13 November 2018

PICTON PROPERTY INCOME LIMITED

(“Picton”, the “Company” or the “Group”)

LEI: 213800RYE59K9CKR4497

Half Year Results

Picton announces its half year results for the period to 30 September 2018.

Growth in NAV and EPRA earnings

- Profit after tax of £18.9 million
- Total return of 3.9%
- Increase in EPRA earnings per share of 9.5% to 2.2p
- Increase in EPRA NAV per share of 2.0%, to 92 pence per share
- Dividends paid of £9.4 million or 1.75 pence per share
- Dividend cover of 125%

Corporate Highlights

- Converted to a UK REIT on 1 October
- Successfully changed listing status to commercial company, from investment company
- Repaid £33.7 million of fixed debt using cash reserves and lower cost revolving credit facility
- Gearing reduced to 25.5% and weighted average interest rate reduced from 4.1% to 4.0%
- Net saving of £1.1 million in annual finance costs
- Created greater operational flexibility by restructuring one of the principal debt facilities

Portfolio outperformance

- Total property return of 4.4%, outperforming the MSCI IPD Quarterly Benchmark of 3.2%
- Total property return and income return outperformance ahead of MSCI IPD over 1, 3, 5 and 10 years
- Like-for-like valuation increase of 1.5%, driven by industrial and office sectors
- Two disposals for £11.8 million, 8.4% ahead of March 2018 valuation
- Occupancy at 94%, ahead of the MSCI IPD Quarterly Digest of 92%

Balance Sheet	**30 Sept 2018**	**31 March 2018**
Property valuation	£683.0m	£683.8m
Net assets	£497.1m	£487.4m
EPRA NAV per Share	92p	90p

Income Statement	**Six months to 30 Sept 2018**	**Six months to 30 Sept 2017**
Profit after tax	£18.9m	£30.7m
EPRA earnings	£11.8m	£10.8m
Earnings per share	3.5p	5.7p
EPRA earnings per share	2.2p	2.0p
Total return	3.9%	7.1%
Total shareholder return	6.4%	3.9%
Total dividend per share	1.75p	1.70p
Dividend cover	125%	118%

Picton Chairman, Nicholas Thompson, commented:

"Picton aims to be one of the best performing diversified UK-listed property companies and is therefore delighted to have delivered yet another solid set of results during the first half of the year, generating a 4% total return and an increase in EPRA earnings. With the resounding support of our shareholders, we also successfully completed the transition to become a UK REIT and other associated changes, realigning the Board in the process."

Michael Morris, Chief Executive of Picton, commented:

"We continue to manage the portfolio and our occupiers, with a view to enhancing our income and capital position through the investment cycle. Our current performance can be directly attributed to the work we've put into reshaping the property portfolio, and separately having considerably strengthened the Company's balance sheet over the past few years."

This announcement contains inside information.

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Note to Editors

Picton is a UK REIT established in 2005. It owns and actively manages a £683 million diversified UK commercial property portfolio, invested across 49 assets and with around 350 occupiers (as at 30 September 2018). Through an occupier focused, opportunity led approach to asset management, Picton aims to be one of the consistently best performing diversified UK focused property companies listed on the main market of the London Stock Exchange.

www.picton.co.uk

CHAIRMAN'S REPORT

I am pleased to report another set of solid interim results from Picton for the six months to September 2018, with a 4% total return over the period.

This has been an important time for the Company, during which we received overwhelming shareholder support to become a UK REIT and also change our listing status to that of a commercial company, from an investment company.

In spite of the economic and political uncertainty surrounding the Brexit negotiations, the strength of our business model and the work we have put into reshaping the property portfolio over the past few years have contributed to our continued robust performance.

Results and Dividends

Picton delivered a 2% increase in net assets of £9.7 million over the period to £497.1 million or 92 pence per share. Our earnings per share was 3.5 pence.

At a property level, so excluding the impact of debt and corporate level costs, the portfolio, as measured by MSCI IPD, delivered a total return of 4.4%, 1.2% ahead of the MSCI IPD Quarterly Benchmark. The Company has now outperformed the Benchmark on a total return and income return basis over 1, 3, 5 and 10 years.

During the period we paid dividends of 1.75 pence per share, an increase of 3% compared to a year ago. Our last dividend to be paid as an investment company will be later this month. From February next year we will continue to pay dividends on the usual quarterly basis but primarily in the form of Property Income Distributions (PIDs). We will review our dividend policy in light of the minimum REIT distribution requirements and prevailing market conditions ahead of this time.

Volatility in the listed real estate equity market has contributed significantly to the fact that the share price does not currently fully reflect the underlying net asset value of the Company, but this is not uncommon.

Strategic Priorities

During the period, we remained focused on our strategic priorities to ensure we continue to deliver long-term value for shareholders. As we have stated over the past few years, Picton aims to be one of the consistently best performing diversified UK focused property companies listed on the London Stock Exchange.

By repaying some debt in July, we have reduced financing costs and secured additional changes to our loan arrangements which will translate into future operational flexibility. We have de-risked the capital structure, undertaken a small number of disposals, which have been accretive to net asset value, and continue to improve the effectiveness and efficiency of our business model through our REIT conversion and associated changes.

We expect to see the savings from becoming a REIT start to flow through in the next six months. We have also created additional operational efficiencies by migrating management and control to the UK and by streamlining our reporting process, removing the duplication of net asset value statements overlapping with annual and half yearly results.

Property Strategy

We have a good quality portfolio of assets that continues to outperform the MSCI IPD Quarterly Benchmark.

We have been overweight in the outperforming industrial, warehouse and logistics sector, whilst at the same time being underweight in the far more challenging and underperforming retail sector. This is more fully detailed below. Despite a small reduction over the period, occupancy remains high and the Board is encouraged by initiatives both ongoing and planned for assets within the portfolio.

