HELICAL PLC

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

Annual Results for the Year to 31 March 2020

WELL POSITIONED WITH HIGH QUALITY PORTFOLIO AND ROBUST BALANCE SHEET

Gerald Kaye, Chief Executive, commented:

"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 year also saw the completion of 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 across 20 buildings in London and Manchester and delivered 236 residential apartments (0.2m sq ft). Today, the Group has a high-quality portfolio of new or recently refurbished Grade A offices in London and Manchester.

"However, 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 well-being 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."

Operational Performance

- Practical completion achieved at Kaleidoscope, 55 Bartholomew and the last phase of residential at Barts Square, all in Farringdon, London EC1, marking the conclusion of a 2.5m sq ft development programme.
- Planning permission granted to enhance the ground floor configuration and add an additional floor of 13,175 sq ft within the envelope of the existing design at 33 Charterhouse

Street, Farringdon, London EC1. The new c.200,000 sq ft office development, in JV with AshbyCapital, should complete during Summer 2022.
- 23 new office lettings completed in London, representing 203,857 sq ft, delivering contracted rent of £15.4m (Helical's share £3.6m) at 5.0% above 31 March 2019 ERV.
- Five additional new office lettings completed in London on a "Plug & Play" basis, representing 35,268 sq ft, generating £3.0m of contracted rent (Helical's share £2.7m).
- In Manchester, eight office lettings (including one on a "Plug & Play" basis) and a retail letting completed, comprising 50,324 sq ft in total, generating rental income of £1.2m at 2.9% above 31 March 2019 ERV.
- Successful equity recycling with the sale of Power Road Studios, a 57,164 sq ft multi-let office campus in Chiswick for £41.6m, reflecting a net initial yield of 4.8%.
- Subsequent to the year-end, and during the lockdown period, the Company has achieved a further disposal with the sale of 90 Bartholomew Close, London EC1, held in joint venture, to La Francaise Real Estate Partners International for £48.5m, reflecting a net initial yield of 3.92%.

Financial Highlights

Earnings and Dividends
- See-through Total Property Return[1] of £83.9m (2019: £81.4m):
  - Group's share[1] of net rental income of £28.5m (2019: £25.2m).
  - Development profits of £9.9m (2019: losses of £4.4m), after provisions of £0.3m (2019: £13.7m).
  - Net gain on sale and revaluation of investment properties of £45.5m (2019: £60.6m).
- Total Property Return, as measured by MSCI, of 9.6% compared to the MSCI Central London Offices Total Return Index of 4.5%.
- IFRS Profit before tax of £43.0m (2019: £43.5m).
- IFRS basic earnings per share of 32.3p (2019: 35.8p).
- EPRA earnings per share[1] of 7.6p (2019: loss of 8.4p).
- Final dividend proposed of 6.00p per share (2019: 7.50p), a decrease of 20% as part of action taken to reduce outgoings and preserve the Group's cash resources in the current uncertain environment.
- Total dividend for the year of 8.70p (2019: 10.10p), a decrease of 13.9%.

Balance Sheet
- Net asset value up 5.5% to £598.7m (31 March 2019: £567.4m).
- Total Accounting Return[1] on EPRA net assets of 9.3% (2019: 8.0%).
- EPRA net asset value per share[1] up 6.0% to 511p (31 March 2019: 482p).
- EPRA triple net asset value per share[1] up 3.2% to 480p (31 March 2019: 465p).

Property Valuations
- IFRS property portfolio value of £819.6m (31 March 2019: £778.8m).
- See-through property portfolio[1] of £949.3m (31 March 2019: £876.4m).
- See-through investment property valuation gain, on a like-for-like basis, of 5.9% (5.8% including purchases and gains on sales).

Financing
- See-through loan to value[1] marginally increased to 31.4% (31 March 2019: 30.6%).
- See-through net borrowings[1] of £298.5m (31 March 2019: £268.6m).
- Average maturity of the Group's share[1] of secured debt of 4.1 years (31 March 2019: 3.4 years), increasing to 5.5 years on exercise of options to extend current facilities.
- See-through average cost of secured facilities[1] of 3.5% (31 March 2019: 4.1%).
- Group's share[1] of cash and undrawn bank facilities of £279m (31 March 2019: £382m).

