage of the programme. One-to-one interviews were then conducted between Sam Allen and each member of the Board, and within these interviews, the key themes arising from both the questionnaire and the Board and Committee meetings over the past year were explored.

Sam Allen Associates also observed a meeting of the Board and each Board Committee and undertook a review of the previous twelve months of Board and Committee meeting minutes.

In formulating the final results, Sam Allen Associates compared the key themes identified in the 2020 BER to the results from their 2017 BER, as well as the results of the 2018 and 2019 internal BERs. The findings of the 2020 BER process were presented to the Board of Helical in March 2020.

Key recommendations from the 2020 BER

The results of the BER demonstrated that the Helical Board was balanced, with relevant and diverse experience, and that it functioned effectively. The BER further highlighted the positive team dynamic on the Board, and recognised the high level of contribution and appropriate level of challenge provided at meetings from all members. The Review suggested a small number of improvements that could be implemented to further increase the effectiveness of the Board, and these are detailed in the table below.

Recommendations from the 2019/20 BER
• Further, or reprioritised, time to discuss and set corporate strategy drawing on the diverse balance of skills of the Board members; • The Nominations Committee to lead a review of succession planning for senior management; and • KPIs to be reviewed and reflected in remuneration targets as appropriate.

The Board is in the process of formulating an action plan in response to the recommendations of the BER, and will report on progress made in next year's Annual Report.

Board attendance

Regular Board meetings are scheduled each year and the Directors allocate sufficient time to the Company to discharge their responsibilities effectively. The Non-Executives in particular provide constructive challenge, strategic guidance, and offer specialist insight and advice based on their experience (see pages 80–81 for the diverse skill set of the Helical Board, which provides for balanced and effective leadership of the Company). During the year ended 31 March 2020, six scheduled Board meetings were held, with an additional two unscheduled meetings having been held to discuss specific issues and events. Please refer to pages 80–81 and to the individual Committee Reports for each individual Director's Board and Committee meeting attendance records.

The Board also held its annual strategy session during September 2019, which enabled focused discussions relating to the Group's strategy. The strategy event was structured to facilitate formal discussions during the day followed by informal discussions in the evening (see also page 84 for further details).

Key investor relations activities

2019	
May	Annual results announcement and analysts' presentation for 2019
May/June	Investor Roadshow presentations and meetings in London
July	AGM Trading Update
	Annual General Meeting
	US Investor Roadshow – New York
September	Portfolio and trading update
	City and Tech Belt Property Tour
October	Manchester Property Tour
	Investor meeting in London
November	Half year results announcement and analysts' presentation for 2019
	Post half year investor meetings
December	Post half year investor meetings
2020	
March	Portfolio and trading update

Annual General Meeting

For details of the resolutions passed at the 2019 AGM and the voting results, please visit our website: **https://www.helical.co.uk/investors/shareholder-information/agm/**

Fair, balanced and understandable – the Board's responsibility

The Code requires the Board to ensure that, taken as a whole, the Annual Report and Accounts present a fair, balanced and understandable assessment of the Group's position and prospects. In reviewing the Annual Report and Accounts, the Audit and Risk Committee considered the points set out in its Report on pages 94–96. After such a review, the Audit and Risk Committee reported its findings to the Board. For the Directors' statement in this regard, please see page 117.

GOVERNANCE REVIEW
CONTINUED

Stakeholder engagement and Section 172(1) Companies Act 2006

SECTION 172(1) STATEMENT

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of Shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between members of the Company.

In line with section 172 of the Companies Act 2006, the Directors of Helical act to promote the success of the Company for the benefit of its members. However, the Helical Board places a great emphasis on the importance of the views and interests of its other key stakeholders. Helical's stakeholders are those groups that are likely to be affected by the Company's actions, and hence play a key role in the successful execution of the Company's long-term strategy.

In recognition of the importance of the Group's relationship to its stakeholders, the Board has set out its commitments to its stakeholders as follows:

(i) engaging with our stakeholders to build and maintain positive business relationships;

(ii) ensuring that our stakeholders are kept informed and have access to information about our business;

(iii) considering the needs and expectations of our stakeholders throughout the Company;

(iv) inviting feedback from our stakeholders to help us identify current and emerging issues facing our business; and

(v) ensuring that our activities generate sustainable, long-term value for all our stakeholders.

Engaging with our stakeholders

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

CLIMATE CHANGE GOVERNANCE

Sustainability is at the core of all activities at Helical and the Board acknowledges both the direct and indirect impacts that the Company's activities can have on our stakeholders, as well as the environment.

The Board considers climate-related issues when reviewing and guiding strategy, ensuring that such issues inform risk management policies, annual budgets, business plans, performance objectives and decision making with regards to major capital expenditures and acquisitions.

With respect to the Group's governance around climate-related risks and opportunities, the Board is continuously identifying, assessing and monitoring climate change risks through our Risk Management Framework – please see pages 62–67.

The Group has also established a Sustainability Committee which monitors climate-related issues and reviews the Group's strategic approach regarding climate change. The Committee reviews the Company's policies, management, initiatives, targets and performance in the following areas:

a) Environmental impact of Helical's activities, including: energy use, greenhouse gas emissions (including direct and indirect emissions), water usage, waste management and carbon footprint;

b) Impact of Helical's activities on local communities;

c) Workplace sustainability policies and procedures;

d) Corporate policies on responsible and ethical business conduct; and

e) Stakeholder engagement policies and procedures for sustainability.

For further details of the work of the Sustainability Committee, including the Group's sustainability strategy, please see pages 68–77.

Our stakeholders and engagement mechanisms
The Company's stakeholders are defined as our Shareholders, partners, occupiers (tenants/customers), employees, local communities situated in and around our development and property sites, suppliers and contractors, the Government and other regulatory bodies. The Company's stakeholders were last reviewed in September 2019 and will be reconsidered regularly by the Board.

The Board places upmost importance on the maintenance of positive relationships with all the Company's stakeholders, not just its Shareholders. It is through effective engagement that the Board has sought to understand the views of all the Group's stakeholders. Details of the current methods of engagement employed by Helical are detailed below and on page 91.

SHAREHOLDERS

Material issues and considerations
- Financial performance
- Generation of long-term sustainable returns
- Environmental, social and governance practice

Means of engagement
- Scheduled and unscheduled meetings between Shareholders and key members of the Helical team
- Investor roadshow presentations
- Annual General Meeting
- Property tours
- Annual and half year results announcements and presentations
- Helical's website

PARTNERS

Material issues and considerations
- Financial performance and generation of sustainable returns
- Collaboration and communication
- Risk appetite and management suitable to partnership
- Corporate responsibility

Means of engagement
- Regular communication and feedback
- Transparent reporting
- Collaborative approach with clear responsibilities
- Helical's website

OCCUPIERS (TENANTS/CUSTOMERS)

Material issues and considerations
- Quality of service provided
- Delivery of quality space to meet needs
- Ability to meet needs of changing market
- Value for money

Means of engagement
- Independent tenant satisfaction surveys (please see pages 74 and 91)
- Programme of meeting with tenants on a regular basis
- Helical's website
- Engagement crisis situations e.g. Covid-19 (please see page 91)

EMPLOYEES

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

Means of engagement
- Designated Non-Executive Director responsible for ongoing workforce engagement (please see page 91)
- Open and inclusive culture
- Staff satisfaction survey
- Regular staff appraisals
- Helical's website

LOCAL COMMUNITIES

Material issues and considerations
- Ethical and responsible corporate behaviour
- Environmental impact of developments
- Positive impact to local areas, including development of public realm

Means of engagement
- Local resident consultations
- Community and charitable events
- Helical's website

SUPPLIERS AND CONTRACTORS

Material issues and considerations
- Agreement of, and compliance with, appropriate payment terms
- Payments made as soon as practicable
- Collectively prevent and mitigate risk of modern slavery, bribery, and corruption in our supply chain
- Ethical and fair dealings

Means of engagement
- Open communication about expected behaviour within our supply chains (see Supplier Code of Conduct on our website)
- Regular communication and feedback
- Policy of paying a fair fee
- Helical's website

GOVERNMENT AND OTHER REGULATORY BODIES

Material issues and considerations
- Corporate responsibility and accountability
- Compliance with applicable laws and regulations
- Monitoring updates to legal and regulatory environment, including the impact of Brexit and Covid-19

Means of engagement
- Transparent statutory reporting
- Open approach to communication
- External advice regularly sought
- Board oversight of key relationships and areas impacted
- Helical's website

GOVERNANCE REVIEW
CONTINUED

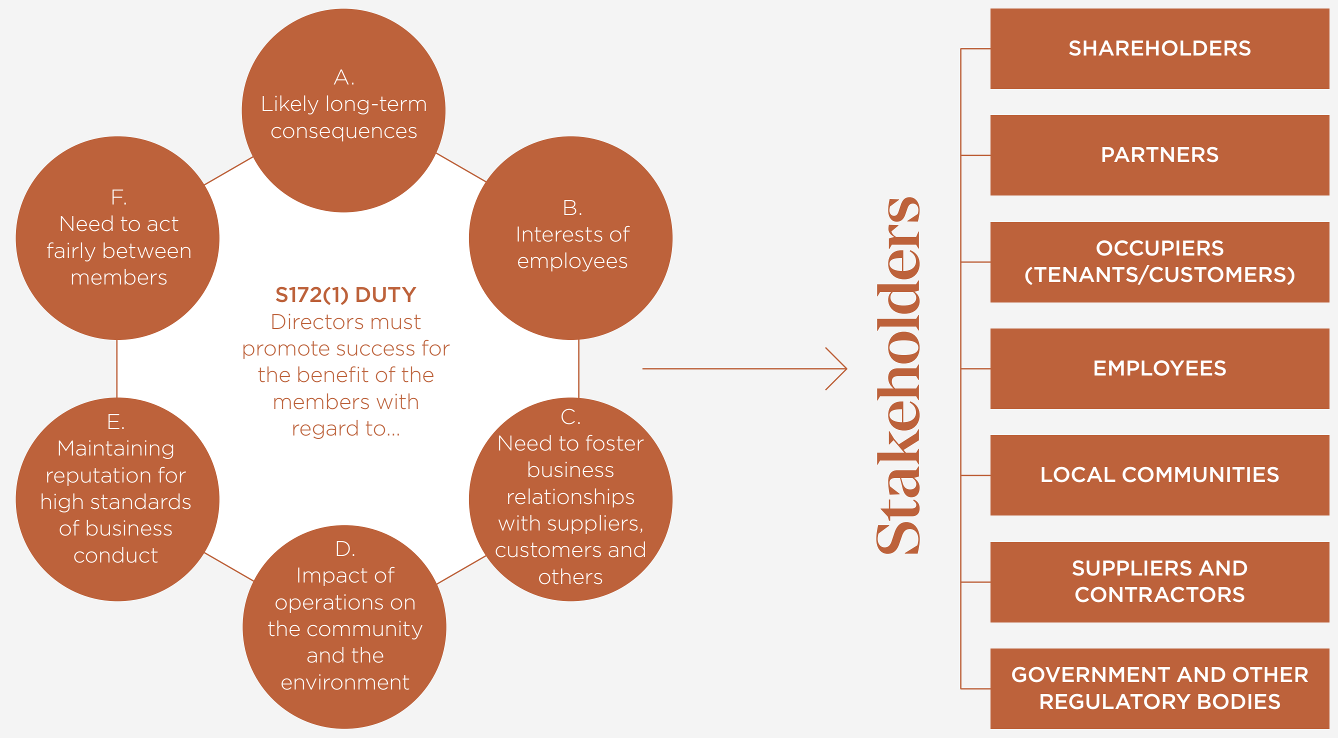
Consideration of stakeholder interests and the impacts on Board decision making

Engrained within the Culture of Helical is its consistent approach to ensuring that the wider interests of its stakeholders are considered throughout its corporate decision making processes. When making decisions, the Directors of Helical are committed to complying with their section 172(1) Companies Act 2006 duty ("s172(1) Duty") to weigh up all the relevant factors and determine the course of action that would most likely contribute to the long-term success of the Company. The Board is also focused on its responsibility to have regard for all stakeholders when setting strategy and developing policies.

During the period the Directors approved the section 172/Stakeholder Model, shown below, which summarises the interaction between the s172(1) Duty and Helical's stakeholders. The Model is included in all Board and Committee packs to aid the Directors in complying with their s172(1) Duty.

When matters are presented to the Board for approval, the Directors always consider the interests of the Company's stakeholders alongside the matters set out in section 172(1) Companies Act 2006 prior to making any decisions. On key approval items in Board and Board Committee papers, guidance will be given as to which stakeholders the Board should have regard to when reaching a decision.

Interaction between s172 and stakeholders



Section 172 Companies Act 2006 ("CA") imposes a statutory duty on directors to promote the success of their company:

- A director must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to those factors set out in Section 172 (1)(a) to (f) CA.
- In fulfilling their s172 (1) duty, directors must give full consideration to the interests of the Company's stakeholders, and this is achieved through ongoing stakeholder identification, impact assessment and engagement with stakeholder groups.

The Directors are pleased to report on how they have had regard to the need to foster the relationships with suppliers and contractors, tenants/occupiers, partners and others in a business relationship with the Company, and the effect of that regard on recent, principal, decisions taken by the Company.

STAKEHOLDER ENGAGEMENT CASE STUDY – ESTABLISHMENT OF THE SUSTAINABILITY COMMITTEE

Operating in a sustainable manner that does not risk the business's ability to continue into the foreseeable future has always been a priority of the Helical leadership and this is clearly communicated in the Company's Purpose (see pages 82–83).

In response to the Company's stakeholders' increasing focus on sustainability, the Helical Board has enhanced its oversight and communication of the Company's sustainability practices over the year. In September 2019, the Board approved the establishment of the Sustainability Committee and approved a sustainability strategy for the Company. Please see Sustainability at Helical on pages 68–77 for more details on the work of the Sustainability Committee.

Our sustainability strategy sets out the Group's long-term vision for sustainability and identifies the importance of engaging with, and considering the needs of, stakeholders. Within the strategy, the Group has listed its key sustainability priorities and objectives with respect to its stakeholders. Please see our sustainability strategy for more details.

Our sustainability strategy is available to download from our website.

STAKEHOLDER ENGAGEMENT CASE STUDY – NEW TENANT APP

As articulated in the Company's Purpose, Helical strives to provide best in class services to all its tenants and occupiers. In order to achieve this goal, the Company seeks feedback from its tenants/occupiers throughout the year and, on an annual basis, asks these stakeholders to complete an externally administered Tenant Satisfaction Survey.

As a direct result of the feedback gleaned from the 2019 Tenant Satisfaction Survey, the Executive Committee approved the adoption of a bespoke, online, tenant experience and management platform. The app was launched for 35 Dale Street, Manchester and Tootal Buildings, Manchester in October 2019, and has been received positively by the tenants. The app was subsequently launched for Fourways in 2020, and is being considered for adoption at other properties in the Helical portfolio.

The positive response to the introduction of the app was captured in the results of the 2020 Tenant Satisfaction Survey, and this example demonstrates the effectiveness of the Survey in engaging with the tenants and occupiers. Furthermore, the adoption of this app highlights that the Helical Directors are listening and responding to the views of the Company's stakeholders.

STAKEHOLDER ENGAGEMENT CASE STUDY – TENANT SUPPORT DURING THE COVID-19 CRISIS

In accordance with Helical's Values of Integrity and Collaboration we aim to work openly and collaboratively with all our stakeholders and in doing so, engender their respect. Our Values lie at the heart of how we conduct business, and inform our stakeholder engagement practices. This can be demonstrated through our tenant support initiative which we implemented at the outset of UK's Covid-19 lockdown.

Whilst the UK Government had made it clear that commercial occupiers were still liable to pay rents to their landlords during the lockdown, our team, led by the CEO, engaged proactively with our tenants, offering them an opportunity to discuss the financial impact of Covid-19 on their businesses. For those tenants demonstrating financial hardship as a result of Covid-19, the Company engaged in further open, collaborative discussions and, where appropriate, offered forms of financial assistance during the period of difficulty.

This approach evidences how the Directors consider the interests of the Company's stakeholders when making business decisions.

Helical staff attending a breakfast forum with Sue Clayton, our Designated Non-Executive Director for Workforce Engagement

Engagement with workforce & appointment of the Designated Non-Executive Director for Workforce Engagement

We know that our staff are vital to our success and every member of the Helical workforce is valued, with their opinions continuously sought and held in high regard. This principle of mutual respect and inclusion is integral to the culture of the Company (see pages 82–83). Engagement with the workforce is deemed a key priority for the Directors and, as such, the Board frequently invites members of staff to present on key projects or topics of interest at its meetings. Through this engagement mechanism, the workforce is given the opportunity to meet the full Board of Directors. The Board also encourages open dialogue with the workforce and details of how to communicate directly with the Board and Executive management are clearly documented in the workforce policies and procedures.

Building on the engagement between the Board and the workforce, and in line with the Code, the Board appointed Sue Clayton to the position of Designated Non-Executive Director for Workforce Engagement during the reporting period. Following her appointment, Sue invited the staff to a breakfast forum at which she presented on this new position, and explained the role of the Helical Board and how it functioned. In addition, two members of the workforce gave presentations on current projects upon which they were working.

Attendee feedback indicated that the event was positively received by all those involved, with the open and relaxed forum facilitating discussion on a wide range of topics, whilst also giving all staff an opportunity to contribute.

Through our workforce engagement sessions we aim to produce outcomes which benefit our workforce. All suggestions, or indeed concerns, arising from our workforce engagement sessions will be reported to the full Board and will be considered as part of the Directors' decision making processes.

NOMINATIONS COMMITTEE REPORT

RICHARD GRANT
CHAIR OF THE
NOMINATIONS COMMITTEE

Committee membership and attendance

	Independent	Committee meeting attendance
Richard Grant (Chair)	Yes	4/4
Sue Clayton	Yes	4/4
Richard Cotton	Yes	4/4
Joe Lister	Yes	4/4
Sue Farr[1]	Yes	3/3

1 Sue Farr joined the Board on 5 June 2019 and was not a member of the Committee when it convened in June 2019.

The Company Secretary acts as secretary to the Committee.

The Committee's Terms of Reference is available to download at: https://www.helical.co.uk/investors/corporate-governance/

KEY HIGHLIGHTS FOR 2019/20

- Recruitment and induction of Sue Farr, independent Non-Executive Director
- External Board Effectiveness Review conducted by Sam Allen Associates in early 2020
- Compliance with the Code following the appointment of the new Company Chairman, Richard Grant

KEY AREAS OF FOCUS DURING 2020/21

- Succession pipeline for senior management to be further developed
- Board Effectiveness Review to be conducted internally in early 2021
- Consideration of Chairman's tenure and compliance with the Code

DEAR SHAREHOLDER,

I am pleased to present the Nominations Committee Report covering the work of the Committee during the period April 2019 to March 2020.

The Committee met four times over the period and spent a significant proportion of time considering the composition of the Board and its Committees, as well as the oversight of the 2019/20 external Board Effectiveness Review (please see the report on page 87).

BOARD COMPOSITION AND APPOINTMENTS

Director appointments are considered against objective criteria and are based on experience and merit. This supports the Group's strategy to maintain an appropriate combination of skills, experience, independence and knowledge on the Board and its Committees. The Committee keeps the composition of the Board and its Committees under review throughout the year. On an annual basis, the Nominations Committee considers the composition of the Board and its Committees, and focuses its review upon the balance of skills, experience, length of service, knowledge of the Group and wider diversity considerations. This review is aided by the use of a skills matrix.

In terms of changes to the Board's composition over the period, I was appointed by Shareholders as Chairman in succession to Michael Slade at the AGM in July 2019, and Joe Lister took over as the Chair of the Audit and Risk Committee.

Former member of the Committee, Michael O' Donnell, also stepped down from the Board in July 2019 and the Committee embarked upon a rigorous recruitment process in May 2019 to identify a suitable candidate to replace him.

With the assistance of external search consultancy, Korn Ferry, the Committee identified Sue Farr as the most suitable candidate to succeed Michael O'Donnell and she was formally elected to the Board at the 2019 AGM.

NON-EXECUTIVE RECRUITMENT PROCESS

SUE FARR, NON-EXECUTIVE DIRECTOR

The Committee led the process to recruit a new Non-Executive Director during the year. The Committee instructed external search consultancy, Korn Ferry, based upon the firm's reputation as a specialist in board level recruitment. Korn Ferry has qualified as an Enhanced Code Accredited Firm with respect to the Voluntary Code of Conduct for Executive Search Firms and has no connection to Helical other than in respect of this appointment.

The Committee requested that a broad and diverse list of non-executive candidates be presented for consideration, including those without experience in property. A shortlist of diverse candidates provided by Korn Ferry was prudently considered and interviews carried out. Ultimately, the Committee unanimously agreed to recommend the appointment of Sue Farr based on the knowledge, skill and experience she could contribute to the Board and its Committees, particularly in the areas of marketing, branding and consumer issues; valuable skills which were required by the Board. Sue has no direct connection to Korn Ferry, other than in a recruitment services capacity.

Sue's appointment added to the good mixture of abilities, knowledge and experience possessed by the Directors and enhanced the effectiveness of the Board.

Sue's biography can be found on page 81.

DIRECTOR APPOINTMENT PROCESS

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

Search process: Under the direction of the Committee, an independent executive search provider (Korn Ferry in 2019/20) is engaged to facilitate the search process.

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

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

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

DIVERSITY

The Board and Nominations Committee pay full regard to the benefits of diversity and inclusion in the widest sense, including in relation to gender, social and ethnic backgrounds, religious belief, sexual orientation and disability, cognitive and personal strengths when recommending future Board appointments and in considering succession planning below Board level. When seeking to fill vacant Board positions, the Committee considers both internal and external candidates as appropriate.

The Group chooses to engage external search firms who are signatories to the UK Voluntary Code of Conduct for Executive Search Firms to address gender diversity on corporate boards. The Company is a signatory to Real Estate Balance, a cross-industry organisation which has, since 2017, focused on helping to increase the number of women operating in senior positions in the real estate sector. Since 2019, Helical has been a signatory to Real Estate Balance CEO's Commitments for Diversity. The Board is committed to strengthening the pipeline of senior female executives within the business and will continue to develop the Group's policies and practices to support women succeeding at the highest levels possible at Helical. For more details on diversity at Helical, please see the Diversity and Inclusion section of the Governance Review on page 86.

DIRECTOR INDEPENDENCE AND EFFECTIVENESS

Following due consideration of each Director's tenure, alongside the commitment and effective contribution demonstrated in relation to their respective roles, the Committee has recommended to the Board that resolutions to re-elect each Non-Executive Director be proposed at the AGM alongside resolutions to re-elect the Executive Directors. The Committee ensures that Board appointees have enough time available to devote to the appointed role. To enable the Board to identify any potential conflicts of interest and ensure that Directors continue to have sufficient time available to devote to the Company, Directors are required to inform the Board of any changes to their other significant commitments.

Non-Executive Directors' tenures (as at 31 March 2020)

By the time of my next Nominations Committee Report, I shall have served on the Helical Board for nine years. In light of this fact, the Committee will be considering how to ensure compliance with Provision 10 of the Code throughout the course of the forthcoming year.

SUCCESSION PLANNING

The Committee is responsible for making appointments to the Board and ensures that plans have been created to enable orderly succession to the Board, its Committees and the senior management team of Helical. In formulating succession plans, the Committee is cognisant of the need to develop a diverse pipeline of candidates, particularly with regard to gender and social and ethnic backgrounds, in order to equip the Group with the necessary skills and expertise it requires to drive long-term value creation and support its strategic aims.

The Executive Committee reviews the suitability of the Group's succession plans below Board level at least once a year, as part of its annual strategic review. The Nominations Committee has instructed the Executive Committee to conduct a detailed review into the succession pipeline for the Group's executives in the coming year, considering the skills and strengths of all potential internal candidates, highlighting any gaps that exist, as well as analysing training requirements. The results of this review will enable the Nominations Committee to proactively plan for succession in the Executive team, and thus further develop the Group's succession plans across all levels of the business.

Given the size of the Company, whilst it is always the Committee's aim to nurture and promote existing talent when recruiting for senior leadership and Board roles, the Group will also utilise the expertise of external search consultants to ensure that the best possible range of diverse candidates are considered.

BOARD EVALUATION 2019/20

As reported on page 92, an externally facilitated Board evaluation was performed by Sam Allen Associates during the period from January to March 2020. This process and the outcomes are discussed in detail in the Governance Review on page 87.

RICHARD GRANT
Chair of the Nominations Committee

AUDIT AND RISK COMMITTEE REPORT

JOE LISTER
CHAIR OF THE
AUDIT AND RISK COMMITTEE

Committee membership and attendance

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

* Considered as having recent and relevant financial expertise.
** Sue joined the Board in June 2019 and therefore was not in attendance at the Committee meeting in May 2019.

The Company Secretary acts as Secretary to the Committee. The Committee's role and responsibilities are set out in its Terms of Reference which are available at: www.helical.co.uk/investors/corporate-governance/

ROLE OF THE COMMITTEE

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

- the integrity of the Financial Statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain;
- the Company's system of internal control and risk management;
- the need for an internal audit function;
- the external audit process and managing the Company's relationship with the external Auditor; and
- the processes for compliance with laws, regulations and ethical codes of practice.

KEY HIGHLIGHTS FOR 2019/20

- Appointment of Joe Lister as Committee Chair
- Review of the effectiveness of the Committee conducted as part of the external Board Effectiveness Review
- Approval of the Company's updated Risk Management Framework
- Consideration of the need for an internal auditor

DEAR SHAREHOLDER,

Having assumed the role of Chair in July 2019, I am pleased to present my first Audit and Risk Committee Report. This report outlines the Committee's key activities and areas of focus for the year to 31 March 2020.

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

EXTERNAL REVIEW OF THE COMMITTEE'S EFFECTIVENESS

The effectiveness of the Audit and Risk Committee was reviewed as part of the external Board Effectiveness Review conducted by Sam Allen Associates. Please see page 87 for details of the review process, including the key recommendations which arose from the Review.

THE WORK OF THE COMMITTEE DURING THE YEAR

The Committee met five times during the year and a record of Director attendance for these meetings is shown opposite. It is common practice at Helical for Audit and Risk Committee meetings to be attended by all Board members, regardless of whether they are members of the Committee, as their experience is highly valued and their contribution welcomed in Committee discussions. The Company's external Auditor, Deloitte LLP, is also invited to attend all or part of meetings as appropriate and over the period, the Committee met twice with Deloitte without members of management being present.