We continue to work with our occupiers to provide space that meets their needs and, through a process of upgrading space, help mitigate any risks to our cashflow. We hope to be able to report on several specific asset management initiatives before the year end.

Corporate Structure and Board Changes

The corporate changes referred to above took place following the period end and came into effect on 1 October, when the UKLA confirmed the listing change and we applied to HMRC to enter the UK REIT regime. In advance of this, we have focused on succession planning and repositioning the Board recognising our new onshore arrangements. During the period, Mark Batten became Chair of the Audit and Risk Committee and, following a selection process, Maria Bentley was appointed to the Board and has become Chair of the Remuneration Committee.

The Company no longer has an investment management subsidiary. Michael Morris has now become Chief Executive of the Group and Andrew Dewhirst has joined the Board as the Group's Finance Director. I wish to welcome my new colleagues to the Board and equally thank both Vic Holmes and Robert Sinclair for all they have done, not only during their many years of service, but especially in the last six months, to make this a successful and effective transition.

As well as reflecting the new corporate structure, the Board believes that these changes will bring different perspectives to its deliberations. We are mindful of the need to continuously evaluate the composition of the Board whilst also ensuring that the knowledge and experience of the present incumbents can be properly transferred to new Directors over a reasonable timeframe. The changes made will help ensure that the Company is well placed for the changes in the UK Corporate Governance code which are effective in 2019 as well as continuing to demonstrate best practice in this area.

I would also like to thank shareholders for their support in passing all the resolutions at the most recent AGM, the last to be held in Guernsey.

Outlook

Clearly the coming months are important in terms of the Brexit negotiations and our future relationship with the EU and more widely in terms of global trade. Despite the recent uncertainty, the UK economy has been reasonably resilient, as have the fortunes of the property market and we remain cautiously optimistic; however, we believe it is right to be prudent in the short term until we have greater clarity. For many of our occupiers it appears that it is business as usual and, as such, we will continue working towards meeting our strategic aims and deliver value for our shareholders.

Nicholas Thompson
Chairman
12 November 2018

BUSINESS OVERVIEW

Economic Backdrop

As the UK government attempts to secure an exit agreement from the European Union in March, the economy has proven somewhat resilient in the face of this uncertainty. The Office of National Statistics estimated GDP growth for the six months to September at 1.0%. By comparison, GDP for the six months to September 2017 was estimated at 0.7%. The IHS Markit/CIPS UK PMI figures saw Construction, Manufacturing and Services all showing marginal signs of improvement for the third quarter of 2018.

The Bank of England increased the base rate for the second time this year by 0.25% to 0.75% in August. It is not expected that there will be any further increase until after the Brexit date in March 2019.

Inflation ticked up higher than expected in August but fell back in September, with CPI and RPI now standing at 2.4% and 3.3% respectively. The CPI inflation target from the Monetary Policy Committee remains at 2.0%.

Between June 2018 and August 2018, the unemployment rate stood at 4.0%, the lowest level recorded since 1975. In nominal terms, average weekly earnings increased by 3.1% excluding bonuses and 2.7% including bonuses compared with a year earlier. Despite unemployment continuing to trend at record low levels and an increase in average earnings, consumer confidence remains fragile, as increasing inflation is squeezing any real wage growth. Retail sales, which includes online purchases, continued an upward trend in September, albeit from a low base at the start of the year, and September saw the slowest month for retail sales growth since April. The increasingly challenging operating environment for retailers has seen some large high street names undertake store closures and Company Voluntary Arrangements (CVAs) during 2018.

Looking ahead, the high level of political uncertainty, higher than expected inflation, weak sterling and generally subdued levels of production are reflected in the ONS forecast of 1.3% GDP for the year ending December 2018 - the lowest in the ten years since the global financial crisis - recovering only marginally to 1.6% for 2019.

UK Property Market

The UK commercial property market remains broadly robust, delivering a positive total return overall for the six months to September. Notwithstanding this, there were widening variations in performance at sector level, with the challenging trading environment and impact of retail failures continuing to negatively impact the retail sector.

According to Property Data, total investment for the six months to September 2018 was £28.4 billion, a decrease of 8.6% compared to £31.1 billion in the six months to March 2018. Almost half of total investment in the period was from overseas investors.

The MSCI IPD Monthly Index shows a total return for All Property for the six months to September 2018 of 3.9%, with an income return of 2.6%. Capital growth for the six months to September 2018 was lower at 1.3% compared to 3.0% for the six months to March 2018. Rental growth was positive at 0.4% for the six months to September 2018, lower than the 1.0% for the six months to March 2018. Initial yields have moved from 5.0% in March 2018 to 4.9% in September 2018.

Industrial remained the best performing sector for the six months to September with total returns of 8.8%, 4.9% above the All Property average. For the same period, office and retail returns were 3.5% and 0.6%, respectively.

The MSCI IPD Quarterly Digest recorded an occupancy rate of 92.4% in September 2018 (March 2018: 92.2%).

In the industrial sector, returns comprised 2.4% income and 6.3% capital growth. Rental growth was 2.0%, lower than the 2.2% for the six months to March 2018. In terms of capital growth by segment, growth ranged from 3.1% in North & Scotland to 8.7% in Inner South East. Similarly, rental growth ranged from 0.9% in South West to 2.8% for Outer South East.

In the office sector, returns comprised 2.3% income and 1.1% capital growth. Rental growth was 0.7%. In terms of capital growth by segment, growth ranged from 0.3% in London Mid Town & West End to 4.0% in South West. Similarly, rental growth ranged from -0.1% for Scotland to 2.0% for South West.

