

# HELICAL

## HELICAL PLC

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

Annual Results for the Year to 31 March 2022

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### HELICAL, DELIVERING A SUSTAINABLE FUTURE

#### Gerald Kaye, Chief Executive, commented:

"Today marks the opening to the public of the Elizabeth Line, one of the largest transport infrastructure projects in the UK, increasing Central London's rail capacity by 10% and bringing an additional 1.5 million people within 45 minutes of Central London. Our £1bn portfolio of sustainable, amenity rich London offices, of which 99% by value are situated within a 12 minute walk of a nearby Elizabeth Line station, will continue to benefit from their proximity to this new arterial route through Central London. It is this connection, together with the improving strength of the prime London office market, that has underpinned a strong set of results after emerging from the Covid-19 pandemic following two difficult years.

"Our Total Accounting Return ("TAR") for the year, a key performance indicator for Helical, was 15.0% on our net assets measured under IFRS and 10.2% based on our EPRA net tangible assets. Over the three years to 31 March 2022, the compound annual growth rate of our EPRA TAR was 7.8% pa, an indication of the strength and consistency of the financial performance of the Group, despite the challenges of the period. These results were driven by growing rental income and strong valuation surpluses from both our completed development schemes, now held for long term income growth and future asset management opportunities, and our schemes under development.

"This morning we published our Net Zero Carbon Pathway to becoming a net zero carbon business by 2030, as our contribution, as a responsible business, to the decarbonising of the UK economy by 2050. In continuing this journey, we have identified meaningful ways of reducing both our embodied and operational carbon emissions. As part of this process, we have signed up to the Better Buildings Partnership Climate Commitment, which provides an accountable and transparent framework for delivering net zero carbon for a property portfolio.

"We are a specialist developer and investor in prime Central London real estate, creating inspiring and sustainable, best-in-class office buildings. London is a leading world city, a safe haven, attracting a mix of established and growing businesses seeking a base for their operations and well capitalised investors looking to invest their funds.

"We will continue to see bifurcation between the best-in-class new sustainable buildings and the older less sustainable buildings. This will be reflected in strong rental growth for the former and rental decline for the latter. Helical is well positioned to capitalise upon a period of opportunity within the sector over the next 10-20 years, changing the older "brown" buildings into "green" sustainable buildings.

"In the last year, we have deployed capital to acquire 100 New Bridge Street, EC4, with this exciting redevelopment due to start by the end of 2023, following the expiry of the current tenancies. Along with 33 Charterhouse Street, EC1, due for completion in September 2022, and continuing asset management opportunities in the remaining, completed investment portfolio, we are optimistic that our successful track record of outperforming the market and delivering strong financial returns will continue."

## Operational Highlights

- Major boost to the development pipeline with the acquisition of 100 New Bridge Street, EC4. Delivery of a c.185,000 sq ft office scheme planned for early 2025.
- Practical completion of 33 Charterhouse Street, EC1, a 205,369 sq ft BREEAM “Outstanding” office development, on track for September 2022.
- 14 residential units at Barts Square sold in this 236 unit residential scheme, leaving 14 apartments available at the year end of which one has since been sold and two are under offer.
- 12 new lettings completed across the portfolio, totalling 54,118 sq ft, delivering contracted rent of £3.3m (Helical’s share £3.0m) at 1.8% above the 31 March 2021 ERV (excluding managed lettings).
- 95.8% of all rent contracted and payable for the financial year collected with 2.2% to be collected following the end of the Government’s general moratorium and 2.0% having been written off or agreed concessions.
- Post year end disposals of:
  - Trinity, our last remaining asset in Manchester, for £34.55m, at a net premium of c.£2.0m to our 31 March 2022 book value and representing a net initial yield of 5.0%.
  - 55 Bartholomew, EC1, for £16.5m (our share £7.6m), at a 3% premium to 31 March 2022 book value, reflecting a net initial yield of 4.5%.

## Financial Highlights

### Earnings and Dividends

- IFRS profit after tax increased to £88.9m (2021: £17.9m).
- See-through Total Property Return<sup>1</sup> of £89.5m (2021: £48.6m):
  - Group’s share<sup>1</sup> of net rental income of £31.2m (2021: £25.0m) – up 24.8%.
  - Net gain on sale and revaluation of investment properties of £51.7m (2021: £23.9m).
  - Development profits of £6.6m (2021: losses of £0.3m).
- Total Property Return, as measured by MSCI, of 10.7%, compared to the MSCI Central London Offices Total Return Index of 7.9%.
- IFRS basic earnings per share of 72.8p (2021: 14.8p).
- EPRA earnings per share<sup>1</sup> of 5.2p (2021: loss of 1.8p).
- Final dividend proposed of 8.25p per share (2021: 7.40p), an increase of 11.5%.
- Total dividend for the year of 11.15p (2021: 10.10p), an increase of 10.4%.

### Balance Sheet

- Net asset value up 13.0% to £687.0m (31 March 2021: £608.2m).
- Total Accounting Return<sup>1</sup> on IFRS net assets of 15.0% (2021: 3.3%).
- Total Accounting Return<sup>1</sup> on EPRA net tangible assets of 10.2% (2021: 4.5%).
- EPRA Total Accounting Return CAGR<sup>1</sup> for the three years to 31 March 2022 of 7.8% (2021: 7.2%).
- EPRA net tangible asset value per share<sup>1</sup> up 7.3% to 572p (31 March 2021: 533p).
- EPRA net disposal value per share<sup>1</sup> up 13.6% to 551p (31 March 2021: 485p).

### Financing

- See-through loan to value<sup>1</sup> increased to 36.4% (31 March 2021: 22.6%).
- See-through net borrowings<sup>1</sup> of £402.9m (31 March 2021: £193.9m).
- Average maturity of the Group’s share<sup>1</sup> of secured debt of 3.0 years (31 March 2021: 3.2 years), increasing to 3.7 years on exercise of options to extend current facilities and on a fully utilised basis.
- Change in fair value of derivative financial instruments credit of £18.0m (2021: £2.9m).
- See-through average cost of secured facilities<sup>1</sup> of 3.2% (31 March 2021: 3.5%).
- Group’s share<sup>1</sup> of cash and undrawn bank facilities of £132m (31 March 2021: £423m).
- Helical elected to become a REIT, effective 1 April 2022, and will be exempt from UK corporation tax on relevant future property activities.

## Portfolio Update

- IFRS investment property portfolio value of £938.8m (31 March 2021: £740.2m).
- 7.0% valuation increase, on a like-for-like basis<sup>1</sup> (5.6% including sales and purchases), of our see-through investment portfolio, valued at £1,097.3m, compared to £839.4m at 31 March 2021.
- Contracted rents of £46.4m (31 March 2021: £37.8m) compared to an ERV<sup>1</sup> of £67.1m (31 March 2021: £52.1m).
- See-through portfolio WAULT<sup>1</sup> of 5.6 years (31 March 2021: 6.9 years).
- Vacancy rate reduced from 10.5% to 6.7%.

## Sustainability Highlights

- Helical's "Net Zero Carbon Pathway" published today setting out our commitment to becoming a net zero carbon business by 2030.
- Better Building Partnership's Climate Commitment adopted, providing an accountable and transparent framework for delivering net zero carbon for a property portfolio.
- Improvements across sustainability measures and ratings with a 4\* Green GRESB rating (85/100), MSCI ESG of AAA and an EPRA Sustainability BPR rating of Gold.
- 96% of the space in our buildings has been recently developed or refurbished (excluding 100 New Bridge Street, EC4) with 99% of our investment portfolio, by value, having an A or B EPC rating.

### For further information, please contact:

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## Results Presentation

Helical will be holding a presentation for analysts and investors starting at 08:30am on Tuesday 24 May 2022 at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. If you would like to attend, please contact FTI Consulting on 020 3727 1000, or email [schelical@fticonsulting.com](mailto:schelical@fticonsulting.com)

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

**Participants, Local – London, United Kingdom:**

**0330 165 4012**

**Participation Code:**

**5156706**

**Webcast Link:**

<https://webcasting.brrmedia.co.uk/broadcast/624c2069e1d0d456b32a283b>

1. See Glossary for definition of terms. The financial statements have been prepared in accordance with International Accounting Standards ("IAS") in conformity with the Companies Act 2006. 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

### Overview

Today marks the opening to the public of the Elizabeth Line, one of the largest transport infrastructure projects in the UK, increasing Central London's rail capacity by 10% and bringing an additional 1.5 million people within 45 minutes of Central London. Our £1bn portfolio of sustainable, amenity rich London offices, of which 99% by value are situated within a 12 minute walk of a nearby Elizabeth Line station, will continue to benefit from their proximity to this new arterial route through Central London. It is this connection, together with the improving strength of the prime London office market, that has underpinned a strong set of results after emerging from the Covid-19 pandemic following two difficult years.

Our Total Accounting Return ("TAR") for the year, a key performance indicator for Helical, was 15.0% on our net assets measured under IFRS and 10.2% based on our EPRA net tangible assets. Over the three years to 31 March 2022, the compound annual growth rate of our EPRA TAR was 7.8% pa, an indication of the strength and consistency of the financial performance of the Group, despite the challenges of the period. These results were driven by growing rental income and strong valuation surpluses from both our completed development schemes, now held for long term income growth and future asset management opportunities, and our schemes under development.

### Sustainability

This morning we published our Net Zero Carbon Pathway to becoming a net zero carbon business by 2030, as our contribution, as a responsible business, to the decarbonising of the UK economy by 2050. In continuing this journey, we have identified meaningful ways of reducing both our embodied and operational carbon emissions. As part of this process, we have signed up to the Better Buildings Partnership Climate Commitment, which provides an accountable and transparent framework for delivering net zero carbon for a property portfolio.

With our commitment to sustainability reporting, we measure our performance against industry-wide benchmarks, and I am pleased again to be able to report significant progress against these measures during the year.

We have improved our GRESB score from a 3\* to a 4\* Green rating, increasing our score from 76 to 85, and have maintained our MSCI ESG rating at AAA, the top rating. Further, we have been awarded a Gold rating under the EPRA Sustainability BPR, up from Silver.

At a portfolio level, 99% by value of our completed portfolio has an EPC rating of A or B (the remaining 1% has a C rating) and each of our refurbished or redeveloped office buildings has a BREEAM rating of "Excellent", with BREEAM "Outstanding" targeted for 33 Charterhouse Street, EC1 and 100 New Bridge Street, EC4.

Overall, the Group has continued to respond decisively to the climate change challenge, achieving its sustainability targets and, importantly, has a clear path to continue this journey.

### Results for the Year

The profit after tax for the year to 31 March 2022 was £88.9m (2021: £17.9m) with a see-through Total Property Return of £89.5m (2021: £48.6m). Following the letting of Kaleidoscope, EC1 in March 2021 and the recent purchase of 100 New Bridge Street, EC4, see-through net rental income increased by 24.8% to £31.2m (2021: £25.0m) while developments generated see-through profits of £6.6m (2021: loss of £0.3m). The see-through net gain on sale and revaluation of the investment portfolio was £51.7m (2021: £23.9m).

Total see-through net finance costs increased to £19.7m (2021: £14.8m), including £5.9m loan cancellation costs. An increase in expected future interest rates led to an £18.0m credit (2021: £2.9m) from the valuation of the Group's derivative financial instruments. Recurring see-through administration costs were 2% higher at £9.9m (2021: £9.7m), with performance related awards increasing to £6.0m (2021: £4.3m) and National Insurance on these awards of £1.2m (2021: £0.8m).

A corporation tax credit of £1.1m has been recognised in the annual results and following the election to become a REIT, with effect from 1 April 2022, a deferred tax credit of £14.9m has also been recognised.

There was an IFRS basic earnings per share of 72.8p (2021: 14.8p) and an EPRA earnings per share of 5.2p (2021: loss of 1.8p).

On a like-for-like basis, the investment portfolio increased in value by 7.0% (5.6% including purchases and gains on sales). The see-through total portfolio value increased to £1,097.3m (31 March 2021: £839.4m), following the acquisition of 100 New Bridge Street, EC4 during the year.

The unleveraged return of our property portfolio, as measured by MSCI, was 10.7% (2021: 7.0%), showing strong outperformance of its benchmark. We compare our portfolio performance to the MSCI UK Central London Offices Total Return Index which produced a return of 7.9% (2021: -1.7%) with an upper quartile return of 9.9% (2021: 1.6%).

The portfolio was 93.3% let at 31 March 2022, generating contracted rents of £46.4m (2021: £37.8m), at an average of £60 psf, growing to £49.3m on the letting of currently vacant space and moving towards capturing its ERV of £67.1m (2021: £52.1m). The Group's contracted rent has a Weighted Average Unexpired Lease Term ("WAULT") of 5.6 years.

The Total Accounting Return ("TAR"), being the growth in the IFRS net asset value of the Group, plus dividends paid in the year, was 15.0% (2021: 3.3%). Based on EPRA net tangible assets, the TAR was 10.2% (2021: 4.5%). EPRA net tangible assets per share were up 7.3% to 572p (31 March 2021: 533p), with EPRA net disposal value per share up 13.6% to 551p (31 March 2021: 485p).

### Balance Sheet Strength and Liquidity

The Group has a significant level of liquidity with see-through cash and unutilised bank facilities of £132m (31 March 2021: £423m) to fund capital works on its portfolio and future acquisitions.

At 31 March 2022, the Group had £14.2m of cash deposits available to deploy without restrictions and a further £19.1m of rent in bank accounts available to service payments under loan agreements, cash held at managing agents and cash held in joint ventures. Furthermore, the Group had £99.0m of loan facilities available to draw on plus £31.0m of uncharged property.

The see-through loan to value ratio ("LTV") increased to 36.4% at the balance sheet date (31 March 2021: 22.6%) and our see-through net gearing, the ratio of net borrowings to the net asset value of the Group, increased to 58.6% (31 March 2021: 31.9%) over the same period.

At the year end, the average debt maturity on secured loans, on a see-through basis, was 3.0 years (31 March 2021: 3.2 years), increasing to 3.7 years on exercise of options to extend the Group's facilities and on a fully utilised basis. The average cost of debt at 31 March 2022 was 3.2% (31 March 2021: 3.5%).

### Helical as a Real Estate Investment Trust ("REIT")

Helical's business has evolved in recent years, from a developer/trader model, selling its development schemes to third party investors, to become a developer of, and investor in, new or refurbished Grade A buildings that are retained for their capital growth and long-term income potential.

Today, Helical has a portfolio with a superior sustainability rating. Together, this portfolio and the Company's long-term investment model has facilitated the conversion of the Company's operations to a REIT, with the notice to become a REIT submitted in March 2022 and effective from 1 April 2022.

It is the intention of the Board that there will be no material changes to the Group's investment policy or strategy on becoming a REIT.

Helical intends to employ the same dividend policy as followed prior to its conversion to a REIT. Within the REIT regime, distributions from the Company may comprise Property Income Distributions (PIDs), ordinary dividends

or a combination of the two. The Company will be required to distribute at least 90% of the tax exempt income profits of its property rental business and will be able to distribute additional amounts over and above the minimum PID requirement, to enable it to continue its current dividend policy.

## Dividends

Helical is a capital growth stock, seeking to maximise value by successfully letting repositioned, refurbished and redeveloped property. Once stabilised, these assets are either retained for their long-term income and reversionary potential or sold to recycle equity into new schemes.

This recycling leads to fluctuations in our EPRA earnings per share, as the calculation of these earnings excludes capital profits generated from the sale and revaluation of assets. As such, both EPRA earnings and realised capital profits are considered when determining the payment of dividends.

In the year to 31 March 2022, prior to Helical becoming a REIT, the Company retained all its investment assets, investing its available cash resources to grow the development pipeline with the acquisition of 100 New Bridge Street, EC4. The additional income from this purchase and the growing net rental income from the completed investment assets increased net rental income by 24.8% and EPRA earnings per share from a loss of 1.8p in 2021 to earnings of 5.2p in 2022.

In the light of the increased earnings and the strong results for the year, the Board will be recommending to Shareholders a final dividend of 8.25p per share, an increase of 11.5% on last year (7.40p). If approved by Shareholders at the 2022 AGM, the total dividend for the year will be 11.15p, up 10.4% on 2021.

This final dividend, if approved, will be paid out of distributable reserves generated from the Group's activities prior to its conversion into a REIT.