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

- The Group's internal financial controls that identify, assess, manage and monitor financial risks, and its other internal control and risk management systems (encompassed in the Group's Risk Management Framework – see page 95 for further details);
- The Financial Statements of the Group and the announcement of the annual results and the interim statement on the half year results;
- The Annual Report, to ensure it is fair, balanced and understandable and provides the Shareholders with the information necessary to assess the Company's position, performance, business model and strategy;
- The performance of the external Auditor and its programme of work, taking into consideration relevant UK professional and regulatory requirements;
- The external Auditor's independence and objectivity;
- Reviewing the provision of non-audit services by the external Auditor, taking into account relevant regulations and ethical guidance;
- Review of IT risk and business continuity planning;
- Review of the Company policies, including those relating to anti-bribery and corruption, anti-facilitation of tax evasion and the Modern Slavery Act; and
- The consideration of the requirement for an internal audit function.

RISK MANAGEMENT AND INTERNAL CONTROLS

During the year, the Committee and the Board approved the Group's Risk Management Framework and this approval is representative of the emphasis placed by the Committee on the management and mitigation of risks in order to enable the development and delivery of the Group's business objectives.

Encompassed within the Risk Management Framework is the Board's responsibility to maintain, monitor and review the Company's system of internal controls. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Helical's internal controls are designed to provide reasonable assurance in the following areas:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

It is the responsibility of the Board to ensure that the Company's internal control system is effective in preventing losses from risk events, or identifying risk events, and taking corrective action when they occur. Oversight of our control system is delegated to the Committee which identifies, monitors and manages the principal risks faced by the Group and reviews the effectiveness of all material controls. The Company's Executive Committee continually assesses and monitors the adequacy of the key internal controls and makes recommendations to the Audit and Risk Committee regarding the addition of key controls as necessary.

SIGNIFICANT AREAS OF REVIEW

In discharging its responsibilities in connection with the preparation of the Financial Statements for the year to 31 March 2020, the Committee is responsible for reviewing the appropriateness of the Group's accounting policies, assumptions, judgements and estimates as applied by the executive management to the Financial Statements. During this review the following significant issues were considered:

- **Internal controls**
  The Committee annually reviews the need for an internal audit function and recently reaffirmed its stance that, in view of the small scale and relative simplicity of the business, it does not consider that an internal audit function would be cost effective. The Audit and Risk Committee reviewed Helical's internal control environment and confirmed that the key controls had been implemented for the year. This review did not highlight any material weaknesses in the design and effectiveness of the Group's systems and controls.
- **Property valuation**
  The valuation of the Group's investment and 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 majority 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 requisite professional qualifications. Due to the uncertainty surrounding the impact of Covid-19, the report issued by the independent valuers includes a clause which highlights a "material valuation uncertainty"; for more information, please see Note 15 to the Financial Statements. The Group's development stock is accounted for in the Financial Statements at the lower of cost and net realisable value. Accordingly, the Committee reviews the assumptions made in determining the net realisable value of the Group's assets. In addition, the Committee reviews those instances where stock is considered to have a fair value above its current book value. The surplus of fair value above book value is not included in the Group's balance sheet, nor is any movement reflected in the Income Statement. However, in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA"), the surplus is included in the calculation of the EPRA net asset value per share at each reporting date. The fair value calculation of the trading and development stock is reviewed by a suitably qualified independent third party valuer. In order to assist the Audit and Risk Committee in considering the valuations, the fair values of the investment and development property portfolios are reviewed and approved by the Property Valuations Committee which is chaired by independent Non-Executive Director, Sue Clayton, FRICS.
- **Going concern and estimates and judgements**
  In light of the uncertainty surrounding the impact of Covid-19, the Committee carefully considered, and concluded upon, the Group's ability to continue as a going concern and its viability for the next five-year period (please see Note 1 to the Financial Statements and the Report of the Directors, page 115). It also considered the estimates and judgements discussed in Note 38 to these Financial Statements.

REVIEW OF THE 2020 ANNUAL REPORT

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

Performance

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

Strategy

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

Business model

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

AUDIT AND RISK COMMITTEE REPORT
CONTINUED

The Committee noted the following updates to the Annual Report:

- updating the Group's Strategy, Business Model and KPIs to highlight the importance of sustainability (see pages 34–37);
- the Group's corporate governance reporting has been enhanced with the inclusion of:
  - Helical's Purpose & Values (pages 82–83);
  - a heightened focus on the Company's Culture and its link to the long-term sustainability of Helical;
  - details of Helical's efforts to promote diversity throughout the Company (page 86);
  - the Section 172(1) Companies Act 2006 statement ("s172(1) Statement") (page 88); and
  - enhanced reporting on Helical's stakeholder engagement initiatives and the consideration given to stakeholder interests when decision making (see Governance Report on pages 88–91):
- information in relation to the impact of Covid-19 on going concern (see Report of the Directors page 115); and
- the inclusion of a detailed case study on Barts Square, London EC1 to demonstrate how Helical differentiates itself (pages 16–29).

The Committee concluded that, taken as a whole, the Group's Annual Report and Accounts were fair, balanced and understandable.

EFFECTIVENESS OF THE EXTERNAL AUDITOR

The Audit and Risk Committee reviewed Deloitte's fees, effectiveness and whether the agreed audit plan had been fulfilled and the reasons for any variation from the plan. As part of the Committee's review of the external Auditor's effectiveness the Committee considered the following:

- the audit plan (presented to the Committee in November 2019) with focus on the quality of planning, whether the plan was designed to suit Helical and whether the agreed plan was fulfilled;
- the Auditor's assessment of its independence;
- the quality of the Auditor's reporting during the year; and
- the relationship between the Auditor and the Group, ensuring objectivity and independence were maintained.

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

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

As a result of their review the Committee concluded that the audit process, led by Georgina Robb, was effective and efficient and the re-appointment of Deloitte LLP as the Company's Auditor will be proposed at the 2020 AGM.

AUDITOR INDEPENDENCE

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

During the year, the following non-audit services were undertaken by Deloitte:

- review of the Half Year Results (£56,200); and
- review of the Performance Share Plan and Directors' Bonus Scheme (£9,200).

The Committee considered all the services to be appropriate, that they were an extension to the role of the external Auditor, and they did not impact Deloitte's independence. The non-audit fees were 17% of the total fees payable to Deloitte, 15% of which was for the review of the Half Year Results.

ANNUAL GENERAL MEETING

At the Annual General Meeting to be held on 23 July 2020, the following resolutions relating to the Auditor are being proposed:

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

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

JOE LISTER
Chair of the Audit and Risk Committee

DIRECTORS' REMUNERATION REPORT

RICHARD COTTON
CHAIR OF THE
REMUNERATION COMMITTEE

"Helical's approach to remuneration is to align executive reward to success in achieving the Group's financial and strategic objectives, whilst reflecting wider workforce and peer group comparisons."

Committee membership and attendance

	Independent	Committee meeting attendance
Richard Cotton[1]	Yes	5/5
Sue Clayton	Yes	5/5
Sue Farr[2]	Yes	3/4
Richard Grant	Yes	5/5
Joe Lister	Yes	5/5
Michael O'Donnell[3]	Yes	2/2

1 Richard Cotton was appointed Chair of the Committee on 11 July 2019 and will step down from that position at the 2020 AGM.
2 Sue Farr will be appointed Chair of the Committee on re-election to the Board at the 2020 AGM.
3 Michael O'Donnell served as the Chair of the Committee prior to stepping down from the Board on 11 July 2019.

The Company Secretary acts as Secretary to the Committee.

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

ROLE OF THE COMMITTEE

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

In discharging its duties, the Committee focuses on:

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

DEAR SHAREHOLDER,

I am pleased to present the Remuneration Committee's Directors' Remuneration Report ("Report") for the year to 31 March 2020. I was appointed Chair of this Committee at the 2019 AGM, taking over from Michael O'Donnell who stepped down from the Board after eight years of service. Sue Farr, who joined the Board in June 2019 and has been a member of the Committee for more than 12 months, will take over from me on re-election to the Board at the 2020 AGM. I would like to take this opportunity to thank my colleagues for all their support and assistance in helping me discharge my duties as Chair of the Remuneration Committee. This Report has been approved by the Board of Helical plc.

This year's Report is the first prepared under the 2018 UK Corporate Governance Code, which applies for accounting periods commencing on or after 1 January 2019. With the emphasis placed by the Code on transparency and clarity, we have taken this opportunity to review the structure of the Report and have introduced some changes which we hope will be useful in navigating this section of our Annual Report. Amongst these changes are an "at-a-glance" section summarising key points, a specific section on how the Remuneration Committee has taken account of the provisions of the UK Corporate Governance Code and an index to where specific aspects of remuneration can be found within this Report.

PREPARATION OF THIS REPORT

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

REMUNERATION REPORT INDEX

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

DIRECTORS' REMUNERATION REPORT
CONTINUED

REMUNERATION AT-A-GLANCE

PERFORMANCE HIGHLIGHTS

Our remuneration is directly linked to the five pillars of our Strategy (see pages 12-14). Our objective is to maximise Shareholder return by increasing the net asset value of the Group, outperforming our peers and managing a balanced portfolio with a clear market focus.

We operate a sustainable capital structure, seeking to attract and retain the best people with sustainability at the heart of our business.

EPRA net asset value per share

511p +6.0%

2019: 482p

Total Accounting Return

7.7%

2019: 8.4%

Total Shareholder Return

8.7%

2019: 5.2%

Portfolio Return

MSCI (1 year)

9.6%

2019: 10.1%

MSCI (3 year)

10.2%

2019: 10.2%

EARNINGS FOR THE FINANCIAL YEAR

Total remuneration for Executive Director	Salary £000	Benefits £000	Pension £000	Total £000	Bonus £000	PSP £000	Total 2020 £000	Total 2019 £000
Gerald Kaye	545	66	–	611	622	1,322	**2,555**	1,732
Tim Murphy	317	29	–	346	371	789	**1,506**	991
Matthew Bonning-Snook	424	49	–	473	467	1,085	**2,025**	1,369

1. Full details of the Directors' remuneration for the year can be found in the table on page 107.

ANNUAL TOTAL REMUNERATION COMPARED TO THE 2020 POTENTIAL

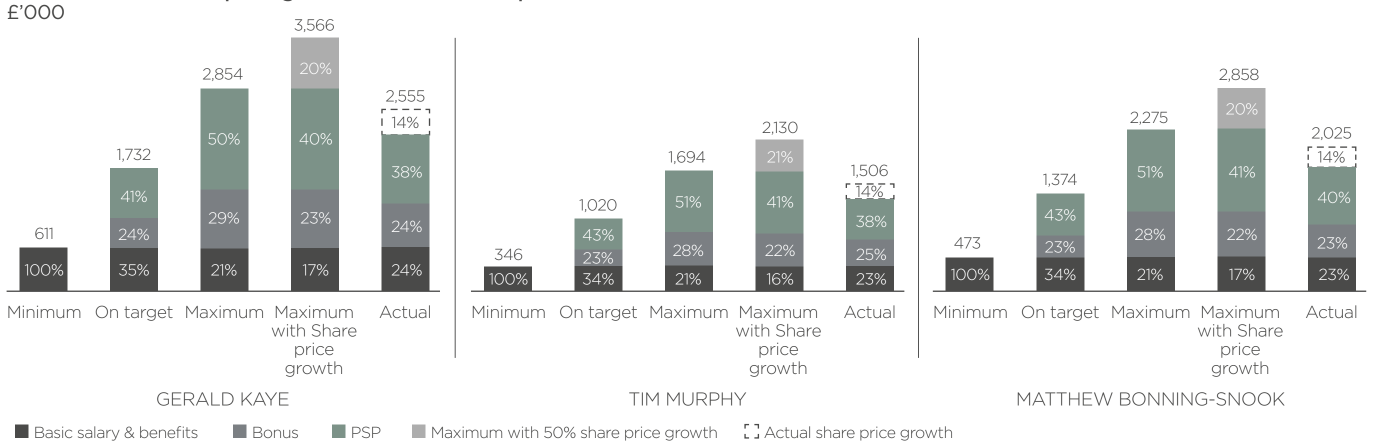
The following bar charts show the actual remuneration earned by the Executive Directors against the minimum, on target and maximum scenarios for the year.

The elements of remuneration have been categorised into three components: (i) basic salary and benefits; (ii) annual bonus (including deferred bonus); and (iii) PSP.

The target scenarios assume 50% payout of the maximum opportunity under the annual bonus and PSP. In line with the regulations, we have also shown the maximum scenario with the impact of 50% share price appreciation over three years.

For the purposes of comparison we have included the single figure remuneration for the year ending 31 March 2020, including the impact of the actual share price growth.

Value of remuneration packages at different levels of performance
£'000



GOVERNANCE REPORT

ANNUAL BONUS PLAN – TARGETS AND OUTCOMES

Performance measure		Payout target 20%	Payout target 100%	Actual	% awarded
TPR	50%	4.47%	7.72%	9.56%	50.00%
TAR	25%	5.00%	10.00%	8.05%	17.20%
Strategic	20%				14.42%

Combining these outcomes with the personal objectives gives the following payouts:	Bonus outcome £000	Bonus reduction £000	Bonus payable £000	% of maximum
Gerald Kaye	691	69	622	76%
Tim Murphy	412	41	371	78%
Matthew Bonning-Snook	519	52	467	74%

Notwithstanding the Group's strong performance in the year to 31 March 2020, in the light of the current economic circumstances caused by the COVID-19 pandemic, and commensurate with action taken elsewhere to reduce overheads and preserve the Group's cash resources, the Remuneration Committee, with full support from the Executive Directors, has exercised its discretion to: (i) reduce the 2019/20 bonus out-turn by 10%; and (ii) deliver the net annual bonus award in deferred shares.

2017 PSP VESTING – TARGETS AND OUTCOMES

Performance measure	Payout target 10%	Payout target 100%	Actual	% awarded
NAV	7.5%	15.0%	5.9%	0.0%
TPR	5.5%	7.0%	10.2%	33.3%
TSR	39.6%	58.0%	57.5%	32.5%

The estimated number of shares vesting are as follows:	Number	Estimated value at vesting[1] £'000
Gerald Kaye	293,148	1,290
Tim Murphy	179,407	789
Matthew Bonning-Snook	239,826	1,055

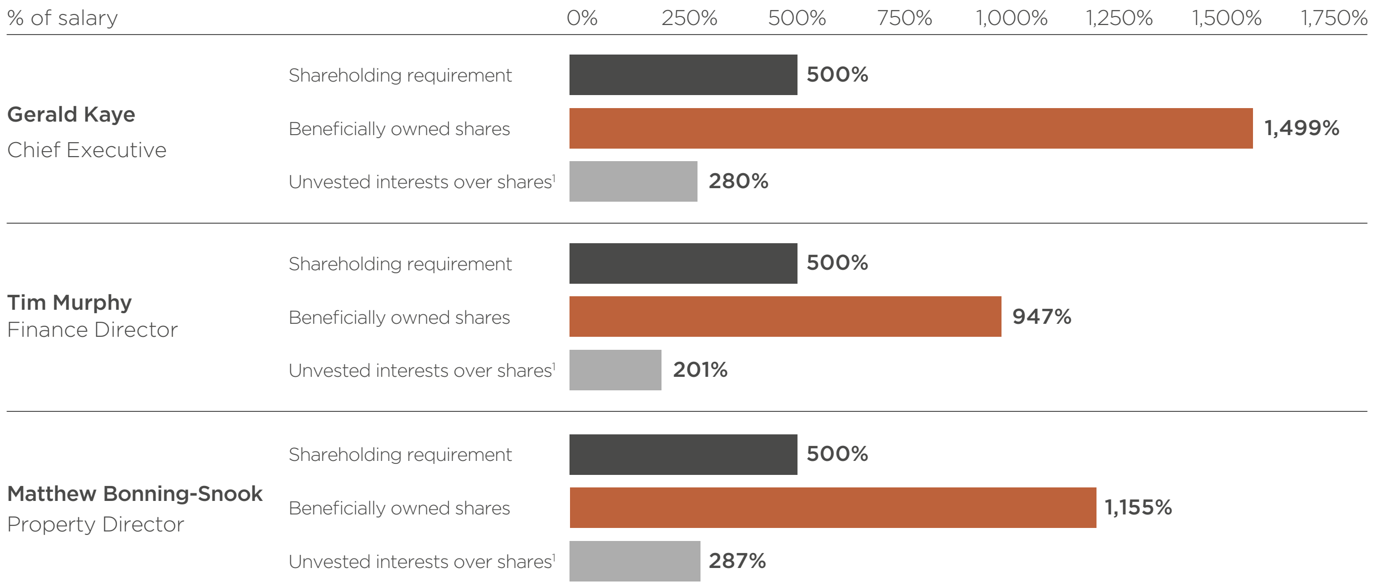
1 The share price used to calculate the expected value at vesting was 439.87p, based on the average share price over the three months to 31 March 2020.

The level of PSP vesting in 2020 (65.8% of maximum) demonstrates the successful longer-term performance of the Company with strong portfolio performance and a corresponding increase in shareholder returns over the performance period.

PSPs GRANTED IN THE YEAR

	Basis of award (% of salary)	Date of grant	Share awards number	Face value of award £000	Face value per share
Gerald Kaye	250%	3 June 2019	366,896	1,330	362.50p
Tim Murphy	250%	3 June 2019	213,517	774	362.50p
Matthew Bonning-Snook	250%	3 June 2019	285,379	1,035	362.50p

SHAREHOLDING OF THE EXECUTIVE DIRECTORS



1 The value of unvested interests over shares is calculated on the net shares expected to vest of the 2017 PSP award, unvested Deferred Shares and the Restricted Share Incentive Plan shares at the weighted average share price for the three months to 31 March 2020 of 439.87p.

DIRECTORS' REMUNERATION REPORT
CONTINUED

ANNUAL STATEMENT

WORK OF THE COMMITTEE DURING THE YEAR

The Committee's work during the year under review included the following:

Fixed Pay

- The annual salary review for the Executive Directors and wider workforce.

Performance Related Pay

- The approval of annual bonuses for the year ended 31 March 2019.
- The review of bonus targets for the year ended 31 March 2020.
- The setting of targets for the PSP awards which were granted in June 2019.
- The approval of the vesting of PSP awards in June 2019 which were originally awarded in June 2016.

Other matters

- The Committee considered feedback received from shareholder advisory bodies on remuneration.
- The Committee gave consideration to matters relating to remuneration in the light of the 2018 UK Corporate Governance Code.
- The Committee updated its terms of reference.

PERFORMANCE, DECISIONS AND REWARD OUTCOMES

Executive performance measures and pay are closely aligned to Shareholders' interests with a high proportion of total available remuneration based on variable pay designed to award the achievement of long-term strategic objectives. As noted in the Strategic Report on pages 34 to 37, the EPRA net assets per share of the Group increased by 6.0% (2019: 3.0%) in the year under review. The Group's Total Portfolio Return, as reported by MSCI (formerly IPD) was 9.6% (2019: 10.1%). The Total Accounting Return (growth in net asset value plus dividends paid in the year) was 7.7% (2019: 8.4%).

ANNUAL BONUS SCHEME 2018

Subsequent to the year end, and in accordance with the rules of the Helical Annual Bonus Scheme 2018, annual bonuses have been approved for inclusion in the Financial Statements for the year to 31 March 2020 for Gerald Kaye, Tim Murphy and Matthew Bonning-Snook. Half of the maximum bonus payable was dependent on the relative Total Property Return of the Group, as calculated by MSCI, compared with the MSCI Central London Offices Total Return Index. One quarter was determined by the Total Accounting Return of the Group and the remaining quarter was payable based on strategic/personal objectives. In accordance with these performance criteria, bonuses were calculated for the Executive Directors as follows: Gerald Kaye £691,000, Tim Murphy £412,000 and Matthew Bonning-Snook £519,000. As all three Executive Directors satisfy the minimum shareholding guideline of 500% of salary, bonus awards up to 100% of their base salaries are eligible to be paid in cash, with the remainder in deferred shares. However, in the light of the current economic circumstances and commensurate with action taken elsewhere, the Remuneration Committee, with full support from the Executive Directors, has exercised discretion to: (i) reduce the 2019/20 bonus out-turn by 10%; and (ii) deliver all of the annual bonus award in deferred shares. Accordingly, the bonuses awarded for the year to 31 March 2020 are: Gerald Kaye £622,000, Tim Murphy £371,000 and Matthew Bonning-Snook £467,000. Full details of the targets and the performance against these targets are set out in the Annual Report on Remuneration.

PERFORMANCE SHARE PLAN 2014

Share awards granted in 2017 under the terms of the 2014 Performance Share Plan were subject to three performance conditions over the three years to 31 March 2020. One third of the awards was based on absolute net asset value performance, the second third of the awards was based on a comparison of the Group's portfolio return to the MSCI Annual March Universe Total Return Index and the final third of the awards was based on a comparison of the Group's Total Shareholder Return to that of a basket of companies in the Real Estate Super Sector. The performance criteria were measured at the end of the three-year period and the MSCI conditions were met in full. The TSR condition was met such that 97.5% of this part of the award will vest. The net asset value condition was not met. Consequently 65.8% of the awards are expected to vest in June 2020. Full details of the targets and Helical's performance are set out in the Annual Report on Remuneration.

The Committee believes that the provision for annual bonuses and the expected vesting of the PSP award in respect of the three-year performance period ended 31 March 2020 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.

IMPLEMENTATION OF THE POLICY FOR THE YEAR TO 31 MARCH 2021

The Remuneration Policy will be implemented for the year to 31 March 2021 as follows:

- In line with action taken elsewhere, basic salaries will not be increased from 1 April 2020. Accordingly, Gerald Kaye's salary is £544,750, Matthew Bonning-Snook's salary is £423,750 and Tim Murphy's salary is £317,050. No changes will be made to the provision of benefits;
- The policy of not providing separate pension provision, with Executive Directors expected to provide for their retirement from remuneration provided through the Company's incentive schemes, remains unchanged;
- For the year to 31 March 2021, annual bonuses will continue to be capped at 150% of salary with targets based on Total Property Return (50% of potential), Total Accounting Return (25% of potential) and strategic/personal objectives (25% of potential). To the extent that there is low or no bonus payable on the portfolio/financial measures, the Committee will retain discretion to reduce (including to zero) the payout under the strategic/personal targets. One third of any bonus will continue to be deferred into shares for three years, unless the Executive Director has met the shareholding guideline, in which case the annual bonus will be payable in cash up to 100% of salary and in deferred shares from 100% to 150% of salary;
- The Remuneration Committee will review the stretch target for the Total Property Return measure, which accounts for 50% of the total bonus weighting and is currently set at MSCI Central London Offices Total Return Index +3.25%, at the start of each bonus year to ensure it remains appropriate;
- The 2020 award under the PSP will be granted over shares equal to no more than 250% of annual salary. The proposed performance targets, which are set out in detail in the Annual Report on Remuneration, will continue to be linked to net asset value per share growth, Total Property Return versus MSCI and relative Total Shareholder Return. A two-year post vesting holding period will apply to these awards to the extent that they vest;
- Shareholding guidelines will remain at 500% of salary; and
- Malus and clawback provisions will continue to operate.

The Committee is committed to ensuring that its Remuneration Policy remains aligned to the long-term interests of Shareholders – incentivising management to increase total returns and grow net asset value per share – whilst ensuring that an appropriate

balance is maintained between the targets set for management and the risk profile of the Group. The Committee believes that its policy strikes the right balance between fixed annual remuneration and an incentive structure with challenging targets which seek to reward outperformance with a mixture of cash-based bonus payments and longer-term share awards.

Further details of the proposed implementation of the Remuneration Policy for the year to 31 March 2021 can be found on page 112.

IMPACT OF THE 2018 UK CORPORATE GOVERNANCE CODE

This is the first year in which the provisions of the 2018 UK Corporate Governance Code apply to the Group. As a consequence, the Remuneration Committee has ensured that the provisions of the Code have been taken into account in its decisions during the year and has also considered how it impacts on this Report. The Committee's response in respect of the main remuneration-related provisions is set out below.

First, the Code states that pension provision for Directors is aligned with that provided for the wider workforce. As the Directors do not receive pensions from the Group, this provision is not relevant to Helical.

Secondly, the Code suggests that post-employment shareholding provisions are set to ensure that Directors who leave the Group are not in a position to immediately liquidate their shareholdings. The Group has not previously made such requirements of its Directors. Following the publication of the Code, the Committee formalised the policy in respect of post cessation shareholdings for Executive Directors. Although not part of the 2018 Shareholder approved Remuneration Policy, and subject to review as part of the 2021 Policy review process, the policy approved by the Committee is as follows:

- Unvested deferred annual bonus and PSP share awards will be treated in line with the good leaver/bad leaver provisions presented in the shareholder approved Remuneration Policy;
- Any PSP awards which vested pre-cessation, but which are still subject to the two-year holding period will need to be retained by the individual, post cessation, until the relevant two-year holding period has expired; and
- No restrictions will apply in respect of own shares held (whether held as part of the 500% of salary shareholding guideline or not).

The above approach will be revisited as part of the 2021 Policy review.

The Committee has considered how the Policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

- **Clarity and Simplicity** – The current Remuneration Policy approved at the 2018 AGM was designed to simplify the arrangements and provide clarity between remuneration and the performance of the Group. In addition, the changes being made to the Report this year are designed to assist the reader in understanding how the Policy is being implemented.
- **Risk** – The Remuneration Policy contains provisions for malus and clawback and permits the use of negative discretion by the Committee to ensure that the outcomes of the performance related pay components of total remuneration can be adjusted in the light of overall performance and Shareholder experience. Executive Directors are required to build substantial shareholdings in the Company to further ensure that their personal interests are aligned with those of Shareholders.
- **Predictability** – The range of potential award outcomes for the performance related pay components are set out in this Report. In addition to assessing the range between the minimum and maximum values of remuneration packages, it also highlights the impact of share price growth on the maximum awards.
- **Proportionality** – The Remuneration Policy sets out clear links between the potential rewards available to Executive Directors, the implementation of the Group's business strategy and the performance outcomes that generate Shareholder value. Stretching targets are set by the Committee which retains the ability to adjust remuneration outcomes where these do not truly reflect the Group's underlying performance. With a significant element of remuneration being performance-related and in the form of equity subject to holding periods, the interests of the Executive Directors and Shareholders are aligned.
- **Alignment to Culture** – Helical's strategy, Values and Purpose have evolved over the years. Our Executive Directors, along with our wider workforce, are continually looking to deliver on our strategy whilst acting in accordance with our Values and our Culture. The remuneration packages available to them are aligned with the strategy and designed to incentivise them to deliver value to our Shareholders.

Finally, the Committee has considered a number of matters as set out in Paragraph 41 of the UK Corporate Governance Code as part of its overall oversight of remuneration at the Company. Specifically, the Committee is satisfied that the level of remuneration provided to the Directors is appropriate, both by comparison to the Company's peer group within the real estate industry (against which remuneration is benchmarked) and also in the context of the level of remuneration of the wider workforce – a team of experienced professionals of whom a significant number are incentivised in similar ways to the Directors.

