

**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 2024.

**Commenting on the results, Michael Morris, Chief Executive of Picton, said:**

“We are pleased with the progress we have made during the period delivering EPRA earnings growth of 12% compared to this time last year. Net assets have increased and we continue to operate with a fully covered dividend.

We have improved occupancy and further invested into upgrading our portfolio. With asset disposal proceeds we have also fully repaid floating rate debt, with the remaining facilities now 100% fixed, with a seven-year maturity profile.

We are progressing our portfolio repositioning strategy and are also encouraged by our pipeline of asset management activity. Alongside our investment into our portfolio this will drive occupancy, income and capital growth.”

**Positive financial results, with return to profit and strong EPRA earnings growth**

- EPRA earnings of £11.2 million, or 2.1p per share, 11.6% higher than the six-month period to September 2023
- £11.5 million profit with net rental income growth and lower financing costs
- Dividends paid of £10.1 million (1.85p per share) with dividend cover of 111% supporting the 5.7% dividend increase, effective May 2024
- Net assets of £525 million, or 96p per share, an increase of 0.3% over the six-month period to September 2024
- EPRA net disposal value of £548 million, or 101p per share
- NAV total return of 2.2% and shareholder total return of 17.4% over the six-month period to September 2024

**Property portfolio delivering capital, income and rental growth over the six-month period**

- Like-for-like portfolio valuation increase of 0.8% reflecting stabilising property valuations
- Like-for-like increases in contracted rent of 1.0% and estimated rental value (‘ERV’) growth of 1.6%
- New lettings securing annual contracted rent of £1.6 million, 9% ahead of the March 2024 ERV
- Lease renewals and regears securing a 14% uplift in annual contracted rent to £3.7 million, 7% ahead of the March 2024 ERV

**Continued reduction in office exposure to improve occupancy and support income growth**

- Portfolio weighted towards industrial sector 62%, office 27% and retail and leisure 11%
- Office exposure reduces to 25% excluding two assets identified for alternative use and held for sale
- Occupancy of 92%, increasing to 94% excluding two assets held for sale
- Progress on alternative use asset disposals: one disposal completed, one completion expected before the end of the financial year and one asset being marketed for sale

**Upgraded portfolio to improve environmental performance and value**

- £4.2 million invested into upgrading projects principally across 15 assets
- Net zero pathway progress, with two solar installations completed and nine projects on-site to remove gas or install solar
- Continued focus on improving EPC ratings, with 81% now rated A-C (improved from 80% in March 2024)
- External accreditation with improved GRESB score and maintained EPRA Gold rating for both financial and sustainability reporting

## Proactive management of debt

- Loan to value ratio of 25% (March 2024: 28%)
- Fully repaid floating rate debt using proceeds from Angel Gate disposal
- Undrawn £50 million revolving credit facility
- Total borrowings of £210 million, with 100% at fixed rates and a weighted average interest rate of 3.7%
- Weighted average debt maturity of 7.2 years
- Reported net assets exclude positive debt fair value adjustment of £23 million, equivalent to 4p per share

## Property portfolio and performance

	30 Sept 2024	31 March 2024
Property valuation	£721m	£745m
Number of properties	48	49
Net initial yield	5.1%	5.2%
Reversionary yield	6.9%	7.0%
Occupancy	92%	91%
Occupancy (excl. assets held for sale)	94%	93%
Passing rent	£42.8m	£44.7m
Passing rent – LfL*	£42.8m	£43.7m
Contracted rent	£47.9m	£48.7m
Contracted rent – LfL*	£47.9m	£47.5m
ERV	£56.4m	£57.6m
ERV – LfL*	£56.4m	£55.5m
Property total return**	2.5%	1.6%
MSCI benchmark total return**	2.7%	(1.0)%

\* LfL denotes a like-for-like basis excluding the disposal in the period

\*\* Six months to September 2024 and 12 months to March 2024

## Financial overview

Balance sheet	30 Sept 2024	31 March 2024
Net asset value ('NAV')	£525m	£524m
EPRA net tangible assets ('NTA') per share	96p	96p
EPRA net disposal value ('NDV') per share	101p	101p
Borrowings	£210m	£228m
Loan to value ratio ('LTV')	25%	28%

Income statement	Six months to 30 Sept 2024	Six months to 30 Sept 2023
EPRA earnings	£11.2m	£10.0m
Profit/(loss) after tax	£11.5m	£(1.4)m
Earnings/(loss) per share	2.1p	(0.3)p
EPRA earnings per share	2.1p	1.8p

## Company returns and performance

	Six months to 30 Sept 2024	Six months to 30 Sept 2023
Total NAV return	2.2%	(0.2)%
Total shareholder return	17.4%	1.1%
Total dividend per share	1.85p	1.75p
Dividend cover	111%	105%

**For further information:**

**Picton**

Kathy Thompson, Company Secretary  
020 7011 9988, [kathy.thompson@picton.co.uk](mailto:kathy.thompson@picton.co.uk)

**Tavistock**

James Verstringhe  
020 7920 3150, [james.verstringhe@tavistock.co.uk](mailto:james.verstringhe@tavistock.co.uk)

**About Picton**

Established in 2005, Picton is listed on the main market of the London Stock Exchange and is a constituent of a number of EPRA indices including the FTSE EPRA Nareit Global Index.

Picton owns and actively manages a £721 million UK commercial property portfolio, invested across 48 assets and with around 350 occupiers (as at 30 September 2024).

Through an occupier focused, opportunity led approach, Picton aims to be one of the consistently best performing diversified UK REITs and has delivered upper quartile outperformance and a consistently higher income return than the MSCI Quarterly Property Index since launch.

With a portfolio strategically positioned to capture income and capital growth, currently weighted towards the industrial sector, Picton's agile business model provides flexibility to adapt to evolving market trends over the long-term.

Picton has a responsible approach to business and is committed to being net zero carbon by 2040.

For more information please visit: [www.picton.co.uk](http://www.picton.co.uk)

## **BUSINESS OVERVIEW**

Against a backdrop of stabilising UK commercial property values, these results show encouraging progress over the last six months, as demonstrated by improved earnings, underpinned by our capital structure and the positive valuation movement within our property portfolio.