## Board Matters

At this year's Annual General Meeting ("AGM") our Chairman, Richard Grant, will step down from the Board after ten years' service. On behalf of the rest of the Board, I thank him for his contribution to the success of Helical over that period and wish him well.

Richard will be replaced as Chairman by Richard Cotton, our current Senior Independent Director ("SID") with Sue Clayton, who has been on the Board for six years, replacing Richard Cotton as SID.

## Outlook

The geopolitical and economic backdrop has deteriorated since we reported on our half year results in November 2021. The human tragedy of what is unfolding in Ukraine is heart rending and shocking to Western democracies and it is difficult to comprehend the motivation and methods of the aggressors. With these events in Eastern Europe ongoing and growing inflationary pressures accompanying a slowing economy leading to fears of "stagflation", it is right to be concerned for the performance of UK businesses over the next year. Despite these concerns, the fundamentals of our business remain strong, and we believe our experience and reputation will enable us to secure new opportunities as they arise.

We are a specialist developer and investor in prime Central London real estate, creating inspiring and sustainable, best-in-class office buildings. London is a leading world city, a safe haven, attracting a mix of established and growing businesses seeking a base for their operations and well capitalised investors looking to invest their funds.

We will continue to see bifurcation between the best-in-class new sustainable buildings and the older less sustainable buildings. This will be reflected in strong rental growth for the former and rental decline for the latter. Helical is well positioned to capitalise upon a period of opportunity within the sector over the next 10-20 years, changing the older "brown" buildings into "green" sustainable buildings.

In the last year, we have deployed capital to acquire 100 New Bridge Street, EC4, with this exciting redevelopment due to start by the end of 2023, following the expiry of the current tenancies. Along with 33

Charterhouse Street, EC1, due for completion in September 2022, and continuing asset management opportunities in the remaining, completed investment portfolio, we are optimistic that our successful track record of outperforming the market and delivering strong financial returns will continue.

**Gerald Kaye**  
**Chief Executive**  
**24 May 2022**



## Our Market

The past two years have seen the Central London commercial property market face unprecedented challenges. Throughout this period, Helical has retained a strong conviction that our portfolio of high quality, sustainable and technologically advanced buildings would be resilient in the face of the significant challenges facing the sector and well positioned to take advantage of the quickly evolving demands of the marketplace. While headwinds remain, this conviction has been borne out, and it is encouraging to see increasing evidence that employees, occupiers and investors alike continue to place significant importance on the value of the office and that our portfolio of design led, amenity rich and well located properties continue to outperform in a highly competitive market.

### London

The Central London commercial property market continues to demonstrate its inherent resilience. The end of the UK Government's Covid-19 restrictions has enabled employees to return to the office and confidence to grow throughout the sector. Data collected by The Freespace Index, which provides office use statistics, shows that daily London office occupancy has steadily increased, demonstrating the importance of the office in effective working practices, albeit employees are adopting a range of working practices depending on the nature of their industry. Any uncertainty over the future of the office has much reduced as the value of the office to workplace culture, efficiency and knowledge sharing is rediscovered and reinforced.

These trends are evidenced in the letting market where velocity has continued to increase in Central London as greater stability has enabled occupiers to develop longer-term plans. According to CBRE, since July 2021 the amount of space under offer has exceeded the 10 year average of 3.3m sq ft. While availability remains high at 26.0m sq ft, 18.1m sq ft of this relates to second hand stock, further demonstrating that best-in-class space is desired as the flight to quality intensifies. A combination of these factors, coupled with limited newly built office space, has led to increases in headline rents across most Central London sub-markets in 2021 for these best-in-class buildings.

From an investment perspective, a significant amount of capital continues to be allocated to the Central London office market with CBRE identifying more than £40bn of capital targeting the sector at the end of 2021. While London saw consecutive years of declining investment volumes in 2019 and 2020 due to the destabilising impacts of Brexit and Covid-19, this trend reversed in 2021, with investment into London offices of £12.3bn, an increase of £3bn on 2020. 2022 has continued this trend with CBRE reporting a record first quarter of £5.5bn of inbound investment, with a further £5bn under offer.

London continues to be a highly desirable market and the renewed sense of confidence is manifesting in growing development activity, with the amount of new development starting on site at 1.0m sq ft above the long-term average. While this is positive, significant headwinds remain, with the impact of increasing cost price inflation, rising interest rates and disrupted global supply chains adversely impacting development activity. As general inflation hits its highest levels in 40 years, Arcadis notes that manufacturing inflation is outpacing all other sectors, with raw material prices increasing by 13.6% during the year. These disruptive trends will need to be monitored over the coming year and are likely to partially moderate some of the renewed sectoral confidence.

### Sustainability

Sustainability is now at the forefront of business decision making, with an increasing number of companies committing to net zero targets. Landlords and tenants are increasingly aware of the need to both minimise embodied carbon in the development of assets and reduce operational carbon through the building's day to day use. Furthermore, legislative changes are mandating the efficient operational performance of buildings to ensure wider environmental targets are achieved. The quick response by landlords and tenants, and the Government's regulatory changes, have combined to make London the highest ranked green city globally out of 286 cities studied by Knight Frank.

The nature of sustainable development is evolving rapidly with an increased focus on the development and integration of new technologies. Whilst these technologies increase the initial cost, we believe that this is justified, with increasing evidence of occupiers paying a premium for best-in-class "green" buildings. In contrast,

“brown” assets are increasingly hard to let. Knight Frank has identified 24.5m sq ft of pending lease expiries between now and the end of 2025, and this will undoubtedly require landlords to undertake substantial refurbishment work to meet the required energy performance standards and enable these spaces to be relet.

The trend to ensure sustainability is at the heart of development is also manifesting itself in a fundamental change in approach, as developers seek to reduce embodied carbon by reusing, where possible, elements of an existing building. Deloitte’s Crane Survey has noted an emerging trend towards substantial refurbishment rather than new ground up development, with 64% of space under construction relating to refurbishment. This trend is further evidenced by our most recent acquisition of 100 New Bridge Street, London EC4, where we will work with the existing building structure, delivering a best-in-class carbon friendly new build. Equally, Local Authorities are seeking increasing justification for demolition, on sustainability grounds.

### Amenity Rich and Flexible Space

As businesses seek to encourage employees to return to the office and to provide them with an environment that is conducive to collaborative and effective working, there is a requirement for amenity rich and flexible space. Knight Frank found 46% of occupiers surveyed for their 2022 London Report expect to have a greater amenity offering in their workplace in the next three years.

Businesses are wishing to occupy buildings which provide flexible, varied space to facilitate agile working practices and stimulate creativity. Furthermore, they are looking for attractive spaces that help create a sense of community for employees, which is more highly valued following the enforced periods of isolated remote working. Across the Helical portfolio our carefully designed buildings provide exceptional work environments with our occupiers also able to benefit from spa-quality changing facilities, generous cycle storage and thoughtfully designed outdoor spaces.

Alongside the amenity delivered within the building the external environment is also of significant importance. Our portfolio of assets is located in some of London’s most vibrant communities enabling occupiers to benefit from local food and beverage offerings, arts and cultural institutions and green spaces which supplement their daily office experience.

### Technology and Smart Buildings

As hybrid working models proliferate across most sectors, digital connectivity is vitally important to ensure that office based and remote employees maintain collaborative and connected working practices. All our buildings benefit from excellent connectivity, enabling occupiers to have confidence in the digital backbone of their operations.

The technology integrated within our increasingly smart buildings can be utilised to generate extensive data. This data has significant value when collated and analysed to provide insights into the operation of the building. Both landlord and tenant have the ability, through the integration of technologies, to access data and tailor environments for peak performance and to drive operational efficiencies.

During the year, the Group invested in a proptech venture capital fund managed by Pi Labs. The investment reflects the importance Helical places on supporting businesses and technologies that aim to drive the evolution of the workplace, and it is hoped that their products can be successfully deployed into the portfolio.

The delivery of buildings has been enhanced with the introduction of pioneering construction methodologies. 33 Charterhouse Street, EC1 saw the offsite pre-fabrication of all service risers throughout the building, reducing the construction programme considerably and enabling service commissioning to be undertaken in a controlled factory environment rather than on a live construction site, thereby increasing reliability. The new building will also benefit from the incorporation of an intelligent and dynamic water management and recycling system linked to real time weather data.

This trend will likely accelerate as developers continue to challenge industry practices to build in a more efficient and sustainable manner and create more advanced and technologically enabled buildings.

### Health and Wellness

The Covid-19 pandemic has highlighted the importance of physical and mental health for employers and employees. An increased focus has been placed upon enhancing ventilation, lighting and acoustics within buildings to maximise employee wellbeing and to provide an environment where they can work efficiently. Similarly, technology has been rapidly adopted to minimise touch points and to enable individuals to have a high degree of control over their micro working environment. Furthermore, opportunities for well curated outdoor spaces, with external greening, are now increasingly desired.

Buildings which deliver a healthy working environment supporting employee wellbeing are increasingly in demand from occupiers and investors alike. All of Helical's buildings benefit from extensive amenity and, as we continue to grow our portfolio, the ability to deliver this for occupiers will remain a key criterion in asset selection.

## Sustainability and Net Zero Carbon

We have made good progress against the targets we set out in our sustainability strategy “Built for the Future” and continue to drive forward our ESG ambitions. In support of this, Helical has released its “Net Zero Carbon Pathway”.

In the UK, the built environment is responsible for 40% of the country’s total greenhouse gas emissions. If the UK is going to achieve its commitment of becoming net zero by 2050, there needs to be rapid transformational change within the sector. As a contributor to these emissions, we recognise the need to be a part of this transformational change while still delivering long-term sustainable growth to our Shareholders. In consideration of this, we are committing to becoming a net zero carbon business by 2030.

In publishing our Net Zero Carbon Pathway, Helical has also become a signatory to the Building Better Partnership’s (“BBP”) Climate Commitment, which provides a clear, accountable and transparent mechanism for real estate companies in the UK to drive towards net zero carbon. As we build on our ambitions, we continue to recognise the importance of transparency and independently assured reporting. Going forward we will be reporting on our progress against our net zero carbon targets to make certain we are on track for 2030.

Our portfolio is well placed in terms of energy efficiency, with 99% of our assets (by value) already compliant with the proposed legislative requirement that all rented commercial buildings achieve a minimum EPC of a B rating by 2030. Market research suggests only 23% of commercial assets are currently compliant, with significant capital outlay likely to be required to take non-compliant buildings up to the minimum standard.

For our development assets, we have undertaken significant initiatives to minimise embodied carbon and maximise operational efficiency. At 33 Charterhouse Street, EC1, through the careful design and selection of materials, we have reduced the embodied carbon to 40% below the RIBA benchmark. Going forward we are focusing on delivering “carbon friendly new build” schemes, such as 100 New Bridge Street, EC4, where we will re-use or recycle large portions of the existing building and look to incorporate the existing structural frame to minimise the carbon impact.

During the year, we have also further developed our reporting against the recommendations of the Task Force on Climate-related Financial Disclosures. We have performed an in-depth review of the risks and opportunities that could arise from certain climate-related scenarios and evaluated the potential impact to our business.

## Performance Measurements

We measure our performance against our strategic objectives, using several financial and non-financial Key Performance Indicators (“KPIs”).

The KPIs have been selected as the most appropriate measures to assess our progress in achieving our strategy, successfully applying our business model and generating value for our Shareholders.

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

### Total Accounting Return

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

The Group targets a Total Accounting Return of 5-10%.

The Total Accounting Return on IFRS net assets in the year to 31 March 2022 was 15.0% (2021: 3.3%).

	2022	2021	2020	2019	2018
	%	%	%	%	%
Total Accounting Return on IFRS net assets	15.0	3.3	7.7	8.4	5.3

### EPRA Total Accounting Return

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

The Group targets an EPRA Total Accounting Return of 5-10%.

The Total Accounting Return on EPRA net assets in the year to 31 March 2022 was 10.2% (2021: 4.5%).

	Year to	Year to	Year to	Year to	Year to
	2022	2021	2020	2019	2018
	%	%	%	%	%
Total Accounting Return on EPRA net tangible assets	10.2	4.5	9.3	8.0*	1.0*

\* Calculated using EPRA net assets.

## EPRA Net Tangible 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 tangible asset value per share is the property industry's preferred measure of the proportion of net assets attributable to each share as it includes the fair value of net assets on an ongoing long-term basis. The adjustments to net asset value to arrive at this figure are shown in Note 22 to the financial statements.

The Group targets increasing its net assets, of which EPRA net tangible asset growth is a key component.

The EPRA net tangible asset value per share at 31 March 2022 increased by 7.3% to 572p (31 March 2021: 533p).

	2022	2021	2020	2019	2018
	p	p	p	p	p
EPRA net tangible asset value per share	572	533	524	494	468*

\* Calculated using EPRA net assets.

## 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 Group targets being in the upper quartile when compared to its peers.

The Total Shareholder Return in the year to 31 March 2022 was 1.7% (2021: 21.2%).

	Performance Measured Over					
	1 year	3 years	5 years	10 years	15 years	20 years
	Total return	Total return	Total return	Total return	Total return	Total return
	pa %	pa %	pa %	pa %	pa %	pa %
Helical plc <sup>1</sup>	1.7	10.2	8.4	10.7	1.9	6.9
UK Equity Market <sup>2</sup>	13.0	5.3	4.7	7.2	5.3	6.2
Listed Real Estate Sector Index <sup>3</sup>	20.8	6.9	5.6	8.9	0.4	5.6

1. Growth over all years to 31/03/22.

2. Growth in FTSE All-Share Return Index over all years to 31/03/22.

3. Growth in FTSE 350 Real Estate Super Sector Return Index over all years to 31/03/22.

## MSCI Property Index

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. Helical's ungeared performance for the year to 31 March 2022 was 10.7% (2021: 7.0%). This compares to the MSCI Central London Offices Total Return Index of 7.9% (2021: -1.7%) and the upper quartile return of 9.9% (2021: 1.6%).

Helical's share of the development portfolio (1% 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.

Helical's unleveraged portfolio returns to 31 March 2022 were as follows:

	1 year %	3 years %	5 years %	10 years %	20 years %
Helical	10.7	9.1	9.6	13.1	11.6
MSCI Central London Offices Total Return Index	7.9	3.3	4.4	9.1	8.1

Source: MSCI

## 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 with an increasing length of service.

The Group targets staff turnover to be less than 10% per annum.

The average length of service of the Group's employees at 31 March 2022 was 11.8 years and the average staff turnover during the year to 31 March 2022 was 3.7%.

	2022	2021	2020	2019	2018
Average length of service at 31 March – years	11.8	11.0	10.0	8.7	7.9
Staff turnover during the year to 31 March – %	3.7	3.6	10.3	6.9	15.2

## BREEAM and EPC 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”.

The Group targets a BREEAM rating of “Excellent” or “Outstanding” on all major refurbishments or new developments.

At 31 March 2022, seven of our ten (31 March 2021: six of our nine) office buildings had achieved, or were targeting, a BREEAM certification of “Excellent” or “Outstanding”. These seven buildings account for c.88% of the portfolio by value.

Building	BREEAM Rating	EPC Rating
<b>Completed, let, and available to let</b>		
The Warehouse and Studio, EC1	Excellent (2014)	B
The Tower, EC1	Excellent (2014)	B
25 Charterhouse Square, EC1	Excellent (2014)	B
Kaleidoscope, EC1	Excellent (2014)	B
55 Bartholomew, EC1	Excellent (2014)	B
<b>Under development or to be redeveloped</b>		
33 Charterhouse Street, EC1	Outstanding (2018) <sup>1</sup>	A <sup>2</sup>
100 New Bridge Street, EC4	Outstanding (2018) <sup>2</sup>	A <sup>2</sup>

1. Certified at design stage.

2. Targeted.

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

Energy Performance Certificates (“EPC”) provide ratings on a scale of A–G on a building’s energy efficiency and are required when a building is constructed, sold or let. All but one of our completed buildings (99% by portfolio value) have an EPC rating of A or B.



## Helical's Property Portfolio – 31 March 2022

### Property Overview

Helical's portfolio comprises income producing multi-let offices, office refurbishments and developments and a mixed use commercial/residential scheme. As at 31 March 2022, London represented 97% and Manchester 3% of the investment property portfolio, by value. As evidenced by the recent acquisition of 100 New Bridge Street, EC4, our strategy is to continue to increase our Central London holdings, focusing on areas where we see strong occupier demand and growth potential.