Portfolio Update

London Portfolio

- 6.4% valuation increase, on a like-for-like basis, of our see-through London investment portfolio, valued at £776.9m at 31 March 2020 (85% of investment portfolio) compared to £693.8m at 31 March 2019 (85% of investment portfolio).
- Contracted rents of £31.1m (31 March 2019: £27.5m) compared to an ERV of £50.6m (31 March 2019: £42.4m).
- WAULT of 7.8 years (31 March 2019: 8.0 years).

Manchester Portfolio

- 2.9% valuation increase, on a like-for-like basis, to £136.7m at 31 March 2020 (15% of investment portfolio) compared to £122.7m at 31 March 2019 (15% of investment portfolio).
- Contracted rents increased to £6.5m (31 March 2019: £5.7m) compared to an ERV of £9.3m (31 March 2019: £9.0m).
- WAULT of 3.9 years (31 March 2019: 3.9 years).

Covid-19 Update

- 92% of March quarter rents collected, with a further 3% being paid in instalments, however, letting progress on Kaleidoscope, London EC1 and Trinity, Manchester has slowed.
- All the Group's buildings have remained open, whilst complying with Government guidelines on providing safe office space.
- 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.

For further information, please contact:

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Results Presentation

Helical will be holding an audio webcast with a live Q&A for analysts and investors starting at 9am on Thursday 4 June 2020.

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

Participants, Local – London, United Kingdom:	+44 (0)330 336 9411
Participation Code:	6400265

Webcast Link:
https://webcasting.brrmedia.co.uk/broadcast/5e665db99672d83b98777cbb

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

Chief Executive's Statement

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).

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 in 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.

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 & 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 has 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.

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 well-being 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

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.

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.

MSCI

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

MSCI has compared the ungeared performance of Helical's total property portfolio against that of portfolios within MSCI for over 20 years. 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 unleveraged portfolio returns to 31 March 2020 were as follows:

	1 year	3 years	5 years	10 years	20 years
Helical (%)	9.6	10.2	12.2	12.1	12.5
MSCI UK March-Valued Annual Property Index (%)	-1.1	3.8	5.4	7.9	7.2
Helical's Percentile Rank	2	4	2	5	5
MSCI Central London Offices Total Return Index (%)	4.5	5.5	6.9	11.5	9.0

Source: MSCI

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.

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%).

	2020	2019	2018	2017	2016
Total Accounting Return on IFRS net assets	**7.7**	8.4	5.3	8.3	22.5

EPRA Net Asset Value Per Share

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

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).

Total Shareholder Return

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

The Total Shareholder Return in the year to 31 March 2020 was 8.7% (2019: 5.2%).

	Performance Measured Over					
	1 year Total return pa %	3 years Total return pa %	5 years Total return pa %	10 years Total return pa %	15 years Total return pa %	20 years Total return pa %
Helical plc[1]	8.7	6.7	0.1	2.6	4.8	8.4
UK Equity Market[2]	(18.5)	(4.2)	0.6	4.4	5.3	3.5
Listed Real Estate Sector Index[3]	(14.5)	(2.8)	(3.0)	5.9	2.1	5.1
Direct Property - monthly data[4]	0.1	5.6	6.4	8.4	6.1	7.5

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.

Average Length of Employee Service and Average Staff Turnover

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

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

	2020	2019	2018	2017	2016
Average length of service at 31 March - years	10.0	8.7	7.9	8.0	7.6
Staff turnover during the year to 31 March - %	10.3	6.9	15.2	5.7	14.3

BREEAM Ratings

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

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	Buildings
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 Close, 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.

Financial Review

IFRS Performance	EPRA Performance
Profit Before Tax £43.0m (2019: £43.5m)	EPRA Earnings £9.1m (2019: loss of £10.0m)
EPS 32.3p (2019: 35.8p)	EPRA EPS 7.6p (2019: loss of 8.4p)
Diluted NAV Per Share 489p (31 March 2019: 469p)	EPRA NAV Per Share 511p (31 March 2019: 482p)
Total Accounting Return 7.7% (2019: 8.4%)	Total Accounting Return on EPRA net assets 9.3% (2019: 8.0%)

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.