### **Financial performance**

We have delivered 11.6% growth in EPRA earnings, compared with this time last year, which reflects our portfolio activity, including an asset disposal and repayment of debt. Profit after tax was £11.5 million compared with a loss of £1.4 million in the first half of last year. Further detail is provided in the Financial Review.

During the period, we increased our dividend by 6%, and we have sustained a healthy level of cover at 111%.

### **Positive portfolio valuation**

Our property portfolio rose in value by 0.8% on a like-for-like basis, driven primarily by gains in the industrial and retail warehouse assets.

The portfolio is currently weighted 62% to the industrial, warehouse and logistics sector. We continue to reduce office exposure, with the disposal of assets that have been repositioned for alternative use. Our retail exposure, which is predominantly in retail warehouse assets, remains unchanged over the period.

### **Improving income and occupancy through asset repositioning**

We are seeing the positive impact of our portfolio repositioning activity that we started last year.

Our office exposure has reduced to 27% and will further reduce to 25% with the planned disposals of Longcross, Cardiff and Charlotte Terrace, London, having secured planning for alternative use options.

In part, by virtue of the need to be able to provide vacant possession for the above, headline occupancy only increased from 91% to 92%. However, excluding these assets, occupancy increases to 94%.

Of our total vacancy, 32% is in assets classified for alternative use and held for sale, 43% is in offices, 15% is in industrial and the remaining 10% is in the retail and leisure sector of the portfolio.

### **Capital structure**

We have a strong balance sheet and a highly attractive debt position. All our drawn debt is fixed with a weighted maturity of more than seven years. Our current loan to value ratio is a conservative 25% and we have a £50 million undrawn facility.

During the period, we repaid all our higher rate floating debt with the proceeds from the Angel Gate sale, which has reduced finance costs.

The value of our debt structure is reflected in our EPRA net disposal value ('NDV') being £23 million higher than our reported net assets.

### **Governance**

We welcomed to the Board a new Chief Financial Officer, Saira Johnston, on 1 April 2024 and a new Non-Executive Director and Remuneration Committee Chair, Helen Beck, on 1 August 2024, succeeding Andrew Dewhirst and Maria Bentley respectively.

We also recently announced that our Chair, Lena Wilson, will step down from the Board at the end of January 2025. Mark Batten, our Senior Independent Director, is acting as interim Chair of the Nomination Committee and leading the process to find a suitable replacement, which we expect to announce in early 2025.

### **Sustainability progress**

We have made good progress improving the environmental credentials of our portfolio through our refurbishments and are working to set interim targets to meet our 2040 net zero commitments, collaborating with our occupiers and suppliers to gain alignment.

Our approach has always been to reinvest in the portfolio to improve its quality and maintain and grow both income and value over the medium and long-term. Increasingly, these projects include more energy efficiency and on-site renewable measures where practical, thus reducing our reliance on carbon-intensive fuels such as gas. As part of upgrading our assets prior to leasing, we have completed two solar renewable energy projects on industrial units with a total capacity of 0.05 MWp.

During the period, our EPC ratings improved from 80% to 81% A-C, by ERV.

We are pleased to have improved our GRESB score, which increased to 81 points (2023: 77 points). In addition, we have maintained our EPRA Gold award for our 2024 Annual Report and our sustainability reporting.

## Listed market

We were pleased to see a recovery in our share price which has reacted positively to our progress, up 14% over the six months to September 2024, but there is still more to be done particularly recognising share price movements post period end.

Like many listed real estate companies, our shares still trade at a discount to NAV, but we are not complacent. We recognise the need to further grow earnings and are focused on capturing the portfolio's reversionary potential that will enable this. We recognise the evolving landscape in both the listed and unlisted real estate markets, but firmly believe the REIT structure remains one of the best ways to access this asset class.

The team is aligned with the interests of shareholders through the company's employee share based incentive plans and during the period the employee benefit trust has acquired 2,100,000 shares to hedge against future commitments.

Our long-term upper quartile outperformance against the MSCI UK Quarterly Property Index demonstrates the value of our income focused, total return approach. Diversification enables us to pivot the portfolio as market conditions evolve over time.

## Outlook

We have now seen a change of Government and two reductions in the base rate. UK commercial property capital values have started to react positively with the MSCI UK Quarterly Property Index showing recent increases in some sub-markets. Moving forward, we expect to see signs of a more stable macro environment and, following the repricing of the retail and office sectors, we expect medium-term returns across all sectors to be more convergent, with stock selection and asset management becoming increasingly important.

With the repricing in the commercial property market since 2022, in many instances values are below the cost of construction. We have been encouraged by the recent investment opportunities being marketed and have been undertaking due diligence on assets, primarily in the retail and industrial sectors.

There has undoubtedly been some business uncertainty around the change of Government and the Autumn Budget. Despite this, occupational markets remain resilient, with rents moving forward, especially for better quality accommodation.

We are encouraged by the prospect of improving occupancy within the portfolio as we reduce office exposure, with identified assets expected to be sold before the end of the financial year. Not only will this reduce void costs, but it will also enable us to reinvest proceeds on an earnings-accretive basis.

There are three key drivers to income and earnings growth: enhancing occupancy thereby increasing income and reducing void hold costs, capturing rental reversion, particularly in the industrial sector, and scaling the business to be able to improve operational efficiencies.

The team remains focused on unlocking potential in our portfolio and capturing upside from new opportunities.

## MARKET OVERVIEW

### Economic backdrop

During the last six months, the UK economic backdrop has been impacted by the early election and the change in Government. Falling inflation allowed the Bank of England to begin its base rate cutting cycle in August, with the first 25 basis point reduction since March 2020. This was followed by a second 25 basis point reduction in November, which brought the base rate down to 4.75%.

Recent events, including the Labour Government's Autumn Budget and the election result in the US, have caused volatility in the equity and bond markets. The ten-year UK Government bond yield has edged above 4.5% and the five-year SONIA swap rate is now approximately 4.0%, up from a September low of approximately 3.5%.

