

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 2023.

Commenting on the results, Michael Morris, Chief Executive, said:

“Picton has once again outperformed the MSCI UK Quarterly Property Index. We continue to operate with a covered dividend and have a robust balance sheet comprising predominantly long-term fixed rate debt.

“Our exposure to the better performing industrial sector has supported the overall portfolio valuation while we’ve made excellent progress with our plans to find alternative uses for some of our office assets. We’re also continuing to progress a number of asset management initiatives aimed at capturing the reversionary potential in the portfolio. We have scope to grow annual rental income by letting £5.9 million of vacant space and by resetting rents to market levels providing a further £2.8 million per annum.”

Resilient financial results

- EPRA earnings of £10.0 million, or 1.8p per share
- Dividends paid of £9.5 million with dividend cover of 105%
- Net assets of £537 million, or 99p per share, a decrease of 1.9%
- EPRA NDV of £571 million, or 105p per share

Long-term fixed rate borrowings

- Total borrowings of £226.8 million, with 93% at fixed rates of interest
- Weighted average interest rate of 3.9% with a weighted average debt maturity of 7.8 years
- Reported net assets exclude positive debt fair value adjustment of £34 million, or 6p per share
- Loan to value ratio of 28%
- Revolving credit facility with £35.1 million available

Active management contributing to MSCI outperformance

- Total property return of 1.0%, outperforming the MSCI UK Quarterly Property Index of -0.5%
- Like-for-like increase in contracted rent of 0.4%
- 40 asset management transactions, securing rent of £4.2 million per annum, 1% above the March 2023 estimated rental value (ERV)
- Current pipeline of nine new lettings totalling £0.9 million per annum, agreed subject to contract

Alternative use strategy to reduce office exposure

- Following the period end, exchanged contracts to sell part vacant Cardiff office asset for student accommodation, subject to planning
- Surrender of three leases in Cardiff to ensure vacant possession to facilitate disposal
- Submitted planning application for partial residential conversion at Charlotte Terrace, W14

- Secured further planning consents at Angel Gate, EC1 to convert more than 30,000 sq ft of office space to residential, creating 34 dwellings
- Following the period end, removed Article 4 restriction on Angel Gate, enabling future residential use across the entire holding
- Office exposure reduces from 31% to 26%, reclassifying Angel Gate and Cardiff as alternative use assets

Property portfolio valuation showing positive rental growth and limited capital decline

- Like-for-like portfolio valuations decrease of 1.2% as property valuations have stabilised
- Like-for-like increase in ERV of 0.7%
- £1.9 million invested into upgrading and repositioning assets
- Occupancy of 90%, which increases to 92% excluding the two assets where vacant possession is being secured to facilitate alternative uses
- The average length of leases to first termination was maintained at 4.6 years

Balance sheet	30 Sept 2023	31 March 2023
Property valuation	£757m	£766m
Net assets	£537m	£548m
EPRA NTA per share	99p	100p
EPRA NDV per share	105p	105p

Income statement	Six months to 30 Sept 2023	Six months to 30 Sept 2022
EPRA earnings	£10.0m	£10.7m
Loss after tax	£(1.4)m	£(10.4)m
Earnings per share	(0.3)p	(1.9)p
EPRA earnings per share	1.8p	2.0p
Total return	(0.2)%	(1.7)%
Total shareholder return	1.1%	(11.4)%
Total dividend per share	1.75p	1.75p
Dividend cover	105%	112%

This announcement contains inside information.

For further information:

Picton

Kathy Thompson, Company Secretary
020 7011 9988, kathy.thompson@picton.co.uk

Tavistock

James Verstringhe
020 7920 3150, james.verstringhe@tavistock.co.uk

About Picton

Picton, established in 2005, is a UK REIT. It owns and actively manages a £757 million diversified UK commercial property portfolio, invested across 49 assets and with around 400 occupiers (as at 30 September 2023). 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.

For more information please visit: www.picton.co.uk

BUSINESS OVERVIEW

Introduction

Set against a challenging market backdrop, primarily driven by a higher interest rate environment, we have delivered a set of results for the six-month period which reflects the resilience of our portfolio.

Financial performance

Our net asset value, at £537 million or 99 pence per share, has dipped by 1.9% compared to March 2023. We have paid dividends of £9.5 million and our dividend cover is 105% for the six-month period. Our EPRA earnings are slightly lower than this time a year ago, and whilst we have been able to grow rental income we have not been immune to rising costs, which have impacted both property costs and administrative expenses.

Capital structure

We are in the enviable position of having 93% of our drawn debt fixed, at an average weighted interest rate of 3.9%, and with a weighted average debt maturity of 7.8 years. As our long-term debt is fixed, there is no mark to market volatility in the financial statements. However, the fair value of our loans is reflected in our EPRA NDV, which is some £34 million higher than the reported net assets.