In the retail sector, returns comprised 2.9% income and -2.3% capital growth. Rental growth was -1.0%. In terms of capital growth by segment, growth ranged from -9.1% for Standard Retail Yorkshire & Humberside to 0.8% for Standard Retail Central London. Similarly, rental growth ranged from -4.2% for Standard Retail East Midlands to 0.6% for Standard Retail Central London.

Valuation

The portfolio valuation increased on a like-for-like basis by 1.5% over the period to September 2018. The industrial portfolio increased by 6.0% and the office portfolio by 0.3%, while the retail and leisure portfolio declined by 4.9%, primarily reflecting the negative impact of retail failures in the wider market.

For the six months to September, the portfolio returned 4.4%, outperforming the MSCI IPD Quarterly Benchmark which delivered 3.2%. The income return was 2.9%, 0.4% ahead of the Benchmark.

Sector	Portfolio Weightings	Sept 18 Valuation	Like for like change
Industrial	**43.7%**	**£298.8m**	**6.0%**
South East	30.6%		6.9%
Rest of UK	13.1%		4.0%
Offices	**34.5%**	**£235.4m**	**0.3%**
London City and West End	4.1%		1.2%
Inner and Outer London	8.3%		-2.5%
South East	11.0%		0.2%
Rest of UK	11.1%		2.4%
Retail and Leisure	**21.8%**	**£148.8m**	**-4.9%**
Retail warehouse	8.6%		-9.2%
High Street – Rest of UK	5.6%		-9.2%
High Street – South East	5.7%		6.3%
Leisure	1.9%		-1.6%
Total	**100%**	**£683.0m**	**1.5%**

Our overweight position to the better performing sectors combined with active management and leasing activity contributed to the portfolio's outperformance. Passing rent declined marginally on a like-for-like basis by 0.4%, with the positive letting activity being offset by active management initiatives and the New Look and Poundworld insolvencies. Overall, like-for-like ERV declined by 0.6%, with the positive growth in the industrial portfolio being offset by the negative story in the retail portfolio where we are seeing considerable oversupply depressing rental values.

Top Ten Assets

The largest assets in the portfolio as at 30 September 2018, ranked by capital value, represent 50% of the total portfolio valuation and are detailed below:

	Sector	Tenure	Approximate Area (sq ft)	Appraised Value
Parkbury Industrial Estate, Radlett, Herts.	Industrial	Freehold	336,700	>£45m
River Way Industrial Estate, Harlow, Essex	Industrial	Freehold	454,800	>£45m
Stanford House, Long Acre, London WC2	Retail	Freehold	19,600	£35m-£45m
Angel Gate, City Road, London EC1	Office	Freehold	64,500	£35m-£45m
50 Farringdon Road, London EC1	Office	Leasehold	31,000	£25m-£35m
Tower Wharf, Cheese Lane, Bristol	Office	Freehold	70,800	£25m-£35m
Belkin Unit, Shipton Way, Rushden, Northants.	Industrial	Leasehold	312,900	£15m-£25m
30 & 50 Pembroke Court, Chatham, Kent	Office	Leasehold	86,300	£15m-£25m
Colchester Business Park, Colchester, Essex	Office	Leasehold	150,700	£15m-£25m
Lyon Business Park, Barking	Industrial	Freehold	99,400	£15m-£25m

A full portfolio listing is available on the Company's website: **www.picton.co.uk**

Top Ten Occupiers

The top ten occupiers, based as a percentage of annualised contracted rental income, after lease incentives, as at 30 September 2018, are summarised below:

	Occupier	%
1	Belkin Limited	4.0
2	Public Sector	3.9
3	DHL Supply Chain Limited	3.5
4	B&Q PLC	2.9
5	The Random House Group Limited	2.8
6	Snorkel Europe Limited	2.6
7	Portal Chatham LLP	2.1
8	Edward Stanford Limited	1.8
9	TK Maxx	1.7
10	XMA Limited	1.6
		26.9

Portfolio and Asset Management

Investment Activity

We have further rebalanced the office portfolio with the sales of Merchants House, Chester and 800 Pavilion Drive, Northampton for a combined £11.8 million, 8.4% ahead of the March valuation. The Merchants House sale was due to concern of a potential Compulsory Purchase Order being put in place and at 800 Pavilion Drive the occupier had not actioned their break giving us the opportunity to sell the building for a premium to valuation and de-risk a future potential void in a weak occupational market.

Occupancy

Over the period, we secured £0.6 million per annum of additional income though new lettings, including securing an occupier for the final suite at 50 Farringdon Road in London as detailed below. At the period end we have space under offer with a combined rent of £0.8 million per annum.

As anticipated, there was a reduction in occupancy over the period from 96% to 94%. The decrease, which we expect to be short term, reflected active management at Stanford House in Covent Garden where we have started the process of securing vacant possession of the whole building by 2019. This unlocks options for either the re-letting of the whole of this flagship Grade II listed 20,000 sq ft building, post a refurbishment, or potentially a sale to an owner occupier or a developer looking to take advantage of the office/residential planning consent on the upper floors.

Industrial Portfolio

The industrial portfolio has performed well over the half-year. Tight supply, limited development and continued demand has resulted in further rental growth, especially in the South East, which we are capturing through asset management activity. Capital values increased by 6.0% on a like-for-like basis, the rent roll increased by 3.8% to £16.2 million per annum and the ERV grew by 2.3% to £18.4 million on a like-for-like basis. The portfolio has a weighted average lease length of 4.5 years to the first lease event.

The UK wide distribution warehouse assets total 1.3 million sq ft in six fully income producing units, 74% of which are located in the Midlands, let to occupiers including Belkin, DHL and The Random House Group. The multi-let estates, of which 95% by value are located in the South East, total 1.4 million sq ft and are 99% let. Two units are vacant, one of which is under offer at an increased rent.

