

# HELICAL

## HELICAL PLC

(“Helical” or the “Group” or the “Company”)

Annual Results for the Year to 31 March 2023

---

## HELICAL WELL POSITIONED WITH 790,000 SQ FT DEVELOPMENT PIPELINE

### Gerald Kaye, Chief Executive, commented:

“The central London office market has suffered a fall in capital values over the last year and Helical has not been immune to these market movements, with our portfolio experiencing a valuation decline of 10.1% (on a like-for-like basis).

“While previous valuation falls have been caused by recessions following periods of economic exuberance leading to an oversupply of new office space, the current decline in values reflects a number of differing cyclical and structural factors.

“The impact of all these factors has accelerated the bifurcation in the market. With best-in-class property valuations adjusting to reflect the movement in bond yields, it is the older, poorer quality buildings that are facing what is likely to be a deeper correction, with downward price discovery potentially not reaching an endpoint until a lease ends and the rent stops, or from refinancing events.

“Tenant demand for the best, newly developed or refurbished buildings at the forefront of sustainability with top quality amenities is strong, and seeing rising rental values.

“Against this backdrop, Helical has continued to recycle capital out of its mature, stabilised assets, reduced leverage and cut its ongoing core administration costs by over 13% for the year ahead. As a result, it is well placed to capitalise on any ongoing market dislocation and the structural trends impacting the office sector.

“Being selected by Transport for London (“TfL”) as their joint venture partner for the Platinum Portfolio was a significant milestone, boosting our development pipeline by almost 600,000 sq ft, with the potential for additional schemes to be added to the joint venture in the future. This collaboration with TfL, one of London’s largest landowners, is an endorsement of the Helical brand and recognises our track record of producing high quality, successful developments across central London over many years.

“With 100 New Bridge Street, EC4, our 192,000 sq ft office scheme, due to start later this year and the three TfL schemes anticipated to start over the period from 2024 to 2026, this pipeline, our most significant for a number of years, is scheduled to deliver best-in-class office space to an undersupplied market from 2025 to 2029.

“London remains a leading world city and, barring economic or geopolitical catastrophe, there will be ongoing demand for best-in-class office buildings from occupiers who require well located, highly sustainable offices with good amenities, which are essential in attracting and retaining the top talent. There remains a shortage of this best-in-class newly refurbished or redeveloped office space in central London, enabling landlords to command premium rents, a dynamic that is likely to persist for the rest of this decade as the market plays catch up.

“With an experienced management team, a substantial development pipeline, no legacy assets and historically low gearing levels, Helical is well positioned to capitalise on the structural trends impacting the office sector.”

## Operational Highlights

### Disposals of £233m (our share £213m) achieved at 3.7% above book value

- On 21 September 2022, we completed the disposal of the single asset company, Farringdon East (Jersey) Limited, which owns the long leasehold interest in Kaleidoscope, EC1, to Chinachem Group. The disposal price of £158.5m, a premium to 31 March 2022 book value, reflected a net initial yield of 4.3% and a capital value of £1,789 psf.
- We also completed the disposal of Trinity in Manchester on 20 May 2022 to clients of Mayfair Capital for £34.6m (£590 psf), reflecting a net initial yield of 5.0%. The sale represented a premium to 31 March 2022 book value, net of rental top ups, and concluded the disposal of our Manchester office portfolio.
- 55 Bartholomew, EC1, an office building located in the Barts Square development, was sold on 14 June 2022 to a private European investor for £16.5m (our share £8.2m), reflecting a net initial yield of 4.5% and a premium to 31 March 2022 book value.
- We completed the sale of 14 apartments at Barts Square for total sale proceeds of £19.7m (our share £9.9m), with the sale of the final apartment in this 236 unit residential scheme completing after the year end. We also completed the sale of the freehold of the entire residential estate to its residents for £3.7m (our share £1.8m).

### Continued lettings momentum delivering £5.4m (our share £3.4m) of contracted rent at a 6.9% premium

- In the year, we completed nine new lettings totalling 65,550 sq ft, delivering contracted rent of £5.4m (our share £3.4m) at a 6.9% premium to 31 March 2022 ERVs. Lettings include:
  - The sixth and seventh floors at The JJ Mack Building, EC1 to Partners Group, a leading global private markets firm. The 37,880 sq ft letting represents an 11.7% premium to 31 March 2022 ERVs.
  - The 12<sup>th</sup> floor at The Tower, EC1, comprising 9,572 sq ft, to fintech business Stenn at a rent of £80 psf, in line with 31 March 2022 ERVs.
  - The 1,880 sq ft ground floor unit at 25 Charterhouse Square, EC1 to natural stone purveyors, SolidNature, in line with 31 March 2022 ERVs.
  - Two lettings totalling 6,999 sq ft at The Loom, E1 at rents in line with 31 March 2022 ERVs.
  - Four retail units totalling 9,219 sq ft at Barts Square, EC1 to Michelin-starred Restaurant St Barts, LAP Bikes, MyLuthier and Little Farm/Athletic Fitness, leaving only one retail unit remaining available.

### Development milestone hit at 100 New Bridge Street, EC4

- At 100 New Bridge Street, EC4, the City of London has resolved to grant planning permission and the formal decision notice will be issued upon signing of the Section 106 Agreement. On completion in Q2 2025, the carbon friendly new building will be one of the most sustainable in London and will provide 192,000 sq ft of net internal area across 10 floors, including two additional new floors which will benefit from exceptional views of St Paul's Cathedral. Construction work is anticipated to commence in Q4 2023 once Baker McKenzie vacate the building.

### 600,000 sq ft expansion of development pipeline following TfL joint venture selection

- In February 2023, Helical was selected by Transport for London's wholly owned commercial property company, TTL Properties Limited, as the investment partner for its commercial office portfolio joint venture. Contracts are expected to be signed shortly to formalise the joint venture. The portfolio will create well-connected, highly sustainable and inclusive workspaces across central London and initially will be seeded with three over-station development sites, namely:
  - Bank Over-Station Development - located above the recently opened Bank station entrance on Cannon Street. This eight-storey office development will measure 142,000 sq ft and the joint venture intends to start on site in 2024.
  - Southwark Over-Station Development - located above Southwark Tube station. The scheme has consent for a 220,000 sq ft hybrid timber office building over 17 floors. The development is expected to start on site in 2025.
  - Paddington Over-Station Development - located on the Grand Union Canal, close to the Elizabeth Line station at Paddington. This 19-storey building will provide 235,000 sq ft of office space and construction is expected to commence in 2026.

## Financial Highlights

### Earnings and Dividends

- IFRS loss of £64.5m (2022: profit of £88.9m).
- See-through Total Property Return<sup>1</sup> of -£51.4m (2022: £89.5m):
  - Group's share<sup>1</sup> of net rental income increased 7.2% to £33.5m (2022: £31.2m).
  - Net loss on sale and revaluation of investment properties of £88.1m (2022: gain of £51.7m).
  - Development profits of £3.2m (2022: £6.6m).
- Total Property Return, as measured by MSCI, of -5.6%, compared to the MSCI Central London Offices Total Return Index of -8.6%.
- IFRS basic loss per share of 52.6p (2022: earnings of 72.8p).
- EPRA earnings per share<sup>1</sup> of 9.4p (2022: 5.2p).
- Final dividend proposed of 8.70p per share (2022: 8.25p), an increase of 5.5%.
- Total dividend for the year of 11.75p (2022: 11.15p), an increase of 5.4%.

### Balance Sheet

- Net asset value down 11.4% to £608.7m (31 March 2022: £687.0m).
- Total Accounting Return<sup>1</sup> on IFRS net assets of -9.4% (2022: 15.0%).
- Total Accounting Return<sup>1</sup> on EPRA net tangible assets of -12.1% (2022: 10.2%).
- EPRA net tangible asset value per share<sup>1</sup> down 13.8% to 493p (31 March 2022: 572p).
- EPRA net disposal value per share<sup>1</sup> down 11.1% to 490p (31 March 2022: 551p).

### Financing

- See-through loan to value<sup>1</sup> decreased to 27.5% (31 March 2022 restated<sup>2</sup>: 35.0%).
- See-through net borrowings<sup>1</sup> of £231.4m (31 March 2022 restated<sup>2</sup>: £388.3m).
- Average maturity of the Group's share<sup>1</sup> of secured debt of 2.9 years (31 March 2022: 3.0 years).
- Change in fair value of derivative financial instruments credit of £12.8m (2022: £18.0m).
- See-through average cost of secured facilities<sup>1</sup> of 3.4% (31 March 2022: 3.2%).
- Group's share<sup>1</sup> of cash and undrawn bank facilities of £244.2m (31 March 2022 restated<sup>2</sup>: £147.0m).
- Helical elected to become a REIT, effective 1 April 2022, and is exempt from UK corporation tax on relevant property activities.

## Portfolio Update

- IFRS investment property portfolio value of £681.7m (31 March 2022: £938.8m).
- 10.1% valuation decrease, on a like-for-like basis<sup>1</sup> (7.7% including sales and purchases), of our see-through investment portfolio, valued at £839.5m (31 March 2022: £1,097.3m).
- Contracted rents of £39.0m (31 March 2022: £46.4m), compared to an ERV<sup>1</sup> of £60.4m (31 March 2022: £67.1m).
- See-through portfolio WAULT<sup>1</sup> of 5.0 years (31 March 2022: 5.6 years).
- Vacancy rate increased from 6.7% to 16.1%, primarily due to The JJ Mack Building, EC1 achieving practical completion during the year, excluding which the vacancy rate was 6.2% (31 March 2022: 6.1% on a like-for-like basis).

## Sustainability Highlights

- Net Zero Carbon Pathway published in May 2022, setting out our commitment to becoming a net zero carbon business by 2030. Signatory to the BPF Net Zero Pledge and the Better Build Partnership Climate commitment.
- The JJ Mack Building, EC1 achieved 2018 BREEAM "Outstanding" at the design stage and an EPC A rating following practical completion. A NABERS 5 Star rating is anticipated, reflecting our commitment to achieving excellent energy efficiency in operation.
- Improvements across sustainability measures, with 5 Star GRESB ratings awarded for both our standing investments and our developments and a CDP Score of B (up from C). We have also retained MSCI ESG AAA and EPRA Sustainability BPR Gold.

## Dividend Timetable

Announcement date	23 May 2023
Ex-dividend date	22 June 2023
Record date	23 June 2023
Dividend payment date	28 July 2023

Equiniti were appointed the Company's Registrar on 31 October 2022.

## For further information, please contact:

<b>Helical plc</b> Gerald Kaye (Chief Executive) Tim Murphy (Chief Financial Officer)	<b>020 7629 0113</b>
Address:	5 Hanover Square, London W1S 1HQ
Website:	<a href="http://www.helical.co.uk">www.helical.co.uk</a>
Twitter:	@helicalplc
<b>FTI Consulting</b> Dido Laurimore/Richard Gotla/Andrew Davis <a href="mailto:schelical@fticonsulting.com">schelical@fticonsulting.com</a>	<b>020 3727 1000</b>

## Results Presentation

Helical will be holding a presentation for analysts and investors starting at 09:00 am on Tuesday 23 May 2023 at The JJ Mack Building, 33 Charterhouse Street, London EC1M 6HA. 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 live webcast and Q&A will also be available.

Webcast Link:  
[https://brrmedia.news/Helical\\_FY23](https://brrmedia.news/Helical_FY23)

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 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 ("see-through").
2. See Note 29.

## Chief Executive's Statement

### Overview

The central London office market has suffered a fall in capital values over the last year and Helical has not been immune to these market movements, with our portfolio experiencing a valuation decline of 10.1% (on a like-for-like basis).

While previous valuation falls have been caused by recessions following periods of economic exuberance leading to an oversupply of new office space, the current decline in values reflects a number of differing cyclical and structural factors.

The economy has been affected by multiple geopolitical and economic events which have generated high levels of inflation and a steep rise in interest rates. We have had ultra-low interest rates since 2009 and with the base rate rising from 0.10% in December 2021 to the current 4.50%, the financing of real estate has become significantly more expensive. The rise in interest rates has also led to a repricing of government bonds across the market. Consequently, valuation yields have risen.

In addition, structural changes are impacting the office market, with the latest sustainability criteria challenging the suitability of older office buildings.

Around 75% of buildings in the central London office market do not meet the MEES (Minimum Energy Efficiency Standards) rating of EPC A or B rating required by 2030 and these buildings will need significant capex to bring them up to the necessary standard when leases end and tenants vacate. Previously, these less sustainable buildings could have remained in the market with a low cost refurbishment and a reletting at a significantly lower rent than for the better buildings. For buildings below an EPC rating of B this will no longer be an option. The additional costs of bringing these older buildings up to the required standard is exacerbated by the significant build cost inflation we have seen in the last year.

The impact of all these factors has accelerated the bifurcation in the market. With best-in-class property valuations adjusting to reflect the movement in bond yields, it is the older, poorer quality buildings that are facing what is likely to be a deeper correction, with downward price discovery potentially not reaching an endpoint until a lease ends and the rent stops, or from refinancing events.

Tenant demand for the best, newly developed or refurbished buildings at the forefront of sustainability with top quality amenities is strong, and seeing rising rental values.

Against this backdrop, Helical has continued to recycle capital out of its mature, stabilised assets, reduced leverage and cut its ongoing core administration costs by over 13% for the year ahead. As a result, it is well placed to capitalise on any ongoing market dislocation and the structural trends impacting the office sector.

## Our Pipeline

The Group seeks to grow the business by realising surpluses from its recently developed investment assets, and reinvesting that recycled equity into new opportunities.

In the year to 31 March 2023, the judicious sales of Kaleidoscope, EC1 and Trinity, Manchester realised revaluation surpluses of over £53m and reduced our gearing level from an LTV at 31 March 2022 of 35.0% to 27.5% at 31 March 2023.

Being selected by Transport for London (“TfL”) as their joint venture partner for the Platinum Portfolio was a significant milestone, boosting our development pipeline by almost 600,000 sq ft, with the potential for additional schemes to be added to the joint venture in the future. This collaboration with TfL, one of London’s largest landowners, is an endorsement of the Helical brand and recognises our track record of producing high quality, successful developments across central London over many years.

With 100 New Bridge Street, EC4, our 192,000 sq ft office scheme, due to start later this year and the three TfL schemes anticipated to start over the period from 2024 to 2026, this pipeline, our most significant for a number of years, is scheduled to deliver best-in-class office space to an undersupplied market from 2025 to 2029.