Outperforming property portfolio

The property portfolio valuation has remained relatively stable, down just 1.2% over the six months. Our portfolio delivered a total return of 1.0%, outperforming the MSCI UK Quarterly Property Index return of -0.5% which continues our long-term track record of upper quartile performance against MSCI since inception.

Our exposure to the better performing industrial sector has offset some of the continued weakness within the office sector. Our proactive approach to asset management, which is detailed further in the Portfolio Review, and our pursuit of alternative use strategies at a number of office assets, have helped to mitigate the valuation declines.

Repositioning our office assets

It is clear that demand in the office sector is changing, despite our own leasing and regear successes in Birmingham, Glasgow, Fleet, Colchester and St Albans. Overall supply currently exceeds demand in the market and the increasing costs of upgrading assets are impacting values. We are adapting some of our assets accordingly and are at varying stages on four alternative use projects where we intend to secure planning permission for change of use to healthcare, residential and student living uses.

Specifically, we are pleased to have agreed the sale of an office asset in Cardiff for a student housing scheme, which supports the current valuation. The transaction is likely to complete in 2024 and is structured so that the proceeds increase in line with the number of rooms secured through planning.

At Angel Gate, EC1 we have spent much of this year in dialogue with the local authority to get its plan amended to allow residential permitted development rights. With this recently secured, we are now in the process of bringing this asset to the market for disposal in early 2024.

Our overall office exposure would reduce from 31% to 26% if Angel Gate and Cardiff are reclassified as alternative use assets.

Occupancy and income

In part, by virtue of our repositioning strategies above and the need to be able to provide vacant possession, headline occupancy has dipped slightly from 91% to 90%. However, excluding the Angel Gate and Cardiff assets, occupancy is 92%.

Of our total vacancy, 5% is in the retail and leisure portfolio, 21% is in industrial, 26% is in assets being repositioned (Angel Gate and Cardiff) and the remaining 48% is in offices.

Governance

We recently announced changes to our Board which will take place in 2024. Andrew Dewhirst, our Finance Director, informed the Board in October of his intention to retire at the end of March 2024. We are extremely grateful to Andrew for his significant contribution toward the success of Picton over the last 12 years. Andrew will remain with the Company for a short period to enable an orderly handover to Saira Johnston, currently Chief Financial Officer of Gravis Capital, who we are delighted to welcome to the Board, as Andrew's successor from April 2024.

At the end of September, we confirmed the completion of our plans to bring our company secretarial function in-house with the appointment of Kathy Thompson as Company Secretary, in place of Northern Trust.

Our Annual General Meeting was held in early September and all resolutions passed with 94% or more votes cast in favour and we would like to thank shareholders for their continued support and particularly those shareholders who attended the investor presentation webinar which followed.

Acting responsibly

Our 2023 Annual Report received a Gold award from EPRA for a ninth successive year, demonstrating our ongoing transparent approach to reporting to shareholders. We also received a Gold award from EPRA for our sustainability reporting.

Our approach has always been to reinvest in the portfolio to improve the overall quality and maintain and grow both income and value over the medium and long-term. Increasingly, these projects are including more energy efficiency measures and on-site renewable provisions wherever possible, thus reducing our reliance on carbon intensive fuels such as gas. As part of upgrading our assets prior to leasing, we have completed three solar renewable energy projects on industrial units with a total capacity of 0.2 MWp.

During the period, all new lettings have included green lease clauses and we have been focused on improving energy data coverage with our occupiers in respect of our Scope 3 emissions.

We are pleased to have maintained our three green star rating with GRESB, which recognised our governance and stakeholder engagement in particular.

Capital markets

We are acutely aware of current equity market conditions and the increasing disconnect between share prices and reported net asset values, particularly in the real estate sector. We are redoubling our investor engagement whilst remaining focused on growing earnings at a time when investors are seeking higher income generally. Active asset management including leasing space, capturing embedded reversionary income potential and reducing void costs will continue to have a significant impact on our earnings.

We are mindful of the consolidation that has taken place in the sector this year and the Board would like to reassure shareholders that we have been, and will continue to be, proactive in pursuing appropriate opportunities that add value for shareholders.

Outlook

The impact on capital markets from global events, including the crisis in the Middle East, is unclear, but we believe that the UK should remain attractive for investment, and UK real estate in particular has re-priced faster than many other countries. The markets are highly sensitive to the outlook for interest rates, impacting the risk-free rate and the cost of capital. Current indications are that whilst economic growth is slowing, we are likely to avoid a major recession in the UK.

We are well positioned as the team continues to adapt and ensure our portfolio outperforms. More than ever, we have to work harder to ensure that we remain relevant to investors in a higher interest rate environment, and much effort has been put in to achieving this. As confidence returns to the sector we have significant scope to grow income, both from leasing vacant space and also from the resetting of rents to higher market levels.

