



# **Helical Bar plc** Report & Accounts 2013



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## financial highlights

Diluted EPRA earnings per share<sup>1</sup>

2.4p

2012: 3.4p

Diluted EPRA net asset value per share<sup>1</sup>

264p

2012: 250p

Portfolio valuation<sup>2</sup>

£626.4m

2012: £572.7m

Final proposed dividend per share

3.70p

2012: 3.40p

IFRS net assets

£253.8m

2012: £253.7m

Portfolio return<sup>3</sup>

8.6%

2012: 5.6%

<sup>1</sup> Calculated in accordance with the best practice recommendations of EPRA.

<sup>2</sup> Includes the Group's share of properties held in joint ventures and the surplus on directors' valuation of trading and development stock.

<sup>3</sup> Unleveraged return of property portfolio according to IPD.

# what we do

## Helical Bar: a property investment and development company

Helical aims to deliver market leading returns by acquiring high yielding investment properties, applying a rigorous approach to asset management and deploying limited equity through a variety of different structures into development situations which have the potential to be highly profitable.

Our spread of activities gives us flexibility to deploy capital rapidly across our business and focus on whatever opportunities offer the best returns at different points of the property cycle.

We aim to make excellent returns for our shareholders (which include the management team who own 15% of the company) through a wide variety of high margin activities.

Our core areas include central London offices and high yielding retail investments, central London developments and refurbishment projects pre-let regional foodstore developments and retirement villages.



Barts Square, London EC1

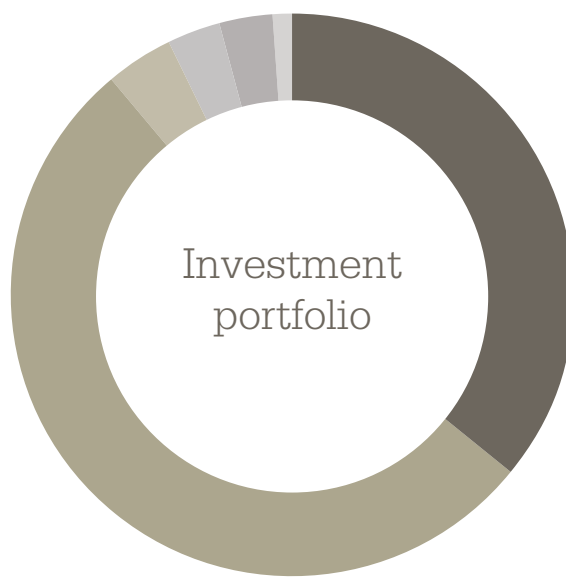
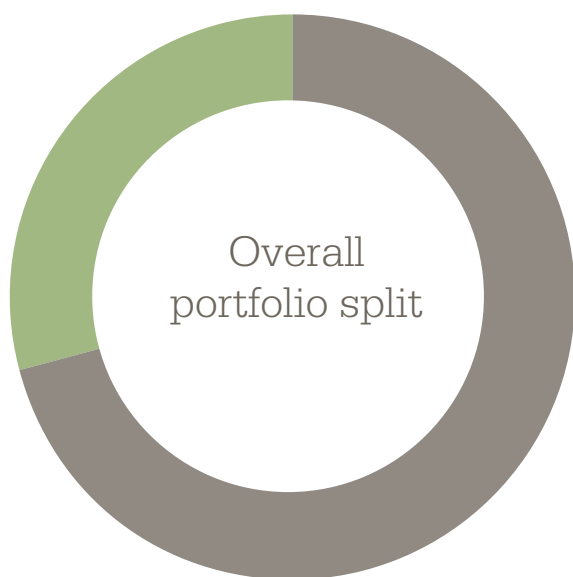


Brickfields, White City, London W12



Clyde Shopping Centre, Clydebank

# helical at a glance



Investment 71%  
Trading and development 29%

London offices 36%  
In town retail 53%  
South East Offices 4%  
Out of town retail 3%  
Industrial 3%  
Other 1%



## London investment

### Key projects

Battersea, London SW8  
Broadway House, London W6  
Shepherds Building, London W14  
Old St, London, EC1  
Barts Square, London EC1



## Retail investment

### Key projects

The Morgan Quarter, Cardiff  
Clyde Shopping Centre, Clydebank  
Corby Town Centre, Corby  
Idlewells Shopping Centre, Sutton-in-Ashfield  
The Guineas, Newmarket



## Central London development

### Key projects

200 Aldersgate St, London EC1  
Mitre Square, London EC3

3.12 acre

Freehold interest at Old St

2.0m sq ft

Of retail investment space

273,000 sq ft

Office consent at Mitre Square

## helical at a glance

**Trading and development portfolio (Helical's share)**

| Project type        | Book value<br>£m | Fair value<br>£m | Surplus<br>£m | % of development<br>portfolio (fair value) |
|---------------------|------------------|------------------|---------------|--------------------------------------------|
| Office              | 15.6             | 27.3             | 11.7          | 12.44                                      |
| Retail              | 22.3             | 23.6             | 1.3           | 10.75                                      |
| Industrial          | 1.4              | 1.4              | –             | 0.64                                       |
| Mixed use           | 5.0              | 22.4             | 17.4          | 10.19                                      |
| Change of use       | 4.6              | 6.8              | 2.2           | 3.11                                       |
| Retirement villages | 55.3             | 72.6             | 17.3          | 33.07                                      |
| Poland              | 65.4             | 65.4             | –             | 29.80                                      |
| <b>Total</b>        | <b>169.6</b>     | <b>219.5</b>     | <b>49.9</b>   | <b>100.00</b>                              |

Note: the table above includes the Group's share of development properties held in joint ventures.

**West London  
development****Key projects**

Brickfields, London W12  
King St, Hammersmith, London W6

**Retail  
development****Key projects**

Parkgate, Shirley, West Midlands  
Leisure Plaza, Milton Keynes  
Europa Centralna, Poland

**Retirement  
villages****Key projects**

Bramshott Place, Liphook  
Durrants Village, Faygate  
Maudslay Park, Great Alne  
Millbrook Village, Exeter

c1.5m sq ft

Size of mixed use scheme at White City

March 2013 618 units

Europa Centralna open for trade

In our retirement village programme

200 Aldersgate Street,  
London, EC1

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# chairman's statement

**Your Company has had a very good year against a backdrop of challenging, albeit improving, economic conditions. The total unleveraged return of its property portfolio, as measured by IPD, was 8.6%, the Company's best return since 31 March 2007, compared to the IPD Universe of March valued funds of 3.9%.**

Total property return increased by 31% to £35.9m (2012: £27.5m) and included growing net rents of £24.5m (up 7.0% from £22.9m in 2012) and development profits of £7.0m (2012: £0.7m). Diluted EPRA net asset value per share increased 5.6% to 264p (2012: 250p). Total Shareholder Return for the year to 31 March 2013 was 28.4%, compared to returns for the Listed Real Estate Sector of 21.8% and for the UK Equity Market as a whole of 16.8%. These results allow the Board to continue its progressive dividend policy and to recommend to shareholders a final dividend of 3.70p, taking the total for the year to 5.55p, an increase of 7.8%.

The year has seen many successes in the Company's investment portfolio and development programme. Asset management initiatives have driven the net income of the Group forward and, at 31 March 2013, passing net rents were £28.7m (2012: £25.9m). Our share of the surplus on revaluation of investment properties, including those held in joint ventures, was £6.8m (2012: £4.2m) and the investment portfolio is now valued at £407.0m (2012: £394.1m). On the development side we have delivered against many of the milestones set at the beginning of the financial year, most notably at 200 Aldersgate Street, London EC1, where we have as of today let 90% of the 348,000 sq ft refurbished office building (with a further 6% under offer), at our 1.5m sq ft development at Brickfields, White City where we have received planning consent and contracts have been exchanged for a sale of the site, and at our 450,000 sq ft redevelopment of Barts Square, London EC1, where we have received a resolution to grant planning consent.

Despite frequent commentary that banks are not lending enough to the private sector, there is clearly an appetite amongst banks to lend to well managed, profitable and stable public companies in the real estate sector. We continue to enjoy excellent relationships with our banking partners with c. £290m of new or renewed facilities agreed since the beginning of 2012, extending our debt maturity to 3.3 years. With interest rates continuing at historic lows, we have been able to ensure that we are adequately protected against future interest rate rises, thereby securing growing income surpluses, strong cash flows and good interest cover.

During the year we consulted with shareholders on a proposed new annual bonus scheme, designed to codify the existing discretionary scheme, rewarding participants based on the results of the business and seeking greater alignment of executive remuneration with shareholders' interests. The resulting bonus scheme, incorporating the feedback received from shareholders holding more than 50% of our share register, was approved by over 95% of shareholders who voted at the 2012 AGM. I am delighted this year's results have allowed participants in the scheme to receive bonuses in the form of cash payments and deferred shares.

Consultation with shareholders was also undertaken with regard to changes to the Board during the year. Richard Gillingwater, Senior Independent Director, and Richard Grant, Audit Committee Chairman, joined as independent non-executive directors and I welcome both of them to the Board. I congratulate my former deputy, Tim Murphy, who replaced me as Finance Director when I became Chairman, having served as Finance Director for the last 25 years. Our former Chairman, Giles Weaver, served with distinction during his time on the Board and I would like to thank him as well as Antony Beevor and Wilf Weeks, who have also retired, for their invaluable contributions to the Board and its Committees.

After a challenging five years, I believe we are on the cusp of returning to delivering outperformance. Looking forward, we will benefit from a rebalanced portfolio with a strong and growing income stream which we intend to increase significantly in the next year. In addition, our development portfolio is expected to deliver substantial profits and cash returns over the same period and in the following years. We look forward to these two elements of our business combining to generate strong returns and value on behalf of all our shareholders.

**Nigel McNair Scott,**  
Chairman

23 May 2013

# chief executive's statement

It is worth restating the Company's strategy to re-emphasise our focus and differentiate ourselves from our peer group. We are a property investment and development company whose objective is to maximise shareholder returns by driving income, repositioning assets to deliver capital growth and generating substantial development gains employing limited amounts of our own equity. This simple strategy is once again starting to bear fruit and deliver industry outperformance.

## Helical's strategy

- Our investment portfolio includes high yielding multi-let retail located throughout the UK and offices in central London. Through intensive property management we have been able to grow income and enhance capital values. An analysis of the properties we hold demonstrates how we have managed to circumvent the well documented pitfalls in the UK's retail sector to maintain positive rental returns. We can now look forward to capital growth for good quality secondary stock as those investors seeking better yields now move up the risk curve. The balance of our investment portfolio has increased its weighting towards central London office investments where we have concentrated our efforts over the last two years and where our main focus now lies.
- Having created stable positive income returns the Company is now able to progress with a number of new developments and refurbishments where by carrying out land assembly, planning and in some cases securing pre-letting or pre-funding, we can create significant returns with little capital or balance-sheet exposure. It should be noted that projects at 200 Aldersgate EC1, in partnership with the Deutsche Pfandbriefbank, and the Brickfields, White City W12 development, acting as development partner with Aviva Investors, have involved limited use of your Company's capital. We shall remain focussed on central London schemes for the length of the current market cycle.
- In previous reports I have referred to Helical Retail's success in securing a number of foodstore-led developments throughout the Midlands and the South East. Acting with our long standing partners at Oswin Developments, we have now optioned or have exclusivity over eight projects with further deals in the pipeline. Despite recent reports of retrenchment by the major foodstore companies, our outstanding relationships and reputation have enabled us to obtain sites in those areas still under-serviced and in demand from foodstore retailers. The projects will be pre-sold to investment partners.

- It would be wrong not to acknowledge our position as one of the UK's leading developers of retirement villages. These take the form of 150+ units set around a clubhouse in parkland settings for sale to those over 55 years of age. With the benefit of advantageous bank facilities, we have embarked on three new projects comprising of 467 units on sites near Horsham in Sussex, Stratford-upon-Avon in Warwickshire and Exeter in Devon. Success at Liphook (151 units), despite the challenges of the last five years, gives us the encouragement to continue with this specialist sector in partnership with Urban Renaissance Villages.
- We remain grateful to our supportive bankers who have proved ever-willing to respond positively and quickly to requests we put to them. This enables us to be quick to take advantage of opportunities that arise. You will note that we have successfully increased our banking facilities during the year, extending their maturity dates. This process will continue and we will look to further extend and diversify our sources of funding.

## Our market

Our path through the next three years becomes clearer by the day. We will maintain our high yielding investment portfolio and look to reinvest cash receipts from sales of our trading and development stock into accretive acquisitions with a strong emphasis on central London. I regard our successful investment in foodstore development and the retirement village business as valuable profit generators that sit beside our main focus on the opportunities we see in central London.

Overseas equity continues to be a vital element in today's property market. It is not and never has been our role to compete to invest in prime stock, but rather to use our expertise to create prime investments for sale into a strong market. We are confident that given the skills and experience we provide and the financial partners with whom we are involved, the next few years will see enhanced profits.

# chief executive's statement

Silverthorne Road, Battersea  
London SW8



We believe that our market is now moving out of recession, albeit slowly. Much of the potential overhaul of bad bank debt is being taken out by globally financed debt acquisitions and vast sums of 'equity' continue to seek to invest in the UK, safe in the knowledge that we enjoy the 'rule of law' and a steady state economy.

## Helical's progress

We were delighted to announce last week the letting of 80,909 sq ft to FTI Consulting at 200 Aldersgate which triggers our entitlement to a profit share. In similar vein we have announced the sale of the Brickfields, White City project where we have acted as development partner on behalf of Aviva. Once this sale contract has been completed, we will be entitled to a profit share, the details of which we will be able to disclose at that time. We anticipate both the above transactions will create substantial profits to be recognised in the accounts for the year to 31 March 2014.

At Mitre Square, EC3, we have commenced demolition and, following granting of planning consent at Barts Square, EC1, we are preparing for development in January 2015. We are also hopeful of submitting a planning application in July for the Hammersmith Town Hall project in partnership with Grainger, and anticipate consent for our major refurbishment at 207-211 Old Street at "Silicon Roundabout" prior to the end of the year.

As has already been announced we have completed our major Polish retail development at Gliwice where we maintain a 50% interest with a pre-agreed take-out in approximately 18 months' time by our partner, clients of Standard Life.

## Summary

Happily the 'Helical Model' is alive and well. My thanks to the Helical team, our investment partners, our bankers, the many property agents and corporate advisors with whom we have the pleasure of dealing with day to day. Last but by no means least, our thanks to you, our shareholders, for your support.

**Michael Slade,**  
Chief Executive

23 May 2013

# strategy and performance

## Investment strategy

**The investment portfolio, which is mainly let and income producing, has two main purposes:**

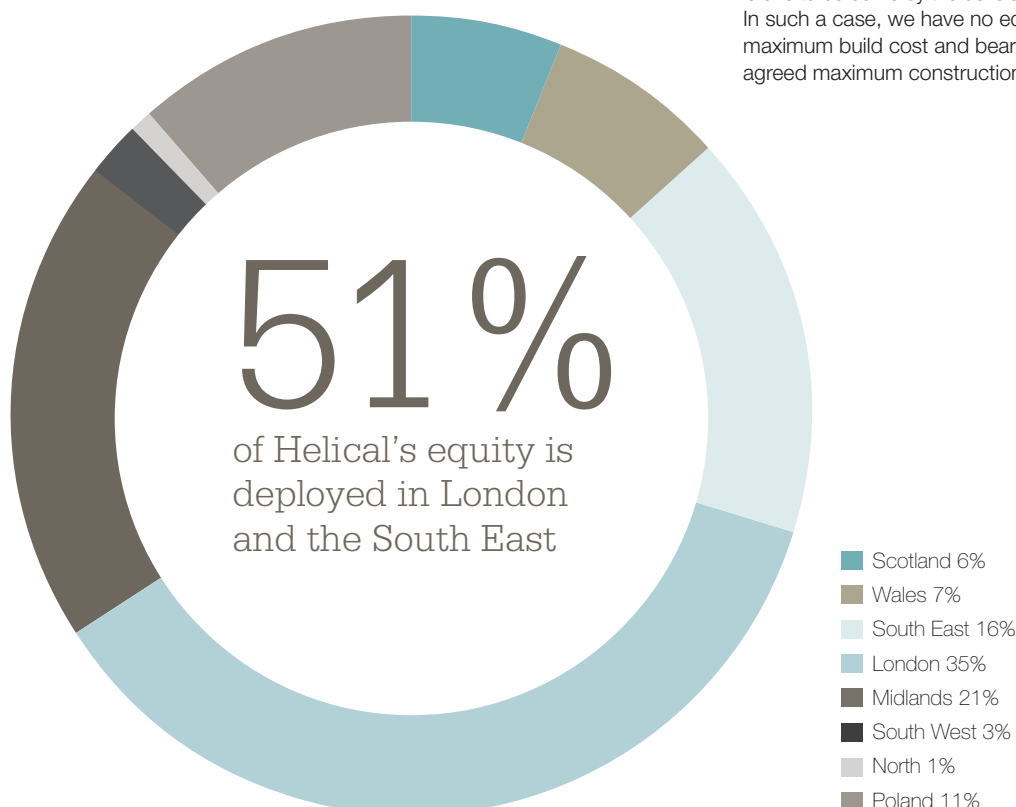
- To provide a steady income stream to cover overheads, interest and dividends;
- To produce above average capital growth over the cycle to contribute to growth in the Group's net asset value.

We seek to achieve these aims through careful, disciplined selection of properties, generally comprising multi-let offices in London, shopping centres, industrial estates and mixed-use portfolios. Our key aim, when undertaking this selection process, is to seek to ensure that there is sustainable demand from potential occupiers for all of our assets.

We frequently refurbish and/or extend our properties. We also work closely with tenants with the aim of maintaining maximum occupancy in our portfolio properties. Our relationships with these tenants can lead to opportunities to increase value through re-gearing leases or moving tenants within a building as their respective businesses expand or contract.

Additionally, we may purchase entirely vacant buildings (such as the Morgan Quarter, Cardiff or Shepherds Building, London W14) with a view to carrying out a major refurbishment and, where we are confident that the occupational market is strong enough to allow the majority of the building to be let quickly.

## Our portfolio by equity invested



## Development strategy

**We employ a wide variety of approaches to our development activities. The Group aims to limit the amount of equity that it deploys into development situations through a variety of different structures which are explained below. These aim to maximise the Group's share of profits in a development by leveraging the capital employed by the Group and with a view to managing the risks inherent in the development process.**

- Participation in profit share situations where no equity investment is required, where we will seek to minimise our ongoing fee to maximise our profit share so that our interests are completely aligned with our partners. In this way, for minimal equity commitments, we can benefit from a significant profit share if we contribute to a project's success by using our skills and experience through the entire development process. This participation method was used in connection with our investments in the Fulham Wharf and 200 Aldersgate developments.
- Reduce up-front equity required by entering into conditional contracts or options. We have used this approach in the context of our Mitre Square development (where Helical has entered into conditional contracts) and our foodstore led supermarket development programme (where land is optioned or put under contract conditional on achieving planning permission and pre-let to a supermarket operator) thereby mitigating the risks of the developments.
- Co-investment alongside a larger partner where we have a minority equity stake, where we will typically receive a "waterfall" payment subject to certain conditions being met. Such waterfall payments tend to be structured in a manner where we receive a greater profit share than our percentage investment depending upon the success of the project. This investment method is used in our investments in the Barts Square, Old Street and White City developments.
- Traditional forward funding, where the cost of the development overrun is one to be borne by the developer for a commensurate profit participation. In such a case, we have no equity in the property but underwrite a maximum build cost and bear the risk of costs being in excess of an agreed maximum construction price.

## Our risk strategy

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

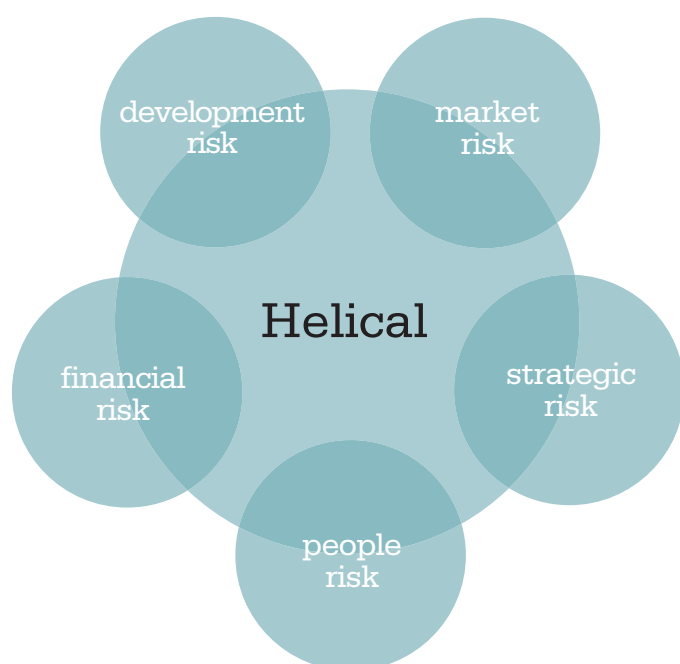
Risk management starts at Board level where the Directors set the overall risk appetite of the Group and the individual risk policies. These risk policies are the framework used by Helical's management to run the business.

Part of management's role is to act within these policies and to report to the Board on how these policies are being operated.

The Group's risk appetite and specific risk policies are continually assessed by the Board to ensure that they are appropriate and consistent with the Group's overall strategy and the external market conditions. The effectiveness of the Group's risk management strategy is reviewed annually by the Directors.

The risks faced by the Group do not change significantly from year to year but their importance and the Group's response to them vary in accordance with the changes in the internal and external environment. The Board considers not only the current situation but also potential future scenarios and how these might impact our business when setting the Group's policies.

Helical sees its principal uncertainties as falling within the following categories:



Market risks are risks specific to the economy as a whole and to the property sector. These include the UK economy falling into recession again and falling property prices.

Strategic risk includes the risk that Helical's business strategy or capital structure results in the Group underperforming the rest of the property sector, or being unable to take advantage of opportunities that may arise. Helical's strategy is regularly discussed by the Board to ensure that it is appropriate.

Helical is subject to a number of financial risks due to the way it is funded. These include the risk that interest rates rise, the risk that Helical does not have ability to access cash as it is required and the risk that the Group's lenders no longer wish to offer loans to it. These risks are carefully managed by arranging debt repayment dates to spread the maturity profile of bank loans over several years, seeking medium to long term debt, limiting the impact of potential interest rate rises through the use of interest rate swaps and caps, ensuring the availability of resources through the preparation of detailed medium and long term cash forecasts, retaining a significant level of cash or undrawn committed bank facilities and ensuring strong relationships are maintained with all the major real estate lenders.

Helical's continued success is reliant on our management and staff and successful relationships with our joint venture partners. People risks include the inability of Helical to find the right personnel to carry out our strategy. The retention and incentivisation of our staff is of great importance to Helical and executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the Group's position as a market leader and to reward them for enhancing shareholder value and returns. We insist that our employees and joint venture partners act with both ethical and health & safety considerations at the forefront of their decision making processes.

The Group derives a significant part of its results from development activity. Development profits are more likely to be subject to fluctuation due to external factors as they are more opportunistic in nature. Development risks include: changes in planning legislation, difficulty in managing current developments and a scarcity in future development opportunities. Helical has an experienced development team with an excellent track record and a well established network of joint venture partners, contractors and professional advisors. Helical has no set formula for managing its developments and delivers development projects through a variety of means including using our own capital, bringing in joint venture partners and forward funding development projects.

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

A more detailed analysis of these risks and what steps the Group takes to mitigate these risks can be found in appendix II on page 104.

## strategy and performance

### Performance

**A property company's share price should reflect growth in net assets per share. Our Group's main objective is to maximise growth in assets from increases in investment portfolio values and from retained earnings from other property related activities.**

#### Key performance indicators and benchmarks

We incentivise management to outperform the Group's competitors by setting the right levels for performance indicators against which rewards are measured. We also design our remuneration packages to align management's interests with shareholders' aspirations. Key to this is the monitoring and reporting against identifiable performance targets and benchmarks. For a number of years we have reported on these, the most important of which are:

#### Investment Property Databank

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

IPD has compared the ungeared performance of Helical's total property portfolio against that of portfolios within IPD for the last 20 years. The Group's annual performance target is to exceed the top quartile of the IPD database. Helical's ungeared performance for the year to 31 March 2013 was 8.6% (2012: 5.6%) compared to the IPD median benchmark of 3.9% (2012: 6.4%) and upper quartile benchmark of 4.7% (2012: 7.0%).

The three years to 31 March 2013 was a period during which the Group continued to transform its property holdings and this has had an impact on performance in that period. However, over five, ten and twenty years the Group's property portfolio continued to outperform the IPD benchmark.

#### Net asset value

Net asset value per share represents the share of net assets attributable to each ordinary share. Whilst the basic and diluted net asset per share calculations provide a guide to performance, the property industry prefers to use an adjusted diluted net asset per share. The adjustments necessary to arrive at this figure are shown in note 32 to these accounts.

Management is incentivised to exceed 15% p.a. growth in net asset value per share. The diluted net asset value per share, excluding trading stock surplus, at 31 March 2013 was 217p (2012: 217p).

Including the surplus on valuation of trading and development stock, the diluted EPRA net asset value per share at 31 March 2013 was 264p (2012: 250p). Diluted EPRA triple net asset value per share was 259p (2012: 246p).

#### Other key performance indicators include:

- a surplus of net rental income over finance costs, overheads and dividends;
- staff retention and average length of service; and
- inclusion in the FTSE4Good Index.

Europa Centralna, Gliwice  
720,000 sq ft of  
out-of-town retail space



## strategy and performance

## Helical Bar portfolio unleveraged returns to 31 March 2013

|                           | 1 yr<br>%pa | 3 yrs<br>%pa | 5 yrs<br>%pa | 10 yrs<br>%pa | 20 yrs<br>%pa |
|---------------------------|-------------|--------------|--------------|---------------|---------------|
| Helical                   | 8.6         | 5.6          | 3.7          | 10.8          | 14.4          |
| IPD                       | 3.9         | 7.2          | 1.5          | 6.1           | 8.9           |
| Helical's Percentile Rank | 5           | 61           | 12           | 1             | 1             |

Source: Investment Property Databank.

Helical's trading & development portfolio (29% of gross assets as measured by IPD) is shown in IPD at the lower of book cost or fair value and uplifts are only included on the sale of an asset.

## Total Gross Shareholder Return

|                                 |   | 1 year<br>pa<br>% | 3 years<br>pa<br>% | Performance measured over |                     |                     |  |  | 20 years<br>pa<br>% | 25 years<br>pa<br>% |
|---------------------------------|---|-------------------|--------------------|---------------------------|---------------------|---------------------|--|--|---------------------|---------------------|
|                                 |   |                   |                    | 5 years<br>pa<br>%        | 10 years<br>pa<br>% | 15 years<br>pa<br>% |  |  |                     |                     |
| Helical Bar plc                 | 1 | 28.4%             | -9.5%              | -7.1%                     | 9.1%                | 9.2%                |  |  | 14.7%               | 10.0%               |
| UK Equity Market                | 2 | 16.8%             | 8.8%               | 6.7%                      | 10.7%               | 4.6%                |  |  | 8.1%                | 9.4%                |
| Listed Real Estate Sector Index | 3 | 21.8%             | 9.8%               | -4.0%                     | 7.2%                | 3.2%                |  |  | 7.0%                | 5.1%                |
| Direct Property - monthly data  | 4 | 2.5%              | 6.6%               | 1.0%                      | 5.7%                | 7.3%                |  |  | 8.5%                | 8.1%                |

1 Growth over 1 year, 3 years etc to 31/03/13

2 Growth in FTSE All-Share Return Index over 1 year, 3 years etc to 31/03/13

3 Growth in FTSE 350 Real Estate Super Sector Return Index over 1 year, 3 years, 5 years and 10 years to 31/03/13. For data prior to 30 September 1999 FTSE All Share Real Estate Sector Index has been used.

4 Growth in Total Return of IPD UK Monthly Index (All Property) over 1 year, 3 years etc to 31/03/13



# events of the year



## White City, London W12

In March 2013, and in joint venture with Aviva, we received a resolution to grant planning permission for a residential led mixed use scheme comprising c.1.25 million sq ft of residential, 210,000 sq ft of commercial, and 60,000 sq ft of retail, leisure and community uses. Since the year end contracts have been exchanged to sell the site.

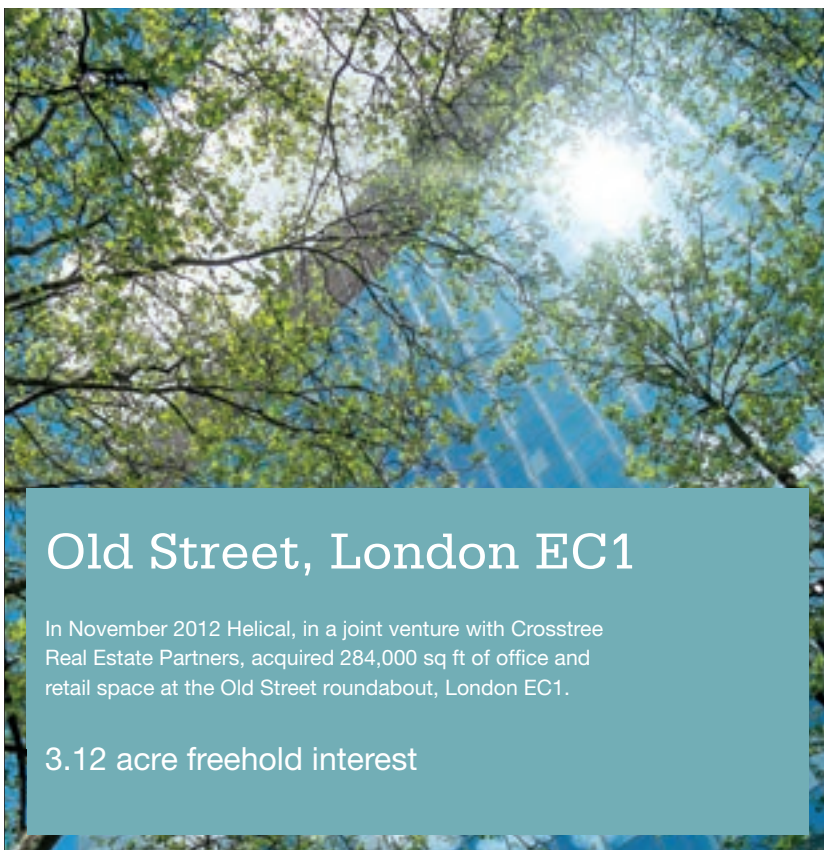
1.5m sq ft mixed use



## Barts Square, London EC1

In November 2012 we received a resolution to grant planning permission to build 225,000 sq ft of office space, 215 high quality residential apartments across a number of buildings and retail at ground floor level.

3.2 acre mixed use development



## Old Street, London EC1

In November 2012 Helical, in a joint venture with Crosstree Real Estate Partners, acquired 284,000 sq ft of office and retail space at the Old Street roundabout, London EC1.

3.12 acre freehold interest



## Europa Centralna, Gliwice

The 720,000 sq ft out-of-town retail scheme opened in March 2013. The scheme is currently 80% let with tenants including Tesco, Castorama, Media Saturn and Sports Direct.

720,000 sq ft shopping centre and retail park

## events of the year



## Fulham Wharf, London SW6

In June 2012, housebuilder Barratts bought the site from Sainsburys enabling Helical to recognise its profit share with cash receivable when Sainsburys receives its consideration.

100,000 sq ft store and 463 residential units

## 200 Aldersgate Street, London EC1

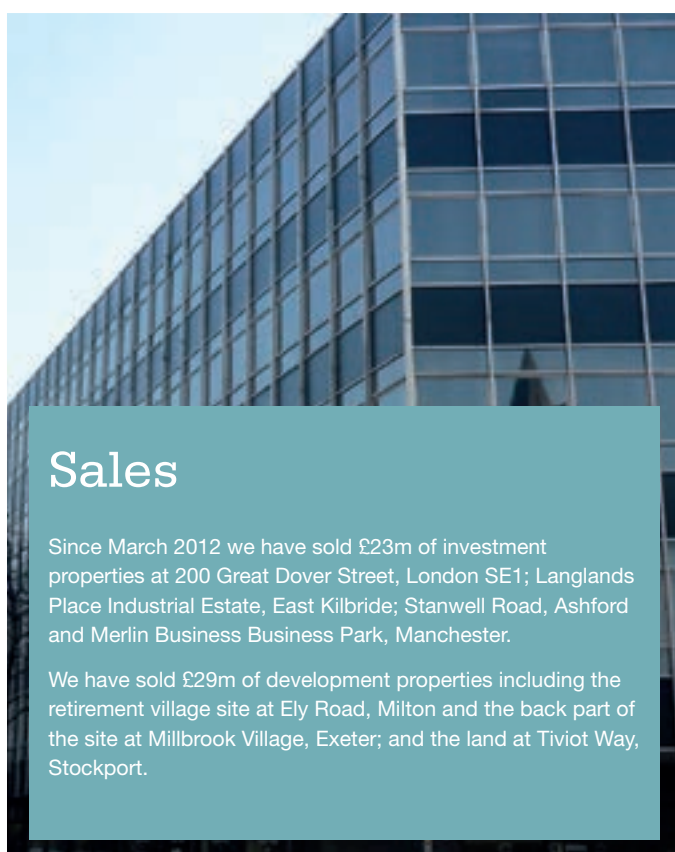
By 31 March 2013, Helical had let 208,261 sq ft with a further 103,323 sq ft let since then and 21,430 sq ft under offer.



## Parkgate, Shirley, West Midlands

At Parkgate, Shirley, in joint venture with Coltham Developments, construction continues of an 80,000 sq ft Asda foodstore, and 78,000 sq ft of retail and leisure accommodation, 50% of which is in solicitors' hands.

Construction started in April 2012



## Sales

Since March 2012 we have sold £23m of investment properties at 200 Great Dover Street, London SE1; Langlands Place Industrial Estate, East Kilbride; Stanwell Road, Ashford and Merlin Business Business Park, Manchester.

We have sold £29m of development properties including the retirement village site at Ely Road, Milton and the back part of the site at Millbrook Village, Exeter; and the land at Tiviot Way, Stockport.

# investment portfolio overview

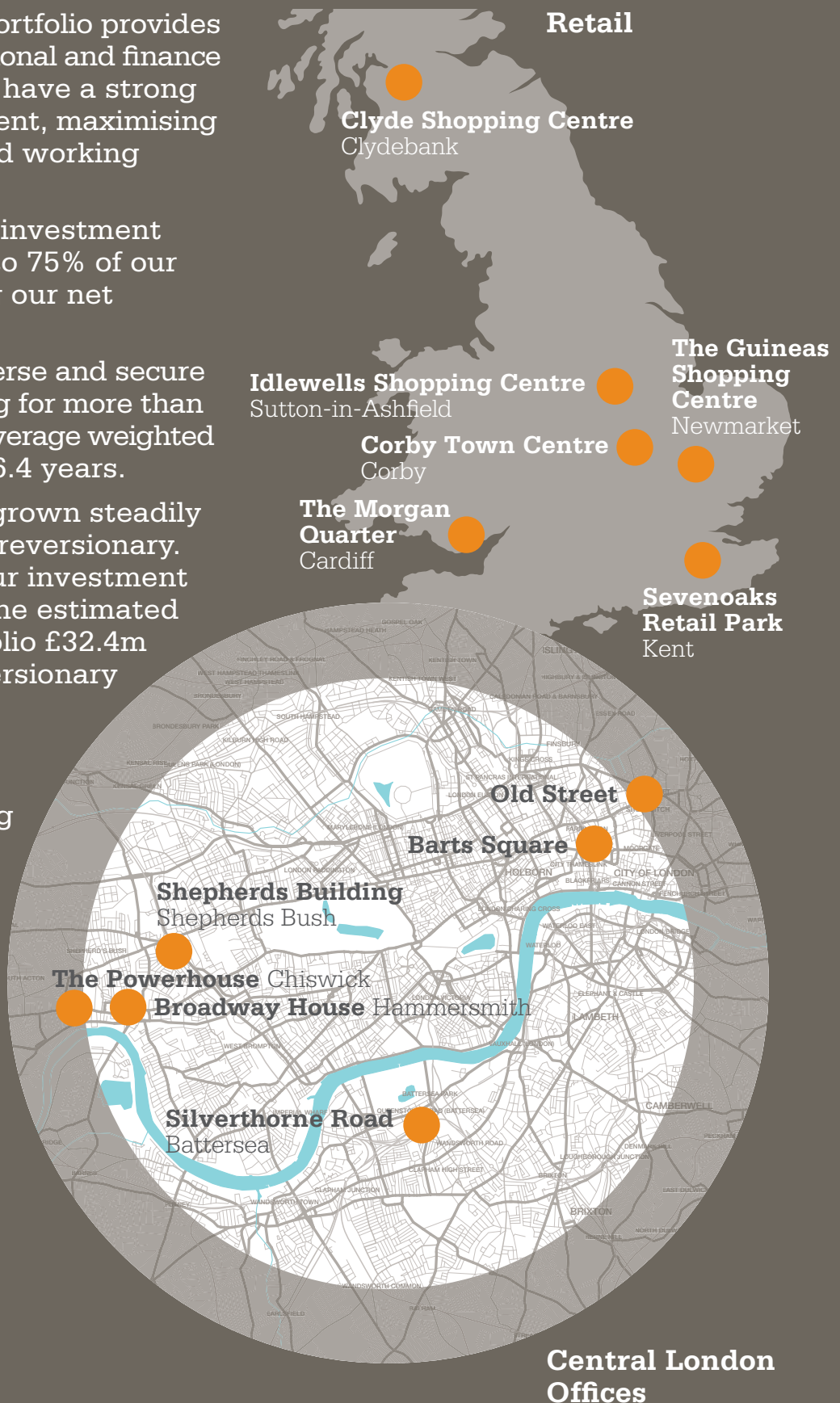
Our £407m investment portfolio provides income to cover all operational and finance costs and dividends. We have a strong focus on asset management, maximising net operating income and working closely with our tenants.

It is our aim to grow our investment portfolio from 71% now to 75% of our assets further increasing our net cash flow.

Our income stream is diverse and secure with no tenant accounting for more than 5.5% of the rent roll. Our average weighted unexpired lease term is 6.4 years.

The income stream has grown steadily since 2010 and is highly reversionary. The passing rent from our investment portfolio is £28.7m and the estimated rental value of our portfolio £32.4m (Helical share). This reversionary income will be captured through letting vacant units and rent reviews.

Through judicious buying of under-rented buildings in growth areas, securing lettings and undertaking refurbishments, we aim to generate substantial capital growth in our property values.



## investment portfolio overview

### Asset management

During the year contracted income increased by £0.38m.

There was significant activity within the investment portfolio with a lease event on nearly 300 leases.

We lost £0.75m of rent at lease end or break (2.5% rent roll) and a further £0.73m through tenant administrations (2.5% rent roll). Our biggest exposures to administrations were Clintons, Peacocks and JJB Sport. We did not have any units let to HMV, Jessops or Comet and only one each of Blockbuster and Dreams.