## Results for the Year

The loss for the year to 31 March 2023 was £64.5m (2022: profit of £88.9m) with a see-through Total Property Return of -£51.4m (2022: +£89.5m). See-through net rental income increased by 7.2% to £33.5m (2022: £31.2m) while developments generated see-through profits of £3.2m (2022: £6.6m). The see-through net loss on sale and revaluation of the investment portfolio was £88.1m (2022: net gain of £51.7m).

Total see-through net finance costs reduced to £12.0m (2022: £19.7m), reflecting a lower level of debt and much lower debt cancellation costs of £0.1m (2022: £5.9m). An increase in expected future interest rates led to a £12.8m credit (2022: £18.0m) from the valuation of the Group’s derivative financial instruments. Recurring see-through administration costs were 4.2% higher at £10.3m (2022: £9.9m), with performance related awards, reflecting the results for the year, reduced to £2.7m (2022: gain of £6.0m) and National Insurance on these awards of £0.3m (2022: £1.2m).

The election to become a REIT from 1 April 2022 has resulted in a £nil (2022: credit of £16.0m) tax charge for the year.

The IFRS basic loss per share was 52.6p (2022: earnings of 72.8p) and EPRA earnings per share were 9.4p (2022: 5.2p).

On a like-for-like basis, the investment portfolio fell in value by 10.1% (7.7% including purchases and gains on sales). The see-through total portfolio value reduced to £839.5m (31 March 2022: £1,097.3m), reflecting the revaluation loss and the sales of Kaleidoscope, EC1, 55 Bartholomew, EC1 and Trinity, Manchester in the year.

The total return of our property portfolio, as measured by MSCI, was -5.6% (2022: 10.7%), which outperformed the Central London Offices Total Return Index of -8.6%.

The portfolio was 83.9% let at 31 March 2023 and generated contracted rents of £39.0m (2022: £46.4m), equating to an average of £60 psf. This increases to £48.9m on the letting of currently vacant space as we move towards capturing the portfolio ERV of £60.4m (2022: £67.1m). The Group’s contracted rent has a Weighted Average Unexpired Lease Term (“WAULT”) of 5.0 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 -9.4% (2022: 15.0%). Based on EPRA net tangible assets, the TAR was -12.1% (2022: 10.2%). EPRA net tangible assets per share fell by 13.8% to 493p (31 March 2022: 572p), with EPRA net disposal value per share falling by 11.1% to 490p (31 March 2022: 551p).

## Balance Sheet Strength and Liquidity

The Group has a significant level of liquidity with see-through cash and unutilised bank facilities of £244.2m (31 March 2022: £147.0m) to fund capital works on its portfolio and future acquisitions.

At 31 March 2023, the Group had £31.9m of cash deposits available to deploy without restrictions and a further £13.7m of rent in bank accounts available to service payments under loan agreements, cash held at managing agents and cash held in joint ventures. In addition, the Group held rental deposits from tenants of £9.1m. Furthermore, the Group had £189.5m of loan facilities available to draw on.

The see-through loan to value ratio ("LTV") reduced to 27.5% at the Balance Sheet date (31 March 2022: 35.0%) and our see-through net gearing, the ratio of net borrowings to the net asset value of the Group, reduced to 38.0% (31 March 2022: 56.5%) over the same period.

At the year end, the average debt maturity on secured loans, on a see-through basis, was 2.9 years (31 March 2022: 3.0 years). The average cost of debt, on a see-through basis, was 3.4% (31 March 2022: 3.2%).

## Dividends

Helical is a capital growth stock, seeking to maximise value by successfully letting comprehensively 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 2023, EPRA earnings per share increased by 80% from 5.2p last year to 9.4p this year. The sales of Kaleidoscope, EC1, 55 Bartholomew, EC1 and Trinity, Manchester, during the year realised capital profits of £53.4m, transferred into distributable retained earnings.

In the light of the increased EPRA earnings and the capital profits realised in the year, the Board will be recommending to Shareholders a final dividend of 8.70p per share, an increase of 5.5% on last year. If approved by Shareholders at the 2023 AGM, the total dividend for the year will be 11.75p, up 5.4% on 2022.

This final dividend, if approved, will be paid out of distributable reserves generated from the Group's activities. Following its conversion to a UK REIT, dividends payable by Helical will comprise a Property Income Distribution ("PID") from the operations that fall under the REIT regime, and a dividend from those operations that fall outside the REIT regime. The PID, for the year to 31 March 2023, will be 5.70p, with the balance of the final dividend of 3.00p representing an additional ordinary dividend.

## Sustainability

Sustainability remains at the heart of our business, both at a corporate and asset level.

We have made good progress in the year and continue to perform strongly against the targets we have set. Despite increasing occupancy levels, energy intensity across our like-for-like portfolio fell by 8% during the year to an average of 129 kWh/m<sup>2</sup>, on track for our 2030 net zero carbon target of 90kwh/m<sup>2</sup>.

The JJ Mack Building, EC1 completed in September 2022, at which point we have accounted for 100% of the associated upfront embodied carbon emissions in our reporting. The building achieved an embodied carbon intensity of 741 kgCO<sub>2</sub>e/m<sup>2</sup>, on track for our 2030 net zero carbon target of 600 kgCO<sub>2</sub>e/m<sup>2</sup>. This considerable reduction was achieved through a combination of using materials with a high recycled content, adopting modern methods of construction and embedding circular economy principles into the design and delivery of the project. The building received an EPC A rating and is anticipated to achieve a NABERS 5 Star for the commitment to excellent energy efficiency in operation.



Furthermore, the building received BREEAM “Outstanding” at the Design Stage, which is expected to be retained upon final certification.

We continue to perform well across the industry benchmarks we participate in. We received a 5 Star GRESB rating for both our Standing Investments and Developments and retained our Green Star status. For our sustainability reporting, we were granted a Gold Award for the second consecutive year, for reporting in accordance with EPRA’s European Sustainability Best Practice Recommendations (sBPR). We were also pleased to receive an improved CDP score of B, further demonstrating our commitment to best practice disclosure and enhanced climate change risk assessment.

Our portfolio is market leading 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 rating of B by 2030.

Looking forward, we plan to define our approach to carbon offsetting and uphold our commitment to deliver all future developments as net zero carbon.

### The Opportunity

London remains a leading world city and, barring economic or geopolitical catastrophe, there will be ongoing demand for best-in-class office buildings from occupiers who require well located, highly sustainable offices with good amenities, which are essential in attracting and retaining the top talent. There remains a shortage of this best-in-class newly refurbished or redeveloped office space in central London, enabling landlords to command premium rents, a dynamic that is likely to persist for the rest of this decade as the market plays catch up.

With an experienced management team, a substantial development pipeline, no legacy assets and historically low gearing levels, Helical is well positioned to capitalise on the structural trends impacting the office sector.

### Finally

It is with great sadness that we record the death on 7 April of Nigel MacNair-Scott. Nigel was Finance Director of Helical Bar plc from 1986 to 2013 after which he became Chairman, retiring in 2016. Nigel was the other half of the duo with Michael Slade who jointly turned Helical from producing steel rebar for the construction industry into a highly successful property company. Nigel’s financial acumen and general shrewdness, coupled with Mike’s property skills, enabled Helical to survive the major downturns of the early 1990s and the Global Financial Crisis in 2008-2009 and prosper in subsequent years, becoming a well-known brand in the property sector.

**Gerald Kaye**  
Chief Executive  
23 May 2023



## Our Market

The past year has seen significant headwinds impact the central London office market. The macro-economic landscape has been altered by multiple geopolitical and economic events which have weakened the economic outlook; this and the recent rapid paradigm shift in monetary policy have combined to present a difficult environment for real estate.

The fundamentals of the office occupier market remain robust and aligned to our strategy. Occupiers continue to seek to provide best-in-class working environments for their employees.

## The Economic Environment

Over the course of the past year the Bank of England's Monetary Policy Committee has pursued an agenda of sustained, rapid interest rate rises to moderate the inflationary pressures experienced across the economy. At 1 April 2022 the Bank Rate stood at 0.75% and it has subsequently increased nine times to 4.50%. The impact of this adjustment to monetary policy has been felt throughout the economy and within the central London office market it has been most keenly felt in two areas: outward yield shift and increased cost of debt.

## Investment Market

After an encouraging rebound in investment volumes in 2021 and early 2022, the investment market was subdued in the second half of 2022 as the market paused to assess the impact of interest rate rises upon yields. At £0.7bn, the volume of investment transactions in Q4 2022 represented the lowest quarterly figure since 1996 and illustrated the impact of the increasing cost of debt and economic uncertainty. Transaction volumes increased in Q1 2023 to £1.7bn, albeit this is still below the long-term average and there remains limited transactional evidence to fully substantiate pricing.

The MSCI London City Equivalent Yield, which includes both prime and non-prime office buildings, has moved to 6.40% in April 2023 from 5.31% in April 2022. However, best-in-class yields have been less impacted, with our portfolio adjusting by 79bps over the same period.

The limited transactions that have taken place demonstrated the focus on best-in-class assets, which experienced less dramatic outward movements in pricing. In contrast, poorer quality assets, characterised by significant vacancy, short unexpired lease terms and weak sustainability credentials resulting in the imminent need to invest significant capital expenditure, have seen significant downward repricing, further illustrating the bifurcation within the market.

The volatility in swap rates and the rapid increase in the Bank Rate have had significant adverse implications for the cost of external debt which has also suppressed investment volumes. Yet the debt markets remain open, with an increasingly diverse lender pool seeking opportunities to deploy significant amounts of capital. Undoubtedly, the challenges presented in the current market are making lenders more discerning in their choice of counterparty, but leverage is still available for experienced borrowers delivering credible business plans. The rise in the all-in cost of debt has required a reassessment of the composition of capital structures, with external debt no longer being as accretive to value but continuing to enable equity to be spread across new opportunities.

The past year has seen best-in-class assets continue to outperform. Record rents continue to be achieved for the limited best-in-class space available, as tenants demonstrate a willingness to pay a premium to occupy these buildings, as seen at The JJ Mack Building, EC1. In contrast, secondary buildings are becoming increasingly obsolete as tenant demand for these assets shrinks and tenant controlled secondary supply remains high. New build vacancy remains low at 1.4% whilst overall vacancy remains above the long term average at 8.5%, driven by second-hand space which represents 67% of total availability in the central London market.

## Occupational Market

Following the Covid-19 related lockdowns, we have seen an extended period of stability enabling businesses to refine their workplace practices to reflect lower occupational densities and, while more flexible ways of working exist, there is still the need to accommodate peak occupancy. These trends have resulted in generally similar space requirements compared to pre-pandemic levels, with certain sectors expanding their footprint to accommodate growth and increasing amenity offerings to employees.

Increasingly businesses are encouraging employees to work primarily in the office and the sustained return to office working has exceeded the predictions of the more negative commentators. Employers and employees alike are experiencing the benefits to culture and innovation the office environment brings and this is apparent with take-up for 2022 up 28% on 2021 levels at 12.3m sq ft. Occupiers remain focused upon providing their employees with the optimal workplace environment and continue to seek buildings with the highest levels of amenity, connectivity, service and sustainability, which aligns with our portfolio characteristics. These trends manifest in variable demand across central London, with those sub-markets with newer stock and greater access to transport nodes experiencing greater levels of demand.

The current macro-economic turbulence has had contrasting impacts on sectors throughout the economy. While the technology sector has experienced a year of rebalancing, the banking, finance and professional services sectors have demonstrated their resilience and make up 61% of the 9.0m sq ft of active demand in the market as at February 2023, according to global real estate consultancy JLL.

Occupiers are not immune to cost pressures, with rising fit-out costs and operational energy price increases impacting the all-in cost of occupation, and this may slow the pace of rental growth in the short term. However, in the long term the benefits of investment in best-in-class space should translate into continued and strong demand from occupiers across a variety of sectors.

## Development Pipeline

The past year has seen significant construction cost inflation, peaking within the London market at over 10% in 2022. The impact of energy price rises and imbalances in supply and demand dynamics for key materials as well as labour shortages have all contributed to persistently high inflation. The effect of rising building costs upon the sector is nuanced with the broad headline rate only partially articulating the wider picture, with specific areas of the construction sector including steel, rebar and structural timber seeing greater levels of inflation. Furthermore, energy intensive materials, such as concrete and plasterboard, remain exposed to future volatility as energy price protections are slowly released.

Moving forward, the expectation is for inflationary pressures to moderate, with property consultancy, Arcadis, predicting a more stable 3% building cost inflation forecast over the medium term, although uncertainty remains.

While we remain of the view that the opportunity exists to deliver best-in-class product into a supply constrained market, some investors will be reassessing business plans in light of significant rises in material and debt costs alongside an increasingly complex planning environment.

Deloitte's latest Crane Survey highlights new starts have begun to increase, with 4.4m sq ft of new sites commencing in the six months to 31 March 2023, across 50 schemes. Of these new starts, the trend towards refurbishment is also illustrated, with 37 of the 50 schemes recorded as refurbishment projects. These levels of development, while encouraging, will be insufficient to accommodate the 23.5m sq ft of lease expiries occurring up to 2027 on office space over 20,000 sq ft in London identified by Knight Frank, where tenants are likely to look for best-in-class alternative space.

Alongside new starts, work will be required across central London to upgrade the existing unsustainable occupied buildings ahead of 2030, with c.75% of space currently below EPC B. With many assets facing obsolescence upon upcoming lease events, owners will be required to invest considerable capital to bring these assets back to the market in a manner which will be both sustainable and attractive to occupiers. At present a disparity continues to exist between the value expectations of buyers and sellers,

driven partly by the mispricing of the costs of refurbishment. However, once the gap has sufficiently closed there will be good opportunity to acquire and reposition these assets, allowing us to take advantage of our skillset and track record.

## **Overall**

Our portfolio of best-in-class, sustainable buildings remains optimally placed to outperform the market in the current environment. Furthermore, Helical's expertise is well suited to take advantage of the challenges that face the sector and seize upon the undoubted opportunities that exist within the central London market.

