10 November 2021

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 2021.

Strong financial results

- 8.6% increase in net assets to £574 million, or 105p per share
- Profit of £54.4 million
- EPRA earnings of £10.9 million
- Total return of 10.2%
- Shareholder return of 12.7%
- Dividend cover of 121%
- Dividend increased by 6.3% over the period
- Loan to value ratio of 22%

Valuation gains and asset management drive outperformance

- Total property return of 9.0%, outperforming the MSCI UK Quarterly Property Index of 7.6%
- Like-for-like portfolio valuation uplift of 7.4%
- Invested £4.4 million in upgrading and repositioning assets
- Completed the acquisition of a freehold, city centre industrial estate for £13.1 million, before costs
- Sold a non-core retail asset for £0.75 million, before costs, 16.3% ahead of the March 2021 valuation

Improving portfolio activity, occupancy and rent collection

- Occupancy increased from 91% to 93%
- 15 lettings / agreements to lease completed, securing £2.4 million per annum, 2.2% above the March 2021 ERV
- Six lease renewals / regears completed, retaining £0.3 million per annum, 5.4% above the March 2021 ERV
- Eight rent reviews completed, securing an uplift of £0.1 million per annum, 10.8% above the March 2021 ERV
- Received 96% of the rent due for the six months to September 2021
- To date 97% of the September 2021 quarter’s rent has been collected or is expected to be received under monthly payment plans

Sustainability progress

- Continued investment into sustainable refurbishments including improvement of five EPCs securing B rating
- Pathway to net zero carbon being developed and to be published by March 2022

Balance Sheet	30 Sept 2021	31 March 2021
Property valuation	£745m	£682m
Net assets	£574m	£528m
NAV per share	105p	97p

Income Statement	Six months to 30 Sept 2021	Six months to 30 Sept 2020
Profit after tax	£54.4m	£3.7m
EPRA earnings	£10.9m	£10.1m
Earnings per share	10.0p	0.7p
EPRA earnings per share	2.0p	1.8p
Total return	10.2%	0.7%
Total shareholder return	12.7%	-28.3%
Total dividend per share	1.65p	1.25p
Dividend cover	121%	148%

Picton Chair, Lena Wilson CBE, commented:

“Picton has delivered strong results for the period, largely due to the portfolio positioning which has benefited significantly from the upturn in market conditions as lockdown restrictions have eased. Furthermore, the 6.3% dividend growth over the period means that shareholder distributions are now close to pre-pandemic levels. As we plan for the future, we continue to evaluate our options to grow the business and intend to actively pursue further accretive opportunities.”

Michael Morris, Chief Executive of Picton, commented:

“We have improved occupancy further, completing lettings and asset management initiatives that have led to increases in valuations. Within the portfolio, we continue to upgrade, reposition and refurbish assets, which is helping to enhance our sustainability credentials and make the portfolio more attractive to current and future occupiers.”

This announcement contains inside information.

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Note to Editors

Picton, established in 2005, is a UK REIT. It owns and actively manages a £745 million diversified UK commercial property portfolio, invested across 46 assets and with around 350 occupiers (as at 30 September 2021). 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

CHAIR'S STATEMENT

Introduction

I am pleased to report that Picton has delivered strong results for the six months to 30 September 2021. The total profit for the period of £54 million is the highest reported six-month figure in our history, reflecting a post lockdown valuation rebound and a marked improvement from this time last year, when the impact of the pandemic was most visible.

Not only have we seen a substantial increase in net assets over the period, other metrics such as EPRA earnings and occupancy have also improved, following leasing and asset management success across all three sectors within the portfolio.

Performance

Our total return, reflecting the use of debt and the costs of running the business, was 10.2%. Our total shareholder return was 12.7% recognising the improvement of our share price over the six-month period. Again, these figures are a significant increase relative to this time last year.

At a portfolio level, the total property return was 9.0% and this compares with the MSCI UK property quarterly index of 7.6%, continuing our track record of outperformance.

Property portfolio

We have seen valuation gains across the three core sectors within our property portfolio.

Industrial, warehouse and logistics assets have been at the forefront, delivering like-for-like capital growth of 11.8%. Gains in the office sector have been more muted and reflect our investment in improving our assets through refurbishment rather than market movements. The gradual return to the office has started to gather momentum, particularly since September.

Our retail and leisure portfolio, which now comprises over 60% in retail parks, has experienced strong valuation gains during the final three months of this period and overall has seen a 7.8% like-for-like capital uplift.

During the period, occupancy has improved from 91% to 93%, which in turn has enhanced the valuation of those assets where we have had leasing success and has helped to reduce void property costs. There is approximately £3.5 million per annum of future income from leasing vacant space within the portfolio, and further upside where rents will increase through either fixed uplifts or as they are reset to higher market levels.

We have invested £4.4 million into the portfolio, mainly upgrading and repositioning buildings. These works have improved the sustainability credentials of the portfolio, including increasing the EPC ratings to a B on five assets.

At the end of the period, we acquired a multi-let city centre industrial estate in Gloucester for £13.1 million, before costs, at an attractive capital value and with scope for rental growth. This acquisition will boost our income profile further in the second half of this financial year.

Property revenue is around £1 million higher than for the same period last year. Rent collection has improved quarter-on-quarter and while we are not quite back to pre-pandemic levels, the improvement in occupancy has more than offset provisions made against income receivable.