We concluded £1.48m of new lettings (5.3% rent roll) and benefitted from uplifts at rent reviews of £0.38m.

|                                 |         |
|---------------------------------|---------|
| Rent lost at break/expiry       | -£0.75m |
| Rent lost to administrations    | -£0.73m |
| Rent reviews                    | +£0.38m |
| Lease renewals and new lettings | +£1.48m |
| Total change                    | +£0.38m |

We also managed to substantially reduce the number of tenants that were holding over (in occupation beyond their lease expiry) from 57 tenants at 31 March 2012 (3.6% rent roll) to 29 at 31 March 2013 (1.1% of rent roll).

Overall we have seen good letting demand across the portfolio, reducing our vacancy rate from 8.8% (31 March 2012) to 5.7%. We have seen strong take up and rental growth in our London office portfolio and in particular in our retail holding in Cardiff. Across the portfolio we have seen ERV growth of 0.4%, with a marginal fall in the retail portfolio (-1.3%) being more than offset by our London offices (5.9%). Note that this occupancy and ERV analysis ignores Barts Square and Old Street, both of which have redevelopment opportunities.

### Sales

Since 31 March 2012 we have sold £50.8m of property (£83.2m year to 31 March 2012). Our sales are lower than previous years principally because the majority of our non-income producing assets with limited growth prospects had already been sold.

Significant sales include £10.6m of units at our retirement village at Bramshott Place, Liphook and part of our site at Exeter for £7.6m. We also sold our retirement village site at Milton, Cambridgeshire, having achieved planning consent for open market housing, for £6.8m.

We sold the remainder of our industrial development site in Stockport for £4.5m bringing our joint venture with Chancerygate to a conclusion.

We also sold properties in East Kilbride for £4.8m, Ashford for £7.4m, Merlin Park, Manchester for £3.6m and Southwark for £6.5m.

### Acquisitions

It has been a relatively quiet year for acquisitions with much focus on delivering value from the existing portfolio.

We did however acquire 207-211 Old Street in joint venture with Crosstree (Helical 33.3% interest) for £60.8m. A planning application for a major refurbishment and creation of extra floor area as well as significant public realm works will be submitted shortly. Whilst plans are being developed, we are benefiting from a 4.2% running yield.

### Future investment acquisitions

The focus remains on London for future acquisitions albeit competition is strong. With continued efforts we are confident that we will be able to acquire reasonably priced assets with significant potential to add value through repositioning and refurbishment with the potential to increase rents. These assets are likely to be multi-let (or have the ability to be so) in fringe central London locations such as Hammersmith, Islington, Camden, Southwark and Shoreditch.

# investment portfolio statistics

The following refers to Helical's share of the investment portfolio.

## Portfolio yields

|                    | Initial<br>yield<br>% | Reversionary<br>% | Yield on<br>letting<br>voids<br>% | Equivalent<br>yield (AiA)<br>% |
|--------------------|-----------------------|-------------------|-----------------------------------|--------------------------------|
| Industrial         | 9.4                   | 9.8               | 10.3                              | 9.1                            |
| London offices     | 6.1                   | 8.0               | 7.1                               | 7.5                            |
| South East offices | 8.3                   | 8.5               | 8.3                               | 8.5                            |
| Retail             | 7.4                   | 8.1               | 7.8                               | 7.6                            |
| <b>Total</b>       | <b>7.2</b>            | <b>8.1</b>        | <b>7.7</b>                        | <b>7.7</b>                     |

## Valuation movements, portfolio weighting and changes to rental values

|                    | Weighting<br>% | Valuation<br>increase /<br>(decrease)<br>% | ERV<br>change<br>since<br>Mar 2012<br>% |
|--------------------|----------------|--------------------------------------------|-----------------------------------------|
| Industrial         | 3.0            | -9.5                                       | -0.4                                    |
| London offices     | 35.5           | 4.9                                        | 5.9                                     |
| South East offices | 4.0            | 0.5                                        | –                                       |
| Retail             | 56.0           | -0.3                                       | -1.3                                    |
| Other              | 1.5            | 19.0                                       | –                                       |
| <b>Total</b>       | <b>100.0</b>   | <b>1.3</b>                                 | <b>0.4</b>                              |

Note includes sales, purchases and capex.

## Capital values, vacancy rates and unexpired lease terms

|                        | Capital<br>value psf<br>£ | Vacancy<br>rate by area<br>% | Average<br>unexpired<br>lease term<br>(years) |
|------------------------|---------------------------|------------------------------|-----------------------------------------------|
| Industrial             | 63                        | 12.5                         | 2.9                                           |
| London offices         | 230                       | 12.3                         | 3.6                                           |
| South East offices     | 209                       | –                            | 16.8                                          |
| Retail                 | 133                       | 3.0                          | 7.1                                           |
| <b>Total portfolio</b> | <b>163</b>                | <b>5.7</b>                   | <b>6.4</b>                                    |

## investment portfolio statistics

## Lease expiries or tenant break options

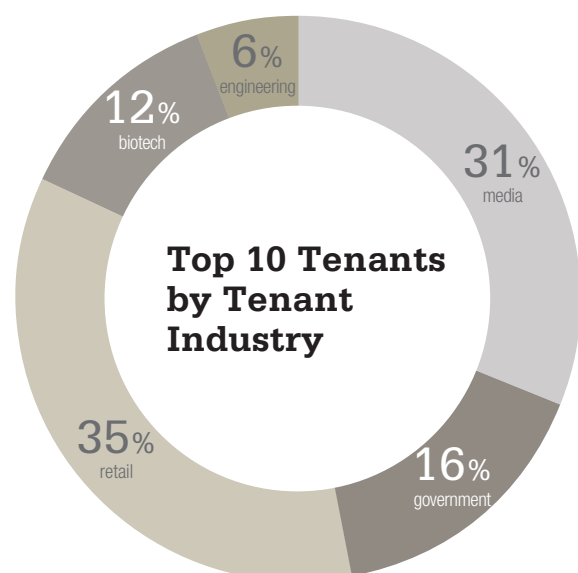
|                            | 2013   | 2014   | 2015   | 2016   | 2017   |
|----------------------------|--------|--------|--------|--------|--------|
| % of rent roll             | 11.4   | 13.6   | 8.9    | 12.2   | 10.9   |
| Number of leases           | 104    | 107    | 66     | 66     | 68     |
| Average rate per lease (£) | 32,600 | 37,800 | 40,000 | 54,916 | 47,600 |

In the year to 31 March 2013 we retained 69% of tenants who had a lease expiry. 86% of tenants who had break options did not exercise their breaks. This compares favourably to the industry averages of 41%\* and 52%\* respectively.

\* Source: IPD / Strutt and Parker Lease Events Review 2012

We have a strong rental income stream and a diverse tenant base, with no single tenant accounting for more than 5.5% of the rent roll. The top 10 tenants account for 26.5% of the total rent roll and the tenants come from diverse industries.

| Rank         | Tenant                         | Tenant industry | % Rent roll  |
|--------------|--------------------------------|-----------------|--------------|
| 1            | Endemol UK Ltd                 | Media           | 5.3%         |
| 2            | Barts and The London NHS Trust | Government      | 4.1%         |
| 3            | TK Maxx                        | Retail          | 4.1%         |
| 5            | Quotient Bioresearch Ltd       | Biotech         | 3.2%         |
| 4            | Asda Stores Ltd                | Retail          | 2.2%         |
| 6            | Argos                          | Retail          | 1.6%         |
| 7            | Fox International Channels     | Media           | 1.6%         |
| 8            | AMEC Group Ltd                 | Engineering     | 1.5%         |
| 9            | Wickes Building Supplies Ltd   | Retail          | 1.5%         |
| 10           | Metropolis Group               | Media           | 1.4%         |
| <b>Total</b> |                                |                 | <b>26.5%</b> |



# principal investment properties

## retail



**Our strategy is to acquire multi-tenanted properties where there is significant opportunity to increase net operating income and capital values. In both our office and retail investments we acquire properties with rents which are low compared to equivalent buildings providing scope for rental growth and low total occupational costs. We spend a considerable amount of time talking to our tenants both prior to acquiring buildings and during the course of our ownership to ensure that the space they occupy continues to be fit for their purpose. We continue to enjoy very strong cash on cash returns from many of our high yielding retail assets.**



### Corby Town Centre

#### Corby

This asset, comprising nearly 40 acres, is virtually the entirety of the commercial centre of Corby. It was acquired in 2011 and, since acquisition, 40 new leases or lease renewals have been concluded. Anchor tenants include Primark, TK Maxx, H&M, Argos and Wilkinsons. We enjoy cash on cash returns of 15.0% and have increased income since its acquisition.

The first phase of cosmetic refurbishment works has completed, substantially improving the look and feel of the centre and driving strong letting interest.

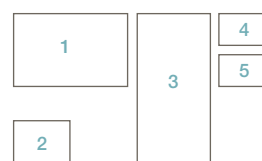
Tenant performance remains good with both the Dreams and Blockbusters on the Oasis Retail Park being included in the package acquired by their respective new owners and remaining open for trade.

Significant projects are now planned to convert vacant upper parts of the town to residential with a planning application having been submitted for the first phase of these works.

### The Morgan Quarter

#### Cardiff

Acquired empty in 2005 this asset was comprehensively refurbished and let to retailers including Urban Outfitters, TK Maxx and Molton Brown. During the year we let a unit to Jack Wills setting new zone A evidence of £175 per sq ft. Since the opening of St Davids 2 in 2009, The Hayes has become one of Cardiff's principal retailing pitches. We have benefited from a number of new lettings and positive rent reviews increasing passing rent to £3.3m, continuing the progression towards an ERV of £4.2m. The rent reviews concluded in the year have shown a 25% rental growth from 2007 to 2012.



- 1 Corby Town Centre, Corby
- 2 The Morgan Quarter, Cardiff
- 3 The Guineas, Newmarket
- 4 Otford Retail Park, Sevenoaks
- 5 Clyde Shopping Centre, Clydebank

## principal investment properties



### **Clyde Shopping Centre, Clydebank**

This asset, which comprises the majority of the town's retail offer, was acquired in 2010 in joint venture with a private investor. The Group has a 60% economic interest in the centre and undertakes all of the asset management activities. Since its acquisition, the rental income attributable to this asset has increased by nine per cent and more than 30 new lettings to tenants including The Post Office, Trespass, Watt Brothers and Poundworld have been concluded. Anchor tenants for the centre include Asda, BHS, Primark and Wilkinsons.

### **Otford Retail Park, Sevenoaks**

The final lease renewal on this three unit retail park has been concluded with Carpetright meaning that all leases now have in excess of nine years term certain. This is the only retail park in Sevenoaks with an open A1 planning consent.

### **The Guineas, Newmarket**

We have had strong tenant demand at our shopping centre in Newmarket and since the year end is now fully let for the first time in at least 10 years. The assignment of the Peacocks unit to Poundland has improved footfall and five other new lettings totalling £85,000 of rent have been concluded in the year.

## principal investment properties

# central london offices

### **Shepherds Building,** Shepherds Bush, W14

This 151,000 multi-let office building close to Westfield Shopping Centre has enjoyed an occupancy of at least 96% for the last 6 years. There is currently just 2.6% vacant and rental growth prospects are strong. Average rent in the building is £24.25 psf with recent letting evidence in the locality from £27.50 to £30.00. ERV for the building stands at £4.2m compared to a passing rent of £3.6m.

We are planning to undertake a major refurbishment of the common parts of the building during the course of the year with a view to driving rental values forward.



principal investment properties

|   |   |   |                                                |
|---|---|---|------------------------------------------------|
| 1 | 3 | 4 | 1/2 Shepherds Building<br>London W14           |
|   |   | 5 | 3 Barts Square<br>London EC1                   |
| 2 |   |   | 4/5 Silverthorne Road, Battersea<br>London SW8 |



## principal investment properties



### **207-211 Old Street, London EC1**

This 3.12 acre asset was acquired in November 2012 for £60.8m in joint venture with Crosstree Real Estate Partners LLP (Helical interest 33.3%). The site is in the heart of "Tech City", an area of London which is a hub for technology, media and telecommunications companies and is benefitting from substantial investment in infrastructure.

Since acquisition plans have been developed to substantially increase the amount of space on site, refurbish existing areas and significantly upgrade the public realm. A planning application has recently been submitted.

Whilst working on our refurbishment plans we are managing our existing tenant relationships on site to ensure a rental income surplus.

## principal investment properties



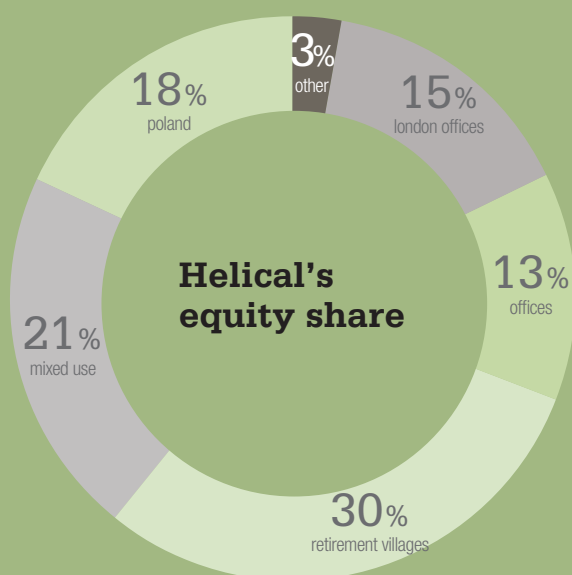
## Barts Square, London EC1

[www.bartssquare.com](http://www.bartssquare.com)

In joint venture with The Baupost Group LLC (Baupost 66.7%, Helical 33.3%) we own the freehold interest in land and buildings at Bartholomew Close, Little Britain and Montague Street, a 3.2 acre site adjacent to the new Barts Hospital and just south of Smithfield Market. The current buildings comprise 420,000 sq ft let to the NHS for circa £3.5m per annum on a number of short term leases that expire between 2014 and 2016. In November 2012, a resolution to grant planning permission was obtained and planning consent has now been issued following signing of the s.106 agreement. The scheme will bring much needed regeneration to this area of the City and will seek to retain some of the existing buildings and complement them with a sympathetic redevelopment of the site. It will comprise circa 230,000 sq ft of office space in two buildings and 215 high quality residential apartments in 17 buildings with retail space at ground floor level. Significant public realm improvements are planned, which will be incorporated into the wider Smithfield Area Strategy being worked up by the City. We estimate a total development value of circa £470m.



# development programme



In the year to 31 March 2013, profits from the Group's development programme of £7.7m (2012: £5.2m) were partially offset by provisions of £0.7m (2012: £4.5m) made against the carrying value of development stock, leaving net development profits of £7.0m, up from £0.7m in 2012.

Looking at the individual schemes, profits of £6.1m were recognised in respect of our share of the result at Fulham Wharf, London SW6 and £1.4m was generated at our retirement village scheme at Bramshott Place, Liphook. At 200 Aldersgate, London EC1, we were able to recognise £1.0m of an additional management fee in addition to the development management fees of £0.25m. However, the sales of land at Stockport, Milton and Exeter and units at Hailsham for total sale proceeds of £19.6m, created a loss of £0.3m, mainly arising from sale expenses. In addition, we wrote off the overheads of our retail development programme in Poland and reduced the carrying value of the completed development at Wroclaw, pending renewal of leases in 2013, with a resulting charge of £1.7m from our Polish operations.

The focus of the Group over the last year has been on attaining the milestones set by the Company a year ago.

| Property                    | Milestone               | Progress during the year                        |
|-----------------------------|-------------------------|-------------------------------------------------|
| 200 Aldersgate, London EC1  | Lettings                | 200,595 sq ft of new lettings                   |
| Europa Centralna, Gliwice   | Completion and lettings | Scheme completed and opened March 2013, 80% let |
| Fulham Wharf, London SW6    | Sale/fee settlement     | Sale completed, fee agreed                      |
| Barts Square, London EC1    | Planning consent        | Consent granted                                 |
| Brickfields, White City W12 | Planning consent        | Resolution to grant consent obtained March 2013 |
| Mitre Square, London EC3    | Demolition              | Start demolition in June 2013                   |
| Hammersmith Town Hall, W6   | Planning consent        | Revised scheme to be submitted July 2013        |
| Helical Retail Projects     | Conditional purchases   | Ongoing                                         |

# central london



## 200 Aldersgate Street, London EC1

[www.200aldersgate.com](http://www.200aldersgate.com)

Helical was appointed asset and development manager by Deutsche Pfandbriefbank in May 2010. Our brief was to refurbish and let this office building, vacant since 2005 when the previous tenant, Clifford Chance, relocated to Canary Wharf. We have refreshed and re-clad parts of the building, creating a "vertical village" for office users comprising a variety of floor-plates to suit a range of different occupiers, as well as exceptional tenant facilities, including a concierge cycle store service, an on-site gym and a café and business lounge. Refurbishment works were completed and the building re-launched in January 2011. The building now comprises 348,000 sq ft of offices, 16,673 sq ft of retail and 39,601 sq ft of basement space. The refurbishment works were completed within budget in December 2010 and we have been

seeking tenants for the vacant space since that date. By 31 March 2013 we had let 208,261 sq ft of office space, 9,000 sq ft of retail and the whole of the basement space to Virgin Active. Since then we have let 103,323 sq ft of space and have under offer a further 21,430 sq ft of offices and the remaining 7,673 sq ft of retail. This leaves just 14,714 sq ft of office space to let. Rents of £40 to £45 psf have been achieved on the larger floors (20,000 sq ft to 40,000 sq ft) and £50 to £55 psf on the smaller upper floors. Now the building is over 80% let our right to receive a development management profit share is triggered. We anticipate receiving our profit share in 2013.



## development programme



### Mitre Square, London EC3

[www.mitresquareec3.com](http://www.mitresquareec3.com)

Mitre Square is a landmark City office scheme in the heart of the insurance sector in London. We have signed agreements to purchase two adjoining sites from the City of London and SFL2 Limited (previously Ansbacher) and will complete the purchase of 1 Mitre Square in the Summer of 2013. The s.106 agreement, which enabled the planning permission to be issued, was signed in 2011. We have commenced the demolition of the existing buildings to facilitate the construction of a new building comprising offices of 273,000 sq ft NIA and 3,000 sq ft of retail/restaurant use. It is anticipated that construction will not commence until a substantial pre-let is agreed or a forward funding is obtained and the finished development will have a capital value of circa £250m.



development programme

# west london



## King Street, Hammersmith, London W6

We have a development agreement with the London Borough of Hammersmith & Fulham, in partnership with residential specialist Grainger plc, for the regeneration of the west end of King Street, Hammersmith. Despite obtaining a resolution to grant planning consent in November 2011, its referral to the Mayor was withdrawn pending further discussions with the Greater London Authority. We have revised our plans, following detailed consultation with interested parties, and intend submitting a new planning application in the Summer of 2013.

## development programme



### **Brickfields, White City, London W12**

([www.brickfieldsw12.com](http://www.brickfieldsw12.com))

In joint venture with Aviva, we have obtained a resolution to grant planning permission for a residential led mixed use scheme on a 10 acre site immediately adjacent to White City underground station. The Eric Parry designed master plan comprises c. 1.25 million sq ft of residential, 210,000 sq ft of commercial and 60,000 sq ft of retail, leisure and community uses. In May 2013, contracts were exchanged for the sale of the site and completion is due in August 2013.





## Fulham Wharf, London SW6

At Sands End, Fulham Wharf, on behalf of landowner Sainsbury's, we secured planning permission for a new 100,000 sq ft food store, together with 463 residential units (590,000 sq ft) and 11,000 sq ft of restaurant, retail and community use. In June 2012, the site was sold to a joint venture between housebuilder, Barratts, and London & Quadrant housing association. Construction of the first phase, consisting of the food store and 267 residential units has commenced. Helical received a fee of £1.5m in 2011 for obtaining planning permission for the scheme and has recognised a profit share from the sale of the site and will receive the cash as phased payments are made to Sainsbury's. In accordance with the Group's income recognition policies and IFRS, the Group has recognised this additional income in these accounts.



## out of london offices



### **St Vincent Street,** Glasgow,

Helical, in partnership with local development partner, Dawn Developments Ltd, has been appointed development manager by Scottish Power for the construction of their new headquarters at St Vincent Street, Glasgow. The completed building will comprise 220,000 sq ft of prime office space in the heart of the city's commercial district. As part of the deal, Helical are taking on three existing Scottish Power sites which are surplus to their requirements. Planning permission has been granted and a start on site is expected later this year.

### **The Hub,** Pacific Quay, Glasgow

The Hub, Pacific Quay, Glasgow was completed in 2009. This 60,000 sq ft building offers flexible office space with an onsite cafe and events area. Located in the midst of a media hotbed with BBC Scotland and STV as neighbours, this scheme has been partly let to The Digital Design Studio, the commercial arm of Glasgow School of Art, Shed Media and other high-tech, media-orientated tenants. The tenant demand has been strong this year and the building is now 81% let.

1

**1 The Hub**  
Pacific Quay, Glasgow  
**2 St Vincent Street**  
Glasgow

2

# retail



We continue to work closely with the main food retailers with a view to satisfying their ongoing new store requirements. Whilst there is no doubt the heat has come out of the occupier market, their appetite for stores in key locations, where a quality proposal can be delivered, is likely to continue going forward.

## **Parkgate, Shirley,** West Midlands

At Parkgate Shirley, where we have a 50% interest, we continue to make good progress with the construction of an 80,000 sq ft Asda foodstore, and 78,000 sq ft of retail and leisure accommodation, 50% of which is in solicitors' hands. The scheme is due to open for trade April in 2014. The private residential element of the scheme is under offer to a major housebuilder and the site for 51 Extracare units is being purchased by a local Housing Association.

## **Leisure Plaza,** Milton Keynes

At Leisure Plaza, Milton Keynes, we have planning consent for 113,000 sq ft of retail together with the existing 65,000 sq ft ice rink. We are working with the various interested parties in this development to bring it forward with a view to starting construction later this year.

1 Leisure Plaza  
Milton Keynes

2 Parkgate  
Shirley

## development programme

**Europa Centralna, Gliwice**  
720,000 sq ft of  
out-of-town retail space

### Evesham

A seven acre site has been secured in the Four Pools retail area in Evesham and a planning application is being worked up for a foodstore and discussions are in hand with potential operators.

### Truro

In Truro, we have entered into a Conditional Purchase Agreement on the six acre Truro City Football Club site and a scheme is being put together to satisfy the requirement of a major foodstore operator. A planning application is likely to be submitted in the Autumn of this year. Proposals for a non-food 60,000 sq ft retail park on an adjoining site are also in hand.

### Nottingham

We were delighted to be selected by Nottinghamshire County Council to be their development partner on an eight acre site at Hucknall, Nottingham where we will be progressing a foodstore scheme, which will act as a catalyst for major residential and employment developments to be promoted by the Council in due course. A planning application will be submitted once we have secured an operator for the foodstore later in the year.

### Ross-on-Wye

At Ross-on-Wye we are seeking the change of use of a former DIY unit to enable a letting to a foodstore operator. The 30,000 sq ft building will be retained and converted following refurbishment.

### Kingswinford

We are working with landowner, Ibstock, to develop a 16 acre site in Kingswinford for a foodstore and 100 residential units which would be built out by a housebuilder following planning consent. A planning application is due to be submitted later in the year.

### Leicester

In Leicester terms have been agreed with corporate landowners to progress a foodstore development for a 70,000 sq ft store and petrol filling station.

### Birmingham

In Birmingham we are reconfiguring the foodstore and non-food scheme in Tyseley to reflect changing retail operator requirements and in Stechford we are working up another foodstore site and we hope to be submitting a planning application in the Autumn.

### Park Handlowy Mlyn, Wroclaw

Wroclaw is a large city in West Poland, some 100km from the German border and 470km south of Warsaw. This 9,600 sq m (103,000 sq ft) out of town retail development was completed in December 2008 and is fully let to a number of domestic and international retailers including T K Maxx, Media Expert, Makro, Deichmann, Smyk, Komfort and others.

### Europa Centralna, Gliwice

This retail park and shopping centre was built in 50:50 joint venture with clients of Standard Life. The scheme is situated to the south of Gliwice at the intersection of the A4 and A1 motorways. This highly visible scheme has unparalleled accessibility and will be a major regional shopping destination. It comprises approximately 66,000 sq m (720,000 sq ft) of retail space, incorporating three distinct parts, being a foodstore, DIY and household goods and fashion. The scheme is now over 80% let to Tesco, Castorama, H & M, Media Saturn, Sports Direct, Jula and others. Construction completed in February 2013 and the scheme opened on 1 March 2013. The sale of 50% in 2011 includes a provision that we will sell the remaining ownership stake two years after the date of completion of the development to the same clients of Standard Life.





# retirement villages



**A retirement village is a private residential community in which active over-55s are able to live independently in retirement. Residents have typically down-sized from a larger family home into a cottage or apartment which provides no maintenance or security issues.**

**With access to a central clubhouse containing a bar and restaurant facilities, health and fitness rooms and surrounded by maintained grounds, this retirement option is proving increasingly popular.**

## **Bramshott Place, Liphook, Hampshire**

The original Bramshott Place Village was an Elizabethan mansion built in 1580, although now only the original Grade II listed Tudor Gatehouse remains, which we have fully restored. The land and buildings were derelict when Helical acquired them in 2001. Changing planning from its previously designated employment use to a retirement village took several years but was eventually achieved in 2006.

The development of 151 cottages and apartments, and the new clubhouse, started in late 2007 and has proceeded in phases as units are sold. Construction of the final phase of 55 units completed in late 2012. To date, we have sold 115 units (£44.25m of proceeds) with reservations on a further 14 units, with just 22 units, mainly apartments, left to sell.

## **Durrants Village, Faygate, Horsham, West Sussex**

Durrants Village, a 30 acre site, had operated as a sawmill with outside storage for many years. We were granted planning permission, at appeal, in May 2009 following a public inquiry where the Inspector allowed a development comprising a retirement village of 148 units, eight affordable housing units, a 50 bed residential care home and a central facilities clubhouse building. Following changes to the scheme the development will be for 171 units. The first phase (43 units) started in May 2012 for the construction of a retirement village and clubhouse and we have exchanged on one sale and have reservations on 16 units with up-field reservations on a further 13 units in future phases.

## **Maudslay Park, Great Alne, Warwickshire**

This is a Green Belt site which has 320,000 sq ft of built footprint and benefits from Major Development Site planning policy. Measuring 82 acres this site received outline planning permission in April 2011 for a retirement village of 132 units plus 47 extra care units. Demolition and enabling works have completed with construction to follow in autumn 2013.

## **Millbrook Village, Exeter**

This 19 acre site was acquired in 2007 from the St Loye's Foundation, a long established rehabilitation college in the city of Exeter. Resolution to grant planning permission was obtained in October 2009 for a retirement village of 206 units, a 50 bed residential care home, an affordable extra-care block of 50 units and a central facilities clubhouse building. Demolition, site clearance and archaeological survey work have been completed. In 2011 we received planning consent for 63 open market housing units on part of the site and sold this part in summer 2012. Construction of a retirement village and clubhouse in phases on the remainder of the site is expected to commence in summer 2013.

## **Ely Road, Milton, Cambridge**

This 21 acre site was acquired from EDF in 2006 and was previously used as a training centre and depot. Located within the Green Belt, planning permission had been obtained for a retirement village of 101 units and a central facilities clubhouse building. In 2011, we received consent for 89 open market housing units and sold the whole site in summer 2012.

# financial review

## Helical's business model

Helical aims to deliver market leading returns by acquiring high yielding investment properties, applying a rigorous approach to asset management and deploying limited equity into development situations which have the potential to be highly profitable. We have set a target balance between the income producing portfolio and non-income producing development stock of 75:25, and have an active asset management programme for the investment portfolio with a clear strategy of increasing net operating income. Risks associated with our development programme are mitigated through limited equity exposure, options, forward funding, conditional contracts and joint ventures with major UK and global institutions. Our aim is to have a stable platform with all recurring operational and finance costs and dividends fully covered by revenue streams from our investment portfolio, as supplemented by short term rental income from the development programme. Gearing is used on a tactical basis, being raised to accentuate property performance when property returns are judged to materially outperform the cost of debt.

## Joint ventures

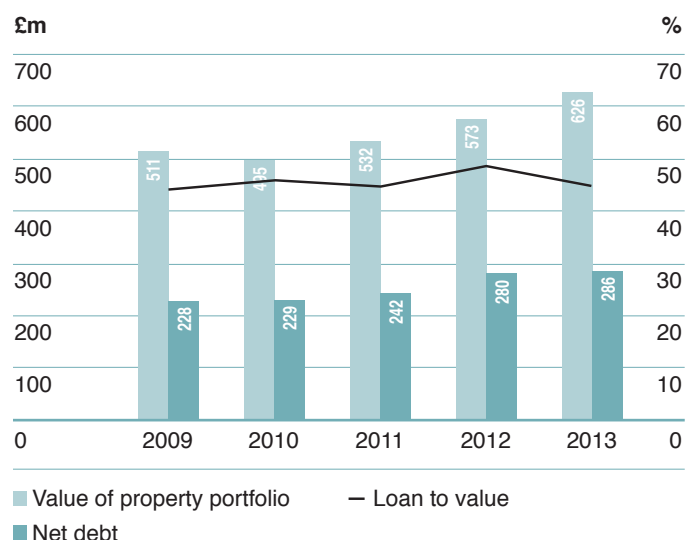
Increasingly, we are entering into joint ventures with partners who provide the majority of the equity for an acquisition, in return for accessing Helical's asset management or development expertise, thereby reducing Helical's financial risk but allowing exceptional returns to be made. We are bound by accounting convention to account for our share of the net results and net assets of joint ventures in limited detail in the income statement and balance sheet, as supplemented in the notes to the financial statements. In this review we have incorporated the separate components into a more detailed "See-through" analysis of our property portfolio and debt profile and the associated income streams and financing costs, to assist in providing a more comprehensive overview of the Group's activities.

## European Public Real Estate Association ("EPRA")

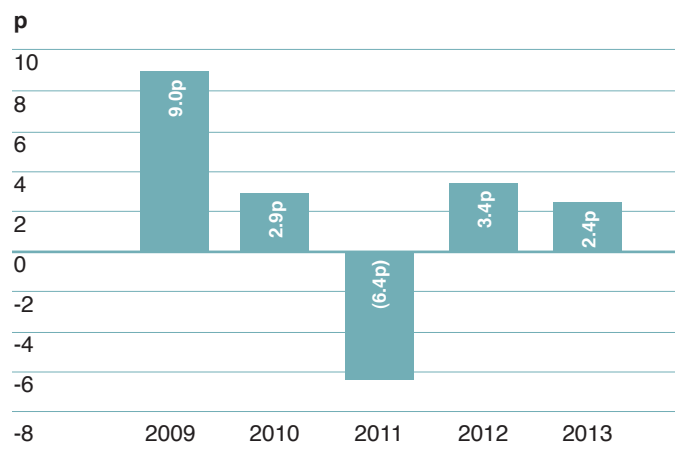
The European Public Real Estate Association is a body which aims, through its best practice recommendations, to make the financial statements of public real estate companies clearer, more transparent and comparable across Europe. Earnings reported in the income statement as required under IFRS do not provide stakeholders with the most relevant information on the operating performance of the underlying property portfolio of real estate companies. A key measure of a company's operational performance and the extent to which its dividend payments to shareholders are underpinned by earnings is the level of recurring income arising from core operational activities. Unrealised changes in valuation, gains or losses on disposals of properties and certain other items do not necessarily provide an accurate picture of the company's underlying operational performance and are, therefore, excluded from this measure.

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

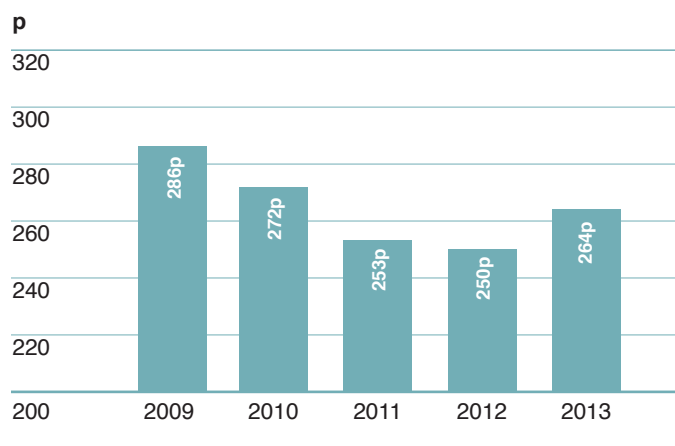
## Loan to Value



## Diluted EPRA earnings per share



## Diluted EPRA net asset value per share



## financial review

**EPRA Earnings**

Adjusted EPRA Earnings per share, before performance related awards, increased by 116% to 8.2p per share (2012: 3.8p), reflecting increased development profits of £7.0m (2012: £0.7m) and the Group's share of net rental income of £24.5m (2012: £22.9m). After taking into account performance related bonuses and share awards of £6.8m (2012: £0.4m), EPRA Earnings per share reduced to 2.4p (2012: 3.4p).

| <b>EPRA Earnings</b>                     | <b>31.3.13<br/>£000</b> | 31.3.12<br>£000 |
|------------------------------------------|-------------------------|-----------------|
| Earnings as per note 14                  | <b>5,867</b>            | 7,575           |
| Add: performance related awards          | <b>6,828</b>            | 415             |
| Add: adjustments as per note 14          | <b>(3,023)</b>          | (3,567)         |
| Adjusted EPRA Earnings                   | <b>9,672</b>            | 4,423           |
| Less: Performance related awards         | <b>(6,828)</b>          | (415)           |
| EPRA Earnings                            | <b>2,844</b>            | 4,008           |
| Adjusted diluted EPRA Earnings per share | <b>8.2p</b>             | 3.8p            |
| Diluted EPRA Earnings per share          | <b>2.4p</b>             | 3.4p            |

**EPRA net asset value**

Diluted EPRA net asset value per share increased by 5.6% to 264.0p per share (2012: 250.0p). This rise was principally due to an increase in the value of the property portfolio, including the surplus on valuation of the trading and development stock of £49.9m (2012: £34.5m) including our share of the surplus in the joint ventures.

| <b>EPRA net asset value</b>                                              | <b>31.3.13<br/>£000</b> | <b>31.3.13<br/>p per share</b> | 31.3.12<br>£000 | 31.3.12<br>p per share |
|--------------------------------------------------------------------------|-------------------------|--------------------------------|-----------------|------------------------|
| Diluted net asset value                                                  | <b>257,242</b>          | <b>217</b>                     | 255,312         | 217                    |
| EPRA Adjustments for:                                                    |                         |                                |                 |                        |
| Fair value of trading and development stock, including in joint ventures | <b>49,865</b>           |                                | 34,542          |                        |
| Fair value of financial instruments                                      | <b>6,048</b>            |                                | 3,494           |                        |
| Deferred tax                                                             | <b>578</b>              |                                | 1,050           |                        |
| Diluted EPRA net asset value                                             | <b>313,733</b>          | <b>264</b>                     | 294,398         | 250                    |

## financial review

**See-through net rental income and property overheads**

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

|                                                        |                  | 2009<br>£000  | 2010<br>£000  | 2011<br>£000  | 2012<br>£000  | 2013<br>£000   |
|--------------------------------------------------------|------------------|---------------|---------------|---------------|---------------|----------------|
| Gross rental income                                    | – subsidiaries   | 20,781        | 18,881        | 18,590        | 23,058        | <b>25,816</b>  |
|                                                        | – joint ventures | 197           | 1,106         | 5,531         | 6,645         | <b>6,193</b>   |
| Total gross rental income                              |                  | 20,978        | 19,987        | 24,121        | 29,703        | <b>32,009</b>  |
| Rents payable                                          | – subsidiaries   | (12)          | (12)          | (24)          | (418)         | <b>(342)</b>   |
|                                                        | – joint ventures | (1)           | (406)         | (1,000)       | (848)         | <b>(802)</b>   |
| Property overheads                                     | – subsidiaries   | (2,394)       | (3,732)       | (3,662)       | (3,938)       | <b>(5,186)</b> |
|                                                        | – joint ventures | –             | –             | (941)         | (737)         | <b>(510)</b>   |
| Net rental income attributable to profit share partner |                  | (693)         | (986)         | (717)         | (826)         | <b>(710)</b>   |
| <b>See-through net rental income</b>                   |                  | <b>17,878</b> | <b>14,851</b> | <b>17,777</b> | <b>22,936</b> | <b>24,459</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 in joint ventures are shown in the table below.

|                                                     |                  | 2009<br>£000 | 2010<br>£000 | 2011<br>£000 | 2012<br>£000  | 2013<br>£000   |
|-----------------------------------------------------|------------------|--------------|--------------|--------------|---------------|----------------|
| Interest payable on bank loans and overdrafts       | – subsidiaries   | 15,890       | 10,956       | 9,690        | 10,808        | <b>10,445</b>  |
|                                                     | – joint ventures | 16           | 492          | 1,704        | 2,223         | <b>2,269</b>   |
| Total interest payable on bank loans and overdrafts |                  | 15,906       | 11,448       | 11,394       | 13,031        | <b>12,714</b>  |
| Other interest payable and similar charges          | – subsidiaries   | 268          | 1,568        | 1,481        | 901           | <b>1,658</b>   |
| Interest capitalised                                | – joint ventures | (6,855)      | (3,196)      | (4,179)      | (3,300)       | <b>(2,526)</b> |
| Total finance costs                                 |                  | 9,319        | 9,820        | 8,696        | 10,632        | <b>11,846</b>  |
| Interest receivable and similar income              | – subsidiaries   | (2,082)      | (1,039)      | (652)        | (583)         | <b>(887)</b>   |
|                                                     | – joint ventures | (252)        | (2)          | (11)         | (12)          | <b>(66)</b>    |
| <b>See-through net finance costs</b>                |                  | <b>6,985</b> | <b>8,779</b> | <b>8,033</b> | <b>10,037</b> | <b>10,893</b>  |

**See-through property portfolio**

Helical's share of the investment, trading and property portfolio in subsidiaries and joint ventures are shown in the table below.

|                                       |                  | 2009<br>£000   | 2010<br>£000   | 2011<br>£000   | 2012<br>£000   | 2013<br>£000   |
|---------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| Investment property                   | – subsidiaries   | 241,287        | 219,901        | 271,876        | 326,876        | <b>312,026</b> |
|                                       | – joint ventures | –              | 45,300         | 65,870         | 67,187         | <b>94,962</b>  |
| Total investment property             |                  | 241,287        | 265,201        | 337,746        | 394,063        | <b>406,988</b> |
| Trading and development stock         | – subsidiaries   | 210,415        | 182,576        | 147,542        | 99,741         | <b>92,874</b>  |
|                                       | – joint ventures | 13,761         | 14,346         | 14,434         | 44,324*        | <b>76,698*</b> |
| Trading and development stock surplus | – subsidiaries   | 45,456         | 32,991         | 32,436         | 33,107         | <b>48,837</b>  |
|                                       | – joint ventures | –              | –              | –              | 1,435          | <b>1,028</b>   |
| Total trading and development stock   |                  | 269,632        | 229,913        | 194,412        | 178,607        | <b>219,437</b> |
| <b>See-through property portfolio</b> |                  | <b>510,919</b> | <b>495,114</b> | <b>532,158</b> | <b>572,670</b> | <b>626,425</b> |

\* Trading and development stock of joint ventures includes the Group's share of development stock of Helical Sosnica Sp zoo (see note 19).