MARKET OVERVIEW

Economic backdrop

During the past six months, there have been further increases in the cost of borrowing as the Monetary Policy Committee try to achieve target inflation. Three rises totalling 100 basis points since the end of March saw the Bank of England base rate climb to 5.25% in August. However there have been no subsequent rate rises, hopefully indicating that the peak of the tightening cycle is here.

The UK economy has so far shown resilience to higher interest rates and avoided recession. Gross domestic product (GDP) was flat in the three months to September 2023, following an increase of 0.2% in the three months to June 2023, and is now 1.8% above pre-Covid-19 pandemic levels.

Recent interest rate rises have caused mortgage rates to reach post-Global Financial Crisis highs, resulting in a fall in house prices and an increasing proportion of households forced to spend more on servicing debt. Consumer confidence fell in October, reflecting renewed concerns over the cost of living.

In October 2022 the Consumer Price Index (CPI) peaked at 11.1% and has since eased substantially. CPI inflation was 6.7% in the 12 months to September 2023, with food and non-alcoholic beverages disinflationary for the first time in two years, however this was offset by a rise in fuel prices. Core CPI, which has been more stubborn, was 6.1% in the 12 months to September 2023, down from 6.2% in August.

Annual growth in total and regular pay was 8.1% and 7.8% respectively in August, which is amongst the highest recorded levels since comparable records began in 2001. ONS employment data shows that the number of job vacancies is falling but remains above pre-Covid-19 pandemic levels. The unemployment rate is on an upward trend and currently estimated at 4.2%, which is above pre-pandemic rates.

Whilst long-term Government bond yields edged up over the last six months, they have reduced in recent weeks following the Bank of England's decision to hold the base rate in early November.

UK property market

The MSCI UK Quarterly Property Index showed a total return for All Property for the six months to September 2023 of -0.5%, with an income return of 2.3% and capital growth of -2.7%. Rental growth was 1.8% for the six months to September 2023, compared to 1.6% for the six months to March 2023. The All Property Net Initial Yield was 4.9% in September 2023, compared to 4.8% in March 2023.

The market performance for the six months to September 2023 for All Property and the three main sectors is shown below.

Six months to September 2023	All Property	Industrial	Office	Retail
Total Return	-0.5%	3.4%	-6.3%	0.3%
Income Return	2.3%	2.1%	1.9%	2.9%
Capital Growth	-2.7%	1.2%	-8.1%	-2.5%
Number of segments with positive capital growth	5	5	0	0
Number of segments with negative capital growth	19	0	7	12
ERV Growth	1.8%	3.3%	1.4%	0.5%
Number of segments with positive ERV growth	19	5	7	7
Number of segments with negative ERV growth	5	0	0	5

Occupancy at an All Property level decreased slightly over the six months, with the MSCI UK Quarterly Property Index recording an occupancy rate of 91.5% for September 2023, down from 91.7% in March 2023.

According to MSCI, investment volumes for the year to September 2023 were 49% lower than the previous year.

PORTFOLIO REVIEW

Performance

Our portfolio comprises 49 assets, with around 400 occupiers, and is valued at £757 million with a net initial yield of 5.0% and a reversionary yield of 6.8%. The average lot size of the portfolio is £15.5 million as at 30 September 2023.

Our asset allocation, with 58.6% in industrial, 30.7% in office and 10.7% in retail and leisure, combined with our asset management and transactional activity, has enabled us to outperform the MSCI UK Quarterly Property Index over the six months. The portfolio returned 1.0%, outperforming the MSCI UK Quarterly Property Index which delivered -0.5%. Our portfolio income return was 2.4%, 0.1% ahead of the Index.

Sector	Portfolio weightings	Sept 23 valuation	Like-for-like change
Industrial	58.6%	£443.7m	0.9%
South East	42.0%		
Rest of UK	16.6%		
Office	30.7%	£232.3m	-5.3%
London City and West End	7.0%		
Inner and Outer London	1.7%		
South East	8.3%		
Rest of UK	9.1%		
Alternative use assets	4.6%		
Retail and Leisure	10.7%	£81.1m	-0.4%
Retail warehouse	6.8%		
High Street – Rest of UK	2.3%		
Leisure	1.6%		
Total	100%	£757.1m	-1.2%

Note that our office exposure reduces from 31% to 26% if our two assets in Angel Gate, London EC1 and Longcross, Cardiff are classified as alternative use assets.

Overall, the valuation decreased by 1.2% over the period, with valuations generally stabilising in September. This compares with the MSCI UK Quarterly Property Index recording a capital value decrease of 2.7% over the period. The industrial sector saw a 0.9% valuation increase over the half year, with the office sector showing a negative valuation movement of 5.3% and the retail and leisure portfolio decreasing by a nominal amount.