In addition, as we approach the end of the moratorium imposed on landlords by the UK government in respect of rent collection it is expected that we will work through any outstanding occupier issues. An example of this is where we have recently taken back a unit from an occupier whose business unfortunately failed as a result of the pandemic. We are currently on site refurbishing the unit and have agreed a pre-let on a 15-year term that is 43% higher than the previous passing rent.

Further detail in respect of activity is included in the Business Review below.

Capital structure

We have continued to maintain a conservative level of gearing on our balance sheet; our loan to value ratio currently stands at 22%.

Our revolving credit facility was extended until 2024 during the period and £14 million was utilised to fund our recent acquisition. There is a significant spread between the cost of this debt and the current property yield that will provide further income support. Looking ahead, we expect to use this facility further when we identify suitable opportunities.

Dividends

Dividend cover for the period was a respectable 121%. During the period we paid dividends of £9 million, some 32% higher than the corresponding period last year. Dividends were increased during the period such that they are now at 97% of the pre-pandemic level.

We continue to keep the dividend level under review in light of further leasing progress and improved occupancy levels.

Governance

After a period of change on the Board over the last 18 months, giving a broader range of experience and background, I'm pleased to report that we are working effectively and continuing to make a positive contribution to both strategy and governance.

We have received Gold awards from EPRA for both our 2021 Annual and Sustainability Reports, for the seventh and third consecutive years respectively, further supporting our desire to be clear, open and transparent with our stakeholders.

Our Annual General Meeting will take place on 17 November 2021. Given the ongoing uncertainty around the pandemic, we have concluded it will be most effective to run this as a closed meeting, followed immediately by a webinar for shareholders. This will include a half year results presentation from the Executive team and an opportunity to question the Board, which we are very much looking forward to. We are encouraging all shareholders to vote by proxy and further details are included within the AGM notice.

Sustainability

We have adopted a formal Sustainability Policy, which brings together our whole approach to Environmental, Social and Governance matters, making it clearer for investors to understand our approach. This is now available on our website.

We are currently working to develop our pathway to net zero carbon, which will provide a clear timeline and measurable objectives. When we publish our pathway, by March 2022, we also intend to become a signatory to the Better Buildings Partnership Climate Change Commitment. We will also report fully in accordance with the recommendations made by the Task Force on Climate-Related Financial Disclosures next year. At a property level, the team is continuing to work towards improving the environmental credentials of the portfolio with our ongoing refurbishments improving the energy efficiency of our assets and reducing emissions.

During the last six months the team has undertaken specialist external training to ensure that we are well equipped to mitigate risks and capitalise on the opportunities arising from this transition.

Outlook

We are encouraged by the level of activity across the portfolio, which has been driven in particular by the further opening up of the economy following the easing of lockdown restrictions. Our industrial and retail warehouse portfolio is close to 100% occupancy, with our office portfolio offering the greatest scope for income uplift through further leasing progress.

As businesses continue to return to the office, either full time or on a hybrid basis, we expect office demand to start to improve over the next six months. We anticipate that our assets, following our improvement and repositioning programme, will benefit from increased occupier demand, as businesses increasingly seek better quality accommodation and amenities for their employees.

While we recognise the inflationary pressures in the economy, including supply shortages, a tight labour market and increasing construction costs, we believe this will be offset in assets where the occupational supply and demand balance will continue to support rental and income growth.

Since the start of the pandemic, many UK listed commercial property companies have traded at an increased discount to their net asset values. This divergence in real estate equity pricing is more pronounced in some companies than others and we view the situation across the sector as unsustainable in the long-term. Combined with well-publicised issues in unlisted property funds, we believe there is an opportunity for the market to benefit from some consolidation in order to generate the economies of scale that can be achieved through the removal of duplicated management costs, improved liquidity and greater overall efficiency.

The combination of our track record, cost base and internalised structure, means we are well placed to create further shareholder value by increasing the size of our portfolio. We will continue to engage to facilitate growth in a way that is attractive for our shareholders and the wider market.

Lena Wilson CBE
Chair
9 November 2021

MARKET OVERVIEW

Economic backdrop

As the economy started to re-open post lockdown and Covid-19 restrictions were gradually eased, UK Gross Domestic Product (GDP) is estimated to have risen sharply, by 5.5% in the quarter ended June 2021. This leaves the level of GDP 3.3% below the quarter ended December 2019. It is anticipated that the rate of economic recovery will stall somewhat in the third quarter, with the Delta variant, 'pingdemic' and other factors contributing to labour and supply shortages over the summer.

There are reasons to feel optimistic. Over 80% of the adult population has now been fully vaccinated against Covid-19 and the most vulnerable are now receiving booster shots. With virtually all restrictions lifted in the UK, the disruption and uncertainty caused by the virus has reduced.

The impact of the pandemic on employment was curbed by Government support, and labour market statistics are beginning to show signs of improvement. The unemployment rate stood at 4.5% for the three months to August 2021, down from the recent peak of 5.2% for the three months to November 2020. With the furlough scheme having ended, unemployment levels may increase in the coming months, however job vacancies reached an all-time high in September 2021.

Although footfall in retail stores remains below pre-pandemic levels, there was a small increase in August 2021, boosted by domestic tourism and the return to schools and offices. The fuel crisis and wet weather adversely affected footfall in September 2021. With physical stores now open, the proportion of retail sales online stood at 28.1% in September 2021, down from the mid-lockdown peak of 36.6% in February 2021 but a step change from pre-pandemic levels. The household savings ratio decreased to 11.7% in the quarter ended June 2021 but remains above the long-term average, indicating that consumers have unspent savings that were accumulated during the pandemic.