## financial review

**See-through net borrowings**

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

|                                   |                                       | 2009<br>£000   | 2010<br>£000   | 2011<br>£000   | 2012<br>£000   | 2013<br>£000    |
|-----------------------------------|---------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| In parent and subsidiaries        | – gross borrowings less than one year | 48,155         | 72,459         | 37,500         | 59,203         | <b>39,295</b>   |
|                                   | – gross borrowings more than one year | 249,297        | 170,229        | 199,917        | 203,992        | <b>220,446</b>  |
|                                   | Total                                 | 297,452        | 242,688        | 237,417        | 263,195        | <b>259,741</b>  |
| In joint ventures                 | – gross borrowings less than one year | 4,352          | 1,852          | 3,100          | 1,500          | <b>720</b>      |
|                                   | – gross borrowings more than one year | 1,292          | 27,900         | 36,936         | 54,342*        | <b>72,509*</b>  |
|                                   | Total                                 | 5,644          | 29,752         | 40,036         | 55,842         | <b>73,229</b>   |
| In parent and subsidiaries        | Cash and cash equivalents             | (72,776)       | (39,800)       | (31,327)       | (35,411)       | <b>(36,863)</b> |
| In joint ventures                 | Cash and cash equivalents             | (2,094)        | (3,958)        | (4,138)        | (3,627)        | <b>(9,793)</b>  |
| <b>See-through net borrowings</b> |                                       | <b>228,226</b> | <b>228,682</b> | <b>242,078</b> | <b>279,999</b> | <b>286,314</b>  |

\* Gross borrowings in joint ventures include the Group's share of borrowings of Helical Sosnica Sp. zoo. (see note 19).

**Income Statement**

The main focus of the year was on targeting and working towards the many development milestones that were set in early 2012. Whilst these had little effect on the income statement for the year under review, they are expected to have a significant impact on the profitability of the Group in future years. Apart from these milestones, we continued to dispose of investment properties which had reached their short to medium term potential as well as selling those development sites that were surplus to our development plans. We added to our investment portfolio through a major acquisition with a new joint venture partner and continued towards the Group's stated target balance between the income producing property portfolio and non-income producing development stock of 75:25.

**Rental income and property overheads**

Gross rental income receivable by the group in respect of wholly owned properties increased by 11.7% to £25.8m (2012: £23.1m), mainly reflecting the additions made towards the end of the previous financial year. The Group's share of gross rents receivable in joint ventures fell 6.0% to £6.2m (2012: £6.6m). The see-through gross rents totalled £32.0m, an increase of 7.8% on 2012. After taking account of head rents payable on those properties held on long leases, and the costs of managing the assets, void costs and the amortisation of annual letting costs, see-through net rents increased by 7.0% to £24.5m (2012: £22.9m). Bad debts from tenant administrations and failures remained low at 2.4% of gross rents (2012: 2.0%).

## financial review

### Development programme

Looking at the development programme, our success at Fulham Wharf, London SW6, enabled the Company to recognise further profits of £6.1m arising out of the development management agreement with Sainsbury's. At 200 Aldersgate Street, London EC1, the success in letting space enables us to recognise £1.0m of an additional management fee receivable due when the property is sold, when we expect further substantial profits to be recognised based on our post year end performance. In addition, we completed the sale of the remaining units at our industrial development at Stockport and sold two of the remaining industrial units at Ropemaker Park, Hailsham, at their book value of £5m. The retirement village development programme was financed with sales of our undeveloped retirement village site at Milton, Cambridge, part of the site at Millbrook Village, Exeter and continued sales of units at Bramshott Place, Liphook, generating over £24m of net sale proceeds during the year. These sales, together with development finance agreed with our banks, provide the funding for the completion of works at Bramshott Place, the commencement of construction at Durrants Village, Faygate, as well as financing enabling works at Great Alne and Exeter. Profits of £1.4m were generated from the sales at Bramshott Place.

Offsetting these profits we made a £0.8m provision against the carrying value of our fully let retail development at Wroclaw, Poland and have expensed the running costs of our Warsaw office, charging £1.7m in total from our Polish operations. Other provisions against stock totalled £0.7m (2012: £4.5m).

### Share of results of joint ventures

As mentioned above, Helical has increasingly sought to acquire larger assets in joint venture with funds that provide the majority of the equity required to purchase the assets, whilst relying on the Group to provide the asset management or development expertise. These joint ventures include our share of the investment properties at Clyde Shopping Centre, Clydebank; Barts Square, London EC1 and 207-211 Old Street, London EC1, and our development schemes at Europa Centralna, Gliwice, Poland; Shirley Town Centre, West Midlands; Leisure Plaza, Milton Keynes and King Street, Hammersmith. Detailed analysis of the financial position of our share of these joint ventures is provided in note 19 to these accounts and the see-through analysis on pages 37 and 38. In the year under review, net rents of £4.9m (2012: £5.1m) were received, offset by net finance costs of £2.2m (2012: £2.2m). A gain on revaluation of the investment portfolio of £3.1m (2012: £0.6m), primarily arose in respect of Barts Square. Net of taxes, our joint ventures contributed £3.9m (2012: £2.5m).

### Administration costs

Administration costs, before performance related awards, increased by 9%, from £7.4m to £8.1m, mainly arising from an average salary rise of 5% for UK employees of the group.

Performance related share awards and bonus payments increased to £6.8m (2012: £0.4m) for the year. Of this amount, the £1.9m (2012: £0.03m) 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. The £4.1m accrual for bonus payments comprises £2.7m which will be paid in June 2013, £0.8m which will be carried forward to next year in accordance with the terms of the Annual Bonus Scheme 2012 and £0.6m which will be paid in deferred shares to be held for a minimum of three years. In addition, National Insurance of £0.6m has been accrued for.

|                                                             | 2009<br>£000 | 2010<br>£000 | 2011<br>£000 | 2012<br>£000 | 2013<br>£000  |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|---------------|
| Administration costs                                        | 7,410        | 7,202        | 7,312        | 7,385        | 8,092         |
| Share awards plus associated NIC                            | 342          | 1,478        | (262)        | 39           | 2,122         |
| Directors and senior executives bonuses plus associated NIC | 338          | –            | –            | 376          | 4,706         |
| <b>Total</b>                                                | <b>8,090</b> | <b>8,680</b> | <b>7,050</b> | <b>7,800</b> | <b>14,920</b> |

### Finance costs, finance income and derivative financial instruments

Interest payable on bank loans including our share of loans on assets held in joint ventures but before capitalised interest, fell marginally to £12.7m (2012: £13.0m). Capitalised interest reduced from £3.3m to £2.5m reflecting the lower level of development stock held during the year. Other interest payable increased from £0.9m to £1.7m. As a consequence of these movements, total finance costs increased by £1.2m from £10.6m to £11.8m. Finance income earned on cash deposits increased to £0.9m (2012: £0.6m).

Derivative financial instruments have been valued on a mark to market basis and a charge of £2.6m (2012: £0.3m) has been recognised in the Income Statement.

### Taxation

The deferred tax asset is principally derived from tax losses which the Group believe will be utilised against profits in the foreseeable future.

### Investment portfolio

Sales of over £23m of investment assets, where our asset management initiatives were completed, provided funds, net of loan repayments, for the acquisition of our office refurbishment scheme in Old Street, London EC1, in joint venture with Crosstree, and for £5.1m of value enhancing capital expenditure on our investment portfolio. The sales of these investment assets generated a loss of £2.4m of which £0.6m represented transaction costs and £1.0m was in respect of our industrial estate at East Kilbride, which had suffered a number of tenant losses. The remaining assets were sold at c.98% of book value.

Helical acquired no new wholly owned investment properties during the year. The capital expenditure of £5.1m added to the revaluation surplus of £3.7m was more than offset by the book value of properties sold of £23.9m, thereby reducing the value of the wholly owned investment properties from £326.9m to £312.0m. In joint venture we purchased 207-211 Old Street, London EC1 and this purchase, together with our share of a valuation uplift on the investment properties held in joint venture of £3.1m, took the Group's share of the total investment portfolio, on a see-through basis, from £394.1m to £407.0m.

## financial review

### Borrowings and financial risk

The Group is well positioned to face the future with a sound financial base, having increased its income stream by replacing low growth assets with higher yielding retail properties, refinanced maturing debt with longer term bank facilities and reduced its exposure to any future interest rate rises by entering into new hedging instruments, taking advantage of current low interest rates. In addition, and with the backing of the major property lending banks, the Group has access to a number of new bank facilities which, when added to its cash balances, provides a level of liquidity and resources that enable it to deal with the current economic uncertainties and to continue to rebalance its portfolio through the acquisition of new income producing investment properties.

### Debt profile at 31 March 2013 - excluding the effect of arrangement fees

|                                         | Total Facility<br>£000's | Total Utilised<br>£000's | 2014<br>£000's | 2015<br>£000's | 2016<br>£000's | 2017<br>£000's | 2018<br>£000's |
|-----------------------------------------|--------------------------|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Investment facilities                   | 218,526                  | 202,110                  | 7,782          | 2,244          | 59,101         | 85,683         | 47,400         |
| Development and site holding facilities | 66,620                   | 51,092                   | 23,120         | 9,306          | 4,660          | 14,006         | –              |
| Short term working capital facilities   | 10,972                   | 9,132                    | 9,132          | –              | –              | –              | –              |
|                                         | 296,118                  | 262,434                  | 40,034         | 11,550         | 63,761         | 99,689         | 47,400         |
| Joint venture bank facilities           | 83,504                   | 73,321                   | 720            | 13,953         | 58,648         | –              | –              |
| Total see-through debt                  | 379,622                  | 335,755                  | 40,754         | 25,503         | 122,409        | 99,689         | 47,400         |

The Group arranges its bank borrowings to suit its investment and development intentions as follows:

#### Investment facilities

These are typically for four to five years, financing the Group's investment portfolio and a fully let retail development at Wroclaw in Poland with loan to value and income covenants. The value of the Group's properties secured on these facilities at 31 March 2013 was £319,035,000 (2012: £330,251,000) with a corresponding loan to value of 63% (2012: 64%). Of the £7.8m due for repayment in the year to 31 March 2014, £6.2m has been refinanced and is now due for repayment in the year to 31 March 2017. The remaining amounts due in the two years to 31 March 2015 represent amortisation of loans during that period. The average maturity of the Group's investment facilities at 31 March 2013 was 3.6 years, extended to 4.1 years since that date. Since the year end £49.0m of debt, in three facilities maturing in the period to 31 March 2016, have been replaced by a £75m revolving credit facility, £49.3 drawn, repayable in the period to 31 March 2018.

#### Development and site holding facilities

These facilities finance the construction of the retirement villages at Bramshott Place, Liphook and Durrants Village, Horsham and the office development at The Hub, Glasgow. They also include site holding facilities at Exeter and Telford and fund the holding of the completed developments at Hedge End, Southampton and Ropemaker Park, Hailsham. Of the £23.1m due for repayment in the year to 31 March 2014, £6.0m has been refinanced into a five year facility and £10.1m is due for repayment in December 2013 and we shall look to enter into discussions with the relevant bank in the near future. We anticipate refinancing the remaining £7.0m in the near future. The average maturity of the Group's development and site holding facilities at 31 March 2013 was 1.9 years.

#### Short term working capital facilities

These facilities provide working capital for the Group and c. £3.0m has been repaid since the year end.

#### Joint venture bank facilities

As noted above we hold a number of investment and development properties in joint venture with third parties and include in the above table our share, in proportion to our economic interest, of the debt associated with each asset. Of the amount due to be repaid in the year to 31 March 2015, £11.7m is in respect of the investment holding facility for Barts Square, and timed for a potential redevelopment of the site. In the year to 31 March 2016, there are three facilities due to be repaid. In April 2015, our investment facility on the Clyde Shopping Centre, Clydebank, is repayable. In December 2015 we are due to repay the loan on 207-211 Old Street, London EC1, this repayment being timed to fit into plans for the refurbishment of the properties acquired in December 2012. The remaining debt repayable in this year relates to the development of the shopping centre and retail park at Europa Centralna, Gliwice. This development has been partly financed with a development facility due to convert into an investment facility, on satisfaction of a number of conditions precedent, by December 2013. At the option of the joint venture, the investment facility will be repayable within either three or five years. For the purposes of this debt maturity analysis we have assumed that all conditions precedent will be met and a term of three years is agreed with the bank. The average maturity of the Group's share of bank facilities in joint ventures at 31 March 2013 was 2.4 years.

#### Cash and cash flow

At 31 March 2013, the Group had over £80m (2012: £65m) of cash and agreed, undrawn, committed bank facilities including its share in joint ventures as well as £27m (2012: £16m) of uncharged property on which it could borrow funds.

## financial review

**Net borrowings and gearing**

Net borrowings held by the Group have reduced during the year from £227.8m to £222.9m. Including the Group's share of net debt of its joint ventures the Group's share of total net debt has increased from £280.0m to £286.3m.

| <b>Net borrowings and gearing</b>         | <b>2012</b> | <b>2013</b>    |
|-------------------------------------------|-------------|----------------|
| Net borrowings – Group                    | £227.8m     | <b>£222.9m</b> |
| Net borrowings – Including joint ventures | £280.0m     | <b>£286.3m</b> |
| Net assets                                | £253.7m     | <b>£253.8m</b> |
| Gearing – Group                           | 90%         | <b>88%</b>     |
| Gearing – Including joint ventures        | 110%        | <b>113%</b>    |

**Hedging**

At 31 March 2013 the Group had £135.6m (2012: £120.3m) of fixed rate debt with an average effective interest rate of 4.34% (2012: 4.80%), and £124.1m (2012: £142.9m) of floating rate debt with an average effective interest rate of 3.31% (2012: 3.47%). In addition, the Group had £82m of interest rate caps at an average of 4.00% (2012: £125m at 4.70%). In the joint ventures, the Group's share of fixed rate debt was £27.5m (2012: £18.0m) with an average effective interest rate of 5.12% (2012: 5.20%), and £45.8m (2012: £37.8m) of floating rate debt with an effective rate of 3.76% (2012: £3.54%). In addition, the joint ventures benefitted from £51.5m (2012: £49.0m) of interest rate caps at an average of 5.00% (2012: 5.00%).

**Interest cover**

In assessing the results of the Group for each financial year, Helical considers its interest cover as a measure of its performance and its ability to finance its annual interest payments from its net operating income, before revaluation gains or losses on the investment portfolio and net realisable provisions on the trading and development stock. In the year to 31 March 2013, this interest cover was 2.7 times (2012: 2.8 times).

|                                              | 2009<br>£000's | 2010<br>£000's | 2011<br>£000's | 2012<br>£000's | <b>2013<br/>£000's</b> |
|----------------------------------------------|----------------|----------------|----------------|----------------|------------------------|
| See through net rental income                | 17,878         | 14,851         | 17,777         | 22,936         | <b>24,459</b>          |
| Trading profits/(losses)                     | (514)          | (10)           | (367)          | –              | <b>(1)</b>             |
| Development profits before provisions        | 15,040         | 8,748          | (1,729)        | 5,166          | <b>7,616</b>           |
| Gain/(loss) on sale of investment properties | 1,335          | (4,909)        | 4,842          | (376)          | <b>(2,388)</b>         |
| Net operating income                         | 33,739         | 18,680         | 20,523         | 27,726         | <b>29,686</b>          |

|                               | 2009<br>£000's | 2010<br>£000's | 2011<br>£000's | 2012<br>£000's | <b>2013<br/>£000's</b> |
|-------------------------------|----------------|----------------|----------------|----------------|------------------------|
| See-through net finance costs | 6,985          | 8,779          | 8,033          | 10,037         | <b>10,893</b>          |
| Interest cover                | 4.8x           | 2.1x           | 2.6x           | 2.8x           | <b>2.7x</b>            |

**Tim Murphy**  
Finance Director

23 May 2013

# corporate responsibility

## Introduction

Helical recognises that our business activities impact on the environment and the wider communities in which we operate. As our business involves working with joint ventures and outsourcing partners, our direct impacts as a business are relatively small. However, we are aware of the influence we can exert through the implementation of responsible environmental and social practices via our partners, contractors and suppliers.

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

## Managing corporate responsibility

Each year we review and update our environmental management system, which has been in place since 2003, and the updated environmental management system, available on our website, is embedded within the operations of Helical. Key elements of the system include:

- 'Environment' and 'Corporate Responsibility' policies which set out Helical's high-level commitment across a number of impact areas. These are reviewed at Board level annually and are implemented by our senior management team.
- Annual (and rolling) performance targets to enable us to focus our efforts throughout the year on measurable, yet achievable performance goals. This year we have continued to report on energy and water consumption at our large managed multi-let assets and head office, and measured our performance against quantitative targets set in 2012/3. In addition, we have measured the proportion of waste at our managed assets as well as within our developments.
- Key Performance Indicators (KPIs) to help us monitor progress towards these targets and to ensure that we are able to report in line with investor disclosure requirements, notably FTSE4Good. It should be acknowledged that our particular business model with regard to the buying and selling of assets means that absolute performance measures can be difficult to compare year on year, hence this year we also report selected intensity KPIs.
- A checklist to assist us in applying minimum sustainability requirements across our development activities. In collaboration with our consultants, we developed a sustainability project management checklist to ensure that sustainability issues are incorporated into all decisions throughout the development lifecycle. Introduced last year was a Contractor's Checklist that is issued to individual contractors in order to address our corporate goals at the construction stage.
- Effective use of internal audit and review through quarterly meetings of key Helical personnel, their external corporate responsibility advisors and principal managing agents to ensure effective delivery of the objectives and targets.

The management system we have developed has been designed specifically to reflect the flexibility of Helical's business model. It also reflects the key role that our partners play in delivering enhanced sustainability outcomes in all our business ventures, be they developments/refurbishments of which there have only been small scale refurbishments during 2012/3, or in the management of individual multi-let assets such as at Shepherds Building or Battersea Studios.

## Review of progress in the year to 31 March 2013

We manage our environmental and social impacts because there are business benefits in doing so. These benefits include increased ability to secure planning consent, improved marketability of assets to prospective tenants, reduced operating costs of assets, mitigating the risk of future legislation and regulation, and enhanced corporate reputation.

Below we outline our progress in relation to the each of our Corporate Responsibility impact areas.

## Environment

Our high-level corporate commitments to environmental issues are outlined in the Group's Environmental Policy which can be found on our website. The Policy details our commitments across a range of impact areas and our development and property management activities. In 2012-13, we set ourselves 24 targets to guide the Environmental element of our Corporate Responsibility programme over the following 12 months. These targets address a range of impacts arising from our development and property management activities, including resource use and waste production, pollution, biodiversity, timber sourcing, tenant engagement, flood risk and sustainable design and construction. A full list of these targets can be found on our website. The performance against the key targets is summarised below.

- At our Head office at Farm Street, we aimed to maintain our current performance given the significant improvement achieved in previous years. Usage of water and electricity were consistent with last year's low level of consumption but there was a 40% increase in gas use reflecting the need for more heating due to the inclement weather over the past year.
- At our managed multi-let offices, we continue to improve energy and water efficiency through the implementation of low and no cost measures. The specific target for 2012 was to achieve a 5% improvement against the 2010 baseline. A review of the data in the table below shows that performance is variable across the portfolio with the properties generally showing an overall increase in consumption. This reflects increasing occupancy and changes to the portfolio structure. An additional performance measure of average utilisation of kWh/ sq m for electricity and gas is provided for the portfolio and shows a general trend of a year on year increase reflecting again the increased occupancy and activity. An equivalent assessment is made of average water consumption which shows a consistent usage at between 0.5 and 0.67 m<sup>3</sup> per square meter.
- At our managed shopping centres, comparative figures where available indicate a similar story that the performance is allied to overall occupancy. Although, it is pleasing to note that the replacement of all fluorescent light bulbs with light emitting diodes (LED) resulted in a 22% reduction in energy consumption year on year at Idlewells Shopping Centre.
- We continue to offer recycling facilities at all our managed assets. The success of our approach has been particularly demonstrated at Farm Street, the Shepherds Building, and Corby Town Centre Shopping Centre where 100% of waste is diverted from landfill. In addition, Ashdown Philips, the managing agents at Corby Town Centre were awarded a Gold Star in November 2012 at the National Recycling Awards. At other of our managed assets we comfortably exceeded our ongoing target of a recycling rate of at least 35%.

## corporate responsibility

- One ongoing target is to proactively engage with our tenants to encourage improvements in efficient use of the buildings. A tenants' engagement poster has been designed for use within each of the principal managed assets and is displayed in public areas to help achieve this aim. It is regularly reviewed to reflect changing performance data. Following this, individual property managers have engaged with tenants to try and see if there are ways in which efficiency initiatives can be introduced and to particularly encourage increased recycling within the portfolio. An example is Idlewells Shopping Centre where retailers were briefed on a new waste system by the waste contractor and advised on which skip could be used for which waste stream. Leaflets and signage were issued to all retailers and staff to guide correct disposal. Ongoing training and support has been offered by the waste management company and centre management team for retailers who have complex waste such as charity shops.
- The success of a holistic approach to environmental management was again demonstrated by Clydebanks Shopping Centre which followed its Green Apple Gold Award in the retail category for Scotland with a Bronze Award for retail in the UK wide Green Apple Awards for the

ongoing 'Big Steps – Smaller Footprints' initiative. Through a combination of regular communication with tenants and staff, promoting good practice with regard to recycling and energy use and encouraging eco friendly groups to use the centre to promote the message, significant reductions were achieved in both electricity consumption and waste disposed to landfill. A particularly pertinent initiative this year is the keeping of bees at the Centre to highlight to customers the importance of bees and the threat to their ongoing wellbeing through Colony Collapse Disorder.

- There was limited activity throughout 2012-13 with regard to construction projects. Key corporate objectives including maximising waste recycling and addressing ecological considerations were achieved.

In addition, the Group has maintained our registration with CRC (Carbon Reduction Commitment) and has purchased 5,198 carbon allowances for the year 2012-13 based on the reported emissions for the portfolio as a whole. We have also reported for the first time to the Carbon Disclosure Project.

Below we present our utility consumption performance for multi-let buildings under management as well as our head office (where data availability permits).

## Head office and multi-let offices

|                                                           | Electricity<br>2010-11<br>kWh | Electricity<br>2011-12<br>kWh | Electricity<br>2012-13<br>kWh | Gas<br>2010-11<br>kWh | Gas<br>2011-12<br>kWh | Gas<br>2012-13<br>kWh | Water<br>2010-11<br>m <sup>3</sup> | Water<br>2011-12<br>m <sup>3</sup> | Water<br>2012-13<br>m <sup>3</sup> |
|-----------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|------------------------------------|------------------------------------|------------------------------------|
| 11-15 Farm Street,<br>London W1                           | 134,531                       | 125,101                       | 120,242                       | 45,904                | 35,753                | 53,633                | 2,479                              | 538                                | 546                                |
| 82 Silverthorne Road,<br>London SW8                       | 2,250,701                     | 2,541,723                     | 3,323,528                     | 1,255,766             | 1,600,956             | 1,744,971             | 5,017                              | 4,906                              | 7,474                              |
| 61 Southwark Street,<br>London SE1                        | 992,777                       | –                             | –                             | 525,614               | –                     | –                     | 4,506                              | –                                  | –                                  |
| Shepherds Building,<br>London W14                         | 3,397,545                     | 3,380,916                     | 3,403,393                     | No gas                | No gas                | No gas                | 8,494                              | 6,724                              | 8,373                              |
| The Hub                                                   | 328,436                       | 374,277                       | 610,070                       | 392,587               | 513,019               | 740,212               | n/a                                | n/a                                | n/a                                |
| Net lettable area sq m                                    | 35,767                        | 29,542                        | 29,542                        | 21,739                | 15,514                | 15,514                | 30,193                             | 23,968                             | 23,968                             |
| Average utilisation<br>kWh / sq m or m <sup>3</sup> /sq m | 199                           | 205                           | 252                           | 102                   | 139                   | 164                   | 0.68                               | 0.51                               | 0.68                               |

## Shopping centres

|                                                           | Electricity<br>2011-12<br>kWh | Electricity<br>2012-13<br>kWh | Gas<br>2011-12<br>kWh | Gas<br>2012-13<br>kWh | Water<br>2011-12<br>m <sup>3</sup> | Water<br>2012-13<br>m <sup>3</sup> |
|-----------------------------------------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|------------------------------------|------------------------------------|
| The Guineas Shopping Centre, Newmarket                    | 56,231                        | 68,695                        | 356,845               | 387,451               | 168                                | 176                                |
| Idlewells Shopping Centre, Sutton in Ashfield             | 397,985                       | 309,597                       | 70,576                | 44,266                | 1,377                              | 921                                |
| Corby Town Centre, Corby                                  | n/a                           | 1,127,247                     | n/a                   | 934,845               | n/a                                | 806                                |
| The Morgan Quarter, Cardiff                               | n/a                           | 352,817                       | n/a                   | No gas                | n/a                                | 123                                |
| Net lettable area sq m                                    | 24,296                        | 107,713                       | 24,296                | 82,720                | 24,296                             | 107,713                            |
| Average utilisation<br>kWh / sq m or m <sup>3</sup> /sq m | 18.7                          | 17.26                         | 14.8                  | 16.5                  | 0.06                               | 0.02                               |

## Notes:

- 'No gas' refers to assets where gas is not used on site
- '–' refers to asset that are no longer in ownership
- n/a refers to data not available at time of reporting e.g. inaccessible water meters

Going forward for 2013-14, the suitability of the targets will be reviewed against the performance for 2012-13 and revised accordingly to remain challenging yet achievable.

## corporate responsibility

### Employees

As at 31 March 2013, we employed a team of 24 people in our head office, 38% of whom are women. We continue to enforce our equal opportunities, harassment and sexual discrimination policies. We also continue to monitor compliance with our whistle blowing policy. No incidents were reported against these policies in the year under review.

High levels of staff retention remain a key feature of our business. We retain a highly skilled and experienced team and the table below shows a breakdown of our staff by length of service.

|                          | Total number of staff | Average length of service (years) |
|--------------------------|-----------------------|-----------------------------------|
| Directors and management | 11                    | 12                                |
| Finance                  | 6                     | 12                                |
| Administration           | 7                     | 5                                 |

Our staff retention levels not only reflect competitive remuneration and benefits packages but also our commitment to enhancing the professional and personal skills of our team. During 2012/3 we provided an average of 13.15 hours of training per employee, an increase on last year. As in previous years, we continue to evaluate training needs in line with business objectives.

### Communities

Helical takes a strong interest in community issues. Community engagement is an on-going concern throughout the development process, from planning until development completion and operation. The following examples demonstrate how community engagement has benefited the communities that we work with over the past year.

- We have made a number of in-kind contributions through our Clyde Shopping Centre including supporting a project to donate electronic equipment through a competition for 20 local schools and sponsorship of the local youth football tournament. In the context of working with and protecting children Clyde Shopping Centre is the first centre in the UK to achieve accreditation to the Safer Retailer Award for all stores within the centre which sell age restricted products. The award, which assesses the Policies, Training and Procedures revolving around the sale of age restricted goods is supported by The Scottish Government, Police Scotland, The Scottish Fire and Rescue Service and the Trading Standards Institute.
- Idllewells Shopping Centre has enjoyed a long running relationship with a major local educational facility, Sutton Centre Community College, and this has recently undergone a transformation to become Sutton Community Academy. Individual initiatives have included work with Sutton Town Centre Group to organise and host themed events in the town, such as a Diamond Jubilee celebration and a Christmas light switch-on, as well as work with both mainstream and adult education students on enterprising activities focused on the theme of 'learning and earning'. Centre management have supported with mock interviews to help give students experience of the work environment, and even set one business studies group a challenge of helping to create part of the shopping centre's marketing and events strategy. The most long-standing project has been a free of charge agreement for the Community Academy to utilise a shop unit within Idllewells to showcase the work of the adult education classes including nail art, paintings, fashion accessories and clothing.

During the year to 31 March 2013 Helical donated £13,055 to charities including: LandAid Charitable Trust, The Story of Christmas Appeal, Oxford Childrens Hospital, The Cure and Action for Tay-Sachs Foundation, East Anglian Air Ambulance and Great Ormond Street Hospital Children's Charity.

In addition, on Land Aid day, a Helical team raised £7,500 by dressing up as Alice in Wonderland characters and visiting other companies' offices in the locality.

### Health & safety

Helical's Health & Safety policy aims to develop a corporate culture that is committed to the prevention of injuries and ill health to our employees or others that may be affected by our activities. The Board of Directors and senior staff are responsible for implementing this policy and ensure that health and safety considerations are always given priority in planning and in day-to-day activities. Our Health & Safety Policy was reviewed and updated in January 2012 to reflect the latest legislative and regulatory developments. There have been no reportable RIDDOR incidents within the portfolio during 2012 -13. Our Health & Safety policy can be found on our website.

### Suppliers

Fair treatment of suppliers remains a key priority for Helical, particularly in challenging market conditions where smaller suppliers in particular may rely on our payments for balanced cash flow. The Group's policy is to settle all agreed liabilities within the terms established with suppliers.

# governance

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# corporate governance review

At Helical we believe that Corporate Governance is of fundamental importance in delivering, for shareholders, long-term success through the effective, entrepreneurial and prudent management of the Company. The Board of Helical is collectively responsible for providing the entrepreneurial leadership of the Company within a framework of controls and reporting structures which assist in pursuing its strategic aims and business objectives.

## The UK Corporate Governance Code (the "Code")

The Board is accountable to the Group's shareholders for good corporate governance.

We believe in applying the highest principles of corporate governance and have complied throughout the year with the principles as set out in the section of the UK Corporate Governance Code ("Code") headed "The Main Principles of the Code" and, except where stated below, have complied with the provisions of the Code. The Group also takes into account the corporate governance guidelines of institutional shareholders and their representative bodies.

### – Appointment of Chairman

Following the retirement as Chairman of Giles Weaver at last year's AGM, the Nominations Committee indicated its intention to appoint then Finance Director, Nigel McNair Scott, as Chairman of the Company, subject to his being re-appointed a director at the AGM. The Code requires that a new chairman should satisfy, on appointment, the independence criteria set out in provision B.1.1 and Nigel McNair Scott did not satisfy this Code provision on appointment. The Committee engaged in an extensive consultation process with shareholders and representative bodies, explaining its reasons for the appointment and received indications that there would be considerable support for his re-election at the AGM and his appointment as Chairman at the conclusion of the AGM. In proposing this appointment, the Committee was conscious of non-compliance with the Code and sought to strengthen shareholder protections by the appointment of two new, independent, non-executive directors, Richard Gillingwater and Richard Grant. Richard Gillingwater, who has an exceptional record of service on the Boards of many of the UK's listed companies, details of which are noted in his biography on page 51, became the Senior Independent Director. Richard Grant is the Finance Director of Cadogan Estates Limited and a former partner of PwC. He was appointed the Chairman of the Audit Committee. In his role as Senior Independent Director, Richard Gillingwater has taken on the responsibility for liaising with shareholders and their representative bodies regarding the governance of the Company and is also responsible for undertaking the annual directors' evaluation process. He holds meetings of the independent non-executive directors separately from the rest of the Board to ensure that any issues may be discussed without the presence of a non-independent director. The Committee believes this will provide shareholders with sufficient comfort that the governance of the Company and the review of its Board procedures and processes are not compromised by a perceived lack of independence.

### – Composition of the Board

The Code requires a Board to have an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively. Helical operates with a strong management team of senior decision-makers backed up by finance and other support staff. Given its size the Board does not consider it appropriate to operate both a main board and a separate executive committee, a structure commonly seen in larger companies. However, despite its size, the Group is keen to promote exceptional talent to Board level at the earliest opportunity to expose such individuals to the broader issues facing the business, encourage their long term commitment to the Group and to provide for future succession. It is for these reasons that Helical's Board of six executive directors' is larger than those of other comparable listed real estate companies.

Provision B.1.2 of the Code notes that companies such as Helical, which are below the FTSE350, are required to have at least two independent non-executive directors. The Board has determined, however, that in Helical's case a total of four independent non-executive directors is appropriate to balance the current executive team, to provide the experience and advice that the executive team seeks and to ensure the interests of shareholders and other stakeholders are adequately protected. The independent non-executive directors are Richard Gillingwater (Senior Independent Director), Andrew Gulliford, Michael O'Donnell and Richard Grant.

In the Board's view, the composition of the Board has an appropriate balance of skills, experience, independence and knowledge of the Company as required by the Code.

### – Notice of Annual General Meeting

The code recommends that the Notice of AGM and related papers be sent to shareholders at least 20 working days before the meeting. For the 2012 AGM the Notice and related papers were sent out 16 working days before the AGM.

### Chairman and Chief Executive

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

### Board responsibilities

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

All directors take decisions objectively in the interests of the Group. As part of their roles as members of the Board, non-executive directors constructively challenge and help develop proposals on strategy and the risk appetite of the Group. Non-executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning. In addition to Boardroom discussions, the Chairman contacts other non-executive directors by telephone and, if appropriate, will hold meetings with the non executive directors without the executive directors present.

## corporate governance review

The Board has a schedule of matters specifically reserved to it for decision. The Board controls the business but delegates day-to-day responsibility to the executive management. However, there are a number of matters which are required to be or, in the interests of the Group, should only be, decided by the Board of Directors as a whole. A summary of the decisions reserved for the Board is set out below:

Schedule of matters reserved for the Board:

- Strategy and management – responsibility for the overall management of the Group; approval of the Group's long-term objectives and commercial strategy; approval of annual administration budgets; oversight of the Group's operations; extension of the Group's activities into new business areas; any decision to cease to operate all or any material part of the Group's business.
- Structure and capital – changes to the Group's capital structure; major changes to the Group's corporate structure; changes to the Group's management and control structure; changes to the Group's listing or plc status.
- Financial reporting and controls – approval of interim and preliminary announcements; approval of annual report and accounts, including the corporate governance statement and the directors' remuneration report; approval of dividend policy; approval of significant changes in accounting policies or practices; approval of treasury policies.
- Internal controls – ensuring maintenance of a sound system of control and risk management.
- Communication – approval of resolutions and documentations to be put to shareholders in general meeting; approval of press releases concerning matters decided by the Board.
- Board membership and other appointments to senior management.
- Both appointment and removal of the Company Secretary.
- Corporate governance matters including directors' performance evaluations.
- Approval of policies including code of conduct incorporating whistle-blowing procedures; share dealing code; health and safety policy; environmental and corporate social responsibility policy; implementation of procedures required by the Bribery Act 2010 and equal opportunity policy.

### Members of the Board

The current members of the Board comprise a Chairman, six executive directors and four non-executive directors. The Chairman is Nigel McNair Scott. The executive directors are Michael Slade (Chief Executive), Tim Murphy (Finance Director), Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker. The non-executive directors are Richard Gillingwater (Senior Independent Director), Andrew Gulliford, Michael O'Donnell and Richard Grant. All the directors will be offering themselves for re-appointment at the 2013 AGM.

Further details, including biographies and shareholdings in the Company, can be found on pages 51 and 52.

### Attendance at Board and Committee meetings during the year

In addition to ad hoc meetings arranged to discuss particular transactions and events and the 2012 AGM, the full Board met on six occasions during the year under review. The attendance record of the directors at these meetings and at meetings of the Board's committees is shown in the table below.

|                                | Full Board | Audit Committee | Remuneration Committee | Nominations Committee |
|--------------------------------|------------|-----------------|------------------------|-----------------------|
| <b>Chairman</b>                |            |                 |                        |                       |
| Nigel McNair Scott             | 6/6        | n/a             | n/a                    | n/a                   |
| <b>Executive Directors</b>     |            |                 |                        |                       |
| Michael Slade                  | 6/6        | n/a             | n/a                    | n/a                   |
| Tim Murphy                     | 3/3        | n/a             | n/a                    | n/a                   |
| Gerald Kaye                    | 6/6        | n/a             | n/a                    | n/a                   |
| Matthew Bonning – Snook        | 6/6        | n/a             | n/a                    | n/a                   |
| Jack Pitman                    | 6/6        | n/a             | n/a                    | n/a                   |
| Duncan Walker                  | 6/6        | n/a             | n/a                    | n/a                   |
| <b>Non-Executive Directors</b> |            |                 |                        |                       |
| Richard Gillingwater           | 3/3        | 2/2             | n/a                    | n/a                   |
| Andrew Gulliford               | 6/6        | 3/3             | 3/3                    | 3/3                   |
| Michael O'Donnell              | 6/6        | 3/3             | 3/3                    | 3/3                   |
| Richard Grant                  | 3/3        | 2/2             | n/a                    | n/a                   |
| <b>Former Directors</b>        |            |                 |                        |                       |
| Giles Weaver                   | 3/3        | n/a             | n/a                    | 3/3                   |
| Antony Beevor                  | 3/3        | 1/1             | 3/3                    | 3/3                   |
| Wilf Weeks                     | 3/3        | 1/1             | 3/3                    | 3/3                   |

### Annual evaluation of the Board and its Committees

The annual evaluation process involves each director submitting an appraisal in respect of the performance of the main Board and, by each non-executive director, in respect of each Board Committee of which they are a member.

During the year the Board undertook a formal evaluation of its own performance and that of its Committees and the Senior Independent Director reported the results of that evaluation process to the Board. Individual evaluations of directors were conducted by the Chief Executive, and Chairman.

## corporate governance review

### Directors – information and professional development

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and its directors are free to seek any further information they consider necessary. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

The Board ensures that directors, especially non-executive directors, have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as directors. Training is available for new directors and other directors as necessary. All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are complied with.

### Committees of the Board

The report of the Chairman of the Remuneration Committee and the report of the Chairman of the Audit Committee are found on pages 53 and 63 respectively of this Annual Report. The report of the Nominations Committee can be found on page 49.

### Relations with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance, Board membership and quality of management. It therefore holds regular meetings with, and presentations to, its institutional shareholders to discuss its results and objectives. The Group also regularly meets, with the help of its brokers, institutions that do not currently hold shares in the Group to inform them of its objectives. Michael Slade, as Chief Executive, attends most of these meetings and is usually accompanied by one of the other executive directors.

During the year under review, Andrew Gulliford, as Chairman of the Remuneration Committee, engaged with principal shareholders (holding more than 3% of the Company's shares) and shareholder representative bodies, to seek their approval for the Annual Bonus Scheme 2012.

The former Chairman, Giles Weaver, also engaged with principal shareholders and shareholder representative bodies during the year, regarding the proposed changes to the Board which became effective on the date of the 2012 Annual General Meeting.

The AGM is used to communicate with private investors and they are encouraged to participate. The Chairman, Senior Independent Director and members of the Audit, Remuneration and Nominations Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to consider the annual report and accounts. The Group counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

The Group communicates with all shareholders through the issue of regular press releases and through its website at [www.helical.co.uk](http://www.helical.co.uk).

The Group receives regular reports from sector analysts and its investor relations advisors on how it is viewed by its shareholders.