	Year to 2020 £m	Year to 2019 £m	Year to 2018 £m	Year to 2017 £m	Year to 2016 £m
Total Property Return	83.9	81.4	68.8	79.9	164.6

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

	Year to 2020 %	Year to 2019 %	Year to 2018 %	Year to 2017 %	Year to 2016 %
Helical's unleveraged portfolio	9.6	10.1	10.8	9.3	21.7

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%).

	2020	2019	2018	2017	2016
Total Accounting Return on IFRS net assets	7.7	8.4	5.3	8.3	22.5

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.

	Year to 2020 %	Year to 2019 %	Year to 2018 %	Year to 2017 %	Year to 2016 %
Total Accounting Return on EPRA net assets	9.3	8.0	1.0	4.2	19.6

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 developmental 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.

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

		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

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.

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* 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

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

Secured Debt

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

– **Investment Facilities**
We have 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*	67.2	5.7*
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

* 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 Full Year Results. 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

Helical's Property Portfolio – 31 March 2020

Property Overview

For Helical to generate capital profits and growing income streams, the Group needs to identify those areas where it believes tenant demand is, or will become, strong and to source opportunities in those areas at an appropriate entry price. Equally important, we need to provide inspiring working environments suited to the needs of our customers, the tenants. Using the skills, knowledge and expertise gained over many years, the Helical team aims to deliver attractive and exciting office space in our identified locations.

Helical divides its property activities into two core markets: London and Manchester offices. At 31 March 2020, London represented 85% and Manchester 15% of the investment property portfolio. Whilst there are structural differences in these markets, Helical has found that its business model can be applied successfully to each, driving capital growth, development profits and rental income.

The London Portfolio

Our 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.

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 impacts 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 well-being 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.

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.

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.

In 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.

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 floor 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.

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.

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.

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.

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.

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.

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 Manchester Portfolio

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.

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 office 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.

The Tootal Buildings, Manchester

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.

Trinity, Manchester

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.

Fourways, Manchester

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.

35 Dale Street, Manchester

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.

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 (Helical share) £m	Remaining spend (Helical share) £m	Pre-redeveloped space sq ft	New space sq ft	Total completed space sq ft	Completion date
Investment – committed						
The Tower, 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	0.0
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 sale %	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

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 10 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, London EC1	SIA Partners	7,564	10
Fourways, Manchester	OYO Technology and Hospitality	3,756	1
90 Bartholomew, London EC1	Peakon	4,675	5
The Loom, London E1	UI Centric	3,048	5
90 Bartholomew, 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	7,663,000	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.

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	13	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	12	38,351	44,284
Fair value movement of available-for-sale assets	15	-	144
Gross profit		81,675	79,037
Administrative expenses	7	(16,715)	(16,753)
Operating profit		64,960	62,284
Finance costs	8	(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
Tax on profit on ordinary activities	9	(4,313)	(836)
Profit for the year		38,717	42,620

Earnings per share	11		
Basic		32.3p	35.8p
Diluted		31.7p	35.3p

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 Balance Sheet

At 31 March 2020

	Notes	31.3.20 £000	31.3.19 £000
Non-current assets			
Investment properties	12	819,573	778,752
Owner occupied property, plant and equipment		6,007	1,747
Investment in joint ventures	13	80,818	24,676
Derivative financial instruments	21	86	915
		906,484	806,090
Current assets			
Land and developments	14	852	2,311
Corporation tax receivable		1,417	-
Trade and other receivables	16	40,382	58,726
Cash and cash equivalents	17	74,586	197,570
		117,237	258,607
Total assets		1,023,721	1,064,697
Current liabilities			
Trade and other payables	18	(45,771)	(43,159)
Lease liability	19	(611)	-
Corporation tax payable		-	(2,561)
Borrowings	20	(5,000)	(100,468)
		(51,382)	(146,188)
Non-current liabilities			
Borrowings	20	(343,184)	(324,814)
Derivative financial instruments	21	(10,455)	(4,158)
Lease liability	19	(7,563)	(2,189)
Trade and other payables	18	(590)	(11,405)
Deferred tax liability	9	(11,858)	(8,518)
		(373,650)	(351,084)
Total liabilities		(425,032)	(497,272)
Net assets		598,689	567,425
Equity			
Called-up share capital	22	1,465	1,459
Share premium account		103,522	101,304
Revaluation reserve		171,464	131,050
Capital redemption reserve		7,478	7,478
Other reserves		291	291
Retained earnings		314,469	325,843
Total equity		598,689	567,425