Inflationary pressures have accelerated in recent months. The Consumer Price Index (CPI) rose by 3.2% in the 12 months to August 2021, which was the largest increase ever recorded, albeit this reduced slightly in the 12 months to September 2021 to 3.1%. The pace of increased demand caused by the end of lockdown and Covid-19 restrictions was not echoed on the supply side, with bottlenecks and problems in certain areas, for example microchips, fuel, and energy. This high level of inflation was in part caused by base effects, which should normalise in the short-term.

The response to rising inflation is likely to be a rise in interest rates, which have stood at the ultra-low level of 0.1% since March 2020. However, the ten-year gilt yield is currently under 1%, indicating a relatively low interest rate environment going forward.

UK property market

According to Property Data, total investment for the six months to September 2021 was £29.9 billion, more than double the £14.2 billion for the six months to September 2020. Of the total investment in the period, 51.4% was from overseas.

Since April 2021 there has been a increase in industrial capital values as investor and occupier demand levels remain elevated. More recently, there was a significant rebound in the recovery of the retail warehouse sector, driving further polarisation of retail sub-sector performance. As we navigate the new normal and phased return of office workers, the office sector has started to show some signs of capital and rental growth.

The MSCI Monthly UK Property Index shows a total return for All Property for the six months to September 2021 of 8.8%, with an income return of 2.5% and capital growth of 6.1%. Rental growth was 0.9% for the six months to September 2021, compared to -0.3% for the six months to March 2021. Initial yields have moved from 5.0% in March 2021 to 4.7% in September 2021.

The market performance for the six months to September 2021 for the three main sectors was as follows:

In the industrial sector, the six-month total return was 15.9%, comprising 2.1% income return and 13.5% capital growth. In terms of capital growth by segment, this ranged from 8.9% to 16.5%. All Industrial rental growth was 3.7%. Rental growth by segment ranged from 2.4% to 4.8%.

In the office sector, the six-month total return was 2.6%, comprising 2.3% income return and 0.2% capital growth. The range in capital growth by segment was from -3.4% to 3.5%. All Office rental growth was 0.4%. Rental growth by segment ranged from -0.5% to 2.1%.

The All Retail total return was 7.5%, comprising 3.6% income return and 3.8% capital growth. Capital growth by segment ranged from -6.7% to 8.7%. All Retail rental growth was -1.5% with rental growth negative for all segments bar one. Rental growth by segment ranged from -6.7% to 0.3%.

Occupancy at an All Property level increased slightly over the six months, with the MSCI Monthly UK Property Index recording an occupancy rate of 90.4% for September 2021 (March 2021: 90.2%).

BUSINESS REVIEW

Valuation

The independent portfolio valuation on 30 September 2021, as provided by CBRE Limited, was £745.2 million, reflecting a net initial yield of 4.5% and a reversionary yield of 5.9%. There was an increase in the value of the portfolio of 7.4% over the six months on a like-for-like basis, principally reflecting the strength of the industrial market combined with increased occupancy and income growth.

Sector	Portfolio weightings	Sept 21 valuation	Like-for-like change
Industrial	**55.9%**	**£416.7m**	**11.8%**
South East	41.2%		13.7%
Rest of UK	14.7%		6.4%
Office	**33.1%**	**£246.9m**	**0.6%**
London City and West End	8.0%		2.6%
Inner and Outer London	4.4%		-4.5%
South East	10.2%		2.0%
Rest of UK	10.5%		0.1%
Retail and Leisure	**11.0%**	**£81.6m**	**7.8%**
Retail warehouse	6.9%		11.4%
High Street – Rest of UK	2.6%		-2.3%
Leisure	1.5%		10.9%
Total	**100%**	**£745.2m**	**7.4%**

Performance

For the six months to September, the portfolio returned 9.0%, outperforming the MSCI UK Quarterly Property Index, which delivered 7.6%. The income return was 2.3%, 0.1% ahead of the Index.

There has been a divergence of valuation movements between the sectors with the impact of the Covid-19 pandemic affecting sectors differently. All sectors have shown positive like-for-like valuation movements over the half year with the industrial portfolio increasing by 11.8%, the office portfolio increasing by 0.6% and the retail and leisure portfolio increasing by 7.8%.

Our overweight position to the industrial sector, which accounts for 56% of the portfolio, combined with leasing and asset management activity, contributed significantly to our outperformance.

Offices account for 33% of the portfolio and we have welcomed new occupiers to our buildings who have sought to upgrade their space, focusing on amenities, air-quality, and other environmental factors. Our investment into the portfolio in recent years has ensured our buildings remain attractive to occupiers.

We have seen a rebound in valuations in respect of our retail warehouses (which account for 7% of the portfolio) and, following recent lettings, our retail parks are fully leased. Under 3% of the portfolio is in high street retail and under 2% in the leisure sector, both of which have been more affected by the pandemic.

Capital investment was £4.4 million for the period, with the majority of this on upgrading and repositioning buildings, predominantly in the office sector.

We completed 15 lettings securing income of £2.4 million per annum, 2.2% ahead of ERV. There were also six lease renewals or regears retaining income of £0.3 million per annum, an increase on the previous passing rent of 8.2%, and 5.4% above ERV. Eight rent reviews were concluded, securing a £0.1 million per annum uplift in income, 10.8% above ERV.