The Committee also considered whether the Policy operated as intended in the light of the Company's performance and quantum. The Remuneration Policy measures a range of performance metrics that are aligned to the Company's strategy with the remuneration outcomes being assessed against these. The ability of the Committee to exercise negative discretion (as was applied in the year) when the experience of Shareholders does not match the performance metrics demonstrates that the necessary checks and balances in place are operating as intended.

The Committee has not been required to engage with Shareholders in respect of the Policy in the year, as the current Remuneration Policy was approved at the 2018 AGM for a period of three years. Appropriate engagement will take place in advance of the 2021 AGM (when the Policy for the next three-year period will be proposed) if material changes are being proposed. The Committee does not view formal engagement with the workforce on executive remuneration as being appropriate in a company of Helical's size.

2020 ANNUAL GENERAL MEETING RESOLUTION

The following resolution relating to remuneration will be presented at the 2020 AGM to be held on 23 July 2020:

- An advisory resolution in respect of the Annual Statement and Annual Report on Remuneration for the year to 31 March 2020.

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

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

RICHARD COTTON
Chair of the Remuneration Committee

4 June 2020

DIRECTORS' REMUNERATION REPORT
CONTINUED

REMUNERATION POLICY REPORT

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

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

POLICY DURATION
The Remuneration Policy report was approved by Shareholders at the Annual General Meeting held on 12 July 2018 for a maximum period of three years. No changes are proposed for the 2020 Annual General Meeting. The Policy will be renewed at the 2021 AGM and the Committee will seek engagement with major Shareholders during the next 12 months should any material changes be considered appropriate.

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

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

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

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

The peer group set at the start of the Policy is as follows:

Capital & Counties Properties plc;	McKay Securities plc;
Capital & Regional plc;	NewRiver REIT plc;
Derwent London plc;	RDI REIT plc;
Great Portland Estates plc;	Shaftesbury plc;
Hammerson plc;	St. Modwen Properties plc;
Hansteen Holdings plc;	U+I Group plc;
Intu Properties plc;	Urban & Civic plc; and
LondonMetric Property plc;	Workspace Group plc.

This group will be reviewed and updated in advance of the 2021 AGM.

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

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

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

In addition to the above, Executive Directors may also participate in any all-employee share arrangement operated by the Company, up to prevailing HMRC limits.

DIRECTORS' REMUNERATION REPORT
CONTINUED

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

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

HOW EMPLOYEE PAY IS TAKEN INTO ACCOUNT AND COMPARED WITH THE REMUNERATION POLICY OF EXECUTIVE DIRECTORS
All permanent employees of the Group, including Executive Directors, receive a basic remuneration package including basic salary, private medical cover, permanent health insurance, life assurance and membership of the Share Incentive Plan. In addition, Directors and senior management are entitled to the use of company cars or the payment of a car allowance and a car fuel allowance. There is no Group pension scheme for Directors and no contributions are payable into Directors' own pension schemes. For all permanent employees below Board level, the Company has previously paid pension contributions of either 10.0% or 12.5% into either a Group Pension Scheme or personal pension scheme. With effect from 1 April 2020, the Company has paid pension contributions of 12.5% in respect of all employees' pension arrangements, below Board level. 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 has previously been available for the Committee to grant options to those who do not receive awards under the Performance Share Plan. The initial ten-year term of this scheme ends in 2020 and it will not be renewed. In determining executive remuneration, the Committee considers the overall remuneration of all the Group's employees and, other than in exceptional circumstances, seeks to award increases in salaries at levels below those made to other staff and within its own guidelines. The remaining remuneration is weighted towards performance related awards. The Committee does not consult with the Group's employees when drawing up its Remuneration Policy.

GENDER PAY GAP REPORTING
The Group falls below the threshold for mandatory Gender Pay Gap reporting. Due to the low number of employees, which could result in distortions of data, the Board does not believe it appropriate to voluntarily report. Notwithstanding this, the Board firmly believes in pay equality for equal work and is mindful of both the legal and moral obligations to ensure that employees are remunerated in a fair manner regardless of gender.

EXECUTIVE DIRECTORS' DATES OF APPOINTMENT AND SERVICE CONTRACTS
All service contracts are available for inspection at the registered offices of the Company. Original dates of appointment to the Board are as follows:

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

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

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

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

Finally, although not part of the 2018 Shareholder approved Remuneration Policy, the Committee has approved the following post cessation shareholding policy:

- Unvested deferred annual bonus and PSP share awards will be treated in line with the good leaver/bad leaver provisions presented in the shareholder approved Remuneration Policy;
- Any PSP awards which vested pre-cessation, but which are still subject to the two-year holding will need to be retained by the individual, post cessation, until the relevant two-year holding period has expired; and
- No restrictions will apply in respect of own shares held (whether held as part of the 500% of salary shareholding guideline or not).

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

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Non-Executive Director	Board appointment	Commencement date of current term
Richard Grant – Board Chairman and Chair of the Nominations Committee	24 July 2012	1 April 2015
Richard Cotton – Senior Independent Director	1 March 2016	1 March 2016
Sue Clayton – Chair of the Property Valuations Committee	1 February 2016	1 February 2016
Sue Farr – Chair of the Remuneration Committee (from 2020 AGM)	5 June 2019	5 June 2019
Joe Lister – Chair of the Audit and Risk Committee	1 September 2018	1 September 2018

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

DIRECTORS' REMUNERATION REPORT
CONTINUED

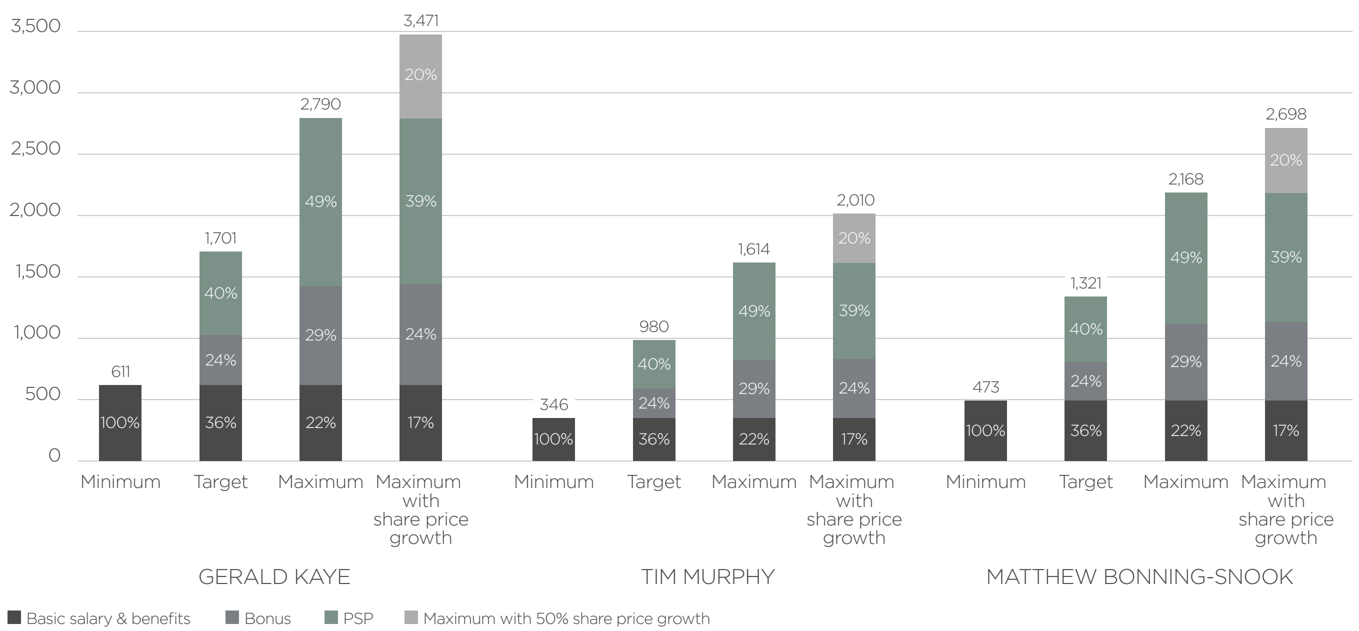
REWARD SCENARIOS

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

The charts are based on:

- Salary levels effective 1 April 2020;
- An approximated annual value of benefits (no pension is provided);
- A 150% of salary maximum annual bonus (with target assumed to be 50% of the maximum);
- A 250% of salary award under the 2014 PSP in line with the normal maximum award (with target assumed to be 50% of the maximum); and
- In the final column of each chart, share appreciation of 50% across the three-year performance period of the awards made under Performance Share Plan 2014.

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



ANNUAL REPORT ON REMUNERATION

This part of the Directors' Remuneration Report explains how the Group has implemented the Remuneration Policy in the year to 31 March 2020 and how the policy is intended to be implemented in the year to 31 March 2021.

APPLICATION OF THE REMUNERATION POLICY IN THE YEAR TO 31 MARCH 2020

This section has been subject to audit unless otherwise stated.

BALANCE OF FIXED VERSUS VARIABLE PAY (UNAUDITED)

In line with its policy, the Committee seeks to ensure that the balance of remuneration provides a basic salary and performance related bonuses and share awards that reward absolute performance and outperformance relative to the Group's peer group. In the year to 31 March 2020, the balance of fixed versus variable pay on an actual basis for the Executive Directors in office throughout the year compared to the maximum payable was as follows:

	Actual £000	Share of total %	Maximum £000	Share of total %
Basic salaries and benefits-in-kind	1,430	23%	1,430	17%
Annual Bonus Scheme 2018	1,460	24%	1,928	24%
Deferred bonus dividend shares	62	1%	62	1%
Performance Share Plan shares vested	3,134	52%	4,760	58%
	6,086	**100%**	**8,180**	**100%**

Note: Performance Share Plan shares reflect the market value of shares that are expected to vest (actual) or could vest (maximum) in respect of the three-year performance period to 31 March 2020 in accordance with the terms of the Performance Share Plan 2014.

DIRECTORS' REMUNERATION

Total remuneration in respect of the Directors in the year to 31 March 2020 was as follows:

	Fixed				Variable				
Year to 31 March 2020	Basic salary/fees £000	Benefits[1] £000	Share Incentive Plan[2] £000	Sub-total £000	Annual cash bonus £000	Deferred bonus shares £000	Share[3,4] awards £000	Sub-total £000	Total £000
Executive Directors									
Gerald Kaye	545	59	7	611	–	622	1,322	1,944	2,555
Tim Murphy	317	22	7	346	–	371	789	1,160	1,506
Matthew Bonning-Snook	424	42	7	473	–	467	1,085	1,552	2,025
	1,286	**123**	**21**	**1,430**	**–**	**1,460**	**3,196**	**4,656**	**6,086**
Non-Executive Directors									
Richard Grant	128	–	–	128	–	–	–	–	128
Sue Clayton	58	–	–	58	–	–	–	–	58
Richard Cotton	70	–	–	70	–	–	–	–	70
Sue Farr[5]	39	–	–	39	–	–	–	–	39
Joe Lister	55	–	–	55	–	–	–	–	55
Michael O'Donnell[6]	17	–	–	17	–	–	–	–	17
Michael Slade[6]	44	16	–	60	–	–	–	–	60
Total	**1,697**	**139**	**21**	**1,857**	**–**	**1,460**	**3,196**	**4,656**	**6,513**

1 Benefits include the provision of a car/car allowance, fuel allowance, private medical cover, life assurance and permanent health insurance. Significant individual benefits included £38,000 and £22,000 car benefit for Gerald Kaye and Matthew Bonning-Snook respectively.
2 The Share Incentive Plan figure relates to the free and matching shares awarded under the Helical Bar 2002 Approved Share Incentive Plan, details of which are on page 111.
3 Value of PSP awards based on average share price over three months to 31 March 2020 of 439.87p. Dividend shares awarded to Directors on 24 June 2019 under the terms of the Annual Bonus Scheme 2012 are included at their vesting price of 354.50p.
4 The PSP award values include share price appreciation totalling £351,000 for Gerald Kaye, £215,000 for Tim Murphy and £287,000 for Matthew Bonning-Snook.
5 Sue Farr was appointed to the Board on 5 June 2019.
6 Michael Slade and Michael O'Donnell stepped down from the Board on 11 July 2019.

DIRECTORS' REMUNERATION REPORT
CONTINUED

Year to 31 March 2019	Fixed				Variable				
	Basic salary/fees £000	Benefits[1] £000	Share Incentive Plan[2] £000	Sub-total £000	Annual cash bonus £000	Deferred bonus shares £000	Share[3] awards £000	Sub-total £000	Total £000
Executive Directors									
Gerald Kaye	532	57	7	596	532	195	409	1,136	1,732
Tim Murphy	310	24	7	341	310	77	263	650	991
Matthew Bonning-Snook	414	45	7	466	414	111	378	903	1,369
	1,256	**126**	**21**	**1,403**	**1,256**	**383**	**1,050**	**2,689**	**4,092**
Non-Executive Directors									
Michael Slade	155	68	–	223	–	–	–	–	223
Sue Clayton	55	–	–	55	–	–	–	–	55
Richard Cotton	70	–	–	70	–	–	–	–	70
Richard Gillingwater[4]	16	–	–	16	–	–	–	–	16
Richard Grant	70	–	–	70	–	–	–	–	70
Michael O'Donnell	55	–	–	55	–	–	–	–	55
Joe Lister	26	–	–	26	–	–	–	–	26
Total	**1,703**	**194**	**21**	**1,918**	**1,256**	**383**	**1,050**	**2,689**	**4,607**

1 Benefits include the provision of a car/car allowance, fuel allowance, private medical cover, life assurance and permanent health insurance. Significant individual benefits included £38,000 and £32,000 car benefit for Gerald Kaye and Michael Slade respectively.
2 The Share Incentive Plan figure relates to the free and matching shares awarded under the Helical Bar 2002 Approved Share Incentive Plan, details of which are on page 111.
3 PSP awards are included at their actual vesting values in June 2019 of 362.50p. The table included in the 2019 Financial Statements included share awards at the average share price over the three months to 31 March 2019 of 335.02p. Dividend shares awarded to Directors on 26 July 2018 under the terms of the Annual Bonus Scheme 2012 are included at their actual vesting price of 334.00p
4 Richard Gillingwater stepped down from the Board on 12 July 2018.

The information in this section has been audited.

HELICAL ANNUAL BONUS SCHEME 2018

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

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

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

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

SHAREHOLDER PROTECTIONS

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

OTHER MATTERS

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

DETERMINATION OF ANNUAL BONUS OUTCOME

The first table below sets out the financial measures and strategic objectives and their respective outcomes under the terms of the Annual Bonus Scheme 2018. These measures apply to all Executive Directors equally. The second table sets out the personal objectives for each Executive Director, which account for 5% of the maximum bonus payable. The sum of these provides each Director with a percentage payout of their maximum bonus, capped at 150% of basic salary. This is set out in the third table below.

Metric	Performance condition	Weighting	Threshold target	Stretch target	Outcome	% of bonus payable
TPR	**Total Property Return v MSCI Central London Offices Total Return Index** 20% of the maximum bonus available pays out if the Group's TPR matches the performance of the Index increasing pro-rata to 100% for matching or exceeding the Index plus 3.25%.	50.00%	4.47%	7.72%	9.56%	50.00%
TAR	**Total Accounting Return** 20% of the maximum bonus available pays out if the Group's TAR, adjusted for performance related awards and calculated annually, exceeds 5.0% increasing pro-rata to 100% for a TAR of 10.0% or greater.	25.00%	5.00%	10.00%	8.05%	17.20%
Strategic	**Corporate objectives** 1. Obtaining "equity" from third party investors to fund the Group's schemes. Equity to include funds from any source including individual project equity participation, strategic partners or shareholders. 2. Taking active steps to improve the share rating, including increasing the profile of the Group through an expanded Investor Relations programme. 3. Make improvements towards best practice, for a Group of Helical's size, in ESG matters.	6.67%			75.00%	5.00%
	Pipeline of schemes 1. Seek to acquire at least one significant high-quality project in the year which complements the existing portfolio and which is consistent with the Group's strategy and long-term plans	6.67%			50.00%	3.33%
	Annualised EPS target 1. An annualised EPS target as at 31 March 2020 on a see-through basis, excluding non-core assets with nil increase in recurring administration costs.	6.67%			91.26%	6.09%
		20.00%			72.10%	14.42%
Subtotal from financial and strategic objectives		95.00%				81.62%

Executive Director	Weighting	Target	Committee's assessment of the extent to which the performance targets have been met	% of bonus payable
Gerald Kaye	2.5%	Successful lettings at The Bower, London EC1 with base and stretch targets	100%	2.5%
	2.5%	Successful sales of residential units at Barts Square, London EC1 with base and stretch targets	20%	0.5%
Subtotal for Gerald Kaye	5.0%			3.0%
Tim Murphy	2.5%	Improved debt maturity with base and stretch targets	100%	2.5%
	2.5%	Improved cost of debt with base and stretch targets	100%	2.5%
Subtotal for Tim Murphy	5.0%			5.0%
Matthew Bonning-Snook	2.5%	Successful lettings at Kaleidoscope, London EC1 with base and stretch targets	0%	0.0%
	2.5%	Successful lettings at Trinity, Manchester with base and stretch targets	0%	0.0%
Subtotal for Matthew Bonning-Snook	5.0%			0.0%

The total annual bonus for the year ended 31 March 2020 is set out below:

Executive Director	Basic salary £000	Maximum bonus payable (150% basic salary) £000	Bonus outcome %	Bonus outcome £000	Bonus reduction £000	Bonus payable £000	Cash £000	Deferred shares £000
Gerald Kaye	545	817	84.6%	691	69	622	–	622
Tim Murphy	317	476	86.6%	412	41	371	–	371
Matthew Bonning-Snook	424	636	81.6%	519	52	467	–	467

All Executive Directors satisfy the minimum shareholding guideline of 500% of salary and bonuses up to 100% of their base salaries are eligible to be paid in cash, with the remainder in deferred shares. However, in light of the current economic circumstances and commensurate with action taken elsewhere to reduce overheads and preserve the Group's cash resources, the Remuneration Committee, with full support from the Executive Directors, has exercised its discretion to reduce the bonus calculated by 10% and to deliver all of the net annual bonus award in deferred shares.

DIRECTORS' REMUNERATION REPORT
CONTINUED

HELICAL ANNUAL BONUS SCHEME – DEFERRED SHARES

Under the terms of the Annual Bonus Scheme 2016, one third of annual bonuses awarded to scheme participants each year were deferred for three years into Helical plc shares. Under the Annual Bonus Scheme 2018, the same applies unless an Executive Director satisfies the minimum shareholding guideline, in which case up to 100% of any bonus is payable in cash with the remainder in deferred shares. Deferred shares awarded under the terms of these schemes, and which vested during the year to 31 March 2020, are as noted in the table below:

Executive Director	Deferred shares 1 April 2019	2019 bonus award 3 June 2019	2016 award vesting 24 June 2019	Deferred shares 31 March 2020	Expected[1] 2020 award	Dividend shares awarded on 2016 vesting
Gerald Kaye	377,049	53,836	(105,924)	324,961	141,469	9,094
Tim Murphy	42,434	21,364	–	63,798	84,283	–
Matthew Bonning-Snook	315,044	30.516	(97,888)	247,672	106,144	8,404

1 The expected 2020 deferred share award represents the deferred share element of the annual bonus awarded in respect of the year to 31 March 2020 at 439.87p per share, the average share price over the three months to 31 March 2020.

PSP AWARDS VESTING IN 2020

The PSP award granted on 7 June 2017 will vest after 7 June 2020. The expected vesting percentage is as follows:

Metric	Performance condition	Weighting	Threshold target	Stretch target	Actual	% vesting
NAV (fully diluted triple net)	**Net Asset Value Growth** 10% of this part of an award vests for pre-dividend compound NAV growth of 7.5% pa increasing pro-rata to 100% of this part of an award vesting for pre-dividend compound NAV growth of 15% pa	33.33%	7.5%	15.0%	5.9%	0.00%
TPR	**Total Property Return v MSCI Annual March Universe Total Return Index** 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 5.52%	Upper quartile 7.03%	10.16%	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 39.6%	Upper quartile 58.0%	57.5%	32.50%
Total						**65.83%**

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

Executive Director	Number of shares at grant	Number of shares expected to lapse	Number of shares expected to vest	Estimated value at vesting[1] £'000
Gerald Kaye	445,312	152,164	293,148	1,290
Tim Murphy	272,531	93,124	179,407	789
Matthew Bonning-Snook	364.312	124,486	239,826	1,055

1 The share price used to calculate the expected value at vesting was 439.87p, based on the average share price over the three months to 31 March 2020.

The share awards presented for the comparatives in the remuneration table on page 108 are based on the 2014 PSP awards granted on 1 June 2016. The three-year performance period to 31 March 2019 showed that the net asset value per share, calculated in accordance with the terms of the 2014 PSP, had increased by 5.8% pa. During this three-year period the total return of Helical's property portfolio, as determined by MSCI IPD, was 10.2% compared to the upper quartile of the MSCI Annual March Universe Total Return Index which showed a return of 8.3%. The TSR of the Company during the period was minus -9.3% compared to the median of plus 15.2% and upper quartile of 29.4%. Therefore, 33.33% of the shares vested in total. The share price used to calculate the expected value at vesting for the 2016 PSP awards in the 2019 Annual Report was 335.02p (based on the average share price over the three months to 31 March 2019). The actual share price at vesting on 1 June 2019 was 362.50p and the comparative figures reflect these actual vesting share prices.

PSP AWARDS GRANTED IN THE YEAR

The following conditional awards were granted on 3 June 2019 under the 2014 PSP:

Executive Director	Basis of award (as a % of salary)	Face value £000	Vesting at threshold	Vesting at maximum	Performance period
Gerald Kaye	250%	1,330	10%	100%	3 years to 31 March 2022
Tim Murphy	250%	774	10%	100%	3 years to 31 March 2022
Matthew Bonning-Snook	250%	1,035	10%	100%	3 years to 31 March 2022

Details of the performance targets attached to the awards are set out on page 112.

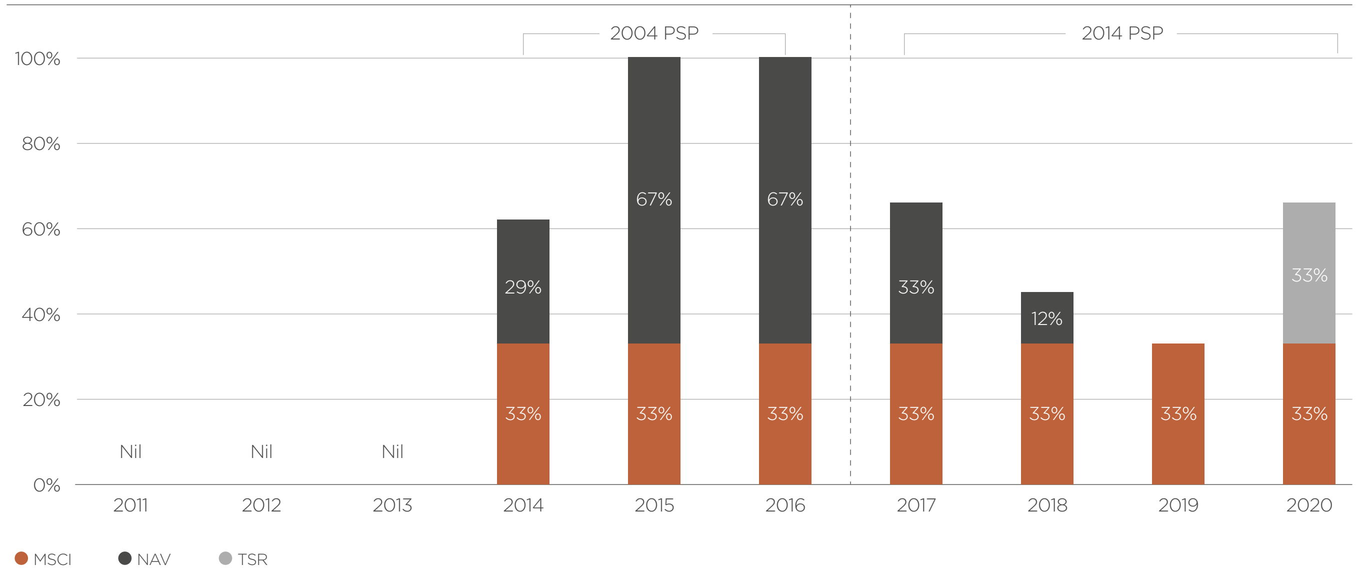
The total number of awards made to Directors under the terms of the 2014 PSP which have not yet vested are as follows:

Executive Director	Shares awarded 07.06.17 at 320.0p	Shares awarded 01.06.18 at 375.0p	Shares awarded 03.06.19 at 362.5p	Total shares awarded
Gerald Kaye	445,312	343,333	366,896	1,155,541
Tim Murphy	272,531	199,800	213,517	685,848
Matthew Bonning-Snook	364,312	267,066	285,379	916,757

It is currently expected that 65.8% of the shares awarded on 7 June 2017, 66.3% of the shares awarded on 1 June 2018 and 66.9% of the shares awarded on 3 June 2019 will vest.

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

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



The 2004 PSP operated with two vesting conditions. The TSR condition was added to the 2014 PSP.

HELICAL BAR 2002 APPROVED SHARE INCENTIVE PLAN

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

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

Executive Director	3 June 2019 at 362.50p	19 July 2019 at 363.50p	3 September 2019 at 354.00p	3 December 2019 at 413.50p	6 January 2020 at 470.50p	16 March 2020 at 295.00p
Gerald Kaye	1,365	1,155	381	327	330	456
Tim Murphy	1,365	700	381	327	201	456
Matthew Bonning-Snook	1,365	1,146	381	327	328	456

Shares held by the Trustees of the Plan at 31 March 2020 were 560,496 (2019: 517,996).

DIRECTORS' REMUNERATION REPORT
CONTINUED

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR TO 31 MARCH 2021
This section has not been subject to audit unless stated.

FIXED REMUNERATION

EXECUTIVE DIRECTORS' BASIC ANNUAL SALARY
The basic package of salary and benefits is designed to match the experience and responsibilities of each Director and is reviewed annually to ensure that it is consistent with and appropriate to their responsibilities and expectations. The Group does not provide any separate pension provision for Executive Directors and expects individuals to provide for their retirement through their basic salaries and incentive payments.

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.

In light of the current economic situation and commensurate with action taken elsewhere to reduce overheads and preserve the Group's cash resources, the Executive Directors have agreed not to take the normal inflationary increase from 1 April 2020. Accordingly, the basic salaries will remain unchanged for the year to 31 March 2021 and are:

Executive Director	From 1 April 2020 £
Gerald Kaye	544,750
Tim Murphy	317,050
Matthew Bonning-Snook	423,750

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

PERFORMANCE RELATED REMUNERATION

HELICAL ANNUAL BONUS SCHEME 2018
Gerald Kaye, Tim Murphy and Matthew Bonning-Snook will participate in the Annual Bonus Scheme 2018 which was approved by Shareholders at the 2018 AGM. This scheme provides annual bonuses based on the performance of the property portfolio, the Group and the individual Directors and is aligned with Shareholders' interests with appropriate hurdles and Shareholder protections. The main features and Shareholder protections of this scheme are set out on page 108. The Scheme will operate the same way in the year to 31 March 2021 as it did in the year to 31 March 2020. The strategic/personal objectives for each Executive Director are set by the Remuneration Committee and will be reported on retrospectively in the Annual Report for the year ended 31 March 2021.