The portfolio's ERV is £56.2 million per annum, an increase of 0.7%, with all three sectors showing positive ERV growth as follows:

- Office: 0.8%
- Industrial: 0.6%
- Retail and Leisure: 0.3%

In the industrial sector we are seeing good demand at our multi-let industrial estates and are capturing rental growth through new lettings, renewals and rent reviews. Our five distribution warehouses remain fully leased and during the period we have extended the lease at our unit in York. The occupational market is remaining resilient, albeit rental growth has slowed but remains positive. There is continued investment demand for good quality assets.

In the office sector, occupational demand is weaker and more linked to the type of building, with the very best space attracting most occupiers. Investment demand has weakened, but there is still demand for best-in-class space with good environmental credentials. Although we have seen space returned over the period, we have delivered rental growth at lease renewal and rent reviews which reflects the better quality nature of the portfolio. Where demand is weaker in the office sector, we are exploring higher value alternative use strategies as described further below.

The retail sector is still suffering from higher vacancy rates, especially on the High Street, which has not been helped by the demise of retailers such as Wilko. Leasing demand is improving, however there is investment demand for better quality product where the income position is more certain.

£1.9 million was invested into the portfolio over the period, with the majority of this on upgrading and repositioning vacant buildings. This was principally at three industrial assets: a unit at Madleaze Trading Estate, Gloucester which has been leased post period end, a unit at Riverway Harlow which has been leased, and an industrial unit at Colchester Business Park which is under offer. As part of these

refurbishments, solar panels have been installed at two of the three units providing an additional income stream and, as such, both units have secured A-rated EPCs in line with our refurbishment guidelines.

Proactive asset management

It has been another active period in respect of asset management transactions. In summary we completed:

- 13 lettings or agreements to lease, in-line with the March ERV and securing a new contracted rent of £0.9 million of which:
 - o 54% across six office transactions
 - o 37% across six industrial transactions
 - o 9% in one retail transaction
- 20 lease renewals or regears, 2% ahead of the March ERV, securing an uplift in contracted rent of £0.2 million or 12% of which:
 - o 60% across eight office transactions
 - o 40% across 12 industrial transactions
- Five rent reviews, 1% ahead of ERV, securing an uplift in passing rent of £0.2 million or 15%
- Two lease variations to remove occupier break options, securing £0.7 million of income
- Four lease surrenders primarily to facilitate alternative use strategies

Contracted rent (i.e. after rent free periods) increased nominally by 0.4% to £45.8 million per annum, but due to leases which were surrendered to facilitate vacant possession at alternative use assets, passing rent decreased 0.8% to £43.0 million per annum.

Leasing and occupancy

Occupancy decreased marginally during the period from 91% to 90% with a total void ERV of £5.9 million. Excluding Longcross, Cardiff and Angel Gate, London EC1 where we are pursuing change of use strategies, occupancy increases to 92%, which compares to the MSCI UK Quarterly Property Index of 92% as at 30 September 2023.

Our industrial portfolio is 96% leased with demand remaining good across the country, especially for the smaller multi-let estates. We have only ten vacant industrial units, six of which are being refurbished and one has been leased after the period end.

The office portfolio occupancy is 80%. We have three office properties where we are working through changes of use to residential and student accommodation as detailed below. Excluding Angel Gate, EC1 and Cardiff, where we have secured a change in planning and a disposal, the office occupancy rate would be 85%.

In terms of retail and leisure, occupancy is 96%, including the office element at Rum Runner Works, Regency Wharf (classified as leisure being its predominant use), where we have recently secured our first occupier at this unique and iconic building.

Our largest voids are in the office sector, with the top five representing 63% of the total:-

- Angel Gate, London EC1 – 14% of the total portfolio void. We secured planning consents using permitted development rights to convert over 30,000 sq ft of office space to residential, creating 34 dwellings. Following the period end, we succeeded in having the Article 4 restriction removed, enabling future residential use across the entire holding.
- Colchester Business Park – 14% of the total portfolio void. An office building became vacant on the last day of the period which accounts for nearly 60% of the void on the park. We have agreed a dilapidations settlement with the outgoing occupier and are reviewing plans for the property. The majority of the remaining void is an industrial unit that has been recently refurbished and is under offer.
- Longcross, Cardiff – 12% of the total portfolio void. We have exchanged contracts to sell this office building to an experienced Purpose-Built Student Accommodation developer. The transaction is conditional on planning, which must be submitted by June 2024 by the developer. The sale price is dependent on planning permission and the number of rooms secured, subject to a collar and cap. The transaction is NAV accretive and we will retain a small income-producing industrial unit and car parking site. We have completed a number of occupier transactions to ensure vacant possession is achieved before completion.
- Tower Wharf, Bristol – 12% of the total portfolio void. A floor became available in August and we are currently planning to refurbish the space following a dilapidations settlement.
- Charlotte Terrace, London W14 – 11% of the total portfolio void. We have submitted a planning application for change of use of part of the property to residential.