Contractual passing rent increased by 3.2% to £40.4 million per annum. The increase reflects the letting activity, combined with higher rents being secured overall on lease events and various other asset management transactions.

Positively, the portfolio's ERV increased by 1.9% to £46.2 million per annum, mainly due to rental growth in the industrial and office portfolios.

Working with our occupiers

We have worked closely with our occupiers throughout the pandemic and assisted those with a proven need. This collaborative approach has helped businesses to weather the crisis and we note that it is primarily in the retail and leisure sector where limited support remains.

We have upgraded buildings to ensure that occupiers feel confident in returning to the office. An example is at 50 Farringdon Road, London EC1 where we replaced the entire air-conditioning system. The works upgraded air circulation and removed gas heating from the property which resulted in the EPC rating improving from a D to a B.

In our multi-let office portfolio we have robust Covid-19 occupancy plans in place and have carried out detailed risk assessments to enable safe use during the pandemic. Usage has improved over the period, particularly as restrictions eased in July and then again from early September as schools returned. The majority of our occupiers are utilising a hybrid model of office and home working whilst Covid-19 disruption continues.

The retail warehouse portfolio has remained busy throughout the pandemic due to parking availability, large units allowing social distancing and shoppers being able to click and collect. This sub-sector has significantly outperformed high street retail over the half year, due to high street occupational demand remaining muted.

Occupancy

As at 30 September 2021 we had a total void ERV of £3.5 million and have increased occupancy from 91% to 93% as a result of a number of initiatives, including securing several key lettings, principally in the office sector. Pleasingly, we only had nine occupiers depart due to lease events including a unit in Carlisle following the administration of Top Shop.

Demand for industrial space remains robust across the country and we have been encouraged by demand for our offices, with occupiers looking to upgrade space. The retail warehouse portfolio is fully leased, following lettings to JD Gyms and the Job Centre during the half year.

33% of the void portfolio by ERV is under refurbishment, with our largest void being at Angel Gate, London, which we are relaunching to attract smaller companies that have been largely absent from the market during the pandemic.

Industrial portfolio

The industrial portfolio has performed exceptionally well over the half year, with a combination of further yield hardening on the back of strong investment demand and proven rental growth, especially in the multi-let sector.

On a like-for-like basis, capital values increased by 11.8%, or £42.7 million. The passing rent declined by a nominal -0.6% due to the timing of rent-free periods, and the ERV grew by 3.6%, or £0.7 million.

The UK-wide distribution warehouse assets total 1.2 million sq ft in five units, which are fully leased with a weighted average unexpired lease term of 5.5 years.

The multi-let estates, of which 92% by value are in the South East, total 1.7 million sq ft and are 98% let. Only five out of 136 units are vacant, two of which were recently acquired in Gloucester and a further one is under offer.

Two units were let during the period, securing £0.6 million per annum, 3.9% ahead of ERV. This included pre-letting a warehouse in Barking, subject to landlord enabling works which are due to complete this year. The unit became vacant when the occupier's business unfortunately failed as a result of the Covid-19 pandemic. The new rent has been agreed at £0.6 million per annum, 43% ahead of the previous passing rent and 3.8% ahead of the March ERV.

We have secured £0.1 million of additional income from seven rent reviews settled over the period, 13.0% ahead of ERV. Two small occupiers have been retained at renewal, increasing their passing rent by 23.4%, in line with ERV.

The industrial portfolio currently has £3.5 million of reversionary income potential, with £0.3 million relating to the void units.

Office portfolio

The regional office portfolio increased in value by 1.0%, while the smaller component of central London offices were unchanged, reflecting the tougher leasing conditions at Angel Gate, London EC1 where we have smaller offices available.

Occupational demand for Grade A space has been good, with second hand space and smaller office suites being less in demand. The current consensus is that the majority of businesses are adopting a hybrid working approach with a mix of office and home working, and early decisions to dispose of space are now in some cases being put on hold or reversed.

We have seen a 'flight to quality', with occupiers looking for space that is attractive to their employees and visitors, with the environmental credentials of buildings becoming higher priority. Good examples of this and where we have capitalised on the refurbishments recently undertaken are at:

- 50 Pembroke Court, Chatham - which was refurbished improving the EPC rating from D to B. We let the remaining suite to NatWest on a five-year lease, subject to break, at a rent of £0.3 million per annum, 6.7% ahead of ERV. The building offered best-in-class space in the town and was in-line with NatWest's environmental expectations.

- Stanford Building, London WC2 – which was refurbished improving the EPC rating from E to B. We let the remaining office floors to a recruitment company at a rent of £0.5 million per annum, 3% below ERV but reflecting the ten-year lease term secured.

- 180 West George Street, Glasgow – we refurbished a floor improving the EPC rating from D to B. The floor was let to a technology consultancy firm on a five-year lease, subject to break, at a rent of £0.2 million per annum, 2% ahead of ERV.

Capital values increased by 0.6% (£1.6 million). The passing rent increased by 6.9% (£0.9 million per annum) and the ERV increased by 0.9% (£0.2 million) over the half year, with the regional assets increasing by 1.9% and London declining by -1.4%.