#### 33 Charterhouse Street, EC1

The development of our 205,369 sq ft office building, in a 50:50 joint venture with AshbyCapital, is due to reach practical completion in September 2022. The building's external envelope is complete and work is now focused on the delivery of the services and completing the internal finishes.

The building is situated just 100m from Farringdon Station and will provide excellent connectivity via the Elizabeth Line, which is due to open today, ahead of the building's practical completion. Once completed it will provide a best-in-class "Net Zero" office development, meeting the highest ESG credentials, as evidenced by its BREEAM 2018 New Construction "Outstanding" design rating and anticipated NABERS 5\* rating. It will also provide a technologically pioneering environment with smart building systems and a fully integrated building management app for occupiers.

#### 100 New Bridge Street, EC4

On 1 March, Helical completed the acquisition of 100 New Bridge Street, EC4 for £160m.

The 167,026 sq ft office building is currently let to international law firm Baker McKenzie, whose lease expires in December 2023. Helical proposes to carry out a major, sustainability led refurbishment to create a carbon friendly new build office that puts occupier amenity and wellbeing at its centre. We also envisage undertaking significant public realm improvements around the site to greatly improve the environment for both tenants and the general public.

#### Kaleidoscope, EC1

Our 88,581 sq ft office building located directly above the Farringdon East Elizabeth Line station is let to TikTok Information Technologies UK Limited on a 15 year lease term at an annual rent of £7.6m. TikTok has recently completed their fit out works and are beginning occupation of the building.

#### The Bower, EC1

The Bower is a landmark estate comprising 312,573 sq ft of innovative, high quality office space along with 21,059 sq ft of restaurant and retail space. The estate is located adjacent to the Old Street roundabout, which is currently undergoing significant remodelling and will provide extensive additional public realm when completed in Autumn 2022.

#### The Warehouse and The Studio

The Warehouse comprises 122,858 sq ft of offices and The Studio 18,283 sq ft of offices, both fully let, with 10,298 sq ft of retail space across the two buildings.

In June 2021 we completed a lease renewal with Stripe at the Warehouse, extending the lease by three years. We have also completed all the rent reviews for office tenants in the Warehouse which has added £782,000 to its contracted rent, a 13.2% increase.

The retail unit in The Studio has been let to 28 Well Hung, a steak restaurant, which will open this summer.

## **The Tower**

The Tower offers 171,432 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.

We have let the 17<sup>th</sup> floor, previously let to Finabl, to Verkada on a five year lease for a rent which is in line with the 31 March 2021 ERV. The 12<sup>th</sup> floor which, following the culmination of a specific project, was returned in October 2021 by Brilliant Basics, is now under offer. They continue to occupy three floors at The Tower.

## **Barts Square, EC1**

### **Residential/Retail**

At Barts Square, EC1, we have completed the sale of the last remaining apartment in Phase One. In Phase Two, we completed the sale of 13 apartments during the year and one further apartment sale had exchanged which has now completed. Of the remaining 14 units available at the year end, one has since been sold and two are under offer, leaving 11 available in this 236 unit residential scheme.

The Barts Square residential development has been recognised for its outstanding design and sympathetic approach to its surroundings by winning a Housing Design Award, the only awards promoted by all five major professional institutions, and a RIBA London Award.

The retail space in Phase One is fully let to Stem + Glory and Halfcup. One of the Phase Two retail units is let to BEERS London and since the year end a further unit has been let to Nest, a modern British restaurant. The remaining four retail units are currently being marketed. The landscaping of the new public square is complete, offering extensive public amenity.

### **55 Bartholomew**

At 55 Bartholomew, EC1 we have completed three lettings to Push Gaming, William Fry and Zero Gravity. Following the completion of these lettings, which totalled 4,835 sq ft, the building is now 77% let with just the third floor still available.

On 20 May 2022 we exchanged contracts to dispose of the property to a private European investor for a consideration of £16.5m (our share £7.6m), reflecting a net initial yield of 4.5% and a 3% premium to 31 March 2022 book value.

## **The Loom, E1**

At this 108,600 sq ft former Victorian wool warehouse, we have completed three leases, totalling 8,623 sq ft, at an average rent of £53 psf. Following these lettings, The Loom is 80% let with 21,803 sq ft across nine units available to let. We anticipate further units to be returned in the coming year as lease events take place, including original unrefurbished units, giving us the opportunity to undertake asset management activities to capture reversionary potential.

## **25 Charterhouse Square, EC1**

25 Charterhouse Square comprises 42,921 sq ft of offices adjacent to the new Farringdon East Elizabeth Line station, overlooking the historic Charterhouse Square.

The newly refurbished first floor and one of the two ground floor units have been let to Entain, the FTSE listed betting and gaming company, to establish a global innovation hub. Following this letting the building is 96% let, with the final unit now under offer.

## **The Power House, W4**

The Power House is a listed building, providing 21,268 sq ft of office and recording studio space, on Chiswick High Road and is fully let on a long lease to Metropolis Music Group. The RPI linked rent review was concluded

in November, increasing contracted rent by 16.4%. The capital works to improve the roof, undertaken on behalf of the tenants, are due to complete shortly.

### Trinity, Manchester

We have completed three office lettings in the year with the first floor let to British Engineering, the remaining part of the sixth floor let to Waterman Group and the seventh floor let to AEW Architects. These lettings total 17,541 sq ft and achieved a combined premium of 4.6% to the 31 March 2021 ERV. Following the completion of these lettings the 58,533 sq ft historic building, which was comprehensively remodelled in 2019, is 76% let.

Following the year end we completed the sale of the property to clients of Mayfair Capital, for a headline purchase price of £34.55m, which reflects a net gain of c.£2.0m against the 31 March 2022 book value.

## Portfolio Analytics

### See-through Total Portfolio by Fair Value

	Investment		Development		Total	
	£m	%	£m	%	£m	%
London Offices						
- Completed properties	783.9	71.5	-	0.0	783.9	70.8
- Development pipeline	282.3	25.7	-	0.0	282.3	25.5
London Residential	-	0.0	8.3	77.7	8.3	0.7
<b>Total London</b>	<b>1,066.2</b>	<b>97.2</b>	<b>8.3</b>	<b>77.7</b>	<b>1,074.5</b>	<b>97.0</b>
Manchester Offices						
- Completed properties	31.0	2.8	-	0.0	31.0	2.8
<b>Total Manchester</b>	<b>31.0</b>	<b>2.8</b>	<b>-</b>	<b>0.0</b>	<b>31.0</b>	<b>2.8</b>
<b>Total Core</b>	<b>1,097.2</b>	<b>100.0</b>	<b>8.3</b>	<b>77.7</b>	<b>1,105.5</b>	<b>99.8</b>
Other	0.1	0.0	2.4	22.3	2.5	0.2
<b>Total Non-Core Portfolio</b>	<b>0.1</b>	<b>0.0</b>	<b>2.4</b>	<b>22.3</b>	<b>2.5</b>	<b>0.2</b>
<b>Total</b>	<b>1,097.3</b>	<b>100.0</b>	<b>10.7</b>	<b>100.0</b>	<b>1,108.0</b>	<b>100.0</b>

### See-through Land and Development Portfolio

	Book value	Fair value	Surplus	Fair value
	£m	£m	£m	%
London Residential	8.3	8.3	0.0	77.7
Land/retail	2.1	2.4	0.3	22.3
<b>Total</b>	<b>10.4</b>	<b>10.7</b>	<b>0.3</b>	<b>100.0</b>

## Capital Expenditure

We have a committed and 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
<b>Investment – committed</b>						
- 33 Charterhouse Street, EC1	66.0	13.1	n/a	205,369	205,369	September 2022
<b>Investment – anticipated</b>						
- 100 New Bridge Street, EC4	101.2	101.2	167,026	c.18,000	c.185,000	Early 2025

## 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.

Investment portfolio	Fair value	Passing	Contracted		ERV	ERV change		
	weighting	rent	%	rent		%	like-for-like	%
	%	£m	%	£m	%	£m	%	%
London Offices								
- Completed properties	71.5	28.5	78.3	37.6	81.1	41.6	62.0	0.1
- Development pipeline	25.7	7.2	19.8	7.3	15.7	23.6	35.2	0.0
<b>Total London</b>	<b>97.2</b>	<b>35.7</b>	<b>98.1</b>	<b>44.9</b>	<b>96.8</b>	<b>65.2</b>	<b>97.2</b>	<b>0.1</b>
Manchester Offices								
- Completed properties	2.8	0.7	1.9	1.4	3.0	1.8	2.7	-0.4
<b>Total Manchester</b>	<b>2.8</b>	<b>0.7</b>	<b>1.9</b>	<b>1.4</b>	<b>3.0</b>	<b>1.8</b>	<b>2.7</b>	<b>-0.4</b>
Other	0.0	0.0	0.0	0.1	0.2	0.1	0.1	0.0
<b>Total</b>	<b>100.0</b>	<b>36.4</b>	<b>100.0</b>	<b>46.4</b>	<b>100.0</b>	<b>67.1</b>	<b>100.0</b>	<b>0.1</b>

	See-through total portfolio contracted rent £m
Rent lost at break/expiry	(2.6)
Rent reviews and uplifts on lease renewals	1.0
New lettings – London	2.4
New lettings – Manchester	0.6
<b>Total increase in the year from asset management activities</b>	<b>1.4</b>
<b>Contracted rent increase from purchases of London Offices</b>	<b>7.2</b>
<b>Net increase in contracted rents in the year</b>	<b>8.6</b>

## Investment Portfolio

### Valuation Movements

	Valuation change inc sales and purchases %	Valuation change excl sales and purchases %	Investment portfolio weighting 31 March 2022 %	Investment portfolio weighting 31 March 2021 %
London Offices				
- Completed properties	5.4	5.4	71.5	88.5
- Development pipeline	5.3	17.2	25.7	8.2
<b>Total London</b>	<b>5.4</b>	<b>6.8</b>	<b>97.2</b>	<b>96.7</b>
Manchester Offices				
- Completed properties	12.5	12.5	2.8	3.3
<b>Total Manchester</b>	<b>12.5</b>	<b>12.5</b>	<b>2.8</b>	<b>3.3</b>
<b>Total</b>	<b>5.6</b>	<b>7.0</b>	<b>100.0</b>	<b>100.0</b>

### Portfolio Yields

	EPRA topped up NIY 31 March 2022 %	EPRA topped up NIY 31 March 2021 %	Reversionary yield 31 March 2022 %	Reversionary yield 31 March 2021 %	True equivalent yield 31 March 2022 %	True equivalent yield 31 March 2021 %
London Offices						
- Completed properties	4.2	4.5	4.8	5.1	4.9	5.0
- Development pipeline	4.2	n/a	4.5	5.6	4.2	4.9
<b>Total London</b>	<b>4.2</b>	<b>4.5</b>	<b>4.7</b>	<b>5.3</b>	<b>4.6</b>	<b>4.9</b>
Manchester Offices						
- Completed properties	4.1	2.4	5.4	5.9	5.3	5.7
<b>Total Manchester</b>	<b>4.1</b>	<b>2.4</b>	<b>5.4</b>	<b>5.9</b>	<b>5.3</b>	<b>5.7</b>
<b>Total</b>	<b>4.2</b>	<b>4.5</b>	<b>4.7</b>	<b>5.3</b>	<b>4.6</b>	<b>5.0</b>

### See-through Capital Values, Vacancy Rates and Unexpired Lease Terms

	Capital value 31 March 2022 £ psf	Capital value 31 March 2021 £ psf	Vacancy rate 31 March 2022 %	Vacancy rate 31 March 2021 %	WAULT 31 March 2022 Years	WAULT 31 March 2021 Years
London Offices						
- Completed properties	1,289	1,215	6.9	5.8	6.3	6.9
- Development pipeline	1,086	674	0.0	n/a	1.7	n/a
<b>Total London</b>	<b>1,213</b>	<b>1,081</b>	<b>5.4</b>	<b>5.8</b>	<b>5.6</b>	<b>6.9</b>
Manchester Offices						
- Completed properties	530	465	23.9	54.1	6.1	8.4
<b>Total Manchester</b>	<b>530</b>	<b>465</b>	<b>23.9</b>	<b>54.1</b>	<b>6.1</b>	<b>8.4</b>
<b>Total</b>	<b>1,175</b>	<b>1,040</b>	<b>6.7</b>	<b>10.5</b>	<b>5.6</b>	<b>6.9</b>

### See-through Lease Expiries or Tenant Break Options

	Year to 2023	Year to 2024	Year to 2025	Year to 2026	Year to 2027	2027 onward
% of rent roll	9.5	25.8	4.0	0.8	10.0	49.9
Number of leases	17	28	10	4	18	31
Average rent per lease (£)	258,280	427,422	186,003	96,997	256,179	741,267

## Top 15 Tenants

We have a strong rental income stream and a diverse tenant base. The top 15 tenants account for 79.3% of the total rent roll.

Rank	Tenant	Tenant industry	Contracted rent £m	Rent roll %
1	TikTok	Technology	7.6	16.5
2	Baker McKenzie	Legal services	7.0	15.2
3	Farfetch	Online retail	4.3	9.3
4	WeWork	Flexible offices	4.0	8.6
5	Brilliant Basics	Technology	2.4	5.1
6	VMware	Technology	2.2	4.7
7	Anomaly	Marketing	1.4	3.0
8	Viacom	Media	1.2	2.5
9	Allegis	Media	1.1	2.3
10	Dentsu	Marketing	1.1	2.3
11	Stripe	Financial services	1.0	2.1
12	Verkada	Technology	1.0	2.1
13	Incubeta	Marketing	0.9	2.0
14	Openpayd	Financial services	0.9	1.9
15	Snowflake	Technology	0.8	1.7
<b>Total</b>			<b>36.9</b>	<b>79.3</b>

## Letting Activity – New Leases

	Area sq ft	Contracted rent (Helical's share) £	Rent £ psf	Change to 31 March 2021 ERV (exc Plug and Play and managed lettings) %	Average lease term to expiry Years
<b>Investment Properties</b>					
London					
- The Tower, EC1	11,327	963,000	85.02	-0.2	5.00
- The Warehouse, EC1	2,524	115,000	45.56	13.9	15.00
- The Loom, E1	8,623	455,000	52.82	2.1	4.33
- 25 Charterhouse Square, EC1	9,268	715,000	77.13	0.5	10.00
- 55 Bartholomew, EC1	4,835	239,000	76.00	1.3	3.67
<b>Total London</b>	<b>36,577</b>	<b>2,487,000</b>	<b>71.10</b>	<b>1.1</b>	<b>6.00</b>
<b>Total Manchester</b>	<b>17,541</b>	<b>557,000</b>	<b>31.77</b>	<b>4.6</b>	<b>10.00</b>
<b>Total</b>	<b>54,118</b>	<b>3,044,000</b>	<b>57.57</b>	<b>1.8</b>	<b>7.00</b>



## Financial Review

IFRS Performance	EPRA Performance
Profit after tax £88.9m (2021: £17.9m)	EPRA profit £6.4m (2021: loss of £2.2m)
Earnings per share (EPS) 72.8p (2021: 14.8p)	EPRA EPS 5.2p (2021: loss of 1.8p)
Diluted NAV per share 551p (31 March 2021: 492p)	EPRA NTA per share 572p (31 March 2021: 533p)
Total Accounting Return 15.0% (2021: 3.3%)	Total Accounting Return on EPRA NTA 10.2% (2021: 4.5%)

### Overview

The strong performance for the year was the result of significant valuation gains from our sustainable, best-in-class investment portfolio and the Group's ongoing development activities.

The results were further improved by gains in the fair value of the Group's derivatives and the reversal of previously recognised deferred tax on the Group's election to become a REIT.

The acquisition of 100 New Bridge Street, EC4 added to the development pipeline and resulted in an increased LTV of 36.4%.

### Results for the Year

The profit before tax for the year of £72.9m (2021: £20.5m) includes revenue from rental income and development management of £51.1m, offset by direct costs of £14.2m. The net gain on sale and revaluation of investment properties added £33.3m and its joint venture activities a further £20.7m. Administration expenses of £16.8m and finance costs of £19.2m were offset by a gain in fair value of derivatives of £18.0m.

The Group holds a significant proportion of its property assets in joint ventures. As the risk and rewards of ownership of these underlying properties are the same as those it wholly owns, Helical supplements its IFRS disclosure with a "see-through" analysis of alternative performance measures, which looks through the structure to show the Group's share of the underlying business.