## Sustainability and Net Zero Carbon

We continue to make good progress against the targets we set out in our sustainability strategy “Built for the Future” and our aim to become a net zero carbon business by 2030. With the publication of our “Net Zero Carbon Pathway” in May 2022, our progress towards rapidly decreasing our emissions across our development activities and existing portfolio has been recognised by our improved GRESB status.

We have been ranked the number one company in the UK Office Listed sector, scoring 88% and receiving a 5 Star GRESB rating in the annual sustainability performance index for our standing investment properties. Alongside this, we have also received a 5 Star GRESB rating for our developments, scoring 94%.

For our sustainability reporting, we achieved a Gold Award for the second consecutive year, for reporting in accordance with EPRA’s European Sustainability Best Practice Recommendations (sBPR). The EPRA sBPR is intended to raise the standards and consistency of sustainability reporting for listed real estate companies across Europe.

We also improved our CDP score to B, up from C, demonstrating our rigorous approach to assessing climate change risks and opportunities and our transparent disclosures.

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 rating of B by 2030. Market research suggests that only c.25% of commercial assets are currently compliant, with significant capital outlay likely to be required to take non-compliant buildings up to the minimum standard. Likewise, 99% of our assets (by value) hold a BREEAM certification, with 88% being “Outstanding” or “Excellent” (excluding 100 New Bridge Street, EC4 which is to be refurbished).

The JJ Mack Building, EC1 was the UK’s first commercial building to be awarded BREEAM “Outstanding” at the design stage under the 2018 regulations. On 30 September 2022, the building achieved practical completion and we anticipate the “Outstanding” rating will be retained at the post construction assessment stage. Through the use of recycled materials, Earth Friendly Concrete and modern methods of construction, we have reduced embodied carbon to 42% below the current “Business as Usual” RIBA target. Operationally, it is estimated that carbon emissions will be c.53% lower than the regulated Targeted Emissions Rate as defined by Part L of the Building Regulations (2013). This reduction is a result of sustainable, intelligent and renewable technologies designed into the building alongside connection to the Citigen District Energy Network. Our embodied carbon from construction is in the process of being offset and, once completed, will provide us with our first net zero carbon building.

Going forward, we will continue to focus on minimising embodied carbon in our new buildings and, where we can, delivering “carbon friendly new build” schemes, such as the planned redevelopment of 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.

## 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.

### 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 2023 was -9.4% (2022: 15.0%).

	2023 %	2022 %	2021 %	2020 %	2019 %
Total Accounting Return on IFRS net assets	<b>-9.4</b>	15.0	3.3	7.7	8.4

### 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 2023 was -12.1% (2022: 10.2%).

	Year to 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %	Year to 2019 %
Total Accounting Return on EPRA net tangible assets	<b>-12.1</b>	10.2	4.5	9.3	8.0*

\* 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 2023 decreased by 13.8% to 493p (31 March 2022: 572p).

	2023 p	2022 p	2021 p	2020 p	2019 p
EPRA net tangible asset value per share	<b>493</b>	572	533	524	494

## 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 Shareholders 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 2023 was -24.8% (2022: 1.7%).

	Performance measured over					
	1 year Total return pa %	3 years Total return pa %	5 years Total return pa %	10 years Total return pa %	15 years Total return pa %	20 years Total return pa %
Helical plc <sup>1</sup>	-24.8	-2.5	1.2	4.9	0.8	7.0
UK Equity Market <sup>2</sup>	2.9	13.8	5.0	5.8	6.1	8.2
Listed Real Estate Sector Index <sup>3</sup>	-29.3	0.4	-2.9	3.1	0.7	5.2

1. Growth over all years to 31/03/23.

2. Growth in FTSE All-Share Return Index over all years to 31/03/23.

3. Growth in FTSE 350 Real Estate Super Sector Return Index over all years to 31/03/23.

## 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 2023 was -5.6% (2022: 10.7%). This compares to the MSCI Central London Offices Total Return Index of -8.6% (2022: 7.9%) and the upper quartile return of -5.4% (2022: 9.9%).

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.

Helical's unleveraged portfolio returns to 31 March 2023 were as follows:

	1 year %	3 years %	5 years %	10 years %	20 years %
Helical	-5.6	3.8	6.2	11.5	11.0
MSCI Central London Offices Total Return Index	-8.6	-1.1	1.1	7.1	7.7

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 2023 was 13.2 years and the average staff turnover during the year to 31 March 2023 was 7.7%.

	2023	2022	2021	2020	2019
Average length of service at 31 March – years	13.2	11.8	11.0	10.0	8.7
Staff turnover during the year to 31 March – %	7.7	3.7	3.6	10.3	6.9

## 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 2023, five of our seven (31 March 2022: seven of our ten) office buildings had achieved, or were targeting, a BREEAM certification of “Excellent” or “Outstanding”. These five buildings account for 88% of the portfolio by value.

Building	BREEAM rating	EPC rating
<b>Completed properties</b>		
The JJ Mack Building, EC1	Outstanding (2018) <sup>1</sup>	A
The Warehouse and Studio, EC1	Excellent (2014)	B
The Tower, EC1	Excellent (2014)	B
25 Charterhouse Square, EC1	Excellent (2014)	B
<b>Under development or to be redeveloped</b>		
100 New Bridge Street, EC4	Outstanding (2018) <sup>2</sup>	A <sup>2</sup>

1. Certified at design stage.

2. Targeted.

At The Loom, E1, it was not possible to obtain a BREEAM certification at the design or development stage, however, during the year the building achieved a BREEAM In Use rating of “Very Good”, a high accolade given the listed status of the building.

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 2023

### Property Overview

Helical's portfolio is comprised of income-producing multi-let offices and office refurbishments and developments, all located in central London within 12 minutes of the Elizabeth Line. Our strategy is to continue to increase our central London holdings, focusing on areas where we see strong tenant demand and growth potential for our best-in-class office led schemes.

#### The JJ Mack Building, EC1

The development of our 206,050 sq ft office building, in 50:50 joint venture with AshbyCapital, achieved practical completion on 30 September 2022. The JJ Mack Building, named after the market trader who occupied the site in the 1940s, is one of London's smartest and most sustainable new office buildings.

The building is situated in vibrant Midtown, just 100m from Farringdon Station and the Elizabeth Line, which provides occupiers with unparalleled connectivity. The building has adopted market leading technologies, design and operational practices so that it is highly sustainable. This commitment to market leading sustainability has been recognised by a BREEAM 2018 New Construction "Outstanding" rating at the design stage which is currently being reconfirmed post completion, an EPC A rating and an anticipated NABERS 5 Star rating. It also provides a technologically pioneering environment for occupiers with smart building systems and a fully integrated building management app for tenants.

In November 2022, we completed the first letting of the sixth and seventh floors, comprising 37,880 sq ft, to Partners Group, a leading global private markets firm, for its new London office.

#### 100 New Bridge Street, EC4

The City of London has resolved to grant planning permission and the formal decision notice will be issued upon signing of the Section 106 Agreement for the substantial redevelopment of this 1990s office building, located adjacent to City Thameslink and a short walk from Farringdon and Blackfriars stations. Work to deliver the scheme will commence in November 2023 when vacant possession of the building, currently occupied by Baker McKenzie, is achieved. The building is targeted for completion in spring 2025.

This major refurbishment will achieve the highest standards of sustainability through the retention of the existing structure, with three facades reclad, and the reuse of materials wherever possible. The new building will provide high-quality tenant amenities, including extensive cycle parking and changing facilities, and will be equipped with the latest technology to create a new best-in-class office building. We are targeting BREEAM "Outstanding", EPC A, NABERS 5 Star and WELL Platinum.

Two new floors will be added to the building, increasing the net internal area from 167,026 sq ft to 192,000 sq ft. Extensive outdoor space will be incorporated, including an impressive 5,000 sq ft terrace on the eighth floor overlooking St Paul's Cathedral and St Bride's Church. We will also undertake significant public realm improvements around the site in conjunction with the City of London to enhance the arrival experience and benefit the wider community.

#### Kaleidoscope, EC1

Helical completed the sale of the single asset company which held the long leasehold interest in Kaleidoscope to Chinachem Group on 21 September 2022. The 88,581 sq ft office building, which was let in its entirety to TikTok Information Technologies UK Limited on a 15-year lease term at an annual rent of £7.6m, was sold for a headline disposal price of £158.5m. The sale reflected a net initial yield of 4.3% and a premium to the 31 March 2022 book value and represented a record capital value per square foot for the sub-market at £1,789 psf.

#### 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 where the significant remodelling works are due to complete shortly, providing extensive additional public realm to occupiers.

### **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.

### **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 12<sup>th</sup> floor, previously occupied by Brilliant Basics, to Stenn on a five year lease at a rent which is in line with the 31 March 2022 ERV. We expect the 14<sup>th</sup> floor to be returned in May 2023 when existing tenants, Snowflake, vacate to take expansion space elsewhere and the floor will be marketed as a fitted option for tenants.

### **Barts Square, EC1**

#### **Residential/Retail**

At Barts Square, EC1, we have completed the sale of 14 apartments in the year and post year end completed the sale of the last remaining unit in this 236 unit residential scheme. We also completed the sale of the ground rent investment to the residents of Barts Square.

We have completed four new retail lettings comprising 9,219 sq ft in the year. These lettings to Michelin-starred Restaurant St Barts, Lap Bikes, MyLuthier and Athletic Fitness/Little Farm have enhanced the extensive amenity across the 3.2 acre Barts Square estate. One retail unit remains available.

#### **55 Bartholomew**

At 55 Bartholomew, EC1 we completed the sale of the comprehensively refurbished 10,976 sq ft office building to a private European investor for £16.5m (Helical share £8.2m). The sale price reflected a net initial yield of 4.5% and represents a premium to book value, net of rental top ups.

#### **The Loom, E1**

At this 106,838 sq ft former Victorian wool warehouse, we have completed two new lettings, totalling 6,999 sq ft, and have continued our active asset management with existing tenants moving units to accommodate business changes.

#### **25 Charterhouse Square, EC1**

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

The newly refurbished ground floor unit has been let to natural stone purveyors SolidNature. The comprehensive refurbishment of the fourth floor has been completed and the floor is now available to let.

#### **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 significant capital works to improve the roof, undertaken on behalf of the tenants, have now been completed.

#### **Trinity, Manchester**

We simultaneously exchanged and completed contracts in May 2022 for the sale of Trinity, to clients of Mayfair Capital, for £34.6m (£590 psf), reflecting a net initial yield of 5.0%. The sale represented a premium to book value, net of rental top ups. Helical acquired the property in May 2017 for £12.9m and undertook a comprehensive remodelling and refurbishment to deliver 58,533 sq ft of modern office space across ground and seven upper floors, which was 76% let to eight occupiers upon disposal. Its sale concluded the disposal of Helical's Manchester office portfolio.

### The Platinum Portfolio, London

Helical was selected in February 2023 by Transport for London's wholly owned commercial property company, TTL Properties Limited, as the preferred investment partner for its commercial office portfolio joint venture. Contracts are expected to be signed shortly to formalise the joint venture. The portfolio will create well-connected, sustainable and inclusive workspaces across central London and initially will be seeded with three over-station development sites, namely:

- Bank Over-Station Development - located above the recently opened Bank station entrance on Cannon Street. This eight-storey office development will measure 142,000 sq ft and the joint venture intends to start on site in 2024 with practical completion expected in late 2026.
- Southwark Over-Station Development - located above Southwark Tube station. The scheme has consent for a 220,000 sq ft hybrid timber office building over 17 storeys. The joint venture is expected to start on site in 2025 with practical completion expected in 2028.
- Paddington Over-Station Development - located on the Grand Union Canal, close to the Elizabeth Line station at Paddington. This 19-storey building will provide 235,000 sq ft of office space and construction is expected to commence in 2026, with practical completion expected in 2029.

The joint venture company will purchase leasehold interests in the sites from TfL and establish individual property companies for each of the sites. The sites will then be developed directly by the companies, which are to be funded with equity and debt. Other properties and development opportunities may in the future be acquired by the joint venture, expanding the partnership's portfolio, subject to feasibility and assessment.

## Portfolio Analytics

### See-through Total Portfolio by Fair Value

	Investment £m	%	Development £m	%	Total £m	%
London Offices						
- Completed properties	699.9	83.4	-	-	699.9	83.3
- Development pipeline	139.5	16.6	-	-	139.5	16.6
London Residential	-	-	0.6	62.0	0.6	0.1
<b>Total London</b>	<b>839.4</b>	<b>100.0</b>	<b>0.6</b>	<b>62.0</b>	<b>840.0</b>	<b>100.0</b>
Other	0.1	0.0	0.3	38.0	0.4	0.0
<b>Total Non-Core Portfolio</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>38.0</b>	<b>0.4</b>	<b>0.0</b>
<b>Total</b>	<b>839.5</b>	<b>100.0</b>	<b>0.9</b>	<b>100.0</b>	<b>840.4</b>	<b>100.0</b>

### See-through Land and Development Portfolio

	Book value £m	Fair value £m	Surplus £m	Fair value %
London Residential	0.6	0.6	-	62.0
Land and Developments	-	0.3	0.3	38.0
<b>Total</b>	<b>0.6</b>	<b>0.9</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>						
- The JJ Mack Building, EC1	66.0	1.7	-	206,050	206,050	September 2022
<b>Investment – planned</b>						
- 100 New Bridge Street, EC4	119.8	116.8	167,026	24,974	192,000	Q2 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 weighting %	Passing rent £m	Contracted rent %	Contracted rent £m	%	ERV £m	ERV change like-for-like %	
London Offices								
- Completed properties	83.4	27.9	79.7	31.9	81.8	43.5	72.0	3.0
- Development pipeline	16.6	7.1	20.3	7.1	18.1	16.8	27.8	13.1
<b>Total London</b>	<b>100.0</b>	<b>35.0</b>	<b>100.0</b>	<b>39.0</b>	<b>99.9</b>	<b>60.3</b>	<b>99.8</b>	<b>5.6</b>
Other	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.0
<b>Total</b>	<b>100.0</b>	<b>35.0</b>	<b>100.0</b>	<b>39.0</b>	<b>100.0</b>	<b>60.4</b>	<b>100.0</b>	<b>5.6</b>