Angel Gate, London EC1 is our largest void, and we are currently installing an occupier lounge and refreshing the common areas to increase its attractiveness to smaller companies. Pleasingly we have let a fully fitted suite during the period to a recruitment company, securing £0.1 million per annum, 9.6% ahead of ERV.

Our second largest void is at Longcross, Cardiff where we are on site refurbishing the vacant suites, common areas and creating an occupier lounge. The building will offer open plan space with exposed services, new air-conditioning, occupier amenities and a high car parking ratio. The EPC is expected to improve from a D to a B in respect of the refurbished floors. We expect good interest once the Welsh Government's work from home policy is revised. The third largest void is at Tower Wharf, Bristol, where we have two recently refurbished suites with B and C rated EPCs.

Elsewhere two small occupiers have been retained at renewal and one rent review was settled, the combined new rent being £0.2 million per annum, 4.4% ahead of ERV.

The office portfolio currently has £5.1 million of reversionary income potential, with £2.7 million relating to the void units.

Retail and Leisure portfolio

Despite the obvious benefits of businesses being able to fully reopen without restrictions, the retail and leisure market continues to suffer from increased vacancy rates caused by business failures during the pandemic. This oversupply will take some time to work through, helped by alternative uses being found for vacant space. On a positive note, retail warehouse values have rebounded in the half year, with investors seeing value in the sector as occupational demand improves.

Against this backdrop, we have had letting success in the retail warehouse portfolio, with JD Gyms taking a unit at Angouleme Retail Park in Bury and the Job Centre taking a unit at Parc Tawe, Swansea. The lettings produced a combined rent of £0.3 million per annum, in line with ERV. The retail warehouse portfolio, consisting of 19 units and 0.4 million sq ft, is fully leased with a weighted average unexpired lease term of 6.4 years.

The high street portfolio remains well let, with only four vacant units with an ERV of £0.2 million per annum, one of which is being refurbished and another of which is under offer. Additionally, our largest retail void is the unit at Stanford Building, London WC2 (classified within the office sector due to its predominant use) where we are just starting to see demand improving with the return of tourists in particular.

Whilst the leisure portfolio has performed strongly, this was in part due to the repositioning and capital investment at Regency Wharf, Birmingham. This is our only leisure void and we are on-site converting the former warehouse property to an office overlooking Birmingham Canal. The building will offer Grade A space with an expected B rated EPC and the ERV being double its former level as a restaurant. The work is due to finish before the end of the year.

Capital values on a like-for-like basis increased by 7.8% or £5.9 million. The passing rent increased by 6.7%, or £0.4 million per annum and the ERV remained flat over the half year.

The retail and leisure portfolio void ERV is £0.5 million, with the majority of it relating to Regency Wharf as set out above. The overall reversionary income is £0.3 million, reflecting the level of over-renting in the portfolio.

Investment activity

As recently announced, we completed the freehold acquisition of Madleaze Trading Estate, located in central Gloucester for £13.1 million, before acquisition costs.

Adjacent to Gloucester Quays Retail Park and the Gloucester and Sharpness canal, the property comprises 18 industrial units totalling 304,000 sq ft on a 10.3 acre site. The estate is let to eight occupiers and currently includes two vacant units, which are to be refurbished prior to re-leasing.

The total rental income is £0.75 million per annum, equating to only £2.74 per sq ft. This is expected to rise to £0.86 million once the estate is fully let and has the potential to increase further as rents are reset to current market levels. The purchase price reflected a low capital value of £44 per sq ft, which is below the estimated reinstatement cost.

At the end of the half year, we completed the disposal of a non-core retail asset in Huddersfield for £0.75 million, 16.3% ahead of the March valuation. The proceeds will be deployed into other identified asset enhancement projects across the portfolio.

In terms of potential acquisitions, we are seeing increasing availability of opportunities, particularly since the end of the summer, which is encouraging. We continue to look across sectors and are focused on opportunities that will deliver attractive returns commensurate with the asset specific risk.

Looking ahead

Our focus is on continuing to work with our occupiers, improving the quality of the portfolio and capturing the reversionary income potential embedded within the portfolio, principally through leasing vacant space and further value creation through active asset management.

In summary there is £8.9 million per annum of upside from the current passing rent. This includes £2.8 million per annum which follows expiries of rent-free periods. There is a further £3.5 million per annum potentially available from leasing currently vacant space. Finally, there is £2.6 million of potential income where ERVs are higher than the passing rent, providing scope for rental uplifts at either review or lease expiry.

Recognising the strength of the portfolio in terms of its location, sector, asset quality and diversified income, we remain confident in our ability to continue to unlock upside potential.

Top ten assets

The largest assets in the portfolio as at 30 September 2021, ranked by capital value, represent 55% of the total portfolio valuation and are detailed below:

		Approximate area (sq ft)	**Appraised value**
Parkbury Industrial Estate, Radlett, Herts.	Industrial	343,800	>£60m
River Way Industrial Estate, Harlow, Essex	Industrial	454,800	>£60m
Datapoint, Cody Road, London E16	Industrial	55,100	£30m-£40m
Stanford Building, Long Acre, London WC2	Office	20,100	£30m-£40m
Angel Gate, City Road, London EC1	Office	64,600	£30m-£40m
Lyon Business Park, Barking, Essex	Industrial	99,400	£30m-£40m
Shipton Way, Rushden, Northants.	Industrial	312,900	£20m-£30m
Tower Wharf, Cheese Lane, Bristol	Office	70,600	£20m-£30m
50 Farringdon Road, London EC1	Office	31,300	£20m-£30m
30 & 50 Pembroke Court, Chatham, Kent	Office	86,100	£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 2021, are summarised below:

	Occupier	
1	Public Sector	4.9
2	Whistl UK Limited	3.8
3	B&Q Plc	2.9
4	The Random House Group Limited	2.8
5	Snorkel Europe Limited	2.7
6	XMA Limited	2.3
7	Portal Chatham LLP	1.9
8	DHL Supply Chain Limited	1.8
9	Canterbury Christ Church University	1.6
10	PA Consulting Services Limited	1.4
		26.1

Financial overview

Income statement

For the six months to 30 September 2021, our total profit was £54.4 million, representing earnings per share of 10.0 pence. Our operating profit of £14.9 million was 4.7% higher when compared to the previous half year, and there were strong revaluation gains across the portfolio of £43.0 million.

Our EPRA earnings, being recurring income less costs of running the business, were £10.9 million for the period, or 2.0 pence per share. This is an increase of 8.3% compared to last year's results. Our property revenue has increased compared to a year ago, reflecting the letting success during the period but also the reduced provisions being required against rent receivable.

Our rent collection for the six months to September 2021 (i.e. the March and June quarters) was 96%. For the September quarter's rent, demanded at the end of this period, the collection rate is currently at 97%, this includes rents that are expected to be received under monthly payment plans.

Administrative expenses for the period were £2.7 million, higher than the previous period by £0.4 million. This was largely due to higher employee costs, particularly the variable element of remuneration which is linked to our positive share price performance.

Finance costs were slightly lower at £3.9 million for the half year. Our average interest rate across all our borrowings is 4.0% which is a slight reduction since year end.

Dividend cover for the six months was 121%. During the period we have paid two interim dividends, the first at 0.8 pence per share, and the second, increased by 6.3%, to 0.85 pence per share, a total of £9.0 million. This is over 30% higher than the equivalent period last year.

Balance sheet

The net asset value of the Group rose over the period by £45.4 million, to £573.6 million, an increase of 8.6%. The external valuation of the property portfolio stood at £745.2 million at 30 September 2021, an increase of 7.4% on a like-for-like basis since 31 March 2021. We have recently acquired an industrial estate in Gloucester for gross proceeds of £13.9 million. In the period we have also disposed of a small non-core retail asset in Huddersfield, for £0.75 million, before costs, 16.3% ahead of the March 2021 valuation.

Borrowings increased to £179.6 million, representing a loan to value ratio of 22%. Towards the end of the period, we made a drawdown of £14 million under our revolving credit facility in order to fund the above purchase. We have met all of our loan covenants throughout the period and have good headroom against them. In the period we have extended the term of our £50 million revolving credit facility, for another year to May 2024, and there is the option of a further one-year extension. This gives us sufficient operational flexibility to fund potential future projects and investment opportunities.

DIRECTORS' RESPONSIBILITIES

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

These risks, and the way in which they are managed, are described in more detail under the heading 'Managing Risk' within the Strategic Report in the Company's Annual Report for the year ended 31 March 2021. The Company's principal risks and uncertainties have not changed materially since the date of that Report.

STATEMENT OF GOING CONCERN

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM REPORT

We confirm that to the best of our knowledge:

a. the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
b. the Chair's Statement and Business 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 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 Chair's Statement 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
9 November 2021

INDEPENDENT REVIEW REPORT TO PICTON PROPERTY INCOME LIMITED

CONCLUSION

We have been engaged by Picton Property Income Limited (the "Company") to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2021 of the Company and its subsidiaries (together the "Group") which comprises the condensed consolidated balance sheet and 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 financial statements in the half yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

SCOPE OF REVIEW

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

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

DIRECTORS' RESPONSIBILITIES

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

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

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

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

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Deborah Smith
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey
9 November 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021

	Note	**6 months ended 30 Sept 2021 unaudited Total £000**	6 months ended 30 Sept 2020 unaudited Total £000	Year ended 31 March 2021 audited Total £000
Income				
Revenue from properties	3	22,623	21,653	43,331
Property expenses	4	(5,014)	(5,120)	(9,877)
Net property income		**17,609**	**16,533**	**33,454**
Expenses				
Administrative expenses		(2,744)	(2,342)	(5,388)
Total operating expenses		**(2,744)**	**(2,342)**	**(5,388)**
Operating profit before movement on investments		**14,865**	**14,191**	**28,066**
Investments				
Profit on disposal of investment properties	9	47	–	868
Investment property valuation movements	9	42,951	(6,392)	12,861
Total profit/(loss) on investments		**42,998**	**(6,392)**	**13,729**
Operating profit		**57,863**	**7,799**	**41,795**
Financing				
Interest received		–	3	5
Interest paid		(3,945)	(4,122)	(7,999)
Total finance costs		**(3,945)**	**(4,119)**	**(7,994)**
Profit before tax		**53,918**	**3,680**	**33,801**
Tax		–	–	–
Profit after tax		**53,918**	**3,680**	**33,801**
Other comprehensive income				
Revaluation on owner occupied property		443	–	–
Total other comprehensive income for the period/ year		**443**	**–**	**–**
Total comprehensive income for the period/ year		**54,361**	**3,680**	**33,801**
Earnings per share				
Basic and diluted	7	10.0p	0.7p	6.2p