PERFORMANCE SHARE PLAN 2014
It is anticipated that long-term incentives will be granted to all Executive Directors and senior management in June 2020 in the form of nil cost options awarded under the terms of the 2014 PSP Scheme. For Executive Directors the awards will be granted up to a maximum of 250% of basic salary as at 31 March 2020.

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

Performance conditions for the awards to be granted in 2020 will be equally weighted and measured over the three years to 31 March 2023 as follows:

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

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

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

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

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

RELATIVE TOTAL SHAREHOLDER RETURN
The comparator group for the awards to be granted in 2020 will be those companies noted under Peer Group on page 102 which remain listed.

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

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

NON-EXECUTIVE DIRECTORS' FEES
The fee payable to the Chairman remains at £150,000. The base fees payable to Non-Executive Directors were reviewed and maintained at £48,000 pa from 1 April 2020. The additional fee payable to the Chairs of the Audit and Risk, Remuneration and Property Valuations Committees remains at £10,000 pa.

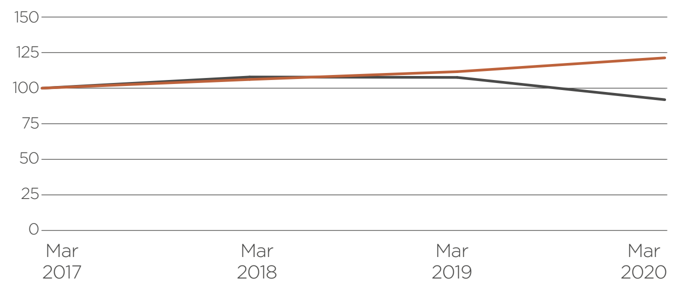
PAYMENTS FOR LOSS OF OFFICE (AUDITED)
No payments were made to Directors in the year for loss of office or to past Directors.

OTHER REMUNERATION MATTERS

SHARE PRICE PERFORMANCE AND TOTAL SHAREHOLDER RETURN (TSR)
The market price of the ordinary shares of Helical plc at 31 March 2020 was 350.00p (2019: 330.50p). This market price varied between 243.00p and 526.00p and at an average of 392.83p during the year.

The Total Shareholder Returns for a holding in the Group's shares in the three and 10 years to 31 March 2020 compared to a holding in the FTSE 350 Supersector Real Estate Index are shown in the graphs below. This index has been chosen because it includes the majority of listed real estate companies.

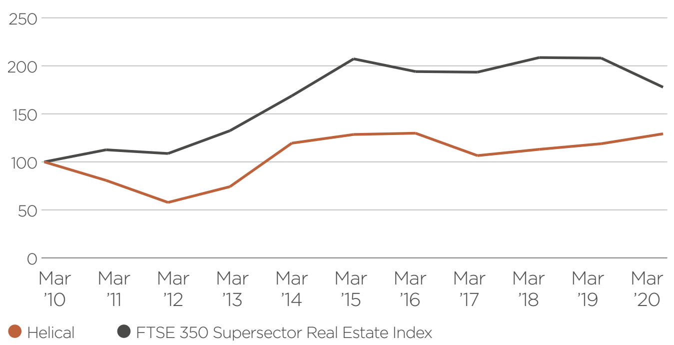
TSR – THREE YEARS TO 31 MARCH 2020
The graph showing the relative performance of Helical during the three years to 31 March 2020 matches the performance period for the 2017 PSP award granted on 6 June 2017 and which will vest after 6 June 2020.



Source: Datastream (Thomson Reuters).

This graph shows the value, by 31 March 2020, of £100 invested in Helical on 31 March 2017, compared with the value of £100 invested in the FTSE 350 Supersector Real Estate Index.

TSR – TEN YEARS TO 31 MARCH 2020
The graph below shows the base position, at 31 March 2010, from which subsequent performance is measured, as required by the Regulations.



Source: Datastream (Thomson Reuters).

REMUNERATION OF THE CHIEF EXECUTIVE
Comparing the ten-year TSR of the Company, set out opposite, to the remuneration of the Chief Executive, the table below presents single figure remuneration for the Chief Executive over the period, since 1 April 2010, 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)	PSP (% of max vesting)
31 March 2020	Gerald Kaye	2,557	76[1]	66
31 March 2019	Gerald Kaye	1,732	91	33
31 March 2018	Gerald Kaye	2,209	75	46
31 March 2017	Gerald Kaye	2,635[2]	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	–	–

1 85% before the application of negative discretion by the Committee.
2 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.

CHIEF EXECUTIVE'S REMUNERATION COMPARED TO REMUNERATION OF HELICAL EMPLOYEES
Percentage increases in Chief Executive remuneration:

	2020 £000	2019 £000	Change %	Average change for Helical employee %
Chief Executive				
Salary	544.8	532.0	2.4%	3.1%
Benefits and share incentive plan	66.6	64.5	3.2%	1.3%
Annual bonus	622.3	727.2	-14.4%	-19.0%

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

RELATIVE IMPORTANCE OF THE SPEND ON PAY

	2020 £000	2019 £000	Change %
Staff costs	9,075	9,289	-2.3%
Distributions to Shareholders[1]	10,437	12,055	-13.4%
Net asset value of the Group	598,689	567,425	+5.5%

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

DIRECTORS' REMUNERATION REPORT
CONTINUED

DIRECTORS' SHARE INTERESTS AND SHAREHOLDING GUIDELINES (AUDITED)

Executive Director	Salary[1] £	Share ownership guideline[2] £	Value of beneficially held shares[3] £	Ratio of shares held to salary %
Gerald Kaye	544,750	2,724,000	8,167,000	1,499
Tim Murphy	317,050	1,585,000	3,003,000	947
Matthew Bonning-Snook	423,750	2,119,000	4,893,000	1,155

1 Salaries as at 31 March 2020.
2 Share ownership guideline is 500% of salary.
3 Value as per the weighted average share price for the three months to 31 March 2020 of 439.87p.

DIRECTORS' SHAREHOLDINGS (AUDITED)

	Legally owned 31.3.19	Legally[1] owned 31.3.20	Share Incentive Plan unrestricted 31.3.20	Beneficially[1] held total 31.3.20	Deferred shares 31.3.20	Share Incentive Plan restricted 31.3.20	PSP awards unvested 31.3.20
Executive Directors							
Gerald Kaye	1,700,252	1,816,747	39,891	1,856,638	324,961	18,739	1,155,541
Tim Murphy	659,594	662,981	19,777	682,758	63,798	16,190	685,848
Matthew Bonning-Snook	964,890	1,072,546	39,849	1,112,395	247,672	18,313	916,757
Non-Executive Directors							
Richard Grant	15,000	15,000	–	15,000	–	–	–
Richard Cotton	25,000	25,000	–	25,000	–	–	–
Sue Clayton	–	–	–	–	–	–	–
Sue Farr[2]	–	6,000	–	6,000	–	–	–
Joe Lister	–	3,200	–	3,200	–	–	–
Past Directors							
Michael Slade[3]	12,164,203	11,996,777	–	11,996,777	–	–	–
Michael O'Donnell[3]	67,000	67,000	–	67,000	–	–	–

1 Or at cessation if earlier.
2 The shareholding of Sue Farr is held by a connected person.
3 Michael O'Donnell and Michael Slade retired from the Board on 11 July 2019.

The three Executive Directors of Helical have an average length of service of over 25 years and have built up a shareholding during that time of circa 3.7m shares with a market value at 31 March 2020 of circa £16.1m at the weighted average share price for the three months to 31 March 2020 of 439.87p.

ADVISORS TO THE COMMITTEE

The Committee consults the Chief Executive and Finance Director about its proposals and has access to professional advice from FIT Remuneration Consultants LLP ("FIT"), members of the Remuneration Consultants Group, which is responsible for developing and maintaining the Code of Conduct for Consultants to Remuneration Committees of UK listed companies. FIT is independent of both the Group and its Directors and, as such, the Committee is satisfied that the advice received was objective and independent. Terms of reference for the remuneration consultants, which provided no other services to the Company, are available from the Company Secretary on request. Fees paid to FIT in the year to 31 March 2020 amounted to £20,951 (2019: £45,561). Fees are charged on a time plus disbursements basis.

SHAREHOLDER VOTING AT THE LAST AGM

Details of the 2019 advisory Annual Report on Remuneration vote and 2018 binding Remuneration Policy vote were as follows:

	Issued	For	%	Against	%	Withheld	Total
2019 Annual Report on Remuneration	119,956,767	97,131,716	99.3	712,513	0.7	973,288	98,817,517
2018 Remuneration Policy	118,610,741	89,918,397	97.0	2,736,254	3.0	12,860	92,667,511

The Committee was pleased to note the level of Shareholder support for the Annual Report on Remuneration last year.

Approved by the Board on 4 June 2020 and signed on its behalf.

RICHARD COTTON
Chair of the Remuneration Committee

REPORT OF THE DIRECTORS

STRATEGIC REPORT

A review of the Company's business during the year, the principal and emerging risks and uncertainties it faces, as well as future prospects and developments, are included in the Strategic Report on pages 1–77 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 125 and Consolidated Statement of Comprehensive Income on page 125. An interim dividend of 2.70p (2019: 2.60p) was paid on 31 December 2019 to Shareholders on the Shareholder register on 30 November 2019. A final dividend of 6.00p (2019: 7.50p) per share is recommended for approval at the Annual General Meeting ("AGM") to be held on 23 July 2020 and, if approved, will be paid on 27 July 2020 to Shareholders on the register on 26 June 2020. The total ordinary dividend paid in the year of 10.20p (2019: 9.60p) per share amounts to £12,219,000 (2019: £11,406,000) (see Note 12 to the Financial Statements).

CORPORATE GOVERNANCE

During the year ended 31 March 2020 the Group has consistently applied the Principles of good corporate governance contained in the 2018 UK Corporate Governance Code (the "Code"), and has complied with the provisions of the Code in full. Please see page 82 for more detail.

DIRECTORS

The Directors who held office during the year, and up to the date of this report, are listed alongside their biographical details on pages 80 and 81. All the Directors will be offering themselves for election or re-election, as appropriate, at the 2020 AGM. Details of Directors' remuneration, including their interests in share awards, and its alignment with the Company's strategy and the promotion of long-term sustainable success, are set out in the Directors' Remuneration Report on pages 97–114. Details of the Directors' interests in the ordinary shares of the Company are shown on page 114.

GOING CONCERN

The Directors have considered the appropriateness of adopting a going concern basis in preparing the Financial Statements. Their assessment is based on forecasts for the next 12-month period, with the potential impact of Covid-19 being an area of focus and including severe but plausible downside scenarios on the Principal Risks and uncertainties.

The key assumptions used in the review are summarised below:

- The Group's rental income receipts were modelled for each tenant on an individual basis;
- Existing loan facilities remain available, but no new financing is arranged; and
- Free cash is utilised to repay debt/cure bank facility covenants.

The results of this review demonstrated the following:

- The Group has £279m of cash and undrawn bank facilities, including in joint ventures, at 31 March 2020 and there is no debt repayable within the forecast period;
- The Group could withstand receiving no rental income during the going concern period (excluding the impact on income covenants);
- The forecasts show that all bank facility financial covenants will be met throughout the review period, with headroom to withstand a 30% fall in rental income;
- Whilst the Group has a WAULT of 7.1 years, in a downside scenario whereby all tenants, with lease expiries or break options in the going concern period, exercise their breaks or do not renew at the end of their leases, and with no vacant space let or re-let, the rental income covenants would be met throughout the review period;
- Based on the forecasts for the next quarter, June 2020, rental income could fall by 36% before income covenants would come under pressure;
- Property values could fall by 49% before loan to value covenants come under pressure; and,
- Asset sales could be utilised to generate additional cash to repay debt, materially increasing covenant headroom.

Based on this analysis, the Directors have adopted a going concern basis in preparing the accounts for the year ended 31 March 2020.

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. In accordance with the Code provision 7, the Board has a well-established process for the management of conflicts of interest.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

The Company maintains Directors' and Officers' Liability Insurance which is subject to annual renewal. To the extent permitted by UK Law, the Company also indemnifies the Directors against legal proceedings brought in connection with the execution of their duties as Company Directors.

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 2020.

FINANCIAL INSTRUMENTS, CAPITALISED INTEREST AND LONG-TERM INCENTIVE SCHEMES

The information required in respect of financial instruments, as required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, is shown in Note 37. Interest capitalised on the Group property portfolio is shown in Notes 15 and 20. Long-term incentive schemes are explained in the Directors' Remuneration Report on pages 97–114.

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.

REPORT OF THE DIRECTORS
CONTINUED

SUBSTANTIAL SHAREHOLDINGS
As at 22 May 2020, 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.

Fund Manager/Owner	Shares at 22/05/2020	% Holding
Mr Michael Eric Slade	11,233,555	9.36%
Janus Henderson Investors	10,531,753*	8.78%*
Baillie Gifford	8,195,838	6.83%
BlackRock	7,242,885	6.04%
Merian Global Investors	7,184,453	5.99%
Schroder Investment Management	6,583,157	5.49%
M&G Investment Management	5,959,727	4.97%
Dimensional Fund Advisors	5,332,869	4.44%
Aviva Investors	4,605,516	3.84%
Vanguard Group	3,991,022	3.33%
NBIM	3,677,622	3.07%

* As at 1 May 2020.

KEY STAKEHOLDERS
In line with section 172 of the Companies Act 2006, the Directors act to promote the success of the Company for the benefit of its members. However, the Board places a great emphasis on the importance of the views and interests of its other key stakeholders. For details of our stakeholder engagement mechanisms and the consideration given to stakeholder views and interests when decision making, please see pages 88–91.

CULTURE, EMPLOYMENT AND ENVIRONMENTAL MATTERS
The corporate Culture of the Company, articulated through the Company Purpose and Values, is discussed on pages 82–83 of the Governance Review. As part of its leadership responsibilities, the Board continually monitors the Culture of the business and during the reporting period, Sue Clayton was appointed as the Designated Non-Executive Director for Workforce Engagement. For more information on Sue's role in enabling the Board to monitor the Company's Culture and in ensuring that the Culture is reflected in decision making, please see the Stakeholder Engagement and Section 172(1) Companies Act 2006 section, on pages 88–91.

The Board recognises the importance of having a diverse workforce and an inclusive environment in which they can work. Details of the Company's Diversity and Inclusion Policy can be found on page 86.

All employee candidates are considered fairly and without prejudice or discrimination and the Company (please see Employment Policy details on page 86) affords equal opportunities to all its employees, irrespective of sex, race, colour, disability, sexual orientation, religious beliefs or marital status.

Information in respect of the Group's employment and environmental matters as well as greenhouse gas reporting is contained in Sustainability at Helical on pages 68–77.

POST BALANCE SHEET EVENTS
Details of post balance sheet events are set out in Note 34 to the Financial Statements.

GROUP STRUCTURE
Details of the Group's subsidiary undertakings are disclosed in Note 39 to the Financial Statements.

SHARE CAPITAL
Details of the Company's issued share capital are shown in Note 28 to the Financial Statements. The Company's share capital consists of both ordinary shares and deferred shares. Each class of shares rank pari passu between themselves. There are no restrictions on the transfer of shares in the Company other than those specified by law or regulation (for example: insider trading laws) and pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Group require the approval of the Company to deal in the ordinary shares. On a show of hands at a General Meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of the 2020 Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. 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 2019 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 2020 Annual General Meeting, at which a resolution will be proposed to renew this authority.

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

ANNUAL GENERAL MEETING
The Board is closely monitoring the impact of Coronavirus (Covid-19) on the Company. It is the current intention of the Board to hold the Company's Annual General Meeting on 23 July 2020 at 11.30 a.m. at the Company's registered office address: 5 Hanover Square, London W1S 1HQ, but Shareholders should note that the time, date and venue may change due to Covid-19 developments. Should there be any changes (including adjournment of the meeting) the Company will notify Shareholders through announcements made on the London Stock Exchange and published on the Company's website as soon as practicable. The special business at the 2020 AGM will include resolutions dealing with the authority to issue shares, the disapplication of preemption rights, the authority for the Company to purchase its own shares and the authority to call General Meetings on not less than 14 clear days' notice. The Notice of Meeting, containing explanations of all the resolutions to be proposed at that meeting, is enclosed with this Annual Report and can be found on the Group's website at **www.helical.co.uk**

AUDITORS
The Company's Auditor, Deloitte LLP, 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 2020 AGM. The Directors confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board

JAMES MOSS FCA
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Governance Review and 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 are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company Financial Statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company and Group for that period.

In preparing these Financial Statements, International Accounting Standard 1 requires the Directors to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER THE DISCLOSURE AND TRANSPARENCY RULES
Each of the Directors, whose names and roles appear on pages 80–81 confirm that to the best of their knowledge:

- the Group Financial Statements, prepared in accordance with International Financial Reporting Standards 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;
- 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.

DIRECTORS' STATEMENT UNDER THE UK CORPORATE GOVERNANCE CODE
Each of the Directors confirm that to the best of their knowledge the Annual Report and Group Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

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

This Statement of Directors' Responsibilities was approved by the Board of Directors on 4 June 2020 and is signed on its behalf by:

GERALD KAYE
Chief Executive

4 June 2020

TIM MURPHY
Finance Director

4 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELICAL PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the Financial Statements of Helical plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Balance Sheets;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated and Company Cash Flow Statements; and
- the related Notes 1 to 39.

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.

2. BASIS FOR OPINION

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

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

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • Investment property valuation; and • Going concern and covenant compliance. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group Financial Statements was £10,237,000 which was determined on the basis of 1% of total assets.
Scoping	We performed a full scope audit of the Financial Statements of the Parent Company and the Group, including the component audit work on the Barts Square, London EC1 and 33 Charterhouse Street, London EC1 joint ventures.
Significant changes in our approach	There have been changes to our prior year key audit matters with "Revenue recognition - promote fees" no longer being a key audit matter, as a result of the reduced complexity around the promote fee recognition at 31 March 2020. Furthermore, as a result of the ongoing Covid-19 pandemic, "Going concern and covenant compliance" is included as a key audit matter for the year ended 31 March 2020.

4. CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT

4.1. GOING CONCERN

We have reviewed the Directors' statement in Note 1 to the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the Financial Statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of the Covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the Financial Statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the Financial Statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. PRINCIPAL RISKS AND VIABILITY STATEMENT

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 62–67 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the Directors' confirmation on page 64 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 64 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the Directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELICAL PLC
CONTINUED

5. KEY AUDIT MATTERS

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

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

"Revenue recognition – promote fees" has not been presented as a key audit matter for the current year as a result of the reduced complexity associated with the revenue recognition at 31 March 2020. This reflects the One Creechurch Place, London EC3 disposal and final One Bartholomew, London EC1 settlement in the year, whilst the 33 Charterhouse Street, London EC1 development is at too early a stage to recognise promote fee revenue.

"Going concern and covenant compliance" is a newly identified key audit matter in the year, as a result of the ongoing Covid-19 pandemic. Whilst we do not consider this to be a significant audit risk, this inclusion is reflective of the level of audit effort undertaken on the matter.

5.1. INVESTMENT PROPERTY VALUATION

Key audit matter description	At 31 March 2020, the Group held wholly owned investment property valued at £819.6m (31 March 2019: £778.8m). Investment properties are held at fair value on the Group Balance Sheet. During the year, a net valuation gain of £38.4m (31 March 2019: £44.3m) was recorded (excluding acquisitions and disposals). Investment property valuation represents the most significant area of estimation and judgement within the Group Financial Statements, which is why we consider this to be a significant risk of material misstatement as well as a potential fraud risk. The fair values are calculated by third party valuation experts using factual information, such as lease agreements and tenancy data, and their professional judgement concerning market conditions and factors impacting individual properties. The key estimates associated with this balance which can lead to significant valuation movements relate to property yields, estimated rental values and the level of expenditure required to maintain a property. Covid-19 further increased judgement in relation to assumptions around: • occupier demand and solvency; • asset liquidity; • the relative impact on flexible office space; and • the assumptions around development progress on site and timelines to completion and letting. As detailed in Note 15, the valuer has included a "material valuation uncertainty" in their valuation report. This is on the basis that market activity is being impacted in many sectors by the Covid-19 pandemic such that as at the valuation date they consider that they can attach less weight to previous market evidence for comparison purposes to inform opinions of value, and that a higher degree of caution should be attached to their valuation. See also key sources of estimation uncertainty in Note 38, the investment properties in Note 15 of the Financial Statements and the Audit and Risk Committee report on page 94.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls in the investment property valuation process, including management's review of the lease information provided to third party valuers and approval of third party valuations by the Chairman of the Property Valuations Committee. Management's process for challenging the appropriateness of property valuations has been assessed. We held virtual meetings with the third party valuers appointed by management to value the property portfolio. With the assistance of our internal real estate valuation specialists we challenged the significant judgements and assumptions applied in their valuation model, including where relevant, the impact of Covid-19 on the sector and asset and the valuation adjustments reflected as a result. We further verified the movements in the key judgements and benchmarked the inputs against market data. We considered the changes made to key valuation input assumptions at a macro-level in light of the potential impact of the Covid-19 pandemic on the properties held by the Group and benchmarked these against changes being made in the wider market and against relevant market evidence including specific property sales and other external data. We assessed the state of local markets from publicly available market commentaries. We analysed the individual property valuations to understand significant movements against prior year and comparative market evidence considered by the valuers. We tested the integrity of data and information pertaining to rental income, purchaser's costs and occupancy provided by management to external valuers and utilised in the valuation. We have assessed the competence and objectivity of the external valuers. We have assessed management's assessment and disclosure of the impact of Brexit and Covid-19 on the fair value of the Group's investment property portfolio in respect of occupier demand and solvency, asset liquidity and the performance of assets in different property sectors. We also reviewed the relevant disclosures around key sources of estimation uncertainty in Note 15.
Key observations	While we Note the increased estimation uncertainty in relation to the property valuation as a result of Covid-19, and as disclosed in Note 15, we considered the assumptions applied in arriving at the fair value of the Group's property portfolio to be appropriate.

5.2 GOING CONCERN AND COVENANT COMPLIANCE

Key audit matter description	As at 31 March 2020, external long-term borrowings had a carrying value of £343.18 million (31 March 2019: £324.81 million), representing the drawn amounts from a £80.75 million loan with Aviva, a £50.4 million loan with Wells Fargo Bank and a £400 million revolving credit facility, which mature in December 2024, August 2023 and July 2024 respectively. The Group has £182.34 million of undrawn facility, together with cash of £74.59 million (31 March 2019: £197.57 million). We identified a key audit matter relating to the ability of the Group to meet the external loan covenant requirements during the year and for a period of one year from the date of this auditor's report. The Group's banking covenants are linked to the borrowing to property valuation ratio, the rental income to borrowing ratio and the interest cover achieved through rental income. While there is headroom in these ratios throughout the forecast period, a downward movement in property valuations as a result of the Covid-19 pandemic, where the valuation impacts may be greater and quicker than experienced in recent years, could impact on the available headroom. The Group expects there to be a reduction in rental income throughout the forecast period as a result of trading restrictions due to the Covid-19 pandemic and has reflected its forecasts to reflect as such. The impact of this potential reduction in rental income could impact the ability of the Group to meet its interest cover calculations and covenants. As at the date of this report, the global outlook as a result of Covid-19 is significantly uncertain and the range of potential outcomes is wide-ranging and unknown. In particular, should the impacts of the pandemic on tenants be more prolonged or severe than currently forecast by the Directors, the Group's going concern status would be dependent on its ability to seek covenant waivers. Management's consideration of the going concern basis of preparation is set out in the going concern statement on page 115 and Note 1. Management has adopted the going concern basis of accounting for the Group and Parent Company; they have concluded that there are no material uncertainties that may cast significant doubt over the Group's and Parent Company's ability to adopt this basis for a period of at least 12 months from the date when the Financial Statements are authorised for issue. The Audit and Risk Committee discussion of this key matter is set out on page 94-96.
How the scope of our audit responded to the key audit matter	We challenged the judgements and assumptions applied by management in their going concern assessment and associated forecasts of financial performance and financial position, considering the reasonableness of assumptions regarding uncertain cash inflows and the timing and quantum of cash outflows. We also tested the mechanical accuracy of the model utilised. We assessed the appropriateness of management's sensitivities in their worst case scenario cash flow forecast, taking into consideration assumptions associated with rental collection levels impacted by the ongoing Covid-19 pandemic. We challenged management's tenant risk assessment undertaken for the most significant clients and the appropriateness of reflecting those forecast cash flows within the covenants, utilising our own research to assess the appropriateness of these assumptions. We reviewed the key loan documentation to understand the principal terms, including financial covenants, and performed a review of the Group's existing and forecast compliance with debt covenants. We tested the mechanical accuracy of management's covenant calculations, including the consistency with the contractual definitions. We assessed the appropriateness of the headroom available on covenants and compared management's projections with market information available associated with future income and property asset values. We reviewed the disclosures in the Financial Statements around going concern and the clarity of the process undertaken by management in concluding on the appropriateness of the assessment.
Key observations	We concur with management's conclusion to prepare the Group and Parent Company Financial Statements on a going concern basis and we consider the associated disclosures to be appropriate.

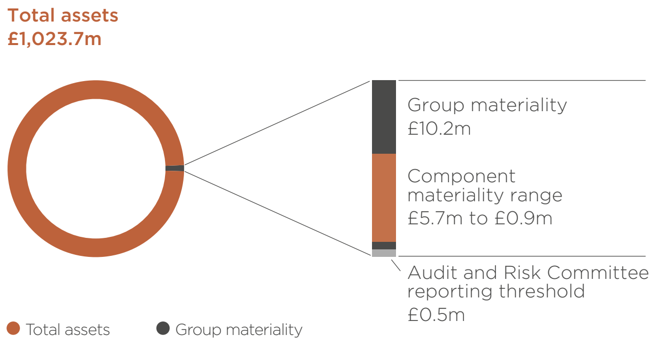
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELICAL PLC
CONTINUED

6. OUR APPLICATION OF MATERIALITY
6.1. MATERIALITY
We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Materiality	£10,237,000 (2019: £10,650,000) £2,113,000 (2019: £2,484,000) for balances affecting the Income Statement excluding valuation gains and tax	£5,713,000 (2019: £6,243,000)
Basis for determining materiality	1% of total assets. The lower materiality used for balances impacting the Income Statement, excluding valuation gains and tax, was determined using 5% of profit before tax.	1% of total assets.
Rationale for the benchmark applied	Total assets is the most appropriate benchmark because it appropriately reflects the valuation of investment property which is of key interest to the users of the Financial Statements. Profit before tax ("PBT") is deemed an appropriate benchmark for items impacting the Income Statement as these are more sensitive to the users of the Financial Statements.	Total assets is the most appropriate benchmark as this Company is a holding company.