Five multi-let units were let during the period securing £0.22 million per annum, 6% ahead of ERV. The most notable transaction was where we surrendered a lease of a unit at our largest estate securing a full dilapidations payment. We then re-let the unit in less than two months in its existing condition securing a minimum five-year term at an initial rent of £0.1 million per annum which is 34% ahead of the previous passing rent and 13% ahead of ERV. The letting sets new rental evidence on the estate and has had a positive impact on income and valuation.

We have secured £0.2 million of additional income from two rent reviews settled over the period, 8% ahead of ERV. Six occupiers have been retained at renewal securing £0.36 million per annum, 1% above ERV.

The industrial portfolio currently has £2.2 million of reversionary income potential and with high occupancy we can look to capture this through active management and lease events as demonstrated above. Looking to the end of 2019, we have 29 lease events with an ERV of £2.9 million per annum, £0.4 million above the current passing rent.

Office Portfolio

On a like-for-like basis capital values increased by 0.3% and the rent roll increased by 1.9% to £14.4 million per annum. The portfolio has a weighted average lease length of 3.7 years to the first lease event. The office portfolio ERV was flat over the period on a like-for-like basis with the regional assets seeing growth, which was offset by London. We have over the past two years rebalanced the office portfolio by selling out of central London and investing into the regions. 64% of the office portfolio is now outside Greater London, where we are seeing stronger occupational demand.

The office portfolio is 91% let and the most notable transaction was at 50 Farringdon Road. The final suite was let to an existing occupier for £0.21 million per annum, 5% ahead of ERV and the building is now fully let. We agreed with the same occupier to move the break option in their existing lease, securing five years term certain on both suites. The transaction is a good example of our occupier focused approach, which enabled us to work with our existing occupier and retain them in the building.

The short-term opportunities are the letting of 180 West George Street, Glasgow, where we have one suite under offer, and the refurbishment next year of Longcross Court in Cardiff where we are creating best in class space in central Cardiff. The combined ERV of voids at these two properties is £1 million. These two properties account for 58% of the total office void.

The regional office assets have performed well due to continued demand for space and the potential for rents to increase from relatively low levels which we have seen in, for example, Colchester where there has been 15% rental growth in the last 12 months. In London, the occupational market is active but remains more subdued and we have reduced our ERVs at Angel Gate in Islington to take account of this. The portfolio has £3.7 million of reversionary income potential and up to the end of 2019 the office portfolio has 38 lease events with an ERV of £3.4 million per annum, £0.3 million above the current passing rent.

Retail and Leisure Portfolio

It has undoubtedly been a challenging six months in the retail property market and our portfolio has not been immune from the impact of retailer failures. Capital values reduced by 4.9% principally driven by the retail warehouse sector as detailed below.

We have seen a decline of 9.5% in respect of the retail rent roll. Of this 47% related to the active management initiatives of the upper floors at Stanford House, our flagship store in Covent Garden, where we are looking to secure vacant possession in early 2019, and 37% related to retail failures with the remainder being lease events. The portfolio has been affected by the New Look CVA, where we are getting a retail unit back in Peterborough, which is under offer, and the Homebase CVA which will mean we will get a unit back in Swansea, in which we already have strong interest. On the same park we will get a unit back following the Poundworld administration.

The passing rent of the retail portfolio is £9.7 million per annum. It has a weighted average lease length of 7.6 years, is 89% let and has £0.5 million of reversionary income potential. At the end of the period we had new lettings under offer with a combined annual rent of £0.4 million per annum.

The most significant void relates to a retail warehouse unit in Bury, Greater Manchester, where we are working through our active management strategy and have occupier interest.

We consider our exposure to the sector to be robust with future upside on the retail warehouse parks and at Stanford House in Covent Garden in particular. Up to the end of 2019 the retail and leisure portfolio has only 15 lease events with an ERV of £2.6 million per annum, £0.1 million above the current passing rent.

Looking Ahead

The portfolio has £6.4 million of reversionary income potential, primarily in the industrial and office sectors. £2.9 million of the reversion is from lettings, with the remainder from lease renewals, rent reviews and contracted uplifts. The supply and demand imbalance, combined with a lack of development, will continue to drive rental growth in the industrial sector, while demand remains strong in the regional office market with incentives moving out in London. The retail sector is going though a structural change, however this should provide opportunities such as we are seeing in our portfolio.

Financial Overview

Income Statement

For the six months to 30 September, our total profit was £18.9 million, representing earnings per share of 3.5 pence. Within this, our income profit, comprising the revenue from the property portfolio, less direct property costs, management and other operating costs, and finance costs, was £11.8 million. For the previous half year, to 30 September 2017, the comparative figure was £10.8 million, so we have achieved a 9% increase in income profit.

The capital profit, at £7.1 million for the half year, is lower than in 2017 and this reflects the more muted conditions in the commercial property market generally. However, with a portfolio capital return of 1.5% for the period, we have continued to outperform the MSCI IPD Quarterly Benchmark.

The capital result has also been impacted by the early loan repayment of a tranche of the Canada Life facility. We repaid £33.7 million in July, which was originally scheduled for repayment in July 2022. As a result, we incurred a one-off prepayment fee of £3.2 million. Going forward there will be a net saving of £1.1 million annually due to lower interest costs. We have also agreed changes to the Canada Life facility which provide us with greater flexibility going forward, including the ability to utilise disposal proceeds throughout the Group, rather than being subject to lender security.