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 2021

	Note	Share capital £000	Other reserves £000	Retained earnings £000	Revaluation reserve £000	Total £000
Balance as at 31 March 2020		**164,400**	**(784)**	**345,667**	**–**	**509,283**
Profit for the period		–	–	3,680	–	3,680
Dividends paid	6	–	–	(6,819)	–	(6,819)
Share-based awards		–	388	–	–	388
Purchase of shares held in trust		–	(643)	–	–	(643)
Balance as at 30 September 2020		**164,400**	**(1,039)**	**342,528**	**–**	**505,889**
Profit for the period		–	–	30,121	–	30,121
Dividends paid	6	–	–	(8,183)	–	(8,183)
Share-based awards		–	370	–	–	370
Balance as at 31 March 2021		**164,400**	**(669)**	**364,466**	**–**	**528,197**
Profit for the period		–	–	53,918	–	53,918
Dividends paid	6	–	–	(9,008)	–	(9,008)
Share-based awards		–	303	–	–	303
Purchase of shares held in trust		–	(237)	–	–	(237)
Other comprehensive income for the period		–	–	–	443	443
Balance as at 30 September 2021		**164,400**	**(603)**	**409,376**	**443**	**573,616**

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	**30 September 2021 unaudited £000**	30 September 2020 unaudited £000	31 March 2021 audited £000
Non-current assets				
Investment properties	9	726,020	646,668	665,418
Property, plant and equipment		4,473	17	4,111
Total non-current assets		**730,493**	**646,685**	**669,529**
Current assets				
Investment properties held for sale	9	–	3,975	–
Accounts receivable		24,390	20,501	19,584
Cash and cash equivalents		16,681	18,899	23,358
Total current assets		**41,071**	**43,375**	**42,942**
Total assets		**771,564**	**690,060**	**712,471**
Current liabilities				
Accounts payable and accruals		(18,945)	(18,250)	(18,805)
Loans and borrowings	10	(973)	(915)	(944)
Obligations under leases		(107)	(107)	(107)
Total current liabilities		**(20,025)**	**(19,272)**	**(19,856)**
Non-current liabilities				
Loans and borrowings	10	(176,218)	(163,191)	(162,711)
Obligations under leases		(1,705)	(1,708)	(1,707)
Total non-current liabilities		**(177,923)**	**(164,899)**	**(164,418)**
Total liabilities		**(197,948)**	**(184,171)**	**(184,274)**
Net assets		**573,616**	**505,889**	**528,197**
Equity				
Share capital	11	164,400	164,400	164,400
Retained earnings		409,376	342,528	364,466
Other reserves		(603)	(1,039)	(669)
Revaluation reserve		443	–	–
Total equity		**573,616**	**505,889**	**528,197**
Net asset value per share	13	105p	93p	97p

These condensed consolidated financial statements were approved by the Board of Directors on 9 November 2021 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 2021

	Note	**6 months ended 30 September 2021 unaudited £000**	6 months ended 30 September 2020 unaudited £000	Year ended 31 March 2021 audited £000
Operating activities				
Operating profit		57,863	7,799	41,795
Adjustments for non-cash items	12	(42,615)	6,783	(12,964)
Interest received		–	3	5
Interest paid		(3,722)	(3,837)	(7,515)
Tax received		–	56	56
Increase in accounts receivables		(4,845)	(2,900)	(1,983)
Increase/(decrease) in payables and accruals		191	(1,365)	(825)
Cash inflows from operating activities		**6,872**	**6,539**	**18,569**
Investing activities				
Purchase of investment properties	9	(13,933)	–	–
Capital expenditure on investment properties	9	(4,363)	(2,549)	(4,961)
Disposal of investment properties		731	–	3,928
Purchase of tangible assets		1	–	(268)
Cash outflows from investing activities		**(17,564)**	**(2,549)**	**(1,301)**
Financing activities				
Borrowings repaid		(650)	(622)	(1,258)
Borrowings drawn		14,000	–	–
Financing costs		(90)	(574)	(574)
Purchase of shares held in trust		(237)	(643)	(643)
Dividends paid	6	(9,008)	(6,819)	(15,002)
Cash inflows/(outflows) from financing activities		**4,015**	**(8,658)**	**(17,477)**
Net decrease in cash and cash equivalents		**(6,677)**	**(4,668)**	**(209)**
Cash and cash equivalents at beginning of period/year		23,358	23,567	23,567
Cash and cash equivalents at end of period/year		**16,681**	**18,899**	**23,358**

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 2021

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 2021, with unaudited comparatives for the period from 1 April to 30 September 2020. Comparatives are also provided from the audited financial statements for the year ended 31 March 2021.

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 2021.

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 2021.

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 2021 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 2021.

3. REVENUE FROM PROPERTIES

	6 months ended 30 September 2021 £000	6 months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Rents receivable (adjusted for lease incentives)	19,672	17,646	36,558
Surrender premiums	59	11	202
Dilapidation receipts	–	1,195	1,195
Other income	91	80	82
Service charge income	2,801	2,721	5,294
	22,623	21,653	43,331

Rents receivable includes lease incentives recognised of £1.9 million (30 September 2020: £0.7 million, 31 March 2021: £2.0 million).