	See-through total portfolio contracted rent £m
Rent lost at break/expiry	(1.6)
Rent reviews and uplifts on lease renewals	0.1
New lettings	3.4
<b>Total increase in the year from asset management activities</b>	<b>1.9</b>
Contracted rent reduced through disposals of London Offices	(7.9)
Contracted rent reduced through disposals of Manchester Offices	(1.4)
<b>Total contracted rental change from sales</b>	<b>(9.3)</b>
<b>Net decrease in contracted rents in the year</b>	<b>(7.4)</b>

## Investment Portfolio

### Valuation Movements

	Valuation change inc sales and purchases %	Valuation change excl sales and purchases %	Investment portfolio weighting 31 March 2023 %	Investment portfolio weighting 31 March 2022 %
London Offices				
- Completed properties	(6.4)	(8.5)	83.4	71.5
- Development pipeline	(17.3)	(17.3)	16.6	25.7
<b>Total London</b>	<b>(8.1)</b>	<b>(10.1)</b>	<b>100.0</b>	<b>97.2</b>
Manchester Offices				
- Completed properties	4.9	-	-	2.8
<b>Total Manchester</b>	<b>4.9</b>	<b>-</b>	<b>-</b>	<b>2.8</b>
<b>Total</b>	<b>(7.7)</b>	<b>(10.1)</b>	<b>100.0</b>	<b>100.0</b>

### Portfolio Yields

	EPRA topped up NIY 31 March 2023 %	EPRA topped up NIY 31 March 2022 %	Reversionary yield 31 March 2023 %	Reversionary yield 31 March 2022 %	True equivalent yield 31 March 2023 %	True equivalent yield 31 March 2022 %
London Offices						
- Completed properties	4.1	4.2	5.7	4.8	5.6	4.9
- Development pipeline	3.6	4.2	5.1	4.5	4.9	4.2
<b>Total London</b>	<b>4.0</b>	<b>4.2</b>	<b>5.5</b>	<b>4.7</b>	<b>5.4</b>	<b>4.6</b>
Manchester Offices						
- Completed properties	-	4.1	-	5.4	-	5.3
<b>Total Manchester</b>	<b>-</b>	<b>4.1</b>	<b>-</b>	<b>5.4</b>	<b>-</b>	<b>5.3</b>
<b>Total</b>	<b>4.0</b>	<b>4.2</b>	<b>5.5</b>	<b>4.7</b>	<b>5.4</b>	<b>4.6</b>

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

	Capital value 31 March 2023 £ psf	Capital value 31 March 2022 £ psf	Vacancy rate 31 March 2023 %	Vacancy rate 31 March 2022 %	WAULT 31 March 2023 Years	WAULT 31 March 2022 Years
London Offices						
- Completed properties	1,166	1,289	19.8	6.9	5.8	6.3
- Development pipeline	835	1,086	2.6	0.0	0.7	1.7
<b>Total London</b>	<b>1,104</b>	<b>1,213</b>	<b>16.1</b>	<b>5.4</b>	<b>5.0</b>	<b>5.6</b>
Manchester Offices						
- Completed properties	-	530	-	23.9	-	6.1
<b>Total Manchester</b>	<b>-</b>	<b>530</b>	<b>-</b>	<b>23.9</b>	<b>-</b>	<b>6.1</b>
<b>Total</b>	<b>1,104</b>	<b>1,175</b>	<b>16.1</b>	<b>6.7</b>	<b>5.0</b>	<b>5.6</b>

### See-through Lease Expiries or Tenant Break Options – Excluding Development Pipeline

	Year to 2024	Year to 2025	Year to 2026	Year to 2027	Year to 2028	2028 onward
% of rent roll	17.9	12.5	2.3	12.1	31.7	23.5
Number of leases	18	15	7	9	14	21
Average rent per lease (£)	317,049	264,590	104,473	427,481	720,457	356,483

## Top 15 Tenants

We have a strong rental income stream and a diverse tenant base. The top 15 tenants account for 79.4% of the total rent roll.

Rank	Tenant	Tenant industry	Contracted rent £m	Rent roll %
1	Baker McKenzie	Legal services	7.0	17.9
2	Farfetch	Online retail	4.3	11.1
3	WeWork	Flexible offices	4.0	10.2
4	Brilliant Basics	Technology	2.4	6.1
5	VMware	Technology	2.2	5.6
6	Partners Group	Financial services	1.9	4.8
7	Anomaly	Marketing	1.4	3.6
8	Viacom	Media	1.2	3.0
9	Allegis	Media	1.1	2.7
10	Dentsu	Marketing	1.1	2.7
11	Stripe	Financial services	1.0	2.5
12	Verkada	Technology	1.0	2.5
13	Incubeta	Marketing	0.9	2.4
14	Openpayd	Financial services	0.9	2.3
15	Snowflake	Technology	0.8	2.0
<b>Total</b>			<b>31.2</b>	<b>79.4</b>

## Letting Activity – New Leases

	Area sq ft	Contracted rent (Helical's share) £	Rent £ psf	Increase to 31 March 2022 ERV (exc Plug and Play and managed lettings) %	Average lease term to expiry Years
<b>Investment Properties</b>					
London					
- The Tower, EC1	9,572	766,000	80.00	0.1	5.0
- The Loom, E1	6,999	402,000	57.50	4.5	5.5
- 25 Charterhouse Square, EC1	1,880	141,000	75.00	0.0	5.0
- The JJ Mack Building, EC1	37,880	1,892,000	99.90	11.7	15.0
<b>Offices Total</b>	<b>56,331</b>	<b>3,201,000</b>	<b>85.61</b>	<b>7.3</b>	<b>11.0</b>
Barts Retail, EC1	9,219	162,000	35.04	0.4	12.5
<b>Retail Total</b>	<b>9,219</b>	<b>162,000</b>	<b>35.04</b>	<b>0.4</b>	<b>12.5</b>
<b>Total</b>	<b>65,550</b>	<b>3,363,000</b>	<b>80.06</b>	<b>6.9</b>	<b>11.2</b>



## Financial Review

### IFRS Performance

Loss after tax  
£64.5m (2022: profit of £88.9m)

Loss per share (EPS)  
52.6p (2022: earnings of 72.8p)

Diluted NAV per share  
489p (31 March 2022: 551p)

Total Accounting Return  
-9.4% (2022: 15.0%)

### EPRA Performance

EPRA profit  
£11.5m (2022: £6.4m)

EPRA EPS  
9.4p (2022: 5.2p)

EPRA NTA per share  
493p (31 March 2022: 572p)

Total Accounting Return on EPRA NTA  
-12.1% (2022: 10.2%)

## Overview

In the year to 31 March 2023, the Group made significant progress across the board against its targets for the year. With growth in net rental income, a good level of development profits, reduced administration costs (with savings in core administration costs to come next year) and lower finance costs as the Group continues to benefit from its hedging strategy, EPRA earnings grew to £11.5m, or 9.4p per share compared to £6.4m or 5.2p last year. In addition, the Group disposed of £233m (our share £213m) of properties at 3.7% above book value, reducing its LTV to 27.5% (2022 restated: 35.0%) and increasing cash and undrawn bank facilities.

However, the overall results for the year reflect the impact on the London office market of the challenging environment we have faced over the last 12 months, with the UK experiencing persistently high inflation and rising finance costs, as well as political instability. These factors have impacted on bond yields with a consequent outward shift in valuation yields and significant valuation declines across the portfolio, partially offset by a revaluation gain at The JJ Mack Building, EC1. These net valuation losses have turned what would have been a profitable year into a net loss.

## Results for the Year

The loss for the year of £64.5m (2022: profit of £88.9m) includes revenue from rental income and development management of £49.8m, offset by direct costs of £13.6m. The profit from joint venture activities added £3.5m and the net loss on sale and revaluation of investment properties was £93.3m. Administration expenses of £12.8m and net finance costs of £10.9m were offset by a gain in fair value of derivatives of £12.8m.

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 similar to 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 2023 include net rental income of £33.5m, a net loss on sale and revaluation of the investment portfolio of £88.1m and development profits of £3.2m, leading to a Total Property Return of -£51.4m (2022: £89.5m). Total see-through administration costs of £13.3m (2022: £17.1m) and see-through net finance costs of £12.0m (2022: £19.7m) were partially offset by see-through derivative financial instrument gains of £12.8m (2022: £18.0m) and contributed to an IFRS pre-tax loss of £64.5m (2022: profit of £72.9m).

The election to become a REIT from 1 April 2022 has resulted in a £nil (2022: credit of £16.0m) tax charge for the year.

The loss for the year was £64.5m (2022: profit of £88.9m) and the EPRA net tangible asset value per share decreased by 13.8% to 493p (31 March 2022: 572p).

The Company has proposed a final dividend of 8.70p per share (2022: 8.25p) which, if approved by Shareholders at the 2023 AGM, will be payable on 28 July 2023. The total dividend paid or payable in respect of the year to 31 March 2023 will be 11.75p (2022: 11.15p), an increase of 5.4%.

The Group's real estate portfolio, including its share of assets held in joint ventures, decreased to £840.4m (31 March 2022: £1,108.1m) primarily due to the sales of Kaleidoscope, EC1, Trinity, Manchester, 55 Bartholomew, EC1, the freehold of the estate at Barts Square, EC1, residential apartment sales at Barts Square, EC1 and the net loss on revaluation of the investment portfolio of £92.8m, offset by capital expenditure on the investment portfolio of £24.0m.

The sale of investment properties allowed the Group to repay debt during the year which resulted in a decrease in the Group's see-through loan to value to 27.5% (31 March 2022 restated: 35.0%). The Group's weighted average cost of debt at 31 March 2023 was 3.4% (31 March 2022: 3.2%) and the weighted average debt maturity was 2.9 years (31 March 2022: 3.0 years).

At 31 March 2023, the Group had unutilised bank facilities of £189.5m and cash of £54.7m on a see-through basis. These are primarily available to fund 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 2023 £m	Year to 2022 £m	Year to 2021 £m	Year to 2020 £m	Year to 2019 £m
Total Property Return	-51.4	89.5	48.6	83.9	81.4

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 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %	Year to 2019 %
Helical's unleveraged portfolio	-5.6	10.7	7.0	9.6	10.1

### 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 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %	Year to 2019 %
Total Accounting Return on IFRS net assets	-9.4	15.0	3.3	7.7	8.4

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 2023 %	Year to 2022 %	Year to 2021 %	Year to 2020 %	Year to 2019 %
Total Accounting Return on EPRA net tangible assets	-12.1	10.2	4.5	9.3	8.0*

\* Calculated using EPRA Net Assets.

## Earnings/(Loss) Per Share

The IFRS earnings/(loss) per share decreased from earnings of 72.8p to a loss of 52.6p and is based on the after tax (loss)/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 was 9.4p compared to an earnings per share of 5.2p in 2022, reflecting the Group's share of net rental income of £33.5m (2022: £31.2m) and development profits of £3.2m (2022: £6.6m), but excluding losses on sale and revaluation of investment properties of £88.1m (2022: gains of £51.7m).

## Net Asset Value

IFRS diluted net asset value per share decreased by 11.3% to 489p per share (31 March 2022: 551p) 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 decreased by 13.8% to 493p per share (31 March 2022: 572p). This movement arose principally from a total comprehensive expense (retained losses) of £64.5m (2022: income of £88.9m), less £13.8m of dividends (2022: £12.6m).

EPRA net disposal value per share decreased by 11.1% to 490p per share (31 March 2022: 551p).

## Income Statement

### Rental Income and Property Overheads

Gross rental income for the Group in respect of wholly owned properties increased to £36.6m (2022: £35.3m), with gross rents in joint ventures remaining at £0.3m (2022: £0.3m). Property overheads in respect of wholly owned assets and in respect of those assets in joint ventures reduced to £3.4m (2022: £4.4m). Overall, see-through net rents increased by 7.2% to £33.5m (2022: £31.2m).

Included within gross rental income is £1.7m (31 March 2022: £5.8m) 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 2026, based on the tenant leases as at 31 March 2023. 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 2023	14,172	1,748
Year to 31 March 2024	13,485	(687)
Year to 31 March 2025	12,892	(593)
Year to 31 March 2026	10,486	(2,406)

## Rent Collection

	March 2022 – December 2022 quarters %
Rent collected to date	98.9
Rent under discussion	0.4
Rent concessions	0.7

At 23 May 2023, the Group had collected 98.9% of all rent contracted and payable for the March, June, September and December 2022 quarters.

## Development Profits

In the year, from our role as development manager at The JJ Mack Building, EC1, we recognised £0.7m of income. Additional fees of £0.1m were recognised for carrying out accounting and corporate services at Barts Square, EC1 and The JJ Mack Building, EC1.

A profit of £1.0m on a retail scheme at East Ham and deferred consideration of £0.4m from the previous sale of the retirement villages portfolio added to development profits. Further development income on closing out legacy projects of £0.2m, offset by other costs of £0.4m, contributed to a net development profit in the Group of £2.0m (2022: £5.8m).

## Share of Results of Joint Ventures

The revaluation of our investment assets held in joint ventures generated a surplus of £5.1m (2022: £18.5m). A profit of £1.3m (2022: £0.7m) was recognised in respect of sales at our Barts Square, EC1 residential development.

Finance, administration and other sundry costs totalling £2.3m (2022: £0.5m) were incurred. An adjustment to reflect our economic interest in the Barts Square, EC1 development to its recoverable amount generated a loss of £0.6m (gain of £0.8m), and after a tax charge of £nil (2022: credit of £1.2m), there was a net profit from our joint ventures of £3.5m (2022: £20.7m).

## Loss on Sale and Revaluation of Investment Properties

The loss on valuation, partially offset by the gain on sales, of our investment portfolio on a see-through basis resulted in an overall loss on sale and revaluation, including in joint ventures, of £88.1m (2022: gain of £51.7m).

## Administrative Expenses

Administration costs in the Group, before performance related awards, increased from £9.6m to £9.9m, marginally above budget for the year.

In setting the administration budget for the year to 31 March 2024, the Group has reviewed staffing levels and all categories of expenditure, seeking efficiencies and cost reductions where available. The budget for the new financial year is set at £8.5m, a 13% reduction on the year to 31 March 2023.

Performance related share awards and bonus payments, before National Insurance costs, decreased to £2.7m (2022: £6.0m). Of this amount, £1.1m (2022: £3.2m), 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 £0.3m (2022: £1.2m).

In joint ventures, administrative expenses increased from £0.3m to £0.5m.