The net property income for the period, at £20.2 million, is some 8% higher than the previous period. This partly arises from the impact of the acquisition of Tower Wharf in Bristol and subsequent lettings there, but also from lower void costs as a high occupancy level has been maintained, albeit this dipped at the end of the period.

Operating costs for the period were £3.1 million, comprising £2.0 million of management expenses and £1.1 million of other corporate costs, which includes exceptional costs of £0.3 million associated with REIT conversion and the listing change.

During the period we paid out two interim dividends, each of 0.875 pence per share, equal to £9.4 million in total. Dividend cover for the six months was 125%.

Balance Sheet

Overall the net assets of the Group rose by £9.7 million over the period, to £497.1 million, an increase of 2.0%.

The appraised value of the property portfolio stood at £683 million at 30 September. We made two disposals during the period, for net proceeds of £11.8 million, ahead of their preceding valuations. These proceeds, along with existing cash reserves, were utilised to repay borrowings, as mentioned above.

Borrowings have reduced to £193.4 million, following the early Canada Life repayment, although this was partly funded by a drawdown under one of the revolving credit facilities, of £14.5 million. The weighted average debt maturity is now 10.3 years and the weighted average interest rate is 4.0%. Borrowings now represents a loan-to-value ratio of 25.5%, and we have the option to reduce this further by repaying the drawn balances of our revolving credit facilities, once selected asset sales have been made.

DIRECTORS' RESPONSIBILITIES

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company's assets comprise direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general and its investment properties. Other risks faced by the Company include economic, investment and strategic, regulatory, management and control, operational and financial risks.

These risks, and the way in which they are managed, are described in more detail under the heading 'Risk Management' within the Strategic Report in the Company's Annual Report for the year ended 31 March 2018. The Company's principal risks and uncertainties have not changed materially since the date of that report.

STATEMENT OF GOING CONCERN

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM REPORT

We confirm that to the best of our knowledge:

a. the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
b. the Chairman's Report and Business Overview (together constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties above include a fair review of the information required by the Disclosure Guidance and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year, a description of principal risks and uncertainties for the remaining six months of the year, and their impact on the condensed set of consolidated financial statements; and
c. the Chairman's Report together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

Mark Batten
Director
12 November 2018

INDEPENDENT REVIEW REPORT TO PICTON PROPERTY INCOME LIMITED

CONCLUSION

We have been engaged by Picton Property Income Limited (the "Company") to review the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2018 of the Company and its subsidiaries (together the "Group") which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Half Year Report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DIRECTORS' RESPONSIBILITIES

The Half Year Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards. The directors are responsible for preparing the condensed set of financial statements included in the Half Year Report in accordance with IAS 34.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Year Report based on our review.

THE PURPOSE OF OUR REVIEW WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Deborah Smith
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey
12 November 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

	Note	Income £000	Capital £000	**6 months ended 30 Sept 2018 unaudited Total £000**	6 months ended 30 Sept 2017 unaudited Total £000	Year ended 31 March 2018 audited Total £000
Income						
Revenue from properties	3	24,537	–	24,537	24,323	48,782
Property expenses	4	(4,297)	–	(4,297)	(5,605)	(10,335)
Net property income		**20,240**	**–**	**20,240**	**18,718**	**38,447**
Expenses						
Management expenses		(2,006)	–	(2,006)	(1,810)	(3,652)
Other operating expenses		(1,062)	–	(1,062)	(924)	(1,914)
Total operating expenses		**(3,068)**	**–**	**(3,068)**	**(2,734)**	**(5,566)**
Operating profit before movement on investments		**17,172**	**–**	**17,172**	**15,984**	**32,881**
Investments						
Profit on disposal of investment properties	9	–	379	379	2,488	2,623
Investment property valuation movements	9	–	9,961	9,961	17,362	38,920
Total profit on investments		**–**	**10,340**	**10,340**	**19,850**	**41,543**
Operating profit		**17,172**	**10,340**	**27,512**	**35,834**	**74,424**
Financing						
Interest receivable		16	–	16	10	35
Interest payable		(4,936)	–	(4,936)	(4,904)	(9,782)
Debt prepayment fees	10	–	(3,245)	(3,245)	–	–
Total finance costs		**(4,920)**	**(3,245)**	**(8,165)**	**(4,894)**	**(9,747)**
Profit before tax		**12,252**	**7,095**	**19,347**	**30,940**	**64,677**
Tax		(445)	–	(445)	(286)	(509)
Profit and total comprehensive income for the period		**11,807**	**7,095**	**18,902**	**30,654**	**64,168**
Earnings per share						
Basic and diluted	7	2.2p	1.3p	3.5p	5.7p	11.9p

The total column of this statement represents the Group’s Condensed Consolidated Statement of Comprehensive Income. The supplementary income return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company. There are no minority interests. Notes 1 to 15 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

	Note	Share Capital £000	Other Reserves £000	Retained Earnings £000	Total £000
Balance as at 31 March 2017		**157,449**	**–**	**284,476**	**441,925**
Profit for the period		–	–	30,654	30,654
Share based awards		–	358	–	358
Dividends paid	6	–	–	(9,181)	(9,181)
Balance as at 30 September 2017		**157,449**	**358**	**305,949**	**463,756**
Profit for the period		–	–	33,514	33,514
Dividends paid	6	–	–	(9,306)	(9,306)
Share based awards		–	284	–	284
Purchase of shares held in trust		–	(893)	–	(893)
Balance as at 31 March 2018		**157,449**	**(251)**	**330,157**	**487,355**
Profit for the period		–	–	18,902	18,902
Dividends paid	6	–	–	(9,432)	(9,432)
Share based awards		–	319	–	319
Balance as at 30 September 2018		**157,449**	**68**	**339,627**	**497,144**