### Internal control and risk management

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

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

- clearly defined organisational responsibilities and limits of authority. The day-to-day involvement of the executive directors in the running of the business ensures that these responsibilities and limits are adhered to;
- financial controls and review procedures;
- financial information systems including cash flow, profit and capital expenditure forecasts. The Board receives regular and comprehensive reports on the day-to-day running of the business;
- an Audit Committee which meets with the auditors and deals with any significant internal control matter. In the year under review the Committee met with the Auditors on two occasions.

The Board is responsible for the management of the Group's risk profile.

An analysis of the Group's risk strategy can be found on page 9.

### Internal audit

The Board reviewed its position during the year to 31 March 2013 and reaffirmed its stance that in view of the relatively small size of the Group it does not consider that an Internal Audit function would provide any significant additional assistance in maintaining a system of internal controls.

### Charitable and political donations

The Company continues to support charitable causes and in the year to 31 March 2013, made charitable donations of £13,055. Further details are provided in the Corporate Responsibility Report on page 42. The Company's policy with regard to political donations is to ensure that shareholder approval is sought before making any such payments. No shareholder approval has been sought and, accordingly, the Company made no political donations in the year to 31 March 2013.

### Going concern

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

The key areas of sensitivity are:

- Timing and value of property sales
- Availability of loan finance and related cash flows
- Future property valuations and their impact on covenants and potential loan repayments
- Committed future expenditure
- Future rental income and bad debts
- Payment timings and the value of trade receivables

The forecast cash flows have been sensitised to eliminate those cash inflows which are less certain and to take account of a further deterioration of property valuations. From their review the directors believe that the Group has adequate resources to continue to be operational as a going concern for the foreseeable future.

# letter from the chairman of the nominations committee

Dear shareholder,

In accordance with the UK Corporate Governance Code, the role of the Committee, and my primary responsibility as its Chairman, is to ensure that the Company is headed by an effective Board which is collectively responsible for the long-term success of the Company. This is best achieved through the provision of entrepreneurial leadership and a talented executive team, supported by committees with an appropriate balance of skills, experience, independence and knowledge of the company to be able to constructively challenge and assist the executive team in achieving its objectives. Alongside me, the Committee comprises Andrew Gulliford, Michael O'Donnell, Richard Gillingwater and Richard Grant.

During the year, the main focus of the Committee was succession planning, both for the executive team and the non-executive directors. In early 2012, the Committee identified a need for additional independent non-executive directors in view of the intention of the Group's then Chairman and two other non-executive directors to step down from the Board at the 2012 AGM. Accordingly, the Group appointed search firm Norman Broadbent to assist in this process. After considering a number of candidates, the Committee recommended the appointments of Richard Gillingwater and Richard Grant, both of whom were appointed to the Board on 24 July 2012, immediately following the 2012 AGM. At the same time the Committee also recommended to the Board the promotion of Tim Murphy to Finance Director and, following an extensive consultation process with shareholders and representative bodies, my appointment as Chairman after stepping down as Finance Director at the 2012 AGM.

## Annual General Meeting

At the Annual General Meeting to be held on 24 July 2013, the following resolutions relating to the appointment of directors are being proposed:

- The re-election of Nigel McNair Scott as non-executive Chairman;
- The re-election, as executive directors, of Michael Slade, Tim Murphy, Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker; and,
- The re-election, as independent non-executive directors, of Andrew Gulliford, Michael O'Donnell, Richard Gillingwater and Richard Grant.

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

## Nigel McNair Scott

Chairman of the Nominations Committee

23 May 2013

# report of the nominations committee

## The nominations committee

The Nominations Committee is chaired by Nigel McNair Scott (from 24 July 2012). The other members of the Committee are Andrew Gulliford, Michael O'Donnell, Richard Gillingwater (from 24 July 2012) and Richard Grant (from 24 July 2012). Giles Weaver (former chairman), Antony Beevor and Wilf Weeks stepped down from the Committee on 24 July 2012.

None of the Committee members has any personal or financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business.

## Board appointments

Appointments to the Board and its Committees are made on merit and against objective criteria. Care is taken to ensure that appointees have enough time available to devote to the job. The Nominations Committee controls the process for Board appointments and makes recommendations to the Board.

The terms of reference of the Nominations Committee are available by request and are included on the Group's website at [www.helical.co.uk](http://www.helical.co.uk).

## Advisors to the Committee

During the year under review the Committee appointed search consultants Norman Broadbent to assist in identifying candidates for appointment to the Board as non-executive directors.

## The work of the Nominations Committee in the year

The Committee met 3 times during the period and a record of attendance at these meetings is shown on page 47. Including the matters referred to in the Letter from the Chairman of the Nominations Committee on page 49, the Committee considered the following matters during the year:

- The results of the annual directors' evaluation process;
- The retirement of Giles Weaver, Antony Beevor and Wilf Weeks;
- The appointment of Nigel McNair Scott as non-executive Chairman;
- The appointment of Tim Murphy as Finance Director on 24 July 2012;
- The appointment of search consultants Norman Broadbent and the subsequent appointment of Richard Gillingwater and Richard Grant as independent non-executive directors on 24 July 2012;
- The re-election of directors at the 2012 Annual General Meeting.

## Shareholder consultation

On appointment as the new Chairman of the Company, Nigel McNair Scott was not regarded as independent by shareholders and their representative bodies. In the light of this, the previous Chairman, Giles Weaver, conducted an extensive consultation exercise with the Company's largest investors and representative bodies, to explain the rationale behind this appointment. Whilst concern was expressed by some shareholders that such an appointment was not in accordance with the UK Corporate Governance Code, the Committee confirmed their view that Nigel McNair Scott was the most appropriate candidate for the role. This role specifically requires him to ensure that the long term succession issue of who replaces Michael Slade as Chief Executive is handled in the best interests of shareholders. In discharging this task, he will be assisted by four independent non-executive directors. At the 2012 AGM, 91% of votes cast were in favour of the re-election of Nigel McNair Scott. The Committee believes that this successful result reflects the constructive consultation exercise undertaken with shareholders.

## Directors' re-election

The Board believes that the requirements of Code Provision B.7.1 of the UK Corporate Governance Code should be fulfilled. This provision requires all directors of FTSE350 companies be subject to annual re-election by shareholders. Whilst the Company is no longer in the FTSE350 the Board has chosen to comply with this provision as it accepts that shareholders should annually have the right to vote on each director's re-election to the board. The Nominations Committee confirms to shareholders that, following the annual formal performance evaluation, these directors continue to be effective and demonstrate commitment to their roles. Biographical details of the directors are given on page 51.

# the board of directors and senior management

## Chairman

Nigel McNair Scott, MA FCA FCT, joined the Board as a non-executive director in 1985 and was subsequently appointed Finance Director in 1987. He was appointed Chairman of the Company after the 2012 AGM. He is Chairman of Reaction Engines Limited, a former Chairman of Avocet Mining plc and a former director of Johnson Matthey plc and Govett Strategic Investment Trust.

## Executive directors

### Chief Executive

Michael Slade, BSc (Est Man) FRICS FSVA, joined the Board as an executive director in 1984 and was appointed Chief Executive in 1986. He is President of Land Aid, the property industry charity, Co-Chairman of the Business and Entrepreneurs Forum, a Fellow of the College of Estate Management, Fellow of Wellington College, a Trustee of Purley Park and Sherborne School Foundation and Vice Admiral of the Marie Rose Trust.

### Finance Director and Company Secretary

Tim Murphy, BA (Hons) FCA, joined the Group as Company Secretary in 1994 and became Deputy Finance Director in 2011. He was appointed Finance Director of the Company after the 2012 AGM. Prior to joining Helical, he worked for accountants Grant Thornton and KPMG.

### Director

Gerald Kaye, BSc (Est Man) FRICS, was appointed to the Board as an executive director in 1994 and is responsible for the Group's development activities. He has been responsible for completing over four million sq ft of offices, retail, leisure and industrial developments. Gerald is the Past President of the British Council for Offices and a trustee of The Prince's Regeneration Trust. He is a former director of London & Edinburgh Trust Plc and former Chief Executive of SPP. LET. EUROPE NV.

### Director

Matthew Bonning-Snook, BSc (Urb Est Surveying) MRICS, was appointed to the Board as an executive director in 2007. Prior to joining Helical in 1995 he worked for Richard Ellis (now CBRE), and oversees many of Helical's office and mixed use developments.

### Director

Jack Pitman, MA (Cantab) MRICS, was appointed to the Board as an executive director in 2007. Before joining the Group in 2001 he was a director of Chester Properties Ltd. He is responsible for the Group's retirement village portfolio and its investment activities.

### Director

Duncan Walker, MA (Hons) (Oxon), PG Dip Surveying, joined the Group in 2007 and oversees a portfolio of investments and developments. In particular, he is responsible for the acquisition of Helical's shopping centres. Prior to joining Helical, Duncan led Edinburgh House Estate's investment team.

## Non-executive directors

Andrew Gulliford, BSc (Est.Man), FRICS, was appointed to the Board as a non-executive director in 2006. He is Chairman of the Remuneration Committee and a member of the Audit and Nominations Committees. A former Deputy Senior Partner of Cushman & Wakefield Healey & Baker, he is a non-executive director of McKay Securities PLC, F&C UK Real Estate Investments Limited and various other companies.

Michael O'Donnell was appointed to the board in June 2011. He is a former Managing Director of LGV Capital (formerly Legal & General Ventures), a private equity firm where he was responsible for a number of successful investments in fast growing businesses, often with a significant property element. In 2009 he established Ebttide Partners, a consultant to, and investor in, private companies. He was appointed Chairman of Cygnet Healthcare in May 2013. He is a member of the Nominations, Audit and Remuneration Committees.

Richard Gillingwater, CBE, is the non-executive Chairman of Henderson Group plc, non-executive Chairman of CDC Group plc, Senior Independent Director of Hiscox Ltd and SSE plc and non-executive director of Wm Morrison Supermarkets Plc. He was, until recently, Dean of Cass Business School. Prior to this he spent 10 years at Kleinwort Benson, before moving to BZW, and, in due course, becoming joint Head of Corporate Finance and then latterly Chairman of European Investment Banking at Credit Suisse First Boston. He was Chief Executive and later Chairman of the Shareholder Executive and has also been a non-executive director of P&O, Debenhams, Tomkins, Qinetiq Group and Kidde plc. Richard is the Senior Independent Director of Helical and is a member of the Nominations, Audit and Remuneration Committees.

Richard Grant, BA (Oxon), ACA is the Finance Director at Cadogan Estates Limited and former corporate finance partner at PwC, whom he joined in 1975. He is a member of the Investment Advisory Committee of Rockspring Hanover Property Unit Trust. Richard is the Chairman of the Audit Committee and a member of the Nominations and Remuneration Committees.

## the board of directors and senior management

### Directors and their interests

The current directors and their interests, all of which were beneficial, in the ordinary shares of the Company are listed below. There have been no changes in the directors' interests in the period from 31 March 2013 to 22 May 2013.

|                                | Age | Date of appointment | Title                  | Committees  | Shares held at 31.3.13 | Shares held at 31.3.12 |
|--------------------------------|-----|---------------------|------------------------|-------------|------------------------|------------------------|
| <b>Chairman</b>                |     |                     |                        |             |                        |                        |
| Nigel McNair Scott             | 67  | November 1985       | Chairman               | N(C)        | 2,722,556              | 2,710,132              |
| <b>Executive Directors</b>     |     |                     |                        |             |                        |                        |
| Michael Slade                  | 66  | August 1985         | Chief Executive        |             | 13,032,358             | 13,427,494             |
| Tim Murphy                     | 53  | July 2012           | Finance Director       |             | 128,140                | n/a                    |
| Gerald Kaye                    | 55  | September 1994      | Executive Director     |             | 1,535,452              | 1,530,589              |
| Matthew Bonning-Snook          | 45  | June 2007           | Executive Director     |             | 285,113                | 280,260                |
| Jack Pitman                    | 44  | June 2007           | Executive Director     |             | 440,327                | 445,053                |
| Duncan Walker                  | 34  | June 2011           | Executive Director     |             | 15,931                 | 11,480                 |
| <b>Non-Executive Directors</b> |     |                     |                        |             |                        |                        |
| Andrew Gulliford               | 66  | March 2006          | Non-executive director | N, A, R(C)  | 14,328                 | 14,328                 |
| Michael O'Donnell              | 46  | June 2011           | Non-executive director | N, A, R     | 62,000                 | 46,000                 |
| Richard Gillingwater           | 56  | July 2012           | Non-executive director | S, N, A, R  | –                      | n/a                    |
| Richard Grant                  | 59  | July 2012           | Non-executive director | N, A (C), R | 15,000                 | n/a                    |

S – Senior independent Director, N – Nominations Committee, N(C) – Chairman of the Nominations Committee, A – Audit Committee, A(C) – Chairman of the Audit Committee, R – Remuneration Committee, R(C) – Chairman of the Remuneration Committee

### Senior management

John Inwood, BSc (Hons) MRICS, joined the Group from Cushman and Wakefield in 1995 and is the Head of Asset Management. Aged 47.

Tom Anderson, BSc (Hons) MRICS, joined the Group in 2009 from Allsops where he worked in the National Investment Team. Aged 34.

Oliver Ripplier, BA (Hons) MSc Real Estate MRICS, formerly employed by Jones Lang LaSalle and Lloyds Banking Group, joined as a property analyst and development executive in 2010. Aged 31.

Alastair Oastler, BSc (Hons) FCA AMCT, joined the Group as Financial Controller in 2007 having previously worked for Invensys plc and Compagnie Financiere Richemont SA. Aged 36.

# letter from the chairman of the remuneration committee

Dear Shareholder,

I am pleased to present the Remuneration Committee's Report on directors' remuneration for the year to 31 March 2013. This report has been approved by the Board of Helical Bar plc.

I am Chairman of the Committee which also comprises Michael O'Donnell and, following their appointment immediately after the 2012 AGM, Richard Gillingwater and Richard Grant. Each member of the Committee is an independent non-executive director.

The main duty of the Committee is to determine and agree with the Board, the framework or broad policy for the remuneration of the Chairman and the executive directors and, subject to proposals being submitted by the Chief Executive, recommend and monitor the level and structure of remuneration for such other members of the executive management as report directly to the Chief Executive. The remuneration of non-executive directors shall be a matter for the Chairman and executive members of the Board.

During the last year, the Department for Business, Innovation and Skills ("BIS") issued consultation papers on revised directors' remuneration reporting regulations. Full compliance with these new regulations will not apply until the 2014 Report and Accounts but we have sought, in this report, to include some of the regulations early to further improve the level and transparency of disclosure and better illustrate the link between performance and remuneration. In particular, the report has been divided into the following two sections:

- Remuneration Policy Report, which sets out the Group's policy on the remuneration of executive and non-executive directors; and,
- Implementation Report, which discloses how the remuneration policy has been implemented in the year ended 31 March 2013.

A single advisory vote on both parts of the report will be tabled at the forthcoming 2013 AGM.

## Remuneration issues dealt with during the year

In the year under review, the Committee undertook consultations with shareholders and shareholder representative bodies on changes to the remuneration of executive directors, in particular with respect to the introduction of a new Helical Bar Annual Bonus Scheme 2012. At the 2012 AGM, 95 per cent of votes cast were in favour of the adoption of this new bonus scheme. The Directors' Remuneration Report also received 95 per cent of votes cast in favour. The Committee believes that these successful results reflect the constructive consultation exercise undertaken with shareholders.

In addition, the Committee considered a number of other matters during the financial year under review and the following decisions were taken:

- basic salaries were reviewed in July 2012 and inflationary increases of 3 per cent were awarded with effect from 1 July 2012 to Gerald Kaye, Matthew Bonning-Snook and Jack Pitman. Michael Slade waived his entitlement to an inflationary increase;
- On appointment to the Board as Finance Director, Tim Murphy's salary was set at £250,000pa;
- On appointment as Chairman of the Company, Nigel McNair Scott's fee was set at £150,000pa;
- The Helical Bar 2002 Approved Share Incentive Plan was renewed for a further 10 years. At the 2012 AGM, 100 per cent of votes cast were in favour of the renewal of this HMRC approved all employee share scheme;
- The Committee reviewed the awards made in accordance with the terms of the Performance Share Plan ("PSP") in 2009 and considered the performance of the Company during the three year performance period to 31 March 2012. Despite a return to profitability, the performance conditions required for vesting of the shares were not met and no shares vested;

- The Committee resolved in May 2012 to make a further award of shares under the terms of the PSP; and,
- The Committee resolved that the provision of long-term incentives through the PSP, which was approved by shareholders in 2004, should continue in its present form until expiry in 2014.

The implementation of these decisions is detailed in this report, together with additional information on the fixed and variable remuneration paid and payable to the directors of the Group.

## Performance and reward during 2013

As noted in the business review on pages 1 to 44, the Group has delivered an increase in EPRA net assets per share of 5.6% and a total portfolio return, as reported by IPD, of 8.6%. Pre-tax profits of the Group, before performance related awards, increased by 51% to £11.8m (2012: £7.8m).

Subsequent to the year end and in accordance with the rules of the Helical Bar Annual Bonus Scheme 2012 and the Executive Bonus Plan 2011, cash bonuses have been approved for inclusion in the financial statements for the year to 31 March 2013. Details of the bonuses payable are disclosed in the Implementation Report below.

## Remuneration policy for 2014

The Remuneration Committee of Helical Bar plc is committed to ensuring that its remuneration policy remains aligned to the interest of shareholders, incentivising management to increase total returns and growing net asset value per share whilst ensuring that an appropriate balance is maintained between the targets set for management and the risk profile of the Group.

The Committee believes that it has struck the right balance between fixed annual remuneration and an incentive structure with challenging targets which seeks to reward outperformance with a mixture of cash-based annual bonus payments and longer term share awards.

Reviewing the current remuneration the Committee has determined that the basic salaries of the executive directors should again be increased by 3%, reflecting current inflation levels, which is below the 5% awarded to all other employees of the Group. The Committee has also determined that the basic salary levels of the two recently appointed directors, Duncan Walker and Tim Murphy, be increased by 10% (including the annual inflationary increase) to move them towards market norms as their respective contributions increase. These increases will be effective from 1 July 2013.

The two annual bonus schemes were approved by shareholders in 2011 and 2012 and will not be reviewed during the forthcoming year. However, the long-term share incentive plan, the Helical Bar Performance Share Plan, was introduced in 2004 and will need to be reviewed during the year with a view to assessing its continuing suitability within the framework of the Group's remuneration structure. The Committee will seek to consult with major shareholders and representative bodies on this matter before proposing any replacement of this long-term incentive plan.

## Annual General Meeting

At the Annual General Meeting to be held on 24 July 2013 the following resolution relating to remuneration is being proposed:

- The approval of the Directors' Remuneration Report for the year ended 31 March 2013.

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

**Andrew Gulliford**

Chairman of the Remuneration Committee

23 May 2013

# directors' remuneration report

## Remuneration policy report

This section of the Remuneration Report sets out the remuneration policy of the Group with effect from 1 April 2013. There have been no changes to this policy since 1 April 2012 and the Committee believes that the policy continues to support the Group's strategy and is aligned with shareholders interests.

### Remuneration policy

Helical's approach to the remuneration of its executive directors is to provide a basic remuneration package below the median level of its peers within the listed real estate sector combined with an incentive based bonus and share scheme structure aligned with the interests of its shareholders. Remuneration within the real estate sector is monitored and reviewed regularly to ensure that the Group's positioning of its remuneration remains in line with these objectives. In addition to this

external view, the Committee also monitors the remuneration levels of senior management below Board level and the remuneration of other employees to ensure that these are taken into account in determining the remuneration of executive directors and considers environmental, social, governance and risk issues.

The Board recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. This report has been prepared in accordance with the Companies Act 2006 and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing and Disclosure and Transparency Rules of the Financial Services Authority, and the principles and provisions of the UK Corporate Governance Code as they relate to directors' remuneration. In addition, a number of disclosures which will be required under the draft BIS reporting regime from next year have been adopted early. It has been approved by

### Executive director policy table for 2014

The table below summarises the 2013-14 executive remuneration policy with any changes from the prior year highlighted:

| Element                                | Purpose and link to strategy                                                                                                                                                                                                                                                                                                                                                                                       | Operation                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary                                 | <ul style="list-style-type: none"> <li>Reflects the value of the individual and their role and responsibilities</li> <li>Reflects delivery against key personal objectives and development</li> <li>Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income</li> </ul>                                                                           | <ul style="list-style-type: none"> <li>Normally reviewed annually, effective 1 July</li> <li>Paid in cash on a monthly basis; not pensionable</li> <li>Takes periodic account against companies with similar characteristics and sector comparators</li> <li>Targeted between lower quartile and median</li> <li>Reviewed in context of the salary increases across the Group</li> </ul> |
| Annual bonus: CEO and Finance Director | <ul style="list-style-type: none"> <li>Provides focus on delivering net asset value growth above sector benchmark</li> <li>Rewards and helps retain key executives and is aligned to the Group's risk profile</li> <li>Maximum bonus only payable for achieving demanding targets</li> </ul>                                                                                                                       | <ul style="list-style-type: none"> <li>Payable in cash with deferred share element</li> <li>Non-pensionable</li> </ul>                                                                                                                                                                                                                                                                   |
| Annual bonus: other directors          | <ul style="list-style-type: none"> <li>Provides focus on delivering returns from the Group's property portfolio</li> <li>Aligned with shareholders through a profit sharing model, with appropriate hurdles and shareholder protections</li> <li>Rewards and helps retain key executives and is aligned to the Group's risk profile</li> <li>Maximum bonus only payable for achieving demanding targets</li> </ul> | <ul style="list-style-type: none"> <li>Payable in cash with deferred share element</li> <li>Non-pensionable</li> <li>Claw-back provisions apply</li> </ul>                                                                                                                                                                                                                               |
| Performance Share Plan ("PSP")         | <ul style="list-style-type: none"> <li>Aligned to main strategic objective of delivering long-term value creation</li> <li>Aligns executive directors' interests with those of shareholders</li> <li>Rewards and helps retain key executives and is aligned to the Group's risk profile</li> </ul>                                                                                                                 | <ul style="list-style-type: none"> <li>Share plan approved by shareholders in July 2004</li> <li>Discretionary annual grant of conditional share awards</li> </ul>                                                                                                                                                                                                                       |
| Other benefits                         | <ul style="list-style-type: none"> <li>Provide insured benefits to support the individual and their family during periods of ill health, accidents or death</li> <li>Cars or car allowances to facilitate effective travel</li> </ul>                                                                                                                                                                              | <ul style="list-style-type: none"> <li>Benefits provided through third party providers</li> <li>Insured benefits includes: private medical cover, permanent health insurance and cars or car allowances</li> </ul>                                                                                                                                                                       |
| Share ownership guidelines             | <ul style="list-style-type: none"> <li>To provide alignment of interests between executive directors and shareholders</li> </ul>                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Executive directors are required to build and maintain a shareholding equivalent to two years' basic salary through the retention of the post-tax shares received on the vesting of awards</li> <li>Participants in the PSP are required to retain shares acquired under the terms of the PSP for at least two years after vesting</li> </ul>     |
| Non-executive director fees            | <ul style="list-style-type: none"> <li>Reflects time commitments and responsibilities of each role and fees paid by similarly sized companies</li> <li>Chairman's remuneration is set by the Committee which meets without him. The remaining non-executive directors' fees are set by a committee comprising the executive directors</li> </ul>                                                                   | <ul style="list-style-type: none"> <li>Cash fee paid monthly</li> <li>Fees are reviewed on an annual basis</li> <li>Fixed three year contracts with three month notice periods</li> </ul>                                                                                                                                                                                                |

## directors' remuneration report

the Board and will be submitted to shareholders for approval at the Group's Annual General Meeting to be held on 24 July 2013. Grant Thornton UK LLP has audited the disclosures of directors' remuneration and share awards on pages 58 to 62.

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

- the total individual remuneration packages of each executive director including, where appropriate, basic salaries, bonuses, share awards, and other benefits;

- targets for any performance related remuneration schemes; and,
- service agreements incorporating termination payments and compensation commitments.

In determining such packages and arrangements the Committee gives due regard to the recommendations of the UK Corporate Governance Code and the UK Listing Authority's Listing Rules.

The terms of reference of the Remuneration Committee are available on request and are included on the Group's website at [www.helical.co.uk](http://www.helical.co.uk).

### Advisors to the Committee

The Committee consults the Chief Executive and Finance Director about its proposals and has access to professional advice from independent remuneration consultants, New Bridge Street, to help it determine appropriate remuneration arrangements. Terms of reference for New Bridge Street, which provided no other services to the Company, are available from the Company Secretary on request.

| Maximum                                                                                                                                                                                                                                                                                                                                                                                                                             | Performance targets                                                                                                                                                                                                                                                                                                    | Changes in the year                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>– Salary increases for executive directors will not normally exceed the average increase awarded to other employees</li> <li>– Increases may be above this level if there is an increase in the scale, scope or responsibility of the role or to allow the basic salary of newly appointed executives to move towards market norms as their experience and contribution increases</li> </ul> | <ul style="list-style-type: none"> <li>– N/A</li> </ul>                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>– Inflationary increases of 3% were awarded with effect from 1 July 2012. A similar increase of 3% is to be implemented from 1 July 2013</li> <li>– Increases in basic salary of 10% have been awarded to Duncan Walker and Tim Murphy to move their salaries towards market norms</li> </ul> |
| <ul style="list-style-type: none"> <li>– £2m in total, £1.5m per individual</li> </ul>                                                                                                                                                                                                                                                                                                                                              | Sliding scale targets based on: <ul style="list-style-type: none"> <li>– The amount by which the increase in the Group's net asset value exceeds an industry benchmark</li> <li>– Subject to achieving minimum relative performance levels</li> <li>– Details of actual targets are set out on page 59</li> </ul>      | <ul style="list-style-type: none"> <li>– None proposed</li> </ul>                                                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>– 300% of salary p.a. plus 300% p.a. in year 5 and year 10</li> </ul>                                                                                                                                                                                                                                                                                                                        | Sliding scale targets based on: <ul style="list-style-type: none"> <li>– Profits/losses of the business plus growth in values of the investment, trading and development portfolio after charging for the Group's finance, administration costs and the use of the Group's equity</li> </ul>                           | <ul style="list-style-type: none"> <li>– None proposed</li> </ul>                                                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>– 300% of salary p.a. for all executive directors</li> </ul>                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>– Performance measured over three years</li> <li>– Absolute growth in the Group's net asset value per share</li> <li>– Gross total property return relative to other property funds as determined by IPD</li> <li>– Details of actual targets are set out on page 60</li> </ul> | <ul style="list-style-type: none"> <li>– Plan to be reviewed in 2013/14 prior to its termination date in July 2014. Any replacement plan to be approved by shareholders at the 2014 AGM</li> </ul>                                                                                                                                   |
| <ul style="list-style-type: none"> <li>– N/A</li> </ul>                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>– N/A</li> </ul>                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>– None proposed</li> </ul>                                                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>– N/A</li> </ul>                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>– Aim to hold a shareholding equal to 200% of basic salary</li> </ul>                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>– None proposed</li> </ul>                                                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>– Chairmans fee is £150,000 p.a.</li> <li>– Non-executive base fee is £40,000 p.a.</li> <li>– Fee for Senior Independent Director or for chairing Audit or Remuneration Committee is £10,000 p.a.</li> </ul>                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>– N/A</li> </ul>                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>– None proposed</li> </ul>                                                                                                                                                                                                                                                                    |

## directors' remuneration report

### Executive directors' basic annual salary and benefits-in-kind

The basic package of salary and benefits is designed to match the experience and responsibilities of each director and is reviewed annually to ensure that it is consistent and appropriate to their responsibilities and expectations. The Group does not provide any separate pension provision for executive directors and expects individuals to provide for their retirement through their basic salaries and incentive payments. Basic salary levels were last reviewed in July 2012. Executive directors' current basic annual salaries, together with salaries for the prior year, are as follows:

|                       | 1 April 2012<br>£ | 1 April 2013<br>£ |
|-----------------------|-------------------|-------------------|
| Michael Slade         | 500,000           | 500,000           |
| Tim Murphy            | n/a               | 250,000           |
| Gerald Kaye           | 375,000           | 386,250           |
| Matthew Bonning-Snook | 300,000           | 309,000           |
| Jack Pitman           | 300,000           | 309,000           |
| Duncan Walker         | 250,000           | 250,000           |

In 2012, the Committee resolved that the basic salaries of executive directors should be reviewed annually and increased to reflect an appropriate level of salary inflation. Accordingly, the basic salary levels of Gerald Kaye, Matthew Bonning-Snook and Jack Pitman were increased by 3% from 1 July 2012. Mr Slade waived his entitlement to an inflationary increase, thereby retaining his previous salary level. Duncan Walker was not eligible for the 2012 inflationary increase given the increase in his basic salary he received on 1 April 2012 following his earlier appointment to the Board.

Reviewing the current remuneration the Committee has determined that the basic salaries of the executive directors should again be increased by 3%, reflecting current inflation levels, which is below the 5% awarded to all other employees of the Group. The Committee has also determined that the basic salary levels of the two recently appointed directors, Duncan Walker and Tim Murphy, be increased by 10% (including the annual inflationary increase) to move them towards market norms as their contribution increases. These increases will be effective from 1 July 2013. Benefits-in-kind provided to executive directors comprise the provision of a company car or car allowance and health insurance.

### Non-executive directors' fees

In 2012, the Board resolved that with effect from 1 July 2012, the fees payable to non-executive directors will comprise a basic £40,000 plus an additional £10,000 for the Chairman of the Audit and Remuneration Committees and the Senior Independent Director. On his appointment as Chairman, Nigel McNair Scott's annual fee was fixed at £150,000.

Non-executive directors' current annual fees, together with fees for the prior year, are as follows:

|                                                           | 1 April 2012<br>£ | 1 April 2013<br>£ |
|-----------------------------------------------------------|-------------------|-------------------|
| Nigel McNair Scott – Chairman                             | n/a               | 150,000*          |
| Richard Gillingwater – Senior Independent Director        | n/a               | 50,000*           |
| Andrew Gulliford – Chairman of the Remuneration Committee | 50,000            | 50,000            |
| Richard Grant – Chairman of the Audit Committee           | n/a               | 50,000*           |
| Michael O'Donnell                                         | 35,000            | 40,000            |

\* From appointment on 24 July 2012

### Service contracts

The service contract of Michael Slade operates from 1 April 2007, those of Gerald Kaye, Matthew Bonning-Snook and Jack Pitman from 1 March 2010, that of Duncan Walker from 24 June 2011 and of Tim Murphy from 24 July 2012. No service contract provides for more than a one year notice period. On termination of employment each director is entitled to a payment in lieu of notice of basic salary and other contractual entitlements i.e. provision of car and health insurance. The Group may make payments in lieu of notice as one lump sum or in instalments, at its own discretion. If the Group chooses to pay in instalments the director is obliged to seek alternative income over the relevant period and to disclose the amount to the Group. Instalment payments will be reduced by any alternative income.

### Non-executive directors

Non-executive directors are appointed by a Letter of Appointment and their remuneration is determined by the Board. The appointment of non-executive directors is terminable on three months' notice. Non-executive directors do not participate in any of the Group's bonus or share award schemes.

### Share ownership guidelines

Senior executives will not normally be permitted to sell shares received through the PSP, other than to meet taxation (and national insurance contributions) liabilities, for at least two years and until they own shares to the value of 200% of basic salary for executive directors and 100% of salary for other executives. To date, all shares received by the executive directors under the terms of the group's Performance Share Plan and Share Incentive Plan have been retained, net of taxes paid, thereby increasing the management's shareholding in Helical.

### Alignment with shareholder interests

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

## directors' remuneration report

## Statement of directors' shareholdings

|                                | Legally<br>owned<br>31.3.12 | Legally<br>owned<br>31.3.13 | PSP<br>awards<br>unvested | PSP<br>awards<br>vested | All-employee<br>restricted | All-employee<br>Unrestricted | Total<br>31.3.13 | % of salary<br>held under<br>shareholding<br>guideline<br>(200% of<br>salary) |
|--------------------------------|-----------------------------|-----------------------------|---------------------------|-------------------------|----------------------------|------------------------------|------------------|-------------------------------------------------------------------------------|
| <b>Executive Directors</b>     |                             |                             |                           |                         |                            |                              |                  |                                                                               |
| Michael Slade                  | 13,399,738                  | 12,999,738                  | 2,017,395                 | –                       | 16,898                     | 15,722                       | 13,032,358       | > 200%                                                                        |
| Tim Murphy                     | 95,520                      | 95,520                      | 786,837                   | –                       | 16,898                     | 15,722                       | 128,140          | < 200%                                                                        |
| Gerald Kaye                    | 1,502,871                   | 1,502,871                   | 1,458,717                 | –                       | 16,897                     | 15,684                       | 1,535,452        | > 200%                                                                        |
| Matthew Bonning-Snook          | 252,929                     | 252,929                     | 1,183,272                 | –                       | 16,869                     | 15,315                       | 285,113          | > 200%                                                                        |
| Jack Pitman                    | 417,297                     | 407,707                     | 1,183,272                 | –                       | 16,898                     | 15,722                       | 440,327          | > 200%                                                                        |
| Duncan Walker                  | –                           | –                           | 802,386                   | –                       | 15,496                     | 435                          | 15,931           | < 200%                                                                        |
| <b>Non-Executive Directors</b> |                             |                             |                           |                         |                            |                              |                  |                                                                               |
| Nigel McNair Scott             | 2,682,376                   | 2,691,375                   | 1,172,395                 | –                       | 15,459                     | 15,722                       | 2,722,556        | –                                                                             |
| Andrew Gulliford               | 14,328                      | 14,328                      | –                         | –                       | –                          | –                            | 14,328           | –                                                                             |
| Richard Gillingwater           | –                           | –                           | –                         | –                       | –                          | –                            | –                | –                                                                             |
| Richard Grant                  | –                           | 15,000                      | –                         | –                       | –                          | –                            | 15,000           | –                                                                             |
| Michael O'Donnell              | 46,000                      | 62,000                      | –                         | –                       | –                          | –                            | 62,000           | –                                                                             |

There have been no changes in the interests of any Director between 31 March 2013 and the date of this report.

# directors' remuneration report

## Implementation report

### Balance of fixed versus variable pay

In line with its policy, the Committee seeks to ensure that the balance of remuneration provides a basic salary below the median, and performance related bonuses and share awards that reward outperformance of the Group's peer group. In the year to 31 March 2013, the balance of fixed versus variable pay on an actual basis for the executive directors compared to the maximum payable was as follows:

|                                      | Actual<br>£ | Share<br>of total<br>% | Maximum<br>£ | Share<br>of total<br>% |
|--------------------------------------|-------------|------------------------|--------------|------------------------|
| Basic salaries and benefits in-kind  | 2,509,000   | 45                     | 2,509,000    | 22                     |
| Annual Bonus Scheme 2012             | 1,754,000   | 32                     | 3,763,000    | 32                     |
| Executive Bonus Plan 2011            | 1,297,000   | 23                     | 2,000,000    | 17                     |
| Performance Share Plan shares vested | –           | –                      | 3,429,000    | 29                     |
|                                      | 5,560,000   | 100                    | 11,701,000   | 100                    |

Note: Performance Share Plan shares vested reflect the market value of shares that vested (actual) or could have vested (maximum) during the year in accordance with the terms of the Group's Performance Share Plan.

## Directors' remuneration

Remuneration in respect of the directors was as follows:

|                                       | Fixed                            |                  |                 |                   | Variable                        |                            |             |                   | 2012-13<br>Total<br>£000 | 2011-12<br>Total<br>£000 |
|---------------------------------------|----------------------------------|------------------|-----------------|-------------------|---------------------------------|----------------------------|-------------|-------------------|--------------------------|--------------------------|
|                                       | Basic<br>salary/<br>fees<br>£000 | Benefits<br>£000 | Pension<br>£000 | Sub-total<br>£000 | Annual<br>cash<br>bonus<br>£000 | Deferred<br>shares<br>£000 | PSP<br>£000 | Sub-total<br>£000 |                          |                          |
| <b>Executive directors</b>            |                                  |                  |                 |                   |                                 |                            |             |                   |                          |                          |
| Michael Slade                         | 500                              | 50               | –               | 550               | 973                             | –                          | –           | 973               | 1,523                    | 541                      |
| Tim Murphy*                           | 171                              | 14               | –               | 185               | 33                              | 16                         | –           | 49                | 234                      | –                        |
| Gerald Kaye                           | 383                              | 39               | –               | 422               | 440                             | 220                        | –           | 660               | 1,082                    | 398                      |
| Matthew Bonning-Snook                 | 307                              | 21               | –               | 328               | 440                             | 220                        | –           | 660               | 988                      | 419                      |
| Jack Pitman                           | 307                              | 21               | –               | 328               | 145                             | 72                         | –           | 217               | 545                      | 315                      |
| Duncan Walker                         | 250                              | 17               | –               | 267               | 145                             | 72                         | –           | 217               | 484                      | 256                      |
| <b>Former executive director</b>      |                                  |                  |                 |                   |                                 |                            |             |                   |                          |                          |
| Nigel McNair Scott                    | 74                               | 40               | –               | 114               | 275                             | –                          | –           | 275               | 389                      | 304                      |
| <b>Non-executive directors</b>        |                                  |                  |                 |                   |                                 |                            |             |                   |                          |                          |
| Nigel McNair Scott                    | 103                              | –                | –               | 103               | –                               | –                          | –           | –                 | 103                      | –                        |
| Andrew Gulliford                      | 50                               | –                | –               | 50                | –                               | –                          | –           | –                 | 50                       | 48                       |
| Richard Gillingwater*                 | 34                               | –                | –               | 34                | –                               | –                          | –           | –                 | 34                       | –                        |
| Richard Grant*                        | 34                               | –                | –               | 34                | –                               | –                          | –           | –                 | 34                       | –                        |
| Michael O'Donnell                     | 39                               | –                | –               | 39                | –                               | –                          | –           | –                 | 39                       | 27                       |
| <b>Former Chairman</b>                |                                  |                  |                 |                   |                                 |                            |             |                   |                          |                          |
| Giles Weaver                          | 28                               | –                | –               | 28                | –                               | –                          | –           | –                 | 28                       | 86                       |
| <b>Former non-executive directors</b> |                                  |                  |                 |                   |                                 |                            |             |                   |                          |                          |
| Antony Beevor                         | 16                               | –                | –               | 16                | –                               | –                          | –           | –                 | 16                       | 48                       |
| Wilf Weeks                            | 11                               | –                | –               | 11                | –                               | –                          | –           | –                 | 11                       | 35                       |
| <b>Total</b>                          | <b>2,307</b>                     | <b>202</b>       | <b>–</b>        | <b>2,509</b>      | <b>2,451</b>                    | <b>600</b>                 | <b>–</b>    | <b>3,051</b>      | <b>5,560</b>             | <b>2,477</b>             |

\* From appointment on 24 July 2012.

Michael Slade was the highest paid director during the year with a total remuneration of £1,523,000 (2012: £541,000).

At the 2012 AGM on 24 July 2012, Giles Weaver (Chairman), Antony Beevor and Wilf Weeks retired as non-executive directors and Nigel McNair Scott stepped down as Finance Director and was appointed Chairman. Immediately after the 2012 AGM Tim Murphy was appointed Finance Director and Richard Gillingwater and Richard Grant were appointed non-executive directors.