TOTAL SHAREHOLDER RETURN



6.2. PERFORMANCE MATERIALITY
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we assessed the immaterial prior period errors found in the current and prior year audit, as well as:

a. the quality of the Group's control environment; and

b. the absence of material changes in the business.

6.3. ERROR REPORTING THRESHOLD
We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £511,000 (2019: £532,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT
7.1. IDENTIFICATION AND SCOPING OF COMPONENTS
We performed a full scope audit of the Financial Statements of the Parent Company and Group, which includes the audits of joint ventures which are treated as components.

A Group materiality is adopted for all subsidiary entities within the Group, unless a subsidiary is partially owned by a third party. There are three Group components that are subject to audit. The materiality range for the joint ventures is £5.7m to £0.9m. Audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.

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

8. OTHER INFORMATION
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit and Risk Committee reporting – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. RESPONSIBILITIES OF DIRECTORS
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations, are set out below.

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD
We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO IRREGULARITIES
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, valuations and industry specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in investment property valuation. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Bribery Act, The Criminal Finances Act 2017, Landlord and Tenant Act 1985, GDPR, Modern Slavery Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's Health and Safety Regulations and Equal Opportunities, Environmental Laws, Disability Rights, Building regulations, construction safety and planning restrictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELICAL PLC
CONTINUED

11.2. AUDIT RESPONSE TO RISKS IDENTIFIED
As a result of performing the above, we identified Investment property valuation as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
13.1. ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. DIRECTORS' REMUNERATION
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. OTHER MATTERS
14.1. AUDITOR TENURE
Following the recommendation of the Audit and Risk Committee, we were appointed by Helical plc on 12 June 2018 to audit the Financial Statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the years ending 31 March 2019 to 31 March 2020.

14.2. CONSISTENCY OF THE AUDIT REPORT WITH THE ADDITIONAL REPORT TO THE AUDIT AND RISK COMMITTEE
Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

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

GEORGINA ROBB, FCA (SENIOR STATUTORY AUDITOR)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

4 June 2020

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2020

	Notes	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Revenue	3	44,361	44,175
Net rental income	4	27,838	24,599
Development property profit/(loss)	5	3,274	(1,781)
Share of results of joint ventures	19	13,396	(3,217)
Other operating income		88	–
Gross profit before net gain on sale and revaluation of investment properties		44,596	19,601
(Loss)/gain on sale of investment properties	6	(1,272)	15,008
Revaluation of investment properties	15	38,351	44,284
Fair value movement of available-for-sale assets	21	–	144
Gross profit		81,675	79,037
Administrative expenses	7	(16,715)	(16,753)
Operating profit		64,960	62,284
Finance costs	9	(16,100)	(17,407)
Finance income	9	1,345	983
Change in fair value of derivative financial instruments	37	(7,651)	(3,322)
Change in fair value of Convertible Bond		468	865
Foreign exchange gain		8	53
Profit before tax		43,030	43,456
Tax on profit on ordinary activities	10	(4,313)	(836)
Profit for the year		38,717	42,620
Earnings per share	14		
Basic		32.3p	35.8p
Diluted		31.7p	35.3p

All the activities of the Group are from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Profit for the year	38,717	42,620
Exchange difference on retranslation of net investments in foreign operations	68	(51)
Total comprehensive income for the year	38,785	42,569

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 2020

	Notes	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Non-current assets					
Investment properties	15	819,573	778,752	–	–
Owner occupied property, plant and equipment	17	6,007	1,747	6,007	1,747
Investment in subsidiaries	18	–	–	208,272	157,621
Investment in joint ventures	19	80,818	24,676	–	–
Derivative financial instruments	37	86	915	–	270
		906,484	806,090	214,279	159,638
Current assets					
Land and developments	20	852	2,311	–	–
Corporation tax receivable		1,417	–	–	–
Trade and other receivables	22	40,382	58,726	300,315	299,814
Cash and cash equivalents	23	74,586	197,570	56,918	164,885
		117,237	258,607	357,233	464,699
Total assets		1,023,721	1,064,697	571,512	624,337
Current liabilities					
Trade and other payables	24	(45,771)	(43,159)	(180,994)	(190,723)
Lease liability	25	(611)	–	(611)	–
Corporation tax payable		–	(2,561)	–	–
Borrowings	26	(5,000)	(100,468)	(5,000)	(98,767)
		(51,382)	(146,188)	(186,605)	(289,490)
Non-current liabilities					
Borrowings	26	(343,184)	(324,814)	–	–
Derivative financial instruments	37	(10,455)	(4,158)	–	–
Lease liability	25	(7,563)	(2,189)	(5,374)	–
Trade and other payables	24	(590)	(11,405)	–	–
Deferred tax liability	11	(11,858)	(8,518)	(219)	(159)
		(373,650)	(351,084)	(5,593)	(159)
Total liabilities		(425,032)	(497,272)	(192,198)	(289,649)
Net assets		598,689	567,425	379,314	334,688
Equity					
Called-up share capital	28	1,465	1,459	1,465	1,459
Share premium account		103,522	101,304	103,522	101,304
Revaluation reserve		171,464	131,050	–	–
Capital redemption reserve		7,478	7,478	7,478	7,478
Other reserves		291	291	1,987	1,987
Retained earnings		314,469	325,843	264,862	222,460
Total equity		598,689	567,425	379,314	334,688

The profit in the year for the Company was £55,169,000 (2019: £159,405,000).

The Financial Statements were approved by the Board and authorised for issue on 4 June 2020.

TIM MURPHY
Finance Director

Company number 156663

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
For the year ended 31 March 2020

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Cash flows from operating activities				
Profit before tax	43,030	43,456	55,531	160,524
Depreciation	807	296	807	296
Revaluation surplus on investment properties	(38,351)	(44,284)	–	–
Loss/(gain) on sales of investment properties	1,272	(15,008)	–	–
Profit on sale of subsidiaries	–	–	–	(14,435)
Profit on sale of plant and equipment	(11)	(52)	(11)	(52)
Net financing costs	14,755	16,424	1,317	4,695
Change in fair value of derivative financial instruments	7,651	3,322	–	–
Change in fair value of Convertible Bond	(468)	(865)	270	(2,674)
Share based payment charge	2,814	2,274	–	–
Share settled bonus	1,485	–	–	–
Share of results of joint ventures	(13,396)	3,217	–	–
Fair value movement of available-for-sale assets	–	(144)	–	–
Impairment of investments	–	–	3,296	5,459
Dividends received from subsidiaries	–	–	(62,140)	(157,591)
Foreign exchange movement	67	(52)	–	–
Cash inflows/(outflows) from operations before changes in working capital	19,655	8,584	(930)	(3,778)
Change in trade and other receivables	12,499	40,561	(3,563)	58,560
Change in land and developments	1,459	3,731	–	–
Change in trade and other payables	(3,890)	(3,176)	(11,141)	63,546
Cash inflows/(outflows) generated from operations	29,723	49,700	(15,634)	118,328
Finance costs	(19,630)	(25,358)	(1,773)	(2,719)
Finance income	6,717	461	358	438
Tax paid	(4,467)	(2,200)	(4,382)	(2,200)
	(17,380)	(27,097)	(5,797)	(4,481)
Cash flows from operating activities	12,343	22,603	(21,431)	113,847
Cash flows from investing activities				
Additions to investment property	(44,159)	(79,742)	–	–
Net sale of investment property	40,260	164,058	–	–
Investment in joint ventures and subsidiaries	(50,749)	–	(29,560)	(3,249)
Return on investment in joint venture	1,334	–	–	–
Dividends from joint ventures	6,670	416	48,598	–
Receipts in respect of available-for-sale assets	–	144	–	–
Sale of plant and equipment	27	155	27	149
Purchase of owner occupied property, plant and equipment	(18)	(320)	(18)	(320)
Net cash (used by)/generated from investing activities	(46,635)	84,711	19,047	(3,420)
Cash flows from financing activities				
Borrowings drawn down	254,038	64,089	5,000	–
Borrowings repaid	(329,929)	(54,306)	(100,000)	–
Lease liability payments	(588)	–	(588)	–
Shares issued	6	8	2,224	2,514
Equity dividends paid	(12,219)	(11,406)	(12,219)	(11,406)
Net cash used by financing activities	(88,692)	(1,615)	(105,583)	(8,892)
Net (decrease)/increase in cash and cash equivalents	(122,984)	105,699	(107,967)	101,535
Cash and cash equivalents at start of year	197,570	91,871	164,885	63,350
Cash and cash equivalents at end of year	74,586	197,570	56,918	164,885

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

At 31 March 2020

Group	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 31 March 2018	1,451	98,798	162,753	7,478	291	263,123	533,894
Total comprehensive income	–	–	–	–	–	42,569	42,569
Revaluation surplus	–	–	44,284	–	–	(44,284)	–
Realised on disposals	–	–	(75,987)	–	–	75,987	–
Issued share capital	8	2,506	–	–	–	–	2,514
Performance Share Plan	–	–	–	–	–	2,274	2,274
Performance Share Plan – deferred tax	–	–	–	–	–	94	94
Share settled Performance Share Plan	–	–	–	–	–	(1,837)	(1,837)
Share settled bonus	–	–	–	–	–	(677)	(677)
Dividends paid	–	–	–	–	–	(11,406)	(11,406)
At 31 March 2019	1,459	101,304	131,050	7,478	291	325,843	567,425
Balances at 1 April 2019, as previously reported	1,459	101,304	131,050	7,478	291	325,843	567,425
Impact of transition to IFRS 16	–	–	–	–	–	(548)	(548)
Adjusted balances at 1 April 2019	1,459	101,304	131,050	7,478	291	325,295	566,877
Total comprehensive income	–	–	–	–	–	38,785	38,785
Revaluation surplus	–	–	38,351	–	–	(38,351)	–
Realised on disposals	–	–	2,063	–	–	(2,063)	–
Issued share capital	6	2,218	–	–	–	–	2,224
Performance Share Plan	–	–	–	–	–	2,814	2,814
Performance Share Plan – deferred tax	–	–	–	–	–	483	483
Share settled Performance Share Plan	–	–	–	–	–	(1,349)	(1,349)
Share settled bonus	–	–	–	–	–	1,074	1,074
Dividends paid	–	–	–	–	–	(12,219)	(12,219)
At 31 March 2020	1,465	103,522	171,464	7,478	291	314,469	598,689

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

The adjustment against retained earnings of £2,814,000 (2019: £2,274,000) adds back the share-based payments charge in accordance with IFRS 2 *Share Based Payments*.

There were net transactions with owners of £6,973,000 (2019: £9,038,000) made up of the Performance Share Plan credit of £2,814,000 (2019: £2,274,000) and related deferred tax credit of £483,000 (2019: £94,000), dividends paid of £12,219,000 (2019: £11,406,000), issued share capital of £6,000 (2019: £8,000) and corresponding share premium of £2,218,000 (2019: £2,506,000), share settled Performance Share Plan awards charge of £1,349,000 (2019: £1,837,000) and the share settled bonus credit of £1,074,000 (2019: charge £677,000).

Company	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 31 March 2018	1,451	98,798	7,478	1,987	74,461	184,175
Total comprehensive income	–	–	–	–	159,405	159,405
Issued share capital	8	2,506	–	–	–	2,514
Dividends paid	–	–	–	–	(11,406)	(11,406)
At 31 March 2019	1,459	101,304	7,478	1,987	222,460	334,688
Balances at 1 April 2019, as previously reported	1,459	101,304	7,478	1,987	222,460	334,688
Impact of transition to IFRS 16	–	–	–	–	(548)	(548)
Adjusted balances at 1 April 2019	1,459	101,304	7,478	1,987	221,912	334,140
Total comprehensive income	–	–	–	–	55,169	55,169
Issued share capital	6	2,218	–	–	–	2,224
Dividends paid	–	–	–	–	(12,219)	(12,219)
At 31 March 2020	1,465	103,522	7,478	1,987	264,862	379,314

Total comprehensive income is made up of the profit after tax of £55,169,000 (2019: £159,405,000).

Included within changes in equity are net transactions with owners of £9,995,000 (2019: £8,892,000) being dividends paid of £12,219,000 (2019: £11,406,000) and issued share capital of £2,224,000 (2019: £2,514,000).

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Helical plc (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The address of the Company's registered office is shown on page 172. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 77.

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 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, Convertible Bonds and derivative financial instruments. The measurement bases and principal accounting policies of the Group are set out in Note 38. These accounting policies are consistent with those applied in the year to 31 March 2019, as amended to reflect any new standards. Amendments to standards and interpretations which are mandatory for the year ended 31 March 2020 are detailed below:

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

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

ADOPTION OF IFRS 16 LEASES

The Group has adopted IFRS 16 Leases, effective from 1 April 2019. This standard introduces significant changes for lessees by removing the distinction between operating and finance leases, requiring the recognition of a 'Right of Use Asset' and a 'Lease Liability' on the Balance Sheet. This applies to the Group and Company's lease of its head office premises, which was previously an operating lease under IAS 17 *Leases*, and the headlease payments due under the long leasehold investment properties. The accounting for rental income earned by the Group as a lessor remains unchanged.

REVISED ACCOUNTING POLICY

The Group assesses whether a contract contains a lease on entering into the contract. IFRS 16 expressly excludes short leases (under 12 months) and leases of low value. Where the Group has these leases, lease payments are recognised as operating expenses on a straight-line basis over the lease term.

IFRS 16 requires that a Lease Liability and corresponding Right of Use Asset are recognised on the Balance Sheet.

The Lease Liability is initially measured at the present value of future lease payments discounted at the rate implicit in the lease or, if this is not readily available, the Group's incremental borrowing rate. The Lease Liability is subsequently increased by the interest charge and decreased by lease payments made. The Lease Liability is adjusted for changes in the lease term or payments and contract modifications as they arise.

The Right of Use Asset initially comprises the corresponding Lease Liability, lease payments made at or before the commencement date and any direct costs. Where the Group has an obligation to restore the premises at the end of the lease term, a provision is made under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the costs are added to the Right of Use Asset. It is subsequently measured at cost less accumulated depreciation and impairment losses.

APPROACH TO TRANSITION

The Group has applied IFRS 16 using the modified retrospective approach and therefore the results for the year to 31 March 2019 have not been restated. The Lease Liability is calculated at transition using the incremental borrowing rate at that date of 3.79%, being the weighted average cost of general debt at 31 March 2019. The Right of Use Asset is measured applying IFRS 16.C8(b)(i) where the Standard is assumed to apply from the commencement of the lease but discounted at the incremental borrowing rate at 31 March 2019. The resulting cumulative charge to 31 March 2019 is recognised as an adjustment to retained earnings on transition of £548,000. No practical expedients have been applied on transition.

ADDITIONAL CHANGES FROM PREVIOUS LESSEE ACCOUNTING

In addition to the new requirement for leases previously considered operating leases to be reflected as a Right of Use Asset and a Lease Liability on the balance sheet, the following changes apply:

- lease incentives are to be recognised as part of the initial measurement on the balance sheet where they were previously a lease incentive liability, amortised on a straight-line basis;
- Right of Use Assets are to be tested for impairment under IAS 36 *Impairment of Assets*, replacing the onerous lease provisions under IAS 17;
- the rental expense in Administrative Expenses is replaced by depreciation of the Right of Use Asset and interest on the Lease Liability; and
- the cash payments are to be recognised within financing activities (principal payment) and interest paid (interest payment) in the Consolidated and Company Cash Flow Statements, where all lease payments were previously shown as operating cash outflows.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. BASIS OF PREPARATION CONTINUED

The following table sets out the adjustments made on transition to IFRS 16:

	Under IAS 17 31 March 2019 £000	Impact of IFRS 16 £000	Under IFRS 16 1 April 2019 £000
Non-current assets			
Owner occupied property, plant and equipment	–	5,064	5,064
Current assets			
Trade and other receivables	189	(189)	–
Total assets	189	4,875	5,064
Current liabilities			
Trade and other payables	(1,150)	1,150	–
Non-current liabilities			
Lease liability	–	(6,573)	(6,573)
Total liabilities	(1,150)	(5,423)	(6,573)
Retained earnings	325,843	(548)	325,295
Net assets	567,425	(548)	566,877

The difference between the operating lease commitments of £7,773,000 disclosed at 31 March 2019 and the Lease Liability of £6,573,000 at 1 April 2019 is due to discounting.

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 17 *Insurance Contracts* (effective for periods beginning on or after 1 January 2021);
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or joint venture (effective date yet to be set);
- Amendment to IFRS 3 Definition of a business (effective for periods beginning on or after 1 January 2020);
- Amendments to IAS 1 and IAS 8 Definition of material (effective for periods beginning on or after 1 January 2020); and
- Amendments to references to the Conceptual Framework in IFRS standards (effective for periods beginning on or after 1 January 2020).

The Board do not expect that the adoption of the standards listed above will have a material impact on the Financial Statements of the Group.

GOING CONCERN

The Directors have considered the appropriateness of adopting a going concern basis in preparing the Financial Statements. Their assessment is based on forecasts for the next 12-month period, with the potential impact of Covid-19 being an area of focus and including severe but plausible downside scenarios on the principal risks and uncertainties.

The key assumptions used in the review are summarised below:

- The Group's rental income receipts were modelled for each tenant on an individual basis;
- Existing loan facilities remain available, but no new financing is arranged; and
- Free cash is utilised to repay debt/cure bank facility covenants.

The results of this review demonstrated the following:

- The Group has £279m of cash and undrawn bank facilities, including in joint ventures, at 31 March 2020 and there is no debt repayable within the forecast period;
- The Group could withstand receiving no rental income during the going concern period (excluding the impact on income covenants);
- The forecasts show that all bank facility financial covenants will be met throughout the review period, with headroom to withstand a 30% fall in rental income;
- Whilst the Group has a WAULT of 7.1 years, in a downside scenario whereby all tenants, with lease expiries or break options in the going concern period, exercise their breaks or do not renew at the end of their lease, and with no vacant space let or re-let, the rental income covenants would be met throughout the review period;
- Based on the forecasts for the next quarter, June 2020, rental income could fall by 36% before income covenants would come under pressure;
- Property values could fall by 49% before loan to value covenants come under pressure; and
- Asset sales could be utilised to generate additional cash to repay debt, materially increasing covenant headroom.

Based on this analysis, the Directors have adopted a going concern basis in preparing the accounts for the year ended 31 March 2020.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Development property income	3,849	7,963
Service charge income	8,790	8,058
Other income	91	–
Total revenue from contracts with customers	12,730	16,021

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

No impairment of contract assets was recognised in the year to 31 March 2020 (2019: £nil).

3. SEGMENTAL INFORMATION

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

- investment properties, which are owned or leased by the Group for long-term income and for capital appreciation; and
- development properties, which include sites, developments in the course of construction, completed developments available for sale, and pre-sold developments.

Revenue	Investment Year ended 31.03.20 £000	Developments Year ended 31.03.20 £000	Total Year ended 31.03.20 £000	Investment Year ended 31.03.19 £000	Developments Year ended 31.03.19 £000	Total Year ended 31.03.19 £000
Rental income	31,631	–	31,631	28,154	–	28,154
Development property income	–	3,849	3,849	–	7,963	7,963
Service charge income	8,790	–	8,790	8,058	–	8,058
Other revenue	91	–	91	–	–	–
Revenue	40,512	3,849	44,361	36,212	7,963	44,175

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 other income £91,000 (2019: £nil), revenue from services of £3,849,000 (2019: £7,963,000), service charge income of £8,790,000 (2019: £8,058,000) and rental income of £31,631,000 (2019: £28,154,000).

Profit before tax	Investment Year ended 31.03.20 £000	Developments Year ended 31.03.20 £000	Total Year ended 31.03.20 £000	Investment Year ended 31.03.19 £000	Developments Year ended 31.03.19 £000	Total Year ended 31.03.19 £000
Net rental income	27,838	–	27,838	24,599	–	24,599
Development property profit/(loss)	–	3,274	3,274	–	(1,781)	(1,781)
Share of results of joint ventures	11,880	1,516	13,396	5,203	(8,420)	(3,217)
Gain on sale and revaluation of investment properties	37,079	–	37,079	59,292	–	59,292
Segmental profit/(loss)	76,797	4,790	81,587	89,094	(10,201)	78,893
Fair value movement of available-for-sale assets			–			144
Other operating income			88			–
Gross profit			81,675			79,037
Administrative expenses			(16,715)			(16,753)
Finance costs			(16,100)			(17,407)
Finance income			1,345			983
Change in fair value of derivative financial instruments			(7,651)			(3,322)
Change in fair value of Convertible Bond			468			865
Foreign exchange gain			8			53
Profit before tax			43,030			43,456

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

3. SEGMENTAL INFORMATION CONTINUED

Net assets	Investment 31.03.20 £000	Developments 31.03.20 £000	Total 31.03.20 £000	Investment 31.03.19 £000	Developments 31.03.19 £000	Total 31.03.19 £000
Investment properties	819,573	–	819,573	778,752	–	778,752
Land and developments	–	852	852	–	2,311	2,311
Investment in joint ventures	73,643	7,175	80,818	17,556	7,120	24,676
	893,216	8,027	901,243	796,308	9,431	805,739
Owner occupied property, plant and equipment			6,007			1,747
Derivative financial instruments			86			915
Trade and other receivables			40,382			58,726
Corporation tax receivable			1,417			–
Cash and cash equivalents			74,586			197,570
Total assets			1,023,721			1,064,697
Liabilities			(425,032)			(497,272)
Net assets			598,689			567,425

All non-current assets are derived from the Group's UK operations.

4. NET RENTAL INCOME

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Gross rental income	31,631	28,154
Rents payable	(178)	(285)
Property overheads	(3,615)	(3,410)
Net rental income	27,838	24,459
Net rental costs attributable to profit share partner	–	140
Net rental income	27,838	24,599

Property overheads include lettings costs, vacancy costs and bad debt provisions. The amounts above include gross rental income from investment properties of £31,631,000 (2019: £28,154,000) and net rental income from investment properties of £27,838,000 (2019: £24,599,000).

5. DEVELOPMENT PROPERTY PROFIT/(LOSS)

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Development property income	2,754	7,963
Cost of sales	(649)	(5,399)
Sales expenses	(29)	–
Reversal of provision/(provision)	1,198	(4,345)
Development property profit/(loss)	3,274	(1,781)

6. (LOSS)/GAIN ON SALE OF INVESTMENT PROPERTIES

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Net proceeds from the sale of investment properties	40,260	164,058
Book value (Note 15)	(41,481)	(147,550)
Tenants' incentives on sold investment properties	(51)	(1,500)
(Loss)/gain on sale of investment properties	(1,272)	15,008

7. ADMINISTRATIVE EXPENSES

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Administrative expenses	16,715	16,753
Operating profit is stated after the following items that are contained within administrative expenses:		
Depreciation – Owner occupied property, plant and equipment	807	296
Share-based payments charge	2,814	2,274
Staff costs	9,075	9,289
Auditor's remuneration:		
Audit fees		
Payable to the Company's auditor for the audit of Parent Company and consolidated Financial Statements	174	171
Payable to the Company's auditor for the audit of Company's subsidiaries	89	99
Audit related assurance services	56	54
Other non-audit services	9	9
Operating lease costs	221	1,214

8. STAFF COSTS

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Staff costs during the year:		
Wages and salaries	7,211	7,654
Social security costs	1,586	1,379
Other pension costs	278	256
	9,075	9,289

Details of the remuneration of Directors amounting to £6,513,000 are included in the Directors' Remuneration Report on pages 97 to 114. The amount of the share-based payments charge relating to share awards made to Directors is £2,066,000 (2019: £1,687,000). Included within wages and salaries are Directors' bonuses of £1,460,000 (2019: £1,639,000) as discussed in the Directors' Remuneration Report on pages 97 to 114.

Other pension costs relate to payments to individual pension plans.

The average monthly number of employees of the Group during the year was 29 (2019: 29), all of whom are UK head office staff. There were an average of five (2019: five) management, seven (2019: seven) Property Executives and 17 (2019: 17) administrative staff.

Of the staff costs of £9,075,000 (2019: £9,289,000), £9,075,000 is included within administrative expenses (2019: £9,289,000) and £nil is included within development costs (2019: £nil).

Within administrative costs is the share-based payment charge for the year of £2,814,000 (2019: £2,274,000) which is not included in the staff costs above.

9. FINANCE COSTS AND FINANCE INCOME

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Interest payable on bank loans, bonds and overdrafts	(12,147)	(16,414)
Other interest payable and similar charges	(5,698)	(4,208)
Interest capitalised	1,745	3,215
Finance costs	(16,100)	(17,407)
Interest receivable and similar income	1,345	983
Finance income	1,345	983

On projects where specific third party loans have been arranged, interest has been capitalised in accordance with IAS 23 *Borrowing Costs*, at the rate for the individual loan. The weighted average capitalised interest rate of such loans was 4.06% (2019: 4.35%). 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 2.77% (2019: 3.79%).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
The tax charge is based on the profit for the year and represents:		
United Kingdom corporation tax at 19% (2019: 19%)		
Group corporation tax	(470)	(8,813)
Adjustment in respect of prior years	(19)	315
Use of tax losses	–	(509)
Current tax charge	(489)	(9,007)
Deferred tax		
Capital allowances	(879)	(1,003)
Tax losses	(201)	(677)
Unrealised chargeable gains	(4,691)	10,647
Other temporary differences	1,947	(796)
Deferred tax (charge)/credit	(3,824)	8,171
Total tax charge for the year	(4,313)	(836)

FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR
The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK.

The differences are explained below:

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Profit on ordinary activities before tax	43,030	43,456
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(8,176)	(8,257)
Effect of:		
Net expenses not deductible for tax purposes	(404)	(542)
Adjustment to capital allowances – disposals	293	623
Tax movements on share awards	279	48
Movement on tax losses not previously recognised in deferred tax	–	205
Operating profit/(loss) of joint ventures	2,545	(737)
Current tax charge adjustment in respect of prior periods	(19)	315
Movement on sale and revaluation not recognised through deferred tax[1]	4,053	8,073
Chargeable gain less than/(in excess of) profit or loss on investment property	266	(775)
Deferred tax adjustment in respect of prior periods	(305)	(791)
Gain on settlement of Convertible Bond	(1,556)	–
Change of rate of corporation tax	(1,289)	1,002
Total tax charge for the year	(4,313)	(836)

1 This includes adjustments relating to the initial recognition of deferred tax on unrealised gains and losses in respect of investment properties held by non-resident landlords arising from the introduction of the NRCGT legislation.

