

Directors' Remuneration Report

Directors' remuneration

The Board recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. In accordance with Section 241A of the Companies Act 1985, the Board presents the Directors' Remuneration Report for approval.

Remuneration Committee

The Remuneration Committee ("Committee") has responsibility for making recommendations to the Board to determine the Company's general policy on salary, bonuses, pensions and other remuneration issues for individual directors. It carries out the policy on behalf of the Board and in the year under review the Committee met twice.

The membership of the Committee is as follows:

John Southwell (Chairman)
Giles Weaver
Antony Beevor

All the members of the Committee are independent non-executive directors. None of the Committee has any personal 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 consults the Managing Director and Finance Director about its proposals and has access to professional advice from inside and outside the Company. During the year under review the Committee were advised by New Bridge Street Consultants in relation to the performance criteria of the Company's share option schemes. Deloitte & Touche provided the Committee with advice regarding the remuneration packages of the executive directors.

Policy on executive directors' remuneration

The Company operates within a competitive environment and its performance depends on the individual contributions of the directors and employees. Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to maintain the Company's position as a market leader and to reward them for enhancing shareholder value and return. The performance measurement of the executive directors and the determination of their annual remuneration package is undertaken by the Committee.

The remuneration packages of individual directors are structured so that the performance-related elements form a significant proportion of the total and are designed to align their interests with those of the shareholders. Share options are designed so that they recognise the long-term growth of the Company. No director has a service contract of more than one year.

There are four main elements of the executive directors' remuneration packages:

- i basic annual salary, pension contributions and benefits in kind
- ii annual bonus payments
- iii long-term incentives
- iv share incentives

Basic annual salary, pension contributions and benefits in kind

Basic annual salaries for executive directors are reviewed having regard to individual performance and market practice and were last reviewed in April 2003.

The remuneration packages of the executive directors include a payment of 20% of basic salary as pension entitlement. The Company uses this entitlement to make annual contributions into a Small Self Administered Pension Scheme on behalf of Michael Slade and Nigel McNair Scott. The remaining entitlements of each of the executive directors are paid as additional salary to each director.

Benefits in kind provided to directors' include the provision of a company car or car allowance and health insurance.

Annual bonus payments

The Committee establishes the objectives which must be met for annual cash bonuses to be paid. Performance-related cash bonuses, which recognise the relative success of the different parts of the business, may be paid to the executive directors responsible for their parts. In the year under review a cash bonus was paid to Gerald Kaye, development director.

Long-term incentive plan

The Company operates a long-term Incentive Plan designed to align the long-term motivations of the senior management team with the interests of shareholders and to link their remuneration to the performance of the Company's property portfolio. The Incentive Plan operates over a five year period from 1 April 2001 and awards will vest annually subject to the achievement of challenging performance targets. Awards will vest only if there is an increase in the net asset value of the Company and that increase is greater than that achieved by the upper quartile of the Investment Property Databank Index for capital growth of all properties, an ungeared benchmark. Awards are calculated in bands with the amount of the award increasing with the level of outperformance. Among other constraints, the Committee could restrict the awards if payment would affect the financial or trading position of the Company. The targets will be compared with the ungeared and geared performance of the Company's property portfolio. Awards will only vest if the Company's performance, geared and ungeared, is in the top quartile. For disclosure purposes the vesting value of awards is included in remuneration.

For the year under review the performance criteria were not met and no awards vested.

Service contracts

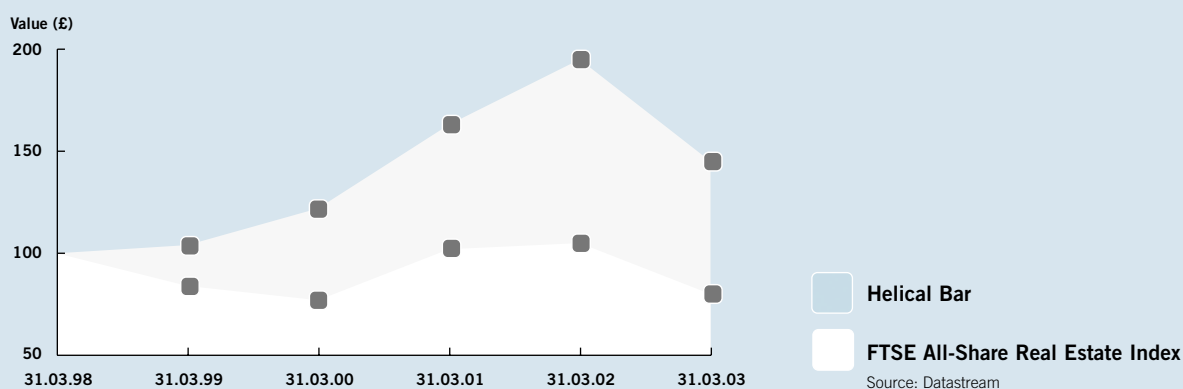
The service contracts of Michael Slade, Nigel McNair Scott and Gerald Kaye operate from 1 July 1997 and of Michael Brown from 8 September 1997. Each service contract provides for a one year notice period. On termination of employment each director is entitled to a payment in lieu of notice of a sum including basic salary and other contractual entitlements or the monetary equivalent.