# directors' remuneration report

## Annual cash bonus payments

### Executive Bonus Plan

In 2011, shareholders approved the renewal of the Executive Bonus Plan (the "2011 Plan") for a further five years. Michael Slade, Nigel McNair Scott and Tim Murphy were eligible for 2011 Plan bonuses during the year. Total 2011 Plan bonuses for the year to 31 March 2013 of £1,297,000 (2012: nil) have been accrued in the financial statements for the year to 31 March 2013 and are payable in June 2013. During the year, Tim Murphy replaced Nigel McNair Scott as a participant in the 2011 Plan.

The Committee may, at its discretion, award bonuses in respect of a financial year subject to performance conditions, the aim of which is to link the size of bonuses paid to the financial growth of the Group over that financial year. No bonus will be payable unless the following conditions are satisfied:

- Increase in net asset value; net asset value at the end of the financial year exceeds net asset value at the beginning of the financial year;
- Absolute performance of the portfolio – un-gearred total return; the percentage increase in the total return on property assets of the Group over the financial year (the "Performance Period") is greater than the percentage increase achieved by the portfolio ranked nearest to three-quarters up the performance table (taken in ascending order of return) (the "Upper Quartile") of the portfolios of all quarterly valued funds measured by the Investment Property Databank at the beginning of the relevant Performance Period and compounded monthly during the Performance Period (the "IPD Total Return Benchmark"); and,
- Performance of the net asset value per share; the percentage increase in net asset value per share for the Performance Period must be greater than the percentage increase achieved by the Upper Quartile of the portfolios of all quarterly valued funds measured by the Investment Property Databank at the beginning of the relevant Performance Period and compounded monthly during the Performance Period (the "IPD Capital Growth Benchmark").

The Committee will recommend the size of the bonus payable by reference to the same sliding scale based on the amount by which the increase in net asset value per share exceeds the increase in the Upper Quartile of the IPD Capital Growth Benchmark, subject to a £2m cap. The total amount of the bonuses payable in any one year shall be determined by:

- Calculating the difference between the percentage increase in net asset value per share for the Performance Period and the percentage increase in the Upper Quartile of the IPD Capital Growth Benchmark over the same period (the "Difference"); and,
- Calculating the sum of the amounts payable in relation to each 1% of the Difference on the following basis:

| Amount of difference                   | % of base net asset value payable |
|----------------------------------------|-----------------------------------|
| Less than 1%                           | 0.01                              |
| 1% to less than 2%                     | 0.02                              |
| And thereafter for every additional 1% | An increment of 0.01              |
| For example: From 4% to less than 5%   | 0.05                              |

If the net asset value at the end of a financial year is less than the net asset value at the beginning of that year, the bonus payable for any subsequent year will be calculated by reference to the highest net asset value in the preceding year.

The total amount payable under the 2011 Plan in any one year is limited to £2m (2012: £2m). An individual employee's participation in the 2011 Plan is limited so that the bonus which may be paid to him under the 2011 Plan will not exceed £1.5m per annum. There is a further limit that payments under the 2011 Plan in any year may not exceed 20% of the Group's pre-tax profits plus any payments under the 2011 Plan. This limit operated in the year restricting the total bonus paid under the 2011 plan to £1,297,000. Among other constraints the Committee could restrict the bonuses if payment would affect the financial or trading position of the Group.

Following feedback received during the investor consultation in respect of the codification of the bonus arrangement set out below, the Committee agreed that future participants in this scheme who do not have a minimum shareholding in the Company of 200% of basic salary should receive up to one third of any bonus in deferred shares for three years.

### Helical Bar Annual Bonus Scheme 2012

The Helical Bar Annual Bonus Scheme 2012 was approved by Shareholders at the 2012 AGM. This scheme provides annual cash bonuses based on the performance of the Group's property portfolio and is aligned with shareholders through a profit sharing model, with appropriate hurdles and shareholder protections (including deferral and clawback). Total 2012 Bonus Scheme Bonuses have been accrued in the financial statements for the year to 31 March 2013 and the cash element will be payable in June 2013.

The main features of the 2012 Bonus Scheme are as follows:

- The 2012 Bonus Scheme is effective from 1 April 2012;
- The initial scheme participants are Gerald Kaye, Matthew Bonning-Snook, Jack Pitman and Duncan Walker. It is not intended that either the Chief Executive or Finance Director participate in the Scheme given their participation in the 2011 Plan;
- All current and future property assets will be allocated to one of two pools namely an "Investment Pool" and a "Development Pool" ("Profit Pools");
- Investment assets are included at valuation as at 31 March 2012 with subsequent valuation movements increasing or decreasing the size of the relevant Profit Pool. Development assets are also included at valuation as at 31 March 2012 with subsequent valuation movements increasing or decreasing the size of the Profit Pool. Any opening surpluses or deficits in the value of the trading and development assets as at 31 March 2012 will only be included in the Profit Pools once they are realised;
- Development profits, development management fees, net rents, other income and profits/losses on the sale of property assets will be allocated to the relevant Profit Pools; and,
- Profits in the two Profit Pools will be eligible for the award of bonuses once they are sufficient to exceed the recovery of all related finance costs, a charge for the use of the Company's equity at a rate equivalent to the Company's weighted average cost of debt plus a margin (reviewed regularly to reflect any changes in the cost of debt and the risk profile of the Company's activities), the Group's total administrative costs (excluding performance related remuneration) and any unallocated losses from the previous three financial years.

## directors' remuneration report

### Shareholder Protections

- Consistent with the existing arrangement, no more than 10% of profits will be available to participants for distribution ("Bonus Award Pool") at the end of the relevant financial year. Pool allocations between participants will be based on a set formula agreed at the start of the financial year;
- The distribution of the Bonus Award Pools to participants will be restricted in any financial year to the lower of 70% of the balance of the Bonus Award Pool and 300% of salary (except in years five and ten as noted below). Any excess will be deferred and carried forward to the subsequent year to form part of the Bonus Award Pool for the subsequent year(s);
- Two thirds of any payment will be made in cash after the relevant financial year end and one third will be deferred for three years into Helical Bar plc shares;
- In addition to any annual payments, at the end of the fifth and tenth years of operating the scheme, any Bonus Award Pool not paid out will be distributed to participants in the form of deferred shares for 3 years, subject to an individual limit of 300% of salary each time;
- No payments will be made where the Company has not generated a profit (amounts will be deferred until a profit is generated). In addition, the Remuneration Committee will retain discretion to increase the deferred share amount (up to 100% of the payment) or not to make a payment at all (with any amounts reverting back to the Company rather than remaining in the Bonus Award Pool) where it is considered appropriate to do so;
- Net losses will be carried forward in Profit Pools for offset against future net profits. Carry forward of losses will be for a minimum of three years, subject to extension at the request of the Remuneration Committee;
- The scheme will operate a clawback provision whereby amounts deferred, amounts held in Bonus Award Pools or the net of tax amounts paid may be recovered in the event of a misstatement of results, an error being made in assessing the calculation of Bonus Award Pools or in the event of gross misconduct; and,
- The share of any increase in value of the Company (measured as the increase in net asset value plus cash returned as dividends) that could accrue to all executives through the Group's long and short-term incentive and bonus plans at maximum vesting/payouts during the lifetime of the plans will continue to be no more than 20%.

### Other matters

- Shareholder approval for the Plan was obtained for 10 years from 1 April 2012, although the Remuneration Committee will review the operation of the Plan after 5 years;
- Awards may be satisfied through shares purchased in the market or by new issue or Treasury Shares. Where new issue or treasury shares are used, the ABI's 5% in 10 year dilution limit will apply;
- Bad leavers will lose their entitlement to future distributions of Bonus Award Pools or unvested deferred shares. Good leavers (e.g. retirement with the Company's agreement, redundancy or any other reason at the discretion of the Committee) would cease to accrue future amounts into future Bonus Award Pools although would continue to receive deferred share awards and any remaining amounts held in the Bonus Award Pools for a period of 3 years from cessation; and,
- On a change of control of the Company, any amounts accrued over the financial year up to the relevant date, and any amounts held within the Bonus Award Pools, and any deferred shares would be distributed.

### Performance Share plan

The Performance Share Plan ("PSP"), which was approved by shareholders in 2004 and is the Company's primary long-term incentive arrangement, rewards participants for net asset value growth and performance relative to an industry comparator over a three year period. The Plan is designed to encourage long-term performance and participants are required to retain shares acquired for at least two years after vesting. The main features of the plan are as follows:

- Awards will normally vest no earlier than the third anniversary of their grant to the extent that the applicable performance conditions (see below) have been satisfied and the participant is still employed by the Group. Once exercisable, awards will remain capable of exercise for a period of normally no more than six months.
- No award may be granted to an individual in any financial year over shares worth more than 3 times salary.
- There are two performance conditions, one based on absolute growth in the Group's net asset value per share and the other based on the gross (ungeared) total property return per share relative to other property funds as determined by IPD but excluding those funds worth less than £50m at the start of the three year period. Performance will be measured over the three years following grant.
  - o For the growth in net asset value, the "fully diluted triple net" net asset value as at the start of the financial year in which a grant takes place will be compared to the value three years later (having added back dividends);

| Annual compound increase after three years | % of award vesting            |
|--------------------------------------------|-------------------------------|
| 15% p.a. or more                           | 66.7                          |
| Between 7.5% p.a. and 15% p.a.             | Pro rata between 6.7 and 66.7 |
| 7.5% p.a.                                  | 6.7                           |
| Below 7.5% p.a.                            | Zero                          |

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

- o For the Total property return v IPD property funds condition:

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

Provided the net value per share (having added back dividends) increases over the three year period.

Share awards will lapse where the gross return falls below the IPD median and where the growth in triple net asset value is below 7.5% per annum over the three year period.

During the year the performance conditions relating to the sixth award, granted on 9 July 2009, were considered. The three year performance period to 31 March 2012 showed that the net asset value per share, calculated in accordance with the terms of the PSP, had reduced by 0.9% p.a.

During this three year period the total return of Helical's property portfolio, as determined by IPD, was 5.5% compared to the median of the IPD Benchmark which showed a return of 11.1%. Therefore, no shares could vest as the performance of the property portfolio was below that of the IPD median benchmark.

## directors' remuneration report

### PSP Awards made in the year\*

The following awards under the terms of the PSP were made in the year:

| Individual            | Date of Grant | Basis of Award | Face Value<br>£000 | Vesting at<br>threshold | Vesting at<br>Maximum | Performance Period       |
|-----------------------|---------------|----------------|--------------------|-------------------------|-----------------------|--------------------------|
| Michael Slade         | 31 May 2012   | 300% of salary | 1,500              | 10%                     | 100%                  | 3 years to 31 March 2015 |
| Nigel McNair Scott    | 31 May 2012   | 300% of salary | 705                | 10%                     | 100%                  | 3 years to 31 March 2015 |
| Gerald Kaye           | 31 May 2012   | 300% of salary | 1,125              | 10%                     | 100%                  | 3 years to 31 March 2015 |
| Matthew Bonning-Snook | 31 May 2012   | 300% of salary | 900                | 10%                     | 100%                  | 3 years to 31 March 2015 |
| Jack Pitman           | 31 May 2012   | 300% of salary | 900                | 10%                     | 100%                  | 3 years to 31 March 2015 |
| Duncan Walker         | 31 May 2012   | 300% of salary | 750                | 10%                     | 100%                  | 3 years to 31 March 2015 |
| Tim Murphy            | 31 May 2012   | 300% of salary | 630                | 10%                     | 100%                  | 3 years to 31 March 2015 |

\* structured as conditional awards

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

| Director              | Shares awarded<br>13.7.10 at<br>276.10p | Shares awarded<br>5.7.11 at<br>259.25p | Shares awarded<br>31.5.12 at<br>167.50p | Total shares<br>awarded | Total expected<br>value £ |
|-----------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|-------------------------|---------------------------|
| Michael Slade         | 543,281                                 | 578,592                                | 895,522                                 | 2,017,395               | 1,780,000                 |
| Nigel McNair Scott    | 363,998                                 | 387,656                                | 420,895                                 | 1,172,549               | 928,000                   |
| Tim Murphy            | 179,282                                 | 231,436                                | 376,119                                 | 786,837                 | 738,000                   |
| Gerald Kaye           | 353,132                                 | 433,944                                | 671,641                                 | 1,458,717               | 1,335,000                 |
| Matthew Bonning-Snook | 298,804                                 | 347,155                                | 537,313                                 | 1,183,272               | 1,067,000                 |
| Jack Pitman           | 298,804                                 | 347,155                                | 537,313                                 | 1,183,272               | 1,067,000                 |
| Duncan Walker         | 152,118                                 | 202,507                                | 447,761                                 | 802,386                 | 821,000                   |

It is currently expected that no shares will vest in respect of the share awards made on 13 July 2010 and that 33% of the shares awarded on 5 July 2011 and 62% of the shares awarded on 31 May 2012 will vest.

### Helical Bar 2002 Approved Share Incentive Plan

On 24 July 2012 shareholders renewed the Helical Bar 2002 Approved Share Incentive Plan (the "Plan"). Under the terms of this Plan employees of the Group are given up to £3,000 of free shares in any tax year. Participants in the Plan may purchase additional shares up to a value of £1,500 which are matched in a ratio of 2:1 by the Group. Provided participants remain employed by the Group for a minimum of three years they will retain the free and matching shares.

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

|                       | 31 May 2012<br>£ | 11 December 2012<br>£ |
|-----------------------|------------------|-----------------------|
| Michael Slade         | 3,425            | 1,439                 |
| Nigel McNair Scott    | 3,425            | –                     |
| Tim Murphy            | 3,425            | 1,439                 |
| Gerald Kaye           | 3,425            | 1,439                 |
| Matthew Bonning-Snook | 3,420            | 1,433                 |
| Jack Pitman           | 3,425            | 1,439                 |
| Duncan Walker         | 3,255            | 1,196                 |

Shares held by the Trustees of the Plan at 31 March 2013 were 474,624 (2012: 390,624).

## directors' remuneration report

### Single figure remuneration table

The table below presents single figure remuneration for the Chief Executive over the past five years, together with past annual bonus payouts and relevant PSP and Share Option vestings.

| Year ended    | Name          | Total Remuneration<br>£'000 | Annual Bonus<br>£'000<br>(% of max payout) | PSP<br>£'000<br>(% of max vesting) | Share Options<br>£'000<br>(% of vesting) |
|---------------|---------------|-----------------------------|--------------------------------------------|------------------------------------|------------------------------------------|
| 31 March 2013 | Michael Slade | 1,523                       | 973 (65%)                                  | – (-%)                             | n/a                                      |
| 31 March 2012 | Michael Slade | 541                         | – (-%)                                     | – (-%)                             | n/a                                      |
| 31 March 2011 | Michael Slade | 538                         | – (-%)                                     | – (-%)                             | n/a                                      |
| 31 March 2010 | Michael Slade | 1,890                       | – (-%)                                     | 390 (33.33%)                       | 973 (100%)                               |
| 31 March 2009 | Michael Slade | 4,962                       | – (-%)                                     | 1,576 (100.0%)                     | 2,896 (100%)                             |

### Shareholder voting at the last AGM

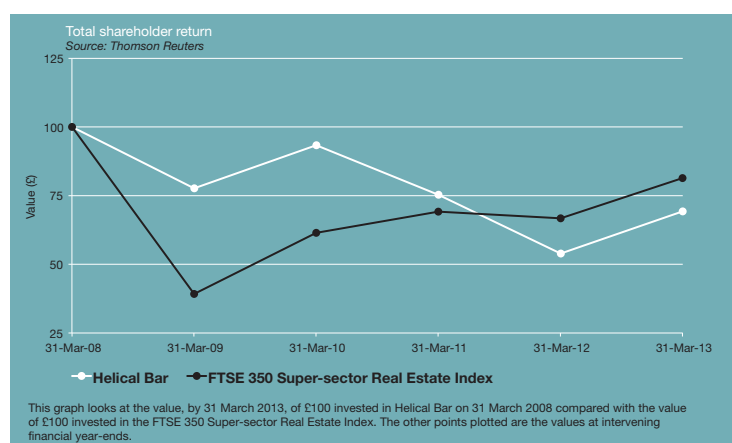
At the 2012 AGM the Directors' Remuneration Report received the following votes from shareholders:

|                                                    | Total number of votes | % of votes cast |
|----------------------------------------------------|-----------------------|-----------------|
| For                                                | 93,007,260            | 95%             |
| Against                                            | 5,181,917             | 5%              |
| <b>Total votes cast (for and against)</b>          | <b>98,189,177</b>     | <b>100%</b>     |
| Votes withheld                                     | 1,120,375             | –               |
| <b>Total votes cast (including withheld votes)</b> | <b>99,309,552</b>     | <b>–</b>        |

## Share options

The Helical Bar 2010 Approved Share Option Scheme is an Inland Revenue approved scheme. Under the terms of this scheme options up to a maximum value of £30,000 per individual may be granted. This scheme was approved by shareholders at the 2010 Annual General Meeting and 34,713 options were granted during the year to 31 March 2012 to senior employees below Board level. The performance criteria of the Helical Bar 2010 Approved Share Option Scheme requires the Group to exceed certain targets of total shareholder return. The total shareholder return for a holding in the Group's shares in the five years to 31 March 2013 compared to a holding in a broad equity index is shown above.

Total shareholder return performance graph



### Share price

The market price of the ordinary shares at 31 March 2013 was 236.75p (2012: 189.50p). This market price varied between 164p and 249.75p during the year.

### Andrew Gulliford

Chairman of the Remuneration Committee

23 May 2013

# report of the audit committee

## The audit committee

The Audit Committee is chaired by Richard Grant, following his appointment to the Board on 24 July 2012. The other members of the Committee are Andrew Gulliford, Michael O'Donnell and Richard Gillingwater (from his appointment to the Board on 24 July 2012). None of the Committee members has any personal or financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business.

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

The terms of reference of the Audit Committee are available by request and are included on the Group's website at [www.helical.co.uk](http://www.helical.co.uk).

## The work of the audit committee in the year

The Committee met three times during the year and a record of attendance at these meetings is shown on page 47. It is common practice at Helical for Audit Committee meetings to be attended by all Board members who are available, whether or not they are members of the Committee so that their contribution to the matters discussed may be obtained.

Matters formally reviewed and discussed by the Board during the year included:

- The Group's compliance with the UK Corporate Governance Code including its whistle-blowing policies;
- The Group's compliance with the Bribery Act 2010;
- Review of the group's policies on equal opportunities and health & safety;
- Review of the group's environmental management systems;
- Review of the group's internal controls;
- The group's principal risks;
- IT risk and business continuity planning;
- The financial statements of the Group and the Preliminary Announcement of the annual results to 31 March 2012 and the Interim Statement on the half year results to 30 September 2012;
- The re-appointment of the Group's external auditor; and,
- The external auditors independence and the provision of non-audit services by the external auditor.

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

## Audit independence

A policy of reviewing audit independence has been adopted whereby non-audit services undertaken by the auditor are approved prior to work being carried out. The audit committee considers the external auditor to be independent and has satisfied itself of the effectiveness of the external auditor.

The Group's policy on awarding non-audit work to its auditor is designed to ensure that the Group receives the most appropriate advice without compromising the independence of the auditor. Whilst no fee caps or limits have been set by the Committee, the level of fees would be a factor in considering whether the auditor's independence could be affected by the award of non-audit work. In the year to 31 March 2013, no fees were paid to the auditor for non-audit work.

## Annual General Meeting

At the Annual General Meeting to be held on 24 July 2013 the following resolutions relating to the auditor are being proposed:

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

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

## Richard Grant

Chairman of the Audit Committee

23 May 2013

# report of the directors

## Principal activities

The principal activity of the Company is that of a holding company and the principal activities of the subsidiaries are property investment, trading and development.

## Results

The results for the year are set out in the consolidated income statement on page 68 and consolidated statement of comprehensive income on page 69.

## Dividends

An interim dividend of 1.85p (2011: 1.75p) was paid on 28 December 2012 to shareholders on the shareholder register on 30 November 2012. A final dividend of 3.70p (2012: 3.40p) per share is recommended for approval at the Annual General Meeting on 24 July 2013. The total ordinary dividend paid in the year of 5.25p (2011-12: 4.90p) per share amounts to £6,134,000 (2011-12: £5,707,000).

## Corporate governance review

The Group's Corporate Governance Policies, compliance with the UK Corporate Governance Code and Going Concern statement are set out on pages 46 to 48 of the Corporate Governance Review.

## Employees and charitable and political donations

The Group's policies on employment and details of its policies regarding charitable and political donations are included in the Corporate Governance Review on page 48.

## Re-appointment of directors

The directors listed on page 49 constituted the Board for the year, save that Tim Murphy, Richard Gillingwater and Richard Grant were appointed on 24 July 2012 and that at the 2012 Annual General Meeting, Giles Weaver, Antony Beevor and Wilf Weeks stepped down from the Board. All the directors currently serving will offer themselves for re-election at the AGM.

Details of directors' remuneration and their interests in share awards are set out in the Directors' Remuneration Report on pages 54 to 62.

## Directors' liability insurance and indemnity

The Company has arranged insurance cover in respect of legal action against its directors. To the extent permitted by UK Law, the Company also indemnifies the directors against claims made against them as a consequence of the execution of their duties as directors of the Company.

## Post balance sheet events

There were no reportable events after the balance sheet date of 31 March 2013.

## Share Capital

At 1 April 2012, 31 March 2013 and 23 May 2013 there were 118,137,522 ordinary 1p shares in issue.

## Substantial Shareholdings

At 15 May 2013, the shareholders listed below had notified the Company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Group:

|                                           | Number of<br>ordinary shares<br>at 15 May 2013 | %    |
|-------------------------------------------|------------------------------------------------|------|
| Michael Slade                             | 13,032,358                                     | 11.0 |
| Aberdeen Asset Managers                   | 10,814,890                                     | 9.2  |
| Baillie Gifford                           | 9,096,203                                      | 7.7  |
| JP Morgan Asset Management                | 5,646,721                                      | 4.8  |
| Blackrock Inc                             | 5,513,400                                      | 4.7  |
| Artemis Investment Management             | 4,828,278                                      | 4.1  |
| Investec Asset Management                 | 4,159,010                                      | 3.5  |
| Dimensional Fund Advisors                 | 4,110,891                                      | 3.5  |
| Aviva Investors                           | 4,012,842                                      | 3.4  |
| Legal & General Investment Management Ltd | 3,630,595                                      | 3.1  |

## Amendment of articles of association

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

## Takeovers Directive

Where not provided elsewhere in this Report of the Directors, the following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into English law.

The Company's share capital consists of both ordinary shares and deferred shares. Each class of shares rank *pari passu* between themselves. Details of the Company's share capital can be found in note 27 to the financial statements. There are no restrictions on the transfer of the ordinary shares in the Company other than certain restrictions which may from time to time be imposed by laws and regulations (for example: insider trading laws) and pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Group require the approval of the Company to deal in the ordinary shares.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of the Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting. The rules governing the appointment and replacement of Directors and changes to the articles of association accord with usual English company law provisions.

Subject to the Company's memorandum of association, the articles of association, any statute or subordinate legislation for the time being in force concerning companies and affecting the Company, and directions given by special resolution, the business of the Group shall be managed by the Directors, who may exercise all the powers of the Group.

# report of the directors

## Annual general meeting

The Annual General Meeting of the Company will be held on 24 July 2013 at 11.30 a.m. at The Connaught, Carlos Place, Mayfair, London W1K 2AL. The notice of meeting and the resolutions to be proposed at that meeting are set out in the Notice of Meeting and can be found on the Group's website at [www.helical.co.uk](http://www.helical.co.uk).

## Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, resolutions to reappoint Grant Thornton UK LLP and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

By order of the Board

**Tim Murphy**

Company Secretary

23 May 2013

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

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

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

The directors confirm that:

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

We, the directors listed below, confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole; and,
- the annual report includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

On behalf of the Board

**Michael Slade**

Chief Executive

**Tim Murphy**

Finance Director

23 May 2013

# financial statements

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# report of independent auditor

## Independent auditor's report to the members of Helical Bar plc

We have audited the financial statements of Helical Bar plc for the year ended 31 March 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company cash flow statements, the consolidated and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

### Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 65, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

### Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 46 to 48 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.
- Under the Listing Rules, we are required to review:
  - the directors' statement, set out on page 48 in relation to going concern;
  - the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
  - certain elements of the report to the shareholders by the Board on directors' remuneration.

### Charles Hutton-Potts B.Sc., FCA

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

23 May 2013

# consolidated income statement

For the year ended 31 March 2013

|                                                                                      | Note | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|--------------------------------------------------------------------------------------|------|-------------------------------|-------------------------------|
| <b>Revenue</b>                                                                       | 2    | <b>65,439</b>                 | 52,968                        |
| Net rental income                                                                    | 3    | <b>19,578</b>                 | 17,876                        |
| Development property profit                                                          | 4    | <b>6,956</b>                  | 655                           |
| Trading property loss                                                                | 5    | <b>(1)</b>                    | –                             |
| Share of results of joint ventures                                                   | 19   | <b>3,854</b>                  | 2,472                         |
| Other operating (expense)/income                                                     |      | <b>(547)</b>                  | 113                           |
| <b>Gross profit before net gain on sale and revaluation of investment properties</b> |      | <b>29,840</b>                 | 21,116                        |
| Net gain on sale and revaluation of investment properties                            | 6    | <b>1,335</b>                  | 3,288                         |
| <b>Gross profit</b>                                                                  |      | <b>31,175</b>                 | 24,404                        |
| Administrative expenses                                                              | 7    | <b>(14,920)</b>               | (7,800)                       |
| <b>Operating profit</b>                                                              |      | <b>16,255</b>                 | 16,604                        |
| Finance costs                                                                        | 9    | <b>(9,577)</b>                | (8,409)                       |
| Finance income                                                                       | 9    | <b>887</b>                    | 583                           |
| Change in fair value of derivative financial instruments                             | 34   | <b>(2,573)</b>                | (306)                         |
| Foreign exchange gains/(losses)                                                      |      | <b>17</b>                     | (1,064)                       |
| <b>Profit before tax</b>                                                             |      | <b>5,009</b>                  | 7,408                         |
| Taxation on profit on ordinary activities                                            | 10   | <b>815</b>                    | 158                           |
| <b>Profit after tax</b>                                                              |      | <b>5,824</b>                  | 7,566                         |
| – attributable to non-controlling interests                                          |      | <b>(43)</b>                   | (9)                           |
| – attributable to equity shareholders                                                |      | <b>5,867</b>                  | 7,575                         |
| <b>Profit for the year</b>                                                           |      | <b>5,824</b>                  | 7,566                         |
| <b>Basic earnings per share</b>                                                      | 14   | <b>5.0p</b>                   | 6.5p                          |
| <b>Diluted earnings per share</b>                                                    | 14   | <b>5.0p</b>                   | 6.5p                          |

# consolidated statement of comprehensive income

For the year ended 31 March 2013

|                                                                               | Note | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|-------------------------------------------------------------------------------|------|-------------------------------|-------------------------------|
| <b>Profit for the year</b>                                                    |      | <b>5,824</b>                  | 7,566                         |
| <b>Other comprehensive income</b>                                             |      |                               |                               |
| Impairment of available-for-sale investments                                  | 21   | <b>(1,304)</b>                | (3,521)                       |
| Exchange difference on retranslation of net investments in foreign operations |      | <b>(212)</b>                  | (39)                          |
| <b>Total comprehensive income for the year</b>                                |      | <b>4,308</b>                  | 4,006                         |
| – attributable to equity shareholders                                         |      | <b>4,351</b>                  | 4,015                         |
| – attributable to non-controlling interests                                   |      | <b>(43)</b>                   | (9)                           |
| <b>Total comprehensive income for the year</b>                                |      | <b>4,308</b>                  | 4,006                         |

# consolidated and company balance sheets

As at 31 March 2013

|                                                            | Note | Group<br>31.3.13<br>£000 | Group<br>31.3.12<br>£000 | Company<br>31.3.13<br>£000 | Company<br>31.3.12<br>£000 |
|------------------------------------------------------------|------|--------------------------|--------------------------|----------------------------|----------------------------|
| <b>Non-current assets</b>                                  |      |                          |                          |                            |                            |
| Investment properties                                      | 15   | 312,026                  | 326,876                  | –                          | –                          |
| Owner occupied property, plant and equipment               | 17   | 1,153                    | 1,251                    | 980                        | 1,107                      |
| Investment in subsidiaries                                 | 18   | –                        | –                        | 36,945                     | 31,173                     |
| Investment in joint ventures                               | 19   | 49,890                   | 40,592                   | 15                         | 165                        |
| Derivative financial instruments                           | 34   | 146                      | 629                      | 52                         | 340                        |
| Trade and other receivables                                | 22   | 6,325                    | –                        | –                          | –                          |
| Deferred tax asset                                         | 11   | 10,381                   | 9,050                    | 577                        | 463                        |
| <b>Total non-current assets</b>                            |      | <b>379,921</b>           | <b>378,398</b>           | <b>38,569</b>              | <b>33,248</b>              |
| <b>Current assets</b>                                      |      |                          |                          |                            |                            |
| Land, developments and trading properties                  | 20   | 92,874                   | 99,741                   | –                          | 101                        |
| Available-for-sale investments                             | 21   | 5,997                    | 7,003                    | –                          | –                          |
| Trade and other receivables                                | 22   | 38,017                   | 23,076                   | 326,244                    | 324,673                    |
| Corporation tax receivable                                 |      | –                        | 1,178                    | –                          | 1,250                      |
| Cash and cash equivalents                                  | 23   | 36,863                   | 35,411                   | 24,035                     | 26,355                     |
|                                                            |      | 173,751                  | 166,409                  | 350,279                    | 352,379                    |
| <b>Total assets</b>                                        |      | <b>553,672</b>           | <b>544,807</b>           | <b>388,848</b>             | <b>385,627</b>             |
| <b>Current liabilities</b>                                 |      |                          |                          |                            |                            |
| Trade and other payables                                   | 24   | (34,929)                 | (24,807)                 | (153,580)                  | (146,865)                  |
| Corporate tax payable                                      |      | (70)                     | –                        | –                          | –                          |
| Borrowings                                                 | 25   | (39,295)                 | (59,203)                 | (6,848)                    | (5,546)                    |
|                                                            |      | (74,294)                 | (84,010)                 | (160,428)                  | (152,411)                  |
| <b>Non-current liabilities</b>                             |      |                          |                          |                            |                            |
| Borrowings                                                 | 25   | (220,446)                | (203,992)                | (4,457)                    | –                          |
| Derivative financial instruments                           | 34   | (5,164)                  | (3,075)                  | (1,027)                    | (837)                      |
|                                                            |      | (225,610)                | (207,067)                | (5,484)                    | (837)                      |
| <b>Total liabilities</b>                                   |      | <b>(299,904)</b>         | <b>(291,077)</b>         | <b>(165,912)</b>           | <b>(153,248)</b>           |
| <b>Net assets</b>                                          |      | <b>253,768</b>           | <b>253,730</b>           | <b>222,936</b>             | <b>232,379</b>             |
| <b>Equity</b>                                              |      |                          |                          |                            |                            |
| Called-up share capital                                    |      | 1,447                    | 1,447                    | 1,447                      | 1,447                      |
| Share premium account                                      |      | 98,678                   | 98,678                   | 98,678                     | 98,678                     |
| Revaluation reserve                                        |      | 10,593                   | 2,612                    | –                          | –                          |
| Capital redemption reserve                                 |      | 7,478                    | 7,478                    | 7,478                      | 7,478                      |
| Other reserves                                             |      | 291                      | 291                      | 1,987                      | 1,987                      |
| Retained earnings                                          |      | 135,211                  | 143,111                  | 113,346                    | 122,789                    |
| <b>Equity attributable to equity holders of the parent</b> |      | <b>253,698</b>           | <b>253,617</b>           | <b>222,936</b>             | <b>232,379</b>             |
| Non-controlling interests                                  |      | 70                       | 113                      | –                          | –                          |
| <b>Total equity</b>                                        |      | <b>253,768</b>           | <b>253,730</b>           | <b>222,936</b>             | <b>232,379</b>             |

The financial statements were approved by the Board of Directors on 23 May 2013.

**Michael Slade**  
Director

**Tim Murphy**  
Director

# consolidated and company cash flow statements

For the year to 31 March 2013

|                                                                                | Group<br>31.3.13<br>£000 | Group<br>31.3.12<br>£000 | Company<br>31.3.13<br>£000 | Company<br>31.3.12<br>£000 |
|--------------------------------------------------------------------------------|--------------------------|--------------------------|----------------------------|----------------------------|
| <b>Cash flows from operating activities</b>                                    |                          |                          |                            |                            |
| Profit/(loss) before tax                                                       | 5,009                    | 7,408                    | (287)                      | (2,697)                    |
| Depreciation                                                                   | 340                      | 309                      | 290                        | 260                        |
| Revaluation gain on investment properties                                      | (3,723)                  | (3,664)                  | –                          | –                          |
| Loss on sales of investment properties                                         | 2,388                    | 376                      | –                          | –                          |
| Net financing costs/(income)                                                   | 8,690                    | 7,826                    | (1,565)                    | (2,098)                    |
| Change in value of derivative financial instruments                            | 2,573                    | 306                      | 478                        | 1,604                      |
| Share based payment charge                                                     | 1,864                    | 35                       | –                          | –                          |
| Share of results of joint ventures                                             | (3,854)                  | (2,472)                  | –                          | –                          |
| Fair value adjustment for disposal of interest in subsidiary                   | –                        | (4,278)                  | –                          | –                          |
| Foreign exchange movement                                                      | (211)                    | 896                      | 32                         | (838)                      |
| Other non-cash items                                                           | –                        | 7                        | –                          | 7                          |
| <b>Cash inflow/(outflow) from operations before changes in working capital</b> | <b>13,076</b>            | <b>6,749</b>             | <b>(1,052)</b>             | <b>(3,762)</b>             |
| Change in trade and other receivables                                          | (21,470)                 | 12,503                   | (1,571)                    | 51,118                     |
| Change in land, developments and trading properties                            | 9,520                    | 19,691                   | 101                        | 1,024                      |
| Change in trade and other payables                                             | 10,637                   | (19,617)                 | 7,715                      | (28,653)                   |
| <b>Cash inflow/(outflow) generated from operations</b>                         | <b>11,763</b>            | <b>19,326</b>            | <b>5,193</b>               | <b>19,727</b>              |
| Finance costs                                                                  | (13,104)                 | (13,119)                 | (951)                      | (4,624)                    |
| Finance income                                                                 | 887                      | 623                      | 3,217                      | 6,580                      |
| Tax received/(paid)                                                            | 732                      | –                        | (1,886)                    | –                          |
|                                                                                | (11,485)                 | (12,496)                 | 380                        | 1,956                      |
| <b>Cash flows from operating activities</b>                                    | <b>278</b>               | <b>6,830</b>             | <b>5,573</b>               | <b>21,683</b>              |
| <b>Cash flows from investing activities</b>                                    |                          |                          |                            |                            |
| Purchase of investment property                                                | (5,141)                  | (102,750)                | –                          | –                          |
| Sale of investment property                                                    | 21,910                   | 50,434                   | –                          | –                          |
| Cost of acquiring derivative financial instruments                             | –                        | (1,276)                  | –                          | (1,276)                    |
| Cost of cancelling interest rate swap                                          | (1)                      | (3,102)                  | –                          | (2,489)                    |
| Investment in subsidiaries                                                     | –                        | –                        | (6,622)                    | –                          |
| Investment in joint ventures                                                   | (6,622)                  | –                        | –                          | –                          |
| Return of investment in joint ventures                                         | 751                      | 2,098                    | –                          | –                          |
| Dividends from joint ventures                                                  | –                        | 500                      | –                          | –                          |
| Sale of plant and equipment                                                    | –                        | 7                        | –                          | 7                          |
| Purchase of leasehold improvements, plant and equipment                        | (242)                    | (63)                     | (163)                      | (31)                       |
| Net cash generated from/(used in) investing activities                         | 10,655                   | (54,152)                 | (6,785)                    | (3,803)                    |
| <b>Cash flows from financing activities</b>                                    |                          |                          |                            |                            |
| Borrowings drawn down                                                          | 33,682                   | 206,637                  | 11,298                     | 6,450                      |
| Borrowings repaid                                                              | (37,001)                 | (149,501)                | (6,240)                    | (14,499)                   |
| Equity dividends paid                                                          | (6,134)                  | (5,708)                  | (6,134)                    | (5,708)                    |
| Net cash (used in)/generated from financing activities                         | (9,453)                  | 51,428                   | (1,076)                    | (13,757)                   |
| Net increase/(decrease) in cash and cash equivalents                           | 1,480                    | 4,106                    | (2,288)                    | 4,123                      |
| Exchange losses on cash and cash equivalents                                   | (28)                     | (22)                     | (32)                       | (11)                       |
| Cash and cash equivalents at 1 April                                           | 35,411                   | 31,327                   | 26,355                     | 22,243                     |
| <b>Cash and cash equivalents at 31 March</b>                                   | <b>36,863</b>            | <b>35,411</b>            | <b>24,035</b>              | <b>26,355</b>              |

# consolidated and company statements of changes in equity

For the year to 31 March 2013

| Group                             | Share capital<br>£000 | Share premium<br>£000 | Revaluation reserve<br>£000 | Capital redemption reserve<br>£000 | Other reserves<br>£000 | Retained earnings<br>£000 | Non-controlling interests<br>£000 | Total<br>£000  |
|-----------------------------------|-----------------------|-----------------------|-----------------------------|------------------------------------|------------------------|---------------------------|-----------------------------------|----------------|
| At 31 March 2011                  | 1,447                 | 98,678                | 3,495                       | 7,478                              | 291                    | 143,886                   | 122                               | 255,397        |
| Total comprehensive income        | –                     | –                     | –                           | –                                  | –                      | 4,015                     | (9)                               | 4,006          |
| Revaluation surplus               | –                     | –                     | 3,664                       | –                                  | –                      | (3,664)                   | –                                 | –              |
| Realised on disposals             | –                     | –                     | (4,547)                     | –                                  | –                      | 4,547                     | –                                 | –              |
| Performance share plan            | –                     | –                     | –                           | –                                  | –                      | 35                        | –                                 | 35             |
| Dividends paid                    | –                     | –                     | –                           | –                                  | –                      | (5,708)                   | –                                 | (5,708)        |
| At 31 March 2012                  | 1,447                 | 98,678                | 2,612                       | 7,478                              | 291                    | 143,111                   | 113                               | 253,730        |
| <b>Total comprehensive income</b> | –                     | –                     | –                           | –                                  | –                      | <b>4,351</b>              | <b>(43)</b>                       | <b>4,308</b>   |
| <b>Revaluation surplus</b>        | –                     | –                     | <b>3,723</b>                | –                                  | –                      | <b>(3,723)</b>            | –                                 | –              |
| <b>Realised on disposals</b>      | –                     | –                     | <b>4,258</b>                | –                                  | –                      | <b>(4,258)</b>            | –                                 | –              |
| <b>Performance share plan</b>     | –                     | –                     | –                           | –                                  | –                      | <b>1,864</b>              | –                                 | <b>1,864</b>   |
| <b>Dividends paid</b>             | –                     | –                     | –                           | –                                  | –                      | <b>(6,134)</b>            | –                                 | <b>(6,134)</b> |
| <b>At 31 March 2013</b>           | <b>1,447</b>          | <b>98,678</b>         | <b>10,593</b>               | <b>7,478</b>                       | <b>291</b>             | <b>135,211</b>            | <b>70</b>                         | <b>253,768</b> |

For a breakdown of Total comprehensive income see the Consolidated Statement of Comprehensive Income on page 69.