The see-through results for the year to 31 March 2022 include net rental income of £31.2m, a net gain on sale and revaluation of the investment portfolio of £51.7m and development profits of £6.6m, leading to a Total Property Return of £89.5m (2021: £48.6m). Total see-through administration costs of £17.1m (2021: £14.8m), see-through net finance costs of £19.7m (2021: £14.8m) and see-through derivative financial instrument gains of £18.0m (2021: £2.9m) contributed to an IFRS pre-tax profit of £72.9m (2021: £20.5m).

The election to become a REIT from 1 April 2022 allowed the release of the previously recognised deferred tax provision which contributed to a tax credit for the year of £16.0m (2021: charge of £2.6m).

The post tax profit for the year was £88.9m (2021: £17.9m) and the EPRA net tangible asset value per share increased by 7.3% to 572p (31 March 2021: 533p).

The Company has proposed a final dividend of 8.25p per share (2021: 7.40p) which, if approved by Shareholders at the 2022 AGM, will be payable on 29 July 2022. The total dividend paid or payable in respect of the year to 31 March 2022 will be 11.15p (2021: 10.10p), an increase of 10.4%.

The Group's real estate portfolio, including its share of assets held in joint ventures, increased to £1,108.1m (31 March 2021: £857.0m) primarily because of the acquisition of 100 New Bridge Street, EC4, net revaluation gains on the investment portfolio and capital expenditure at 33 Charterhouse Street, EC1.

The acquisition of 100 New Bridge Street, EC4 and capital expenditure on the development of 33 Charterhouse Street, EC1 resulted in an increase in the Group's see-through loan to value to 36.4% (31 March 2021: 22.6%). The Group's weighted average cost of debt was 3.2% (31 March 2021: 3.5%) and the weighted average debt maturity was 3.0 years (31 March 2021: 3.2 years). The average maturity of the facilities would increase to 3.7 years on exercise of the available extension options, on a fully utilised basis.

At 31 March 2022, the Group had unutilised bank facilities of £99.0m and cash of £33.3m on a see-through basis. These are primarily available to fund the development of 33 Charterhouse Street, 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 2022 £m	Year to 2021 £m	Year to 2020 £m	Year to 2019 £m	Year to 2018 £m
Total Property Return	<b>89.5</b>	48.6	83.9	81.4	68.8

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 2022 %	Year to 2021 %	Year to 2020 %	Year to 2019 %	Year to 2018 %
Helical's unleveraged portfolio	<b>10.7</b>	7.0	9.6	10.1	10.8

### See-through Total Accounting Return

Total Accounting Return is the growth in the net asset value of the Group plus dividends paid in the reporting period, 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.

	Year to 2022 %	Year to 2021 %	Year to 2020 %	Year to 2019 %	Year to 2018 %
Total Accounting Return on IFRS net assets	<b>15.0</b>	3.3	7.7	8.4	5.3

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

	Year to 2022 %	Year to 2021 %	Year to 2020 %	Year to 2019 %	Year to 2018 %
Total Accounting Return on EPRA net tangible assets	<b>10.2</b>	4.5	9.3	8.0*	1.0*

\* Calculated using EPRA net assets.

## Earnings Per Share

The IFRS earnings per share increased from 14.8p to 72.8p and are based on the after tax earnings attributable to ordinary Shareholders divided by the weighted average number of shares in issue during the year.

On an EPRA basis, the earnings per share were 5.2p compared to a loss per share of 1.8p in 2021, reflecting the Group's share of net rental income of £31.2m (2021: £25.0m) and development profits of £6.6m (2021: losses of £0.3m), but excluding gains on sale and revaluation of investment properties of £51.7m (2021: £23.9m).

## Net Asset Value

IFRS diluted net asset value per share increased by 12.0% to 551p per share (31 March 2021: 492p) 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 tangible asset value per share increased by 7.3% to 572p per share (31 March 2021: 533p). This movement arose principally from a total comprehensive income (retained profits) of £88.9m (2021: £17.9m), less £12.6m of dividends (2021: £10.5m).

EPRA net disposal value per share increased by 13.6% to 551p per share (31 March 2021: 485p).

## Income Statement

### Rental Income and Property Overheads

Gross rental income for the Group in respect of wholly owned properties increased to £35.3m (2021: £28.0m), mainly reflecting the letting of Kaleidoscope, EC1 in March 2021, with gross rents in joint ventures also increasing to £0.3m (2021: £0.2m). Property overheads in respect of wholly owned assets and in respect of those assets in joint ventures increased to £4.4m (2021: £3.2m). Overall, see-through net rents increased by 25.0% to £31.2m (2021: £25.0m).

Included within gross rental income is £5.8m (31 March 2021: reduction of £0.4m) of accrued income for rent free periods.

The table below demonstrates the movement of the accrued income balance for rent free periods granted and the respective rental income adjustment over the four years to 31 March 2025, based on the tenant leases as at 31 March 2022. The actual adjustment will vary depending on lease events such as new lettings and early terminations and future acquisitions or disposals.

	Accrued income £000	Adjustment to rental income £000
Year to 31 March 2022	23,114	5,818
Year to 31 March 2023	27,557	4,443
Year to 31 March 2024	23,757	(3,800)
Year to 31 March 2025	20,495	(3,262)

## Rent Collection

	March 2021 – December 2021 quarters %
Rent collected to date	95.8
Rent under discussion	2.2
Rent concessions	2.0

At 23 May 2022, the Group had collected 95.8% of all rent contracted and payable for the March, June, September and December 2021 quarters.

## Development Profits

In the year, from our role as development manager at 33 Charterhouse Street, EC1, we recognised £1.3m of fees. Additional fees of £0.1m were recognised for carrying out accounting and corporate services at Barts Square, EC1 and 33 Charterhouse Street, EC1.

Profits on the sales of a retail site at Kingswinford and land at Aycliffe of £1.5m were recognised, as well as the write back of provisions made in previous periods on two retail projects, at East Ham and Cortonwood, totalling £2.3m. A further £0.8m of development income on closing out legacy projects, offset by other costs of £0.2m, contributed to a net development profit in the Group of £5.8m (2021: £0.6m).

## Share of Results of Joint Ventures

The revaluation of our investment assets held in joint ventures generated a surplus of £18.5m (2021: £6.4m). A profit of £0.7m (2021: loss of £0.9m) was recognised in respect of sales at our Barts Square, EC1 residential development.

Finance, administration and other sundry costs totalling £0.5m (2021: £1.1m) were incurred. An adjustment to reflect our economic interest in the Barts Square, EC1 development to its recoverable amount generated a gain of £0.8m, and after a tax credit of £1.2m (2021: charge of £0.6m), there was a net profit from our joint ventures of £20.7m (2021: £2.4m).

## Gain on Sale and Revaluation of Investment Properties

The valuation of our investment portfolio, on a see-through basis, continued to reflect the benefit of our letting and development activities where we generated a see-through gain on sale and revaluation, including in joint ventures, of £51.7m (2021: £23.9m).

## Administrative Expenses

Administration costs in the Group, before performance related awards, increased marginally from £9.3m to £9.6m.

Performance related share awards and bonus payments, before National Insurance costs, increased to £6.0m (2021: £4.3m), reflecting the strong performance of the business. Of this amount, £3.2m (2021: £2.0m), 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. NIC incurred in the year on performance related awards was £1.2m (2021: £0.8m).

	2022 £000	2021 £000
Administrative expenses (excluding performance related awards)	9,598	9,276
Performance related awards	6,019	4,341
NIC	1,151	799
Group	16,768	14,416
In joint ventures	295	432
<b>Total</b>	<b>17,063</b>	<b>14,848</b>

## Finance Costs and Derivative Financial Instruments

Total finance costs before cancellation of loans, including in joint ventures, reduced to £13.8m (2021: £14.9m). The cost of early redemption of the development facility for Kaleidoscope, EC1 and the term loan with Aviva, totalling £5.8m (2021: £nil), allowed the Group to take advantage of the lower cost of debt provided by the £400m Revolving Credit Facility, which will be reflected in lower finance costs in future years.

		2022 £000	2021 £000
Interest payable on secured bank loans	– subsidiaries	10,169	10,567
	– joint ventures	2,407	1,319
Amortisation of refinancing costs	– subsidiaries	1,010	1,111
Sundry interest and bank charges	– subsidiaries	2,169	2,401
	– joint ventures	181	-
Interest capitalised	– joint ventures	(2,142)	(514)
<b>Total before cancellation of loans</b>		<b>13,794</b>	<b>14,884</b>
Cancellation of loans	– subsidiaries	5,886	-
<b>Total</b>		<b>19,680</b>	<b>14,884</b>

The significant movement upwards in medium and long-term interest rate projections during the year contributed to a credit of £18.0m (2021: £2.9m) on the mark-to-market valuation of the derivative financial instruments.

## Taxation

The Group elected to become a REIT, effective from 1 April 2022, and will be exempt from UK corporation tax on the profit of its property activities that fall within the REIT regime. Helical will continue to pay corporation tax on its profits that are not within this regime. As a result, the previously recognised deferred tax liability of £13.5m in the Group (£1.7m in joint ventures) has been released, with a credit of £14.9m in the Income Statement and a charge of £1.4m recognised directly in the Statement of Changes in Equity.

The current tax credit for the year was £1.1m (2021: charge of £0.9m), resulting in a tax credit on profit on ordinary activities of £16.0m (2021: charge of £2.6m).

## Dividends

The interim dividend paid on 31 December 2021 of 2.90p was an increase of 7.4% on the previous interim dividend of 2.70p. The Company has proposed a final dividend of 8.25p, an increase of 11.5% on the previous year (2021: 7.40p), for approval by Shareholders at the 2022 AGM. If approved, the total dividend paid or

payable in respect of the results for the year to 31 March 2022 will be 11.15p (2021: 10.10p), an increase of 10.4%.

The final dividend, if approved by Shareholders, will be paid out of distributable reserves generated from the Group's activities prior to its conversion into a REIT.

## Balance Sheet

### Shareholders' Funds

Shareholders' Funds at 1 April 2021 were £608.2m. The Group's results for the year added £88.9m (2021: £17.9m), net of tax, representing the total comprehensive income for the year. Movements in reserves arising from the Group's share schemes increased funds by £2.5m. The Company paid dividends to Shareholders during the year of £12.6m. The net increase in Shareholders' Funds from Group activities during the year was £78.8m to £687.0m.

### 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 2021		756,875	82,516	839,391	6,568	(18,934)	827,025
Acquisitions	– wholly owned	160,000	-	160,000	-	-	160,000
Capital expenditure	– wholly owned	5,520	-	5,520	(14)	-	5,506
	– joint ventures	-	35,074	35,074	(30)	-	35,044
Letting costs amortised	– wholly owned	(226)	-	(226)	-	-	(226)
	– joint ventures	-	(9)	(9)	-	-	(9)
Revaluation surplus	– wholly owned	39,331	-	39,331	-	(6,020)	33,311
	– joint ventures	-	18,521	18,521	-	(50)	18,471
Economic interest adjustment	– joint ventures	-	(282)	(282)	-	2	(280)
<b>Valuation at 31 March 2022</b>		<b>961,500</b>	<b>135,820</b>	<b>1,097,320</b>	<b>6,524</b>	<b>(25,002)</b>	<b>1,078,842</b>

The Group acquired 100 New Bridge Street, EC4 for £160m and spent £40.6m on capital works across the investment portfolio, mainly at 33 Charterhouse Street, EC1 (£35.0m), 100 New Bridge Street, EC4 (£3.7m), Kaleidoscope, EC1 (£0.6m), The Loom, EC1 (£0.5m) and 25 Charterhouse Square, EC1 (£0.4m).

Revaluation gains added £57.9m to increase the see-through fair value of the portfolio, before lease incentives, to £1,097.3m (31 March 2021: £839.4m). The accounting for head leases and lease incentives resulted in a book value of the see-through investment portfolio of £1,078.8m (31 March 2021: £827.0m).

## Debt and Financial Risk

In total, the see-through outstanding debt at 31 March 2022 of £440.9m (31 March 2021: £362.2m) had a weighted average interest cost of 3.2% (31 March 2021: 3.5%) and a weighted average debt maturity of 3.0 years (31 March 2021: 3.2 years). The average maturity of the facilities would increase to 3.7 years following exercise of the one-year extension of the Group's £400m Revolving Credit Facility, and the one-year extension of the joint venture development loan, on a fully utilised basis.

### Debt Profile at 31 March 2022 – Including Commitment Fees but Excluding the Amortisation of Arrangement Fees

	Total facility £000s	Total utilised £000s	Available facility £000s	Weighted average interest rate %	Average maturity of facilities Years	Average maturity including extensions* Years
£400m Revolving Credit Facility	400,000	400,000	-	2.9	3.1	4.3
£60m Revolving Credit Facility	60,000	-	60,000	-	-	0.7
<b>Total wholly owned</b>	<b>460,000</b>	<b>400,000</b>	-	<b>3.0</b>	<b>3.1</b>	<b>3.8</b>
In joint ventures	69,900	40,889	29,011	5.6	2.3	3.3
<b>Total secured debt</b>	<b>529,900</b>	<b>440,889</b>	<b>89,011</b>	<b>3.2</b>	<b>3.0</b>	<b>3.8</b>
Working capital	10,000	-	10,000	-	-	1.0
<b>Total unsecured debt</b>	<b>10,000</b>	-	<b>10,000</b>	-	-	<b>1.0</b>
<b>Total debt</b>	<b>539,900</b>	<b>440,889</b>	<b>99,011</b>	<b>3.2</b>	<b>3.0</b>	<b>3.7</b>

\* Calculated on a fully utilised basis and assuming the exercise of the one-year extension of the Revolving Credit Facility and the one-year extension option of the joint venture development loan.

## Secured Debt

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

### - £400m Revolving Credit Facility

The Group has a £400m Revolving Credit Facility in which all of its investment assets, other than Trinity, Manchester, are secured. The value of the Group's properties secured in this facility at 31 March 2022 was £870m (31 March 2021: £729m) with a corresponding loan to value of 46.0% (31 March 2021: 46.8%). The average maturity of the facility at 31 March 2022 was 3.1 years (31 March 2021: 3.3 years), increasing to 4.3 years on a fully utilised basis and following the one-year extension of the Revolving Credit Facility. The weighted average interest rate was 2.9% (31 March 2021: 3.7%).

### - £60m Revolving Credit Facility

The Group has a £60m Revolving Credit Facility to provide short-term liquidity to acquire new property opportunities. The maturity of this undrawn facility was 0.7 years and the weighted average interest rate was 3.2%, on a fully utilised basis.

### - Joint Venture Facilities

The Group has a number of investment and development properties in joint venture with third parties and includes 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 2022 was 2.3 years (31 March 2021: 1.9 years) with a weighted average interest rate of 5.6% (31 March 2021: 6.5%). The average interest rate will fall as the 33 Charterhouse Street, EC1 development facility is drawn down and would be 4.95% on a fully utilised basis, reducing to 2.25% once the building is complete and let.

## Unsecured Debt

The Group's unsecured debt is £nil (31 March 2021: £nil).

## Cash and Cash Flow

At 31 March 2022, the Group had £132m (31 March 2021: £423m) of cash and agreed, undrawn, committed bank facilities including its share in joint ventures, as well as £31.0m (31 March 2021: £28.1m) of uncharged property on which it could borrow funds.

## Net Borrowings and Gearing

Total gross borrowings of the Group, including in joint ventures, have increased from £362.2m to £440.9m during the year to 31 March 2022. After deducting cash balances of £33.3m (31 March 2021: £162.2m) and unamortised refinancing costs of £4.7m (31 March 2021: £6.1m), net borrowings increased from £193.9m to £402.9m. The see-through gearing of the Group, including in joint ventures, increased from 31.9% to 58.6%.