4. PROPERTY EXPENSES

	6 months ended 30 September 2021 £000	6 months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Property operating costs	1,269	914	2,384
Property void costs	944	1,485	2,199
Recoverable service charge costs	2,801	2,721	5,294
	5,014	5,120	9,877

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

6. DIVIDENDS

Declared and paid:	**6 months ended 30 September 2021 £000**	6 months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Interim dividend for the period ended 31 March 2020: 0.625 pence	–	3,409	3,409
Interim dividend for the period ended 30 June 2020: 0.625 pence	–	3,410	3,410
Interim dividend for the period ended 30 September 2020: 0.7 pence	–	–	3,819
Interim dividend for the period ended 31 December 2020: 0.8 pence	–	–	4,364
Interim dividend for the period ended 31 March 2021: 0.8 pence	4,364	–	–
Interim dividend for the period ended 30 June 2021: 0.85 pence	4,644	–	–
	9,008	6,819	15,002

The interim dividend of 0.85 pence per ordinary share in respect of the period ended 30 September 2021 has not been recognised as a liability as it was declared after the period end. A dividend of £4,640,000 will be paid on 30 November 2021.

7. EARNINGS PER SHARE

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

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

	6 months ended 30 September 2021	6 months ended 30 September 2020	Year ended 31 March 2021
Net profit attributable to ordinary shareholders of the Company from continuing operations (£000)	54,361	3,680	33,801
Weighted average number of ordinary shares for basic profit per share	545,987,095	545,627,913	545,590,722
Weighted average number of ordinary shares for diluted profit per share	547,095,699	547,188,142	546,793,381

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 2021.

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 2021.

9. INVESTMENT PROPERTIES

	6 months ended 30 September 2021 £000	6 months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Fair value at start of period/year	665,418	654,486	654,486
Capital expenditure on investment properties	4,363	2,549	4,961
Acquisitions	13,933	–	–
Disposals	(692)	–	(3,928)
Realised gains on disposal	47	–	868
Unrealised movement on investment properties	42,951	(6,392)	12,861
Transfer to owner-occupied property	–	–	(3,830)
Transfer to assets classified as held for sale	–	(3,975)	–
Fair value at the end of the period/year	726,020	646,668	665,418
Historic cost at the end of the period/year	638,110	622,946	625,359

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

	30 September 2021 £000	30 September 2020 £000	31 March 2021 £000
Appraised value	745,195	661,570	682,410
Valuation of assets held under head leases	1,329	1,366	1,313
Lease incentives held as debtors	(16,279)	(12,293)	(14,475)
Owner-occupied property	(4,225)	–	(3,830)
Assets classified as held for sale	–	(3,975)	–
Fair value at the end of the period/year	726,020	646,668	665,418

As at 30 September 2021, 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 2021 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 pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and properties on the market returning to levels where in general an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.

There were no significant changes to the inputs into the valuation process (ERV, net initial yield, reversionary yield and true equivalent yield), or assumptions and techniques used during the period, further details on which were included in note 13 of the consolidated financial statements of the Group for the year ended 31 March 2021.

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 2021 £000**	30 September 2020 £000	31 March 2021 £000
Current				
Aviva facility	–	1,343	1,285	1,314
Capitalised finance costs	–	(370)	(370)	(370)
		973	915	944
Non-current				
Canada Life facility	24 July 2027	80,000	80,000	80,000
Aviva facility	24 July 2032	84,215	85,558	84,894
Natwest revolving credit facility	26 May 2024	14,000	–	–
Capitalised finance costs	–	(1,997)	(2,367)	(2,183)
		176,218	163,191	162,711
Total loans and borrowings		177,191	164,106	163,655

The Group has a loan with Canada Life Limited for £80 million which matures in July 2027. Interest is fixed at 4.08% 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 2024 and with the option to extend by a further year. Currently £14.0 million has been drawn down under the facility. The RCF incurs interest at 150 basis points over LIBOR on drawn balances and an undrawn commitment fee of 60 basis points.

The fair value of the secured loan facilities at 30 September 2021, estimated as the present value of future cash flows discounted at the market rate of interest at that date, was £200.0 million (30 September 2020: £197.9 million, 31 March 2021: £187.2 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 2021 was 4.0% (30 September 2020: 4.2%, 31 March 2021: 4.2%).

11. SHARE CAPITAL AND OTHER RESERVES

The Company has 547,605,596 ordinary shares in issue of no par value (30 September 2020: 547,605,596, 31 March 2021: 547,605,596).

The balance on the Company's share premium account as at 30 September 2021 was £164,400,000 (30 September 2020: £164,400,000, 31 March 2021: £164,400,000).

	30 September 2021	30 September 2020	31 March 2021
Ordinary share capital	547,605,596	547,605,596	547,605,596
Number of shares held in Employee Benefit Trust	(1,474,253)	(2,052,269)	(2,052,269)
Number of ordinary shares	546,131,343	545,553,327	545,553,327

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 1,474,253 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 2021 £000	6 months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Profit on disposal of investment properties	(47)	–	(868)
Movement in investment property valuation	(42,951)	6,392	(12,861)
Share-based awards	303	388	758
Depreciation of property, plant and equipment	80	3	7
	(42,615)	6,783	(12,964)

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 2021, the Company had a net asset value per ordinary share of £1.05 (30 September 2020: £0.93, 31 March 2021: £0.97).

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 £4,640,000 (0.85 pence per share) was approved by the Board on 21 October 2021 and is payable on 30 November 2021.

On 1 October 2021 the Employee Benefit Trust acquired 250,000 shares of the Company at a cost of £238,000.

END