Annual CPI inflation fell to 1.7% in September 2024, down from 2.2% in August and below the Bank of England's 2% target for the first time since April 2021. Inflation is expected to remain close to target in 2025, allowing interest rates to fall further.

UK Gross Domestic Product is estimated to have grown by 0.5% in the quarter to June 2024. According to more recent data from the Office of National Statistics ('ONS'), monthly GDP was flat in July and grew 0.2% in August. The UK Composite PMI shows that business confidence remains reasonably robust despite a drop in October, indicative of further economic growth. Consumer data was quite volatile over the period. Retail sales volumes were affected by adverse weather conditions in early summer but did see consistent growth between July and September. Consumer confidence as measured by GfK, had been improving, but dropped sharply in September in anticipation of the Autumn Budget and the potential impacts on personal finances. Household debt is still rising, as lower fixed-rate mortgages come to the end of their term, but the household savings ratio has been increasing for the last two years, indicating that households are adopting a somewhat precautionary view.

The labour market continues to ease, having seen a cooling in labour demand and wage growth. Job vacancies have been on a downward trend since peaking in May 2022. Although wage growth has reduced, it is still positive with the annual growth in wages to August 2024 adjusted for inflation being 1.9% for regular pay. The unemployment rate reduced to 4.0% for the three months to August 2024.

Improved economic stability combined with lower interest rates is expected to provide a more favourable and predictable environment for investors. This is caveated with potential ramifications from the conflicts in the Middle East, Eastern Europe and the changing political landscape in the United States in particular.

### UK property market

The MSCI UK Quarterly Property Index showed a total return for All Property for the six months to September 2024 of 2.7%, with an income return of 2.4% and capital growth of 0.3%. This compares with capital growth of -2.9% for the six months to March 2024. Capital values and yields have begun to stabilise, with the All Property net initial yield recorded at 4.9% in September 2024, compared to 5.1% in March 2024. According to MSCI, investment volumes for the six months to September 2024 were £22.5bn, 14% higher than the same period last year.

Positive rental growth was recorded in 92% of core market segments for the six months to September 2024. All Property rental growth was 1.9% for the period, compared with 1.8% for the six months to March 2024. Although capital invested to achieve rental growth is not reflected in this data, occupier market fundamentals remain favourable.

Occupancy at an All Property level decreased slightly over the six months, with the MSCI UK Quarterly Property Index recording an occupancy rate of 91% for September 2024, down from 92% in March 2024.

The market performance for the six months to September 2024 for All Property and the three main sectors is shown below.

Six months to 30 September 2024	All Property	Industrial	Office	Retail
Total Return	2.7%	3.8%	0.0%	4.1%
Income Return	2.4%	2.2%	2.1%	2.9%
Capital Growth	0.3%	1.6%	-2.0%	1.2%
Number of segments with positive capital growth	11	5	0	6
Number of segments with negative capital growth	13	0	7	6
ERV Growth	1.9%	2.9%	1.6%	1.0%
Number of segments with positive ERV growth	22	5	7	10
Number of segments with negative ERV growth	2	0	0	2

## PORTFOLIO REVIEW

### Performance

Our portfolio comprises 48 assets, with around 350 occupiers, and was valued at £721 million as at 30 September 2024 with a net initial yield of 5.1% and a reversionary yield of 6.9%. The average lot size of the portfolio is £15 million.

Over the six months, the portfolio has delivered a total return of 2.5% compared to the MSCI UK Quarterly Property Index which delivered 2.7%. We continue to outperform MSCI over twelve months, with long-term upper quartile outperformance since launch in 2005. A breakdown of the portfolio and valuation movements is as follows:

Sector	Portfolio weightings	Sept 24 valuation	Like-for-like change
<b>Industrial</b>	<b>62.0%</b>	<b>£447.3m</b>	<b>1.7%</b>
South East	44.1%		
Rest of UK	17.9%		
<b>Office</b>	<b>26.9%</b>	<b>£193.9m</b>	<b>-1.0%</b>
London City and West End	7.5%		
South East	7.6%		
Rest of UK	8.8%		
Alternative use assets	3.0%		
<b>Retail and Leisure</b>	<b>11.1%</b>	<b>£80.1m</b>	<b>0.4%</b>
Retail warehouse	7.1%		
High Street – Rest of UK	2.3%		
Leisure	1.7%		
<b>Total</b>	<b>100%</b>	<b>£721.3m</b>	<b>0.8%</b>

Angel Gate, London was sold during the period, reducing our office exposure from 30% to 27%. This exposure will reduce further to 25% assuming the disposals of Longcross, Cardiff and Charlotte Terrace, London, which are classified as alternative use assets.

Overall, the like-for-like valuation increased by 0.8% over the period, which reflects a stabilisation in property values and investment into upgrading assets, which is further detailed below. The industrial assets saw a 1.7% valuation increase over the half year, and the retail and leisure assets increased by 0.4%, while the office assets had a negative valuation movement of 1.0%. Investment into the office assets limited some of the declines seen in the wider market, as space was upgraded, improving rental values. The full impact of these projects will only be seen once the works are completed and space re-leased.

The portfolio's estimated rental value is £56.4 million per annum, a like-for-like increase of 1.6%, with all three sectors showing positive ERV growth as follows:

- Industrial: 1.1%
- Office: 2.3%
- Retail and Leisure: 2.0%

The contracted annual rent of the portfolio as at 30 September 2024 was £47.9 million. The reversionary potential comprises £4.8 million of void income, of which 32% will be crystallised through asset disposals, and £3.7 million of reversionary income, which will be captured by resetting rents to market level.

In the industrial sector we are seeing demand at our multi-let industrial estates and continue to capture rental growth through new lettings, renewals and rent reviews. Our five distribution warehouses remain fully leased and during the period we extended the lease of our second largest occupier in Grantham by 13 years, which led to a significant valuation uplift.

We are delivering rental growth in the office portfolio, which reflects our ongoing programme to decarbonise and upgrade our assets to meet occupier requirements. Where appropriate, we have pivoted to higher value alternative use strategies as described further below.