	31 March 2022	31 March 2021
See-through gross borrowings	<b>£440.9m</b>	£362.2m
See-through cash balances	<b>£33.3m</b>	£162.2m
Unamortised refinancing costs	<b>£4.7m</b>	£6.1m
See-through net borrowings	<b>£402.9m</b>	£193.9m
Shareholders' funds	<b>£687.0m</b>	£608.2m
See-through gearing – IFRS net asset value	<b>58.6%</b>	31.9%

## Hedging

At 31 March 2022, the Group had £300.0m (31 March 2021: £280.8m) of borrowings protected by interest rate swaps, with an average effective interest rate of 2.8% (31 March 2021: 3.1%) and average maturity of 3.3 years. The Group had a further £100.0m of floating rate debt (31 March 2021: £60.4m) with an effective rate of 3.5% (31 March 2021: 4.2%). In addition, the Group had £145m of interest rate caps at an average rate of 1.75% (31 March 2021: £240m at 1.75%) and with an average maturity of 1.3 years. In our joint ventures, the Group's share of fixed rate debt was £40.9m (31 March 2021: £9.4m) with an effective rate of 5.6% and no floating rate debt (31 March 2021: £11.6m with an effective rate of 3.1%), with no interest rate swaps or caps as at 31 March 2022 (31 March 2021: interest rate caps of £35.3m at 1.5%).

	31 March 2022 £m	Effective interest rate %	31 March 2021 £m	Effective interest rate %
Fixed rate debt				
– Secured borrowings	<b>300.0</b>	<b>2.8</b>	280.8	3.1
<b>Total</b>	<b>300.0</b>	<b>2.8</b>	280.8	3.1
Floating rate debt				
– Secured	<b>100.0</b>	<b>3.5<sup>1</sup></b>	60.4	4.2 <sup>1</sup>
<b>Total</b>	<b>400.0</b>	<b>3.0</b>	341.2	3.3
In joint ventures				
– Fixed rate	<b>40.9</b>	<b>5.6<sup>2</sup></b>	9.4	10.7 <sup>2</sup>
– Floating rate	-	-	11.6	3.1
<b>Total borrowings</b>	<b>440.9</b>	<b>3.2</b>	362.2	3.5

1. This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 2.7%.

2. This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 4.95% (31 March 2021: 4.95%).

**Tim Murphy**  
**Chief Financial Officer**  
**24 May 2022**



## Consolidated Income Statement

For the year to 31 March 2022

	Notes	Year to 31 March 2022 £000	Year to 31 March 2021 £000
Revenue	3	51,146	38,596
Cost of sales	3	(14,228)	(12,987)
Net property income	4	36,918	25,609
Share of results of joint ventures	12	20,708	2,352
<b>Gross profit before net gain on sale and revaluation of investment properties</b>		<b>57,626</b>	27,961
Loss on sale of investment properties	5	(45)	(1,341)
Revaluation of investment properties	11	33,311	19,387
<b>Gross profit</b>		<b>90,892</b>	46,007
Administrative expenses	6	(16,768)	(14,416)
<b>Operating profit</b>		<b>74,124</b>	31,591
Finance costs	7	(19,234)	(14,079)
Finance income		6	58
Change in fair value of derivative financial instruments	20	17,996	2,938
<b>Profit before tax</b>		<b>72,892</b>	20,508
Tax on profit on ordinary activities	8	16,002	(2,631)
<b>Profit for the year</b>		<b>88,894</b>	17,877
<b>Earnings per share</b>	10		
Basic		72.8p	14.8p
Diluted		71.4p	14.5p

## Consolidated Statement of Comprehensive Income

For the year to 31 March 2022

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
Profit for the year	88,894	17,877
Total comprehensive income for the year	88,894	17,877

## Consolidated Balance Sheet

At 31 March 2022

	Notes	At 31 March 2022 £000	At 31 March 2021 £000
<b>Non-current assets</b>			
Investment properties	11	938,797	740,207
Owner occupied property, plant and equipment		4,631	5,362
Investment in joint ventures	12	100,604	79,953
Other investments	13	306	-
Derivative financial instruments	20	11,104	171
		<b>1,055,442</b>	<b>825,693</b>
<b>Current assets</b>			
Land and developments	14	2,089	448
Corporation tax receivable		338	-
Trade and other receivables	15	48,453	40,427
Cash and cash equivalents	16	28,807	154,448
		<b>79,687</b>	<b>195,323</b>
<b>Total assets</b>		<b>1,135,129</b>	<b>1,021,016</b>
<b>Current liabilities</b>			
Trade and other payables	17	(43,986)	(46,764)
Lease liability	18	(658)	(634)
Corporation tax payable		-	(655)
		<b>(44,644)</b>	<b>(48,053)</b>
<b>Non-current liabilities</b>			
Borrowings	19	(396,633)	(336,703)
Derivative financial instruments	20	(538)	(7,601)
Lease liability	18	(6,271)	(6,929)
Deferred tax liability	8	-	(13,569)
		<b>(403,442)</b>	<b>(364,802)</b>
<b>Total liabilities</b>		<b>(448,086)</b>	<b>(412,855)</b>
<b>Net assets</b>		<b>687,043</b>	<b>608,161</b>
<b>Equity</b>			
Called-up share capital	21	1,223	1,478
Share premium account		112,654	107,990
Revaluation reserve		197,627	164,316
Capital redemption reserve		7,743	7,478
Other reserves		291	291
Retained earnings		367,505	326,608
<b>Total equity</b>		<b>687,043</b>	<b>608,161</b>

## Consolidated Cash Flow Statement

For the year to 31 March 2022

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
<b>Cash flows from operating activities</b>		
Profit before tax	72,892	20,508
Adjustment for:		
Depreciation	766	791
Revaluation surplus on investment properties	(33,311)	(19,387)
Letting cost amortisation	226	19
Loss on sale of investment properties	45	1,341
Profit on sale of plant and equipment	(11)	(14)
Net financing costs	19,228	14,021
Change in value of derivative financial instruments	(17,996)	(2,938)
Share based payment charge	3,843	2,031
Share of results of joint ventures	(20,708)	(2,352)
<b>Cash inflows from operations before changes in working capital</b>	<b>24,974</b>	<b>14,020</b>
Change in trade and other receivables	(7,926)	(2,554)
Change in land, developments and trading properties	(1,641)	404
Change in trade and other payables	5,941	3,758
<b>Cash inflows generated from operations</b>	<b>21,348</b>	<b>15,628</b>
Finance costs	(18,335)	(12,902)
Finance income	6	58
Tax received	13	1,219
	<b>(18,316)</b>	<b>(11,625)</b>
<b>Net cash generated from operating activities</b>	<b>3,032</b>	<b>4,003</b>
<b>Cash flows from investing activities</b>		
Additions to investment property	(174,057)	(16,306)
Net purchase of other investments	(306)	-
Net (costs)/proceeds from sale of investment property	(45)	113,207
Investments in joint ventures and subsidiaries	(3,323)	(7,414)
Dividends from joint ventures	3,381	10,266
Sale of plant and equipment	44	23
Purchase of leasehold improvements, plant and equipment	(68)	(156)
<b>Net cash (used by)/generated from investing activities</b>	<b>(174,374)</b>	<b>99,620</b>
<b>Cash flows from financing activities</b>		
Borrowings drawn down	190,000	12,339
Borrowings repaid	(131,150)	(25,000)
Finance lease repayments	(631)	(610)
Shares issued	10	13
Sale of own shares	54	25
Equity dividends paid	(12,582)	(10,528)
<b>Net cash generated from/(used by) financing activities</b>	<b>45,701</b>	<b>(23,761)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(125,641)</b>	<b>79,862</b>
Cash and cash equivalents at start of year	154,448	74,586
<b>Cash and cash equivalents at end of year</b>	<b>28,807</b>	<b>154,448</b>

## Consolidated Statement of Changes in Equity

At 31 March 2022

	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 31 March 2020	1,465	103,522	171,464	7,478	291	314,469	598,689
Total comprehensive income	-	-	-	-	-	17,877	17,877
Revaluation surplus	-	-	19,387	-	-	(19,387)	-
Realised on disposals	-	-	(26,535)	-	-	26,535	-
Issued share capital	13	4,468	-	-	-	-	4,481
Performance Share Plan	-	-	-	-	-	2,031	2,031
Performance Share Plan – deferred tax	-	-	-	-	-	66	66
Share settled Performance Share Plan	-	-	-	-	-	(3,335)	(3,335)
Share settled bonus	-	-	-	-	-	(1,145)	(1,145)
Profit on sales of shares	-	-	-	-	-	25	25
Dividends paid	-	-	-	-	-	(10,528)	(10,528)
At 31 March 2021	1,478	107,990	164,316	7,478	291	326,608	608,161
<b>Total comprehensive income</b>	-	-	-	-	-	<b>88,894</b>	<b>88,894</b>
<b>Revaluation surplus</b>	-	-	<b>33,311</b>	-	-	<b>(33,311)</b>	-
<b>Issued share capital</b>	<b>10</b>	<b>4,610</b>	-	-	-	-	<b>4,620</b>
<b>Performance Share Plan</b>	-	-	-	-	-	<b>3,223</b>	<b>3,223</b>
<b>Performance Share Plan – deferred tax</b>	-	-	-	-	-	<b>(1,325)</b>	<b>(1,325)</b>
<b>Share settled Performance Share Plan</b>	-	-	-	-	-	<b>(3,591)</b>	<b>(3,591)</b>
<b>Deferred bonus shares</b>	-	-	-	-	-	<b>620</b>	<b>620</b>
<b>Share settled bonus</b>	-	-	-	-	-	<b>(1,031)</b>	<b>(1,031)</b>
<b>Profit on sales of shares</b>	-	<b>54</b>	-	-	-	-	<b>54</b>
<b>Cancelled deferred shares</b>	<b>(265)</b>	-	-	<b>265</b>	-	-	-
<b>Dividends paid</b>	-	-	-	-	-	<b>(12,582)</b>	<b>(12,582)</b>
<b>At 31 March 2022</b>	<b>1,223</b>	<b>112,654</b>	<b>197,627</b>	<b>7,743</b>	<b>291</b>	<b>367,505</b>	<b>687,043</b>

For a breakdown of Total Comprehensive Income see the Consolidated Statement of Comprehensive Income.

The adjustment to retained earnings of £3,223,000 (31 March 2021: £2,031,000) adds back the share based payments charge recognised in the Consolidated Income Statement, in accordance with IFRS 2 *Share Based Payments*.

There were net transactions with owners of £10,012,000 (31 March 2021: £8,405,000) made up of the Performance Share Plan credit of £3,223,000 (31 March 2021: £2,031,000) and related deferred tax charge of £1,325,000 (31 March 2021: credit of £66,000), dividends paid of £12,582,000 (31 March 2021: £10,528,000), the issued share capital of £10,000 (31 March 2021: £13,000) and corresponding share premium of £4,610,000 (31 March 2021: £4,468,000), share settled Performance Share Plan awards charge of £3,591,000 (31 March 2021: £3,335,000), the share settled bonus awards charge of £1,031,000 (31 March 2021: £1,145,000), deferred bonus shares of £620,000 (31 March 2021: £nil) and the profit on the sale of shares of £54,000 (31 March 2021: £25,000).

## Notes to the Full Year Results

### 1. Basis of Preparation

These financial statements have been prepared using the recognition and measurement principles of International Accounting Standards in conforming with the Companies Act 2006.

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 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 2022. These accounts will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor's opinion on the 2022 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 2021. The Group Annual Report and Financial Statements for 2021 are available at Companies House or on the Group's website.

Amendments to standards and interpretations which are mandatory for the year ended 31 March 2022 are detailed below, however none of these have had a material impact on the financial statements:

- Amendments to IFRS 16 Covid 19-Related Rent Concessions beyond 30 June 2021 (effective for periods beginning on or after 1 April 2021); and
- Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform (effective for periods beginning on or after 1 January 2020).

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

- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use (effective for periods beginning on or after 1 January 2022);
- Annual Improvements to IFRS Standards 2018-2020 (effective for periods beginning on or after 1 January 2022);
- Amendments to IFRS 3 Reference to the Conceptual Framework (effective for periods beginning on or after 1 January 2022);
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (effective for periods beginning on or after 1 January 2022);
- IFRS 17 Insurance Contracts (effective for periods beginning on or after 1 January 2023);
- Amendments to IFRS 17 Insurance Contracts (effective for periods beginning on or after 1 January 2023);
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (effective for periods beginning on or after 1 January 2023);
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current – Deferral of Effective Date (effective for periods beginning on or after 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (effective for periods beginning on or after 1 January 2023); and
- Amendments to IAS 8 Definition of Accounting Estimates (effective for periods beginning on or after 1 January 2023).

## 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 sensitivity testing undertaken to replicate severe but plausible downside scenarios related to the principal risks and uncertainties associated with the business.

The key assumptions used in the review are summarised below:

- The Group's rental income receipts were modelled for each tenant on an individual basis;
- Existing loan facilities remain available;
- Certain property disposals are assumed in line with the individual asset business plans; and
- Free cash is utilised where necessary to repay debt/cure bank facility covenants.

Compliance with the financial covenants of the Group's main debt facility, its £400m Revolving Credit Facility, was the Directors' key area of review, with particular focus on the following three covenants:

- Loan to Value ("LTV") – the ratio of the drawn loan amount to the value of the secured property as a percentage;
- Loan to Rent Value ("LRV") – the ratio of the loan to the projected contractual net rental income for the next 12 months; and
- Projected Net Rental Interest Cover Ratio ("ICR") – the ratio of projected net rental income to projected finance costs.

The April 2022 compliance position for these covenants is summarised below:

<b>Covenant</b>	<b>Requirement</b>	<b>Actual</b>
LTV	<65%	46%
LRV	<12.0x	10.0x
ICR	>150%	313%

The results of this review demonstrated the following:

- The forecasts show that all bank facility financial covenants will be met throughout the review period, with headroom to withstand a 61% fall in contracted rental income;
- The Group could withstand receiving no rental income during the going concern period (excluding the impact on income covenants);
- Property values could fall by 47% before loan to value covenants come under pressure;
- Whilst the Group has a WAULT of 5.6 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; and
- Additional asset sales could be utilised to generate 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 2022.

## Use of Judgements and Estimates

To be able to prepare accounts according to 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 judgements and estimates that may significantly impact the Group's earnings and financial position are:

### Significant Judgements

The key area is discussed below:

- Consideration of the nature of joint arrangements. In the context of IFRS 10 *Consolidated Financial Statements*, this involves determination 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 12).

### Key sources of estimation uncertainty

The key area is discussed below:

- Valuation of investment properties. Discussion of the sensitivity of these valuations to changes in the equivalent yields and rental values is included in Note 11.

## 2. Revenue from Contracts with Customers

	<b>Year to 31 March 2022 £000</b>	Year to 31 March 2021 £000
Development property income	<b>7,490</b>	1,700
Service charge income	<b>8,304</b>	8,841
Other revenue	<b>28</b>	48
<b>Total revenue from contracts with customers</b>	<b>15,822</b>	10,589

The total revenue from contracts with customers is the revenue recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Impairment of contract assets of £5,000 was recognised in the year to 31 March 2022 (2021: £140,000).

## 3. Segmental Information

The Group identifies two discrete operating segments whose results are regularly reviewed by the Chief Operating Decision Maker (the Chief Executive) to allocate resources to these segments and to assess their performance. The segments are:

- 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.