	2023 £000	2022 £000
Administrative expenses (excluding performance related awards)	(9,845)	(9,598)
Performance related awards	(2,702)	(6,019)
NIC	(288)	(1,151)
Group	(12,835)	(16,768)
In joint ventures	(459)	(295)
Total	(13,294)	(17,063)

## Finance Costs, Finance Income and Change in Fair Value of Derivative Financial Instruments

Net finance costs excluding change in fair value of derivative financial instruments, including joint ventures, reduced to £12.0m (2022: £19.7m).

Group	2023 £000	2022 £000
Interest payable on secured bank loans	(8,284)	(10,169)
Other interest payable and similar charges	(2,780)	(3,179)
Total interest payable before cancellation of loans	(11,064)	(13,348)
Cancellation of loans	(128)	(5,886)
Total finance costs	(11,192)	(19,234)
Finance income	274	6
Net finance costs	(10,918)	(19,228)
Change in fair value of derivative financial instruments	12,757	17,996
Finance costs, finance income and change in fair value of derivative financial instruments	1,839	(1,232)

Joint Venture		
Interest payable on secured bank loans	(2,703)	(2,407)
Other interest payable and similar charges	(203)	(181)
Interest capitalised	1,815	2,142
Total finance costs	(1,091)	(446)
Finance income	23	-
Net finance costs	(1,068)	(446)
Total finance costs, finance income and change in fair value of derivative financial instruments	771	(1,678)
Net finance costs excluding change in fair value of derivative financial instruments	(11,986)	(19,674)

## 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) was released in the prior year, 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. There is no deferred tax charge in the current year.

The current tax charge for the year was £nil (2022: credit of £1.1m), resulting in no tax charge or credit on the loss on ordinary activities (2022: total credit of £16.0m).

## Dividends

The interim dividend paid on 13 January 2023 of 3.05p was an increase of 5.2% on the previous interim dividend of 2.90p. The Company has proposed a final dividend of 8.70p, an increase of 5.5% on the previous year (2022: 8.25p), for approval by Shareholders at the 2023 AGM. If approved, the total dividend paid or payable in respect of the results for the year to 31 March 2023 will be 11.75p (2022: 11.15p), an increase of 5.4%.

The final dividend, if approved by Shareholders, will partly be paid as a PID (5.70p) in respect of the Group's REIT property business and partly as an ordinary dividend (3.00p), 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 2022 were £687.0m. The Group had a loss of £64.5m (2022: profit of £88.9m), net of tax, representing the total comprehensive expense for the year. Movements in reserves arising from the Group's share schemes had a net effect of £nil. The Company paid dividends to Shareholders during the year of £13.8m. The net decrease in Shareholders' Funds from Group activities during the year was £78.3m to £608.7m.

### Investment Portfolio

		Wholly owned £000	In joint venture £000	See- through £000	Head leases capitalised £000	Lease incentives £000	Book value £000
Valuation at 31 March 2022		961,500	135,820	1,097,320	6,524	(25,002)	1,078,842
Capital expenditure	– wholly owned	10,523	-	10,523	(14)	-	10,509
	– joint ventures	-	13,537	13,537	(29)	-	13,508
Letting costs amortised	– wholly owned	(200)	-	(200)	-	-	(200)
	– joint ventures	-	(12)	(12)	-	-	(12)
Disposals	– wholly owned	(178,736)	-	(178,736)	-	9,166	(169,570)
	– joint ventures	-	(9,749)	(9,749)	-	98	(9,651)
Revaluation surplus/(deficit)	– wholly owned	(99,537)	-	(99,537)	-	1,683	(97,854)
	– joint ventures	-	5,198	5,198	-	(103)	5,095
Economic interest adjustment	– joint ventures	-	1,181	1,181	-	(14)	1,167
<b>Valuation at 31 March 2023</b>		<b>693,550</b>	<b>145,975</b>	<b>839,525</b>	<b>6,481</b>	<b>(14,172)</b>	<b>831,834</b>

The Group expended £24.0m on capital works across the investment portfolio, at The JJ Mack Building, EC1 (£13.1m), 100 New Bridge Street, EC4 (£8.7m), The Bower, EC1 (£0.3m), The Loom, E1 (£1.3m), 25 Charterhouse Square, EC1 (£0.1m), Barts Square, EC1 (£0.4m) and Trinity, Manchester (£0.1m).

Revaluation losses resulted in a £94.3m decrease in the see-through fair value of the portfolio, before lease incentives, to £839.5m (31 March 2022: £1,097.3m). The accounting for head leases and lease incentives resulted in a book value of the see-through investment portfolio of £831.8m (31 March 2022: £1,078.8m).

## Debt and Financial Risk

In total, the see-through outstanding debt at 31 March 2023 of £290.4m (31 March 2022: £440.9m) had a weighted average interest cost of 3.4% (31 March 2022: 3.2%) and a weighted average debt maturity of 2.9 years (31 March 2022: 3.0 years).

### Debt Profile at 31 March 2023 – 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
£400m Revolving Credit Facility	400,000	230,000	170,000	3.1	3.3
<b>Total wholly owned</b>	<b>400,000</b>	<b>230,000</b>	<b>170,000</b>	<b>3.1</b>	<b>3.3</b>
In joint ventures	69,900	60,369	9,531	4.2	1.3
<b>Total secured debt</b>	<b>469,900</b>	<b>290,369</b>	<b>179,531</b>	<b>3.3</b>	<b>2.9</b>
Working capital	10,000	-	10,000	-	-
<b>Total unsecured debt</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>
<b>Total debt</b>	<b>479,900</b>	<b>290,369</b>	<b>189,531</b>	<b>3.4</b>	<b>2.9</b>

## 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 wholly owned investment assets are secured. The value of the Group's properties secured in this facility at 31 March 2023 was £693m (31 March 2022: £870m) with a corresponding loan to value of 33.2% (31 March 2022: 46.0%). The average maturity of the facility at 31 March 2023 was 3.3 years (31 March 2022: 3.1 years). During the year, this facility was converted into a Sustainability Linked Loan.

### - 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 2023 was 1.3 years (31 March 2022: 2.3 years) with a weighted average interest rate of 4.2% (31 March 2022: 5.6%). The average interest rate will fall as The JJ Mack Building, EC1 facility is drawn down and would be 4.00% on a fully utilised basis, reducing to 2.25% once the building is let. There is a one-year extension option in this facility.

## Unsecured Debt

The Group's unsecured debt is £nil (31 March 2022: £nil).



## Cash and Cash Flow

At 31 March 2023, the Group had £244.2m (31 March 2022 restated: £147.0m) of cash and agreed, undrawn, committed bank facilities including its share in joint ventures.

## Net Borrowings and Gearing

Total gross borrowings of the Group, including in joint ventures, have decreased from £440.9m to £290.4m during the year to 31 March 2023. After deducting cash balances of £54.7m (31 March 2022 restated: £47.9m) and unamortised refinancing costs of £4.3m (31 March 2022: £4.7m), net borrowings decreased from £388.3m to £231.4m. The see-through gearing of the Group, including in joint ventures, decreased from 56.5% to 38.0%.

	31 March 2023	31 March 2022 Restated <sup>1</sup>
See-through gross borrowings	<b>£290.4m</b>	£440.9m
See-through cash balances	<b>£54.7m</b>	£47.9m
Unamortised refinancing costs	<b>£4.3m</b>	£4.7m
See-through net borrowings	<b>£231.4m</b>	£388.3m
Shareholders' funds	<b>£608.7m</b>	£687.0m
See-through gearing – IFRS net asset value	<b>38.0%</b>	56.5%

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

## Hedging

At 31 March 2023, the Group had £230.0m (31 March 2022: £300.0m) of borrowings protected by interest rate swaps, with an average effective interest rate of 2.6% (31 March 2022: 2.8%) and average maturity of 3.3 years. The Group had £nil floating rate debt (31 March 2022: £100.0m) with an effective rate of nil (31 March 2022: 3.5%). In addition, the Group had £nil interest rate caps (31 March 2022: £145m at an average rate of 1.75%). In our joint ventures, the Group's share of fixed rate debt was £60.4m (31 March 2022: £40.9m) at 0.5% plus margin with an effective rate at 31 March 2023 of 4.2% and no floating rate debt (31 March 2022: none).

	31 March 2023 £m	Effective interest rate %	31 March 2022 £m	Effective interest rate %
Fixed rate debt				
– Secured borrowings	230.0	2.6	300.0	2.8
<b>Total</b>	<b>230.0</b>	<b>2.6</b>	<b>300.0</b>	<b>2.8</b>
Floating rate debt				
– Secured	-	-	100.0	3.5
<b>Total</b>	<b>-</b>	<b>3.1<sup>1</sup></b>	<b>400.0</b>	<b>3.0</b>
In joint ventures				
– Fixed rate	60.4	4.2 <sup>2</sup>	40.9	5.6 <sup>2</sup>
<b>Total borrowings</b>	<b>290.4</b>	<b>3.4</b>	<b>440.9</b>	<b>3.2</b>

1. This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 2.6%.

2. This includes commitment fees on undrawn facilities. Excluding these would reduce the effective rate to 4.00% (31 March 2022: 4.95%).

Tim Murphy  
Chief Financial Officer  
23 May 2023

## Consolidated Income Statement

For the year to 31 March 2023

	Notes	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Revenue	3	49,848	51,146
Cost of sales	3	(13,567)	(14,228)
Net property income	4	36,281	36,918
Share of results of joint ventures	12	3,494	20,708
		39,775	57,626
Gain/(loss) on sale of investment properties	5	4,564	(45)
Revaluation of investment properties	11	(97,854)	33,311
		(53,515)	90,892
Administrative expenses	6	(12,835)	(16,768)
<b>Operating (loss)/profit</b>		<b>(66,350)</b>	<b>74,124</b>
Net finance costs and change in fair value of derivative financial instruments	7	1,839	(1,232)
<b>(Loss)/profit before tax</b>		<b>(64,511)</b>	<b>72,892</b>
Tax on (loss)/profit on ordinary activities	8	-	16,002
<b>(Loss)/profit for the year</b>		<b>(64,511)</b>	<b>88,894</b>
<b>(Loss)/earnings per share</b>	10		
Basic		(52.6)p	72.8p
Diluted		(52.6)p	71.4p

There were no items of comprehensive income in the current or prior year other than the (loss)/profit for the year and, accordingly, no Statement of Comprehensive Income is presented.

## Consolidated Balance Sheet

At 31 March 2023

	Notes	At 31 March 2023 £000	At 31 March 2022 Restated <sup>1</sup> £000	At 31 March 2021 Restated <sup>1</sup> £000
<b>Non-current assets</b>				
Investment properties	11	681,682	938,797	740,207
Owner occupied property, plant and equipment		4,351	4,631	5,362
Investment in joint ventures	12	87,330	100,604	79,953
Other investments	13	353	306	-
Derivative financial instruments	20	23,245	11,104	171
		<b>796,961</b>	<b>1,055,442</b>	<b>825,693</b>
<b>Current assets</b>				
Land and developments	14	28	2,089	448
Corporation tax receivable		7	338	-
Trade and other receivables	15	24,935	33,776	27,648
Cash and cash equivalents	16	50,925	43,484	167,227
		<b>75,895</b>	<b>79,687</b>	<b>195,323</b>
<b>Total assets</b>		<b>872,856</b>	<b>1,135,129</b>	<b>1,021,016</b>
<b>Current liabilities</b>				
Trade and other payables	17	(31,232)	(43,986)	(46,764)
Lease liability	18	(683)	(658)	(634)
Corporation tax payable		-	-	(655)
		<b>(31,915)</b>	<b>(44,644)</b>	<b>(48,053)</b>
<b>Non-current liabilities</b>				
Borrowings	19	(226,677)	(396,633)	(336,703)
Derivative financial instruments	20	-	(538)	(7,601)
Lease liability	18	(5,589)	(6,271)	(6,929)
Deferred tax liability	8	-	-	(13,569)
		<b>(232,266)</b>	<b>(403,442)</b>	<b>(364,802)</b>
<b>Total liabilities</b>		<b>(264,181)</b>	<b>(448,086)</b>	<b>(412,855)</b>
<b>Net assets</b>		<b>608,675</b>	<b>687,043</b>	<b>608,161</b>
<b>Equity</b>				
Called-up share capital	21	1,233	1,223	1,478
Share premium account		116,619	112,654	107,990
Revaluation reserve		46,416	197,627	164,316
Capital redemption reserve		7,743	7,743	7,478
Own shares held		(848)	-	-
Other reserves		291	291	291
Retained earnings		437,221	367,505	326,608
<b>Total equity</b>		<b>608,675</b>	<b>687,043</b>	<b>608,161</b>

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 and 31 March 2021 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

## Consolidated Cash Flow Statement

For the year to 31 March 2023

	Year to 31 March 2023 £000	Year to 31 March 2022 Restated <sup>1</sup> £000
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	(64,511)	72,892
Adjustment for:		
Depreciation	798	766
Revaluation deficit/(surplus) on investment properties	97,854	(33,311)
Letting cost amortisation	200	226
(Gain)/loss on sale of investment properties	(4,564)	45
Profit on sale of plant and equipment	(18)	(11)
Net financing costs	10,918	19,228
Change in value of derivative financial instruments	(12,757)	(17,996)
Share based payments charge	1,073	3,843
Share of results of joint ventures	(3,494)	(20,708)
<b>Cash inflows from operations before changes in working capital</b>	<b>25,499</b>	<b>24,974</b>
Change in trade and other receivables	(3,560)	(6,028)
Change in land, developments and trading properties	2,061	(1,641)
Change in trade and other payables	(11,477)	5,941
<b>Cash inflows generated from operations</b>	<b>12,523</b>	<b>23,246</b>
Finance costs	(12,361)	(18,335)
Finance income	274	6
Tax received	331	13
	(11,756)	(18,316)
<b>Net cash generated from operating activities</b>	<b>767</b>	<b>4,930</b>
<b>Cash flows from investing activities</b>		
Additions to investment property	(10,509)	(174,057)
Net purchase of other investments	(47)	(306)
Net proceeds/(costs) from sale of investment property	186,541	(45)
Returns/(investments) in joint ventures and subsidiaries	3,323	(3,323)
Dividends from joint ventures	13,446	3,381
Sale of plant and equipment	48	44
Purchase of leasehold improvements, plant and equipment	(548)	(68)
<b>Net cash generated from/(used by) investing activities</b>	<b>192,254</b>	<b>(174,374)</b>
<b>Cash flows from financing activities</b>		
Borrowings drawn down	-	190,000
Borrowings repaid	(170,000)	(131,150)
Finance lease repayments	(659)	(631)
Shares issued	10	10
(Purchase)/sale of own shares	(1,089)	54
Equity dividends paid	(13,842)	(12,582)
<b>Net cash (used by)/generated from financing activities</b>	<b>(185,580)</b>	<b>45,701</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,441</b>	<b>(123,743)</b>
Cash and cash equivalents at start of year	43,484	167,227
<b>Cash and cash equivalents at end of year</b>	<b>50,925</b>	<b>43,484</b>