The retail portfolio remains well occupied. Two units were vacated at the end of the period and on one, we have already secured planning consent for a change of use to leisure with terms agreed for re-letting.

### Proactive asset management

There has been positive asset management activity, delivering income growth and proving rental value growth across the portfolio, including:

- 12 lettings or agreements to lease, 9% ahead of the March ERV and securing new contracted annual rent of £1.6 million which includes:
  - six office transactions
  - five industrial transactions
  - one retail transaction
- 16 lease renewals or regears, 7% ahead of the March ERV, securing a 14% uplift in contracted annual rent of £0.5 million which includes:

- two office transactions
- ten industrial transactions
- four retail transactions
- Six rent reviews, 9% ahead of March ERV, securing a 26%, or £0.3 million, uplift in passing rent
- Two lease variations to remove occupier break options, securing contracted annual rent of £0.3 million
- Two lease surrenders in order to facilitate alternative use strategies and one agreement to surrender

On a like-for-like basis contracted rent increased over the period by 1% to £47.9 million per annum.

## Occupancy

Occupancy increased during the period from 91% to 92% with a total void ERV of £4.8 million. During the period we made progress on key repositioning strategies which are outlined below.

- Angel Gate, London – following the successful strategy to secure residential conversion rights for the largest void property in the portfolio, we completed its sale for £29.6 million, reflecting a 5% premium to the preceding valuation.
- Longcross, Cardiff – we received a resolution to grant planning consent for 706 beds across 488 units for this asset, which accounts for 18% of the total portfolio void, having previously exchanged contracts to sell the asset to a student accommodation developer. Completion of the disposal will follow receipt of a satisfactory section 106 agreement, which is being finalised. This has delivered a 17% valuation uplift in the half year.
- Charlotte Terrace, London – the property, which accounts for 14% of the total portfolio void, is being marketed for disposal after we received planning consent for change of use of part to residential.

Assuming the above initiatives are concluded, occupancy increases to 94%, which compares to the MSCI UK Quarterly Property Index occupancy rate of 91% as at 30 September 2024.

Our industrial portfolio is 98% leased and we only have seven vacant units, of which two are under offer. The office portfolio occupancy is 83% but rises to 89% assuming the planned disposals referred to above are concluded. Retail and leisure occupancy was 93% at the half year end.

Our top five voids, excluding the assets held for sale, equates to 39% of the total vacancy as follows:

- Colchester Business Park, Essex – Office - 14% of the portfolio void. This is a single office building that we are refurbishing to a high specification, which includes decarbonising the property and improving occupier amenities.
- Metro, Salford Quays, Manchester – Office - 9% of the portfolio void. We have a single refurbished floor available to lease at the building, which benefits from excellent public transport links.
- Tower Wharf, Bristol – Office - 6% of the portfolio void. We are converting a single large suite into two smaller fully-fitted suites in order to meet greater occupier demand.
- Madleaze Trading Estate, Gloucester – Industrial - 5% of the portfolio void. We have three units available, all of which have been refurbished and are generating good occupier interest.
- Gloucester Retail Park, Gloucester – Retail - 5% of the portfolio void. Following a lease expiry at the end of the period we have one vacant unit. This is already under offer to a leisure operator, and planning consent has recently been secured for the change of use.

## Investing to upgrade our portfolio

We invested £4.2 million into the portfolio during the period, with the focus on decarbonising office assets, refurbishing and upgrading space prior to re-leasing and carrying out upgrade works as part of active management transactions.

Key projects in the period in the office sector include works at offices in Pembroke Court, Chatham, and Atlas House, Marlow. We are now on-site at Tower Wharf, Bristol to facilitate a letting to an existing occupier who is increasing their floorspace by 146%, and to also create two smaller fully-fitted suites. We are also on-site at Colchester Business Park, Essex, to create a high quality, fully decarbonised headquarters office building.

In the industrial sector at River Way, Harlow, and Madleaze Trading Estate, Gloucester, we are improving the units and EPC ratings, which enabled us to secure two lease renewals at a combined 39% premium to the previous passing rents. At Easter Court, Warrington we have refurbished a unit, which was pre-let prior to completion of the works.

We expect our office exposure to reduce further and we continue to consider each asset on its merits with regard to alternative uses or upgrading for existing use. We will continue to exercise discipline over capital expenditure, investing only where we can improve an asset and where occupational demand is strong. We are in discussions with a number of existing office occupiers to align building upgrade works to renewing or regearing leases at higher rents, which would allow us to underwrite the expenditure.



## Top ten assets

The top ten assets as at 30 September 2024, ranked by capital value, represent 55% of the total portfolio valuation as shown below:

		<b>Sector</b>	<b>Approx. area (sq ft)</b>	<b>Appraised value</b>
1	Parkbury Industrial Estate, Radlett, Herts.	Industrial	340,900	>£100m
2	River Way Industrial Estate, Harlow, Essex	Industrial	454,800	£50m-£75m
3	Stanford Building, Long Acre, London WC2	Office	20,100	£30m-£50m
4	Datapoint, Cody Road, London E16	Industrial	55,100	£30m-£50m
5	Shipton Way, Rushden, Northants.	Industrial	312,900	£20m-£30m
6	Lyon Business Park, London IG11	Industrial	99,400	£20m-£30m
7	Sundon Business Park, Dencora Way, Luton	Industrial	127,800	£20m-£30m
8	50 Farringdon Road, London EC1	Office	31,300	£20m-£30m
9	Trent Road, Grantham	Industrial	336,100	£20m-£30m
10	Tower Wharf, Cheese Lane, Bristol	Office	70,600	£20m-£30m

A full portfolio listing is available on the Company's website: [www.picton.co.uk](http://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 2024, are summarised below:

	<b>Occupier</b>	<b>%</b>
1	Whistl UK Limited	3.4
2	The Random House Group Limited	3.4
3	Public Sector	3.4
4	B&Q Plc	2.6
5	Snorkel Europe Limited	2.5
6	XMA Limited	2.0
7	Portal Chatham LLP	2.0
8	Orlight Limited	1.7
9	DHL Supply Chain Limited	1.6
10	Blanco UK Limited	1.6
		<b>24.2</b>

## FINANCIAL REVIEW

### Income statement

The trading performance for the six months to 30 September 2024 has been positive with a profit of £11.5 million, or 2.1p per share (30 September 2023: £1.4 million loss).