	Investments Year to 31.03.22 £000	Developments Year to 31.03.22 £000	Total Year to 31.03.22 £000	Investments Year to 31.03.21 £000	Developments Year to 31.03.21 £000	Total Year to 31.03.21 £000
<b>Revenue</b>						
Gross rental income	35,324	-	35,324	28,007	-	28,007
Development property income	-	7,490	7,490	-	1,700	1,700
Service charge income	8,304	-	8,304	8,841	-	8,841
Other revenue	28	-	28	48	-	48
<b>Revenue</b>	<b>43,656</b>	<b>7,490</b>	<b>51,146</b>	<b>36,896</b>	<b>1,700</b>	<b>38,596</b>

	Investments Year to 31.03.22 £000	Developments Year to 31.03.22 £000	Total Year to 31.03.22 £000	Investments Year to 31.03.21 £000	Developments Year to 31.03.21 £000	Total Year to 31.03.21 £000
<b>Cost of sales</b>						
Rents payable	(169)	-	(169)	(232)	-	(232)
Property overheads	(4,069)	-	(4,069)	(2,810)	-	(2,810)
Service charge expense	(8,304)	-	(8,304)	(8,841)	-	(8,841)
Development cost of sales	-	(3,864)	(3,864)	-	(1,018)	(1,018)
Development sales expenses	-	(107)	(107)	-	(4)	(4)
Reversal of provision/(provision)	-	2,285	2,285	-	(82)	(82)
<b>Cost of sales</b>	<b>(12,542)</b>	<b>(1,686)</b>	<b>(14,228)</b>	<b>(11,883)</b>	<b>(1,104)</b>	<b>(12,987)</b>

	Investments Year to 31.03.22 £000	Developments Year to 31.03.22 £000	Total Year to 31.03.22 £000	Investments Year to 31.03.21 £000	Developments Year to 31.03.21 £000	Total Year to 31.03.21 £000
<b>Profit before tax</b>						
Net property income	31,114	5,804	36,918	25,013	596	25,609
Share of results of joint ventures	20,603	105	20,708	4,389	(2,037)	2,352
Gain on sale and revaluation of Investment properties	33,266	-	33,266	18,046	-	18,046
Segmental profit/(loss)	84,983	5,909	90,892	47,448	(1,441)	46,007
Administrative expenses			(16,768)			(14,416)
Net finance costs			(19,228)			(14,021)
Change in fair value of derivative financial instruments			17,996			2,938
<b>Profit before tax</b>			<b>72,892</b>			<b>20,508</b>

	Investments at 31.03.22 £000	Developments at 31.03.22 £000	Total at 31.03.22 £000	Investments at 31.03.21 £000	Developments at 31.03.21 £000	Total at 31.03.21 £000
<b>Net assets</b>						
Investment properties	938,797	-	938,797	740,207	-	740,207
Land and developments	-	2,089	2,089	-	448	448
Investment in joint ventures	96,157	4,447	100,604	74,165	5,788	79,953
	1,034,954	6,536	1,041,490	814,372	6,236	820,608
Other assets			93,639			200,408
<b>Total assets</b>			<b>1,135,129</b>			<b>1,021,016</b>
Liabilities			(448,086)			(412,855)
<b>Net assets</b>			<b>687,043</b>			<b>608,161</b>

#### 4. Net Property Income

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
Gross rental income	35,324	28,007
Head rents payable	(169)	(232)
Property overheads	(4,069)	(2,810)
Net rental income	31,086	24,965
Development property income	7,490	1,700
Development cost of sales	(3,864)	(1,018)
Sales expenses	(107)	(4)
Reversal of provision /(provision)	2,285	(82)
Development property profit	5,804	596
Other revenue	28	48
Net property income	36,918	25,609

Included within Gross rental income above is £5,638,000 (2021: reduction of £389,000) of accrued income for rent free periods.

#### 5. Loss on Sale of Investment Properties

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
Net (costs)/proceeds from the sale of investment properties	(45)	113,207
Book value (Note 11)	-	(111,883)
Tenants' incentives on sold investment properties	-	(2,665)
Loss on sale of investment properties	(45)	(1,341)

#### 6. Administrative Expenses

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
Administration costs	(9,598)	(9,276)
Performance related awards, including annual bonuses	(6,019)	(4,341)
National Insurance on performance related awards	(1,151)	(799)
Administrative expenses	(16,768)	(14,416)

#### 7. Finance Costs

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
Interest payable on bank loans and overdrafts	(10,169)	(10,697)
Other interest payable and similar charges	(3,179)	(3,382)
Total before cancellation of loans	(13,348)	(14,079)
Cancellation of loans	(5,886)	-
Finance costs	(19,234)	(14,079)



## 8. Tax on Profit on Ordinary Activities

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
The tax credit/(charge) is based on the profit for the year and represents:		
United Kingdom corporation tax at 19%		
- Group corporation tax	-	(1,218)
- Adjustment in respect of prior years	1,146	365
- Use of tax losses	(38)	-
Current tax credit/(charge)	1,108	(853)
Deferred tax		
- Capital allowances	4,540	(398)
- Tax losses	(1,024)	(794)
- Unrealised chargeable gains	13,512	338
- Other temporary differences	(2,134)	(924)
Deferred tax credit/(charge)	14,894	(1,778)
Total tax credit/(charge) for year	16,002	(2,631)

	At 31 March 2022 £000	At 31 March 2021 £000
<b>Deferred tax</b>		
Capital allowances	-	(4,540)
Tax losses	-	1,024
Unrealised chargeable gains	-	(13,512)
Other temporary differences	-	3,459
Deferred tax liability	-	(13,569)

The Group became a UK REIT on 1 April 2022. As a result, the deferred tax assets and liabilities associated with the Group's property business were released. The majority of the liability released related to unrealised revaluation gains on the Group's investment properties. In addition, deferred tax assets totalling £4,402,000 recognised at 31 March 2021 were released on the basis that it is no longer probable that sufficient taxable profits will be generated in the non-property business in the future against which these losses could be offset.

## 9. Dividends

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
Attributable to equity share capital		
Ordinary		
- Interim paid 2.90p per share (2021: 2.70p)	3,547	3,274
- Prior year final paid 7.40p per share (2020: 6.00p)	9,035	7,254
	12,582	10,528

A final dividend of 8.25p, if approved at the AGM on 14 July 2022, will be paid on 29 July 2022 to the Shareholders on the register on 24 June 2022. This final dividend, amounting to £10,092,000 has not been included as a liability as at 31 March 2022, in accordance with IFRS.

## 10. 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 share awards.

The 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 to 31 March 2022 000	Year to 31 March 2021 000
Ordinary shares in issue	122,325	121,266
Weighting adjustment	(241)	(282)
Weighted average ordinary shares in issue for calculation of basic and EPRA earnings per share	122,084	120,984
Weighted average ordinary shares issued on share settled bonuses	662	719
Weighted average ordinary shares to be issued under Performance Share Plan	1,700	1,434
Weighted average ordinary shares in issue for calculation of diluted earnings per share	124,446	123,137
	<b>£000</b>	<b>£000</b>
Earnings used for calculation of basic and diluted earnings per share	88,894	17,877
Basic earnings per share	72.8p	14.8p
Diluted earnings per share	71.4p	14.5p

	£000	£000
Earnings used for calculation of basic and diluted earnings per share	88,894	17,877
Net gain on sale and revaluation of investment properties		
	– subsidiaries	(18,046)
	– joint ventures	(5,870)
Tax on profit on disposal of investment properties	-	4,936
Gain on movement in share of joint ventures	(820)	767
Fair value movement on derivative financial instruments	(17,996)	(2,938)
Expense on cancellation of loans	5,886	-
Deferred tax on adjusting items	(17,844)	1,075
Earnings/(loss) used for calculations of EPRA earnings per share	6,381	(2,199)
EPRA earnings/(loss) per share	5.2p	(1.8)p

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

## 11. Investment Properties

	At 31 March 2022 £000	At 31 March 2021 £000
Book value at 1 April	740,207	819,573
Additions at cost	165,505	13,149
Disposals	-	(111,883)
Letting cost amortisation	(226)	(19)
Revaluation surplus	33,311	19,387
As at year end	<b>938,797</b>	740,207

All properties are stated at market value and are valued by professionally qualified external valuers (Cushman & Wakefield LLP) in accordance with the Valuation - Professional Standards, published by the Royal Institution of Chartered Surveyors. The fair value of the investment properties are as follows:

	At 31 March 2022 £000	At 31 March 2021 £000
Book value	938,797	740,207
Lease incentives and costs included in trade and other receivables	24,836	18,815
Head leases capitalised	(2,133)	(2,147)
Fair value	<b>961,500</b>	756,875

Interest capitalised in respect of the refurbishment of investment properties at 31 March 2022 amounted to £13,102,000 (31 March 2021: £13,102,000). Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £nil (31 March 2021: £nil).

The historical cost of investment property is £739,231,000 (31 March 2021: £573,709,000).

The fair value of the Group's investment property as at 31 March 2022 was determined by independent external valuers at that date, except for investment properties valued by the Directors. The valuations are in accordance with the RICS Valuation – Professional Standards (“The Red Book”) and the International Valuation Standards and were arrived at by reference to market transactions for similar properties.

Fair values for investment properties are calculated using the present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields as discussed below. A key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the cash flow profile of the property for a number of years. The valuation assumes adjustments from these rental values to current market rent at the time of the next rent review (where a typical lease allows only for upward adjustment) and as leases expire and are replaced by new leases. The current market level of rent is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations. The equivalent yield is applied as a discount rate to the rental cash flows which, after taking into account other input assumptions such as vacancies and costs, generates the market value of the property.

The equivalent yield applied is assessed by reference to market transactions for similar properties and takes into account, amongst other things, any risks associated with the rent uplift assumptions.

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

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

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

A sensitivity analysis was performed to ascertain the impact of a 25 and 50 basis point shift in the equivalent yield and a 2.5% and 5% shift in ERVs for the wholly owned investment portfolio:

	At 31 March 2022	Change in portfolio value	
		%	£000
True equivalent yield	4.63%		
+ 50 bps		(13.0)	(124,684)
+ 25 bps		(6.8)	(65,598)
- 25 bps		7.6	73,419
- 50 bps		16.2	155,947
ERV	£70.02 psf		
+ 5.00%		5.6	53,550
+ 2.50%		2.8	26,703
- 2.50%		(2.8)	(26,705)
- 5.00%		(5.5)	(53,249)

## 12. Joint Ventures

	Year to 31 March 2022 £000	Year to 31 March 2021 £000
<b>Share of results of joint ventures</b>		
Revenue	9,495	26,024
Gross rental income	317	156
Property overheads	(175)	(131)
Net rental income	142	25
Gain on revaluation of investment properties	18,473	6,423
Loss on sale of investment properties	-	(553)
Development property gain/(loss)	764	(948)
<b>Gross profit</b>	<b>19,379</b>	<b>4,947</b>
Administrative expenses	(295)	(432)
<b>Operating profit</b>	<b>19,084</b>	<b>4,515</b>
Interest payable on bank loans and overdrafts	(2,407)	(1,163)
Other interest payable and similar charges	(181)	(156)
Interest capitalised	2,142	514
Finance income	-	5
<b>Profit before tax</b>	<b>18,638</b>	<b>3,715</b>
Tax	1,249	(596)
<b>Profit after tax</b>	<b>19,887</b>	<b>3,119</b>
Adjustment for Barts Square economic interest <sup>1</sup>	821	(767)
<b>Share of results of joint ventures</b>	<b>20,708</b>	<b>2,352</b>

1. This adjustment reflects the impact of the consolidation of a joint venture at its economic interest of 46.0% (March 2021: 47.0%) rather than its actual ownership interest of 33.3%.

	At 31 March 2022 £000	At 31 March 2021 £000
<b>Investment in joint ventures</b>		
<b>Summarised balance sheets</b>		
<b>Non-current assets</b>		
Investment properties	140,045	86,817
Owner occupied property, plant and equipment	40	41
	<b>140,085</b>	<b>86,858</b>
<b>Current assets</b>		
Land and developments	8,349	16,545
Trade and other receivables	2,527	1,661
Cash and cash equivalents	4,474	7,781
	<b>15,350</b>	<b>25,987</b>
<b>Current liabilities</b>		
Trade and other payables	(10,062)	(7,098)
Borrowings	-	(11,455)
	<b>(10,062)</b>	<b>(18,553)</b>
<b>Non-current liabilities</b>		
Trade and other payables	(408)	(408)
Borrowings	(39,585)	(8,014)
Leasehold interest	(4,744)	(4,584)
Deferred tax	(125)	(1,422)
	<b>(44,862)</b>	<b>(14,428)</b>
<b>Net assets pre-adjustment</b>	<b>100,511</b>	<b>79,864</b>
Acquisition costs	93	89
<b>Investment in joint ventures</b>	<b>100,604</b>	<b>79,953</b>



The fair value of investment properties at 31 March 2022 is as follows:

	At 31 March 2022 £000	At 31 March 2021 £000
Book value	140,045	86,817
Lease incentives and costs included in trade and other receivables	166	119
Head leases capitalised	(4,391)	(4,420)
Fair value	135,820	82,516

### 13. Other Investments

	At 31 March 2022 £000	At 31 March 2021 £000
Book value at 1 April	-	-
Acquisitions	306	-
As at year end	306	-

On 6 August 2021, the Group entered into a commitment of £1,000,000 to invest in the Pi Labs European PropTech venture capital fund ("Fund") of which £306,000 was invested during the year. The Fund is focused on investing in the next generation of proptech businesses.

The fair value of the Group's investment is based on the net asset value of the Fund, representing Level 2 fair value measurement as defined in IFRS 13 *Fair Value Measurement*.

### 14. Land and Developments

	At 31 March 2022 £000	At 31 March 2021 £000
At 1 April	448	852
Acquisitions and construction costs	2,913	220
Disposals	(3,557)	(804)
Reversal of provision	2,285	180
At 31 March	2,089	448

The Directors' valuation of development stock shows a surplus of £302,000 (31 March 2021: £578,000) above book value. This surplus has been included in the EPRA net tangible asset value (Note 22).

No interest has been capitalised or included in land and developments.

### 15. Trade and Other Receivables

	At 31 March 2022 £000	At 31 March 2021 £000
Trade receivables	18,807	17,426
Other receivables	762	544
Prepayments	4,310	4,597
Accrued income	24,574	17,860
Total trade and other receivables	48,453	40,427

Included in accrued income are lease incentives of £22,965,000 (31 March 2021: £17,179,000).

## 16. Cash and Cash Equivalents

	At 31 March 2022 £000	At 31 March 2021 £000
Cash held at managing agents	10,589	3,289
Restricted cash	3,978	72,878
Cash deposits	14,240	78,281
<b>Total cash and cash equivalents</b>	<b>28,807</b>	<b>154,448</b>

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

## 17. Trade and Other Payables

	At 31 March 2022 £000	At 31 March 2021 £000
Trade payables	23,122	24,194
Other payables	3,957	1,879
Accruals	7,418	14,023
Deferred income	9,489	6,668
<b>Total trade and other payables</b>	<b>43,986</b>	<b>46,764</b>

## 18. Lease Liability

	At 31 March 2022 £000	At 31 March 2021 £000
Current lease liability	658	634
Non-current lease liability	6,271	6,929

Included within the lease liability are £658,000 (31 March 2021: £634,000) of current and £4,082,000 (31 March 2021: £4,740,000) of non-current lease liabilities which relate to the long leasehold of the Group's head office.

## 19. Borrowings

	At 31 March 2022 £000	At 31 March 2021 £000
Current borrowings	-	-
Borrowings repayable within:		
- two to three years	100,000	49,705
- three to four years	296,633	286,998
Non-current borrowings	396,633	336,703
<b>Total borrowings</b>	<b>396,633</b>	<b>336,703</b>
	At 31 March 2022 £000	At 31 March 2021 £000
Total borrowings	396,633	336,703
Cash	(28,807)	(154,448)
<b>Net borrowings</b>	<b>367,826</b>	<b>182,255</b>

Net borrowings exclude the Group's share of borrowings in joint ventures of £39,585,000 (31 March 2021: £19,469,000) and cash of £4,474,000 (31 March 2021: £7,781,000). All borrowings in joint ventures are secured.

	At 31 March 2022 £000	At 31 March 2021 £000
Net assets	687,043	608,161
Gearing	54%	30%

## 20. Derivative Financial Instruments

	At 31 March 2022 £000	At 31 March 2021 £000
Derivative financial instruments asset	11,104	171
Derivative financial instruments liability	(538)	(7,601)

A gain on the change in fair value of £17,996,000 has been recognised in the Consolidated Income Statement (31 March 2021: £2,938,000).

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

## 21. Share Capital

	At 31 March 2022 £000	At 31 March 2021 £000
Authorised	39,577	39,577

The authorised share capital of the Company is £39,577,000 ordinary shares of 1p each.

	At 31 March 2022 £000	At 31 March 2021 £000
Allotted, called up and fully paid:		
- 122,325,413 (31 March 2021: 121,265,710) ordinary shares of 1p each	1,223	1,213
- 212,145,300 deferred shares of 1/8p each	-	265
	1,223	1,478

The deferred shares of 1/8p each were cancelled during the year.

## 22. Net Assets Per Share

	At 31 March 2022 £000	Number of shares 000	p	At 31 March 2021 £000	Number of shares 000	p
IFRS net assets	687,043	122,325		608,161	121,266	
Adjustments:						
- deferred shares	-			(265)		
Basic net asset value	687,043	122,325	562	607,896	121,266	501
- share settled bonus		662			718	
- dilutive effect of Performance Share Plan		1,657			1,519	
Diluted net asset value	687,043	124,644	551	607,896	123,503	492
Adjustments:						
- fair value of financial instruments	(10,565)			7,431		
- deferred tax	503			18,348		
- fair value of land and developments	302			578		
- real estate transfer tax	73,155			56,877		
EPRA net reinstatement value	750,438	124,644	602	691,130	123,503	560
- real estate transfer tax	(36,656)			(24,862)		
- deferred tax	(503)			(7,605)		
EPRA net tangible asset value	713,279	124,644	572	658,663	123,503	533
Adjustments:						
- surplus on fair value of stock	302			578		
- fair value of fixed rate loan	-			(9,622)		
EPRA net disposal value	687,345	124,644	551	598,852	123,503	485

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 net tangible asset value includes a real estate transfer tax adjustment which adds back the benefit of the saving of the purchaser's costs that Helical expects to receive on the sales of the corporate vehicles that owns the buildings, rather than direct asset sales.