Notes 1 to 15 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Note	**30 September 2018 unaudited £000**	30 September 2017 unaudited £000	31 March 2018 audited £000
Non-current assets				
Investment properties	9	673,870	652,104	670,674
Tangible assets		25	12	5
Total non-current assets		**673,895**	**652,116**	**670,679**
Current assets				
Investment properties held for sale		–	–	3,850
Accounts receivable		16,420	15,743	15,273
Cash and cash equivalents		20,130	30,071	31,510
Total current assets		**36,550**	**45,814**	**50,633**
Total assets		**710,445**	**697,930**	**721,312**
Current liabilities				
Accounts payable and accruals		(20,113)	(19,421)	(21,471)
Loans and borrowings	10	(808)	(615)	(712)
Obligations under finance leases		(109)	(109)	(109)
Total current liabilities		**(21,030)**	**(20,145)**	**(22,292)**
Non-current liabilities				
Loans and borrowings	10	(190,559)	(212,315)	(209,952)
Obligations under finance leases		(1,712)	(1,714)	(1,713)
Total non-current liabilities		**(192,271)**	**(214,029)**	**(211,665)**
Total liabilities		**(213,301)**	**(234,174)**	**(233,957)**
Net assets		**497,144**	**463,756**	**487,355**
Equity				
Share capital	11	157,449	157,449	157,449
Retained earnings		339,627	305,949	330,157
Other reserves		68	358	(251)
Total equity		**497,144**	**463,756**	**487,355**
Net asset value per share	13	92p	86p	90p

These condensed consolidated financial statements were approved by the Board of Directors on 12 November 2018 and signed on its behalf by:

Mark Batten
Director

Notes 1 to 15 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

	Note	**6 months ended 30 September 2018 unaudited £000**	6 months ended 30 September 2017 unaudited £000	Year ended 31 March 2018 audited £000
Operating activities				
Operating profit		27,512	35,834	74,424
Adjustments for non-cash items	12	(10,018)	(19,480)	(40,889)
Interest received		16	10	35
Interest paid		(4,603)	(4,532)	(9,160)
Tax paid		(80)	(202)	(328)
(Increase)/ decrease in accounts receivables		(1,715)	(202)	267
(Decrease)/ increase in payable and accruals		(1,566)	(709)	1,286
Cash inflows from operating activities		**9,546**	**10,719**	**25,635**
Investing activities				
Acquisition of investment properties	9	–	(24,543)	(24,543)
Capital expenditure on investment properties	9	(275)	(2,266)	(3,553)
Disposal of investment properties		11,837	9,725	10,285
Purchase of tangible assets		(23)	(7)	–
Cash inflows/(outflows) from investing activities		**11,539**	**(17,091)**	**(17,811)**
Financing activities				
Borrowings repaid		(34,288)	(546)	(3,104)
Borrowings drawn		14,500	12,500	12,500
Debt prepayment fees		(3,245)	–	–
Financing costs		–	(213)	(213)
Purchase of shares held in trust		–	–	(893)
Dividends paid	6	(9,432)	(9,181)	(18,487)
Cash (outflows)/inflows from financing activities		**(32,465)**	**2,560**	**(10,197)**
Net (decrease)/increase in cash and cash equivalents		**(11,380)**	**(3,812)**	**(2,373)**
Cash and cash equivalents at beginning of period/year		31,510	33,883	33,883
Cash and cash equivalents at end of period/year		**20,130**	**30,071**	**31,510**

Notes 1 to 15 form part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL INFORMATION

Picton Property Income Limited (the "Company" and together with its subsidiaries the "Group") was registered on 15 September 2005 as a closed ended Guernsey investment company.

The financial statements are prepared for the period from 1 April to 30 September 2018, with unaudited comparatives for the period from 1 April to 30 September 2017. Comparatives are also provided from the audited financial statements for the year ended 31 March 2018. Certain comparative amounts in the condensed consolidated balance sheet have been reclassified to conform with the current year's presentation. The reclassification does not affect the previously reported profit and total comprehensive income or net asset value.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 March 2018.

The accounting policies applied by the Group in these financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 March 2018.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the IASB. The Group's annual financial statements for the year ended 31 March 2018 refer to new Standards and Interpretations none of which has a material impact on these financial statements. There have been no significant changes to management judgements and estimates as disclosed in the last annual report and financial statements for the year ended 31 March 2018.

3. REVENUE FROM PROPERTIES

	6 months ended 30 September 2018 £000	6 months ended 30 September 2017 £000	Year ended 31 March 2018 £000
Rents receivable (adjusted for lease incentives)	20,825	20,366	41,412
Surrender premiums	342	133	200
Dilapidation receipts	230	689	1,111
Other income	79	134	132
Service charge income	3,061	3,001	5,927
	24,537	24,323	48,782

Rents receivable includes lease incentives recognised of £0.5 million (30 September 2017: £0.1 million, 31 March 2018: £0.2 million).

4. PROPERTY EXPENSES

	6 months ended 30 September 2018 £000	6 months ended 30 September 2017 £000	Year ended 31 March 2018 £000
Property operating costs	848	1,704	2,578
Property void costs	388	900	1,830
Recoverable service charge costs	3,061	3,001	5,927
	4,297	5,605	10,335

5. OPERATING SEGMENTS

The Board is charged with setting the Company's investment policy and strategy in accordance with the Company's investment restrictions and overall objectives. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value. As the total return on the Group's net asset value is calculated based on the net asset value per share calculated under IFRS as shown at the foot of the Balance Sheet, assuming dividends are reinvested, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the opinion that the Group, through its subsidiary undertakings, operates in one reportable industry segment, namely real estate investment, and across one primary geographical area, namely the United Kingdom, and therefore no segmental reporting is required. The portfolio consists of 49 commercial properties, which are in the industrial, office, retail, retail warehouse and leisure sectors.