Looking ahead

We have not been immune to the wider market impact of outward yield movements over the past 18 months, however, we have continued to actively manage the portfolio to mitigate valuation declines and to outperform the MSCI UK Quarterly Property Index. The economic backdrop remains challenging, but we are seeing values stabilise and the occupational markets remain positive, especially in the multi-let industrial sector.

The office sector is for the most part out of favour with investors at present, with secondary properties requiring significant capital expenditure to upgrade them to attract new occupiers. We are working through alternative use strategies at three of our office properties, which will be value accretive and we believe that many of our offices are either best-in-class as a result of the capital investment made in recent years enabling us to retain and attract occupiers, or can be repurposed for alternative uses.

Our focus remains working with our occupiers, continuing to improve the quality of the portfolio and capturing its reversionary income potential, principally through leasing vacant space, and creating further value through active asset management.

The difference between ERV at 30 September 2023 and passing rent is £13.2 million; this comprises £5.9 million per annum of additional potential income from letting vacant space, £2.8 million per annum of income where ERVs are higher than contracted rent, and £4.5 million per annum from the expiry of rent free periods and stepped rents.

We will continue to be disciplined with capital expenditure, investing only where we can improve an asset and where occupational demand is strong, but we will also continue to pursue alternative use strategies where appropriate.

Top ten assets

The largest assets in the portfolio as at 30 September 2023, ranked by capital value, represent 54% of the total portfolio valuation and are detailed below:

	Sector	Approximate area (sq ft)	Appraised value
Parkbury Industrial Estate, Radlett, Herts.	Industrial	343,700	>£100m
River Way Industrial Estate, Harlow, Essex	Industrial	454,800	£50m-£80m
Stanford Building, Long Acre, London WC2	Office	20,100	£30m-£40m
Shipton Way, Rushden, Northants.	Industrial	312,900	£30m-£40m
Datapoint, Cody Road, London E16	Industrial	55,100	£20m-£30m
Lyon Business Park, Barking, Essex	Industrial	99,400	£20m-£30m
Angel Gate, City Road, London EC1	Office	64,600	£20m-£30m
Sundon Business Park, Dencora Way, Luton	Industrial	127,800	£20m-£30m
Tower Wharf, Cheese Lane, Bristol	Office	70,600	£20m-£30m
50 Farringdon Road, London EC1	Office	31,300	£20m-£30m

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 2023, are summarised below:

Occupier	%
1 Public Sector	3.7
2 Whistl UK Limited	3.5
3 B&Q Plc	2.6
4 The Random House Group Limited	2.5
5 Snorkel Europe Limited	2.5
6 XMA Limited	2.1
7 Portal Chatham LLP	2.0
8 DHL Supply Chain Limited	1.7
9 4 Aces Limited	1.5
10 Hi-Speed Services Limited	1.5
	23.6

FINANCIAL REVIEW

Income statement

The result for the six months to 30 September 2023 was a loss of £1.4 million driven by valuation movements on the portfolio of £11.4 million, a reduction of 1.2% on a like-for-like basis over the period. Our EPRA earnings, comprising net property income less administrative expenses and finance costs, were £10.0 million for the six months, which was slightly lower compared to the same period in 2022. Rental income has increased by 4% to £21.6 million compared to a year ago, but property operating costs are also higher, as the impact of higher inflation is evident.

Administrative expenses for the period were £3.4 million, up from £2.9 million in 2022. These have been impacted by rising inflation, but also by some exceptional one-off costs incurred this period, such as the company secretarial transition, change of trustee and additional staff costs.

Finance costs were £4.8 million for the half year. Although most of our borrowings are fixed, the interest rate on our revolving credit facility has risen in line with market rates. We have a relatively small drawn balance under this facility, some £15 million at 30 September 2023.

Dividend cover for the six months was 105%. During the period we maintained our dividend at 0.875 pence per share, and paid two interim dividends, giving a total payment of £9.5 million. This is in line with the equivalent period last year.

Balance sheet

The net asset value of the Group at 30 September was £537.1 million, which represents a decline of 1.9% over the period due to valuation movements. The external valuation of the property portfolio stood at £757.1 million at 30 September 2023. There were no acquisitions or disposals during the period but we have continued to invest in the portfolio, with £1.9 million of capital expenditure incurred.

Total borrowings now stand at £226.8 million, representing an overall loan to value ratio of 28%. The weighted average maturity of our borrowings is now 7.8 years, and 93% of the drawn debt is at fixed rates of interest, largely insulating us from the impact of current higher interest rates. Our principal loan facilities with Canada Life and Aviva are in place until 2031 and 2032 respectively. Our £50 million revolving credit facility, which we mainly use to fund capital expenditure projects, has £35 million available. We continue to meet all of our loan covenants and have significant headroom, with a further £74 million of uncharged assets providing additional flexibility.