Non-executive directors

Non-executive directors are appointed for a three year term until re-appointment by shareholders at the Company's AGM. The remuneration of the non-executive directors is determined by the Board and was last increased in April 2003. Non-executive directors do not participate in any of the Company's share option schemes. The Chairman, John Southwell, is provided with a company car.

Total shareholder return

The performance criteria of the Company's 1999 share option schemes, referred to on pages 54 and 55 below, require the Company to exceed certain set targets of total shareholder return. The total shareholder return for a holding in the Company's shares in the five years to 31 March 2003 is shown in the graph below.



This graph looks at the value, by 31 March 2003, of £100 invested in Helical on 31 March 1998 compared with the value of £100 invested in the FTSE All-Share Real Estate Index.

Directors' Remuneration Report continued

Information subject to audit: Remuneration of Directors

Remuneration in respect of the directors was as follows:

	Salary/ Fees £000	Benefits in kind £000	Cash bonuses £000	Incentive plan £000	Gain on exercise of share options	2003 Total £000	2002 Total £000	Pensions	
								2003 Total £000	2002 Total £000
Chairman									
John Southwell	45	13	–	–	–	58	60	–	–
Non-executive directors									
Giles Weaver	25	–	–	–	–	25	25	–	–
Antony Beevor	25	–	–	–	–	25	25	–	–
Executive directors									
Michael Slade	478	32	–	–	–	510	1,906	2	2
Nigel McNair Scott	175	26	–	–	–	201	664	35	35
Gerald Kaye	210	28	474	–	–	712	2,299	–	–
Michael Brown	175	35	–	–	393	603	1,672	–	–
	1,133	134	474	–	393	2,134	6,651	37	37

The pension contributions were paid into a Small Self Administered Scheme. The assets of this money purchase scheme are administered by trustees in a fund independent from the assets of the Group.

Gerald Kaye was the highest paid director during the year with a total remuneration of £712,000 (2002: Gerald Kaye £2,299,000).

In order to compensate share option holders for the payment of the 100p special dividend in April 2002, the Company pays a cash bonus of 100p per share on the date option holders exercise their options. The gain on exercise of share options of Michael Brown includes a £100,000 cash bonus arising out of the exercise on 28 January 2003 of an option over 100,000 shares.

Special dividend

In order to compensate option holders for the payment of a special dividend or a distribution of capital, the Board has, under the terms of the Executive 1988 Option Scheme and the Helical Bar 1999 Share Option Scheme ("the Schemes"), the authority to adjust the number of shares subject to option or the exercise price of those options.

The Company is currently unable to increase the number of shares under option in sufficient quantity to satisfy the requirement to compensate option holders for the special dividend of 100p paid in April 2002. An adjustment to the exercise price of the existing options would result in an increased national insurance cost to the Company. Accordingly, the Board has considered alternative ways of compensating option holders and, as a result, the Company will compensate holders of options at the time the special dividend was declared, on the dates they exercise their options by 100p per share, equivalent to the special dividend. In the year under review compensation of £130,000 was paid following the exercise of options over 130,000 shares.

Share Options

The Company operated three share option schemes during the year.

The Senior Executive 1988 Share Option Scheme ceased to be able to grant options over new shares ("subscription shares") and shares held by the Helical Bar Share Ownership Plan Trust ("purchase shares") in June 2001. Share options granted in respect of this scheme are included in note 21. Under this scheme options only vest if the increase in the net asset value per share is greater than that achieved by the upper quartile of the Investment Property Databank index for capital growth of all funds over a five year period.

The Helical Bar 1999 Share Option Scheme operates in respect of the grant of share options which exceed the Inland Revenue limit of £30,000. Under this scheme the aggregate market value of shares issued or issuable to an individual under this and other option schemes may not exceed eight times his annual earnings. Share options granted in respect of this scheme are included in note 21.

The Helical Bar 1999 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. Share options granted in respect of this scheme are included in note 21.

The performance criteria of the two 1999 schemes require total shareholder return over a set period to exceed a certain percentile of the aggregate performance of companies in the Real Estate Sector Index of the FTSE All Share Index. For the approved scheme the relevant period is three years and the 50th percentile. For the unapproved scheme the relevant period is five years and 25th percentile.