The calculation of EPRA net disposal value and triple net asset value per share reflects the fair value of all the assets and liabilities of the Group at 31 March 2022. One of the loans held by the Group in the prior year was at a fixed rate and therefore not at fair value. The adjustment of £nil (31 March 2021: £9,622,000) is the increase from book to fair value.

## 23. Related Party Transactions

The following amounts were due from the Group's joint ventures:

	At 31 March 2022 £000	At 31 March 2021 £000
Charterhouse Street Limited	405	400
Barts Square companies	79	16
Shirley Advance LLP	8	8
Old Street Holdings LP	3	3

An accounting and corporate services fee of £50,000 (March 2021: £50,000) was charged by the Group to the Barts Square companies. In addition, a development management, accounting and corporate services fee of £1,380,000 (31 March 2021: £850,000) was charged by the Group to the Charterhouse Place Limited group.

## 24. See-through Analysis

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 under IFRS for its 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 its property portfolio, debt profile and the associated income streams and financing costs, to assist in providing a comprehensive overview of the Group's activities.

### See-through Net Rental Income

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

		Year to 31 March 2022 £000	Year to 31 March 2021 £000
Gross rental income	– subsidiaries	35,324	28,007
	– joint ventures	317	156
Total gross rental income		35,641	28,163
Rents payable	– subsidiaries	(169)	(232)
Property overheads	– subsidiaries	(4,069)	(2,810)
	– joint ventures	(175)	(131)
<b>See-through net rental income</b>		<b>31,228</b>	<b>24,990</b>

**See-through Net Development Profits/(Losses)**

Helical's share of development profits/(losses) from property assets held in subsidiaries and in joint ventures is shown in the table below.

	<b>Year to 31 March 2022 £000</b>	Year to 31 March 2021 £000
In parent and subsidiaries	3,519	678
In joint ventures	764	(948)
Total gross development profit/(loss)	4,283	(270)
Reversal of provision/(provision) – subsidiaries	2,285	(82)
<b>See-through development profits/(losses)</b>	<b>6,568</b>	<b>(352)</b>

**See-through Net Gain on Sale and Revaluation of Investment Properties**

Helical's share of the net gain on the sale and revaluation of investment properties held in subsidiaries and joint ventures is shown in the table below.

	<b>Year to 31 March 2022 £000</b>	Year to 31 March 2021 £000
Revaluation surplus on investment properties – subsidiaries	33,311	19,387
– joint ventures	18,473	6,423
Total revaluation surplus	51,784	25,810
Net loss on sale of investment properties – subsidiaries	(45)	(1,341)
– joint ventures	-	(553)
Total net loss on sale of investment properties	(45)	(1,894)
<b>See-through net gain on sale and revaluation of investment properties</b>	<b>51,739</b>	<b>23,916</b>

**See-through Administration Expenses**

Helical's share of the administration expenses incurred in subsidiaries and joint ventures is shown in the table below.

	<b>Year to 31 March 2022 £000</b>	Year to 31 March 2021 £000
Administration expenses – subsidiaries	9,598	9,276
– joint ventures	295	432
Total administration expenses	9,893	9,708
Performance related awards, including NIC – subsidiaries	7,170	5,140
Total performance related awards, including NIC	7,170	5,140
<b>See-through administration expenses</b>	<b>17,063</b>	<b>14,848</b>

**See-through Net Finance Costs**

Helical's share of the interest payable, finance charges, capitalised interest and interest receivable on bank borrowings and cash deposits in subsidiaries and joint ventures is shown in the table below.

		Year to 31 March 2022 £000	Year to 31 March 2021 £000
Interest payable on bank loans and overdrafts	– subsidiaries	10,169	10,697
	– joint ventures	2,407	1,163
<b>Total interest payable on bank loans and overdrafts</b>		<b>12,576</b>	<b>11,860</b>
Other interest payable and similar charges	– subsidiaries	9,065	3,382
	– joint ventures	181	156
Interest capitalised	– joint ventures	(2,142)	(514)
<b>Total finance costs</b>		<b>19,680</b>	<b>14,884</b>
Interest receivable and similar income	– subsidiaries	(6)	(58)
	– joint ventures	-	(5)
<b>See-through net finance costs</b>		<b>19,674</b>	<b>14,821</b>

**See-through Property Portfolio**

Helical's share of the investment, land and development property portfolio in subsidiaries and joint ventures is shown in the table below.

		At 31 March 2022 £000	At 31 March 2021 £000
Investment property fair value	– subsidiaries	961,500	756,875
	– joint ventures	135,820	82,516
<b>Total investment property fair value</b>		<b>1,097,320</b>	<b>839,391</b>
Land and development stock	– subsidiaries	2,089	448
	– joint ventures	8,349	16,545
<b>Total land and development stock</b>		<b>10,438</b>	<b>16,993</b>
Total land and development stock surplus	– subsidiaries	302	578
<b>Total land and development stock at fair value</b>		<b>10,740</b>	<b>17,571</b>
<b>See-through property portfolio</b>		<b>1,108,060</b>	<b>856,962</b>

**See-through Net Borrowings**

Helical's share of borrowings and cash deposits in subsidiaries and joint ventures is shown in the table below.

		At 31 March 2022 £000	At 31 March 2021 £000
Gross borrowings more than one year	– subsidiaries	396,633	336,703
<b>Total</b>		<b>396,633</b>	<b>336,703</b>
Gross borrowings less than one year	– joint ventures	-	11,455
Gross borrowings more than one year	– joint ventures	39,585	8,014
<b>Total</b>		<b>39,585</b>	<b>19,469</b>
Cash and cash equivalents	– subsidiaries	(28,807)	(154,448)
	– joint ventures	(4,474)	(7,781)
<b>Total</b>		<b>(33,281)</b>	<b>(162,229)</b>
<b>See-through net borrowings</b>		<b>402,937</b>	<b>193,943</b>

## 25. See-through Net Gearing and Loan to Value

	At 31 March 2022 £000	At 31 March 2021 £000
Property portfolio	1,108,060	856,962
Net borrowings	402,937	193,943
Net assets	687,043	608,161
See-through net gearing	58.6%	31.9%
See-through loan to value	36.4%	22.6%

## 26. Total Accounting Return

	At 31 March 2022 £000	At 31 March 2021 £000
Brought forward IFRS net assets	608,161	598,689
Carried forward IFRS net assets	687,043	608,161
Increase in IFRS net assets	78,882	9,472
Dividends paid	12,582	10,528
Total accounting return	91,464	20,000
Total accounting return percentage	15.0%	3.3%

  

	At 31 March 2022 £000	At 31 March 2021 £000
Brought forward EPRA net tangible assets	658,663	640,424
Carried forward EPRA net tangible assets	713,279	658,663
Increase in EPRA net tangible assets	54,616	18,239
Dividends paid	12,582	10,528
Total EPRA accounting return	67,198	28,767
Total EPRA accounting return percentage	10.2%	4.5%

## 27. Total Property Return

	At 31 March 2022 £000	At 31 March 2021 £000
See-through net rental income	31,228	24,990
See-through development profits/(losses)	6,568	(352)
See-through revaluation surplus	51,784	25,810
See-through net loss on sale of investment properties	(45)	(1,894)
Total property return	89,535	48,554

## 28. Capital Commitments

The Group has a commitment of £nil (31 March 2021: £4,400,000) in relation to development contracts which are due to be completed in the year to March 2023. A further £13,100,000 (31 March 2021: £45,600,000) relates to the Group's share of commitments in joint venture.

## 29. Post Balance Sheet Events

In May 2022, the Group exchanged contracts for the sale of Trinity, Manchester for £34.55m.



## Appendix 1 – Five Year Review

### Income Statements

	Year ended 31.3.22 £000	Year ended 31.3.21 £000	Year ended 31.3.20 £000	Year ended 31.3.19 £000	Year ended 31.3.18 £000
<b>Revenue</b>	<b>51,146</b>	38,596	44,361	44,175	175,596
Net rental income	31,086	24,965	27,838	24,599	36,329
Development property profit/(loss)	3,519	678	2,076	2,564	(1,961)
Reversal of provisions/(provisions)	2,885	(82)	1,198	(4,345)	(2,213)
Share of results of joint ventures	20,708	2,352	13,396	(3,217)	3,196
Other operating income	28	48	88	-	111
<b>Gross profit before gain on investment properties</b>	<b>57,626</b>	27,961	44,596	19,601	35,462
(Loss)/gain on sale of investment properties	(45)	(1,341)	(1,272)	15,008	13,567
Revaluation surplus on investment properties	33,311	19,387	38,351	44,284	23,848
Fair value movement of available-for-sale assets	-	-	-	144	1,385
Administrative expenses excluding performance related awards	(9,598)	(9,276)	(10,524)	(10,858)	(11,023)
Performance related awards (including NIC)	(7,170)	(5,140)	(6,191)	(5,895)	(1,742)
Finance costs	(19,234)	(14,079)	(16,100)	(17,407)	(37,438)
Finance income	6	58	1,345	983	4,303
Change in fair value of derivative financial instruments	17,996	2,938	(7,651)	(3,322)	4,029
Change in fair value of Convertible Bond	-	-	468	865	(1,559)
Foreign exchange gains/(losses)	-	-	8	53	(10)
<b>Profit before tax</b>	<b>72,892</b>	20,508	43,030	43,456	30,822
Tax on profit on ordinary activities	16,002	(2,631)	(4,313)	(836)	(4,537)
<b>Profit after tax</b>	<b>88,894</b>	17,877	38,717	42,620	26,285

### Balance Sheets

	At 31.3.22 £000	At 31.3.21 £000	At 31.3.20 £000	At 31.3.19 £000	At 31.3.18 £000
Investment portfolio at fair value	961,500	756,875	836,875	791,250	802,134
Land, trading properties and developments	2,089	448	852	2,311	6,042
Group's share of investment properties held by joint ventures	135,820	82,516	76,809	25,382	22,623
Group's share of land, trading and development properties held by joint ventures	8,349	16,545	34,164	56,935	76,474
Group's share of land and development property surpluses	302	578	578	578	2,328
Group's share of total properties at fair value	<b>1,108,060</b>	856,962	949,278	876,456	909,601
Net debt	367,826	182,255	273,598	227,712	325,121
Group's share of net debt of joint ventures	35,111	11,688	24,933	40,861	37,733
Group's share of net debt	<b>402,937</b>	193,943	298,531	268,573	362,854
Net assets	<b>687,043</b>	608,161	598,689	567,425	533,894
EPRA net tangible assets value	<b>713,279</b>	658,663	640,424	597,321	561,644*
Dividend per ordinary share paid	10.30p	8.70p	10.20p	9.60p	8.70p
Dividend per ordinary share declared	11.15p	10.10p	8.70p	10.10p	9.50p
EPRA earnings/(loss) per ordinary share	5.2p	(1.8)p	7.6p	(8.4)p	(7.0)p
EPRA net tangible assets per share	572p	533p	524p	494p	468p*

\*EPRA net asset value.

## Appendix 2 – Property Portfolio

### London Portfolio – Investment Properties

Property	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2022 %	Vacancy rate at 31 March 2021 %
<b>Completed properties</b>				
The Warehouse and Studio, The Bower, EC1	Multi-let office building	151,439	0.0	0.0
The Tower, The Bower, EC1	Multi-let office building	182,193	5.3	0.0
The Loom, E1	Multi-let office building	108,600	20.1	14.8
Kaleidoscope, EC1	Single-let office building	88,581	0.0	0.0
25 Charterhouse Square, EC1	Multi-let office building	42,921	4.4	26.0
55 Bartholomew, EC1	Multi-let office building	10,976	23.1	67.2
The Power House, W4	Single-let recording studios/office building	21,268	0.0	0.0
		<b>605,978</b>	<b>6.9</b>	<b>5.8</b>
<b>Development pipeline</b>				
33 Charterhouse Street, EC1	Office development	205,369	n/a	n/a
100 New Bridge Street, EC4	Single-let office building	167,026	0.0	n/a
		<b>978,373</b>	<b>0.0</b>	<b>n/a</b>

### London Portfolio – Development Properties

Property	Description	Total apartments	Unsold apartments at 31 March 2022	Unsold apartments at 31 March 2021
Barts Square, EC1	Residential apartments and 8 retail units	236	14	28

### Manchester Offices

Property	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2022 %	Vacancy rate at 31 March 2021 %
Trinity	Multi-let office building	58,533	23.9	54.1

## Appendix 3 – EPRA Performance Measures

	At 31 March 2022	At 31 March 2021
EPRA net tangible assets	<b>£713.3m</b>	£658.7
EPRA net reinstatement value per share	<b>602p</b>	560p
EPRA net tangible assets per share	<b>572p</b>	533p
EPRA net disposal value per share	<b>551p</b>	485p
EPRA net initial yield	<b>3.5%</b>	3.2%
EPRA “topped up” net initial yield	<b>4.5%</b>	4.6%
EPRA vacancy rate	<b>4.8%</b>	7.9%
EPRA cost ratio (including direct vacancy costs)	<b>52.8%</b>	59.0%
EPRA cost ratio (excluding direct vacancy costs)	<b>48.8%</b>	56.3%
EPRA earnings/(loss)	<b>£6.4m</b>	(£2.2m)
EPRA earnings/(loss) per share	<b>5.2p</b>	(1.8p)

## Appendix 4 – Risk Register

Risk	Description	Mitigating actions	Changes in risk severity
<b>STRATEGIC RISKS</b>			
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.			
<b>The Group's strategy is inconsistent with the market</b>	<p>Changing market conditions leading to a reduction in demand or deferral of decisions by occupiers, impacting property values, could hinder the Group's ability to buy, develop, manage and sell assets as 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 will be greater.</p>	<p>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.</p> <p>The Group's management team is highly experienced and has a strong track record of understanding the property market.</p> <p>The small size of the Group's management team enables quick implementation of strategic change when required.</p> <p>We have robust and established governance and approval processes.</p> <p>We are active members of industry bodies and professional organisations and participate in local business and community groups. This ensures we are actively engaged in decisions affecting our business, customers, partners and communities.</p>	<p>The pandemic had various strategic impacts on property companies and uncertainty regarding the full economic and social impacts of the Covid-19 pandemic continues. Over the course of the year, we have seen an improved sentiment towards the future of the office, but the agile working movement continues, with many businesses adopting hybrid working practices.</p> <p>It has become evident that the market favours the best-in-class space with strong sustainability credentials and Helical's portfolio is well positioned to respond to this trend. The UK's Covid-19 vaccination programme has also had a positive impact on this risk. Consequently, the severity of this risk has decreased.</p>
<b>Risks arising from the Group's significant development projects</b>	<p>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.</p> <p>Development projects often require substantial capital expenditure for land procurement and construction and they usually take a considerable amount of time to complete and generate rental income.</p> <p>The risk of delays or failure to get planning approval is an inherent risk of property development.</p> <p>The construction industry is faced with both labour and materials supply shortages which could lead to cost escalation and project delay.</p> <p>Exposure to developments increases the potential financial impact of cost inflation, adverse valuation or other market factors which could affect the Group's financial capabilities and targeted financial returns.</p>	<p>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.</p> <p>Management are highly experienced and have a track record of developing best-in-class office spaces in highly desirable, well connected, locations.</p> <p>Management place significant focus on timely project delivery and strong relationships with construction partners with appropriate risk sharing. We opt to work with highly regarded suppliers and contractors to minimise cost uncertainty.</p> <p>We typically enter into contracts with our contractors on a fixed price basis and incorporate appropriate contingencies.</p> <p>Development plans and exposure to risk are considered in the annual business plan.</p> <p>Detailed planning pre-applications and due diligence are conducted in advance of any site acquisition.</p> <p>Board approval required for commitments above a certain threshold.</p> <p>Management continuously monitors the cost of materials and pressures on supply chain and distribution networks.</p> <p>Ongoing consideration is given to investing in the most energy efficient machinery and building materials and using renewable sources of energy where possible.</p>	<p>The Group currently has one ongoing development and the majority of these costs are fixed. Management will look to negotiate similar contract terms for its new development project: 100 New Bridge Street, EC4.</p> <p>However, this risk is dependent on negotiations with contractors and may change as new development projects are acquired.</p> <p>There remains risk of insolvencies in the construction industry given the uncertainties around the future macroeconomic environment and geopolitical market influences.</p>
<b>Property values decline/reduced tenant demand for space</b>	<p>The property portfolio is at risk of valuation falls through changes in market conditions, including underperforming sectors or locations, lack of tenant demand, deferral of occupiers' decisions or general economic uncertainty.</p>	<p>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</p>	<p>Although there has been a notable increase in the return of employees to their offices, a number of corporates are continuing to offer hybrid working opportunities.</p> <p>However, there is a strong market sentiment towards new, best-in-class office space and given Helical's Grade A</p>