Included within changes in equity are net transactions with owners of £4,270,000 (2012: £5,673,000) made up of: the performance share plan charge of £1,864,000 (2012: £35,000), dividends paid of £6,134,000 (2012: £5,708,000).

The adjustment to retained earnings of £1,864,000 adds back the share-based payments charge (2012: £35,000), in accordance with IFRS 2 Share-Based Payments.

| Company                            | Share capital<br>£000 | Share premium<br>£000 | Revaluation reserve<br>£000 | Capital redemption reserve<br>£000 | Other reserves<br>£000 | Retained earnings<br>£000 | Total<br>£000  |
|------------------------------------|-----------------------|-----------------------|-----------------------------|------------------------------------|------------------------|---------------------------|----------------|
| At 31 March 2011                   | 1,447                 | 98,678                | –                           | 7,478                              | 1,987                  | 137,831                   | 247,421        |
| Total comprehensive expense        | –                     | –                     | –                           | –                                  | –                      | (9,334)                   | (9,334)        |
| Dividends paid                     | –                     | –                     | –                           | –                                  | –                      | (5,708)                   | (5,708)        |
| At 31 March 2012                   | 1,447                 | 98,678                | –                           | 7,478                              | 1,987                  | 122,789                   | 232,379        |
| <b>Total comprehensive expense</b> | –                     | –                     | –                           | –                                  | –                      | <b>(3,309)</b>            | <b>(3,309)</b> |
| <b>Dividends paid</b>              | –                     | –                     | –                           | –                                  | –                      | <b>(6,134)</b>            | <b>(6,134)</b> |
| <b>At 31 March 2013</b>            | <b>1,447</b>          | <b>98,678</b>         | –                           | <b>7,478</b>                       | <b>1,987</b>           | <b>113,346</b>            | <b>222,936</b> |

Total comprehensive expense is made up of the loss after tax of £3,309,000 (2012: £9,334,000).

Included within changes in equity are net transactions with owners of £6,134,000 (2012: £5,708,000) made up of dividends paid of £6,134,000 (2012: £5,708,000).

## Notes:

Share capital – represents the nominal value of issued share capital.

Share premium – represents the excess of value of shares issued over their nominal value.

Revaluation reserve – represents the surplus/deficit of fair value of investment properties over their historic cost.

Capital redemption reserve – represents amounts paid to purchase issued shares for cancellation at their nominal value.

Retained earnings – represents the accumulated retained earnings of the Group.

# notes to the financial statements

## 1. Basis of preparation

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

The directors have taken advantage of the exemption offered by Section 408 of the Companies Act 2006 not to present a separate income statement for the parent company.

The financial statements have been prepared in Sterling (rounded to the nearest thousand) under the historical cost convention as modified by the revaluation of investment properties, available-for-sale investments and derivative financial instruments. The measurement bases and principal accounting policies of the Group are set out in note 35. These accounting policies are consistent with those applied in the year to 31 March 2012, as amended to reflect any new Standards, Amendments to Standards and interpretations which are mandatory for the year ended 31 March 2013.

Status of Adoption of Significant New or Amended IFRS Standards or Interpretations

IAS 12, Income Taxes - Deferred Tax: Recovery of underlying assets;  
IFRIC 18 Transfer of Assets from Customers;

There has been no material impact as a result of adopting the above.

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

IAS 1 (amended): Presentation of items of other comprehensive income (effective 1 July 2012);  
IAS 19 (revised): Employee benefits (effective 1 January 2013);  
IAS 27 (revised): Separate financial statements (effective 1 January 2013);  
IAS 28 (revised): Associates and joint ventures (effective 1 January 2013);  
IFRS 7 (amended): Disclosures – transfer of financial assets (effective 1 January 2013);  
IFRS 9: Financial Instruments: Classification and measurement;  
Mandatory effective date and transition disclosures – amendments to IFRS 9 and IFRS 7 (effective 1 January 2015);  
IFRS 10: Consolidated financial statements (effective 1 January 2013);  
IFRS 11: Joint arrangements (effective 1 January 2013);  
IFRS 12: Disclosures in interests in other entities (effective 1 January 2013);  
IFRS 13: Fair value measurement (effective 1 January 2013); and

Annual improvements to IFRSs 2011 cycle (effective 1 January 2013).

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group except for IFRS13, which will impact the disclosure of fair value measurements.

## 2. Segmental information

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

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

|                             | Investment<br>and trading<br>Year ended<br>31.3.13<br>£000 | Developments<br>Year ended<br>31.3.13<br>£000 | Total<br>Year ended<br>31.3.13<br>£000 | Investment<br>and trading<br>Year ended<br>31.3.12<br>£000 | Developments<br>Year ended<br>31.3.12<br>£000 | Total<br>Year ended<br>31.3.12<br>£000 |
|-----------------------------|------------------------------------------------------------|-----------------------------------------------|----------------------------------------|------------------------------------------------------------|-----------------------------------------------|----------------------------------------|
| <b>Revenue</b>              |                                                            |                                               |                                        |                                                            |                                               |                                        |
| Rental income               | 24,032                                                     | 1,784                                         | 25,816                                 | 21,391                                                     | 1,667                                         | 23,058                                 |
| Development property income | –                                                          | 38,498                                        | 38,498                                 | –                                                          | 19,666                                        | 19,666                                 |
| Trading property sales      | 122                                                        | –                                             | 122                                    | 10,131                                                     | –                                             | 10,131                                 |
| Other revenue               | 1,003                                                      | –                                             | 1,003                                  | 113                                                        | –                                             | 113                                    |
| Total revenue               | 25,157                                                     | 40,282                                        | 65,439                                 | 31,635                                                     | 21,333                                        | 52,968                                 |

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

Revenue for the year comprises revenue from construction contracts of £nil (2012: £1,735,000), revenue from the sale of goods of £31,193,000 (2012: £25,652,000), revenue from services of £8,430,000 (2012: £2,523,000), and rental income of £25,816,000 (2012: £23,058,000).

All revenues are within the UK other than rental income from development properties in Poland of £1,104,000 (2012: £1,052,000) and £671,000 (2012: £2,965,000) of development income derived from the Group's operations in Poland.

## notes to the financial statements

|                                                          | Investment<br>and trading<br>Year ended<br>31.3.13<br>£000 | Developments<br>Year ended<br>31.3.13<br>£000 | Total<br>Year ended<br>31.3.13<br>£000 | Investment<br>and trading<br>Year ended<br>31.3.12<br>£000 | Developments<br>Year ended<br>31.3.12<br>£000 | Total<br>Year ended<br>31.3.12<br>£000 |
|----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------|----------------------------------------|------------------------------------------------------------|-----------------------------------------------|----------------------------------------|
| <b>Profit before tax</b>                                 |                                                            |                                               |                                        |                                                            |                                               |                                        |
| Net rental income                                        | 18,232                                                     | 1,346                                         | 19,578                                 | 16,740                                                     | 1,136                                         | 17,876                                 |
| Development property profit                              | –                                                          | 6,956                                         | 6,956                                  | –                                                          | 655                                           | 655                                    |
| Trading property loss                                    | (1)                                                        | –                                             | (1)                                    | –                                                          | –                                             | –                                      |
| Share of results of joint ventures                       | 4,323                                                      | (469)                                         | 3,854                                  | 2,616                                                      | (144)                                         | 2,472                                  |
| Gain on sale and revaluation of investment properties    | 1,335                                                      | –                                             | 1,335                                  | 3,288                                                      | –                                             | 3,288                                  |
|                                                          | 23,889                                                     | 7,833                                         | 31,722                                 | 22,644                                                     | 1,647                                         | 24,291                                 |
| Other operating (expense)/income                         |                                                            |                                               | (547)                                  |                                                            |                                               | 113                                    |
| Gross profit                                             |                                                            |                                               | 31,175                                 |                                                            |                                               | 24,404                                 |
| Administrative expenses                                  |                                                            |                                               | (14,920)                               |                                                            |                                               | (7,800)                                |
| Finance income                                           |                                                            |                                               | 887                                    |                                                            |                                               | 583                                    |
| Finance costs                                            |                                                            |                                               | (9,577)                                |                                                            |                                               | (8,409)                                |
| Change in fair value of derivative financial instruments |                                                            |                                               | (2,573)                                |                                                            |                                               | (306)                                  |
| Foreign exchange gains/(losses)                          |                                                            |                                               | 17                                     |                                                            |                                               | (1,064)                                |
| Profit before tax                                        |                                                            |                                               | 5,009                                  |                                                            |                                               | 7,408                                  |
| <b>Net assets</b>                                        | 31.3.13<br>£000                                            | 31.3.13<br>£000                               | 31.3.13<br>£000                        | 31.3.12<br>£000                                            | 31.3.12<br>£000                               | 31.3.12<br>£000                        |
| Investment properties                                    | 312,026                                                    | –                                             | 312,026                                | 326,876                                                    | –                                             | 326,876                                |
| Land, development and trading properties                 | 2,528                                                      | 90,346                                        | 92,874                                 | 2,638                                                      | 97,103                                        | 99,741                                 |
| Investment in joint ventures                             | 41,687                                                     | 8,203                                         | 49,890                                 | 31,919                                                     | 8,673                                         | 40,592                                 |
|                                                          | 356,241                                                    | 98,549                                        | 454,790                                | 361,433                                                    | 105,776                                       | 467,209                                |
| Owner occupied property, plant and equipment             |                                                            |                                               | 1,153                                  |                                                            |                                               | 1,251                                  |
| Derivative financial instruments                         |                                                            |                                               | 146                                    |                                                            |                                               | 629                                    |
| Deferred tax assets                                      |                                                            |                                               | 10,381                                 |                                                            |                                               | 9,050                                  |
| Available-for-sale investments                           |                                                            |                                               | 5,997                                  |                                                            |                                               | 7,003                                  |
| Trade and other receivables                              |                                                            |                                               | 44,342                                 |                                                            |                                               | 23,076                                 |
| Corporation tax receivable                               |                                                            |                                               | –                                      |                                                            |                                               | 1,178                                  |
| Cash and cash equivalents                                |                                                            |                                               | 36,863                                 |                                                            |                                               | 35,411                                 |
| Total assets                                             |                                                            |                                               | 553,672                                |                                                            |                                               | 544,807                                |
| Liabilities                                              |                                                            |                                               | (299,904)                              |                                                            |                                               | (291,077)                              |
| Net assets                                               |                                                            |                                               | 253,768                                |                                                            |                                               | 253,730                                |

All non-current assets are derived from the Group's UK operations except for Helical's share of a held for sale investment held at £4,792,000 which is derived from the Group's Polish operations.

## notes to the financial statements

### 3. Net rental income

|                                                        | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|--------------------------------------------------------|-------------------------------|-------------------------------|
| Gross rental income                                    | 25,816                        | 23,058                        |
| Rents payable                                          | (342)                         | (418)                         |
| Property overheads                                     | (5,186)                       | (3,938)                       |
| Net rental income                                      | 20,288                        | 18,702                        |
| Net rental income attributable to profit share partner | (710)                         | (826)                         |
| Group share of net rental income                       | 19,578                        | 17,876                        |

Property overheads include lettings costs, vacancy costs and bad debt provisions.

The amounts above include gross rental income from investment properties of £24,032,000 (2012: £21,391,000) and net rental income of £18,232,000 (2012: £16,740,000).

No contingent rental income was received in the year (2012: £nil).

### 4. Development property profit

|                               | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|-------------------------------|-------------------------------|-------------------------------|
| Development property income   | 38,498                        | 19,666                        |
| Cost of sales                 | (30,420)                      | (13,935)                      |
| Sales expenses                | (462)                         | (565)                         |
| Provision against book values | (660)                         | (4,511)                       |
| Development property profit   | 6,956                         | 655                           |

In accordance with IAS27, development property income for the year to 31 March 2012 includes a £4.3m gain resulting from the sale of 50% of a fully owned subsidiary (see note 19), which we considered to be part of the core business of the Group.

### 5. Trading property loss

|                        | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|------------------------|-------------------------------|-------------------------------|
| Trading property sales | 122                           | 10,131                        |
| Cost of sales          | (110)                         | (10,131)                      |
| Sales expenses         | (13)                          | –                             |
| Trading property loss  | (1)                           | –                             |

### 6. Net gain on sale and revaluation of investment properties

|                                                       | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|-------------------------------------------------------|-------------------------------|-------------------------------|
| Net proceeds from the sale of investment properties   | 21,910                        | 50,427                        |
| Book value (note 15)                                  | (23,865)                      | (50,768)                      |
| Tenants incentives on sold investment properties      | (433)                         | (35)                          |
| Loss on sale of investment properties                 | (2,388)                       | (376)                         |
| Revaluation surplus on investment properties          | 3,723                         | 3,664                         |
| Gain on sale and revaluation of investment properties | 1,335                         | 3,288                         |

## notes to the financial statements

### 7. Administrative expenses

|                                                                                                         | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|---------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Administrative expenses                                                                                 | (14,920)                      | (7,800)                       |
| Operating profit is stated after the following items that are contained within administrative expenses: |                               |                               |
| Depreciation                                                                                            |                               |                               |
| – owner occupied property, plant and equipment                                                          | 340                           | 309                           |
| Share-based payments charge                                                                             | 1,864                         | 35                            |
| Auditors' remuneration:                                                                                 |                               |                               |
| Audit fees                                                                                              |                               |                               |
| – audit of parent company and consolidated financial statements                                         | 155                           | 145                           |
| – audit of company's subsidiaries                                                                       | 58                            | 57                            |
| – interim audit of consolidated financial statements                                                    | 41                            | 40                            |
| – internal controls review                                                                              | –                             | 16                            |

### 8. Staff costs

|                              | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|------------------------------|-------------------------------|-------------------------------|
| Staff costs during the year: |                               |                               |
| – wages and salaries         | 8,627                         | 4,615                         |
| – social security costs      | 1,420                         | 657                           |
| – other pension costs        | 116                           | 136                           |
|                              | 10,163                        | 5,408                         |

Details of the remuneration of Directors amounting to £5,560,000 (2012: £2,477,000) are included in the Directors' Remuneration Report on pages 54 to 62. The amount of the share-based payments charge relating to share awards made to Directors is £1,715,000 (2012: £29,000).

Included within wages and salaries are directors' bonuses of £3,051,000 (2012: £220,000) as discussed in the Remuneration Report on page 58.

Other pension costs relate to payments to individual pension plans.

The average number of employees (management and administration) of the Group during the year was 40 (2012: 36) of which 29 are UK staff and 11 are based in Poland.

Of the staff costs of £10,163,000 (2012: £5,408,000), £9,713,000 is included within administrative expenses (2012: £5,007,000) £331,000 is included within development costs (2012: £401,000) and £119,000 is included in Other operating income/expense (2012: £nil).

Within administrative costs is the share based payment charge for the year of £1,864,000 (2012: £35,000) which is not included in the staff costs above.

### 9. Finance costs and finance income

|                                               | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|-----------------------------------------------|-------------------------------|-------------------------------|
| Interest payable on bank loans and overdrafts | (10,445)                      | (10,808)                      |
| Other interest payable and similar charges    | (1,658)                       | (901)                         |
| Interest capitalised                          | 2,526                         | 3,300                         |
| Finance costs                                 | (9,577)                       | (8,409)                       |
| Interest receivable and similar income        | 887                           | 583                           |
| Finance income                                | 887                           | 583                           |

On projects where specific third party loans have been arranged, interest has been capitalised at the rate for the individual loan. The weighted average capitalised interest rate of such loans was 2.87% (2012: 3.35%). Where general finance has been used to fund the acquisition and construction of properties the rate used was a weighted average of the financing costs for the applicable borrowings of 4.06% (2012: 4.64%).

## notes to the financial statements

**10. Taxation on profit on ordinary activities**

|                                                                    | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|--------------------------------------------------------------------|-------------------------------|-------------------------------|
| The tax credit is based on the profit for the year and represents: |                               |                               |
| United Kingdom corporation tax at 24%                              |                               |                               |
| – Group corporation tax                                            | (435)                         | –                             |
| – adjustment in respect of prior periods                           | –                             | 153                           |
| – overseas tax                                                     | (84)                          | (163)                         |
| Current tax charge                                                 | (519)                         | (10)                          |
| Deferred tax at 23%/24%                                            |                               |                               |
| – capital allowances                                               | 46                            | 348                           |
| – tax losses                                                       | 163                           | 1,045                         |
| – other temporary differences                                      | 1,125                         | (1,225)                       |
| Deferred tax credit                                                | 1,334                         | 168                           |
| Tax credit on profit on ordinary activities                        | 815                           | 158                           |

Factors affecting the tax credit for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (24%).

The differences are explained below:

|                                                                                                   | Year ended<br>31.3.13<br>£000 | Year ended<br>31.3.12<br>£000 |
|---------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Profit on ordinary activities before tax                                                          | 5,009                         | 7,408                         |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23%/24% | (1,152)                       | (1,778)                       |
| Effect of:                                                                                        |                               |                               |
| – expenses not deductible for tax purposes                                                        | (1,308)                       | (506)                         |
| – income not subject to UK corporation tax                                                        | 311                           | 1,695                         |
| – capital allowances not reflected through deferred tax                                           | –                             | 475                           |
| – tax movements on share awards                                                                   | 616                           | (23)                          |
| – additional tax losses recognised/(unavailable)                                                  | 1,411                         | (1,442)                       |
| – operating profit of joint ventures                                                              | 876                           | 580                           |
| – prior year adjustment                                                                           | –                             | 153                           |
| – revaluation surplus not recognised through deferred tax                                         | 856                           | 880                           |
| – chargeable gain in excess of loss on investment property                                        | (510)                         | (82)                          |
| – overseas tax                                                                                    | (84)                          | (163)                         |
| – other temporary differences                                                                     | (201)                         | 369                           |
| Total tax credit for the period                                                                   | 815                           | 158                           |

Note: all deferred tax balances have been calculated at the rate of corporation tax for the year to 31 March 2013 of 23%. Accordingly, the tax reconciliation also uses this rate of corporation tax.

**Factors that may affect future tax charges**

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

## notes to the financial statements

### 11. Deferred tax

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

|                             | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|-----------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Capital allowances          | <b>(2,421)</b>                    | (2,467)                  | <b>(29)</b>                         | –                          |
| Tax losses                  | <b>10,734</b>                     | 10,572                   | <b>–</b>                            | –                          |
| Other temporary differences | <b>2,068</b>                      | 945                      | <b>606</b>                          | 463                        |
| Deferred tax asset          | <b>10,381</b>                     | 9,050                    | <b>577</b>                          | 463                        |

Other temporary differences represent deferred tax assets arising from the recognition of the fair value of derivative financial instruments and future tax relief available to the Group from capital allowances and when share awards vest.

The Group contains entities with tax losses for which no deferred tax asset is recognised. The total unrecognised losses amount to approximately £8.4m. A deferred tax asset has not been recognised because the entities in which the losses have been generated either do not have forecast taxable profits or the losses have restrictions whereby their utilisation is considered to be unlikely.

If upon sale of the investment properties the Group retained all the capital allowances, the deferred tax provision in respect of capital allowances of £2.4m (2012: £2.5m) would be released and further capital allowances of £9.5m (2012: £7.7m) would be available to reduce future tax liabilities.

### 12. Dividends paid and payable

|                                                                          | <b>Year ended<br/>31.3.13<br/>£000</b> | Year ended<br>31.3.12<br>£000 |
|--------------------------------------------------------------------------|----------------------------------------|-------------------------------|
| Attributable to equity share capital                                     |                                        |                               |
| Ordinary                                                                 |                                        |                               |
| – interim paid of 1.85p (2012: 1.75p) per share                          | <b>2,161</b>                           | 2,044                         |
| – prior period final paid of 3.40p (2012: 3.15p) per share               | <b>3,973</b>                           | 3,664                         |
| Total dividends paid and payable in year – 5.25p (2012: 4.90p) per share | <b>6,134</b>                           | 5,708                         |

An interim dividend of 1.85p was paid on 28 December 2012 to shareholders on the register on 30 November 2012. The final dividend of 3.70p, if approved at the AGM on 24 July 2013, will be paid on 26 July 2013 to shareholders on the register on 5 July 2013. This final dividend, amounting to £4,323,000, has not been included as a liability as at 31 March 2013, in accordance with IFRS.

### 13. Parent company

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income statement in the financial statements. The loss for the year of the Company was £3,309,000 (2012: £9,334,000).

## notes to the financial statements

### 14. Earnings per share

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

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the effect of all dilutive options and awards.

The earnings per share are calculated in accordance with IAS 33, Earnings per Share and the best practice recommendations of the European Public Real Estate Association ("EPRA"). Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

|                                                                                                          | Year ended<br>31.3.13<br>000 | Year ended<br>31.3.12<br>000 |
|----------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Ordinary shares in issue                                                                                 | 118,138                      | 118,138                      |
| Weighting adjustment                                                                                     | (1,292)                      | (1,292)                      |
| Weighted average ordinary shares in issue for calculation of basic earnings per share                    | 116,846                      | 116,846                      |
| Weighted average ordinary shares issued on exercise of share options                                     | 34                           | 34                           |
| Weighted average ordinary shares to be issued under performance share plan                               | 1,349                        | 63                           |
| Weighted average ordinary shares in issue for calculation of diluted and diluted EPRA earnings per share | 118,229                      | 116,943                      |
|                                                                                                          | £000                         | £000                         |
| Earnings used for calculation of basic and diluted earnings per share                                    | 5,867                        | 7,575                        |
| Basic earnings per share                                                                                 | 5.0p                         | 6.5p                         |
| Diluted earnings per share                                                                               | 5.0p                         | 6.5p                         |
|                                                                                                          | £000                         | £000                         |
| Earnings used for calculation of basic and diluted earnings per share                                    | 5,867                        | 7,575                        |
| Net gain on sale and revaluation of investment properties                                                | (1,335)                      | (3,288)                      |
| Share of net gain on revaluation of investment properties in the results of joint ventures               | (3,109)                      | (581)                        |
| Tax on profit on disposal of investment properties                                                       | (549)                        | (90)                         |
| Trading property loss                                                                                    | 1                            | –                            |
| Fair value movement on derivative financial instruments                                                  | 2,573                        | 306                          |
| Share of fair value movements on derivative financial instruments in the results of joint ventures       | (32)                         | 409                          |
| Deferred tax                                                                                             | (572)                        | (323)                        |
| Performance related awards                                                                               | 6,828                        | 415                          |
| Earnings used for calculation of adjusted diluted EPRA earnings per share                                | 9,672                        | 4,423                        |
| Performance related awards                                                                               | (6,828)                      | (415)                        |
| Earnings used for calculation of diluted EPRA earnings per share                                         | 2,844                        | 4,008                        |
| Adjusted diluted EPRA earnings per share                                                                 | 8.2p                         | 3.8p                         |
| Diluted EPRA earnings per share                                                                          | 2.4p                         | 3.4p                         |

The earnings used for calculation of diluted EPRA earnings per share includes net rental income and development property profits but excludes trading property losses.

## notes to the financial statements

**15. Investment properties**

|                                                                    | <b>Freehold<br/>31.3.13<br/>£000</b> | <b>Leasehold<br/>31.3.13<br/>£000</b> | <b>Total<br/>31.3.13<br/>£000</b> | Freehold<br>31.3.12<br>£000 | Leasehold<br>31.3.12<br>£000 | Total<br>31.3.12<br>£000 |
|--------------------------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-----------------------------|------------------------------|--------------------------|
| Group                                                              |                                      |                                       |                                   |                             |                              |                          |
| Fair value at 1 April                                              | <b>292,276</b>                       | <b>34,600</b>                         | <b>326,876</b>                    | 232,326                     | 39,550                       | 271,876                  |
| Property acquisitions                                              | <b>4,299</b>                         | <b>842</b>                            | <b>5,141</b>                      | 102,238                     | 512                          | 102,750                  |
| Disposals                                                          | <b>(13,069)</b>                      | <b>(10,796)</b>                       | <b>(23,865)</b>                   | (47,158)                    | (3,610)                      | (50,768)                 |
| Revaluation surplus/(deficit)                                      | <b>4,419</b>                         | <b>(696)</b>                          | <b>3,723</b>                      | 5,516                       | (1,852)                      | 3,664                    |
| Revaluation surplus/(deficit) attributable to profit share partner | <b>151</b>                           | <b>–</b>                              | <b>151</b>                        | (646)                       | –                            | (646)                    |
| Fair value at 31 March                                             | <b>288,076</b>                       | <b>23,950</b>                         | <b>312,026</b>                    | 292,276                     | 34,600                       | 326,876                  |

Interest capitalised during the year in respect of the refurbishment of investment properties amounted to £nil (2012: £nil).

Interest capitalised in respect of the refurbishment of investment properties is included in investment properties to the extent of £5,767,000 (2012: £5,767,000).

Investment properties with a total fair value of £312,025,000 (2012: £326,875,000) were held as security against borrowings.

Properties are stated at market value as at 31 March 2013, valued by professionally qualified external valuers except for investment properties valued by the Directors. The valuations have been prepared in accordance with the Valuation Standards (6th edition) published by the Royal Institution of Chartered Surveyors ("the Standards"). In their valuation reports, the valuers have noted, in accordance with Guidance Note 5 of the Standards, that the primary source of evidence for valuations is recent, comparable market transactions on arms length terms.

The investment properties have been valued at 31 March 2013 as follows:

|                         | <b>31.3.13<br/>£000</b> | 31.3.12<br>£000 |
|-------------------------|-------------------------|-----------------|
| Cushman & Wakefield LLP | <b>312,025</b>          | 321,875         |
| Directors' valuation    | <b>1</b>                | 5,001           |
|                         | <b>312,026</b>          | 326,876         |

The historical cost of investment property is £298,878,000 (2012: £321,970,000).

## notes to the financial statements

## 16. Operating lease arrangements

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

|                                                  | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 |
|--------------------------------------------------|-----------------------------------|--------------------------|
| Not later than one year                          | <b>24,281</b>                     | 24,253                   |
| Later than one year but not more than five years | <b>64,729</b>                     | 68,716                   |
| More than five years                             | <b>57,966</b>                     | 72,166                   |
|                                                  | <b>146,976</b>                    | 165,135                  |

The Company has no operating lease arrangements.

## 17. Owner occupied property, plant and equipment – Group

|                             | <b>Short<br/>leasehold<br/>improvements<br/>31.3.13<br/>£000</b> | <b>Plant and<br/>equipment<br/>31.3.13<br/>£000</b> | <b>Total<br/>31.3.13<br/>£000</b> | Short<br>leasehold<br>improvements<br>31.3.12<br>£000 | Plant and<br>equipment<br>31.3.12<br>£000 | Total<br>31.3.12<br>£000 |
|-----------------------------|------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------|-------------------------------------------------------|-------------------------------------------|--------------------------|
| Cost at 1 April             | <b>2,071</b>                                                     | <b>686</b>                                          | <b>2,757</b>                      | 2,071                                                 | 727                                       | 2,798                    |
| Additions at cost           | –                                                                | <b>242</b>                                          | <b>242</b>                        | –                                                     | 63                                        | 63                       |
| Disposals                   | –                                                                | <b>(103)</b>                                        | <b>(103)</b>                      | –                                                     | (104)                                     | (104)                    |
| Cost at 31 March            | <b>2,071</b>                                                     | <b>825</b>                                          | <b>2,896</b>                      | 2,071                                                 | 686                                       | 2,757                    |
| Depreciation at 1 April     | <b>1,096</b>                                                     | <b>410</b>                                          | <b>1,506</b>                      | 897                                                   | 404                                       | 1,301                    |
| Provision for the year      | <b>187</b>                                                       | <b>153</b>                                          | <b>340</b>                        | 199                                                   | 110                                       | 309                      |
| Eliminated on disposals     | –                                                                | <b>(103)</b>                                        | <b>(103)</b>                      | –                                                     | (104)                                     | (104)                    |
| Depreciation at 31 March    | <b>1,283</b>                                                     | <b>460</b>                                          | <b>1,743</b>                      | 1,096                                                 | 410                                       | 1,506                    |
| Net book amount at 31 March | <b>788</b>                                                       | <b>365</b>                                          | <b>1,153</b>                      | 975                                                   | 276                                       | 1,251                    |

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

All short leasehold improvements, plant and equipment relate to the Company except for plant and equipment with a net book value of £173,000 as at 31 March 2013 (2012: £144,000).

## 18. Investment in subsidiaries

|                                    | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| At 1 April                         | –                                 | –                        | <b>31,173</b>                       | 30,994                     |
| Acquired during year               | –                                 | –                        | <b>6,772</b>                        | 179                        |
| Share capital repaid by subsidiary | –                                 | –                        | <b>(1,000)</b>                      | –                          |
| At 31 March                        | –                                 | –                        | <b>36,945</b>                       | 31,173                     |

## notes to the financial statements

The Company's principal subsidiary undertakings, all of which have been consolidated, are:

| Name of undertaking                       | Nature of business   | Percentage of ordinary share capital held |
|-------------------------------------------|----------------------|-------------------------------------------|
| Baylight Developments Ltd*                | Investment           | 100%                                      |
| Dencora (Docklands) Ltd                   | Investment           | 100%                                      |
| Dencora (Fordham) Ltd                     | Investment           | 100%                                      |
| Downtown Space Properties LLP             | Development          | 70%                                       |
| Harbour Developments (Bracknell) Ltd      | Development          | 100%                                      |
| HB Sawston No. 3 Ltd                      | Investment           | 100%                                      |
| Helical (Ashford) Ltd                     | Investment           | 100%                                      |
| Helical Bar Developments (South East) Ltd | Development          | 100%                                      |
| Helical Bar (Great Dover Street) Ltd      | Investment           | 100%                                      |
| Helical Bar (Hawtin Park No. 3) Ltd       | Investment           | 100%                                      |
| Helical Bar (Mitre Square) Ltd            | Development          | 100%                                      |
| Helical Bar Services Ltd                  | Management Services  | 100%                                      |
| Helical Bar (Wales) Ltd*                  | Investment           | 100%                                      |
| Helical Bar (White City) Ltd              | Development          | 100%                                      |
| Helical (Basildon Retail) LP*             | Investment           | 100%                                      |
| Helical (Battersea) Ltd                   | Investment           | 100%                                      |
| Helical (Bramshott Place) Ltd             | Development          | 100%                                      |
| Helical (Broadway) Ltd                    | Investment           | 100%                                      |
| Helical (Cardiff) Ltd                     | Investment           | 100%                                      |
| Helical (Corby) Ltd                       | Investment           | 100%                                      |
| Helical (Corby Investments) Ltd           | Investment           | 100%                                      |
| Helical (Crownhill) Ltd                   | Investment (Jersey)  | 100%                                      |
| Helical (East Kilbride) Ltd               | Investment           | 100%                                      |
| Helical (Exeter) Ltd                      | Development          | 100%                                      |
| Helical (Faygate) Ltd                     | Development          | 100%                                      |
| Helical (Glasgow) Ltd                     | Investment/Trading   | 100%                                      |
| Helical (Hailsham) Ltd                    | Development          | 100%                                      |
| Helical (Hedge End) Ltd                   | Trading              | 100%                                      |
| Helical (Liphook) Ltd                     | Development (Jersey) | 100%                                      |
| Helical (Merlin Park) Ltd                 | Investment           | 100%                                      |
| Helical (Milton) Ltd                      | Development          | 100%                                      |
| Helical Retail Ltd                        | Development          | 100%                                      |
| Helical Retail (RBS) Ltd*                 | Development          | 100%                                      |
| Helical (Sevenoaks) Ltd                   | Investment           | 100%                                      |
| Helical (Stockport) Ltd                   | Development          | 100%                                      |
| Helical (Telford) Ltd                     | Development          | 100%                                      |
| Helical (Winterhill) Ltd                  | Investment           | 100%                                      |
| Helical Wroclaw Sp. z.o.o.*               | Development (Poland) | 100%                                      |
| Metropolis Property Ltd                   | Investment           | 100%                                      |
| Newmarket LP*                             | Investment           | 100%                                      |
| Prescot Street Investments Ltd            | Investment           | 100%                                      |
| Sutton-in-Ashfield LP*                    | Investment           | 100%                                      |

All principal subsidiary undertakings operate in the United Kingdom other than Helical Wroclaw Sp. z.o.o. and, unless otherwise indicated, are incorporated and registered in England and Wales. In line with s410(2) of the Companies Act 2006 a full list of all subsidiaries is lodged with the Annual Return at Companies House.

\*Ordinary capital is held by a subsidiary undertaking.

Investments in subsidiaries have been impaired based on a review of their fair value at the balance sheet date. A review of the fair value of the investments is undertaken periodically. The fair value of the investment in subsidiaries is based on the value of the subsidiaries underlying assets.

## notes to the financial statements

## 19. Investment in joint ventures

|                                                                   | Investment<br>& trading<br>31.3.13<br>£000 | Development<br>31.3.13<br>£000 | Total<br>31.3.13<br>£000 | Investment<br>& trading<br>31.3.12<br>£000 | Development<br>31.3.12<br>£000 | Total<br>31.3.12<br>£000 |
|-------------------------------------------------------------------|--------------------------------------------|--------------------------------|--------------------------|--------------------------------------------|--------------------------------|--------------------------|
| <b>Summarised statements of consolidated income</b>               |                                            |                                |                          |                                            |                                |                          |
| <b>Revenue</b>                                                    | <b>5,629</b>                               | <b>564</b>                     | <b>6,193</b>             | 6,584                                      | 339                            | 6,923                    |
| Gross rental income                                               | 5,629                                      | 564                            | 6,193                    | 6,306                                      | 339                            | 6,645                    |
| Rents payable                                                     | (802)                                      | –                              | (802)                    | (848)                                      | –                              | (848)                    |
| Property overheads                                                | (437)                                      | (73)                           | (510)                    | (592)                                      | (145)                          | (737)                    |
| <b>Net rental income</b>                                          | <b>4,390</b>                               | <b>491</b>                     | <b>4,881</b>             | 4,866                                      | 194                            | 5,060                    |
| Gain on revaluation of investment properties                      | 3,109                                      | –                              | 3,109                    | 581                                        | –                              | 581                      |
| Other operating income/(expense)                                  | 58                                         | (816)                          | (758)                    | (40)                                       | (477)                          | (437)                    |
| Administrative expenses                                           | (623)                                      | (79)                           | (702)                    | (127)                                      | –                              | (127)                    |
| Finance costs                                                     | (2,189)                                    | (80)                           | (2,269)                  | (1,974)                                    | (249)                          | (2,223)                  |
| Finance income                                                    | 5                                          | 61                             | 66                       | 5                                          | 7                              | 12                       |
| Change in fair value movement of derivative financial instruments | 32                                         | –                              | 32                       | (790)                                      | 381                            | (409)                    |
| <b>Profit/(loss) before tax</b>                                   | <b>4,782</b>                               | <b>(423)</b>                   | <b>4,359</b>             | 2,601                                      | (144)                          | 2,457                    |
| Tax                                                               | (505)                                      | –                              | (505)                    | 15                                         | –                              | 15                       |
| <b>Profit/(loss) after tax</b>                                    | <b>4,277</b>                               | <b>(423)</b>                   | <b>3,854</b>             | 2,616                                      | (144)                          | 2,472                    |
| <b>Summarised balance sheets</b>                                  |                                            |                                |                          |                                            |                                |                          |
| <b>Non-current assets</b>                                         |                                            |                                |                          |                                            |                                |                          |
| Investment properties                                             | 94,962                                     | –                              | 94,962                   | 67,187                                     | –                              | 67,187                   |
| Owner occupied property, plant and equipment                      | 25                                         | –                              | 25                       | 28                                         | –                              | 28                       |
|                                                                   | <b>94,987</b>                              | <b>–</b>                       | <b>94,987</b>            | 67,215                                     | <b>–</b>                       | 67,215                   |
| <b>Current assets</b>                                             |                                            |                                |                          |                                            |                                |                          |
| Land, development and trading properties                          | –                                          | 23,797                         | 23,797                   | –                                          | 15,709                         | 15,709                   |
| Held for sale investments                                         | –                                          | 4,792                          | 4,792                    | –                                          | 4,792                          | 4,792                    |
| Trade and other receivables                                       | 1,088                                      | 962                            | 2,050                    | 2,510                                      | 130                            | 2,640                    |
| Cash                                                              | 4,713                                      | 5,080                          | 9,793                    | 3,240                                      | 387                            | 3,627                    |
|                                                                   | <b>5,801</b>                               | <b>34,631</b>                  | <b>40,432</b>            | 5,750                                      | 21,018                         | 26,768                   |
| <b>Current liabilities</b>                                        |                                            |                                |                          |                                            |                                |                          |
| Trade and other payables                                          | (11,257)                                   | (24,928)                       | (36,185)                 | (3,549)                                    | (8,745)                        | (12,294)                 |
| Borrowings                                                        | (720)                                      | –                              | (720)                    | –                                          | (1,500)                        | (1,500)                  |
|                                                                   | <b>(11,977)</b>                            | <b>(24,928)</b>                | <b>(36,905)</b>          | (3,549)                                    | (10,245)                       | (13,794)                 |
| <b>Non-current liabilities</b>                                    |                                            |                                |                          |                                            |                                |                          |
| Borrowings                                                        | (46,094)                                   | (1,500)                        | (47,594)                 | (36,436)                                   | (2,100)                        | (38,536)                 |
| Derivative financial instruments                                  | (1,030)                                    | –                              | (1,030)                  | (1,061)                                    | –                              | (1,061)                  |
|                                                                   | <b>(47,124)</b>                            | <b>(1,500)</b>                 | <b>(48,624)</b>          | (37,497)                                   | (2,100)                        | (39,597)                 |
| <b>Net assets</b>                                                 | <b>41,687</b>                              | <b>8,203</b>                   | <b>49,890</b>            | 31,919                                     | 8,673                          | 40,592                   |

The cost of the Company's investment in joint ventures was £15,000 (2012: £165,000).

The directors' valuation of the land, trading and development stock shows a surplus of £1,028,000 above book value (2012: £1,435,000).