EPRA net tangible assets at 30 September represented 99 pence per share, in line with the IFRS net asset value. However, the EPRA net disposal value, which includes a £34 million fair value adjustment to our borrowings, was higher at 105 pence 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 2023. 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 2023. In making their assessment the Directors have considered the principal and emerging risks relating to the Group, its loan covenants, access to funding and liquidity position. They have also considered different adverse scenarios impacting the portfolio and the potential consequences on financial performance, asset values, dividend policy, capital projects and loan covenants. More details regarding the Group's business activities, together with the factors affecting performance, investment activities and future development are set out in the Portfolio Review.

Further information on the financial position of the Group, including its liquidity position, borrowing facilities and debt maturity profile, 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

Andrew Dewhirst

Director

13 November 2023

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 2023 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 2023 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 to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group 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 condensed set of 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'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

13 November 2023

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2023**

	Note	6 months ended 30 September 2023 unaudited Total £000	6 months ended 30 September 2022 unaudited Total £000	Year ended 31 March 2023 audited Total £000
Income				
Revenue from properties	3	26,742	25,068	51,816
Property expenses	4	(8,569)	(6,999)	(15,566)
Net property income		18,173	18,069	36,250
Expenses				
Administrative expenses		(3,412)	(2,948)	(5,955)
Total operating expenses		(3,412)	(2,948)	(5,955)
Operating profit before movement on investments		14,761	15,121	30,295
Investments				
Revaluation of owner-occupied property		160	–	(382)
Investment property valuation movements	9	(11,606)	(21,073)	(110,433)
Total loss on investments		(11,446)	(21,073)	(110,815)
Operating profit/(loss)		3,315	(5,952)	(80,520)
Financing				
Interest received		32	1	24
Interest paid		(4,755)	(4,471)	(9,034)
Total finance costs		(4,723)	(4,470)	(9,010)
Loss before tax		(1,408)	(10,422)	(89,530)
Tax		–	–	–
Loss after tax		(1,408)	(10,422)	(89,530)
Other comprehensive income				
Revaluation on owner-occupied property		–	33	(434)
Total other comprehensive income/(loss) for the period/year		–	33	(434)
Total comprehensive loss for the period/year		(1,408)	(10,389)	(89,964)
Earnings per share				
Basic	7	(0.3)p	(1.9)p	(16.5)p
Diluted	7	(0.3)p	(1.9)p	(16.5)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 2023**

	Note	Share capital £000	Other reserves £000	Retained earnings £000	Revaluation reserve £000	Total £000
Balance as at 31 March 2022		164,400	(731)	493,027	434	657,130
Loss for the period		–	–	(10,422)	–	(10,422)
Dividends paid	6	–	–	(9,549)	–	(9,549)
Share-based awards		–	290	–	–	290
Purchase of shares held in trust		–	(1,126)	–	–	(1,126)
Other comprehensive income for the period		–	–	–	33	33
Balance as at 30 September 2022		164,400	(1,567)	473,056	467	636,356
Loss for the period		–	–	(79,108)	–	(79,108)
Dividends paid	6	–	–	(9,542)	–	(9,542)
Share-based awards		–	385	–	–	385
Other comprehensive loss for the period		–	–	–	(467)	(467)
Balance as at 31 March 2023		164,400	(1,182)	384,406	–	547,624
Loss for the period		–	–	(1,408)	–	(1,408)
Dividends paid	6	–	–	(9,541)	–	(9,541)
Share-based awards		–	379	–	–	379
Balance as at 30 September 2023		164,400	(803)	373,457	–	537,054

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

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2023**

		30 September 2023	30 September 2022	31 March 2023
	Note	unaudited £000	unaudited £000	audited £000
Non-current assets				
Investment properties	9	736,619	831,278	746,342
Property, plant and equipment		3,506	4,334	3,415
Total non-current assets		740,125	835,612	749,757
Current assets				
Accounts receivable		26,065	26,235	22,749
Cash and cash equivalents		17,205	19,718	20,050
Total current assets		43,270	45,953	42,799
Total assets		783,395	881,565	792,556
Current liabilities				
Accounts payable and accruals		(18,444)	(19,201)	(19,471)
Loans and borrowings	10	(1,161)	(1,099)	(1,129)
Obligations under leases		(114)	(114)	(114)
Total current liabilities		(19,719)	(20,414)	(20,714)
Non-current liabilities				
Loans and borrowings	10	(224,045)	(222,207)	(221,635)
Obligations under leases		(2,577)	(2,588)	(2,583)
Total non-current liabilities		(226,622)	(224,795)	(224,218)
Total liabilities		(246,341)	(245,209)	(244,932)
Net assets		537,054	636,356	547,624
Equity				
Share capital	11	164,400	164,400	164,400
Retained earnings		373,457	473,056	384,406
Other reserves		(803)	(1,567)	(1,182)
Revaluation reserve		–	467	–
Total equity		537,054	636,356	547,624
Net asset value per share	13	99p	117p	100p