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.

11. DEFERRED TAX
Deferred tax provided for in the Financial Statements is set out below:

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Capital allowances	(4,142)	(3,263)	(219)	(159)
Tax losses	1,818	2,019	–	–
Unrealised chargeable gains	(13,850)	(9,159)	–	–
Other temporary differences	4,316	1,885	–	–
Deferred tax liability	(11,858)	(8,518)	(219)	(159)

Note: The previously substantively enacted proposed reduction in the corporation tax rate to 17%, which was due to take effect from 1 April 2020, was cancelled in Budget 2020 with the rate remaining at 19%. As a consequence, deferred tax items previously recognised at 17% are now recognised at 19%.

Under IAS 12 *Income Taxes*, deferred tax provisions are made for the tax that would potentially be payable on the realisation of investment properties and other assets at book value. Other temporary differences include deferred tax assets arising from the recognition of the fair value of derivative financial instruments and future tax relief available to the Group from capital allowances and when share awards vest. A credit of £483,000 (2019: £94,000) in respect of future tax relief for share awards has been recognised in reserves in accordance with IAS 12 *Income Taxes*. Together with the charge through the Consolidated Income Statement, this movement explains the change in the deferred tax liability for the year.

The Group contains entities with tax losses for which no deferred tax asset is recognised. The total unrecognised losses amount to approximately £6,457,000 (31 March 2019: £6,430,000). 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 £4,142,000 (31 March 2019: £3,263,000) would be released and further capital allowances of £87,274,000 (31 March 2019: £65,906,000) would be available to reduce future tax liabilities.

12. DIVIDENDS PAID AND PAYABLE

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Attributable to equity share capital		
Ordinary		
Interim paid 2.70p per share (2019: 2.60p)	3,239	3,103
Prior year final paid 7.50p per share (2018: 7.00p)	8,980	8,303
	12,219	11,406

A final dividend of 6.00p, if approved at the AGM on 23 July 2020, will be paid on 27 July 2020 to Shareholders on the register on 26 June 2020. This final dividend, amounting to £7,199,000, has not been included as a liability as at 31 March 2020, in accordance with IFRS.

13. PARENT COMPANY
The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Income Statement in the Financial Statements. The profit for the year of the Company was £55,169,000 (2019: £159,405,000).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. EARNINGS PER SHARE
The calculation of the basic earnings per share is based on the earnings attributable to ordinary Shareholders divided by the weighted average number of shares in issue during the year. This is a different basis to the net asset per share calculations which are based on the number of shares at the year end.

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

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

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

	Year ended 31.3.20 000	Year ended 31.3.19 000
Ordinary shares in issue	119,978	119,363
Weighting adjustment	(133)	(307)
Weighted average ordinary shares in issue for calculation of basic and EPRA earnings per share	119,845	119,056
Weighted average ordinary shares issued on share settled bonuses	973	862
Weighted average ordinary shares to be issued under Performance Share Plan	1,385	778
Weighted average ordinary shares in issue for calculation of diluted earnings per share	122,203	120,696

	£000	£000
Earnings used for calculation of basic and diluted earnings per share	38,717	42,620

Basic earnings per share	32.3p	35.8p
Diluted earnings per share	31.7p	35.3p

		£000	£000
Earnings used for calculation of basic and diluted earnings per share		38,717	42,620
Net gain on sale and revaluation of investment properties	– subsidiaries	(37,079)	(59,292)
	– joint ventures	(8,451)	(1,288)
Tax on profit on disposal of investment properties		599	14,130
Tax on gain on settlement of derivative component of Convertible Bond		1,555	–
Gain on movement in share of joint ventures		(275)	–
Fair value movement on derivative financial instruments	– subsidiaries	7,651	3,322
	– joint ventures	39	35
Fair value movement on derivative financial instruments		(468)	(865)
Profit on cancellation of derivative financial instruments		(233)	(72)
Expense on cancellation of loans		2,939	1,458
Fair value movement of available-for-sale assets		–	(144)
Deferred tax on adjusting items		4,088	(9,935)
Earnings/(loss) used for calculation of EPRA earnings/(loss) per share		9,082	(10,031)

EPRA earnings/(loss) per share	7.6p	(8.4)p

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

15. INVESTMENT PROPERTIES

Group	Freehold 31.3.20 £000	Leasehold 31.3.20 £000	Total 31.3.20 £000	Freehold 31.3.19 £000	Leasehold 31.3.19 £000	Total 31.3.19 £000
Book value at 1 April	652,250	126,502	778,752	714,817	77,131	791,948
Additions and transfers at cost	19,049	24,902	43,951	40,894	49,426	90,320
Disposals	(41,481)	–	(41,481)	(137,864)	(9,686)	(147,550)
Revaluation surplus	27,443	10,908	38,351	34,403	9,881	44,284
Revaluation deficit attributable to profit share partners	–	–	–	–	(250)	(250)
Book value at 31 March	657,261	162,312	819,573	652,250	126,502	778,752

Investment properties are stated at fair value as at 31 March 2020 as follows:

Group	Freehold 31.3.20 £000	Leasehold 31.3.20 £000	Total 31.3.20 £000	Freehold 31.3.19 £000	Leasehold 31.3.19 £000	Total 31.3.19 £000
Book value at 31 March	657,261	162,312	819,573	652,250	126,502	778,752
Lease incentives and costs included in trade and other receivables	18,064	1,399	19,463	13,050	1,637	14,687
Head leases capitalised	–	(2,161)	(2,161)	–	(2,189)	(2,189)
Fair value at 31 March	675,325	161,550	836,875	665,300	125,950	791,250

Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £1,745,000 (2019: £3,215,000).

Interest capitalised in respect of the refurbishment of investment properties is included in investment properties to the extent of £13,102,000 (31 March 2019: £11,357,000).

Investment properties with a total fair value of £812,725,000 (31 March 2019: £767,800,000) 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 2020 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, i.e. as prices, or indirectly, i.e. 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 2020 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.

Due to the impact of Covid-19, the valuation report issued by Cushman and Wakefield LLP includes a clause which highlights a "material valuation uncertainty" as follows:

"The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that you keep the valuation of the Property under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case."

As stated above, this clause does not qualify the valuation or mean that it cannot be relied upon.

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.

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

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

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

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

Details of the investment portfolio yields can be found on page 55.

A sensitivity analysis was performed to ascertain the impact of a 25 basis point shift in the equivalent yield and a £2.50 psf shift in London ERVs and a £1.00 psf shift in Manchester ERVs for the wholly owned investment portfolio:

	Percentage change in portfolio value		
	London %	Manchester %	Total %
Equivalent yield			
+ 25 bps	(6.3)	(4.6)	(6.0)
- 25 bps	6.9	4.8	6.6
ERV			
+ £2.50 (London) & £1.00 (Manchester)	3.6	3.8	3.6
- £2.50 (London) & £1.00 (Manchester)	(3.6)	(4.0)	(3.7)

The investment properties have been valued at 31 March 2020 as follows:

	Group 31.3.20 £000	Group 31.3.19 £000
Cushman & Wakefield LLP	836,725	791,100
Directors' valuation	150	150
	836,875	791,250

The historical cost of investment property is £645,927,000 (31 March 2019: £645,521,000).

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

	Group 31.3.20 £000	Group 31.3.19 £000
Not later than one year	31,335	28,539
Later than one year but not more than five years	95,414	91,839
More than five years	94,638	103,489
	221,387	223,867

The Company has no operating lease arrangements as lessor.

Under IFRS 16 *Leases* outstanding commitments for future minimum lease payments under non-cancellable operating leases are included on the Balance Sheet and detailed in Note 25. At 31 March 2019 under the previous accounting standard IAS 17 *Leases*, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group and Company	31.3.19 £000
Not later than one year	818
Later than one year but not more than five years	3,273
More than five years	3,682
	7,773

17. OWNER OCCUPIED PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property and improvements 31.3.20 £000	Plant and equipment 31.3.20 £000	Total 31.3.20 £000	Short leasehold improvements 31.3.19 £000	Plant and equipment 31.3.19 £000	Total 31.3.19 £000
Cost at 1 April	2,074	816	2,890	2,065	1,154	3,219
Impact of transition to IFRS 16	5,064	–	5,064	–	–	–
Adjusted balances at 1 April 2019	7,138	816	7,954	–	–	–
Additions at cost	–	18	18	9	311	320
Disposals	–	(122)	(122)	–	(649)	(649)
Cost at 31 March	7,138	712	7,850	2,074	816	2,890
Depreciation at 1 April	683	458	1,141	538	856	1,394
Provision for the year	669	138	807	147	149	296
Eliminated on disposals	–	(105)	(105)	–	(547)	(547)
Depreciation at 31 March	1,352	491	1,843	685	458	1,143
Net book amount at 31 March	5,786	221	6,007	1,389	358	1,747

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

All leasehold property and improvements and plant and equipment relate to the Company.

Included within leasehold property and improvements is a right of use asset with a net book value of £4,543,000 (31 March 2019: £nil).

18. INVESTMENT IN SUBSIDIARIES

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Cost at 1 April	–	–	198,668	195,425
Additions	–	–	52,058	3,249
Disposals	–	–	–	(6)
Cost at 31 March	–	–	250,726	198,668
Impairment at 1 April	–	–	41,047	39,252
Impaired during the year	–	–	1,407	1,795
Disposals	–	–	–	–
Impairment at 31 March	–	–	42,454	41,047
Net book amount at 31 March	–	–	208,272	157,621

A list of all the Company's subsidiary undertakings, all of which have been consolidated, are shown in Note 39 to the Financial Statements.

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19. INVESTMENT IN JOINT VENTURES

Summarised consolidated Income Statements	Investment 31.3.20 £000	Development 31.3.20 £000	Total 31.3.20 £000	Investment 31.3.19 £000	Development 31.3.19 £000	Total 31.3.19 £000
Revenue	6,438	25,724	32,162	4,284	48,118	52,402
Gross rental income	701	197	898	94	877	971
Property overheads	(186)	(112)	(298)	(246)	(165)	(411)
Net rental income/(costs)	515	85	600	(152)	712	560
Development profit	5,737	2,387	8,124	–	4,570	4,570
Provisions	–	(1,481)	(1,481)	–	(7,198)	(7,198)
Gain/(loss) on revaluation of investment properties	8,247	204	8,451	1,636	(348)	1,288
Other operating (expenses)/income	(14)	(7)	(21)	–	9	9
Gross profit/(loss)	14,485	1,188	15,673	1,484	(2,255)	(771)
Administrative expenses	(414)	(182)	(596)	(183)	(223)	(406)
Operating profit/(loss)	14,071	1,006	15,077	1,301	(2,478)	(1,177)
Interest payable on bank loans and overdrafts	(539)	(4)	(543)	(504)	(7)	(511)
Other interest payable and similar charges	–	(328)	(328)	–	(1,576)	(1,576)
Finance income	16	38	54	11	81	92
Change in fair value of derivative financial instruments	–	(39)	(39)	–	(35)	(35)
Profit/(loss) before tax	13,548	673	14,221	808	(4,015)	(3,207)
Tax	(1,943)	(715)	(2,658)	205	(1,604)	(1,399)
Profit/(loss) after tax	11,605	(42)	11,563	1,013	(5,619)	(4,606)
Reversal of One Creechurch Place loss[1]	–	224	224	–	1,389	1,389
Profit on sale of interest in One Creechurch Place	–	1,334	1,334	–	–	–
Uplift for Barts Square economic interest[2]	275	–	275	–	–	–
Share of results of joint ventures	11,880	1,516	13,396	1,013	(4,230)	(3,217)

Summarised consolidated balance sheets	Investment 31.3.20 £000	Development 31.3.20 £000	Total 31.3.20 £000	Investment 31.3.19 £000	Development 31.3.19 £000	Total 31.3.19 £000
Non-current assets						
Investment properties	74,776	1,365	76,141	24,106	1,183	25,289
Owner occupied property, plant and equipment	–	41	41	–	106	106
Derivative financial instruments	–	–	–	–	23	23
Deferred tax	–	–	–	514	1,260	1,774
	74,776	1,406	76,182	24,620	2,572	27,192
Current assets						
Land and developments	–	34,164	34,164	–	56,935	56,935
Trade and other receivables	2,418	1,362	3,780	4,726	5,828	10,554
Cash and cash equivalents	1,055	6,766	7,821	570	7,042	7,612
	3,473	42,292	45,765	5,296	69,805	75,101
Current liabilities						
Trade and other payables	(1,671)	(5,491)	(7,162)	(952)	(12,647)	(13,599)
	(1,671)	(5,491)	(7,162)	(952)	(12,647)	(13,599)
Non-current liabilities						
Trade and other payables	–	(316)	(316)	–	(20,419)	(20,419)
Borrowings	(13,456)	(19,298)	(32,754)	(12,181)	(36,292)	(48,473)
Deferred tax	(1,382)	406	(976)			
	(14,838)	(19,208)	(34,046)	(12,181)	(56,711)	(68,892)
Net assets pre-adjustments	61,740	18,999	80,739	16,783	3,019	19,802
Reversal of Creechurch net liability position[1]	–	–	–	–	4,874	4,874
Acquisition costs	79	–	79	–	–	–
Net assets	61,819	18,999	80,818	16,783	7,893	24,676

1 This is an adjustment that has been made to add back the Group's share of the loss incurred in one of its joint ventures, arising from finance and other costs in the year, to ensure the Group's interest is shown at its recoverable amount.
2 This is an adjustment to reflect the impact of the consolidation of a joint venture at its economic interest of 43.0% (2019: 43.8%) rather than its actual ownership interest of 33.3%.

The fair value of the investment properties at 31 March 2020 is as follows:

	Total 31.3.20 £000	Total 31.3.19 £000
Book value at 31 March	76,141	25,289
Lease incentives and costs included in trade and other receivables	668	93
Fair value at 31 March	76,809	25,382

The Directors' valuation of land, development and trading properties shows a surplus of £nil (31 March 2019: £nil) above book value.

Dividends of £6,670,000 were received from joint venture companies during the year (2019: £416,000). The joint venture companies are private companies, therefore no quoted market prices are available for their shares.

The cost of the Company's investment in joint ventures was £nil (31 March 2019: £nil).

The Group has two material joint ventures (31 March 2019: one). The full results and position of these joint ventures are set out below, of which we have included our share in the above table.

Summarised Income Statement	Barts LP Group 31.03.20 £000	Barts LP Group 31.03.19 £000	Charterhouse Street Group 31.03.20 £000	Charterhouse Street Group 31.03.19 £000
Revenue	74,274	44,040	–	–
Gross rental income	1,692	247	–	–
Property overheads	(481)	(806)	(92)	–
Net rental costs	1,211	(559)	(92)	–
Development gain	18,774	6,946	–	–
Gain on revaluation of investment properties	10,411	2,941	7,948	–
Provision against book value of development stock	(3,443)	(16,434)	–	–
Other operating expense	(50)	(2)	(166)	–
Administrative expenses	(1,057)	(716)	–	–
Finance costs	(1,260)	(1,167)	(4)	–
Finance income	112	172	5	–
Change in fair value movement of derivative financial instruments	(91)	(79)	–	–
Profit/(loss) before tax	24,607	(8,898)	7,691	–
Tax	(4,768)	627	(1,381)	–
Profit/(loss) after tax	19,839	(8,271)	6,310	–

Summarised balance sheet	Barts LP Group 31.03.20 £000	Barts LP Group 31.03.19 £000	Charterhouse Street Group 31.03.20 £000	Charterhouse Street Group 31.03.19 £000
Non-current assets				
Investment properties	72,421	57,736	90,000	–
Owner occupied property, plant and equipment	95	241	–	–
Deferred tax	–	4,023	–	–
Derivative financial instruments	–	56	–	–
	72,516	62,056	90,000	–
Current assets				
Land, development and trading properties	79,451	97,943	–	–
Trade and other receivables	5,909	20,240	2,040	–
Cash and cash equivalents	16,385	13,021	412	–
	101,745	131,204	2,452	–
Current liabilities				
Trade and other payables	(14,119)	(26,624)	(1,761)	–
	(14,119)	(26,624)	(1,761)	–
Non-current liabilities				
Borrowings	(76,173)	(110,670)	–	–
Deferred tax	(664)	–	(1,381)	–
	(76,837)	(110,670)	(1,381)	–
Net assets	83,305	55,966	89,310	–

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19. INVESTMENT IN JOINT VENTURES CONTINUED
At 31 March 2020 the Group and the Company had legal interests in the following joint venture companies:

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

SIGNIFICANT JUDGEMENTS AND ESTIMATES
There are a number of companies which are accounted for as joint ventures where the Group has an equity interest of less than 50%. This typically occurs where the Group's joint venture partner is providing a greater share of finance into the Company, with the Group contributing a greater share towards the day-to-day management of the underlying project. Key business decisions require unanimous agreement from the Group and its partner, therefore management judges that both parties control the entity equally and it is therefore considered appropriate to account for our interest as a joint venture.

Under the Barts Square joint venture agreement the Group is entitled to varying returns dependent upon the performance of the development. Whilst the Group holds a 33.3% legal share in the Barts Square group, it has accounted for its share at 43.0% to reflect its expected economic interest in the joint venture.

Under the Creechurch Place joint venture arrangement, whilst the Group held 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, i.e. 2%. Therefore, the Group reflected this in the share of joint venture, accounting for it at 8%. During the year, the Group disposed of its share in Creechurch Place Limited resulting in a profit of £1,334,000.

20. LAND AND DEVELOPMENTS

Group	Total 31.3.20 £000	Total 31.3.19 £000
At 1 April	2,311	6,042
Acquisitions and construction costs	38	1,444
Disposals	(1,686)	(1,567)
Reversal of provision/(provision)	189	(3,608)
At 31 March	852	2,311

The Directors' valuation of land and developments shows a surplus of £578,000 (31 March 2019: £578,000) above book value.

Total interest in respect of the development of sites is included in stock to the extent of £nil (31 March 2019: £nil). Interest capitalised during the year in respect of development sites amounted to £nil (31 March 2019: £nil).

Land and developments with carrying values totalling £nil (31 March 2019: £nil) were held as security against borrowings.

The Company had £nil (31 March 2019: £nil) of land or developments.

21. AVAILABLE-FOR-SALE ASSETS
The gain of £144,000 recognised in the prior year is the result of cash received in relation to a previously fully impaired asset.

22. TRADE AND OTHER RECEIVABLES

Due within 1 year	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Trade receivables	11,698	9,680	–	–
Amounts owed by joint venture undertakings	142	22,511	151	22,340
Amounts owed by subsidiary undertakings	–	–	299,893	276,147
Other receivables	3,123	345	75	400
Prepayments	3,986	4,173	196	927
Accrued income	21,433	22,017	–	–
	40,382	58,726	300,315	299,814

Included within accrued income are lease incentives of £19,463,000 (31 March 2019: £14,687,000).

Receivables	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Fully performing	35,063	55,358	300,119	298,887
Past due < 3 months	1,251	1,884	–	–
Past due > 3 months	82	434	–	–
Total receivables being financial assets	36,396	57,676	300,119	298,887
Total receivables being non-financial assets	3,986	1,050	196	927
Total receivables	40,382	58,726	300,315	299,814

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 £8,752,000 of rental deposits at 31 March 2020 (31 March 2019: £7,211,000).

Movements in the loss allowance of trade receivables are as follows:

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Gross receivables being financial assets	36,510	57,751	305,484	305,413
Provisions for receivables impairment	(114)	(75)	(5,365)	(6,526)
Net receivables being financial assets	36,396	57,676	300,119	298,887
Receivables written off during the year as uncollectable	94	24	1,941	4,191

The Group has considered the likelihood of default for each tenant and for each contract balance, either on a 12-month basis, if there has been no significant change in credit risk, or on a lifetime basis, where credit risk has changed. This requires a forward looking assessment based on past performance and the Group's knowledge of its debtor profile.

Included in total receivables being financial assets above are contract balances and receivables from contracts with customers, as defined by IFRS 15 *Revenue from Contracts* with Customers, as follows:

Contract assets from contracts with customers	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
At 1 April	6,233	16,275	–	–
Additions	655	–	–	–
Received during the year	(6,207)	(10,042)	–	–
Change in loss allowance	–	–	–	–
At 31 March	681	6,233	–	–

Receivables from contracts with customers	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
At 1 April	–	27,809	–	25,837
Additions	181	–	–	–
Received during the year	–	(27,809)	–	(25,837)
Change in loss allowance	–	–	–	–
At 31 March	181	–	–	–

Contract assets are typically recognised when the Group recognises revenue on partial completion of performance obligations, ordinarily the construction and letting of buildings in its role as development manager. Receivables are recognised when the Group has an unconditional right to consideration. Cash is typically received once a building is practically complete and a large proportion of the lettable area is subject to leases, this may occur in tranches.

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23. CASH AND CASH EQUIVALENTS

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Cash held at managing agents	3,563	2,599	7	–
Restricted cash	7,177	2,678	68	–
Cash deposits	63,846	192,293	56,843	164,885
	74,586	197,570	56,918	164,885

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

24. TRADE AND OTHER PAYABLES

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Trade payables	28,378	13,009	78	734
Social security costs and other taxation	1,591	1,333	–	–
Amounts owed to joint ventures	–	–	390	–
Amounts owed to subsidiary undertakings	–	–	178,885	183,689
Other payables	469	536	14	589
Accruals	9,277	23,368	1,627	5,711
Deferred income	6,056	4,913	–	–
Current trade and other payables	45,771	43,159	180,994	190,723
Accruals	590	11,405	–	–
Non-current trade and other payables	590	11,405	–	–
Total trade and other payables	46,361	54,564	180,994	190,723

25. LEASE LIABILITY

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Current lease liability	611	–	611	–
Non-current lease liability	7,563	2,189	–	–

Included within lease liability are £611,000 (31 March 2019: £nil) of current and £5,374,000 (31 March 2019: £nil) of non-current lease liabilities which relate to the adoption of IFRS 16 *Leases*.

Finance lease obligations in respect of the Group's leasehold properties are payable as follows:

	Minimum lease payments 31.3.20 £000	Interest 31.3.20 £000	Present value of minimum lease payments 31.3.20 £000	Minimum lease payments 31.3.19 £000	Interest 31.3.19 £000	Present value of minimum lease payments 31.3.19 £000
Not later than one year	922	(40)	882	104	(5)	99
Later than one year but not more than five years	3,689	(442)	3,247	416	(62)	354
More than five years	18,264	(14,413)	3,851	15,600	(13,864)	1,736
	22,875	(14,895)	7,980	16,120	(13,931)	2,189

The long leasehold liabilities relate to the lease of the Group's head office and to ground rents payable in respect of the head lease at 25 Charterhouse Square, London EC1, (the lease term is 155 years). The associated asset as of £4,543,000 (31 March 2019: £nil) and £2,161,000 (31 March 2019: £2,189,000) are shown in Note 17 and Note 15, respectively.

26. BORROWINGS

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Current borrowings	5,000	100,468	5,000	98,767
Borrowings repayable within:				
one to two years	–	–	–	–
two to three years	–	195,410	–	–
three to four years	37,190	–	–	–
four to five years	305,994	37,399	–	–
five to six years	–	92,005	–	–
Non-current borrowings	343,184	324,814	–	–
Total borrowings	348,184	425,282	5,000	98,767

Term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the fair value of £812,725,000 (31 March 2019: £767,800,000). 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 £32,754,000 (31 March 2019: £48,473,000).

CONVERTIBLE BOND
The £100,000,000 Convertible Bond was repaid in June 2019.

27. FINANCING AND DERIVATIVE FINANCIAL INSTRUMENTS
The policies for dealing with liquidity and interest rate risk are noted in our Principal Risks on pages 62 to 67.

Borrowings maturity	Group 31.3.20 £000	Group 31.3.19 £000
Due after more than one year	343,184	324,814
Due within one year	5,000	100,468
	348,184	425,282

The Group has various undrawn committed borrowing facilities. The facilities available at 31 March 2020 in respect of which all conditions precedent had been met were as follows:

	Group 31.3.20 £000	Group 31.3.19 £000
Expiring in one year or less	5,000	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	–	3,321
Expiring in more than three years but not more than four years	12,339	–
Expiring in more than four years but not more than five years	170,000	160,377
Expiring in more than five years	–	–
	187,339	173,698

Interest rates – Group	%	Expiry	Group 31.3.20 £000	%	Expiry	Group 31.3.19 £000
Fixed rate borrowings:						
fixed rate Convertible Bond	–	–	–	4.000	Jun 2019	100,000
swap rate plus bank margin	–	–	–	3.650	Nov 2019	105,000
swap rate plus bank margin	–	–	–	4.150	Nov 2019	44,500
swap rate in excess of loan balance	–	–	–	2.382	Apr 2024	(30,000)
swap rate plus bank margin	3.030	Apr 2024	50,000	2.880	Apr 2024	50,000
swap rate plus bank margin	2.480	Aug 2024	50,000	–	–	–
swap rate plus bank margin	2.450	Aug 2024	50,000	–	–	–
fixed rate plus margin	3.480	Dec 2024	71,000	3.480	Dec 2024	71,000
fixed rate plus margin	3.210	Dec 2024	9,750	3.210	Dec 2024	22,000
swap rate plus bank margin	3.370	Jun 2026	50,000	–	–	–
Weighted average	3.033	Jan 2025	280,750	3.745	Apr 2021	362,500
Floating rate borrowings	4.875	Jan 2024	73,061	5.650	Feb 2022	67,202
Unamortised finance costs			(5,627)			(4,888)
Fair value adjustment of Convertible Bond	–	–	–	–	–	468
Total borrowings	3.393	Jul 2024	348,184	4.056	Dec 2021	425,282

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

27. FINANCING AND DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Floating rate borrowings bear interest at rates based on LIBOR.

During the year, four interest rate swaps were terminated. In August 2019, two £50,000,000 interest rate swaps were entered into at 0.676% and 0.649% respectively expiring in August 2024. In addition to the above, the Group entered into two £50,000,000 interest rate swaps at 0.595% and 0.647% respectively starting in July 2021 and expiring in July 2026. Interest is fixed on one facility as shown above, with the remaining borrowings being at floating rates.

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

Instrument – Group	Value £000	Rate %	Start	Expiry
Current:				
cap	35,000	1.750	Jul 2018	Jul 2023
cap	35,000	1.750	Aug 2018	Jul 2023
cap	35,000	1.750	Aug 2018	Jul 2023
cap	50,000	1.750	Feb 2019	Apr 2024
floor	50,000	0.830	Feb 2019	Apr 2024
cap	22,500	1.750	Nov 2019	Jul 2021
cap	22,500	1.750	Nov 2019	Jul 2021
cap	40,000	1.750	Jan 2020	Jul 2023

At 31 March 2020 the Company had no interest rate swaps, caps or floors (31 March 2019: nil).