## notes to the financial statements

At 31 March 2013 the Group and the Company had interests in the following joint venture companies:

|                                            | Country of<br>incorporation | Class of share<br>capital held | Proportion<br>held Group | Proportion<br>held Company | Nature of<br>business |
|--------------------------------------------|-----------------------------|--------------------------------|--------------------------|----------------------------|-----------------------|
| Abbeygate Helical (Leisure Plaza) Ltd      | United Kingdom              | Ordinary                       | 50%                      | 50%                        | Development           |
| Abbeygate Helical (Winterhill) Ltd         | United Kingdom              | Ordinary                       | 50%                      | 50%                        | Development           |
| Abbeygate Helical (C4.1) LLP               | United Kingdom              | n/a                            | 50%                      | 50%                        | Development           |
| Shirley Advance LLP                        | United Kingdom              | n/a                            | 50%                      | –                          | Development           |
| King Street Developments (Hammersmith) Ltd | United Kingdom              | Ordinary                       | 50%                      | –                          | Development           |
| HP Properties Ltd                          | British Virgin Islands      | Ordinary                       | 60%                      | –                          | Investment            |
| Barts Two Investment Property Ltd          | Jersey                      | Ordinary                       | 33%                      | –                          | Investment            |
| Helical Sosnica Sp. zoo.                   | Poland                      | Ordinary                       | 50%                      | –                          | Development           |
| 207 Old Street Unit Trust                  | Jersey                      | n/a                            | 33%                      | –                          | Investment            |
| 211 Old Street Unit Trust                  | Jersey                      | n/a                            | 33%                      | –                          | Investment            |
| Old Street Retail Unit Trust               | Jersey                      | n/a                            | 33%                      | –                          | Investment            |
| City Road (Jersey) Ltd                     | Jersey                      | Ordinary                       | 33%                      | –                          | Investment            |

During the year to 31 March 2013 the Group acquired a 33% stake in 207 Old Street Unit Trust, 211 Old Street Unit Trust, Old Street Retail Unit Trust and City Road (Jersey) Ltd all of which own investment properties in the UK. The results of these entities since acquisition have been included above.

During the year to 31 March 2012 the Group sold 50% of its interest in its subsidiary Helical Sosnica Sp. zoo. for nominal consideration. The results of this Company for the part of the year before the sale were consolidated in the Group's results and for the results of this Company for the part of the year after the sale and for the financial position at the balance sheet date have been accounted for as an investment held for sale due to a commitment to sell the remaining 50% within the next 2 years. The Group lost control of £65m of assets and £65m of liabilities as a result of the sale of its interest in Helical Sosnica Sp. zoo. At 31 March 2013 Helical Sosnica Sp zoo held a development property the fair value of which the directors believe to be £105,802,000 (of which Helical's share is £52,901,000) and a bank loan of £49,830,000 (of which Helical's share is £24,915,000) repayable in September 2015.

## 20. Land, developments and trading properties

| Group                      | Development<br>properties<br>31.3.13<br>£000 | Trading<br>stock<br>31.3.13<br>£000 | Total<br>31.3.13<br>£000 | Development<br>properties<br>31.3.12<br>£000 | Trading<br>stock<br>31.3.12<br>£000 | Total<br>31.3.12<br>£000 |
|----------------------------|----------------------------------------------|-------------------------------------|--------------------------|----------------------------------------------|-------------------------------------|--------------------------|
| At 1 April                 | 97,103                                       | 2,638                               | 99,741                   | 137,254                                      | 10,288                              | 147,542                  |
| Construction costs         | 20,164                                       | 5                                   | 20,169                   | 21,653                                       | 2,481                               | 24,134                   |
| Interest capitalised       | 2,526                                        | –                                   | 2,526                    | 3,300                                        | –                                   | 3,300                    |
| Disposals                  | (28,919)                                     | (110)                               | (29,029)                 | (58,101)                                     | (10,131)                            | (68,232)                 |
| Foreign exchange movements | 127                                          | –                                   | 127                      | (2,492)                                      | –                                   | (2,492)                  |
| Provision                  | (655)                                        | (5)                                 | (660)                    | (4,511)                                      | –                                   | (4,511)                  |
| At 31 March                | 90,346                                       | 2,528                               | 92,874                   | 97,103                                       | 2,638                               | 99,741                   |

| Company            | Development<br>properties<br>31.3.13<br>£000 | Development<br>properties<br>31.3.12<br>£000 |
|--------------------|----------------------------------------------|----------------------------------------------|
| At 1 April         | 101                                          | 1,125                                        |
| Construction costs | –                                            | 51                                           |
| Disposals          | –                                            | (1,020)                                      |
| Provision          | (101)                                        | (55)                                         |
| At 31 March        | –                                            | 101                                          |

The directors' valuation of trading and development stock shows a surplus of £48,837,000 above book value (2012: £33,107,000).

Interest capitalised in respect of the development of sites is included in stock to the extent of £7,010,000 (2012: £6,379,000).

Land, developments and trading properties with carrying values totalling £82,144,000 (2012: £83,493,000) were held as security against borrowings.

## notes to the financial statements

**21. Available-for-sale investments**

|                        | <b>Current<br/>31.3.13<br/>£000</b> | Current<br>31.3.12<br>£000 |
|------------------------|-------------------------------------|----------------------------|
| At 1 April             | <b>7,003</b>                        | 10,505                     |
| Additions              | <b>298</b>                          | –                          |
| Impairment in the year | <b>(1,304)</b>                      | (3,521)                    |
| Fair value adjustments | –                                   | 19                         |
| At 31 March            | <b>5,997</b>                        | 7,003                      |

Included within current available-for-sale investments is an amount lent to a company promoting a mainly residential mixed-use development and an investment of 20% of the equity of this company.

The loan and the equity are classed as an available-for-sale investment and held at fair value. The Group has determined its fair value by considering both the loan and the equity element separately. The loan element is valued at the fair value of the expected consideration to be received including anticipated future costs of recovering this loan. This amount has been impaired in the year due to a revision in the expected receipt. The equity element is given a nil value with the Group valuing the underlying company on a break up basis at £nil as it is believed that this is the most probable outcome. This nil valuation is derived because the Group believe that the value of the property and any other of the company's assets, after the repayment of the loan payable to the Group, would be required to repay the outstanding creditors leaving negligible value to the shareholders.

The Group does not consider that it has significant influence over this company despite having 20% of the equity as another party owns a majority shareholding and the Group does not have a representative on the Board of the company.

Of the movement in the fair value of the loan and equity and the associated deferred tax movement, the impairment of £1,304,000 (2012: £3,521,000) has been recognised in Other Comprehensive Income.

**22. Trade and other receivables**

|                                            | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|--------------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Trade receivables                          | <b>15,238</b>                     | 8,025                    | <b>418</b>                          | 428                        |
| Amounts owed by joint venture undertakings | <b>25,568</b>                     | 12,457                   | <b>20,803</b>                       | 6,658                      |
| Amounts owed by subsidiary undertakings    | –                                 | –                        | <b>304,392</b>                      | 316,935                    |
| Other receivables                          | <b>292</b>                        | 1,010                    | <b>178</b>                          | 346                        |
| Prepayments and accrued income             | <b>3,244</b>                      | 1,584                    | <b>453</b>                          | 306                        |
|                                            | <b>44,342</b>                     | 23,076                   | <b>326,244</b>                      | 324,673                    |

Included within Trade receivables of the Group at 31 March 2013 is £6,325,000 due in 2015 and 2016 which is shown as a non-current asset in the Balance Sheet.

| <b>Receivables</b>                           | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|----------------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Fully performing                             | <b>42,195</b>                     | 21,419                   | <b>325,665</b>                      | 324,136                    |
| Past due < 3 months                          | <b>311</b>                        | 231                      | –                                   | –                          |
| Past due > 3 months                          | <b>458</b>                        | 737                      | –                                   | –                          |
| Total receivables being financial assets     | <b>42,964</b>                     | 22,387                   | <b>325,665</b>                      | 324,136                    |
| Total receivables being non-financial assets | <b>1,378</b>                      | 689                      | <b>579</b>                          | 537                        |
| Total receivables                            | <b>44,342</b>                     | 23,076                   | <b>326,244</b>                      | 324,673                    |

Past due receivables relate to a number of independent customers for whom there is no recent history of default. Against trade receivables, Helical held £1.0m of rental deposits at 31 March 2013 (2012: £0.9m).

## notes to the financial statements

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

|                                                          | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|----------------------------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Gross receivables being financial assets                 | <b>43,414</b>                     | 22,784                   | <b>325,665</b>                      | 324,136                    |
| Provisions for receivables impairment                    | <b>(450)</b>                      | (397)                    | <b>–</b>                            | –                          |
| Net receivables being financial assets                   | <b>42,964</b>                     | 22,387                   | <b>325,665</b>                      | 324,136                    |
| Receivables written off during the year as uncollectable | <b>616</b>                        | 465                      | <b>–</b>                            | –                          |

## 23. Cash and cash equivalents

|                                                | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|------------------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Rent deposits and cash held at managing agents | <b>2,788</b>                      | 2,438                    | <b>–</b>                            | –                          |
| Cash held by solicitors                        | <b>–</b>                          | 1,115                    | <b>–</b>                            | –                          |
| Cash held in blocked accounts                  | <b>7,327</b>                      | 3,578                    | <b>–</b>                            | –                          |
| Cash deposits                                  | <b>26,748</b>                     | 28,280                   | <b>24,035</b>                       | 26,355                     |
|                                                | <b>36,863</b>                     | 35,411                   | <b>24,035</b>                       | 26,355                     |

## 24. Trade and other payables

|                                          | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|------------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Trade payables                           | <b>7,599</b>                      | 5,274                    | <b>233</b>                          | 270                        |
| Social security costs and other taxation | <b>2,988</b>                      | 1,231                    | <b>–</b>                            | –                          |
| Amounts owed to subsidiary undertakings  | <b>–</b>                          | –                        | <b>152,435</b>                      | 145,120                    |
| Other payables                           | <b>4,073</b>                      | 4,458                    | <b>71</b>                           | 79                         |
| Accruals                                 | <b>15,293</b>                     | 8,692                    | <b>841</b>                          | 1,396                      |
| Deferred income                          | <b>4,976</b>                      | 5,152                    | <b>–</b>                            | –                          |
|                                          | <b>34,929</b>                     | 24,807                   | <b>153,580</b>                      | 146,865                    |

## 25. Borrowings

|                              | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Current borrowings           | <b>39,295</b>                     | 59,203                   | <b>6,848</b>                        | 5,546                      |
| Bank loans repayable within: |                                   |                          |                                     |                            |
| – one to two years           | <b>10,811</b>                     | 71,551                   | <b>–</b>                            | –                          |
| – two to three years         | <b>63,009</b>                     | 656                      | <b>4,457</b>                        | –                          |
| – three to four years        | <b>99,301</b>                     | 21,600                   | <b>–</b>                            | –                          |
| – four to five years         | <b>47,325</b>                     | 110,185                  | <b>–</b>                            | –                          |
| Non-current borrowings       | <b>220,446</b>                    | 203,992                  | <b>4,457</b>                        | –                          |

Bank overdrafts and term loans in creditors falling due within one year and after one year are secured against properties held in the normal course of business by subsidiary undertakings to the value of £394,169,000 (2012: £410,368,000). These will be repayable when the underlying properties are sold. Bank overdrafts and term loans exclude the Group's share of borrowings in joint venture companies of £48,314,000 (2012: £40,036,000).

## notes to the financial statements

## 26. Financing and financial instruments

The policies for dealing with liquidity and interest rate risk are noted in the Strategy and Performance Review on pages 8 to 11.

|                                            | Group<br>31.3.13<br>£000 | Group<br>31.3.12<br>£000 |
|--------------------------------------------|--------------------------|--------------------------|
| <b>Bank overdraft and loans – maturity</b> |                          |                          |
| Due after more than one year               | <b>220,446</b>           | 203,992                  |
| Due within one year                        | <b>39,295</b>            | 59,203                   |
|                                            | <b>259,741</b>           | 263,195                  |

The Group has various undrawn committed borrowing facilities. The facilities available at 31 March 2013 in respect of which all conditions precedent had been met were as follows:

|                                                                | Group<br>31.3.13<br>£000 | Group<br>31.3.12<br>£000 |
|----------------------------------------------------------------|--------------------------|--------------------------|
| Expiring in one year or less                                   | <b>1,877</b>             | 16,441                   |
| Expiring in more than one year but not more than two years     | <b>1,694</b>             | 777                      |
| Expiring in more than two years but not more than three years  | <b>6,074</b>             | –                        |
| Expiring in more than three years but not more than four years | <b>25,811</b>            | –                        |
| Expiring in more than four years but not more than five years  | <b>–</b>                 | 21,091                   |
|                                                                | <b>35,456</b>            | 38,309                   |

| Interest rates – Group       | %            | Expiry          | 31.3.13<br>£000 | %     | Expiry   | 31.3.12<br>£000 |
|------------------------------|--------------|-----------------|-----------------|-------|----------|-----------------|
| Fixed rate borrowings:       |              |                 |                 |       |          |                 |
| – swap rate plus bank margin | <b>3.958</b> | <b>Jan 2015</b> | <b>50,000</b>   | 3.950 | Jan 2015 | 50,000          |
| – swap rate plus bank margin | <b>4.500</b> | <b>Jan 2015</b> | <b>11,873</b>   | 4.500 | Jan 2015 | 12,250          |
| – swap rate plus bank margin | <b>–</b>     | <b>–</b>        | <b>–</b>        | 6.401 | Oct 2012 | 28,500          |
| – swap rate plus bank margin | <b>5.645</b> | <b>Oct 2014</b> | <b>6,690</b>    | 5.645 | Oct 2014 | 6,690           |
| – swap rate plus bank margin | <b>6.240</b> | <b>Dec 2013</b> | <b>10,120</b>   | 6.240 | Dec 2013 | 10,120          |
| – swap rate plus bank margin | <b>3.972</b> | <b>Jan 2016</b> | <b>9,172</b>    | 3.972 | Jan 2016 | 9,172           |
| – swap rate plus bank margin | <b>–</b>     | <b>–</b>        | <b>–</b>        | 5.300 | Apr 2012 | 3,570           |
| – swap rate plus bank margin | <b>4.240</b> | <b>Nov 2017</b> | <b>26,400</b>   | –     | –        | –               |
| – swap rate plus bank margin | <b>4.117</b> | <b>May 2015</b> | <b>21,375</b>   | –     | –        | –               |
| Weighted average             | <b>4.340</b> | <b>Sep 2015</b> | <b>135,631</b>  | 4.804 | Mar 2014 | 120,302         |
| Floating rate borrowings     | <b>3.312</b> | <b>Oct 2016</b> | <b>124,110</b>  | 3.467 | Oct 2014 | 142,893         |
| Total borrowings             |              |                 | <b>259,741</b>  |       |          | 263,195         |

Changes in fixed borrowing rates are the result of stepped increases in interest rate swaps rates. Floating rate borrowings bear interest at rates based on LIBOR.

As at 31 March 2013 and 31 March 2012 the Company's borrowings consist of fixed rate borrowings of £6,690,000 at 5.645% (2012: 5.645%) expiring in October 2014 with the remainder being floating rate borrowings.

In addition to the fixed rate borrowings above, the Group has a £75m interest rate swap at 2.000% starting in January 2015 and expiring in January 2020.

## notes to the financial statements

### Economic hedging

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

| Instrument | Value<br>£000   | Rate<br>% | Start    | Expiry   |
|------------|-----------------|-----------|----------|----------|
| Current:   |                 |           |          |          |
| – cap      | 40,950          | 6.000     | May 2008 | May 2013 |
| – cap      | 50,000          | 4.000     | Apr 2011 | Apr 2015 |
| – cap      | 25,000          | 4.000     | Apr 2011 | Apr 2016 |
| – cap      | 50,000          | 4.000     | Jul 2013 | Jul 2016 |
| – cap      | 25,000 – 75,000 | 4.000     | Apr 2015 | Jan 2017 |
| – cap      | 7,200           | 4.000     | Jan 2012 | Oct 2016 |
| – cap      | 10,613 – 11,037 | 4.000     | Jan 2015 | Jan 2016 |

Where a range in capped values is shown, these reflect stepped increases over the life of the cap.

|                | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 |
|----------------|-----------------------------------|--------------------------|
| <b>Gearing</b> |                                   |                          |
| Total debt     | <b>259,741</b>                    | 263,195                  |
| Cash           | <b>(36,863)</b>                   | (35,411)                 |
| Net debt       | <b>222,878</b>                    | 227,784                  |

Net debt excludes the Group's share of debt in joint ventures of £48,314,000 (2012: £40,036,000), and cash of £9,793,000 (2012: £3,627,000).

|            | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 |
|------------|-----------------------------------|--------------------------|
| Net assets | <b>253,768</b>                    | 253,730                  |
| Gearing    | <b>88%</b>                        | 90%                      |

## 27. Share capital

|            | <b>31.3.13<br/>£000</b> | 31.3.12<br>£000 |
|------------|-------------------------|-----------------|
| Authorised | <b>39,577</b>           | 39,577          |
|            | <b>39,577</b>           | 39,577          |

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

|                                            | <b>31.3.13<br/>£000</b> | 31.3.12<br>£000 |
|--------------------------------------------|-------------------------|-----------------|
| Allotted, called up and fully paid         |                         |                 |
| – 118,137,522 ordinary shares of 1p each   | <b>1,182</b>            | 1,182           |
| – 212,145,300 deferred shares of 1/8p each | <b>265</b>              | 265             |
|                                            | <b>1,447</b>            | 1,447           |

## notes to the financial statements

|                         | <b>Shares<br/>in issue<br/>31.3.13<br/>Number</b> | <b>Share<br/>capital<br/>31.3.13<br/>£000</b> | Shares<br>in issue<br>31.3.12<br>Number | Share<br>capital<br>31.3.12<br>£000 |
|-------------------------|---------------------------------------------------|-----------------------------------------------|-----------------------------------------|-------------------------------------|
| <b>Ordinary shares</b>  |                                                   |                                               |                                         |                                     |
| At 1 April and 31 March | <b>118,137,522</b>                                | <b>1,182</b>                                  | 118,137,522                             | 1,182                               |
| <b>Deferred shares</b>  |                                                   |                                               |                                         |                                     |
| At 1 April and 31 March | <b>212,145,300</b>                                | <b>265</b>                                    | 212,145,300                             | 265                                 |

The Group's capital management objectives are:

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

The Group sets the amount of capital in proportion to its overall financing structure. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Capital is defined as being issued share capital, retained earnings, revaluation reserve and other reserves (2013: £246,220,000; 2012: £246,139,000). The Group continually monitors its gearing level to ensure that it is appropriate. Gearing decreased from 90% to 88% in the year due to the Group selling some of its non-core properties.

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

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

## 28. Share options

At 31 March 2012 and 31 March 2013 there were 34,713 unexercised options over new ordinary 1p shares in the Company. No options over purchased ordinary 1p shares held by the ESOP had been granted to directors and employees under the Company's share option schemes (31 March 2012: nil).

The Company uses a stochastic valuation model to value the share options.

| <b>Summary of share options</b> | <b>Number<br/>31.3.13</b> | <b>Weighted<br/>average<br/>exercise<br/>Price<br/>31.3.13</b> | Number<br>31.3.12 | Weighted<br>average<br>exercise<br>price<br>31.3.12 |
|---------------------------------|---------------------------|----------------------------------------------------------------|-------------------|-----------------------------------------------------|
| At 1 April                      | <b>34,713</b>             | <b>259.25</b>                                                  | –                 | –                                                   |
| Options granted                 | –                         | –                                                              | 34,713            | 259.25                                              |
| Options exercised               | –                         | –                                                              | –                 | –                                                   |
| Option expired/lapsed           | –                         | –                                                              | –                 | –                                                   |
| At 31 March                     | <b>34,713</b>             | <b>259.25</b>                                                  | 34,713            | 259.25                                              |

The share option awards outstanding at 31 March 2013 had a weighted average remaining contractual life of 1 year 3 months.

The outstanding share options are all exercisable at 259.25p per share.

## notes to the financial statements

### 29. Share-based payments

The Group provides share-based payments to employees in the form of performance share plan awards and a share incentive plan. The Company uses a stochastic valuation model and the resulting value is amortised through the Income Statement over the vesting period of the share-based payments.

| Performance share plan awards      | Awards      | 2013<br>Weighted<br>average<br>award<br>value | Awards      | 2012<br>Weighted<br>average<br>award<br>value |
|------------------------------------|-------------|-----------------------------------------------|-------------|-----------------------------------------------|
| Outstanding at beginning of period | 7,230,850   | 277p                                          | 6,249,364   | 284p                                          |
| Awards lapsed during the period    | (2,133,222) | 300p                                          | (1,747,441) | 276p                                          |
| Awards made during the period      | 4,212,534   | 167p                                          | 2,728,927   | 259p                                          |
| Outstanding at end of period       | 9,310,162   | 211p                                          | 7,230,850   | 277p                                          |

The performance share plan awards outstanding at 31 March 2013 had a weighted average remaining contractual life of 1 year 5 months.

The inputs into the stochastic model of valuation of the PSP awards made in the year to 31 March 2013 were as follows:

|                                 | 2013    | 2012    | 2011    |
|---------------------------------|---------|---------|---------|
| Weighted average share price    | 203.4p  | 215.2p  | 285.1p  |
| Weighted average exercise price | –       | –       | –       |
| Expected volatility             | n/a     | n/a     | n/a     |
| Expected life                   | 3 years | 3 years | 3 years |
| Risk free rate                  | n/a     | n/a     | n/a     |
| Expected dividends              | 3.07%   | 1.88%   | 1.05%   |

The Group recognised a charge of £1,864,000 (2012: £35,000) during the year in relation to Share-based payments.

At the balance sheet date there were no exercisable awards.

### 30. Own shares held

Following approval at the 1997 Annual General Meeting the Company established the Helical Bar Employees' Share Ownership Plan Trust (the "Trust") to be used as part of the remuneration arrangements for employees. The purpose of the Trust is to facilitate and encourage the ownership of shares by or for the benefit of employees by the acquisition and distribution of shares in the Company.

The Trust purchases shares in the Company to satisfy the Company's obligations under its Share Option Schemes and Performance Share Plan.

At 31 March 2013 unexercised options over nil (2012: nil) ordinary 1p shares in Helical Bar plc had been granted over shares held by the Trust.

At 31 March 2013 outstanding awards over 9,310,162 (2012: 7,230,850) ordinary 1p shares in Helical Bar plc had been made under the terms of the Performance Share Plan over shares held by the Trust.

At 31 March 2013, the Trust held 1,292,000 shares (2012: 1,292,000).

### 31. Contingent liabilities

The Company has entered into cross guarantees in respect of the banking facilities of its subsidiaries. These are not considered to have a material value.

Other than these contingent liabilities there were no contingent liabilities at 31 March 2013 for the Group or the Company (2012: £nil).

## notes to the financial statements

### 32. Net assets per share

|                                                    | 31.3.13<br>£000 | Number<br>of shares<br>000s | 31.3.13<br>pence<br>per share | 31.3.12<br>£000 | Number<br>of shares<br>000s | 31.3.12<br>pence<br>per share |
|----------------------------------------------------|-----------------|-----------------------------|-------------------------------|-----------------|-----------------------------|-------------------------------|
| Net asset value                                    | 253,768         | 118,138                     |                               | 253,730         | 118,138                     |                               |
| Less: own shares held by ESOP                      |                 | (1,292)                     |                               |                 | (1,292)                     |                               |
| deferred shares                                    | (265)           |                             |                               | (265)           |                             |                               |
| Basic net asset value                              | 253,503         | 116,846                     | 217                           | 253,465         | 116,846                     | 217                           |
| Add: unexercised share options                     | 90              | 34                          |                               | 90              | 34                          |                               |
| Add: dilutive effect of the Performance Share Plan | 3,649           | 1,824                       |                               | 1,757           | 901                         |                               |
| Diluted net asset value                            | 257,242         | 118,704                     | 217                           | 255,312         | 117,781                     | 217                           |
| Adjustment for:                                    |                 |                             |                               |                 |                             |                               |
| – fair value of financial instruments              | 6,048           |                             |                               | 3,494           |                             |                               |
| – deferred tax                                     | 578             |                             |                               | 1,050           |                             |                               |
| Adjusted diluted net asset value                   | 263,868         | 118,704                     | 222                           | 259,856         | 117,781                     | 221                           |
| Adjustment for:                                    |                 |                             |                               |                 |                             |                               |
| – fair value of trading and development properties | 49,865          |                             |                               | 34,542          |                             |                               |
| Diluted EPRA net asset value                       | 313,733         | 118,704                     | 264                           | 294,398         | 117,781                     | 250                           |
| Adjustment for:                                    |                 |                             |                               |                 |                             |                               |
| – fair value of financial instruments              | (6,048)         |                             |                               | (3,494)         |                             |                               |
| – deferred tax                                     | (578)           |                             |                               | (1,050)         |                             |                               |
| Diluted EPRA triple net asset value                | 307,107         | 118,704                     | 259                           | 289,854         | 117,781                     | 246                           |

The net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association (“EPRA”).

The adjustments to the net asset value comprise the amounts relating to the Group and its share in Joint Ventures.

### 33. Related party transactions

At 31 March 2013 and 31 March 2012 the following amounts were due in respect of the Group's joint ventures.

|                                            | At 31.3.13<br>£000 | At 31.3.12<br>£000 |
|--------------------------------------------|--------------------|--------------------|
| Abbeygate Helical (Leisure Plaza) Ltd      | 3,279              | 2,316              |
| Abbeygate Helical (C4.1) LLP               | –                  | 10                 |
| King Street Developments (Hammersmith) Ltd | 2,392              | 2,150              |
| Shirley Advance LLP                        | 4,323              | 4,603              |
| The Asset Factor Ltd                       | n/a                | 8                  |
| HP Properties Ltd (BVI)                    | –                  | –                  |
| Barts Two Investment Property Ltd          | 152                | 3                  |
| Helical Sosnica Sp. zoo                    | 10,839             | 3,367              |
| 207 Old Street Unit Trust                  | 1,757              | n/a                |
| 211 Old Street Unit Trust                  | 1,456              | n/a                |
| Old St Retail Unit Trust                   | 684                | n/a                |
| City Road (Jersey) Ltd                     | 675                | n/a                |

All movements in joint venture balances related to loans repaid and loans advanced.

## notes to the financial statements

At 31 March 2013 and 31 March 2012 there were the following balances between the Company and its subsidiaries.

|                               | <b>31.3.13<br/>£000</b> | 31.3.12<br>£000 |
|-------------------------------|-------------------------|-----------------|
| Amounts due from subsidiaries | <b>304,392</b>          | 316,935         |
| Amounts due to subsidiaries   | <b>152,435</b>          | 145,120         |

During the years to 31 March 2013 and 31 March 2012 there were the following transactions between the Company and its subsidiaries:

|                               | <b>Year ended<br/>31.3.13<br/>£000</b> | Year ended<br>31.3.12<br>£000 |
|-------------------------------|----------------------------------------|-------------------------------|
| Management charges receivable | <b>3,480</b>                           | 4,318                         |
| Management charges payable    | <b>83</b>                              | 127                           |
| Interest receivable           | <b>1,574</b>                           | 3,439                         |
| Interest payable              | <b>-</b>                               | -                             |

Management charges relate to the performance of management services for the Company or its subsidiaries. Interest receivable relates to interest on loans made by the Company to its subsidiaries. All of these transactions, and the year-end balance sheet amounts arising from these transactions were conducted on an arm's length basis and on normal commercial terms. Amounts owed by subsidiaries to the company are identified in note 22. Amounts owed to subsidiaries by the company are identified in note 24.

The Group considers that the key management personnel are the directors and the detail of their remuneration is disclosed in the directors' remuneration report on pages 54 to 62. Share based payments for directors are disclosed in note 8.

## 34. Financial instruments

### Categories of financial instruments

Financial assets in the Group include derivative financial assets which are designated as 'Fair value through the Profit or Loss'. Financial assets also include trade and other receivables and cash and cash equivalents all of which are included within loans and receivables as well as available-for-sale investments.

Financial liabilities classed as 'Fair value through the Profit or Loss' include derivatives and those liabilities designated as such. Financial liabilities also include secured bank loans and overdrafts, trade and other payables and provisions, all of which are classified as financial liabilities at amortised cost.

### Financial assets and liabilities by category

The financial instruments of the Group as classified in the financial statements can be analysed under the following IAS 39 Financial Instruments: Recognition and Measurement, categories:

| <b>Financial assets</b>               | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|---------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Loans and receivables                 | <b>79,827</b>                     | 57,798                   | <b>349,700</b>                      | 350,491                    |
| Fair value through the Profit or Loss | <b>146</b>                        | 629                      | <b>52</b>                           | 340                        |
| Available-for-sale financial assets   | <b>5,997</b>                      | 7,003                    | <b>-</b>                            | -                          |
| Total financial assets                | <b>85,970</b>                     | 65,430                   | <b>349,752</b>                      | 350,831                    |

These financial assets are included in the balance sheet within the following headings:

|                                  | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|----------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Available-for-sale investments   | <b>5,997</b>                      | 7,003                    | <b>-</b>                            | -                          |
| Derivative financial instruments | <b>146</b>                        | 629                      | <b>52</b>                           | 340                        |
| Trade and other receivables      | <b>42,964</b>                     | 22,387                   | <b>325,665</b>                      | 324,136                    |
| Cash and cash equivalents        | <b>36,863</b>                     | 35,411                   | <b>24,035</b>                       | 26,355                     |
| Total financial assets           | <b>85,970</b>                     | 65,430                   | <b>349,752</b>                      | 350,831                    |

## notes to the financial statements

Financial assets are stated in accordance with IAS 32 Financial Instruments: Presentation.

For fair value of available-for-sale investments see note 21. The carrying value of the trade and other receivables and cash and cash equivalents is deemed not to be materially different from the fair value.

| <b>Financial liabilities</b>          | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|---------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Fair value through the Profit or Loss | <b>(13,379)</b>                   | (3,075)                  | <b>(1,027)</b>                      | (837)                      |
| Other financial liabilities           | <b>(278,491)</b>                  | (280,864)                | <b>(164,886)</b>                    | (152,411)                  |
| Total financial liabilities           | <b>(291,870)</b>                  | (283,939)                | <b>(165,913)</b>                    | (153,248)                  |

These financial liabilities are included in the balance sheet within the following headings:

|                                  | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|----------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Trade and other payables         | <b>(27,135)</b>                   | (17,669)                 | <b>(153,581)</b>                    | (146,865)                  |
| Borrowings – current             | <b>(39,295)</b>                   | (59,203)                 | <b>(6,848)</b>                      | (5,546)                    |
| Borrowings – non current         | <b>(220,446)</b>                  | (203,992)                | <b>(4,457)</b>                      | –                          |
| Derivative financial instruments | <b>(5,164)</b>                    | (3,075)                  | <b>(1,027)</b>                      | (837)                      |
| Total financial liabilities      | <b>(291,870)</b>                  | (283,939)                | <b>(165,913)</b>                    | (153,248)                  |

The carrying value of trade and other payables and borrowings is not deemed to be materially different from the fair value. Financial liabilities are stated in accordance with IAS 32.

The Group and Company financial instruments that are measured subsequent to initial recognition at fair value are available-for-sale assets, forward exchange contracts and interest rate swaps, caps and floors, and those designated on initial recognition.

Forward foreign exchange contracts are externally measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps, caps and floors are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

IFRS 7 categorises financial assets and liabilities as being valued in 3 hierarchical levels:

- Level 1: values are unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: values are derived from observing market data
- Level 3: values cannot be derived from observable market data

The derivative financial instruments above have been valued using a Level 2 methodology and the available-for-sale investments, which are described in note 21, are classified as Level 3 fair value measurements, being those not based on observable market data. There were no transfers between categories in the current or prior year.

| <b>Derivative financial instruments</b> | <b>Group<br/>Year ended<br/>31.3.13<br/>£000</b> | Group<br>Year ended<br>31.3.12<br>£000 | <b>Company<br/>Year ended<br/>31.3.13<br/>£000</b> | Company<br>Year ended<br>31.3.12<br>£000 |
|-----------------------------------------|--------------------------------------------------|----------------------------------------|----------------------------------------------------|------------------------------------------|
| <b>Derivative financial assets</b>      |                                                  |                                        |                                                    |                                          |
| Interest rate caps                      | <b>146</b>                                       | 629                                    | <b>52</b>                                          | 340                                      |
|                                         | <b>146</b>                                       | 629                                    | <b>52</b>                                          | 340                                      |
| <b>Derivative financial liabilities</b> |                                                  |                                        |                                                    |                                          |
| Interest rate swaps                     | <b>(5,164)</b>                                   | (3,075)                                | <b>(1,027)</b>                                     | (837)                                    |
|                                         | <b>(5,164)</b>                                   | (3,075)                                | <b>(1,027)</b>                                     | (837)                                    |

The group's movement in the fair value of the derivative financial instruments in the year was a loss of £2,573,000 (2012: £306,000); Company: loss of £478,000 (2012: £1,604,000).

## notes to the financial statements

### Credit risk

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk the Group periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors.

As at 31 March 2013 Helical has total credit risk exposure excluding cash of £48,961,000 of which £5,997,000 is available-for-sale assets and £42,964,000 is loans and receivables. Available-for-sale assets are analysed in note 21.

Of the trade receivables held at 31 March 2013, £0.8m related to rent due from tenants which was received post year-end and £1.2m related to completion monies due on the sale of a property which was received on 2 April 2013.

All other debtors are deemed to be recoverable.

The Group is not reliant on any major customer for its ability to continue as a going concern.

For further information on trade and other receivables, see note 22.

### Liquidity risk

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity and funding risks, related processes and policies are overseen by management.

The Group manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations, if applicable, and through numerous sources of finance in order to maintain flexibility. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. The Group's cash and cash equivalents are held with major regulated financial institutions and the directors regularly monitor the financial institutions that the group uses to ensure its exposure to liquidity risk is minimised.

For further information on debt facilities, see notes 25 and 26.

The maturity profile of the Group's contracted financial liabilities is as follows:

|                                     | <b>Group<br/>31.3.13<br/>£000</b> | Group<br>31.3.12<br>£000 | <b>Company<br/>31.3.13<br/>£000</b> | Company<br>31.3.12<br>£000 |
|-------------------------------------|-----------------------------------|--------------------------|-------------------------------------|----------------------------|
| Payable within 3 months             | <b>45,839</b>                     | 19,913                   | <b>158,800</b>                      | 147,067                    |
| Payable between 3 months and 1 year | <b>28,620</b>                     | 65,135                   | <b>2,543</b>                        | 7,011                      |
| Payable between 1 and 3 years       | <b>95,219</b>                     | 89,567                   | <b>5,215</b>                        | 789                        |
| Payable after 3 years               | <b>154,222</b>                    | 140,201                  | –                                   | –                          |
| Total contracted liabilities        | <b>323,900</b>                    | 314,816                  | <b>166,558</b>                      | 154,867                    |

Of the Group's contracted financial liabilities due within 3 months £12m of loans have been refinanced and are payable after more than 3 years.

At 31 March 2013 Helical had £35m of undrawn borrowing facilities, £27m of uncharged property assets and cash balances of £37m. The above contracted liabilities assume that no loans are extended beyond their current facility expiry date. The management believe that these facilities, together with anticipated sales and the renewal of some of these loan facilities, mean that the Group can meet its contracted liabilities as they fall due.

### Market risk

The Group is exposed to market risk, primarily related to interest rates, foreign currency exchange movements, the market value of the investments and accrued development profits. The Group actively monitors these exposures.

## notes to the financial statements

### Interest rate risk

It is the Group's policy and practice to minimise interest rate cash flow exposures on long-term financing. The Group does this by using a number of derivative financial instruments including interest rate swaps and interest rate caps. The purpose of these derivatives is to manage the interest rate risks arising from the Group's sources of finance. The Group does not use financial instruments for speculative purposes.

Details of financing and financial instruments can be found in note 26.

In the year to 31 March 2013, if interest rates had moved by 0.5%, this would have resulted in the following movement to net profits and equity due to movements in interest charges and mark-to-market valuations of derivatives.

|                                                    | <b>Group<br/>31 March 2013</b>        |                                   | <b>Company<br/>31 March 2013</b>      |                                   |
|----------------------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
|                                                    | <b>Impact on<br/>results<br/>£000</b> | <b>Equity<br/>impact<br/>£000</b> | <b>Impact on<br/>results<br/>£000</b> | <b>Equity<br/>impact<br/>£000</b> |
| 0.5% increase – increase in net results and equity | <b>2,724</b>                          | <b>2,724</b>                      | <b>673</b>                            | <b>673</b>                        |
| 0.5% decrease – decrease in net results and equity | <b>(2,537)</b>                        | <b>(2,537)</b>                    | <b>(571)</b>                          | <b>(571)</b>                      |

### Foreign currency exchange risk

Due to its operations in Poland and its investment in a non-UK based property developer, the Group has exposure to exchange movements on foreign currencies. Helical's management monitors its exposure to risks associated with foreign currency exchange risk and reviews any requirements to act to minimise these risks.

In the year to 31 March 2013 the Group made foreign exchange gains of £17,000 (2012: losses of £1,064,000) resulting from movements in foreign exchange rates during the year affecting its assets and liabilities related to its overseas operations.

The Group's balance sheet translation exposure is summarised as follows:

|                            | <b>31 March 2013</b>   |                         |                              | <b>31 March 2012</b>   |                         |                              |
|----------------------------|------------------------|-------------------------|------------------------------|------------------------|-------------------------|------------------------------|
|                            | <b>Euro<br/>(£000)</b> | <b>Zloty<br/>(£000)</b> | <b>US dollars<br/>(£000)</b> | <b>Euro<br/>(£000)</b> | <b>Zloty<br/>(£000)</b> | <b>US dollars<br/>(£000)</b> |
| Gross currency assets      | <b>28,135</b>          | <b>1,361</b>            | <b>5,984</b>                 | 18,197                 | 3,599                   | 6,990                        |
| Gross currency liabilities | <b>(8,921)</b>         | <b>(1,112)</b>          | <b>–</b>                     | (8,799)                | (1,729)                 | –                            |
| Net exposure               | <b>19,214</b>          | <b>249</b>              | <b>5,984</b>                 | 9,398                  | 1,870                   | 6,990                        |

The Company's balance sheet translation exposure is almost exclusively due to intra-group loans and is summarised as follows:

|                            | <b>31 March 2013</b>   |                         | <b>31 March 2012</b>   |                         |
|----------------------------|------------------------|-------------------------|------------------------|-------------------------|
|                            | <b>Euro<br/>(£000)</b> | <b>Zloty<br/>(£000)</b> | <b>Euro<br/>(£000)</b> | <b>Zloty<br/>(£000)</b> |
| Gross currency assets      | <b>10,853</b>          | <b>4,507</b>            | 3,311                  | 6,749                   |
| Gross currency liabilities | <b>–</b>               | <b>–</b>                | –                      | (1,402)                 |
| Net exposure               | <b>10,853</b>          | <b>4,507</b>            | 3,311                  | 5,347                   |

The Group's main currency exposure is to the euro. The sensitivity of the net assets and profit of the Group to a 10% change in the value of the foreign currencies against sterling is Euro: £1,921,000 (2012: £940,000), Zloty: £25,000 (2012: £187,000), US dollar: £598,000 (2012: £531,000).

The sensitivity of the net assets and profit of the Company to a 10% change in the value of the foreign currencies against sterling is Euro: £1,085,000 (2012: £331,000), Zloty: £451,000 (2012: £535,000).

## notes to the financial statements

### 35. Principal accounting policies

#### Basis of consolidation

The Group financial statements consolidate those of Helical Bar plc (the "Company") and all of its subsidiary undertakings (together the "Group") drawn up to 31 March 2013. Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights. Subsidiaries are accounted for under the purchase method and are held in the Company balance sheet at cost and reviewed annually for impairment.