These condensed consolidated financial statements were approved by the Board of Directors on 13 November 2023 and signed on its behalf by:

Andrew Dewhirst
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 2023**

	6 months ended 30 September 2023 unaudited £000	6 months ended 30 September 2022 unaudited £000	Year ended 31 March 2023 audited £000
Note			
Operating activities			
Operating profit/(loss)	3,315	(5,952)	(80,520)
Adjustments for non-cash items	12 11,897	21,445	111,655
Interest received	32	1	24
Interest paid	(4,499)	(3,516)	(7,937)
(Increase)/decrease in accounts receivables	(3,316)	(3,385)	101
Decrease in accounts payable and accruals	(1,137)	(565)	(291)
Cash inflows from operating activities	6,292	8,028	23,032
Investing activities			
Purchase of investment properties	9 –	(20,194)	(20,613)
Capital expenditure on investment properties	9 (1,883)	(2,130)	(6,135)
Purchase of tangible assets	(3)	–	(13)
Cash outflows from investing activities	(1,886)	(22,324)	(26,761)
Financing activities			
Borrowings repaid	(710)	(5,675)	(6,368)
Borrowings drawn	3,000	12,000	12,000
Financing costs	–	(183)	(183)
Purchase of shares held in trust	–	(1,126)	(1,126)
Dividends paid	6 (9,541)	(9,549)	(19,091)
Cash outflows from financing activities	(7,251)	(4,533)	(14,768)
Net decrease in cash and cash equivalents	(2,845)	(18,829)	(18,497)
Cash and cash equivalents at beginning of period/year	20,050	38,547	38,547
Cash and cash equivalents at end of period/year	17,205	19,718	20,050

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 2023

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 2023, with unaudited comparatives for the period from 1 April to 30 September 2022. Comparatives are also provided from the audited financial statements for the year ended 31 March 2023.

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 2023.

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 2023.

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 2023 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 2023.

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

	6 months ended 30 September 2023 £000	6 months ended 30 September 2022 £000	Year ended 31 March 2023 £000
Rents receivable (adjusted for lease incentives)	21,626	20,856	42,964
Surrender premiums	54	113	147
Dilapidation receipts	211	3	170
Other income	122	107	107
Service charge income	4,729	3,989	8,428
	26,742	25,068	51,816

Rents receivable includes lease incentives recognised of £(0.1) million (30 September 2022: £1.1 million, 31 March 2023: £1.2 million).

4. PROPERTY EXPENSES

	6 months ended 30 September 2023 £000	6 months ended 30 September 2022 £000	Year ended 31 March 2023 £000
Property operating costs	1,521	1,495	3,491
Property void costs	2,319	1,515	3,647
Recoverable service charge costs	4,729	3,989	8,428
	8,569	6,999	15,566

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 49 commercial properties, which are in the industrial, office, retail and leisure sectors.

6. DIVIDENDS

	6 months ended 30 September 2023 £000	6 months ended 30 September 2022 £000	Year ended 31 March 2023 £000
Declared and paid:			
Interim dividend for the period ended 31 March 2022: 0.875 pence	–	4,774	4,774
Interim dividend for the period ended 30 June 2022: 0.875 pence	–	4,775	4,775
Interim dividend for the period ended 30 September 2022: 0.875 pence	–	–	4,771
Interim dividend for the period ended 31 December 2022: 0.875 pence	–	–	4,771
Interim dividend for the period ended 31 March 2023: 0.875 pence	4,771	–	–
Interim dividend for the period ended 30 June 2023: 0.875 pence	4,770	–	–
	9,541	9,549	19,091

The interim dividend of 0.875 pence per ordinary share in respect of the period ended 30 September 2023 has not been recognised as a liability as it was declared after the period end. A dividend of £4,771,000 will be paid on 30 November 2023.

7. EARNINGS PER SHARE

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

	6 months ended 30 September 2023	6 months ended 30 September 2022	Year ended 31 March 2023
Net loss attributable to ordinary shareholders of the Company from continuing operations (£000)	(1,408)	(10,389)	(89,964)
Weighted average number of ordinary shares for basic earnings per share	545,218,892	545,538,789	545,378,286
Weighted average number of ordinary shares for diluted earnings per share	546,629,089	547,192,032	546,856,450

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 2023.

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 2023.