Net gearing	Group 31.3.20 £000	Group 31.3.19 £000
Total borrowings	348,184	425,282
Cash	(74,586)	(197,570)
Net borrowings	273,598	227,712

Net borrowings excludes the Group's share of borrowings in joint ventures of £32,754,000 (31 March 2019: £48,473,000) and cash of £7,821,000 (31 March 2019: £7,612,000). All borrowings in joint ventures are secured.

	Group 31.3.20 £000	Group 31.3.19 £000
Net assets	598,689	567,425
Gearing	46%	40%

28. SHARE CAPITAL

	31.3.20 £000	31.3.19 £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:	31.3.20 £000	31.3.19 £000
119,977,581 (31 March 2019: 119,363,349) ordinary shares of 1p each	1,200	1,194
212,145,300 deferred shares of 1/8p each	265	265
	1,465	1,459

	Shares in issue 31.3.20 Number	Share capital 31.3.20 £000	Shares in issue 31.3.19 Number	Share capital 31.3.19 £000
Ordinary shares				
At 1 April	119,363,349	1,194	118,610,741	1,186
Issued share capital	614,232	6	752,608	8
At 31 March	119,977,581	1,200	119,363,349	1,194
Deferred shares				
At 1 April and 31 March	212,145,300	265	212,145,300	265

CAPITAL MANAGEMENT

The Group's capital management objectives are:

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

The Group sets the amount of capital in proportion to its overall financing structure. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt. Capital is defined as being issued share capital, share premium, retained earnings, revaluation reserve and other reserves (2020: £591,211,000, 2019: £559,947,000). The Group continually monitors its gearing level to ensure that it is appropriate. Gearing increased from 40% to 46% in the year as the Group acquired a new property and incurred capital expenditure on its development programme.

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

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

29. SHARE OPTIONS

At 31 March 2020 and 31 March 2019 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 2019: none).

30. SHARE-BASED PAYMENTS

The Group provides share-based payments to employees in the form of Performance Share Plan (PSP) awards and a Share Incentive Plan. The Group uses a combination of the Black-Scholes and stochastic valuation models and the resulting value is amortised through the Consolidated Income Statement over the vesting period of the share-based payments. Details of the performance criteria are set out on page 112.

Performance Share Plan awards	Awards	2020 Weighted average award value	Awards	2019 Weighted average award value
Outstanding at beginning of year	3,663,102	319p	3,734,498	313p
Awards vested during year	(372,108)	322p	(750,029)	353p
Awards lapsed during the year	(744,217)	322p	(454,897)	353p
Awards made during the year	1,233,096	363p	1,133,530	375p
Outstanding at end of year	3,779,873	332p	3,663,102	319p

All awards have an exercise price of £nil (2019: £nil).

The weighted average share price at the date of exercise for the share options exercised during the year was 362.5p (2019: 334p).

The PSP awards outstanding at 31 March 2020 had a weighted average remaining contractual life of one year and two months.

The fair value of the awards made in the year to 31 March 2020 was £3,961,000 (2019: £3,676,000). These were granted on 3 June 2019.

The inputs into the Black-Scholes and stochastic models of valuation of the PSP awards made in the year to 31 March 2020 were as follows:

	2020	2019	2018
Weighted average share price	362.5p	375.0p	320.0p
Weighted average exercise price	–	–	–
Expected volatility	30%	30%	28%
Expected life	3 years	3 years	3 years
Risk free rate	0.52%	0.65%	0.08%
Expected dividends	0.00%	0.00%	0.00%

The Group recognised a charge of £2,814,000 (2019: £2,274,000) during the year in relation to share-based payments.

Volatility is measured by calculating the standard deviation of the natural logarithm of share price movements for the period prior to the date of grant which is commensurate with the remaining length of the performance period.

At the Balance Sheet date there were no exercisable awards. There is a two-year holding period for vested awards.

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31. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES
The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those whose cash flows were, or future cash flows will be, classified in the Consolidated and Company Cash Flow Statements as cash flows from financing activities.

Borrowings	Group £000	Company £000
At 31 March 2018	416,992	98,694
Financing cash flows	9,783	–
Fair value moment of Convertible Bond	(865)	–
Other changes	(628)	73
At 31 March 2019	425,282	98,767
Financing cash flows	(75,891)	(95,000)
Fair value movement of Convertible Bond	(468)	–
Other changes	(739)	1,233
At 31 March 2020	348,184	5,000

Financing cash flows comprise borrowings drawn down and repaid in the Consolidated and Company Cash Flow Statements. Other changes include the rolling up of interest and the change in unamortised refinancing costs.

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

There were no other contingent liabilities at 31 March 2020 for the Group or the Company (31 March 2019: £nil).

33. CAPITAL COMMITMENTS
The Group has a commitment of £19,600,000 (31 March 2019: £64,900,000) in relation to development contracts which are due to be completed in the year to March 2021. Included within this is the £10,815,000 deferred payment for the acquisition of the Kaleidoscope, London EC1 site which was subsequently settled in April 2020. A further £1,500,000 (31 March 2019: £19,200,000) relates to the Group's share of commitments in joint ventures.

34. POST BALANCE SHEET EVENTS
In April 2020 the Group completed the sale of 90 Bartholomew Close, London EC1, held in joint venture, for £48,500,000 (Helical's share: £20,855,000).

35. NET ASSETS PER SHARE

	31.3.20 £000	Number of shares 000	31.3.20 pence per share
Net asset value	598,689	119,978	
Less: deferred shares	(265)		
Basic net asset value	598,424	119,978	499
Add: share settled bonus		973	
Add: dilutive effect of the Performance Share Plan		1,306	
Diluted net asset value	598,424	122,257	489
Adjustment for:			
fair value of financial instruments	10,368		
deferred tax	15,668		
Adjusted diluted net asset value	624,460	122,257	511
Adjustment for:			
fair value of land and developments	578		
EPRA net asset value	625,038	122,257	511
Adjustment for:			
fair value of fixed rate loans	(12,481)		
fair value of financial instruments	(10,368)		
deferred tax	(15,668)		
EPRA triple net asset value	586,521	122,257	480

The adjustment for the fair value of land and developments represents the surplus of fair value over carrying value as at 31 March 2020.

	31.3.19 £000	Number of shares 000	31.3.19 pence per share
Net asset value	567,425	119,363	
Less: deferred shares	(265)		
Basic net asset value	567,160	119,363	475
Add: share settled bonus		862	
Add: dilutive effect of the Performance Share Plan		734	
Diluted net asset value	567,160	120,959	469
Adjustment for:			
fair value of financial instruments	3,218		
fair value movement on Convertible Bond	468		
deferred tax	11,687		
Adjusted diluted net asset value	582,533	120,959	482
Adjustment for:			
fair value of land and developments	578		
EPRA net asset value	583,111	120,959	482
Adjustment for:			
fair value of fixed rate loans	(5,449)		
fair value of financial instruments	(3,218)		
deferred tax	(11,687)		
EPRA triple net asset value	562,757	120,959	465

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

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

The calculation of EPRA triple net asset value per share reflects the fair value of all the assets and liabilities of the Group at 31 March 2020. One of the loans held by the Group is at a fixed rate and therefore not at fair value. The adjustment of £12,481,000 (31 March 2019: £5,449,000) is the increase from book to fair value.

EPRA published its latest Best Practices Recommendations in October 2019 which included three new net asset valuation metrics, namely EPRA net reinstatement value, EPRA net tangible assets and EPRA net disposal value. These metrics are effective for accounting periods commencing on or after 1 January 2020 but have been presented below:

	31.3.20 £000	31.3.19 £000
EPRA net asset value	625,038	583,111
Adjustment for:		
– purchasers' costs[1]	61,607	56,736
EPRA net reinstatement value	686,645	639,847
Number of shares	122,257	120,959
Per share measure	562p	529p

1 Includes Stamp Duty Land Tax, Agents' fees and legal fees.

	31.3.20 £000	31.3.19 £000
EPRA net asset value	625,038	583,111
Adjustment for:		
– purchasers' costs[1]	15,386	14,210
EPRA net tangible assets	640,424	597,321
Number of shares	122,257	120,959
Per share measure	524p	494p

1 Includes Stamp Duty Land Tax.

The Group's EPRA net disposal value is the same as the EPRA triple net asset value.

NOTES TO THE FINANCIAL STATEMENTS

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36. RELATED PARTY TRANSACTIONS

At 31 March 2020 and 31 March 2019 the following amounts were due from the Group's joint ventures:

	31.3.20 £000	31.3.19 £000
King Street Developments (Hammersmith) Limited	71	71
Shirley Advance LLP	7	330
Barts Square companies	61	34
Old Street Holdings LP	3	3
Charterhouse Street Ltd	200	–
Creechurch Place Limited	–	22,073

In the year, interest on bonds of £745,000 (2019: £451,000) and a promote fee for development management services of £305,000 (2019: £7,142,000) were charged by the Group to Creechurch Place Ltd. A development management, accounting and corporate services fee of £1,119,000 (2019: £821,000) was charged by the Group to the Barts Square companies. In addition, a development management, accounting and corporate services fee of £243,000 (2019: £nil) was charged by the Group to the Charterhouse Place Ltd group. An amount of £nil (2019: £237,000) was written off the balance owed from King Street Developments (Hammersmith) Limited.

All balances are repayable on demand. No provisions have been recognised in respect of amounts owed from joint ventures.

At 31 March 2020 and 31 March 2019 there were the following balances between the Company and its subsidiaries:

	31.3.20 £000	31.3.19 £000
Amounts due from subsidiaries	299,893	276,147
Amounts due to subsidiaries	178,885	183,689

During the years to 31 March 2020 and 31 March 2019 there were the following transactions between the Company and its subsidiaries:

	31.3.20 £000	31.3.19 £000
Management charges receivable	1,663	3,307
Interest receivable	63	1,611
Interest payable	859	3,998

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

The Group considers that key management personnel are the Directors. The compensation paid or payable to key management is:

	31.3.20 £000	31.3.19 £000
Salaries and other short-term employee benefits	2,113	3,612
Share-based payments	5,233	1,481
	7,346	5,093

The total dividends paid to Directors of the Group in the year were £381,355 (2019: £1,480,124).

37. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets in the Group include derivative financial assets and available-for-sale assets which are designated as "Fair value through the Profit or Loss". Financial assets also include trade and other receivables and cash and cash equivalents, all of which are included within financial assets measured at amortised cost.

Financial liabilities classed as "Fair value through the Profit or Loss" include derivatives and those liabilities designated as such. Financial liabilities also include secured bank loans and overdrafts, trade and other payables and provisions, all of which are classified as financial liabilities at amortised cost.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The financial instruments of the Group as classified in the Financial Statements can be analysed under the following categories.

Financial assets	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Measured at amortised cost	114,600	255,246	357,037	463,772
Fair value through the Profit or Loss	86	915	–	270
Total financial assets	114,686	256,161	357,037	464,042

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

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Trade and other receivables	36,396	57,676	300,119	298,887
Cash and cash equivalents	74,586	197,570	56,918	164,885
Derivative financial asset	86	915	–	270
Total financial assets	111,068	256,161	357,037	464,042

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

The carrying value of the trade and other receivables and cash and cash equivalents is not deemed to be materially different from the fair value.

Financial liabilities	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Fair value through the Profit or Loss	10,879	4,158	–	–
Designated at Fair value through the Profit or Loss	–	100,468	–	–
Measured at amortised cost	394,649	375,320	191,979	289,490
Total financial liabilities	405,528	479,946	191,979	289,490

The Convertible Bond was 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. The Convertible Bonds were settled at par in June 2019 for £100,000,000. The difference between the carrying amount of £100,468,000 at 31 March 2019 and the settlement amount was an additional liability of £468,000.

The financial liabilities are included in the Balance Sheet within the following headings:

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Trade and other payables	38,715	48,317	180,994	190,723
Borrowings – current	5,000	100,468	5,000	98,767
Borrowings – non-current	343,184	324,814	–	–
Long leasehold liability	8,174	2,189	5,985	–
Derivative financial instruments	10,455	4,158	–	–
Total financial liabilities	405,528	479,946	191,979	289,490

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

37. FINANCIAL INSTRUMENTS CONTINUED
FINANCIAL ASSETS AND LIABILITIES BY CATEGORY CONTINUED
The carrying value of trade and other payables and borrowings is not deemed to be materially different from the fair value, other than for one fixed rate loan, whose fair value is £12,481,000 (31 March 2019: 5,449,000) greater than its carrying value. Financial liabilities are stated in accordance with IAS 32 *Financial Instruments: Presentation*.

The Group and Company financial instruments that are measured subsequent to initial recognition at fair value are interest rate swaps, caps and floors, and those designated on initial recognition.

Interest rate swaps, caps and floors are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

IFRS 13 categorises financial assets and liabilities as being valued in three hierarchical levels:

Level 1: values are unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: values are derived from observing market data; and

Level 3: values cannot be derived from observable market data.

Assets and liabilities measured at fair value are classified as below:

Level 1 Convertible Bond (Note 26)

Level 2 Derivative financial instruments (Note 37)

Level 3 Investment property (Note 15)

There were no transfers between categories in the current or prior year.

Derivative financial instruments	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Interest rate caps	86	915	–	–
Interest rate floors	(1,036)	(579)	–	–
Interest rate swaps	(9,419)	(3,579)	–	–
Convertible Bond derivative element	–	–	–	270
	(10,369)	(3,243)	–	270

The Group's movement in the fair value of the derivative financial instruments in the year was a loss of £7,651,000 (2019: £3,322,000) due to interest rate caps, floors and swaps.

CREDIT RISK
Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk the Group periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors. It is Group policy to assess the financial viability of potential tenants where their rent roll is individually significant before entering into lease agreements. This review involves the latest available set of Financial Statements, other publicly available financial information and management accounts where appropriate. The covenant strength of each tenant is determined based on this information and a deposit or guarantee is sought if necessary. The Group's tenants are spread across a wide variety of industries, reducing the Group's risk to any individual industry. The Group works closely with its agents, who advise where a loss allowance is required for individual tenants, based on their credit control procedures.

Credit risk also exists due to cash and cash equivalents and deposits with banks and other financial institutions. The cash is held with reputable banking institutions and in client accounts with solicitors and managing agents and therefore credit risk is considered low.

As at 31 March 2020 the Group had total credit risk exposure, excluding cash, of £36,396,000, all of which is financial assets held at amortised cost. The quantitative disclosures of trade and other receivables credit risk is shown in Note 22.

The Group has a small number of other debtors that are financial assets. Each is considered on an individual basis and involves the Group's detailed knowledge of the counterparties involved in order to assess the likelihood of non-recoverability. All these debtors are deemed to be recoverable.

The amounts owed to the Company are considered on an individual basis by assessing the subsidiaries' and joint ventures' ability to repay the debt at the point at which it is repayable. The Group considers the net assets of the debtor, taking into account any potential uplifts to fair value of investments, land and developments in making its assessment.

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

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

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

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

For further information on debt facilities, see Notes 26 and 27.

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

	Group 31.3.20 £000	Group 31.3.19 £000	Company 31.3.20 £000	Company 31.3.19 £000
Payable within 3 months	70,664	137,825	185,808	290,549
Payable between 3 months and 1 year	14,446	10,864	614	614
Payable between 1 and 3 years	23,629	219,240	1,637	1,637
Payable after 3 years	363,830	144,015	6,955	6,955
Total contracted liabilities	472,569	511,944	195,014	299,755

At 31 March 2020 the Group had £187,339,000 (31 March 2019: £173,698,000) of undrawn borrowing facilities, £69,780,000 (31 March 2019: £25,230,000) of uncharged property assets and cash balances of £74,586,000 (31 March 2019: £197,570,000). The above contracted liabilities assume that no loans are extended beyond their current facility expiry date. Management believes that these facilities, together with anticipated sales and the renewal of some of these loan facilities, mean that the Group can meet its contracted liabilities as they fall due.

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

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

Details of financing and financial instruments can be found in Note 27.

In the year to 31 March 2020, 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 31.3.20 £000	Group impact on equity 31.3.20 £000	Company impact on results 31.3.20 £000	Company impact on equity 31.3.20 £000
0.5% increase – increase in net results and equity	8,906	8,906	230	230
0.5% decrease – decrease in net results and equity	(4,354)	(4,354)	(230)	(230)

FOREIGN CURRENCY EXCHANGE RISK
The Group and Company have no material exposure to movements in foreign currency rates.

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38. 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 2020. Subsidiary undertakings are entities for which the Group has power over the investee, is exposed to or has the rights to variable returns and has the ability to control those returns. Subsidiaries are accounted for under the purchase method and are held in the Company balance sheet at cost and reviewed annually for impairment.

Joint ventures are entities whose economic activities are contractually controlled jointly by the Group and by other ventures independent of the Group, where both parties are exposed to variable returns but neither has control over those returns. This exists where unanimous agreement of the investee's relevant activities is required. They are accounted for using the equity method of accounting, whereby the Group's share of profit after tax in the joint venture is recognised in the Consolidated Income Statement ("Income Statement") and the Group's share of the joint venture's net assets are incorporated in the Consolidated balance sheet.

The Company's cost of investment in joint ventures less any provision for permanent impairment loss is shown in the Company balance sheet.

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

The Consolidated Financial Statements are presented in sterling which is also the functional currency of the Parent Company.

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

Sale of goods
Assets, such as trading properties, development sites and completed developments, are regarded as sold at the point at which the customer has control of the goods. This occurs on completion of the contract for sale. Measurements of revenue arising from the sale of such assets are derived from the transaction price as determined by IFRS 15 *Revenue from Contracts with Customers*.

Construction contracts and development management services
The Group has contracts to develop and let properties for third parties. Where two or more contracts are entered into at or near the same time with the same customer, the contracts are combined and accounted for as a single contract. An arrangement may involve the construction and letting of a third party property or the sale and subsequent construction and letting of a property. The construction and letting of a property are considered to be separate performance obligations. Where an arrangement also involves the sale of an asset, this is an additional distinct performance obligation. The initial sale of a site to a customer is recognised as a sale of goods in accordance with IFRS 15, where the sale of land is not conditional on the construction of the buildings and is not reversible in the event that the building is not constructed.

Ordinarily, the Group return includes both fixed and variable consideration. These constitute the transaction price. Variable consideration is estimated as the amount of consideration to which the Group would be entitled in exchange for transferring goods or services. This is done on an expected value basis. This estimate is constrained to the extent that it is highly probable that a significant reversal of the amount of revenue recognised will not occur when the uncertainty is removed.

The fixed and variable consideration are allocated to the relevant performance obligations in proportion to their estimated stand-alone selling prices. Revenue is recognised either over time or at a point in time, depending on the terms of the contract. The proportion of the transaction price allocated to construction is recognised at any given reporting date in proportion to the costs certified to date as a percentage of the total expected construction costs. The proportion of the transaction price allocated to the letting of the property is recognised at any given reporting date in proportion to the area subject to leases as a percentage of the total lettable space.

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

Deferred income
Money received in advance of the provision of goods or services is held in the balance sheet until the income can be recognised in the Income Statement.

SHARE-BASED PAYMENTS
The Group provides share-based payments in the form of Performance Share Plan awards and a Share Incentive Plan. These payments are discussed in greater detail in the Directors' Remuneration Report on pages 97 to 114. The fair values of share-based payments related to employees' service are determined indirectly by reference to the fair value of the related instrument at the grant date. The Group uses a combination of the Black-Scholes and stochastic valuation models and the resulting value is amortised through the Income Statement over the vesting period of the share-based payments.

For the Performance Share Plan and Share Incentive Plan awards, where market conditions apply, the expense is allocated to the Income Statement evenly over the vesting period.

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

The amount charged to the Income Statement is credited to the Retained Earnings reserve.

DEPRECIATION
In accordance with IAS 40 *Investment Property*, depreciation is not provided for on freehold investment properties or on leasehold investment properties. The Group does not own the freehold land and buildings which it occupies. Costs incurred in respect of leasehold improvements to the Group's head office at 5 Hanover Square, London W1S 1HQ are capitalised and held as short-term leasehold improvements. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Residual values are reassessed annually.

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

Short leasehold improvements	– Over the term of the lease
Plant and equipment	– 25%

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of those assets and liabilities. Such assets and liabilities are not recognised if the timing differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

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

a) the Group is able to control the timing of the reversal of the timing difference; and

b) it is probable that the timing difference will not reverse in the foreseeable future.

DIVIDENDS
Dividend distributions to the Company's Shareholders are recognised as a liability in the Financial Statements in the period in which dividends are approved.

INVESTMENT PROPERTIES
Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment properties are initially recognised at cost, including associated transaction costs, and subsequently at fair value adjusted for the carrying value of lease incentive and letting cost receivables. These fair values are based on market values as determined by professionally qualified external valuers or are determined by the Directors of the Group based on their knowledge of the property. In accordance with IAS 40 *Investment Property*, investment properties held under leases are stated gross of the recognised finance lease liability.

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

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

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

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

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

Investment properties are derecognised on completion of sale.

LAND AND DEVELOPMENTS
Land and developments 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

38. PRINCIPAL ACCOUNTING POLICIES CONTINUED

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.

FINANCIAL ASSETS
Financial assets do not carry any interest and are stated initially at fair value and subsequently at amortised cost as reduced by appropriate loss allowances. The loss allowance is based on the lifetime expected credit losses, if the credit risk of a receivable has increased significantly since initial recognition. This is reduced to 12 months where the credit risk has not increased significantly. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or on transfer of the asset and of the associated risks and rewards to another party.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, cash held at solicitors, cash in blocked accounts and other short-term, highly liquid investments with original maturities of three months or less.

TRADE AND OTHER PAYABLES
Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost. The Group derecognises trade and other payable liabilities when they are extinguished, which occurs when the obligation associated with the liability is discharged, cancelled or expires.

BORROWING AND BORROWING COSTS
Interest bearing bank loans and overdrafts are initially recorded at fair value, net of finance and other costs yet to be amortised, in accordance with IFRS 9, and subsequently at amortised cost. Embedded derivatives contained within the borrowing agreements are treated in accordance with IFRS 9, which includes consideration of whether embedded derivatives require bifurcation.

Convertible Bonds are designated as fair value through the profit and loss and so are presented on the balance sheet at fair value, with all gains and losses, including the write-off of issuance costs, recognised in the Income Statement. The interest charge in respect of the coupon rate on the Bonds has been recognised within finance costs on an accruals basis.

Borrowing costs directly attributable to the acquisition and construction of new developments and investment properties are added to the costs of such properties until the date of completion of the development or investment. After initial recognition borrowings are carried at amortised cost.

Gains or losses on extinguishing debt are recognised in the Income Statement in the period in which they occur.

DERIVATIVE FINANCIAL INSTRUMENTS
Derivative financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Further information on the categorisation of financial instruments can be found in Note 37.

LEASES
The Group's accounting policies for leases on initial adoption of IFRS 16 from 1 April 2019 are set out below. The Group has leases for which it must account from the position of both a lessee and a lessor.

Group as lessee
The Group assesses whether a contract is, or, contains a lease, at inception of a contract based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has also elected to apply the following practical expedients:

- to account for each lease component and any non-lease components as a single arrangement;
- the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less; and
- leases of low value assets.

The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is presented as a separate line in the Consolidated and Company balance sheets. The right-of-use asset is initially measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. This will be assessed annually in line with IAS 36: *Impairment of Assets*.

Group as lessor
Leases to tenants where substantially all the risks and rewards of ownership are retained by the Group as the lessor are classified as operating leases. Payments made under operating leases, including prepayments, and net of any incentives provided by the Group, are charged to the Income Statement on a straight-line basis over the period of the lease.

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

EARNINGS PER SHARE
Earnings per share have been calculated in accordance with IAS 33 *Earnings per Share* and the best practice recommendations of EPRA.

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

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

SIGNIFICANT JUDGEMENTS
The key areas are discussed below:

- Consideration of the nature of joint arrangements. In the context of IFRS 10 *Consolidated Financial Statements*, this involves consideration of where the control lies and whether either party has the power to vary its returns from the arrangements. In particular, significant judgement is exercised where the shareholding of the Group is not 50% (Note 19).

KEY SOURCES OF ESTIMATION UNCERTAINTY
The key areas are discussed below:

- Determination of the most appropriate percentage interest level at which to recognise our share of joint ventures, where our economic interest can differ to our ownership interest (see Note 19). Under the Barts Square joint venture agreement, the Group is entitled to varying returns dependent upon the performance of the development. Whilst the Group holds a 33.3% legal share in the Barts Square group, it has accounted for its share at 43.0% to reflect its expected economic interest in the joint venture. There are several estimates that contribute to this expected economic interest, the most sensitive of which is the estimated sales price of the residential units. If the estimated sales prices were 10% lower, the Group's economic interest would fall by 1.6% (with a net asset decrease of £1.0m), whilst an increase 10% would result in a rise in economic interest of 0.8% (with a net asset increase of £0.7m); and
- Valuation of investment properties. Discussion of the "material valuation uncertainty" raised by the external valuer and the sensitivity of these valuations to changes in the equivalent yields and rental values is included in Note 15.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

39. SUBSIDIARY AND RELATED UNDERTAKINGS

The Company's subsidiary and related undertakings are listed below. Except where otherwise indicated all undertakings are incorporated, registered and operate in the United Kingdom at 5 Hanover Square, London, W1S 1HQ.

The share capital of each of the companies, where applicable, is comprised of ordinary shares unless otherwise stated.