6. DIVIDENDS

Declared and paid:	**6 months ended 30 September 2018 £000**	6 months ended 30 September 2017 £000	Year ended 31 March 2018 £000
Interim dividend for the period ended 31 March 2017: 0.85 pence	-	4,590	4,590
Interim dividend for the period ended 30 June 2017: 0.85 pence	-	4,591	4,591
Interim dividend for the period ended 30 September 2017: 0.85 pence	-	-	4,590
Interim dividend for the period ended 31 December 2017: 0.875 pence	-	-	4,716
Interim dividend for the period ended 31 March 2018: 0.875 pence	4,716	-	-
Interim dividend for the period ended 30 June 2018: 0.875 pence	4,716	-	-
	9,432	9,181	18,487

The interim dividend of 0.875 pence per ordinary share in respect of the period ended 30 September 2018 has not been recognised as a liability as it was declared after the period end. A dividend of £4,716,000 will be paid on 30 November 2018.

7. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period, excluding the average number of shares held by the Employee Benefit Trust. The diluted number of shares also reflects the contingent shares to be issued under the Long Term Incentive Plan.

The following reflects the profit and share data used in the basic and diluted profit per share calculation:

	6 months ended 30 September 2018	6 months ended 30 September 2017	Year ended 31 March 2018
Net profit attributable to ordinary shareholders of the Company from continuing operations (£000)	18,902	30,654	64,168
Weighted average number of ordinary shares for basic profit/(loss) per share	538,983,660	540,053,660	539,734,126
Weighted average number of ordinary shares for diluted profit/(loss) per share	541,093,417	541,084,131	539,738,613

8. FAIR VALUE MEASUREMENTS

The fair value measurement for the financial assets and financial liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's secured loan facilities, as disclosed in note 10, are included in Level 2.

Level 3: unobservable inputs for the asset or liability. The fair value of the Group's investment properties is included in Level 3.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between levels for the period ended 30 September 2018.

The fair value of all other financial assets and liabilities is not materially different from their carrying value in the financial statements.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 March 2018.

9. INVESTMENT PROPERTIES

	6 months ended 30 September 2018 £000	6 months ended 30 September 2017 £000	Year ended 31 March 2018 £000
Fair value at start of period/year	*674,524	615,170	615,170
Acquisitions	–	24,543	24,543
Capital expenditure on investment properties	275	2,266	3,553
Disposals	(11,269)	(9,725)	(10,285)
Realised gains on disposal	406	2,520	2,655
Realised losses on disposal	(27)	(32)	(32)
Unrealised gains on investment properties	22,558	25,416	49,664
Unrealised losses on investment properties	(12,597)	(8,054)	(10,744)
Transfer to assets classified as held for sale	–	–	(3,850)
Fair value at the end of the period/year	673,870	652,104	670,674
Historic cost at the end of the period/year	646,759	659,722	660,263

*Includes assets classified as held for sale at year end.

The fair value of investment properties reconciles to the appraised value as follows:

	30 September 2018 £000	30 September 2017 £000	31 March 2018 £000
Appraised value	682,950	661,415	683,800
Valuation of assets held under finance leases	1,623	1,660	1,657
Lease incentives held as debtors	(10,703)	(10,971)	(10,933)
Assets classified as held for sale	–	–	(3,850)
Fair value at the end of the period/year	673,870	652,104	670,674

As at 30 September 2018, all of the Group’s properties are Level 3 in the fair value hierarchy as it involves the use of significant inputs and there were no transfers between levels during the period. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

The investment properties were valued by CBRE Limited, Chartered Surveyors, as at 30 September 2018 on the basis of fair value in accordance with the RICS Valuation – Global Standards 2017 which incorporates the International valuation standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015). There were no significant changes to the inputs into the valuation process (ERV, net initial yield, reversionary yield and true equivalent yield), or assumptions and techniques used during the period, further details on which were included in note 14 of the consolidated financial statements of the Group for the year ended 31 March 2018.

The Group’s borrowings (note 10) are secured by a first ranking fixed charge over the majority of investment properties held.

10. LOANS AND BORROWINGS

	Maturity	**30 September 2018 £000**	30 September 2017 £000	31 March 2018 £000
Current				
Aviva facility	–	1,178	1,128	1,153
Capitalised finance costs	–	(370)	(513)	(441)
		808	615	712
Non-current				
Santander revolving credit facility	18 June 2021	10,500	12,500	10,500
Santander revolving credit facility	20 June 2021	14,500	–	–
Canada Life facility	–	–	33,718	33,718
Canada Life facility	24 July 2027	80,000	80,000	80,000
Aviva facility	24 July 2032	88,074	89,252	88,669
Capitalised finance costs	–	(2,515)	(3,155)	(2,935)
		190,559	212,315	209,952
		191,367	212,930	210,664

In 2012, the Group entered into loan facilities with Canada Life Limited and Aviva Commercial Finance Limited for £113.7 million and £95.3 million respectively. The facility with Canada Life has a term of 15 years, with £33.7 million originally repayable on the tenth anniversary of drawdown. The Aviva facility has a term of 20 years with approximately one third repayable over the life of the loan in accordance with a scheduled amortisation profile.

On 20 July 2018 the Group repaid £33.7 million of debt under the Canada Life facility incurring an early repayment charge of £3.2 million.

The fair value of the secured loan facilities at 30 September 2018, estimated as the present value of future cash flows discounted at the market rate of interest at that date, was £185.9 million (30 September 2017: £223.2 million, 31 March 2018: £235.1 million). The fair value of the secured loan facilities is classified as Level 2 under the hierarchy of fair value measurements.