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

## Consolidated Statement of Changes in Equity

At 31 March 2023

	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Own shares held £000	Other reserves £000	Retained earnings £000	Total £000
At 31 March 2021	1,478	107,990	164,316	7,478	-	291	326,608	608,161
Total comprehensive income	-	-	-	-	-	-	88,894	88,894
Revaluation surplus	-	-	33,311	-	-	-	(33,311)	-
Issued share capital	10	4,610	-	-	-	-	-	4,620
Performance Share Plan	-	-	-	-	-	-	3,223	3,223
Performance Share Plan – deferred tax	-	-	-	-	-	-	(1,325)	(1,325)
Share settled Performance Share Plan	-	-	-	-	-	-	(3,591)	(3,591)
Deferred bonus shares	-	-	-	-	-	-	620	620
Share settled bonus	-	-	-	-	-	-	(1,031)	(1,031)
Profit on sales of shares	-	54	-	-	-	-	-	54
Cancelled deferred shares	(265)	-	-	265	-	-	-	-
Dividends paid	-	-	-	-	-	-	(12,582)	(12,582)
At 31 March 2022	1,223	112,654	197,627	7,743	-	291	367,505	687,043
Total comprehensive expense	-	-	-	-	-	-	(64,511)	(64,511)
Revaluation deficit	-	-	(97,854)	-	-	-	97,854	-
Realised on disposals	-	-	(53,357)	-	-	-	53,357	-
Issued share capital	10	3,965	-	-	-	-	-	3,975
Performance Share Plan	-	-	-	-	-	-	1,073	1,073
Purchase of own shares	-	-	-	-	(848)	-	-	(848)
Share settled Performance Share Plan	-	-	-	-	-	-	(439)	(439)
Share settled bonus	-	-	-	-	-	-	(3,536)	(3,536)
Revaluation deficit on valuation of shares	-	-	-	-	-	-	(240)	(240)
Dividends paid	-	-	-	-	-	-	(13,842)	(13,842)
<b>At 31 March 2023</b>	<b>1,233</b>	<b>116,619</b>	<b>46,416</b>	<b>7,743</b>	<b>(848)</b>	<b>291</b>	<b>437,221</b>	<b>608,675</b>

For a breakdown of Total Comprehensive (Expense)/Income see the Consolidated Statement of Comprehensive Income.

The adjustment to retained earnings of £1,073,000 (31 March 2022: £3,223,000) 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 £13,009,000 (31 March 2022: £10,012,000) made up of the Performance Share Plan credit of £1,073,000 (31 March 2022: £3,223,000) and related deferred tax charge of £nil (31 March 2022: charge of £1,325,000), dividends paid of £13,842,000 (31 March 2022: £12,582,000), the issued share capital of £10,000 (31 March 2022: £10,000) and corresponding share premium of £3,965,000 (31 March 2022: £4,610,000), share settled Performance Share Plan awards charge of £339,000 (31 March 2022: £3,591,000), the share settled bonus awards charge of £3,536,000 (31 March 2022: £1,031,000), deferred bonus shares of £nil (31 March 2022: £620,000) and the loss on the sale of shares of £240,000 (31 March 2022: profit of £54,000).

## 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 certain 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 2023. These accounts will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor's opinion on the 2023 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 2022. The Group Annual Report and Financial Statements for 2022 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 2023 are detailed below, however none of these have had a material impact on the financial statements:

- 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); and
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (effective for periods beginning on or after 1 January 2022).

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 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 2023 compliance position for these covenants is summarised below:

Covenant	Requirement	Actual
LTV	<65%	31%
LRV	<12.0x	8.25x
ICR	>150%	488%

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 32% 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 46% before loan to value covenants come under pressure;
- Whilst the Group has a WAULT of 5.0 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 2023.

## 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.
- Consideration has been given to climate risk but it has been concluded that it does not give rise to material new sources of estimation uncertainty.

## 2. Revenue from Contracts with Customers

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Development property income	4,921	7,490
Service charge income	8,372	8,304
Other revenue	-	28
<b>Total revenue from contracts with customers</b>	<b>13,293</b>	<b>15,822</b>

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 2023 (2022: £5,000).

## 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 31.03.23 £000	Developments Year to 31.03.23 £000	Total Year to 31.03.23 £000	Investments Year to 31.03.22 £000	Developments Year to 31.03.22 £000	Total Year to 31.03.22 £000
<b>Revenue</b>						
Gross rental income	36,555	-	36,555	35,324	-	35,324
Development property income	-	4,921	4,921	-	7,490	7,490
Service charge income	8,372	-	8,372	8,304	-	8,304
Other revenue	-	-	-	28	-	28
<b>Revenue</b>	<b>44,927</b>	<b>4,921</b>	<b>49,848</b>	<b>43,656</b>	<b>7,490</b>	<b>51,146</b>

	Investments Year to 31.03.23 £000	Developments Year to 31.03.23 £000	Total Year to 31.03.23 £000	Investments Year to 31.03.22 £000	Developments Year to 31.03.22 £000	Total Year to 31.03.22 £000
<b>Cost of sales</b>						
Rents payable	(157)	-	(157)	(169)	-	(169)
Property overheads	(2,092)	-	(2,092)	(4,069)	-	(4,069)
Service charge expense	(8,372)	-	(8,372)	(8,304)	-	(8,304)
Development cost of sales	-	(2,915)	(2,915)	-	(3,864)	(3,864)
Development sales expenses	-	(1)	(1)	-	(107)	(107)
(Provision)/reversal of provision	-	(30)	(30)	-	2,285	2,285
<b>Cost of sales</b>	<b>(10,621)</b>	<b>(2,946)</b>	<b>(13,567)</b>	<b>(12,542)</b>	<b>(1,686)</b>	<b>(14,228)</b>

	Investments Year to 31.03.23 £000	Developments Year to 31.03.23 £000	Total Year to 31.03.23 £000	Investments Year to 31.03.22 £000	Developments Year to 31.03.22 £000	Total Year to 31.03.22 £000
<b>Profit before tax</b>						
Net property income	34,306	1,975	36,281	31,114	5,804	36,918
Share of results of joint ventures	4,867	(1,373)	3,494	20,603	105	20,708
(Loss)/gain on sale and revaluation of Investment properties	(93,290)	-	(93,290)	33,266	-	33,266
Segmental (loss)/profit	(54,117)	602	(53,515)	84,983	5,909	90,892
Administrative expenses			(12,835)			(16,768)
Net finance costs			(10,918)			(19,228)
Change in fair value of derivative financial instruments			12,757			17,996
<b>(Loss)/profit before tax</b>			<b>(64,511)</b>			<b>72,892</b>

	Investments at 31.03.23 £000	Developments at 31.03.23 £000	Total at 31.03.23 £000	Investments at 31.03.22 £000	Developments at 31.03.22 £000	Total at 31.03.22 £000
<b>Net assets</b>						
Investment properties	681,682	-	681,682	938,797	-	938,797
Land and developments	-	28	28	-	2,089	2,089
Investment in joint ventures	84,255	3,075	87,330	96,157	4,447	100,604
	<b>765,937</b>	<b>3,103</b>	<b>769,040</b>	<b>1,034,954</b>	<b>6,536</b>	<b>1,041,490</b>
Other assets			103,816			93,639
<b>Total assets</b>			<b>872,856</b>			<b>1,135,129</b>
Liabilities			(264,181)			(448,086)
<b>Net assets</b>			<b>608,675</b>			<b>687,043</b>

#### 4. Net Property Income

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Gross rental income	36,555	35,324
Head rents payable	(157)	(169)
Property overheads	(2,092)	(4,069)
Net rental income	34,306	31,086
Development property income	4,921	7,490
Development cost of sales	(2,915)	(3,864)
Sales expenses	(1)	(107)
(Provision)/reversal of provision	(30)	2,285
Development property profit	1,975	5,804
Other revenue	-	28
Net property income	36,281	36,918

Included within Gross rental income above is £1,609,000 (2022: £5,638,000) of accrued income for rent free periods.

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

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Net proceeds/(costs) from the sale of investment properties	186,541	(45)
Book value (Note 11)	(169,570)	-
Tenants' incentives on sold investment properties	(12,407)	-
Profit/(loss) on sale of investment properties	4,564	(45)

#### 6. Administrative Expenses

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Administration costs	(9,845)	(9,598)
Performance related awards, including annual bonuses	(2,702)	(6,019)
National Insurance on performance related awards	(288)	(1,151)
Administrative expenses	(12,835)	(16,768)

#### 7. Net Finance Costs and Change in Fair Value of Derivative Financial Instruments

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Interest payable on bank loans and overdrafts	(8,284)	(10,169)
Other interest payable and similar charges	(2,780)	(3,179)
Total before cancellation of loans	(11,064)	(13,348)
Cancellation of loans	(128)	(5,886)
Finance costs	(11,192)	(19,234)
Finance income	274	6
Net finance costs	(10,918)	(19,228)
Change in fair value of derivative financial instruments	12,757	17,996
Net finance costs and change in fair value of derivative financial instruments	1,839	(1,232)

## 8. Tax on Profit on Ordinary Activities

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
The tax credit is based on the profit for the year and represents:		
United Kingdom corporation tax at 19%		
- Group corporation tax	-	-
- Adjustment in respect of prior years	-	1,146
- Use of tax losses	-	(38)
Current tax credit	-	1,108
Deferred tax		
- Capital allowances	-	4,540
- Tax losses	-	(1,024)
- Unrealised chargeable gains	-	13,512
- Other temporary differences	-	(2,134)
Deferred tax credit	-	14,894
Total tax credit for year	-	16,002

The Group became a UK REIT on 1 April 2022. As a REIT, the Group is not subject to Corporation Tax on the profits of its property rental business and chargeable gains arising on the disposal of investment assets used in the property rental business, but remains subject to tax on profits and chargeable gains arising from non REIT business activities.

On conversion to a REIT, the deferred tax assets and liabilities previously recognised 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, previously recognised deferred tax assets 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 assets could be offset. At 31 March 2023, no deferred tax was recognised (31 March 2022: £nil).

## 9. Dividends

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Attributable to equity share capital		
Ordinary		
- Interim paid 3.05p per share (2021: 2.90p)	3,750	3,547
- Prior year final paid 8.25p per share (2021: 7.40p)	10,092	9,035
	<b>13,842</b>	<b>12,582</b>

A final dividend of 8.70p, if approved at the AGM on 13 July 2023, will be paid on 28 July 2023 to the Shareholders on the register on 23 June 2023. This final dividend, amounting to £10,732,000, has not been included as a liability as at 31 March 2023, 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 2023 000	Year to 31 March 2022 000
Ordinary shares in issue	123,355	122,325
Weighting adjustment	(613)	(241)
Weighted average ordinary shares in issue for calculation of basic and EPRA earnings per share	122,742	122,084
Weighted average ordinary shares issued on share settled bonuses	561	662
Weighted average ordinary shares to be issued under Performance Share Plan	846	1,700
Adjustment for anti-dilutive shares	(1,407)	-
Weighted average ordinary shares in issue for calculation of diluted (loss)/earnings per share	122,742	124,446
	£000	£000
(Loss)/earnings used for calculation of basic and diluted earnings per share	(64,511)	88,894
Basic (loss)/earnings per share	(52.6)p	72.8p
Diluted (loss)/earnings per share	(52.6)p	71.4p
	£000	£000
(Loss)/earnings used for calculation of basic and diluted earnings per share	(64,511)	88,894
Net loss/(gain) on sale and revaluation of investment properties		
– subsidiaries	93,290	(33,266)
– joint ventures	(5,161)	(18,473)
Tax on profit on disposal of investment properties	463	-
Loss/(gain) on movement in share of joint ventures	564	(820)
Fair value movement on derivative financial instruments	(12,757)	(17,996)
Expense on cancellation of loans	128	5,886
Deferred tax on adjusting items	(503)	(17,844)
Earnings used for calculations of EPRA earnings per share	11,513	6,381
EPRA earnings per share	9.4p	5.2p

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 2023 £000	At 31 March 2022 £000
Book value at 1 April	938,797	740,207
Additions at cost	10,509	165,505
Disposals	(169,570)	-
Letting cost amortisation	(200)	(226)
Revaluation (deficit)/surplus	(97,854)	33,311
As at year end	<b>681,682</b>	938,797

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 is as follows:

	At 31 March 2023 £000	At 31 March 2022 £000
Book value	681,682	938,797
Lease incentives and costs included in trade and other receivables	13,987	24,836
Head leases capitalised	(2,119)	(2,133)
Fair value	<b>693,550</b>	961,500

Interest capitalised in respect of the refurbishment of investment properties at 31 March 2023 amounted to £9,620,000 (31 March 2022: £13,102,000). Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £nil (31 March 2022: £nil) and an amount of £3,482,000 (31 March 2022: £nil) was released on the sale of the properties in the year.

The historical cost of investment property is £633,237,000 (31 March 2022: £739,231,000). The anticipated capital expenditure included in valuations reflect our commitment to achieving the highest standards of sustainability. Any capex contractually committed is included in Note 28.