We have increased EPRA earnings by 11.6% to £11.2 million, compared with EPRA earnings for the six months to 30 September 2023 of £10.0 million, maintaining a healthy level of dividend cover over the period of 111% and supporting the 6% dividend increase, effective May 2024.

The EPRA earnings growth was supported by our capital structure and the repositioning of the office assets in the portfolio, in particular:

- Net property income - increased by £0.2 million compared with the six months to 30 September 2023. Excluding assets held for sale, net property income increased by £0.7 million or 3.6%. Previous leasing activity at industrial assets in Harlow, Barking and Warrington underpinned the rental income growth.
- Net finance costs - reduced by £1.0 million due to the repayment of the revolving credit facility in April 2024 and increased interest income as a result of interest earned on the residual sale proceeds and the higher interest rate environment.

Administrative expenses for the period were broadly in line with the six months to 30 September 2023 and lower on an annualised basis, reflecting the one-off costs in the prior year.

### Balance sheet

The net asset value was stable during the period and as at 30 September 2024 was £524.8 million (31 March 2024: £524.5 million). The valuation of the investment portfolio increased by £5.7 million to £721.3 million, equivalent to 0.8% on a like-for-like basis (i.e. excluding Angel Gate, London which was sold in the period), or 0.2% including the capital expenditure incurred in the period.

Longcross, Cardiff and Charlotte Terrace, London are classified as investment properties held for sale at the CBRE appraised valuation (£20.6 million). In respect of Cardiff, this is in line with expected proceeds on completion and reflects an uplift of 17% during the period, with completion expected to take place before the end of the financial year. Charlotte Terrace is currently being marketed for sale.

As at 30 September 2024 we held £28.2 million of cash, an increase of £8.5 million during the period. The net proceeds from the Angel Gate, London disposal (£29.0 million) have primarily been used to repay the revolving credit facility (£17.1 million), fund capital expenditure (£4.2 million) and purchase shares on behalf of the Employee Benefit Trust to hedge amounts outstanding under employee share schemes (£1.5 million). The remaining proceeds and future disposal proceeds will be reinvested into the existing portfolio and new opportunities to support value and earnings growth.

Total borrowings have reduced during the period following the repayment of the revolving credit facility. This has resulted in the loan to value ratio reducing from 28% to 25%. The weighted average maturity of our borrowings is now 7.2 years and 100% of the drawn debt is fixed at a weighted average interest rate of 3.7%.

The long-term loan facilities with Canada Life and Aviva are in place until 2031 and 2032 respectively. Our £50 million revolving credit facility remains committed and undrawn with a maturity in May 2025. We continue to operate with considerable headroom on our financial loan covenants and uncharged assets provide £70 million of additional flexibility. We intend to put in place a new revolving credit facility to maintain flexibility for capital and investment opportunities.

EPRA net tangible assets at 30 September 2024 were 96p per share, in line with the IFRS net asset value. However, the EPRA net disposal value, which included a £23 million fair value adjustment to our borrowings, was higher at 101p per share.

## **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, financial and climate related risks.

These risks, and the way in which they are managed, are described in more detail under the heading 'Managing Risk' within the Strategic Report in the Company's Annual Report for the year ended 31 March 2024. The Company's principal risks and uncertainties have not changed materially since the date of that report.

### **STATEMENT OF GOING CONCERN**

The Directors have assessed whether the going concern basis remains appropriate for the preparation of the financial statements for the period ended 30 September 2024. In making their assessment the Directors have considered the principal and emerging risks relating to the Group and scenarios impacting the portfolio and the potential consequences on financial performance, asset values, investing and financing activities. The Directors have also considered the maturity of the revolving credit facility in May 2025 and, whilst currently undrawn as at 30 September 2024, have commenced steps to refinance this. More details regarding the Group's business activities, together with the factors affecting performance, investment activities and future developments are set out in the Portfolio Review.

Further information on the financial position of the Group, including its liquidity position and debt facilities, is set out in the Financial Review and in the condensed consolidated financial statements.

Under all of these scenarios the Group has sufficient cash resources to continue its operations, and remain within its loan covenants, for a period of at least 12 months from the date of these financial statements.

Based on their assessment and knowledge of the portfolio and market, the Directors have therefore continued 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 Business Overview and Portfolio Review (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 the 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 Business Overview 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

**Saira Johnston**

Director

11 November 2024

## **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 consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2024 of the Company and its subsidiaries (together, the 'Group'), which comprises the condensed consolidated balance sheet, the condensed consolidated statements of comprehensive income, changes in equity and 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 consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2024 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) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('ISRE (UK) 2410') issued by the Financial Reporting Council 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-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated 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.

### **CONCLUSIONS RELATING TO GOING CONCERN**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Scope of review section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However future events or conditions may cause the Group and the Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group and the Company will continue in operation.

### **DIRECTORS' RESPONSIBILITIES**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards. The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 Interim Financial Reporting.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **OUR RESPONSIBILITY**

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the scope of review paragraph of this report.