	Company	Direct/Indirect	Ultimate %
	ACTIVE SUBSIDIARIES		
1	207 OLD STREET UNIT TRUST[1]	Indirect	100%*
2	211 OLD STREET UNIT TRUST[1]	Indirect	100%*
3	AYCLIFFE & PETERLEE INVESTMENT COMPANY LIMITED	Direct	100%
4	BAYLIGHT DEVELOPMENTS LIMITED	Indirect	100%
5	CPP INVESTMENTS LIMITED	Indirect	100%
6	EMBANKMENT PLACE (LP) LIMITED[4]	Direct	100%
7	FARRINGDON EAST (JERSEY) LIMITED[1]	Indirect	100%
8	G2 ESTATES LIMITED	Direct	100%
9	HB SAWSTON NO 3 LIMITED	Direct	100%
10	HELICAL (BOOTH ST) LIMITED	Direct	100%
11	HELICAL (BOSS) LIMITED	Direct	100%
12	HELICAL (CARDIFF) LIMITED	Direct	100%
13	HELICAL (CHART) LIMITED	Direct	100%
14	HELICAL (CHURCHGATE) LIMITED	Indirect	100%
15	HELICAL (CS HOLDINGS) JERSEY LIMITED[1]	Direct	100%
16	HELICAL (CS) JERSEY LIMITED[1]	Indirect	100%
17	HELICAL (DALE HOUSE) LIMITED	Direct	100%
18	HELICAL (LB) LIMITED	Direct	100%
19	HELICAL (NQ) LIMITED	Direct	100%
20	HELICAL (OS HOLDCO) JERSEY LIMITED[1]	Indirect	100%
21	HELICAL (PORCHESTER) LIMITED	Direct	100%
22	HELICAL (POWER ROAD) LIMITED	Direct	100%
23	HELICAL (QUARTZ) LIMITED	Direct	100%
24	HELICAL (SHEPHERDS) LIMITED	Indirect	100%
25	HELICAL (TELFORD) LIMITED	Direct	100%
26	HELICAL (WHITECHAPEL) LIMITED	Indirect	100%
27	HELICAL BAR (DRURY LANE) LIMITED	Direct	100%
28	HELICAL BAR (GREAT DOVER STREET) LIMITED	Indirect	100%
29	HELICAL BAR (JERSEY) LIMITED[1]	Direct	100%
30	HELICAL BAR (MAPLE) LIMITED	Direct	100%
31	HELICAL BAR (MITRE SQUARE) DEVELOPMENTS LIMITED	Direct	100%
32	HELICAL BAR (ST VINCENT STREET) LIMITED	Direct	100%
33	HELICAL BAR (WALES) LIMITED	Indirect	100%
34	HELICAL BAR DEVELOPMENTS (SOUTH EAST) LIMITED	Direct	100%
35	HELICAL BAR DEVELOPMENTS LIMITED	Direct	100%
36	HELICAL FARRINGDON EAST (JERSEY) LIMITED[1]	Direct	100%
37	HELICAL FINANCE (AV) LIMITED	Direct	100%
38	HELICAL FINANCE (BAR) LIMITED	Direct	100%
39	HELICAL FINANCE (RBS) LIMITED	Direct	100%
40	HELICAL JERSEY HOLDINGS LIMITED[1]	Direct	100%
41	HELICAL JERSEY INVESTMENT HOLDINGS LIMITED[1]	Direct	100%
42	HELICAL OLD STREET JERSEY HOLDINGS LIMITED[1]	Direct	100%
43	HELICAL OLD STREET JERSEY LIMITED[1]	Indirect	100%
44	HELICAL PROPERTIES LIMITED	Direct	100%
45	HELICAL PROPERTIES INVESTMENT LIMITED	Direct	100%
46	HELICAL RETAIL LIMITED	Direct	100%
47	HELICAL SERVICES LIMITED	Direct	100%
48	METROPOLIS PROPERTY LIMITED	Indirect	100%
49	OLD STREET UNITHOLDER NO 1 LIMITED[1]	Indirect	100%
50	OLD STREET UNITHOLDER NO 2 LIMITED[1]	Indirect	100%

	Company	Direct/Indirect	Ultimate %
	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[1]	Indirect	33%
4	BARTS ONE LIMITED[1]	Indirect	33%
5	BARTS SQUARE ACTIVE ONE LIMITED[1]	Indirect	33%
6	BARTS SQUARE FIRST LIMITED	Indirect	33%
7	BARTS SQUARE FIRST OFFICE LIMITED[1]	Indirect	33%
8	BARTS SQUARE FIRST RESIDENTIAL LIMITED[1]	Indirect	33%
9	BARTS SQUARE LAND ONE LIMITED	Indirect	33%
10	BARTS TWO LIMITED[1]	Indirect	33%
11	BARTS, L.P.[3]	Indirect	33%
12	HASLUCKS GREEN LIMITED	Indirect	50%
13	HELICAL GRAINGER (HOLDINGS) LIMITED	Indirect	50%
14	KING STREET DEVELOPMENTS (HAMMERSMITH) LIMITED	Indirect	50%
15	OBC DEVELOPMENT MANAGEMENT LIMITED	Indirect	33%
16	SHIRLEY ADVANCE LLP	Indirect	50%
17	CHARTERHOUSE PLACE LIMITED	Indirect	50%
18	CHARTERHOUSE STREET LIMITED	Indirect	50%

	Company	Direct/Indirect	Ultimate %
	DORMANT SUBSIDIARIES AND JOINT VENTURES		
1	AYCLIFFE & PETERLEE DEVELOPMENT COMPANY LIMITED	Direct	100%
2	HB SAWSTON NO. 1 LIMITED	Direct	100%
3	HB SAWSTON NO. 2 LIMITED	Direct	100%
4	HB SAWSTON NO. 4 LIMITED	Direct	100%
5	HELICAL (CG) LIMITED	Direct	100%
6	HELICAL (CHESTER) LIMITED	Direct	100%
7	HELICAL (FP) HOLDINGS LIMITED	Indirect	100%
8	HELICAL (HAILSHAM) LIMITED	Indirect	100%
9	HELICAL (HALESOWEN) LIMITED	Direct	100%
10	HELICAL (HUB) LIMITED	Direct	100%
11	HELICAL (JARROW) LIMITED	Direct	100%
12	HELICAL (NORTHAMPTON) LIMITED	Direct	100%
13	HELICAL (PORTBURY) LIMITED	Direct	100%
14	HELICAL (SEVENOAKS) LIMITED	Direct	100%
15	HELICAL (SIX) LIMITED	Direct	100%
16	HELICAL (STONE) LIMITED	Direct	100%
17	HELICAL (WEST LONDON) LIMITED	Direct	100%
18	HELICAL (YATE) LIMITED	Direct	100%
19	HELICAL BAR (CITY INVESTMENTS) LIMITED	Indirect	100%
20	HELICAL BAR LIMITED	Direct	100%
21	HELICAL BAR TRUSTEES LIMITED	Direct	100%
22	HELICAL GROUP LIMITED	Direct	100%
23	HELICAL PROPERTIES (RS) LIMITED	Direct	100%
24	HELICAL REGISTRARS LIMITED	Direct	100%
25	HGCI (HOLDCO) LIMITED	Indirect	100%
26	HGCI (TRANSCO) LIMITED	Indirect	100%
27	HGCI (UK) LIMITED	Indirect	100%
28	HGCI HOLDINGS LIMITED	Indirect	100%
29	HGCI INTERMEDIATE LIMITED	Indirect	100%**
30	HGCI LIMITED	Direct	100%
31	OLD STREET HOLDINGS GP LIMITED[2]	Indirect	33%
32	OLD STREET HOLDINGS L.P.[2]	Indirect	33%
33	OLD STREET UNITHOLDER LIMITED[2]	Indirect	33%

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

	Company	Direct/Indirect	Ultimate %
34	ROPEMAKER PARK MANAGEMENT COMPANY LIMITED	Indirect	100%**
35	SCBP MANAGEMENT COMPANY LIMITED	Indirect	75%
36	SPRING (HOLDINGS) LIMITED	Indirect	100%
37	SPRING (NO.1) LIMITED	Direct	100%
38	SPRING (NO.2) LIMITED	Indirect	100%
39	SPRING (NO.3) LIMITED	Indirect	100%

Registered offices:
1 12 Castle Street, St Helier, Jersey JE4 5UT.
2 13 Castle Street, St Helier, Jersey JE2 3RT.
3 c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, United States.
4 c/o Dentons, 1 George Square, Glasgow G2 1AL.

Notes:
* No shares in issue in the Unit Trusts. The registered office address is that of the appropriate trustee.
** Limited by Guarantee.

APPENDIX 1 – SEE-THROUGH ANALYSIS

All appendices are unaudited.

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

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

SEE-THROUGH NET RENTAL INCOME

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

		Year ended 31.3.20 £000	Year ended 31.3.19 £000
Gross rental income	– subsidiaries	31,631	28,154
	– joint ventures	898	971
Total gross rental income		32,529	29,125
Rents payable	– subsidiaries	(178)	(285)
Property overheads	– subsidiaries	(3,615)	(3,410)
	– joint ventures	(298)	(411)
Net rental costs attributable to profit share partner		–	140
See-through net rental income		28,438	25,159

SEE-THROUGH NET DEVELOPMENT PROFITS/(LOSSES)

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

		Year ended 31.3.20 £000	Year ended 31.3.19 £000
In parent and subsidiaries		2,076	4,740
In joint ventures		8,124	4,570
Total gross development profit		10,200	9,310
Reversal of provision/(provision)	– subsidiaries	1,198	(6,521)
	– joint ventures	(1,481)	(7,198)
See-through development profits/(losses)		9,917	(4,409)

SEE-THROUGH NET GAIN ON SALE AND REVALUATION OF INVESTMENT PROPERTIES

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

		Year ended 31.3.20 £000	Year ended 31.3.19 £000
Revaluation surplus on investment properties	– subsidiaries	38,351	44,284
	– joint ventures	8,451	1,288
Total revaluation surplus		46,802	45,572
Net gain on sale of investment properties	– subsidiaries	(1,272)	15,008
	– joint ventures	–	–
Total net gain on sale of investment properties		(1,272)	15,008
See-through net gain on sale and revaluation of investment properties		45,530	60,580

APPENDIX 1 – SEE-THROUGH ANALYSIS
CONTINUED

SEE-THROUGH NET FINANCE COSTS
Helical's share of the interest payable, finance charges, capitalised interest and interest receivable on bank borrowings, bonds and cash deposits in subsidiaries and in joint ventures is shown in the table below:

		Year ended 31.3.20 £000	Year ended 31.3.19 £000
Interest payable on bank loans, bonds and overdrafts	– subsidiaries	12,147	16,414
	– joint ventures	543	511
Total interest payable on bank loans, bonds and overdrafts		12,690	16,925
Other interest payable and similar charges	– subsidiaries	5,698	4,208
	– joint ventures	328	1,576
Interest capitalised	– subsidiaries	(1,745)	(3,215)
Total finance costs		16,971	19,494
Interest receivable and similar income	– subsidiaries	(1,345)	(983)
	– joint ventures	(54)	(92)
See-through net finance costs		15,572	18,419

SEE-THROUGH PROPERTY PORTFOLIO
Helical's share of the investment, trading and development property portfolio in subsidiaries and joint ventures is shown in the table below:

		31.3.20 £000	31.3.19 £000
Investment property fair value	– subsidiaries	836,875	791,250
	– joint ventures	76,809	25,382
Total investment property fair value		913,684	816,632
Land and development stock	– subsidiaries	852	2,311
	– joint ventures	34,164	56,935
Total land and development stock		35,016	59,246
Land and development stock surplus	– subsidiaries	578	578
	– joint ventures	–	–
Total land and development stock surpluses		578	578
Total land and development stock at fair value		35,594	59,824
See-through property portfolio		949,278	876,456

SEE-THROUGH NET BORROWINGS
Helical's share of borrowings and cash deposits in parent and subsidiaries and joint ventures is shown in the table below:

		31.3.20 £000	31.3.19 £000
Gross borrowings less than one year	– subsidiaries	5,000	100,468
Gross borrowings more than one year	– subsidiaries	343,184	324,814
Total gross borrowings in parent and subsidiaries		348,184	425,282
Gross borrowings less than one year	– joint ventures	–	–
Gross borrowings more than one year	– joint ventures	32,754	48,473
Total gross borrowings in joint ventures		32,754	48,473
Cash and cash equivalents	– subsidiaries	(74,586)	(197,570)
	– joint ventures	(7,821)	(7,612)
See-through net borrowings		298,531	268,573

SEE-THROUGH ANALYSIS RATIOS

	31.3.20 £000	31.3.19 £000
Property portfolio	949,278	876,456
Net borrowings	298,531	268,573
Net assets	598,689	567,425
Loan to value	31.4%	30.6%
Gearing	49.9%	47.3%

APPENDIX 2 – TOTAL ACCOUNTING RETURN AND TOTAL PROPERTY RETURN

TOTAL ACCOUNTING RETURN

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Brought forward net assets	567,425	533,894
Carried forward net assets	598,689	567,425
Increase in net assets	31,264	33,531
Dividends paid	12,219	11,406
Total Accounting Return	43,483	44,937
Total Accounting Return percentage	7.7%	8.4%

TOTAL PROPERTY RETURN

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
See-through net rental income	28,438	25,159
See-through development profits/(losses)	9,917	(4,409)
See-through revaluation surplus	46,802	45,572
See-through net (loss)/gain on sale of investment properties	(1,272)	15,008
Total Property Return	83,885	81,330

APPENDIX 3 – FIVE YEAR REVIEW

INCOME STATEMENTS

	Year ended 31.3.20 £000	Year ended 31.3.19 £000	Year ended 31.3.18 £000	Year ended 31.3.17 £000	Year ended 31.3.16 £000
Revenue	44,361	44,175	175,596	99,934	116,500
Net rental income	27,838	24,599	36,329	46,162	42,164
Development property profit/(loss)	2,076	2,564	(1,961)	7,143	30,700
Reversal of provision /(provision)	1,198	(4,345)	(2,213)	(6,300)	(6,448)
Share of results of joint ventures	13,396	(3,217)	3,196	(6,528)	50,469
Other operating income	88	–	111	982	20
Gross profit before gain on investment properties	44,596	19,601	35,462	41,459	116,905
(Loss)/gain on sale of investment properties	(1,272)	15,008	13,567	1,391	2,385
Revaluation surplus on investment properties	38,351	44,284	23,848	39,152	47,441
Fair value movement of available-for-sale assets	–	144	1,385	(3,352)	(1,370)
Administrative expenses excluding performance related awards	(10,524)	(10,858)	(11,023)	(10,800)	(10,716)
Performance related awards	(6,191)	(5,895)	(1,742)	(7,572)	(15,387)
Finance costs	(16,100)	(17,407)	(37,438)	(25,598)	(24,113)
Finance income	1,345	983	4,303	3,156	5,128
Movement in fair value of derivative financial instruments	(7,651)	(3,322)	4,029	789	(6,860)
Change in fair value of Convertible Bond	468	865	(1,559)	2,973	516
Foreign exchange gains/(losses)	8	53	(10)	(3)	100
Profit before tax	43,030	43,456	30,822	41,595	114,029
Tax on profit on ordinary activities	(4,313)	(836)	(4,537)	(2,471)	(9,146)
Profit after tax	38,717	42,620	26,285	39,124	104,883

BALANCE SHEETS

	31.3.20 £000	31.3.19 £000	31.3.18 £000	31.3.17 £000	31.3.16 £000
Investment portfolio at fair value	836,875	791,250	802,134	1,003,000	1,041,100
Land, trading and developments	852	2,311	6,042	86,680	92,035
Group's share of investment properties held by joint ventures	76,809	25,382	22,623	13,907	11,552
Group's share of land and development properties held by joint ventures	34,164	56,935	76,474	89,115	75,904
Group's share of land and development stock surpluses	578	578	2,328	12,514	19,412
Group's share of total properties at fair value	949,278	876,456	909,601	1,205,216	1,240,003
Net debt	273,598	227,712	325,121	574,439	659,393
Group's share of net debt of joint ventures	24,933	40,861	37,733	45,537	22,449
Group's share of net debt	298,531	268,573	362,854	619,976	681,842
Net assets	598,689	567,425	533,894	516,897	480,721
EPRA net assets value	625,038	583,111	561,644	565,973	540,731
Dividend per ordinary share paid/payable	10.20p	9.60p	8.70p	3.12p	12.60p
Dividend per ordinary share declared	8.70p	10.10p	9.50p	8.60p	8.17p
EPRA earnings/(loss) per ordinary share	7.6p	(8.4)p	(7.0)p	0.5p	17.1p
EPRA net assets per share	511p	482p	468p	473p	456p

APPENDIX 4 – PROPERTY PORTFOLIO

LONDON PORTFOLIO – INVESTMENT PROPERTIES

Address	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2020	Vacancy rate at 31 March 2019
Completed, let and available to let				
The Warehouse & Studio, The Bower, EC1	Multi-let office building	151,439	0.2%	0.0%
The Tower, The Bower, EC1	Multi-let office building	182,195	0.0%	28.5%
The Loom, E1	Multi-let office building	108,594	4.2%	2.9%
Kaleidoscope, EC1	Over-station office development	88,581	100.0%	n/a
25 Charterhouse Square, EC1	Multi-let office building	43,493	0.0%	0.0%
55 Bartholomew, EC1	Office redevelopment	10,976	90.5%	n/a
90 Bartholomew Close, EC1	Multi-let office building	30,427	0.0%	63.7%
The Powerhouse, W4	Single-let recording studios/office building	24,288	0.0%	0.0%
		639,993	17.6%	16.2%
Being redeveloped				
33 Charterhouse Street, EC1	Office redevelopment	203,045[1]	n/a	n/a
		843,038	n/a	n/a

1 Estimated space once developed.

LONDON PORTFOLIO – DEVELOPMENT PROPERTIES

Address	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2020	Vacancy rate at 31 March 2019
Being redeveloped				
Barts Square, EC1	236 residential apartments and 14,730 sq ft retail/leisure	216,678	n/a	n/a
		216,678	n/a	n/a

MANCHESTER OFFICES

Address	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2020	Vacancy rate at 31 March 2019
The Tootal Buildings	Multi-let office building	245,822	0.0%	3.4%
35 Dale Street	Multi-let office building	56,124	3.9%	0.0%
Fourways	Multi-let office building	59,260	25.0%	25.7%
Trinity	Newly completed office building	58,951	100.0%	100.0%
		420,157	18.1%	19.8%

APPENDIX 5 – EPRA PERFORMANCE MEASURES

The European Public Real Estate Association ("EPRA") Best Practice Recommendations set out a number of EPRA Performance Measures ("EPMs") to aid comparability in reporting across property companies. The principal EPMs applicable to the Group are set out below:

EPRA performance measure	Definition	Note	31.3.20	31.3.19
EPRA Earnings/(losses) per share	Earnings/(losses) per share from operational activities.	14	7.6p	(8.4)p
EPRA NAV	Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	35	511p	482p
EPRA NNNAV	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	35	480p	465p
EPRA NIY	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.		2.95%	2.74%
EPRA Topped Up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		4.05%	4.18%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.		19.72%	16.16%

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		31.3.20 £000	31.3.19 £000
Investment property at fair value	– subsidiaries	836,875	791,250
	– joint ventures	76,809	25,382
Less: Property under construction	– subsidiaries	–	(70,250)
	– joint ventures	(45,000)	(8,408)
Undeveloped land		(100)	(100)
Properties not held for rental income		–	–
Completed property portfolio		868,584	737,874
Allowance for estimated purchases' costs of 6.8%		59,064	50,175
Gross up completed property portfolio		927,648	788,049
Passing rent net of head rents		27,105	21,620
EPRA NIY		2.92%	2.74%
Add: Contracted rent		10,482	11,305
Topped up annualised net rents		37,587	32,925
EPRA Topped Up NIY		4.05%	4.18%

EPRA Vacancy Rate	31.3.20 £000	31.3.19 £000
ERV of vacant space	10,161	8,324
ERV of total portfolio	51,533	51,497
EPRA Vacancy Rate	19.72%	16.16%

Below is a table setting out in greater detail the types of capital expenditure made by the Group during the year:

	Note	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Acquisitions		41,026	30,573
Existing portfolio		44,044	56,532
Capitalised interest		1,745	3,215
Total capital expenditure	15	86,815	90,320

There was one (2019: one) new investment property purchased during the year, 33 Charterhouse Street, London EC1 in joint venture for £37,100,000 (our share). The majority of the expenditure on the existing portfolio was made on the London portfolio (77%) and the Manchester offices (23%). 100% of the capitalised interest is in London. Capitalised interest is calculated in accordance with IAS 23 *Borrowing Costs*.

GLOSSARY OF TERMS

CAPITAL VALUE (PSF)
The open market value of the property divided by the area of the property in square feet.

COMPANY OR HELICAL OR GROUP
Helical plc and its subsidiary undertakings.

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

EARNINGS PER SHARE (EPS)
Profit after tax divided by the weighted average number of ordinary shares in issue.

EPRA
European Public Real Estate Association.

EPRA EARNINGS PER SHARE
Earnings per share adjusted to exclude gains/losses on sale and revaluation of investment properties and their deferred tax adjustments, the tax on profit/loss on disposal of investment properties, trading property profits/losses, movement in fair value of available-for-sale assets and fair value movements on derivative financial instruments, on an undiluted basis. Details of the method of calculation of the EPRA earnings per share are available from EPRA (see Note 14).

EPRA NET ASSETS PER SHARE
Diluted net asset value per share adjusted to exclude fair value surplus/deficit of financial instruments and the Convertible Bond, and deferred tax on capital allowances and on investment properties revaluation, but including the fair value of trading and development properties in accordance with the best practice recommendations of EPRA (see Note 35).

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

EPRA TRIPLE NET ASSET VALUE PER SHARE
EPRA net asset value per share adjusted to include fair value of financial instruments and deferred tax on capital allowances and on investment properties revaluation (see Note 35).

EPRA NET REINSTATEMENT VALUE PER SHARE (EFFECTIVE FROM 1 JANUARY 2020)
Net asset value adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives, that are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded.

EPRA NET TANGIBLE ASSETS PER SHARE (EFFECTIVE FROM 1 JANUARY 2020)
Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax, but excludes assets and liabilities, such as fair value movements on financial derivatives, that are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded.

EPRA NET DISPOSAL VALUE PER SHARE (EFFECTIVE FROM 1 JANUARY 2020)
Represent the Shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

ESTIMATED RENTAL VALUE (ERV)
The market rental value of lettable space as estimated by the Group's valuers at each balance sheet date.

GEARING
Group borrowings expressed as a percentage of net assets.

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

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

MCSI INC. (MSCI IPD)
MSCI Inc. is a company that produces independent benchmarks of property returns.

NET ASSET VALUE PER SHARE (NAV)
Net assets divided by the number of ordinary shares at the balance sheet date (see Note 35).

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

PASSING RENT
The annual gross rental income being paid by the tenant.

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

SEE-THROUGH/GROUP SHARE
The consolidated Group and the Group's share in its joint ventures (see Appendix 1).

SEE-THROUGH NET GEARING
The see-through net borrowings expressed as a percentage of net assets (see Appendix 1).

TOTAL ACCOUNTING RETURN
The growth in the net asset value of the Company plus dividends paid in the year, expressed as a percentage of net asset value at the start of the year (see Appendix 2).

TOTAL ACCOUNTING RETURN ON EPRA NET ASSETS
The growth in the EPRA net asset value of the Company plus dividends paid in the year, expressed as a percentage of the EPRA net asset value at the start of the year.

TOTAL PROPERTY RETURN
The total of net rental income, trading and development profits and net gain on sale and revaluation of investment properties on a see-through basis (see Appendix 2).

TOTAL SHAREHOLDER RETURN (TSR)
The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.

TRUE EQUIVALENT YIELD
The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received quarterly in advance.

UNLEVERAGED RETURNS
Total property gains and losses (both realised and unrealised) plus net rental income expressed as a percentage of the total value of the properties.

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

SHAREHOLDER INFORMATION

WEBSITE
The report and Financial Statements, a list of properties held by the Group, Company presentations, press releases, the financial calendar and other information on the Group are available on our website at **www.helical.co.uk**

REGISTRAR
All general enquiries concerning holdings of ordinary shares in Helical plc should be addressed to the Company's Registrar:

LINK ASSET SERVICES
The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Telephone: 0371 664 0300*
From outside the UK +44 371 664 0300

Website: **www.linkassetservices.com**
Email: enquiries@linkgroup.co.uk

* Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, 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 (on 0371 664 0381* or email shares@linkgroup.co.uk) or complete an application form online at: **www.signalshares.com**

* Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

For participants in the DRIP, key dates of forthcoming dividends can be found in the Financial Calendar page in the "Investors" section of the website at **www.helical.co.uk**

SHARE DEALING SERVICE
An online and telephone share dealing service is available to our Shareholders through Link Share Deal.

For further information on this service or to buy and sell shares online, please visit **www.linksharedeal.com** or call 0371 664 0445*.

* Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 08.00 – 16:30 Monday to Friday excluding public holidays in England and Wales.

SHAREGIFT
Shareholders with a small number of shares, which are uneconomical to sell, may wish to consider donating them to a charity, free of charge through ShareGift (registered charity 1052686). For further information please visit **www.sharegift.org**, call 020 7930 3737 or write to ShareGift, PO Box 72253, London, SW1P 9LQ/help@sharegift.org

DIVIDENDS
Dividends declared and/or paid during the year to 31 March 2020 were as follows:

Dividend	Record date 2019	Payment date 2019	Amount
2018-19 Final	14 June	19 July	7.50p
2019-20 Interim	29 November	31 December	2.70p

Dividend payment dates in 2020 will be as follows:

Dividend	Record date 2020	Payment date 2020	Amount
2019-20 Final	26 June	27 July	6.00p
2020-21 Interim	December	December	TBC[1]

1 The amount of the 2020–21 Interim Dividend will be announced in November 2020.

UNSOLICITED INVESTMENT ADVICE – WARNING TO SHAREHOLDERS
Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. It is not just the novice investor who has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited investment advice, offers to buy shares at a discount or offers of free reports into Helical.

If you receive unsolicited investment advice:

- Exercise caution and never disclose personal details;
- Obtain the correct name of the person and organisation and make a record of any other information they give you, such as a telephone number, address or website address;
- Check that they are properly authorised by the FCA (Financial Conduct Authority) before getting involved. This can be checked at fca.org.uk/consumers. If you deal with an unauthorised firm you will not be eligible to receive payment under the Financial Services Compensation Scheme;
- Get impartial advice before handing over any money;
- If the caller persists, hang up;
- Inform us on 020 7629 0113 (email: reception@helical.co.uk) or our Registrars, Link Asset Services, on 0871 664 0300 (email: enquiries@linkgroup.co.uk). Whilst we are not able to investigate such incidents ourselves we will record the details and will liaise with the FCA; and
- Report the suspected fraud to the FCA either by calling: 0800 111 6768 or by completing an online form at: **www.fca.org.uk/consumers/report-scam-unauthorised-firm**

SHARE PRICE INFORMATION
The latest information on the Helical plc share price is available on our website **www.helical.co.uk**

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FINANCIAL CALENDAR AND ADVISORS

CALENDAR 2020 – 2021

2020	
25 June 2020	Ex-dividend date for final ordinary dividend
26 June 2020	Record date for final ordinary dividend
9 July 2020	Last day for DRIP elections
23 July 2020	Annual General Meeting
27 July 2020	Final ordinary dividend payable
November 2020[1]	Half Year Results and interim ordinary dividend announced
December 2020[2]	Ex-dividend date for interim ordinary dividend
December 2020[2]	Registration qualifying date for interim ordinary dividend

2021	
May 2021	Announcement of Full Year Results to 31 March 2021

Notes
1 The announcement date of the Half Year Results will be confirmed in October 2020.
2 Dates for the potential interim dividend will be confirmed in the Half Year Results Announcement.

ADVISORS

Registrars
Link Asset Services

Bankers
Aviva Commercial Finance Limited
Barclays Bank PLC
HSBC Bank PLC
The Royal Bank of Scotland PLC
National Westminster Bank PLC
Wells Fargo

Joint stockbrokers
J.P. Morgan Cazenove
Numis Securities Limited

Auditors
Deloitte LLP

Corporate solicitors
Clifford Chance LLP
Mishcon de Reya LLP

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