Consolidated Cash Flow Statement

For the year to 31 March 2020

	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Cash flows from operating activities		
Profit before tax	43,030	43,456
Depreciation	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 plant and equipment	(11)	(52)
Net financing costs	14,755	16,424
Change in value of derivative financial instruments	7,651	3,322
Change in fair value of Convertible Bond	(468)	(865)
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)
Foreign exchange movement	67	(52)
Cash inflows from operations before changes in working capital	19,655	8,584
Change in trade and other receivables	12,499	40,561
Change in land and developments	1,459	3,731
Change in trade and other payables	(3,890)	(3,176)
Cash inflows generated from operations	29,723	49,700
Finance costs	(19,630)	(25,358)
Finance income	6,717	461
Tax paid	(4,467)	(2,200)
	(17,380)	(27,097)
Cash flows from operating activities	12,343	22,603
Cash flows from investing activities		
Additions to investment property	(44,159)	(79,742)
Net proceeds from sale of investment property	40,260	164,058
Investment in joint ventures	(50,749)	-
Return on investment in joint ventures	1,334	-
Dividends from joint ventures	6,670	416
Receipts in respect of available-for-sale assets	-	144
Sale of plant and equipment	27	155
Purchase of owner occupied property, plant and equipment	(18)	(320)
Net cash (used by)/generated from investing activities	(46,635)	84,711
Cash flows from financing activities		
Borrowings drawn down	254,038	64,089
Borrowings repaid	(329,929)	(54,306)
Lease liability payments	(588)	-
Shares issued	6	8
Equity dividends paid	(12,219)	(11,406)
Net cash used by financing activities	(88,692)	(1,615)
Net (decrease)/increase in cash and cash equivalents	(122,984)	105,699
Cash and cash equivalents at start of year	197,570	91,871
Cash and cash equivalents at end of year	74,586	197,570

Consolidated Statement of Changes in Equity

At 31 March 2020

	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 (31 March 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 (31 March 2019: £9,038,000) made up of the Performance Share Plan credit of £2,814,000 (31 March 2019: £2,274,000) and related deferred tax credit of £483,000 (31 March 2019: £94,000), dividends paid of £12,219,000 (31 March 2019: £11,406,000), issued share capital of £6,000 (31 March 2019: £8,000) and corresponding share premium of £2,218,000 (31 March 2019: £2,506,000), share settled Performance Share Plan awards charge of £1,349,000 (31 March 2019: £1,837,000) and the share settled bonus awards credit of £1,074,000 (31 March 2019: charge of £677,000).

Notes to the Full Year Results

1. Basis of Preparation

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

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

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but has been derived from the Company's audited statutory accounts for the year ended 31 March 2020. These accounts will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor's opinion on the 2020 accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The principal accounting policies of the Group are consistent with those applied in the year to 31 March 2019, as amended to reflect the new standard set out below. The Group Annual Report and Financial Statements for 2019 are available at Companies House or on the Group's website.

New standard adopted during the year

<u>Adoption of IFRS 16 *Leases*</u>

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*. 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.

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.

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 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.

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 13).

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 13). 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 of 10% would result in a rise of 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 12.

2. Revenue from Contracts with Customers

	Year ended 31.03.20 £000	Year ended 31.03.19 £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

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)
Net finance costs			(14,755)			(16,424)
Change in fair value of derivative financial instruments			(7,651)			(3,322)
Change in value of Convertible Bond			468			865
Foreign exchange gain			8			53
Profit before tax			43,030			43,456

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
Other assets			122,478			258,958
Total assets			1,023,721			1,064,697
Liabilities			(425,032)			(497,272)
Net assets			598,689			567,425

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

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 12)	(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
Administration costs	(10,524)	(10,858)
Performance related awards	(5,279)	(5,202)
National Insurance on performance related awards	(912)	(693)
Administrative expenses	(16,715)	(16,753)

8. Finance Costs

	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)

9. 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 timing differences	1,947	(796)
Deferred tax (charge)/credit	(3,824)	8,171
Total tax charge for the year	(4,313)	(836)

Deferred tax	31.3.20 £000	31.3.19 £000
Capital allowances	(4,142)	(3,263)
Tax losses	1,818	2,019
Unrealised chargeable gains	(13,850)	(9,159)
Other timing differences	4,316	1,885
Deferred tax liability	(11,858)	(8,518)

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.