### **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.

**Steven Stormonth**  
**For and on behalf of KPMG Channel Islands Limited**  
*Chartered Accountants*  
*Guernsey*

11 November 2024

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024**

		<b>6 months ended 30 September 2024 unaudited Total £000</b>	6 months ended 30 September 2023 unaudited Total £000	Year ended 31 March 2024 audited Total £000
<b>Income</b>				
Revenue from properties	3	26,883	26,742	54,690
Property expenses	4	(8,467)	(8,569)	(16,799)
<b>Net property income</b>		<b>18,416</b>	<b>18,173</b>	<b>37,891</b>
<b>Expenses</b>				
Administrative expenses		(3,469)	(3,412)	(7,219)
<b>Total operating expenses</b>		<b>(3,469)</b>	<b>(3,412)</b>	<b>(7,219)</b>
<b>Operating profit before movement on investments</b>		<b>14,947</b>	<b>14,761</b>	<b>30,672</b>
<b>Investments</b>				
Revaluation of owner-occupied property		88	160	223
Loss on disposal of investment property	9	(33)	–	–
Investment property valuation movements	9	253	(11,606)	(26,757)
<b>Total profit/(loss) on investments</b>		<b>308</b>	<b>(11,446)</b>	<b>(26,534)</b>
<b>Operating profit</b>		<b>15,255</b>	<b>3,315</b>	<b>4,138</b>
<b>Financing</b>				
Interest income		594	32	604
Interest expense		(4,338)	(4,755)	(9,531)
<b>Total finance costs</b>		<b>(3,744)</b>	<b>(4,723)</b>	<b>(8,927)</b>
<b>Profit/(loss) before tax</b>		<b>11,511</b>	<b>(1,408)</b>	<b>(4,789)</b>
Tax		–	–	–
<b>Profit/(loss) after tax</b>		<b>11,511</b>	<b>(1,408)</b>	<b>(4,789)</b>
<b>Total comprehensive profit/(loss) for the period/year</b>		<b>11,511</b>	<b>(1,408)</b>	<b>(4,789)</b>
<b>Earnings per share</b>				
Basic	7	2.1p	(0.3)p	(0.9)p
Diluted	7	2.1p	(0.3)p	(0.9)p

All of the profit and total comprehensive income for the period 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 2024**

	Note	Share capital £000	Retained earnings £000	Other reserves £000	Revaluation reserve £000	Total £000
<b>Balance as at 31 March 2023</b>		<b>164,400</b>	<b>384,406</b>	<b>(1,182)</b>	<b>–</b>	<b>547,624</b>
Loss for the period		–	(1,408)	–	–	(1,408)
Dividends paid	6	–	(9,541)	–	–	(9,541)
Share-based awards		–	–	379	–	379
<b>Balance as at 30 September 2023</b>		<b>164,400</b>	<b>373,457</b>	<b>(803)</b>	<b>–</b>	<b>537,054</b>
Loss for the period		–	(3,381)	–	–	(3,381)
Dividends paid	6	–	(9,548)	–	–	(9,548)
Share-based awards		–	–	350	–	350
<b>Balance as at 31 March 2024</b>		<b>164,400</b>	<b>360,528</b>	<b>(453)</b>	<b>–</b>	<b>524,475</b>
Profit for the period		–	11,511	–	–	11,511
Dividends paid	6	–	(10,089)	–	–	(10,089)
Share-based awards		–	–	400	–	400
Purchase of shares held in trust		–	–	(1,519)	–	(1,519)
<b>Balance as at 30 September 2024</b>		<b>164,400</b>	<b>361,950</b>	<b>(1,572)</b>	<b>–</b>	<b>524,778</b>

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

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2024**

		<b>30 September 2024</b>	30 September 2023	31 March 2024
	Note	<b>unaudited £000</b>	unaudited £000	audited £000
<b>Non-current assets</b>				
Investment properties	9	679,004	736,619	688,310
Property, plant and equipment		3,519	3,506	3,499
<b>Total non-current assets</b>		<b>682,523</b>	<b>740,125</b>	<b>691,809</b>
<b>Current assets</b>				
Investment properties held for sale	9	20,497	–	35,733
Accounts receivable		25,226	26,065	26,601
Cash and cash equivalents		28,223	17,205	19,773
<b>Total current assets</b>		<b>73,946</b>	<b>43,270</b>	<b>82,107</b>
<b>Total assets</b>		<b>756,469</b>	<b>783,395</b>	<b>773,916</b>
<b>Current liabilities</b>				
Accounts payable and accruals		(19,865)	(18,444)	(20,622)
Loans and borrowings	10	(1,279)	(1,161)	(1,194)
Obligations under leases		(115)	(114)	(114)
<b>Total current liabilities</b>		<b>(21,259)</b>	<b>(19,719)</b>	<b>(21,930)</b>
<b>Non-current liabilities</b>				
Loans and borrowings	10	(207,867)	(224,045)	(224,940)
Obligations under leases		(2,565)	(2,577)	(2,571)
<b>Total non-current liabilities</b>		<b>(210,432)</b>	<b>(226,622)</b>	<b>(227,511)</b>
<b>Total liabilities</b>		<b>(231,691)</b>	<b>(246,341)</b>	<b>(249,441)</b>
<b>Net assets</b>		<b>524,778</b>	<b>537,054</b>	<b>524,475</b>
<b>Equity</b>				
Share capital	11	164,400	164,400	164,400
Retained earnings		361,950	373,457	360,528
Other reserves		(1,572)	(803)	(453)
Revaluation reserve		–	–	–
<b>Total equity</b>		<b>524,778</b>	<b>537,054</b>	<b>524,475</b>
<b>Net asset value per share</b>	13	96p	99p	96p

These condensed consolidated financial statements were approved by the Board of Directors on 11 November 2024 and signed on its behalf by:

**Saira Johnston**  
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 2024**

	Note	6 months ended 30 September 2024 unaudited £000	6 months ended 30 September 2023 unaudited £000	Year ended 31 March 2024 audited £000
<b>Operating activities</b>				
Operating profit		15,255	3,315	4,138
Adjustments for non-cash items	12	160	11,897	27,406
Interest received		1,006	32	102
Interest paid		(4,432)	(4,499)	(9,085)
Decrease/(increase) in accounts receivables		963	(3,316)	(3,350)
(Decrease)/increase in accounts payable and accruals		(516)	(1,137)	996
<b>Cash inflows from operating activities</b>		<b>12,436</b>	<b>6,292</b>	<b>20,207</b>
<b>Investing activities</b>				
Disposal of investment properties	9	28,967	–	–
Capital expenditure on investment properties	9	(4,205)	(1,883)	(4,458)
Purchase of property, plant and equipment		–	(3)	(4)
<b>Cash inflows/(outflows) from investing activities</b>		<b>24,762</b>	<b>(1,886)</b>	<b>(4,462)</b>
<b>Financing activities</b>				
Borrowings repaid		(17,140)	(710)	(1,433)
Borrowings drawn		–	3,000	4,500
Purchase of shares held in trust		(1,519)	–	–
Dividends paid	6	(10,089)	(9,541)	(19,089)
<b>Cash outflows from financing activities</b>		<b>(28,748)</b>	<b>(7,251)</b>	<b>(16,022)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,450</b>	<b>(2,845)</b>	<b>(277)</b>
Cash and cash equivalents at beginning of period/year		19,773	20,050	20,050
<b>Cash and cash equivalents at end of period/year</b>		<b>28,223</b>	<b>17,205</b>	<b>19,773</b>