The Group has two revolving credit facilities ("RCF") with Santander Corporate & Commercial Banking which expire in June 2021. In total the Group has £51.0 million available under both facilities, of which £25.0 million has been drawn.

The weighted average interest rate on the Group's borrowings as at 30 September 2018 was 4.0% (30 September 2017: 4.1%, 31 March 2018: 4.1%).

11. SHARE CAPITAL AND OTHER RESERVES

The Company has 540,053,660 ordinary shares in issue of no par value (30 September 2017: 540,053,660, 31 March 2018: 540,053,660).

The balance on the Company's share premium account as at 30 September 2018 was £157,449,000 (30 September 2017: £157,449,000, 31 March 2018: £157,449,000).

	30 September 2018	30 September 2017	31 March 2018
Ordinary share capital	540,053,660	540,053,660	540,053,660
Number of shares held in Employee Benefit Trust	(1,070,000)	-	(1,070,000)
Number of ordinary shares	538,983,660	540,053,660	538,983,660

The fair value of awards made under the Long Term Incentive Plan is recognised in other reserves.

Subject to the solvency test contained in the Companies (Guernsey) Law, 2008 being satisfied, ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. The Trustee of the Company's Employee Benefit Trust has waived its right to receive dividends on the 1,070,000 shares it holds but continues to hold the right to vote. Ordinary shareholders have the right to vote at meetings of the Company. All ordinary shares carry equal voting rights.

12. ADJUSTMENT FOR NON-CASH MOVEMENTS IN THE CASH FLOW STATEMENT

	6 months ended 30 September 2018 £000	6 months ended 30 September 2017 £000	Year ended 31 March 2018 £000
Profit on disposal of investment properties	(379)	(2,488)	(2,623)
Investment property valuation movements	(9,961)	(17,362)	(38,920)
Share based provisions	319	358	642
Depreciation of tangible assets	3	12	12
	(10,018)	(19,480)	(40,889)

13. NET ASSET VALUE

The net asset value per share calculation uses the number of shares in issue at the period end and excludes the actual number of shares held by the Employee Benefit Trust at the period end; see note 11.

At 30 September 2018, the Company had a net asset value per ordinary share of £0.92 (30 September 2017: £0.86, 31 March 2018: £0.90).

14. RELATED PARTY TRANSACTIONS

The total fees earned during the period by the five Directors of the Company were £138,000 (30 September 2017: £103,000, 31 March 2018: £232,000). As at 30 September 2018 the Group owed £nil to the Directors (30 September 2017 and 31 March 2018: £nil).

There have been no changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

The Company has no controlling parties.

15. EVENTS AFTER THE BALANCE SHEET DATE

On 1 October 2018 the Company converted to a UK REIT and changed its listing status to that of a commercial company from an investment company.

A dividend of £4,716,000 (0.875 pence per share) was approved by the Board on 22 October 2018 and is payable on 30 November 2018.

SHAREHOLDER INFORMATION

DIRECTORS
Nicholas Thompson (Chairman)
Andrew Dewhirst (appointed 1 October 2018)
Maria Bentley (appointed 1 October 2018)
Mark Batten
Michael Morris
Robert Sinclair (resigned 30 September 2018)
Roger Lewis
Vic Holmes (resigned 30 September 2018)

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SHAREHOLDER ENQUIRIES
All enquiries relating to holdings in Picton Property Income Limited, including notification of change of address, queries regarding dividend/interest payments or the loss of a certificate, should be addressed to the Company’s registrar.

WEBSITE
The Company has a corporate website which contains more detailed information about the Group **www.picton.co.uk**

GLOSSARY

AIC	Association of Investment Companies.
Contracted rent	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired.
DTR	Disclosure and Transparency Rules, issued by the United Kingdom Listing Authority.
Dividend cover	Income profit after tax divided by dividends paid.
Earnings per share (EPS)	Profit for the period attributable to equity shareholders divided by the average number of shares in issue during the period.
EPRA	European Public Real Estate Association, the industry body representing listed companies in the real estate sector.
Estimated rental value (ERV)	The external valuers' opinion as to the open market rent which, on the date of the valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
Fair value	The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after the proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.
Fair value movement	An accounting adjustment to change the book value of an asset or liability to its fair value.
FRI lease	A lease which imposes full repairing and insuring obligations on the tenant, relieving the landlord from all liability for the cost of insurance and repairs.
Gearing	Total borrowings, less cash, as a proportion of gross property asset value.
Group	Picton Property Income Limited and its subsidiaries.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards.
Initial yield	Annual cash rents receivable (net of head rents and the cost of vacancy), as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included.
Lease incentives	Incentives offered to occupiers to enter into a lease. Typically this will be an initial rent-free period, or a cash contribution to fit-out. Under accounting rules the value of the lease incentives is amortised through the Income Statement on a straight-line basis until the lease expiry.
MSCI IPD	An organisation supplying independent market indices and portfolio benchmarks to the property industry.
NAV	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
Over-rented	Space where the passing rent is above the ERV.
Passing rent	Cash rents passing at the Balance Sheet date.
Property income return	The ungeared income return of the portfolio as calculated by MSCI IPD.
Rack-rented	Space where the passing rent is the same as the ERV.
RCF	Revolving credit facility
REIT	Real Estate Investment Trust
Reversionary income	Where the passing rent is different to the estimated rental value. The increase or decrease of rent arises on rent reviews and letting of vacant space or re-letting of expiries.
Reversionary yield	The estimated rental value as a percentage of the gross property value.
Weighted average debt maturity	Each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end.
Weighted average interest rate	The Group loan interest per annum at the period end, divided by total Group debt in issue at the period end.
Weighted average lease term	The average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income.

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