The fair value of the Group's investment property as at 31 March 2023 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 2023	Change in portfolio value	
		%	£000
True equivalent yield	5.35%		
+ 50 bps		(5.7)	(39.7)
+ 25 bps		(2.4)	(16.5)
- 25 bps		5.3	36.8
- 50 bps		9.7	67.5
ERV	£78.09		
+ 5.00%		3.3	22.6
+ 2.50%		1.6	11.2
- 2.50%		(1.6)	(10.9)
- 5.00%		(3.1)	(21.7)



## 12. Joint Ventures

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
<b>Share of results of joint ventures</b>		
Revenue	10,141	9,495
Gross rental income	287	317
Property overheads	(1,103)	(175)
Net rental (expense)/income	(816)	142
Revaluation of investment properties	5,095	18,473
Gain on sale of investment properties	66	-
Development property profit	1,262	764
	<b>5,607</b>	<b>19,379</b>
Administrative expenses	(459)	(295)
<b>Operating profit</b>	<b>5,148</b>	<b>19,084</b>
Interest payable on bank loans and overdrafts	(2,703)	(2,407)
Other interest payable and similar charges	(203)	(181)
Interest capitalised	1,815	2,142
Finance income	23	-
<b>Profit before tax</b>	<b>4,080</b>	<b>18,638</b>
Tax	(22)	1,249
<b>Profit after tax</b>	<b>4,058</b>	<b>19,887</b>
Adjustment for Barts Square economic interest <sup>1</sup>	(564)	821
<b>Share of results of joint ventures</b>	<b>3,494</b>	<b>20,708</b>

1. This adjustment reflects the impact of the consolidation of a joint venture at its economic interest of 50% (31 March 2022: 46.0%) rather than its actual ownership interest of 33.3%.

	At 31 March 2023 £000	At 31 March 2022 £000
<b>Investment in joint ventures</b>		
<b>Summarised balance sheets</b>		
<b>Non-current assets</b>		
Investment properties	150,151	140,045
Owner occupied property, plant and equipment	109	40
	<b>150,260</b>	<b>140,085</b>
<b>Current assets</b>		
Land and developments	539	8,349
Trade and other receivables	727	2,527
Deferred tax	-	172
Cash and cash equivalents	3,749	4,474
	<b>5,015</b>	<b>15,522</b>
<b>Current liabilities</b>		
Trade and other payables	(3,332)	(10,062)
Borrowings	-	-
	<b>(3,332)</b>	<b>(10,062)</b>
<b>Non-current liabilities</b>		
Trade and other payables	(406)	(408)
Borrowings	(59,416)	(39,585)
Leasehold interest	(4,927)	(4,744)
Deferred tax	-	(297)
	<b>(64,749)</b>	<b>(45,034)</b>
<b>Net assets pre-adjustment</b>	<b>87,194</b>	<b>100,511</b>
Acquisition costs	136	93
<b>Investment in joint ventures</b>	<b>87,330</b>	<b>100,604</b>

The fair value of investment properties at 31 March 2023 is as follows:

	At 31 March 2023 £000	At 31 March 2022 £000
Book value	150,151	140,045
Lease incentives and costs included in trade and other receivables	185	166
Head leases capitalised	(4,361)	(4,391)
<b>Fair value</b>	<b>145,975</b>	<b>135,820</b>

### 13. Other Investments

	At 31 March 2023 £000	At 31 March 2022 £000
Book value at 1 April	306	-
Acquisitions	47	306
<b>As at year end</b>	<b>353</b>	<b>306</b>

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 £47,000 (31 March 2022: £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 3 fair value measurement as defined in IFRS 13 *Fair Value Measurement*.

### 14. Land and Developments

	At 31 March 2023 £000	At 31 March 2022 £000
At 1 April	2,089	448
Acquisitions and construction costs	-	2,913
Disposals	(2,031)	(3,557)
(Provision)/reversal of provision	(30)	2,285
<b>At 31 March</b>	<b>28</b>	<b>2,089</b>

The Directors' valuation of development stock shows a surplus of £302,000 (31 March 2022: £302,000) 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 2023 £000	At 31 March 2022 Restated <sup>1</sup> £000
Trade receivables	2,517	4,130
Other receivables	752	762
Prepayments	1,990	4,310
Accrued income	19,676	24,574
<b>Total trade and other receivables</b>	<b>24,935</b>	<b>33,776</b>

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

Included in accrued income are lease incentives of £13,987,000 (31 March 2022: £22,965,000).

## 16. Cash and Cash Equivalents

	At 31 March 2023 £000	At 31 March 2022 Restated <sup>1</sup> £000
Cash held at managing agents	4,156	10,589
Rental deposits	9,069	14,677
Restricted cash	9,495	3,978
Cash deposits	28,205	14,240
<b>Total cash and cash equivalents</b>	<b>50,925</b>	<b>43,484</b>

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

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

## 17. Trade and Other Payables

	At 31 March 2023 £000	At 31 March 2022 £000
Trade payables	15,212	23,122
Other payables	2,136	3,957
Accruals	5,404	7,418
Deferred income	8,480	9,489
<b>Total trade and other payables</b>	<b>31,232</b>	<b>43,986</b>

## 18. Lease Liability

	At 31 March 2023 £000	At 31 March 2022 £000
Current lease liability	683	658
Non-current lease liability	5,589	6,271

Included within the lease liability are £683,000 (31 March 2022: £658,000) of current and £3,399,000 (31 March 2022: £4,082,000) of non-current lease liabilities which relate to the long leasehold of the Group's head office.

## 19. Borrowings

	At 31 March 2023 £000	At 31 March 2022 £000
Current borrowings	-	-
Borrowings repayable within:		
- two to three years	-	100,000
- three to four years	<b>226,677</b>	296,633
Non-current borrowings	<b>226,677</b>	396,633
Total borrowings	<b>226,677</b>	396,633

	At 31 March 2023 £000	At 31 March 2022 Restated <sup>1</sup> £000
Total borrowings	<b>226,677</b>	396,633
Cash	<b>(50,925)</b>	(43,484)
Net borrowings	<b>175,752</b>	353,149

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

Net borrowings exclude the Group's share of borrowings in joint ventures of £59,416,000 (31 March 2022: £39,585,000) and cash of £3,749,000 (31 March 2022: £4,474,000). All borrowings in joint ventures are secured.

	At 31 March 2023 £000	At 31 March 2022 Restated <sup>1</sup> £000
Net assets	<b>608,675</b>	687,043
Gearing	<b>29%</b>	51%

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

## 20. Derivative Financial Instruments

	At 31 March 2023 £000	At 31 March 2022 £000
Derivative financial instruments asset	<b>23,245</b>	11,104
Derivative financial instruments liability	-	(538)

A gain on the change in fair value of £12,757,000 has been recognised in the Consolidated Income Statement (31 March 2022: £17,996,000).

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 2023 £000	At 31 March 2022 £000
Authorised	<b>39,577</b>	39,577

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

	At 31 March 2023 £000	At 31 March 2022 £000
Allotted, called up and fully paid:		
- 123,355,197 (31 March 2022: 122,325,413) ordinary shares of 1p each	<b>1,233</b>	1,223
	<b>1,233</b>	1,223

## 22. Net Assets Per Share

	At 31 March 2023 £000	Number of shares 000	p	At 31 March 2022 £000	Number of shares 000	p
IFRS net assets	608,675	123,355		687,043	122,325	
Adjustments:						
- own share sale		(283)				
Basic net asset value	608,675	123,072	495	687,043	122,325	562
- share settled bonus		561			662	
- dilutive effect of Performance Share Plan		751			1,657	
Diluted net asset value	608,675	124,384	489	687,043	124,644	551
Adjustments:						
- fair value of financial instruments	(23,245)			(10,565)		
- deferred tax	-			503		
- fair value of land and developments	302			302		
- real estate transfer tax	56,591			73,155		
EPRA net reinstatement value	642,323	124,384	516	750,438	124,644	602
- real estate transfer tax	(28,868)			(36,656)		
- deferred tax	-			(503)		
EPRA net tangible asset value	613,455	124,384	493	713,279	124,644	572
	At 31 March 2023 £000	Number of shares 000	p	At 31 March 2022 £000	Number of shares 000	p
Diluted net assets	608,675	124,384	489	687,043	124,644	551
Adjustments:						
- surplus on fair value of stock	302			302		
EPRA net disposal value	608,977	124,384	490	687,345	124,644	551

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 own 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 2023.

## 23. Related Party Transactions

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

	At 31 March 2023 £000	At 31 March 2022 £000
Charterhouse Place Limited group	577	405
Barts Square companies	79	79
Shirley Advance LLP	8	8
Old Street Holdings LP	-	3

An accounting and corporate services fee of £50,000 (March 2022: £50,000) was charged by the Group to the Barts Square companies. In addition, a development management, accounting and corporate services fee of £779,000 (31 March 2022: £1,380,000) 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 2023 £000	Year to 31 March 2022 £000
Gross rental income	– subsidiaries	36,555	35,324
	– joint ventures	287	317
Total gross rental income		36,842	35,641
Rents payable	– subsidiaries	(157)	(169)
Property overheads	– subsidiaries	(2,092)	(4,069)
	– joint ventures	(1,103)	(175)
<b>See-through net rental income</b>		<b>33,490</b>	<b>31,228</b>

**See-through Net Development Profits**

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

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
In parent and subsidiaries	2,005	3,519
In joint ventures	1,262	764
Total gross development profit	3,267	4,283
(Provision)/reversal of provision – subsidiaries	(30)	2,285
<b>See-through net development profits</b>	<b>3,237</b>	<b>6,568</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.

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Revaluation (deficit)/surplus on investment properties – subsidiaries	(97,854)	33,311
– joint ventures	5,095	18,473
Total revaluation (deficit)/surplus	(92,759)	51,784
Net gain/(loss) on sale of investment properties – subsidiaries	4,564	(45)
– joint ventures	66	-
Total net gain/(loss) on sale of investment properties	4,630	(45)
<b>See-through net (loss)/gain on sale and revaluation of investment properties</b>	<b>(88,129)</b>	<b>51,739</b>

**See-through Administration Expenses**

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

	Year to 31 March 2023 £000	Year to 31 March 2022 £000
Administration expenses – subsidiaries	9,845	9,598
– joint ventures	459	295
Total administration expenses	10,304	9,893
Performance related awards, including NIC – subsidiaries	2,990	7,170
Total performance related awards, including NIC	2,990	7,170
<b>See-through administration expenses</b>	<b>13,294</b>	<b>17,063</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 2023 £000	Year to 31 March 2022 £000
Interest payable on bank loans and overdrafts	– subsidiaries	8,284	10,169
	– joint ventures	2,703	2,407
Total interest payable on bank loans and overdrafts		10,987	12,576
Other interest payable and similar charges	– subsidiaries	2,908	9,065
	– joint ventures	203	181
Interest capitalised	– joint ventures	(1,815)	(2,142)
Total finance costs		12,283	19,680
Interest receivable and similar income	– subsidiaries	(274)	(6)
	– joint ventures	(23)	-
<b>See-through net finance costs</b>		<b>11,986</b>	<b>19,674</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 2023 £000	At 31 March 2022 £000
Investment property fair value	– subsidiaries	693,550	961,500
	– joint ventures	145,975	135,820
Total investment property fair value		839,525	1,097,320
Land and development stock	– subsidiaries	28	2,089
	– joint ventures	539	8,349
Total land and development stock		567	10,438
Total land and development stock surplus	– subsidiaries	302	302
Total land and development stock at fair value		869	10,740
<b>See-through property portfolio</b>		<b>840,394</b>	<b>1,108,060</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 2023 £000	At 31 March 2022 Restated <sup>1</sup> £000
Gross borrowings more than one year	– subsidiaries	226,677	396,633
Total		226,677	396,633
Gross borrowings more than one year	– joint ventures	59,416	39,585
Total		59,416	39,585
Cash and cash equivalents	– subsidiaries	(50,925)	(43,484)
	– joint ventures	(3,749)	(4,474)
Total		(54,674)	(47,958)
<b>See-through net borrowings</b>		<b>231,419</b>	<b>388,260</b>

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).



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

	At 31 March 2023 £000	At 31 March 2022 Restated <sup>1</sup> £000
Property portfolio	840,394	1,108,060
Net borrowings	231,419	388,260
Net assets	608,675	687,043
See-through net gearing	38.0%	56.5%
See-through loan to value	27.5%	35.0%

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

## 26. Total Accounting Return

	At 31 March 2023 £000	At 31 March 2022 £000
Brought forward IFRS net assets	687,043	608,161
Carried forward IFRS net assets	608,675	687,043
(Decrease)/increase in IFRS net assets	(78,368)	78,882
Dividends paid	13,842	12,582
Total accounting return	(64,526)	91,464
Total accounting return percentage	(9.4)%	15.0%

	At 31 March 2023 £000	At 31 March 2022 £000
Brought forward EPRA net tangible assets	713,279	658,663
Carried forward EPRA net tangible assets	613,455	713,279
(Decrease)/increase in EPRA net tangible assets	(99,824)	54,616
Dividends paid	13,842	12,582
Total EPRA accounting return	(85,982)	67,198
Total EPRA accounting return percentage	(12.1)%	10.2%

## 27. Total Property Return

	At 31 March 2023 £000	At 31 March 2022 £000
See-through net rental income	33,490	31,228
See-through development profits	3,237	6,568
See-through revaluation (deficit)/surplus	(92,759)	51,784
See-through net gain/(loss) on sale of investment properties	4,630	(45)
Total property return	(51,402)	89,535

## 28. Capital Commitments

The Group has a commitment of £1,700,000 (31 March 2022: £13,100,000), all of which relates to the finalisation of works at The JJ Mack Building, EC1.

## 29. Prior year adjustment

The Group has assessed the impact of the IFRS Interpretation Committee's (IFRIC) recent Agenda Decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party accounted for under IAS 7. The Group holds tenant deposits in separate bank accounts, the use of which is restricted under the terms of the lease agreements. Following the clarification by IFRIC, these tenant deposits are judged to meet the definition of restricted cash under IAS 7. The Group's accounting policy has been updated to align with this clarification.

The Group comparative balances have been restated to reflect this change in accounting policy, which resulted in the below reclassification of tenant deposits from trade and other receivables to cash and cash equivalents.

	31 March 2022 Restatement		31 March 2022 Restated	31 March 2021 Restatement		31 March 2021 Restated
Balance Sheet	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	28,807	14,677	43,484	154,448	12,779	167,227
Trade and other receivables	48,453	(14,677)	33,776	40,428	(12,779)	27,649
LTV	36.4%	(1.4)%	35.0%	22.6%	(1.5)%	21.1%

## 30. Post Balance Sheet Events

There were no material post Balance Sheet events.