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 2024**

**1. GENERAL INFORMATION**

Picton Property Income Limited (the 'Company' and together with its subsidiaries the 'Group') was established in Guernsey on 15 September 2005 and entered the UK REIT regime on 1 October 2018.

The financial statements are prepared for the period from 1 April to 30 September 2024, with unaudited comparatives for the period from 1 April to 30 September 2023. Comparatives are also provided from the audited financial statements for the year ended 31 March 2024.

**2. MATERIAL 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 2024.

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 2024.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the IASB. The Group's annual financial statements for the year ended 31 March 2024 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 2024.

The Directors have assessed whether the going concern basis remains appropriate for the preparation of the financial statements. They have reviewed the Group's principal and emerging risks, existing loan facilities, access to funding and liquidity position and then considered different adverse scenarios impacting the portfolio and the potential consequences on financial performance, asset values, dividend policy, capital projects and loan covenants. Under all these scenarios the Group has sufficient resources to continue its operations, and remain within its loan covenants, for a period of at least 12 months from the date of these financial statements. Based on their assessment and knowledge of the portfolio and market, the Directors have therefore continued to adopt the going concern basis in preparing the financial statements.

**3. REVENUE FROM PROPERTIES**

	<b>6 months ended 30 September 2024 £000</b>	<b>6 months ended 30 September 2023 £000</b>	<b>Year ended 31 March 2024 £000</b>
Rents receivable (adjusted for lease incentives)	21,910	21,626	43,910
Surrender premiums	–	54	102
Dilapidation receipts	–	211	952
Other income	127	122	124
	<b>22,037</b>	<b>22,013</b>	<b>45,088</b>
Service charge income	4,846	4,729	9,602
	<b>26,883</b>	<b>26,742</b>	<b>54,690</b>

Rents receivable includes lease incentives recognised of £0.3 million (30 September 2023: £(0.1) million, 31 March 2024: £nil million).

**4. PROPERTY EXPENSES**

	<b>6 months ended 30 September 2024 £000</b>	<b>6 months ended 30 September 2023 £000</b>	<b>Year ended 31 March 2024 £000</b>
Property operating costs	1,387	1,521	3,075
Property void costs	2,234	2,319	4,122
	<b>3,621</b>	<b>3,840</b>	<b>7,197</b>
Recoverable service charge costs	4,846	4,729	9,602
	<b>8,467</b>	<b>8,569</b>	<b>16,799</b>

## 5. OPERATING SEGMENTS

The Board is charged with setting the Group's business model and strategy. 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 48 commercial properties, which are in the industrial, office, retail and leisure sectors.

## 6. DIVIDENDS

	6 months ended 30 September 2024 £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
<b>Declared and paid:</b>			
Interim dividend for the period ended 31 March 2023: 0.875 pence	–	4,771	4,771
Interim dividend for the period ended 30 June 2023: 0.875 pence	–	4,770	4,770
Interim dividend for the period ended 30 September 2023: 0.875 pence	–	–	4,771
Interim dividend for the period ended 31 December 2023: 0.875 pence	–	–	4,777
Interim dividend for the period ended 31 March 2024: 0.925 pence	5,050	–	–
Interim dividend for the period ended 30 June 2024: 0.925 pence	5,039	–	–
	<b>10,089</b>	<b>9,541</b>	<b>19,089</b>

The interim dividend of 0.925 pence per ordinary share in respect of the period ended 30 September 2024 has not been recognised as a liability as it was declared after the period end. A dividend of £5,038,000 will be paid on 29 November 2024.

## 7. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit/(loss) 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/(loss) and share data used in the basic and diluted earnings per share calculation:

	6 months ended 30 September 2024	6 months ended 30 September 2023	Year ended 31 March 2024
Net profit/(loss) attributable to ordinary shareholders of the Company from continuing operations (£000)	11,511	(1,408)	(4,789)
Weighted average number of ordinary shares for basic earnings per share	545,472,873	545,218,892	545,437,264
Weighted average number of ordinary shares for diluted earnings per share	544,645,651	546,629,089	547,092,154

## 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 2024.

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 2024.

## 9. INVESTMENT PROPERTIES

	6 months ended <b>30 September 2024</b> £000	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Fair value at start of period/year	724,043	746,342	746,342
Capital expenditure on investment properties	4,205	1,883	4,458
Disposals	(28,967)	–	–
Realised loss on disposal	(33)	–	–
Unrealised movement on investment properties	253	(11,606)	(26,757)
<b>Fair value at the end of the period/year</b>	<b>699,501</b>	<b>736,619</b>	<b>724,043</b>
<b>Historic cost at the end of the period/year</b>	<b>667,757</b>	<b>683,001</b>	<b>685,576</b>

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

	<b>30 September 2024</b> £000	30 September 2023 £000	31 March 2024 £000
<b>Current</b>			
Appraised value of properties held for sale	20,550	–	35,900
Lease incentives shown as debtors in respect of properties held for sale	(53)	–	(167)
	20,497	–	35,733
<b>Non-current</b>			
Appraised value	700,770	757,050	708,740
Valuation of assets held under head leases	2,062	2,095	2,046
Lease incentives held as debtors	(20,390)	(19,158)	(19,085)
Owner-occupied property	(3,438)	(3,368)	(3,391)
	679,004	736,619	688,310
<b>Fair value at the end of the period/year</b>	<b>699,501</b>	<b>736,619</b>	<b>724,043</b>

As at 30 September 2024, two assets were held for sale; contracts have been exchanged to sell Longcross, Cardiff and Charlotte Terrace, London is being marketed for sale. As at 31 March 2024, Angel Gate, London EC1 and Longcross, Cardiff were assets classified as held for sale.