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.

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

10. Dividends

	Year ended 31.3.20 £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.

11. Earnings Per Share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary Shareholders divided by the weighted average number of shares in issue during the year. This is a different basis to the net asset per share calculations which are based on the number of shares at the year end.

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

The EPRA earnings per share is calculated in accordance with IAS 33 *Earnings per Share* and the best practice recommendations of the European Public Real Estate Association ("EPRA").

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

		Year ended 31.3.20 000	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 Convertible Bond		(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 calculations of EPRA earnings per share		9,082	(10,031)
EPRA earnings/(loss) per share		7.6p	(8.4)p

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

12. Investment Properties

	31.3.20 £000	31.3.19 £000
Book value at 1 April	778,752	791,948
Additions	43,951	90,320
Disposals	(41,481)	(147,550)
Revaluation surplus	38,351	44,284
Revaluation deficit attributable to profit share partners	-	(250)
Book value at 31 March	819,573	778,752

All properties are stated at market value as at 31 March 2020, of which £836,725,000 are valued by professionally qualified external valuers (Cushman & Wakefield LLP) in accordance with the Valuation-Professional Standards published by the Royal Institution of Chartered Surveyors. Due to the impact of Covid-19, the valuation report issued by Cushman & Wakefield LLP includes a clause which highlights a “material valuation uncertainty”. This does not qualify the valuation or mean that the valuation cannot be relied upon but has been used to highlight that less certainty can be attached to the valuation. The remaining £150,000 was valued by the Directors. The fair value of the investment properties at 31 March 2020 is as follows:

	31.3.20 £000	31.3.19 £000
Book value at 31 March	819,573	778,752
Lease incentives and costs included in trade and other receivables	19,463	14,687
Head leases capitalised	(2,161)	(2,189)
Fair value at 31 March	836,875	791,250

Interest capitalised in respect of the refurbishment of investment properties at 31 March 2020 amounted to £13,102,000 (31 March 2019: £11,357,000).

The historical cost of investment property is £645,927,000 (31 March 2019: £645,521,000).

13. Investments in Joint Ventures

Share of results of joint ventures	Year ended 31.3.20 £000	Year ended 31.3.19 £000
Summarised consolidated income statement		
Revenue	32,162	52,402
Gross rental income	898	971
Property overheads	(298)	(411)
Net rental income	600	560
Development profit	8,124	4,570
Provision against book value of development stock	(1,481)	(7,198)
Gain on revaluation of investment properties	8,451	1,288
Other operating (expenses)/ income	(21)	9
Gross profit/(loss)	15,673	(771)
Administrative expenses	(596)	(406)
Operating profit/(loss)	15,077	(1,177)
Interest payable on bank loans and overdrafts	(543)	(511)
Other interest payable and similar charges	(328)	(1,576)
Finance income	54	92
Change in fair value of derivative financial instruments	(39)	(35)
Profit/(loss) before tax	14,221	(3,207)
Tax	(2,658)	(1,399)
Profit/(loss) after tax	11,563	(4,606)
Reversal of One Creechurch Place loss*	224	1,389
Profit on sale of interest in One Creechurch Place	1,334	-
Uplift for Barts Square economic interest**	275	-
Share of results of joint ventures	13,396	(3,217)

* This is an adjustment that has been made to add back the Group's share of the loss incurred in one of its joint ventures, arising from finance and other costs in the year, to ensure the Group's interest is shown at its recoverable amount.

** This is an adjustment to reflect the impact of the consolidation of a joint venture at its economic interest of 43.0% (2019: 43.8%) rather than its actual ownership interest of 33.3%.