The directors' interests in the Share Option Schemes during the year were as follows:

	Type	At Start of year	Options exercised in year	At end of year	Exercise price	Date from which exercisable	Expiry date	Gross value of options at 31 March 2003
Michael Slade								
Senior Executive 1988 Share Option Scheme	Purchase	6,000	–	6,000	452.5p	27.11.01	26.11.07	7,200
Senior Executive 1988 Share Option Scheme	Purchase	400,000	–	400,000	565.0p	10.07.02	09.07.08	30,000
Senior Executive 1988 Share Option Scheme	Subscription	394,000	–	394,000	452.5p	27.11.02	26.11.07	472,800
Helical Bar 1999 Share Option Scheme	Subscription	493,221	–	493,221	442.5p	08.03.04	07.03.09	641,187
Helical Bar 1999 Share Option Scheme	Purchase	148,000	–	148,000	750.0p	18.12.05	17.12.10	–
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09	8,813
		1,448,000	–	1,448,000				1,160,000
Nigel McNair Scott								
Senior Executive 1988 Share Option Scheme	Purchase	50,000	–	50,000	452.5p	27.11.01	26.11.07	60,000
Helical Bar 1999 Share Option Scheme	Purchase	43,000	–	43,000	442.5p	08.03.04	07.03.09	55,900
Senior Executive 1988 Share Option Scheme	Subscription	250,000	–	250,000	412.5p	11.07.02	10.07.07	400,000
Helical Bar 1999 Share Option Scheme	Subscription	235,221	–	235,221	442.5p	08.03.04	07.03.09	305,787
Helical Bar 1999 Share Option Scheme	Purchase	72,000	–	72,000	750.0p	18.12.05	17.12.10	–
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09	8,813
		657,000	–	657,000				830,500
Gerald Kaye								
Helical Bar 1999 Share Option Scheme	Purchase	50,000	–	50,000	442.5p	08.03.04	07.03.09	65,000
Helical Bar 1999 Share Option Scheme	Subscription	393,221	–	393,221	442.5p	08.03.04	07.03.09	511,187
Helical Bar 1999 Share Option Scheme	Purchase	127,000	–	127,000	750.0p	18.12.05	17.12.10	–
Helical Bar 1999 Share Option Scheme	Purchase	129,419	–	129,419	766.5p	15.11.06	14.11.11	–
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09	8,813
		706,419	–	706,419				585,000
Michael Brown								
Senior Executive 1988 Share Option Scheme	Purchase	100,000	(100,000)	–	452.5p	27.11.01	26.11.04	–
Senior Executive 1988 Share Option Scheme	Subscription	100,000	–	100,000	467.5p	29.09.02	28.09.07	105,000
Helical Bar 1999 Share Option Scheme	Subscription	293,221	–	293,221	442.5p	08.03.04	07.03.09	381,187
Helical Bar 1999 Share Option Scheme	Purchase	106,000	–	106,000	750.0p	18.12.05	17.12.10	–
Helical Bar 1999 Share Option Scheme	Purchase	100,418	–	100,418	766.5p	15.11.06	14.11.11	–
Helical Bar Approved 1999 Share Option Scheme	Subscription	6,779	–	6,779	442.5p	08.03.02	07.03.09	8,813
		706,418	(100,000)	606,418				495,000

On 28 January 2003 Michael Brown exercised a purchase option over 100,000 shares at 452.5p per share. The shares acquired were sold on the same day for 747.5p per share providing a net gain of £293,000.

The market price of the ordinary shares at 31 March 2003 was 572.5p (2002: 790.0p). This market price varied between 567.5p and 837.0p during the year.

Helical Bar 2002 Approved Share Incentive Plan

On the 24 July 2002 the shareholders approved the Helical Bar 2002 Approved Share Incentive Plan (the "Plan"). Under the terms of this Plan employees of the Company 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 is matched in a ratio of 2:1 by the Company. Provided participants remain employed by the Company 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:

	26.09.02 at 645p	03.12.02 at 732p	27.03.03 at 578p	10.06.03 at 632.5p
Michael Slade	465	150	204	651
Nigel McNair Scott	465	150	204	651
Gerald Kaye	465	150	192	651
Michael Brown	465	150	204	651

Shares held by the Trustees of the Plan at 31 March 2003 were 18,425 (2002: nil).

Helical Bar Profit Sharing Scheme

The Helical Bar Profit Sharing Scheme ("Scheme") has operated since 1997 but was replaced by the Helical Bar 2002 Share Incentive Plan during the year. No shares were allocated to employees of the Company during the year.

Shares held by the Scheme at 31 March 2003 were 63,626 (2002: 72,166).