All of the Group's properties are Level 3 in the fair value hierarchy as they involve 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 2024 on the basis of fair value in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the Red Book) current as at the valuation date.

The fair value of the Group's investment properties has been determined using an income capitalisation technique, whereby contracted and market rental values are capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable market transactions on an arm's length basis.

Information on the significant unobservable inputs per sector of investment properties is disclosed as follows:

	30 September 2024			31 March 2024		
	Office	Industrial	Retail and Leisure	Office	Industrial	Retail and Leisure
Appraised value (£000)	193,925	447,250	80,145	224,885	439,945	79,810
Area (sq ft, 000s)	808	3,249	695	874	3,240	692
<b>Range of unobservable inputs:</b>						
<b>Gross ERV (sq ft per annum)</b>						
– range	£10.51 to £90.99	£3.79 to £29.85	£3.35 to £21.53	£6.00 to £87.81	£3.79 to £27.95	£3.35 to £21.53
– weighted average	£40.47	£13.56	£11.83	£38.26	£13.37	£11.63
<b>Net initial yield</b>						
– range	-8.94% to 11.81%	3.07% to 7.75%	5.26% to 57.27%	-4.85% to 10.73%	2.30% to 7.75%	6.80% to 42.40%
– weighted average	5.82%	4.39%	8.39%	5.22%	4.63%	9.17%
<b>Reversionary yield</b>						
– range	5.06% to 15.99%	4.90% to 8.05%	7.00% to 17.18%	5.09% to 15.01%	4.82% to 8.05%	7.00% to 12.72%
– weighted average	9.31%	5.88%	8.33%	8.81%	5.86%	8.20%
<b>True equivalent yield</b>						
– range	5.12% to 11.15%	4.75% to 8.01%	7.07% to 12.50%	4.85% to 10.83%	4.75% to 8.00%	7.25% to 12.25%
– weighted average	8.06%	5.67%	8.16%	7.75%	5.66%	8.29%

An increase/decrease in ERV will increase/decrease valuations, while an increase/decrease in yield will decrease/increase valuations.

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 2024 £000	30 September 2023 £000	31 March 2024 £000
<b>Current</b>				
Aviva facility	–	1,530	1,465	1,497
Capitalised finance costs	–	(251)	(304)	(303)
		1,279	1,161	1,194
<b>Non-current</b>				
Canada Life facility	24 July 2031	129,045	129,045	129,045
Aviva facility	24 July 2032	79,818	81,347	80,591
NatWest revolving credit facility	26 May 2025	–	14,900	16,400
Capitalised finance costs	–	(996)	(1,247)	(1,096)
		207,867	224,045	224,940
<b>Total loans and borrowings</b>		209,146	225,206	226,134

The Group has a loan with Canada Life Limited for £129.0 million which matures in July 2031. Interest is fixed at 3.25% over the life of the loan.

Additionally, the Group has a loan facility agreement with Aviva Commercial Finance Limited for £95.3 million, which was fully drawn on 24 July 2012. The loan matures in July 2032, with approximately one-third repayable over the life of the loan in accordance with a scheduled amortisation profile. Interest on the loan is fixed at 4.38% over the life of the loan.

The Group also has a £50 million revolving credit facility ('RCF') with National Westminster Bank Plc which matures in May 2025 and is currently undrawn. The RCF interest is 150 basis points over SONIA on drawn balances and has an undrawn commitment fee of 60 basis points.

The fair value of the secured loan facilities at 30 September 2024, estimated as the present value of future cash flows discounted at the market rate of interest at that date, was £187.4 million (30 September 2023: £193.2 million, 31 March 2024: £202.8 million). The fair value of the secured loan facilities is classified as Level 2 under the hierarchy of fair value measurements.

The weighted average interest rate on the Group's borrowings as at 30 September 2024 was 3.7% (30 September 2023: 3.9%, 31 March 2024: 3.9%).

## 11. SHARE CAPITAL AND OTHER RESERVES

The Company has 547,605,596 ordinary shares in issue of no par value (30 September 2023: 547,605,596, 31 March 2024: 547,605,596).

The balance on the Company's share premium account as at 30 September 2024 was £164,400,000 (30 September 2023: £164,400,000, 31 March 2024: £164,400,000).

	<b>30 September 2024</b>	30 September 2023	31 March 2024
Ordinary share capital	547,605,596	547,605,596	547,605,596
Number of shares held in Employee Benefit Trust	(2,942,959)	(2,380,998)	(1,642,440)
<b>Number of ordinary shares</b>	<b>544,662,637</b>	<b>545,224,598</b>	<b>545,963,156</b>

The fair value of share awards made under the Long-term Incentive Plan and the Deferred Bonus 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 2,942,959 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. The Employee Benefit Trust acquired 2,100,000 shares in the period (30 September 2023: nil shares, 31 March 2024: nil shares) and 799,481 share awards were exercised in the period (30 September 2023: 7,696 shares, 31 March 2024: 746,254 shares).

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

	<b>6 months ended 30 September 2024 £000</b>	6 months ended 30 September 2023 £000	Year ended 31 March 2024 £000
Movement in investment property valuation	(253)	11,606	26,757
Loss on disposal of investment property	33	–	–
Revaluation of owner-occupied property	(88)	(160)	(223)
Share-based provisions	400	379	729
Depreciation of tangible assets	68	72	143
	<b>160</b>	<b>11,897</b>	<b>27,406</b>

## 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 2024, the Company had a net asset value per ordinary share of £0.96 (30 September 2023: £0.99, 31 March 2024: £0.96).

## 14. RELATED PARTY TRANSACTIONS

There have been no changes in the related party 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

A dividend of £5,038,000 (0.925 pence per share) was approved by the Board on 28 October 2024 and is payable on 29 November 2024.

END