9. INVESTMENT PROPERTIES

	6 months ended 30 September 2023 £000	6 months ended 30 September 2022 £000	Year ended 31 March 2023 £000
Fair value at start of period/year	746,342	830,027	830,027
Capital expenditure on investment properties	1,883	2,130	6,135
Acquisitions	–	20,194	20,613
Unrealised movement on investment properties	(11,606)	(21,073)	(110,433)
Fair value at the end of the period/year	736,619	831,278	746,342
Historic cost at the end of the period/year	683,001	676,694	681,118

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

	30 September 2023 £000	30 September 2022 £000	31 March 2023 £000
Appraised value	757,050	851,890	766,235
Valuation of assets held under head leases	2,095	2,245	2,081
Lease incentives held as debtors	(19,158)	(18,708)	(18,726)
Owner-occupied property	(3,368)	(4,149)	(3,248)
Fair value at the end of the period/year	736,619	831,278	746,342

As at 30 September 2023, 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 2023 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 2023			31 March 2023		
	Office	Industrial	Retail and Leisure	Office	Industrial	Retail and Leisure
Appraised value (£000)	232,335	443,660	81,055	245,260	439,570	81,405
Area (sq ft, 000s)	875	3,238	695	877	3,240	692
Range of unobservable inputs:						
Gross ERV (sq ft per annum)						
– range	£10.51 to £85.99	£3.09 to £27.95	£3.35 to £21.67	£11.00 to £84.12	£3.30 to £27.83	£3.23 to £26.05
– weighted average	£35.33	£13.15	£11.54	£35.33	£13.16	£11.66
Net initial yield						
– range	-6.90% to 12.87%	1.15% to 7.75%	4.55% to 35.30%	-0.68% to 11.65%	2.28% to 7.75%	3.51% to 30.85%
– weighted average	5.51%	4.15%	8.89%	5.32%	4.30%	8.56%
Reversionary yield						
– range	4.96% to 14.96%	4.87% to 8.05%	6.99% to 12.19%	4.76% to 13.55%	4.83% to 8.17%	6.87% to 12.18%
– weighted average	8.25%	5.77%	8.03%	7.87%	5.78%	7.98%
True equivalent yield						
– range	4.77% to 10.64%	4.75% to 7.99%	7.22% to 12.17%	4.57% to 10.38%	4.75% to 7.98%	7.00% to 12.17%
– weighted average	7.62%	5.53%	8.19%	7.23%	5.51%	8.11%

An increase/decrease in ERV will increase/decrease valuations, while an increase/decrease to 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 2023 £000	30 September 2022 £000	31 March 2023 £000
Current				
Aviva facility	–	1,465	1,402	1,433
Capitalised finance costs	–	(304)	(303)	(304)
		1,161	1,099	1,129
Non-current				
Canada Life facility	24 July 2031	129,045	129,045	129,045
Aviva facility	24 July 2032	81,347	82,813	82,089
NatWest revolving credit facility	26 May 2025	14,900	11,900	11,900
Capitalised finance costs	–	(1,247)	(1,551)	(1,399)
		224,045	222,207	221,635
Total loans and borrowings		225,206	223,306	222,764

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 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. Currently £14.9 million has been drawn down under the facility. The RCF incurs interest at 150 basis points over SONIA on drawn balances and an undrawn commitment fee of 60 basis points.

The fair value of the secured loan facilities at 30 September 2023, estimated as the present value of future cash flows discounted at the market rate of interest at that date, was £193.2 million (30 September 2022: £191.3 million, 31 March 2023: £201.7 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 2023 was 3.9% (30 September 2022: 3.7%, 31 March 2023: 3.8%).

11. SHARE CAPITAL AND OTHER RESERVES

The Company has 547,605,596 ordinary shares in issue of no par value (30 September 2022: 547,605,596, 31 March 2023: 547,605,596).

The balance on the Company's share premium account as at 30 September 2023 was £164,400,000 (30 September 2022: £164,400,000, 31 March 2023: £164,400,000).

	30 September 2023	30 September 2022	31 March 2023
Ordinary share capital	547,605,596	547,605,596	547,605,596
Number of shares held in Employee Benefit Trust	(2,380,998)	(2,388,694)	(2,388,694)
Number of ordinary shares	545,224,598	545,216,902	545,216,902

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 2,380,998 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 2023 £000	6 months ended 30 September 2022 £000	Year ended 31 March 2023 £000
Movement in investment property valuation	11,606	21,073	110,433
Revaluation of owner-occupied property	(160)	–	382
Share-based provisions	379	290	675
Depreciation of tangible assets	72	82	165
	11,897	21,445	111,655

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 2023, the Company had a net asset value per ordinary share of £0.99 (30 September 2022: £1.17, 31 March 2023: £1.00).

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 £4,771,000 (0.875 pence per share) was approved by the Board on 30 October 2023 and is payable on 30 November 2023.

On 5 October 2023 the Company exchanged contracts on the disposal of Longcross, Cardiff which is subject to planning consent being achieved.

On 8 November 2023 the Company announced that it is in discussions with UK Commercial Property REIT Limited regarding a possible all-share merger of the two companies. As at the date of these financial statements there can be no certainty that an offer will be made.

ENDS