## Appendix 1 – Five Year Review

### Income Statements

	Year ended 31.3.23 £000	Year ended 31.3.22 £000	Year ended 31.3.21 £000	Year ended 31.3.20 £000	Year ended 31.3.19 £000
<b>Revenue</b>	<b>49,848</b>	51,146	38,596	44,361	44,175
Net rental income	34,306	31,086	24,965	27,838	24,599
Development property profit	2,005	3,519	678	2,076	2,564
(Provisions)/reversal of provisions	(30)	2,285	(82)	1,198	(4,345)
Share of results of joint ventures	3,494	20,708	2,352	13,396	(3,217)
Other operating income	-	28	48	88	-
	<b>39,775</b>	57,626	27,961	44,596	19,601
Gain/(loss) on sale of investment properties	4,564	(45)	(1,341)	(1,272)	15,008
Revaluation (deficit)/surplus on investment properties	(97,854)	33,311	19,387	38,351	44,284
Fair value movement of available-for-sale assets	-	-	-	-	144
Administrative expenses excluding performance related awards	(9,845)	(9,598)	(9,276)	(10,524)	(10,858)
Performance related awards (including NIC)	(2,990)	(7,170)	(5,140)	(6,191)	(5,895)
Finance costs	(11,192)	(19,234)	(14,079)	(16,100)	(17,407)
Finance income	274	6	58	1,345	983
Change in fair value of derivative financial instruments	12,757	17,996	2,938	(7,651)	(3,322)
Change in fair value of Convertible Bond	-	-	-	468	865
Foreign exchange gains	-	-	-	8	53
<b>(Loss)/profit before tax</b>	<b>(64,511)</b>	72,892	20,508	43,030	43,456
Tax on profit on ordinary activities	-	16,002	(2,631)	(4,313)	(836)
<b>(Loss)/profit after tax</b>	<b>(64,511)</b>	88,894	17,877	38,717	42,620

### Balance Sheets

	At 31.3.23 £000	At 31.3.22 Restated <sup>1</sup> £000	At 31.3.21 Restated <sup>1</sup> £000	At 31.3.20 £000	At 31.3.19 £000
Investment portfolio at fair value	693,550	961,500	756,875	836,875	791,250
Land, trading properties and developments	28	2,089	448	852	2,311
Group's share of investment properties held by joint ventures	145,975	135,820	82,516	76,809	25,382
Group's share of land, trading and development properties held by joint ventures	539	8,349	16,545	34,164	56,935
Group's share of land and development property surpluses	302	302	578	578	578
Group's share of total properties at fair value	<b>840,394</b>	1,108,060	856,962	949,278	876,456
Net debt	175,752	353,149	169,476	273,598	227,712
Group's share of net debt of joint ventures	55,667	35,111	11,688	24,933	40,861
Group's share of net debt	<b>231,419</b>	388,260	181,164	298,531	268,573
Net assets	<b>608,675</b>	687,043	608,161	598,689	567,425
EPRA net tangible assets value	<b>613,455</b>	713,279	658,663	640,424	597,321
Dividend per ordinary share paid	<b>11.30p</b>	10.30p	8.70p	10.20p	9.60p
Dividend per ordinary share declared	<b>11.75p</b>	11.15p	10.10p	8.70p	10.10p
EPRA earnings/(loss) per ordinary share	<b>9.4p</b>	5.2p	(1.8)p	7.6p	(8.4)p
EPRA net tangible assets per share	<b>493p</b>	572p	533p	524p	494p

1. Trade and other receivables and cash and cash equivalents have been restated as at 31 March 2022 and 31 March 2021 following the IFRIC agenda decision in respect of demand deposits with restrictions on use arising from a contract with a third party (see Note 29).

## Appendix 2 – Property Portfolio

### London Portfolio – Investment Properties

Property	Description	Area sq ft (NIA)	Vacancy rate at 31 March 2023 %	Vacancy rate at 31 March 2022 %
<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	0.0	5.3
The Loom, E1	Multi-let office building	106,838	28.4	20.1
The JJ Mack Building, EC1	Multi-let office building	206,050	81.6	n/a
25 Charterhouse Square, EC1	Multi-let office building	42,921	15.2	4.4
The Power House, W4	Single-let recording studios/office building	21,268	0.0	0.0
		<b>710,709</b>	<b>19.8</b>	<b>6.9</b>
<b>Development pipeline</b>				
100 New Bridge Street, EC4	Single-let office building	167,026	2.6	0.0
		<b>877,735</b>	<b>16.1</b>	<b>6.7</b>

### London Portfolio – Development Properties

Property	Description	Total apartments	Unsold apartments at 31 March 2023	Unsold apartments at 31 March 2022
Barts Square, EC1	Residential apartments and 8 retail units	236	0	14

## Appendix 3 – EPRA Performance Measures

	At 31 March 2023	At 31 March 2022
EPRA net tangible assets	£613.5m	£713.3m
EPRA net reinstatement value per share	516p	602p
EPRA net tangible assets per share	493p	572p
EPRA net disposal value per share	490p	551p
EPRA net initial yield	3.9%	3.5%
EPRA “topped up” net initial yield	4.0%	4.5%
EPRA vacancy rate	16.3%	4.8%
EPRA cost ratio (including direct vacancy costs)	39.5%	52.8%
EPRA cost ratio (excluding direct vacancy costs)	35.7%	48.8%
EPRA earnings	£11.5m	£6.4m
EPRA earnings per share	9.4p	5.2p

## Appendix 4 – Risk Register

Risk	Description	Mitigating actions	Changes in risk severity
<p><b>STRATEGIC RISKS</b></p> <p>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.</p>			
<p><b>The Group's strategy is inconsistent with the market</b></p>	<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, let 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 interpreting 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 Covid-19 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 office is no longer seen as a fixed asset, but as an overall workplace experience that is not tied to a physical location and rather is influenced by increased investment in onsite amenities, better workplace technology, flexible space layout, work models and increased sustainability credentials.</p> <p>Consequently the likelihood of this risk has decreased.</p>
<p><b>Risks arising from the Group's significant development projects</b></p>	<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>The management team is highly experienced and has a track record of developing best-in-class office spaces in highly desirable, well connected locations.</p> <p>Management places 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 is required for commitments above a certain threshold.</p> <p>Management continuously monitors the cost of materials and pressures on supply chain and distribution networks. 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>Acceleration of digitalisation of logistics and supply chain management, such as real-time warning systems that forecast shortages at an early stage, is crucial to respond agilely and avoid delays in real estate developments.</p>	<p>The Group completed The JJ Mack Building, EC1 in September 2022 and is in preparation to start the enabling works at 100 New Bridge Street, EC4 later in the year, as well as progressing the three sites to be developed in joint venture with TfL.</p> <p>There continues to be the risk of insolvencies in the construction industry given the uncertainties around the future macroeconomic environment and geopolitical market influences.</p> <p>Despite technological advancements, supply chain bottlenecks as a result of the pandemic, recent geopolitical escalations and economic uncertainty (causing productions to slow or even halt), along with labour shortages, were, and still are, challenges for the sector and a risk for the global economy.</p> <p>Consequently the likelihood of this risk has remained the same.</p>

<p><b>Property values decline/reduced tenant demand for space</b></p>	<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>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>Whilst the impact of Covid-19 has reduced significantly, there remains a risk of continued economic downturn given the broader geopolitical climate, inflation and interest rate rises.</p> <p>This could result in further pressure on rent collection figures with a prolonged period of corporate failures, leading to a decline in occupancy and increase in office vacancies. This risk is further heightened by the recent bank failures and impact on liquidity.</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 through its forecasting process in order to prepare a considered approach to mitigating the potential impact.</p> <p>We continue to design and innovate in the areas of sustainability, technology, wellbeing and service provision and, working closely with our management agents, Ashdown Phillips, we engage with our occupiers to understand their evolving needs and respond quickly and collaboratively to any changing requirements.</p> <p>The Board and management team continually monitor the property market. 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>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>Despite the strong market sentiment towards new, best-in-class office space and given Helical's Grade A portfolio, the severity of this risk has been increased to reflect the yield shifts seen in the market in response to inflation and interest rate rises and recent bank failures.</p>
<p><b>Geopolitical and economic</b></p>	<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>Macro-economic drivers, such as interest rates, can significantly impact pricing in the real estate market. For example, in order to curb inflation the Bank of England has raised interest rates further and this will increase the cost of borrowing, which will in turn provide challenge for investors.</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). Geopolitical risks lead to changed market dynamics and influence, such as the increasing role of governments in economies and the shifts in geopolitical powers.</p> <p>The ongoing transition of the UK from the EU remains a risk and has an impact on global trade.</p>	<p>Management monitors macroeconomic research and economic outlook considerations are incorporated into the Group's annual business plan.</p> <p>Management conducts 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>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>Geo-political uncertainty from conflicts continues to affect global and local economies e.g. inflationary pressures arising from supply chain shortages, interest rate rises and cost of energy. These conflicts could escalate or spread to include other countries.</p> <p>More recently, the banking sector has seen turmoil with the collapse of the Silicon Valley Bank and the acquisition of Credit Suisse by UBS. This has caused instability in the global markets and concern for the rest of the financial sector.</p> <p>However, whilst the duration of inflation will significantly impact the sector along with the still uncertain responding behaviour of investors, real estate as a sector – along with real estate portfolios – will remain an attractive asset class.</p> <p>Overall, this risk has increased.</p>

<p><b>Climate change</b></p>	<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 income or decline in property values. Having strong sustainability credentials is a market differentiator and provides a competitive advantage.</p> <p>There is also the 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 and the actions taken to safeguard against it.</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 Board has a designated Non-Executive Director responsible for sustainability. The Committee sets appropriate targets and KPIs to effectively monitor the Group's performance.</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 TCFD statement. The Group will conduct detailed scenario analysis of the risks and opportunities on an annual basis to ensure the appropriate actions/responses are taken.</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>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>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>Building and operating buildings which are resilient to climate change protects Shareholder value. Identifying the risks and opportunities that are material to us as a business under a number of different climate scenarios allows us to appropriately align our mitigation plan and long-term strategy.</p> <p>This risk to the business has not changed since March 2022.</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, cash resources and potential breach of loan covenants</b></p>	<p>The inability to roll over existing facilities or take out new borrowing could impact 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 and requires new sources of debt to finance its development programme.</p> <p>The Group is at risk of increased interest rates on unhedged borrowings.</p> <p>If the Group breaches debt covenants, lending institutions may require the early repayment of borrowings.</p>	<p>The Group maintains good relationships with many established lending institutions and borrowings are spread across a number of such lenders.</p> <p>Funding requirements are reviewed monthly by the management team, which seeks 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 weekly 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>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>During the year the Group restructured its hedging to further protect its Revolving Credit Facility from rising interest rates. This has resulted in the interest rate on drawn amounts up to £250m under the RCF being fixed for the duration of the facility to July 2026.</p> <p>The rise in interest rates will increase the cost of financing new development opportunities.</p> <p>The pandemic and ensuing economic uncertainty have put some tenants under cash flow pressure.</p> <p>The Group has cash and undrawn bank facilities available to it and an appropriate level of borrowings. However, given the recent banking failures and economic climate, we have increased the severity of this risk.</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 and relationships with business partners and reliance on external partners</b></p>	<p>The Group's continued success is reliant on its management and staff and maintaining its successful relationships with its joint venture partners.</p> <p>Ineffective succession planning, or failure to attract, develop and retain the right people with requisite skills, as well as failing to maintain a positive working environment for employees, could inhibit the execution of our strategy and diminish our long-term sustainability.</p> <p>As several of the Group's properties are held in conjunction with third</p>	<p><u>Our people</u></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</p>	<p>Although there is 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 support the long-term success of the business.</p> <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>parties, the Group's control over these properties is more limited and these structures may 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>	<p>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><u>Business partners</u></p> <p>The Group nurtures well established relationships with joint venture partners, seeking future projects where it has had previous successful collaborations.</p> <p>Management has a strong track record of working effectively with a diverse range of partners.</p> <p>Our joint venture business plans are prepared to ensure operational and strategic alignment with our partners.</p> <p><u>External partners</u></p> <p>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.</p> <p>The Group has a highly experienced team managing its properties, which regularly conduct on-site reviews and monitors cash flows against budget.</p> <p>The Group seeks to actively monitor and maintain excellent relationships with its specialist professional advisors, often engaging parties with whom it has successfully worked previously.</p>	<p>Given our reliance on external third parties to ensure the successful delivery of our development programmes and asset management, these external factors could have a significant impact on our business.</p> <p>This risk has remained at the same level as assessed in March 2022.</p>
<p><b>Health and safety</b></p>	<p>The nature of the Group's operations and markets exposes 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>Whilst the amount of on-site development has fallen, this remains a key area of focus for the business and the risk remains the same.</p>
<p><b>Significant business disruption/external catastrophic event/cyber-attacks to our business and our buildings</b></p>	<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>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 and reputation.</p>	<p>In the event of a significant event:</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>Global rollout of Covid-19 vaccinations has reduced the probability of further significant and prolonged disruption due to the disease.</p> <p>The current Russo-Ukrainian war and associated sanctions are continuing to put pressure on global supply chains and economies.</p> <p>Furthermore, the UK's terrorism national threat level continues to be rated as "substantial".</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>



	<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.</p> <p>The Group increasingly employs IT solutions across its property portfolio to ensure its buildings are "smart".</p> <p>The Group is at risk of being a victim of social engineering fraud.</p>	<p>Testing of business resilience and risk planning is conducted throughout the year.</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 and disaster recovery network vulnerability testing to identify emails of a suspicious nature, ensuring these are flagged to the IT providers, and ensures 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 cyber-attack.</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>	
--	--	---	--

**REPUTATIONAL RISKS**

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

<p><b>Poor management of stakeholder relations and non-compliance with prevailing legislation, regulation and best practice</b></p>	<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 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-</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>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> <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,</p>	<p>This risk is consistent for the business due to the ever changing legal and regulatory landscape the business operates in. Impact of regulatory change and scrutiny on operational resilience and management practices continues to be a risk for our business.</p> <p>Therefore, the risk remains at a similar level.</p>
---	--	--	---

	<p>compliance may also result in financial penalties.</p>	<p>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 regulations.</p>	
--	---	---	--

## 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).

**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.

**HELICAL PLC**

Registered in England and Wales No.156663

Registered Office:  
5 Hanover Square  
London  
W1S 1HQ

T: 020 7629 0113

F: 020 7408 1666

E: [reception@helical.co.uk](mailto:reception@helical.co.uk)

[www.helical.co.uk](http://www.helical.co.uk)