Investment in joint ventures	31.3.20 £000	31.3.19 £000
Summarised balance sheets		
Non-current assets		
Investment properties	76,141	25,289
Owner occupied property, plant and equipment	41	106
Derivative financial instruments	-	23
Deferred tax	-	1,774
	76,182	27,192
Current assets		
Land and developments	34,164	56,935
Trade and other receivables	3,780	10,554
Cash and cash equivalents	7,821	7,612
	45,765	75,101
Current liabilities		
Trade and other payables	(7,162)	(13,599)
	(7,162)	(13,599)
Non-current liabilities		
Trade and other payables	(316)	(20,419)
Borrowings	(32,754)	(48,473)
Deferred tax	(976)	-
	(34,046)	(68,892)
Net assets pre-adjustments	80,739	19.802
Reversal of Creechurch net liability position*	-	4,874
Acquisition costs	79	-
Net assets	80,818	24,676

* This is an adjustment that has been made to add back the Group's share of the loss incurred in one of its joint ventures, arising from finance and other costs in the year, to ensure the Group's interest is shown at its recoverable amount.

The fair value of investment properties at 31 March 2020 is as follows:

	31.3.20 £000	31.3.19 £000
Book value	76,141	25,289
Lease incentives and costs included in trade and other receivables	668	93
Fair value	76,809	25,382

The Directors' valuation of land and developments shows a surplus of £nil (31 March 2019: £nil) above book value.

14. Land and Developments

	31.3.20 £000	31.3.19 £000
Land and developments	852	2,311

The Directors' valuation of land and developments shows a surplus of £578,000 (31 March 2019: £578,000) above book value.

15. Available-for-sale Investments

The gain of £144,000 recognised in the prior year is the result of cash received in relation to a previously fully impaired asset.

16. Trade and Other Receivables

	31.3.20 £000	31.3.19 £000
Trade receivables	11,698	9,680
Other receivables	3,265	22,856
Prepayments	3,986	4,173
Accrued income	21,433	22,017
	40,382	58,726

Included within Accrued Income are lease incentives of £19,463,000 (31 March 2019: £14,687,000).

17. Cash and Cash Equivalents

	31.3.20 £000	31.3.19 £000
Cash held at managing agents	3,563	2,599
Restricted cash	7,177	2,678
Cash deposits	63,846	192,293
	74,586	197,570

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

18. Trade and Other Payables

	31.3.20 £000	31.3.19 £000
Trade payables	28,378	13,009
Other payables	2,060	1,869
Accruals	9,277	23,368
Deferred income	6,056	4,913
Current trade and other payables	45,771	43,159
Accruals	590	11,405
Non-current trade and other payables	590	11,405
Total trade and other payables	46,361	54,564

19. Lease Liability

	31.3.20 £000	31.3.19 £000
Current lease liability	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*.

20. Borrowings

	31.3.20 £000	31.3.19 £000
Current borrowings	5,000	100,468
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

The £100,000,000 Convertible Bond was repaid in June 2019.

Net borrowings	31.3.20 £000	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.

	31.3.20 £000	31.3.19 £000
Net assets	598,689	567,425
Gearing	46%	40%

21. Derivative Financial Instruments

	31.3.20 £000	31.3.19 £000
Derivative financial instruments asset	86	915
Derivative financial instruments liability	(10,455)	(4,158)

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

22. 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.

	31.3.20 £000	31.3.19 £000
Allotted, called up and fully paid:		
- 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

23. 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 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 (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.

24. 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

25. 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.

26. 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).

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

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

See-through net rental income

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

		Year ended 31.3.20 £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 are 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 profit/(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

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 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
Balance sheet		
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

	Year ended 31.03.20 £000	Year ended 31.03.19 £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	7.7%	8.4%

	Year ended 31.03.20 £000	Year ended 31.03.19 £000
See-through net rental income	28,438	25,159
See-through development profit/(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 provisions/(provisions) against stock	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 properties 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, trading 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 asset 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*	n/a	n/a
		843,038	n/a	n/a

*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 – Risk Register

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 macroeconomic 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's 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 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.
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 RCF) 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 cashflow 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 and Safety policy regularly and it is approved by the Board annually. Contractors are required to comply with the terms of our Health and 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.

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 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 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.

Appendix 6 – Glossary of Terms

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

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

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

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

EPRA
European Public Real Estate Association.

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

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

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

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 23).

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 23).

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.

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