Joint Ventures are entities whose economic activities are controlled jointly by the Group and by other ventures independent of the Group and are accounted for using the equity method of accounting, whereby the Group's share of profit after tax in the Joint Venture is recognised in the Consolidated Income Statement and the Group's share of the Joint Venture's net assets are incorporated in the Consolidated Balance Sheet.

The Company's cost of investment in Joint Ventures less any provision for permanent impairment loss is shown in the Company Balance Sheet.

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor joint ventures.

Intra-group balances and any unrealised gains on transactions between the Company and its subsidiaries and between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### Going concern

The accounts have been prepared on a going concern basis as explained in the Corporate Governance review on page 48.

#### Revenue recognition

Rental income – rental income receivable is recognised in the Income Statement on a straight line basis over the lease term. Any incentive for lessees to enter into a lease agreement and any costs associated with entering into the lease are spread over the same period.

Sale of goods – assets, such as trading properties, development sites and completed developments, are regarded as sold upon the transfer of the significant risks and rewards of ownership to the purchaser, in accordance with IAS 18 Revenue. This occurs on exchange of unconditional contracts for the sale of the site, on satisfaction of any and all conditions on a conditional contract for the sale of the site or on completion of the contract on a conditional sale where those conditions are satisfied at completion. Measurements of revenue arising from the sale of such assets are derived from the fair value of the consideration received in accordance with IAS 18 Revenue.

Property advisory/development management services – where the Group provides these services to the third party property site owner the Group recognises income over the period these services are provided and in accordance with the specific terms of the contract. If the amount of, and payment of, the consideration for these services are contingent upon a future event (such as sale of the property) and the Group recognises revenue when it has provided the services, it can reliably estimate the fair value of the consideration and upon occurrence of the relevant event.

Investment income – revenue in respect of investment and other income represents investment income, fees and commissions earned on an accruals basis and the fair value of the consideration received/receivable on investments held for the short-term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

#### Share-based payments

The Group provides share-based payments in the form of performance share plan awards and a share incentive plan. These payments are discussed in greater detail in the Directors' Remuneration Report on pages 54 to 62. The fair value of share-based payments related to employees' service are determined indirectly by reference to the fair value of the related instrument at the grant date. All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements. The Group uses the stochastic valuation model and the resulting value is amortised through the Consolidated Income Statement ("Income Statement") over the vesting period of the share-based payments.

For the performance share plan and share incentive plan awards, where non-market conditions apply, the expense is allocated, over the vesting period, to the Income Statement based on the best available estimate of the number of awards that are expected to vest. Estimates are subsequently revised if there is any indication that the number of awards expected to vest differs from previous estimates.

#### Depreciation

In accordance with IAS 40 Investment Property, depreciation is not provided for on freehold investment properties or on leasehold investment properties. The Group does not own the freehold land and buildings which it occupies. Costs incurred in respect of leasehold improvements to the Group's head office at 11–15 Farm Street, London W1J 5RS are capitalised and held as short-term leasehold improvements. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Residual values are reassessed annually.

Depreciation is charged so as to write off the cost of assets less residual value, over their estimated useful lives, using the straight line method, on the following basis:

Short leasehold improvements – 10% or length of lease, if shorter  
Plant and equipment – 25%

## notes to the financial statements

### Taxation

The taxation charge represents the sum of tax currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred taxation.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of those assets and liabilities. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The deferred tax asset relating to share based payment awards reflects the estimated value of tax relief available on the vesting of the awards at the balance sheet date.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the Income Statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

The Group recognises a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- a) the Group is able to control the timing of the reversal of the temporary difference; and,
- b) it is probable that the temporary difference will not reverse in the foreseeable future.

### Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which dividends are approved.

### Investment properties

Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment properties are initially recognised at cost, including associated transaction costs, and revalued at the balance sheet date to fair value. These fair values are based on market values as determined by professionally qualified external valuers or are determined by the directors of the Group based on their knowledge of the property. In accordance with IAS 40, investment properties held under leases are stated gross of the recognised finance lease liability.

Gains or losses arising from changes in the fair value of investment properties are recognised as gains or losses on revaluation in the Income Statement of the period in which they arise.

In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Property that is being constructed or developed for future use as an investment property is treated as investment property in accordance with IAS 40.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified. Interest is capitalised before tax relief until the date of practical completion.

Details of the valuation of investment properties can be found in note 15.

### Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the Income Statement.

### Land, developments and trading properties

Land, developments and trading properties held for sale are inventory and are included in the Balance Sheet at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and estimated costs necessary to make the sale.

Gross borrowing costs associated with expenditure on properties under development or undergoing major refurbishment are capitalised. The interest capitalised is either based on the interest paid (where a project has a specific loan) or calculated using the Group's weighted average cost of borrowings (where there are no specific borrowings for the project). Interest is capitalised from the date of commencement of the development work until date of practical completion.

## notes to the financial statements

### Investments

Available-for-sale investments are revalued to fair value at the balance sheet date. Gains or losses arising from changes in fair value are recognised in the Statement of Comprehensive Income except to the extent that losses are attributable to impairment, in which case they are recognised in the Income Statement. Upon disposal, accumulated fair value adjustments are included in the Income Statement.

### Held for sale investments

Investments are defined as held for sale when the Group intends to sell the investment and if sale is highly probable. Such held for sale investments are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell.

### Trade receivables

Trade receivables do not carry any interest and are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

### Cash and cash equivalents

Cash and cash equivalents are carried in the Balance Sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, and other short-term, highly liquid investments with original maturities of three months or less.

### Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

### Borrowing and borrowing costs

Interest bearing bank loans and overdrafts are initially recorded at fair value, net of finance and other costs yet to be amortised.

Borrowing costs directly attributable to the acquisition and construction of new developments and investment properties are added to the costs of such properties until the date of completion of the development or investment. After initial recognition borrowings are carried at amortised cost. This treatment has been adopted since transition to IFRS.

### Derivative financial instruments

Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group enters into derivative transactions such as interest rate caps and floors, and forward foreign currency contracts in order to manage the risks arising from its activities. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on market prices, estimated future cash flows and forward rates as appropriate. Any change in the fair value of such derivatives is recognised immediately in the Income Statement.

Further information on the categorisation of financial instruments can be found in note 34.

### Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

In accordance with IAS 40, finance leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Income Statement in the period in which they arise. Exchange differences on non-monetary items are recognised in the Statement of Comprehensive Income to the extent that they relate to a gain or loss on that non-monetary item which is included in the Statement of Comprehensive Income, otherwise such gains and losses are recognised in the Income Statement.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the average rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are recognised in Other Comprehensive Income. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the Income Statement as part of the gain or loss on disposal.

## notes to the financial statements

### Net asset values per share

Net asset values per share have been calculated in accordance with the best practice recommendations of the European Public Real Estate Association ("EPRA").

### Earnings per share

Earnings per share have been calculated in accordance with IAS 33 and the best practice recommendations of EPRA.

### Employee Share Ownership Plan Trust

Shares held in the Helical Bar Employee Share Ownership Plan Trust ("ESOP") are shown as a deduction in arriving at equity funds. Assets, liabilities and reserves of the ESOP are included in the statutory headings to which they relate. Purchases and sales of own shares increase or decrease the book value of "Own shares held" in the Balance Sheet. At each period end the Group assesses and recognises the value of "Own shares held" with reference to the expected cash proceeds and accounts for movement between book value and fair value as a reserves transfer.

### Use of estimates and judgements

To be able to prepare accounts according to the accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

Areas requiring the use of estimates and critical judgement that may significantly impact on the Group's earnings and financial position are:

- recognition of property management/development management service income includes subjective assumptions such as assessment of contingent events and time value of money for future payments (note 2);
- valuation of investment properties, where external valuers are used to provide third party valuations (note 15);
- recognition of share-based payments which is dependent upon the estimated number of performance share plan awards that will vest at the end of the performance periods (note 29);
- calculation and assessment of the recoverability of deferred tax assets, where it has been assumed that sufficient taxable profits will be available in future periods to allow all of the assets to be recovered (note 11);
- valuation of the investment in a property developer which is based on a valuation method (note 21); and,
- directors' valuation of land, development and trading properties include subjective assumptions including the results of future planning decisions and future sales values and timings (note 20).

# ten year review

## Consolidated income statements

|                                                                             | IFRS<br>31.3.13<br>£000 | IFRS<br>31.3.12<br>£000 | IFRS<br>31.3.11<br>£000 | IFRS<br>31.3.10<br>£000 | IFRS<br>31.3.09<br>£000 | IFRS<br>31.3.08<br>£000 | IFRS<br>31.3.07<br>£000 | IFRS<br>31.3.06<br>£000 | IFRS<br>31.3.05<br>£000 | UK GAAP<br>31.3.04<br>£000 |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| <b>Revenue</b>                                                              | 65,439                  | 52,968                  | 119,059                 | 67,354                  | 81,770                  | 65,623                  | 123,176                 | 119,274                 | 101,469                 | 54,566                     |
| Net rental income                                                           | 19,578                  | 17,876                  | 14,187                  | 14,151                  | 17,682                  | 16,400                  | 14,771                  | 16,524                  | 20,440                  | 22,980                     |
| Development profit/(loss)                                                   | 7,616                   | 5,166                   | (1,729)                 | 8,748                   | 15,040                  | 6,453                   | 13,587                  | 4,594                   | 12,664                  | 38                         |
| Provisions against stock                                                    | (660)                   | (4,511)                 | (14,913)                | (10,041)                | (22,744)                | (385)                   | –                       | –                       | –                       | –                          |
| Trading (loss)/profit                                                       | (1)                     | –                       | (367)                   | (10)                    | (514)                   | (29)                    | 2,094                   | 13,441                  | 5,771                   | 1,031                      |
| Share of results of joint ventures                                          | 3,854                   | 2,472                   | 2,886                   | 3,745                   | 1,846                   | (98)                    | 6,196                   | 437                     | 2,699                   | 1,636                      |
| Other (expense)/income                                                      | (547)                   | 113                     | (358)                   | 26                      | 6,752                   | (315)                   | 766                     | 235                     | 235                     | 601                        |
| <b>Gross profit/(loss) before gain/<br/>(loss) on investment properties</b> | 29,840                  | 21,116                  | (294)                   | 16,619                  | 18,062                  | 22,026                  | 37,414                  | 35,231                  | 41,809                  | 26,286                     |
| (Loss)/gain on sale of<br>investment properties                             | (2,388)                 | (376)                   | 4,842                   | (4,909)                 | 1,335                   | (236)                   | 7,457                   | 7,818                   | 14,106                  | 2,035                      |
| Revaluation surplus/(deficit)<br>on investment properties                   | 3,723                   | 3,664                   | 2,670                   | 13,104                  | (68,005)                | (32,554)                | 33,180                  | 35,733                  | 30,098                  | –                          |
| Gain on sale of investments                                                 | –                       | –                       | –                       | –                       | 1,892                   | –                       | –                       | –                       | –                       | –                          |
| Impairment of available-for-sale<br>investments                             | –                       | –                       | (1,817)                 | –                       | –                       | –                       | –                       | –                       | –                       | –                          |
| Administrative expenses excluding<br>performance related awards             | (8,092)                 | (7,385)                 | (7,312)                 | (7,202)                 | (7,410)                 | (6,894)                 | (6,174)                 | (6,104)                 | (5,848)                 | (5,799)                    |
| Performance related awards                                                  | (6,828)                 | (415)                   | (262)                   | (1,478)                 | (680)                   | (6,765)                 | (11,370)                | (10,478)                | (9,909)                 | (2,238)                    |
| Loss on sale of subsidiary                                                  | –                       | –                       | –                       | –                       | –                       | –                       | –                       | –                       | –                       | (59)                       |
| Finance costs                                                               | (9,577)                 | (8,409)                 | (6,992)                 | (9,328)                 | (9,718)                 | (3,033)                 | (2,710)                 | (7,421)                 | (8,734)                 | (7,642)                    |
| Finance income                                                              | 887                     | 583                     | 652                     | 1,039                   | 2,082                   | 2,579                   | 1,335                   | 1,295                   | 1,948                   | 1,070                      |
| Movement in fair value of derivative<br>financial instruments               | (2,573)                 | (306)                   | 1,776                   | 1,157                   | (13,412)                | (1,270)                 | 956                     | 1,046                   | 1,225                   | –                          |
| Foreign exchange gains/(losses)                                             | 17                      | (1,064)                 | (67)                    | (1,127)                 | 3,999                   | 1,862                   | –                       | –                       | –                       | –                          |
| <b>Profit/(loss) before tax</b>                                             | 5,009                   | 7,408                   | (6,280)                 | 7,875                   | (71,855)                | (24,285)                | 60,088                  | 57,120                  | 64,695                  | 13,653                     |
| Tax                                                                         | 815                     | 158                     | 2,391                   | 1,711                   | 18,359                  | 11,971                  | (8,000)                 | (9,676)                 | 844                     | (2,199)                    |
| <b>Profit/(loss) after tax</b>                                              | 5,824                   | 7,566                   | (3,889)                 | 9,586                   | (53,496)                | (12,314)                | 52,088                  | 47,444                  | 65,539                  | 11,454                     |

The financial statements for the year to 31 March 2005 have been restated to reflect the adoption of International Financial Reporting Standards.

The above table has not been audited but the information for the years 31 March 2006 to 31 March 2013 is taken from the financial statements of those years and the information for the years 31 March 2004 to 31 March 2005 is taken from the financial statements of those years restated to reflect the impact of the 5 for 1 share issue on 1 September 2005

## ten year review

|                                                                                  | IFRS<br>31.3.13<br>£000 | IFRS<br>31.3.12<br>£000 | IFRS<br>31.3.11<br>£000 | IFRS<br>31.3.10<br>£000 | IFRS<br>31.3.09<br>£000 | IFRS<br>31.3.08<br>£000 | IFRS<br>31.3.07<br>£000 | IFRS<br>31.3.06<br>£000 | IFRS<br>31.3.05<br>£000 | UK GAAP<br>31.3.04<br>£000 |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| Investment portfolio                                                             | 312,026                 | 326,876                 | 271,876                 | 219,901                 | 241,287                 | 306,778                 | 316,025                 | 294,583                 | 271,315                 | 334,932                    |
| Land, developments and trading properties                                        | 92,874                  | 99,741                  | 147,542                 | 182,576                 | 210,415                 | 182,508                 | 110,815                 | 86,076                  | 95,568                  | 70,254                     |
| Group's share of investment properties held by joint ventures                    | 94,962                  | 67,187                  | 65,870                  | 45,300                  | –                       | –                       | –                       | –                       | –                       | 13,830                     |
| Group's share of land, trading and development properties held by joint ventures | 23,797                  | 15,709                  | 14,434                  | 14,346                  | 13,761                  | 6,885                   | 5,795                   | 4,906                   | 4,672                   | 2,968                      |
| Group's share of total properties                                                | 523,659                 | 509,513                 | 499,722                 | 462,123                 | 465,463                 | 496,171                 | 432,635                 | 385,565                 | 371,555                 | 421,984                    |
| Net debt                                                                         | 222,878                 | 227,784                 | 206,090                 | 202,958                 | 224,676                 | 205,510                 | 134,018                 | 112,708                 | 124,976                 | 129,799                    |
| Group's share of net debt of joint ventures                                      | 38,521                  | 36,409                  | 35,898                  | 25,794                  | 3,550                   | 19,566                  | 11,049                  | 2,202                   | 2,344                   | 8,379                      |
| Group's share of net rental income of joint ventures                             | 4,881                   | 5,060                   | 3,590                   | 695                     | 212                     | 186                     | 118                     | 130                     | 120                     | 1,418                      |
| Shareholders' funds                                                              | 253,768                 | 253,730                 | 255,397                 | 242,607                 | 237,066                 | 268,659                 | 282,186                 | 230,097                 | 186,165                 | 234,917                    |
| Dividend per ordinary share                                                      | 5.25p                   | 4.90p                   | 2.00p                   | 7.25p                   | 4.50p                   | 4.50p                   | 4.05p                   | 3.65p                   | 3.32p                   | 3.32p                      |
| Special dividend per ordinary share                                              | –                       | –                       | –                       | –                       | –                       | –                       | –                       | –                       | 80.0p                   | –                          |
| Diluted EPRA earnings/(loss) per ordinary share                                  | 2.4p                    | 3.4p                    | (6.4p)                  | 2.9p                    | 9.0p                    | 11.6p                   | 16.6p                   | 12.2p                   | n/a                     | n/a                        |
| Diluted EPRA net assets per share                                                | 264p                    | 250p                    | 253p                    | 272p                    | 286p                    | 352p                    | 374p                    | 309p                    | 238p                    | 182p                       |

The financial statements for the year to 31 March 2005 have been restated to reflect the adoption of International Financial Reporting Standards.

The above table has not been audited but the information for the years 31 March 2006 to 31 March 2013 is taken from the financial statements of those years and the information for the years 31 March 2004 to 31 March 2005 is taken from the financial statements of those years restated to reflect the impact of the 5 for 1 share issue on 1 September 2005

The diluted EPRA earnings per ordinary share were not calculated for the years to 31 March 2004 and 31 March 2005.

# investor information appendix I

## property portfolio

### investment portfolio

#### London offices

| Address                                         | Description                                                                                                             | Area sq ft (NIA) | Average rent                               | Vacancy rate |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------|--------------|
| Shepherds Building, Shepherds Bush, London, W14 | Multi-let office building. Let to media companies                                                                       | 151,000          | £23.95 psf                                 | 3%           |
| Silverthorne Road, Battersea, London, SW8       | Multi-let office building. Let to media companies                                                                       | 107,000          | £20.90 psf                                 | 26%          |
| Barts Square, London, EC1                       | NHS Hospital with planning consent for 225,000 sq ft office, 215 residential apartments and 26,000 sq ft retail/leisure | 420,000          | £8.85 psf                                  | 5%           |
| 207-211 Old Street, London, EC1                 | Office and retail buildings with major refurbishment/redevelopment potential                                            | 284,000          | Office: £11.85 psf<br>Retail: £25-£75 ITZA | 15%          |
| Broadway House, London, W6                      | Recently refurbished office and retail building adjacent to Hammersmith Broadway                                        | 35,000           | Office: £24.50<br>Retail: £125-£145 ITZA   | 30%          |
| The Powerhouse, Chiswick, London, W4            | Single let music recording/office building                                                                              | 24,000           | £16.50 psf                                 | 0%           |
|                                                 |                                                                                                                         | <b>1,021,000</b> |                                            |              |

#### Regional offices

| Address            | Description                                  | Area sq ft (NIA) | Average rent | Vacancy rate |
|--------------------|----------------------------------------------|------------------|--------------|--------------|
| Fordham, Newmarket | Single let research and development facility | 70,000           | £17.70 psf   | 0%           |
|                    |                                              | <b>70,000</b>    |              |              |

#### Industrial

| Address                                     | Description                   | Area sq ft (NIA) | Average rent | Vacancy rate |
|---------------------------------------------|-------------------------------|------------------|--------------|--------------|
| Dales Manor, Business Park, Cambridge       | Industrial and office park    | 68,000           | £8.50 psf    | 3%           |
| Winterhill Industrial Estate, Milton Keynes | Town centre industrial estate | 25,000           | £7.70 psf    | 0%           |
| Crownhill Business Centre, Milton Keynes    | Multi-let industrial estate   | 108,000          | £6.60 psf    | 20%          |
|                                             |                               | <b>201,000</b>   |              |              |

#### Retail

| Address                                       | Description                                                                                     | Area sq ft (NIA) | Average rent   | Vacancy rate |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------|------------------|----------------|--------------|
| The Morgan Quarter, Cardiff                   | Prime retail parade and listed retail arcades with residential above                            | 294,000          | £120-£175 ITZA | 4%           |
| 78-104 Town Square, Basildon                  | High street retail parade with offices above                                                    | 54,000           | £75-£100 ITZA  | 16%          |
| The Guineas, Newmarket                        | Town centre shopping centre                                                                     | 142,000          | £30-£50 ITZA   | 4%           |
| Idlewells Shopping Centre, Sutton in Ashfield | Covered town centre shopping centre                                                             | 143,000          | £25-£50 ITZA   | 2%           |
| Corby Town Centre, Corby                      | Town centre including modern shopping centre, original High Street, retail park and residential | 700,000          | £30-£50 ITZA   | 2%           |
| Clyde Shopping Centre, Clydebank              | Town centre shopping centre and foodstore                                                       | 627,000          | £30-£65 ITZA   | 3%           |
| Otford Retail Park, Sevenoaks                 | Retail park                                                                                     | 42,000           | £18.50 psf     | 0%           |
|                                               |                                                                                                 | <b>2,002,000</b> |                |              |

## investor information appendix I

### property portfolio

#### development programme

##### Offices

| Address                                | Area sq ft (NIA) | Fund/owner               | Helical interest | Type of development                                    |
|----------------------------------------|------------------|--------------------------|------------------|--------------------------------------------------------|
| 200 Aldersgate Street, London EC1      | 370,000          | Deutsche Pfandbriefbank  | Dev. Man         | Refurbished and in course of letting                   |
| Mitre Square, London EC3               | 273,000          | Helical                  | 100%             | Site for new consented office building                 |
| The Hub, Pacific Quay, Glasgow         | 60,000           | Helical                  | 100%             | Media focused multi-let office (i.e. 78% let)          |
| St Vincent Street, Glasgow             | 220,000          | Scottish Power/Iberdrola | Dev Man          | Creation of new office headquarters with local partner |
| Botleigh Grange, Hedge End Southampton | 23,000           | Helical                  | 100%             | New build regional HQ office                           |
| <b>946,000</b>                         |                  |                          |                  |                                                        |

##### Industrial

| Address                  | Area sq ft (NIA) | Fund/owner | Helical interest | Type of development   |
|--------------------------|------------------|------------|------------------|-----------------------|
| Ropemaker Park, Hailsham | 8,000            | Helical    | 90%              | New build – completed |
| <b>8,000</b>             |                  |            |                  |                       |

##### Retail

| Address                          | Area sq ft (NIA) | Helical interest | Type of development                                                  |
|----------------------------------|------------------|------------------|----------------------------------------------------------------------|
| Parkgate, Shirley, West Midlands | 157,000          | 50%              | Consented food store, retail and residential. Construction underway. |
| C4.1 Milton Keynes               | 33,000           | 50%              | Remaining retail and office units, part let                          |
| Leisure Plaza, Milton Keynes     | 305,500          | 50%              | Consent for 133,000 sq ft retail store, 65,000 sq ft ice rink        |
| <b>495,500</b>                   |                  |                  |                                                                      |

##### Retirement villages

| Address                                 | Units | Helical interest | Type of development                                                                       |
|-----------------------------------------|-------|------------------|-------------------------------------------------------------------------------------------|
| Bramshott Place, Liphook, Hampshire     | 151   | 100%             | 115 units sold, 16 under offer. Construction of all phases completed                      |
| Durrants Village, Faygate, Horsham      | 171   | 100%             | First phase under construction                                                            |
| Millbrook Village, Exeter               | 164   | 100%             | Detailed consent for retirement village. Construction due to commence in 2013.            |
| Maudslay Park, Great Alne, Warwickshire | 132   | 100%             | 82 acre site with consent for a retirement village. Construction due to commence in 2013. |
| <b>618</b>                              |       |                  |                                                                                           |

## investor information appendix I

### property portfolio

#### development programme

##### Change of use potential

| Address           | Area     | Helical interest | Type of development                                |
|-------------------|----------|------------------|----------------------------------------------------|
| Cawston, Rugby    | 32 acres | 100%             | 32 acre greenfield site with residential potential |
| Arleston, Telford | 19 acres | 100%             | 19 acre greenfield site with residential potential |
| <b>51 acres</b>   |          |                  |                                                    |

##### Developments

| Address                             | Area sq ft (NIA) | Helical interest | Type of development                                                                                                       |
|-------------------------------------|------------------|------------------|---------------------------------------------------------------------------------------------------------------------------|
| Brickfields, White City, London W12 | 1,500,000        | Joint venture    | Received resolution to grant planning permission for residential led scheme. Contracts for the sale of the site exchanged |
| King Street, Hammersmith, London W6 | 340,000          | 50%              | Revised planning application to be submitted in summer 2013 for residential, office, retail and leisure scheme            |
| <b>1,840,000</b>                    |                  |                  |                                                                                                                           |

##### Retail – Poland

| Address                     | Area sq ft (NIA) | Fund/owner                | Helical interest | Type of development              |
|-----------------------------|------------------|---------------------------|------------------|----------------------------------|
| Park Handlowy Mlyn, Wroclaw | 103,000          | Helical                   | 100%             | Completed development, fully let |
| Europa Centralna, Gliwice   | 720,000          | Helical/<br>Standard Life | 37.50%           | Completed development            |
| <b>823,000</b>              |                  |                           |                  |                                  |

# investor information appendix II

## risk register

### Market risk

| Risk                            | Mitigation/remarks                                                                                                                                                                                                         | Action to be taken                                                                                          |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Property values decline         | Current uncertainties in the world economy mean that future performance is difficult to predict<br><br>Helical has been active in disposing of non-performing assets and rebalancing its portfolio for the changing market | Keep diversified portfolio to prevent being over-exposed to one sector                                      |
| Reduced tenant demand for space | Group's strategy is to avoid doing speculative developments<br><br>Focus is on buying well let properties in good locations                                                                                                | Continue to avoid speculative developments<br><br>Continue to ensure that vacant space is kept to a minimum |

### Strategic risk

| Risk                                                                                                                                                                                                                                                                                                   | Mitigation/remarks                                                                                                                                                                                                                                                                                               | Action to be taken                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Group's strategy is inconsistent with market conditions e.g.:<br><br>- Asset concentration/lot size impacts on liquidity (e.g. if investments become difficult to sell does this affect our liquidity)<br><br>- Asset concentration/mix creates excessive volatility in property revaluation movements | Management constantly monitors the Group's strategy and changes it where market conditions dictate. Management team is very experienced and has a strong track record in the property market<br><br>Due to the small size of the Group and the management team, changes to the strategy can be effected quickly. |                                                                                                             |
| Inappropriate capital structure (i.e. too highly geared) leading to financial underperformance                                                                                                                                                                                                         | The group's gearing was 88% at March 2013<br><br>The group's gearing is constantly monitored to ensure that it remains appropriate relative to the economic cycle                                                                                                                                                | Continue monitoring capital structure<br><br>Take gearing level into account when making business decisions |

### Financial risk

| Risk                          | Mitigation/remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Action to be taken                                               |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Inability to roll over loans  | Good relationship with the majority of real estate lending institutions<br><br>Maturity profile of the Group's loans at 31 March 2013 is:<br>£40m maturing within 1 year<br>£11m maturing between 1 to 2 years<br>£63m maturing between 2 and 3 years<br>£99m maturing between 3 and 4 years<br>£48m maturing after 4 years<br><br>Since 31 March 2013 of the loans expiring within one year, £8m has been repaid, £6m has been refinanced until 2017 and £6m until 2018.<br><br>Maturity profile of the Group's share of joint venture loans at 31 March 2013 is:<br>£1m maturing within 1 year<br>£14m maturing between 1 to 2 years<br>£59m maturing between 2 and 3 years<br><br>Borrowing is spread between a number of different institutions | Focus on refinancing loans due to be repaid before 31 March 2014 |
| Foreign exchange risk         | Helical's exposure to foreign exchange risk has been reduced due to borrowing on developments in local currencies where possible. As at 31 March 2013 the Group's net euro assets are worth £19.2m, net Polish zloty assets £0.2m and net US dollars assets £6.0m.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                  |
| Increase in cost of borrowing | At 31 March 2013 the Group and its share of joint ventures had £163m of fixed rate debt and interest rates caps of £133m at an average rate of 4.71%<br><br>Hedge effectiveness regularly monitored                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Ensure that hedging % remains at an appropriate level            |

## investor information appendix II

### risk register

#### Financial risk (continued)

| Risk                                                      | Mitigation/remarks                                                                                                                                                                                                                 | Action to be taken                                                                                                       |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Breaching loan covenants                                  | Adherence to loan covenants is constantly monitored with reference to current compliance and forecast compliance.                                                                                                                  | Continue monitoring loan covenants                                                                                       |
| Insufficient liquidity to take advantage of opportunities | As at 31 March 13 the Group had £37m of cash, £35m of undrawn borrowings and £27m of uncharged property.                                                                                                                           | Maintain overdraft facilities<br>Ensure that cash resources do not fall below currently forecast levels                  |
| Tenant default                                            | Tenant covenant strength is considered when making property decisions. Currently no tenant represents more than 5.5% of the Group's share of total rent roll.<br><br>Bad debts were 2% of gross rent in the year to 31 March 2013. | Maintain dialogue with tenants to reduce risk of unexpected non-payment<br>Ensure no over reliance on individual tenants |
| Loss of deposits due to banking counterparty failure      | All deposits are held at high quality financial institutions<br><br>No significant deposits held outside the UK<br><br>Regular monitoring of financial institutions                                                                | Ensure that all deposits remain at well capitalised institutions                                                         |

#### People risk

| Risk                                                                     | Mitigation/remarks                                                                                                                                                                                                                   | Action to be taken                                                                                                                           |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Lack of the right personnel to ensure the Group's strategy is adhered to | Senior management team are very experienced<br>Employee turnover is low<br>Remuneration is set to attract and retain high calibre staff                                                                                              | Monitor staff resources to ensure appropriate to any changes in the business                                                                 |
| Health & safety issues                                                   | Health and safety policy updated annually<br>Use of specialist professional advice<br>Not involved in high risk activities<br>No significant issues reported in the year                                                             | Monitor compliance with policy<br>Continue to use specialist advice                                                                          |
| Bribery and corruption risk                                              | Anti-bribery policy and procedures in place which is distributed to all staff and all significant Joint Venture partners<br><br>The Board is firmly behind the prohibition of giving or receiving of bribes or facilitation payments | Continue to identify and monitor projects with a greater exposure to bribery and corruption<br>Avoid doing business in high risk territories |

#### Development risk

| Risk                                                                      | Mitigation/remarks                                                                                                                                                                                              | Action to be taken                                                                            |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Inability to add to the current development pipeline                      | Experienced development team with an excellent track record<br><br>Good reputation in property sector                                                                                                           |                                                                                               |
| Changes in legislation leading to delays in receiving planning permission | Good relationships with planning consultants and local authorities                                                                                                                                              | Keep up to date with planning legislation<br>Continue to use specialist professional advisors |
| Lack of demand for new property                                           | Group's strategy is to avoid doing speculative developments                                                                                                                                                     | Continue to avoid speculative developments                                                    |
| Inability to find suitable contractors/JV partners                        | Well established network of joint venture partners which it has worked with in the past<br><br>As Helical nears the construction of key projects (e.g. White City, Barts Square, Old Street) this risk increase | Appoint well established contractors with a good reputation                                   |

# shareholder information

The report and financial statements, share price information, company presentations, the financial calendar, Corporate Governance, contact details and other investor information on the Group are available in the 'Investors' and 'About us' areas of our website [www.helical.co.uk](http://www.helical.co.uk).

## Registrar

All general enquiries concerning holdings of ordinary shares in Helical Bar plc should be addressed to:

Capita Registrars

The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Telephone: 0871 664 0300\*

Fax: 020 8639 2220

From outside the UK +44(0) 20 8639 3399

Website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

Email: [shareholder.services@capitaregistrars.com](mailto:shareholder.services@capitaregistrars.com)

\*calls cost 10p per minute plus network extras. Lines are open between 9am and 5:30pm, Mon–Fri.

## e-communication

UK shareholders may choose to be alerted about updates to the Financial Reports, Results, Press Releases and Events Calendar sections of the Group's website by subscribing to the Alert Service in the 'News' area of our website. Shareholders may also submit their proxy votes electronically. To register for this service, shareholders should visit the Shareholders area of [www.capitaregistrars.com](http://www.capitaregistrars.com).

## Payment of dividends

Shareholders whose dividends are not currently paid to mandated accounts may wish to consider having their dividends paid directly into their bank or building society account. This has a number of advantages, including the crediting of cleared funds into the nominated account on the dividend payment date. If shareholders would like their future dividends to be paid in this way, they should complete a mandate instruction available from the Registrars. Under this arrangement tax vouchers are sent to the shareholder's registered address.

## Dividends for shareholders resident outside the UK

Instead of waiting for a sterling cheque to arrive by mail, you can ask us to send your dividends direct to your bank account. For information contact the Company's Registrar.

## Dividend reinvestment plan (DRIP)

The Company offers shareholders the option to participate in a DRIP. This enables shareholders to reinvest their cash dividends in Helical Bar plc shares.

For further details, contact the Company's Registrar.

For participants in the plan, key dates can be found in the online financial calendar in the 'Investors' area at [www.helical.co.uk](http://www.helical.co.uk).

## ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to a charity ShareGift, (registered charity 1052686) which specialises in using such holdings for charitable benefit.

Further information about ShareGift is available at [www.sharegift.org](http://www.sharegift.org) or by writing to: ShareGift, 17 Carlton House Terrace, London, SW1Y 5AH  
Telephone: 020 7930 3737.

## Dividends

Dividend payment dates on the Company's Ordinary 1p shares in 2012 were as follows:

| Dividend        | Record Date  | Payment Date | Amount |
|-----------------|--------------|--------------|--------|
| 2011/12 Final   | 29 June 2012 | 26 July 2012 | 3.40p  |
| 2012/13 Interim | 30 Nov 2012  | 28 Dec 2012  | 1.85p  |

Dividend payment dates in 2013 will be as follows:

| Dividend        | Record Date | Payment Date | Amount |
|-----------------|-------------|--------------|--------|
| 2012/13 Final   | 5 July 2013 | 26 July 2013 | 3.70p  |
| 2013/14 Interim | Dec 2013    | Dec 2013     |        |

## Unsolicited investment advice – warning to shareholders

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports into the company.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FCA (Financial Conduct Authority) before getting involved. You can check at [www.fca.org.uk/consumers](http://www.fca.org.uk/consumers).
- Report the matter to the FCA either by calling 0800 111 6768 or by completing an online form at: [www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams/reporting-form](http://www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams/reporting-form).

If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme. Also keep in mind that some fraudsters use the name of genuine firms or individuals on the FCA Register to suggest that they are legitimate. However, authorised firms are unlikely to contact you out of the blue offering to buy or sell shares.

## Share price information

The latest information on the Helical Bar plc share price is available on our website [www.helical.co.uk](http://www.helical.co.uk).

## Registered office

11–15 Farm Street, London, W1J 5RS  
Registered in England and Wales No. 156663.

# glossary of terms

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Average unexpired lease term</b>                  | The average unexpired lease term expressed in years.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Capital value (psf)</b>                           | The open market value of the property divided by the area of the property in square feet.                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Diluted EPRA earnings per share</b>               | Earnings per share adjusted to exclude losses/gains on sale and revaluation of investment properties and their deferred tax adjustments, the tax on loss/profit on disposal of investment properties, trading property losses/profits, impairment of available-for-sale investments and fair value movements on derivative financial instruments, on a diluted basis. Details of the method of the calculation of the diluted EPRA earnings per share are available from EPRA. |
| <b>Diluted EPRA net assets per share</b>             | Diluted net asset value per share adjusted to exclude fair value 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.                                                                                                                                                                    |
| <b>Diluted EPRA triple net asset value per share</b> | Diluted EPRA net asset value per share adjusted to include fair value of financial instruments and deferred tax on capital allowances and on investment properties revaluation.                                                                                                                                                                                                                                                                                                |
| <b>Diluted figures</b>                               | Reported amounts adjusted to include the effects of potential shares issuable under the employee share option schemes.                                                                                                                                                                                                                                                                                                                                                         |
| <b>Earnings per share</b>                            | Profit after tax divided by the weighted average number of ordinary shares in issue.                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>EPRA</b>                                          | European Public Real Estate Association.                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Equivalent yield</b>                              | The constant capitalisation rate which, if applied to all cash flows from an investment property, including current rent, reversions to current market rent and such items as voids and expenditures, equates to the market value. Assumes rent is received in arrears.                                                                                                                                                                                                        |
| <b>Estimated rental value (ERV)</b>                  | The market rental value of lettable space as estimated by the Group's valuers at each balance sheet date.                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Initial yield</b>                                 | Annualised net rents on investment properties as a percentage of the investment property valuation.                                                                                                                                                                                                                                                                                                                                                                            |
| <b>IPD</b>                                           | The Investment Property Databank Limited (IPD) is a company that produces a number of independent benchmarks of unleveraged commercial property returns.                                                                                                                                                                                                                                                                                                                       |
| <b>Net assets value per share (NAV)</b>              | Equity shareholders' funds divided by the number of ordinary shares at the balance sheet date.                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Net gearing</b>                                   | Total borrowings less short-term deposits and cash as a percentage of equity shareholders' funds.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Passing rent</b>                                  | The annual gross rental income excluding the net effects of straightlining lease incentives.                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Rack rental value %</b>                           | The anticipated yield, which the initial yield will rise to once the rent reaches the ERV.                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Total shareholder return (TSR)</b>                | The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the period expressed as a percentage of the share price at the beginning of the period.                                                                                                                                                                                                                                                                    |
| <b>True equivalent yield</b>                         | 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.                                                                                                                                                                                              |
| <b>Unleveraged returns</b>                           | Total property gains and losses (both realised and unrealised) plus net rental income expressed as a percentage of the total value of the properties.                                                                                                                                                                                                                                                                                                                          |
| <b>Reversionary</b>                                  | 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.                                                                                                                                                                                                                                                                    |
| <b>See-through</b>                                   | The net rental income, net finance cost, property portfolio and net borrowings of the Group and the Group's share in its Joint Ventures                                                                                                                                                                                                                                                                                                                                        |

# financial calendar

|                                           |                                                                                                                  |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <b>Year ended 31 March 2013</b>           | Annual General Meeting to be held 24 July 2013                                                                   |
| <b>Final ordinary dividend payable</b>    | 26 July 2013                                                                                                     |
| <b>Half year ending 30 September 2013</b> | Results and interim ordinary dividend announced November 2013<br>Interim ordinary dividend payable December 2013 |
| <b>Year ending 31 March 2014</b>          | Results and final dividend announced May 2014<br>Final ordinary dividend payable July 2014                       |

# advisors

|                           |                                                                                                                                                                                                  |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Registrars</b>         | Capita Registrars                                                                                                                                                                                |
| <b>Bankers</b>            | Aareal Bank AG<br>Allied Irish Bank<br>Barclays Bank PLC<br>Deutsche Hypothekenbank<br>HSBC plc<br>Nationwide<br>The Royal Bank of Scotland Group plc                                            |
| <b>Joint stockbrokers</b> | JP Morgan Cazenove Limited<br>Oriel Securities Limited                                                                                                                                           |
| <b>Auditors</b>           | Grant Thornton UK LLP                                                                                                                                                                            |
| <b>Merchant bankers</b>   | Lazard Ltd                                                                                                                                                                                       |
| <b>Solicitors</b>         | Anderson Strathern<br>Ashurst<br>Clifford Chance<br>Lawrence Graham<br>Linklaters<br>Lovells<br>Maclay Murray & Spens<br>Mayer Brown<br>Mishcon de Reya<br>Nabarro<br>Norton Rose<br>Wragge & Co |

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**Design:** SG Design {sg-design.co.uk}

**Print:** Beacon Press {beaconpress.co.uk}



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