	<p>Property valuations are dependent on the level of rental income receivable and expected to be receivable on that property in the future. Therefore, declines in rental income could have an adverse impact on revenue and the value of the Group's properties.</p>	<p>through its forecasting process in order to prepare a considered approach to mitigating the potential impact.</p> <p>We work closely with our management agents, Ashdown Phillips, to engage closely with our occupiers to understand their needs and respond quickly and collaboratively to any changing requirements.</p> <p>The Board and Management team conduct ongoing monitoring of property market, direction and valuations. The bi-weekly Management meeting considers factors such as new leases, lease events and tenant issues with respect to each property in the portfolio.</p> <p>We conduct ongoing monitoring of build cost inflation and factor this into appraisals of all potential development schemes.</p>	<p>portfolio, the severity of this risk has reduced with respect to our portfolio.</p>
<b>Geopolitical and economic</b>	<p>Significant events or changes in the global/UK political or economic landscape may have a significant impact on the Group's ability to plan and deliver its strategic priorities in accordance with its business model. Such events or changes may result in decreased investor activity and reluctance of occupiers to make decisions with respect to office space uptake.</p> <p>There is a risk that regulatory and tax changes could adversely affect the market in which the Group operates.</p> <p>The ongoing transition of the UK from the EU remains a risk and has an impact on global trade.</p> <p>Political instability and unrest can have a significant knock-on effect on global economies and trade (as evidenced by the Russo-Ukrainian war).</p>	<p>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.</p> <p>Management monitor macroeconomic research and economic outlook considerations are incorporated into the Group's annual business plan.</p> <p>Management conduct ongoing assessments of post-Brexit impacts and the continuing effects of the Covid-19 pandemic.</p> <p>We will continue to monitor the economic and political situations in the UK and globally and adapt any business decisions accordingly.</p>	<p>Whilst reduced, the Covid -19 pandemic continues to effect global and local economies e.g. inflationary pressures arising from supply chain shortages, interest rate rises, cost of energy.</p> <p>UK GDP growth estimates for 2022 have fallen since the beginning of the year.</p> <p>Furthermore, global economic and political conditions e.g. the Russo-Ukrainian war and associated sanctions, are exerting pressure on global supply chains and economies.</p> <p>The risk is therefore considered to have increased since last year.</p>
<b>Significant business disruption/external catastrophic event</b>	<p>The Group's operations, reputation or financial performance could be adversely affected and disrupted by major external events such as pandemic disease, civil unrest, war and geopolitical instability, terrorist attacks, extreme weather, environmental incidents, and power supply shortages.</p> <p>All of these potential events could have a considerable impact on the global economy, as well as that of our business and our stakeholders.</p>	<p>In the event of a pandemic:</p> <ul style="list-style-type: none"> <li>• The Executive Committee will be tasked with the daily monitoring and managing of the risk, and will focus on the impact on property locations, the business and supply chain.</li> <li>• Regular Board discussions will be held during any pandemic to review the Group's response and mitigating actions.</li> <li>• Enhanced engagement with our stakeholders will be conducted (particularly with occupiers, contractors, shareholders and employees).</li> <li>• There will be continuous review of Government guidelines and emerging practice, with risk assessments undertaken as control measures change.</li> <li>• Guidance will be issued to our staff, occupiers and contractors on how to protect themselves and others.</li> </ul> <p>The Group ensures that it has adequate Business Continuity Plans and IT Business Continuity Plans in place to enable remote working for all staff.</p> <p>Testing of business resilience and risk planning is conducted throughout the year.</p>	<p>Global rollout of Covid-19 vaccinations has reduced the probability of further significant and prolonged disruption due to the disease.</p> <p>However, the UK's terrorism national threat level is currently rated as significant.</p> <p>The current Russo-Ukrainian war and associated sanctions are putting pressure on global supply chains and economies.</p> <p>Therefore, this risk remains unchanged.</p>
<b>Climate change</b>	<p>The Group is alive to the risks posed by climate change. Failing to respond to these risks appropriately (in line with societal attitudes or legislation) or failing to identify potential opportunities could lead to reputational damage, loss of</p>	<p>The Group has a Sustainability Committee, which reviews the Group's approach and strategy to climate related risks and presents regularly to the Board and Executive Committee on emerging issues and mitigation plans. The Committee sets appropriate targets and KPIs to effectively monitor the Group's performance.</p>	<p>Climate change risk continues to increase in prominence and importance. In the UK, the Government continues to introduce more legislation linked to climate risk e.g. TCFD and legislation requiring higher standards for energy efficiency in commercial and residential properties (EPCs).</p>

	<p>income or decline in property values.</p> <p>There is also the additional risk that the costs to operate our business (energy or water) or undertake development activities (construction materials) will rise as a consequence of climate change.</p>	<p>During the year, a detailed scenario analysis was performed to ascertain the potential risks and opportunities that arise due to specific climate related scenarios. The outcome of this analysis has been incorporated into our wider Task Force on Climate Related Financial Disclosures (TCFD) statement.</p> <p>Annually, the Group produces a Sustainability Performance Report with key data and performance points which are externally assured.</p> <p>In May 2022, the Group released its Net Zero Carbon Pathway, which commits to becoming net zero carbon by 2030 and includes the actions and steps required to meet the associated targets.</p>	<p>The risks associated with the impact of climate change continue to increase and businesses are being encouraged to proactively respond by all their stakeholders.</p>
<p><b>FINANCIAL RISKS</b></p> <p>Financial risks are those that could prevent the Group from funding its chosen strategy, both in the long and short-term.</p>			
<p><b>Availability and cost of bank borrowing and cash resources</b></p>	<p>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.</p> <p>The Group is at risk of increased interest rates on unhedged borrowings.</p>	<p>The Group maintains a good relationship with many established lending institutions and borrowings are spread across a number of these.</p> <p>Funding requirements are reviewed monthly by management, who seek to ensure that the maturity dates of borrowings are spread over several years.</p> <p>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.</p> <p>The Group hedges the interest rates on the majority of its borrowings, effectively fixing or capping the rates over several years.</p>	<p>The Group has significant cash and undrawn bank facilities and a conservative level of borrowings.</p>
<p><b>Breach of loan covenants</b></p>	<p>If the Group breaches debt covenants, lending institutions may require the early repayment of borrowings.</p>	<p>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.</p> <p>The risk is further mitigated through the obtaining of tenant guarantors/bank guarantees/deposits.</p>	<p>The pandemic has put some tenants under cash flow pressure. Although the Group's rental collection remains strong, this is still a key risk for the business.</p>
<p><b>OPERATIONAL RISKS</b></p> <p>Operational risks are internal risks that could prevent the Group from delivering its strategy.</p>			
<p><b>Our people</b></p>	<p>The Group's continued success is reliant on its management and staff.</p> <p>The failure to attract, develop and retain the right people with requisite skills, as well as failure to maintain a positive working environment for employees could inhibit the execution of our strategy and diminish our long-term sustainability.</p>	<p>The senior management team is very experienced with a high average length of service. The Nominations Committee and Board continuously review succession plans, and the Remuneration Committee oversees the Directors' Remuneration Policy and its application to senior employees, and reviews and approves incentive arrangements to ensure they are commensurate with market practice. Remuneration is set to attract and retain high calibre staff.</p> <p>Our annual appraisal process focuses on future career development and staff are encouraged to undertake personal development and training courses, supported by the Company.</p> <p>The Board and senior management engage directly with employees through a variety of engagement initiatives which enable the Board to ascertain staff satisfaction levels and implement changes to working practices and the working environment as necessary.</p> <p>We also arrange all staff training activities and events throughout the year.</p>	<p>Although there is currently strong competition for talent in the employment market at present, this risk has remained broadly similar due to our high staff retention levels.</p> <p>The Board reaffirmed the succession plans for key roles within the Company during the year which supports the long-term success of the business.</p>
<p><b>Relationships with business partners and reliance on external partners</b></p>	<p>The Group's continued success is reliant on successful relationships with its joint venture partners.</p> <p>As several of the Group's properties are held in conjunction with third parties, the Group's control over these</p>	<p><u>Business partners</u></p> <ul style="list-style-type: none"> <li>The Group nurtures well established relationships with joint venture partners, seeking future projects where it has had previous successful collaborations.</li> <li>Management has a strong track record of working effectively with a diverse range of partners.</li> </ul>	<p>External factors such as the Covid-19 pandemic, geopolitical tensions and high levels of demand for certain raw materials and components place increased pressure on supply chains and distribution networks.</p> <p>Given our reliance on external third parties to ensure the successful</p>

	<p>properties is more limited and these structures also reduce the Group's liquidity.</p> <p>Operational effectiveness and financing strategies may also be adversely impacted if partners are not strategically aligned.</p> <p>The Group is dependent on a number of external third parties to ensure the successful delivery of its development programme and asset management of existing assets. These include:</p> <ul style="list-style-type: none"> <li>• Contractors and suppliers;</li> <li>• Consultants;</li> <li>• Managing agents; and</li> <li>• Legal and professional teams.</li> </ul> <p>The Group would be adversely impacted by increases in the cost of services provided by third parties.</p>	<ul style="list-style-type: none"> <li>• Our joint venture business plans are prepared to ensure operational and strategic alignment with our partners.</li> </ul> <p><u>External partners</u></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The Group has a highly experienced team managing its properties, who regularly conduct on-site reviews and monitor cash flows against budget.</li> <li>• The Group seeks to maintain excellent relationships with its specialist professional advisors, often engaging parties with whom it has successfully worked previously.</li> <li>• Management actively monitors these parties to ensure they are delivering the required quality on time and strong working relationships are maintained.</li> </ul>	<p>delivery of our development programmes and asset management, these external factors could have a significant impact on our business and, accordingly, this risk has increased.</p>
<p><b>Health and safety</b></p>	<p>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.</p>	<p>The Group reviews and updates its Health &amp; Safety Policy regularly and it is approved by the Board annually.</p> <p>Contractors are required to comply with the terms of our Health &amp; Safety Policy. 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.</p> <p>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.</p>	<p>This remains a key area of focus for the business and the risk remains the same.</p>
<p><b>Cyber attacks to our business and our buildings/cyber security</b></p>	<p>The Group relies on information technology ("IT") to perform effectively, and a cyber-attack could result in IT systems being unavailable, adversely affecting the Group's operations.</p> <p>The increasing reliance on and use of digital technology heighten the risks associated with IT and cyber security.</p> <p>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).</p> <p>Risks are continually evolving, and we must design, implement and monitor effective controls to protect the Group from cyber-attack or major IT failure. The Group increasingly employs IT solutions across its property portfolio to ensure its buildings are "smart".</p>	<p>The Group engages and actively manages external IT experts to ensure its 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.</p> <p>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.</p> <p>The Group provides training and performs penetration testing to identify emails of a suspicious nature, ensuring these are flagged to the IT providers and ensure employees are aware they should not open attachments or follow instructions within the email. On an annual basis, our external IT providers provide IT security training to ensure all staff are adopting best practice IT security measures to help protect the business against cyberattack.</p> <p>An external review of Helical's anti-financial crime and cyber security frameworks was conducted during the year and training delivered to staff.</p> <p>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.</p>	<p>Cyber risks persist as cyber criminals continue to exploit changes in working practices post-pandemic.</p> <p>The Group's cyber security controls have continued to be strengthened and no major breaches were reported during the year.</p> <p>However, as the number of UK businesses reporting security threats has not decreased over the year, we have not revised the risk severity rating for the forthcoming year.</p>

	The Group is at risk of being a victim of social engineering fraud.		
<b>REPUTATIONAL RISKS</b>			
Reputational risks are those that could affect the Group in all aspects of its strategy.			
<b>Poor management of stakeholder relations</b>	<p>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 is a continuous risk for the Group.</p>	<p>The Group believes that successfully delivering its strategy and mitigating its principal risks should protect its reputation.</p> <p>The Group regularly reviews its strategy and risks to ensure it is acting in the interests of its stakeholders.</p> <p>The Group maintains a strong relationship with investors and analysts through regular meetings.</p> <p>We ensure strong community involvement in the design process for our developments and create employment and education opportunities through our construction and operations activities.</p> <p>Management closely monitors day-to-day business operations, and the Group has a formal approval procedure for all press releases and public announcements.</p> <p>A Group Disclosure Policy and Share Dealing Code, Policy &amp; Procedures have been circulated to all staff in accordance with the UK Market Abuse Regulation (UK MAR).</p>	This risk remains and is expected to remain at the same level.
<b>Non-compliance with prevailing legislation, regulation and best practice</b>	<p>The nature of the Group's operations and markets exposes it to financial crimes risks (including bribery and corruption risks, money laundering and tax evasion) both internally and externally within the supply chain.</p> <p>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.</p> <p>The Group would attract criticism and negative publicity were any instances of modern slavery and human trafficking identified within its supply chain.</p> <p>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.</p>	<p>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.</p> <p>The Group avoids doing business in high-risk territories. The Group has related policies and procedures designed to mitigate bribery and corruption risks including:</p> <p>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.</p> <p>All employees are required to complete anti-bribery and corruption training and to submit details of corporate hospitality and gifts received. This year, staff also received anti-financial crime training to enhance their awareness.</p> <p>All property transactions are reviewed and authorised by the Executive Committee.</p> <p>Our Modern Slavery Act statement, which is prominently displayed on our website, gives details of our policy and our approach.</p> <p>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.</p>	This risk is consistent for the business due to the ever changing legal and regulatory landscape the business operates in. Therefore, the risk remains at a similar level.

## Appendix 5 – 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.

### Compound Annual Growth Rate (CAGR)

The annualised average growth rate.

### 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 10).

### EPRA net assets per share

Diluted net asset value per share adjusted to exclude fair value surplus of financial instruments, and deferred tax on capital allowances and on investment properties revaluation but including the fair value of trading and development properties in accordance with the best practice recommendations of EPRA (see Note 22).

### EPRA net disposal value per share

Represents 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 (see Note 22).

### EPRA net reinstatement value per share

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 (see Note 22).

### EPRA net tangible assets per share

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 (see Note 22).

### EPRA topped-up NIY

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

### Estimated rental value (ERV)

The market rental value of lettable space as estimated by the Group's valuers at each Balance Sheet date.

### Gearing



Total borrowings less short-term deposits and cash 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.

**MSCI INC. (MSCI IPD)**

MSCI INC. is a company that produces independent benchmarks of property returns using its investment Property Databank (IPD).

**Net asset value per share (NAV)**

Net assets divided by the number of ordinary shares at the Balance Sheet date (see Note 22).

**Net gearing**

Total borrowings less short-term deposits and cash as a percentage of net assets.

**Passing rent**

The annual gross rental income being paid by the tenant.

**Reversionary yield**

The income/yield from the full estimated rental value of the property on the market value of the property grossed up to include purchaser's costs, capital expenditure and capitalised revenue expenditure.

**See-through/Group share**

The consolidated Group and the Group's share in its joint ventures (see Note 24).

**See-through net gearing**

The see-through net borrowings expressed as a percentage of net assets (see Note 25).

**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 Note 26).

**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 Note 27).

**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 year expressed as a percentage of the share price at the beginning of the year.

**True equivalent yield**

The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received quarterly in advance.

**Unleveraged returns**

Total property gains and losses (both realised and unrealised) plus net rental income expressed as a percentage of the total value of the properties.

**WAULT**

The total contracted rent up to the first break, or lease expiry date, divided by the contracted annual rent.

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