17 November 2020

PALACE CAPITAL PLC

("Palace Capital" or the "Company")

Interim Results for the six months ended 30 September 2020

RESILIENT RENT COLLECTION AND ACTIVE ASSET MANAGEMENT ENSURE STABLE PORTFOLIO PERFORMANCE

Palace Capital (LSE: PCA), the Main Market listed property investment company that has a diversified portfolio of UK commercial real estate in carefully selected locations outside of London, announces its unaudited results for the six months ended 30 September 2020.

Financial Highlights

Active asset management underpins resilient rent collection and dividend payment

- 82% of all rents due on and since the September quarter day collected, a higher percentage than at the equivalent stage in the previous two quarters with December monthly payments still to come when collection is expected to exceed 90%.
- 94% of rent due on the June quarter day was collected compared to 96% on the March quarter day (excludes deferred rent).
- EPRA earnings of £3.2 million (September 2019: £6.7 million), with reduction reflecting a one-off surrender premium included in the comparative period last year.
- IFRS loss before tax for the period of £7.2 million (September 2019: £1.2 million) reflecting £10.5 million loss on revaluation of investment properties.
- Adjusted EPS of 7.3p, 146% cover of 5p dividend for the six-month period.
- Q2 dividend of 2.5p declared and payable on 31 December 2020. Q1 dividend of 2.5p was paid in October 2020.
- EPRA NTA per share of 347p reduced by 4.7% (March 2020: 364p) and IFRS net assets of £158.4 million (March 2020: £166.3 million), reflecting reductions due to asset revaluations following the pandemic and strategic capital expenditure on developments and refurbishments.
- LTV at 42% reflecting drawdowns on development loan at Hudson Quarter, due to complete in March 2021, weighted average cost of debt reduced from 3.1% to 2.9%.
- Solid balance sheet with cash reserves and immediately available facilities of £26.3 million as at 30 September 2020, to handle any unforeseen circumstances and to take advantage of potential opportunities in the short to medium term.

Operational highlights

Ongoing strategic disposals and redevelopment programme further enhancing portfolio quality

- 36 apartments now sold at an aggregate value of £9.6 million at flagship Hudson Quarter, York development. Practical completion of the scheme is now due in March 2021 and it remains on budget.
- Disposals of Meadowcourt, Sheffield for £1.25 million, 30% above book value, and Hyde Abbey House, Winchester sold post half year end for £1.46 million, 17% above book value.

- Rental concessions granted at Sol Northampton with Accor Hotels in return for a five-year lease extension until 2032 and with Gravity Fitness in return for removal of the break clause, securing the lease until 2034. Rental concession granted post the half year end at Broad Street Plaza, Halifax with TGI Friday's in return for three-year lease extension until 2030.

- Agents instructed on four further sales of non-core assets, with a combined book value of £8.3 million as at 30 September 2020.

Balance Sheet	**30 Sept 2020**	**31 March 2020**
Property valuation	£281.6m	£277.8m
Net assets	£158.4m	£166.3m
EPRA NTA per share	347p	364p

Income Statement	**Six months to 30 Sept 2020**	**Six months to 30 Sept 2019**
Loss before tax	(£7.2m)	(£1.2m)
EPRA earnings	£3.2m	£6.7m
Earnings per share	(15.5p)	5.6p
Adjusted earnings per share	7.3p	8.5p
Total accounting return	(3.3%)	(1.5%)
Total shareholder return	7.2%	0.2%
Total dividend per share	5.0p	9.5p
Dividend cover	146%	90%

Neil Sinclair, Chief Executive of Palace Capital said:

"Our strength in the regional office and industrial sectors, reflected in the quality of our occupier base, has enabled us to maintain high levels of rent collection across the period, despite the ongoing Covid-19 headwinds. The resilience in the income collection and the successful active portfolio management are testament to our team's experience and hard work during an extremely challenging half year period.

"While the market continues to be relatively uncertain due to the Covid-19 pandemic and with the Brexit deadline also close, we remain confident that the outlook for the UK regions is a positive one; the supply of good quality, well located office assets remains constrained and our portfolio is therefore very well placed, with additional value identified and unlocked as we progress our redevelopment and refurbishment programmes."

Stanley Davis, Chairman of Palace Capital said:

"Our financial year commenced one week after lockdown, therefore the pandemic and its impact will have a clear bearing on our results for this year. However, our well-located portfolio has shown its strength during this uncertain time and is well positioned to benefit from the trends we are seeing emerge from the pandemic, including relocation to the regions.

"In the short term we will continue to deploy our strategy of maintaining maximum liquidity, ensuring strong rent collection and pursuing the disposal of non-core assets. At the same time, the recent news of a potential vaccination programme getting underway by the end of this year or early next year provides some welcome hope that we may be moving toward the end of this Covid related uncertainty. We are preparing ourselves for the post Covid-19 era and the economic recovery, so that we can take advantage of the investment opportunities that we believe will emerge and progress our total return strategy."

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About Palace Capital plc

Palace Capital plc (LSE: PCA) is a UK REIT that has a £281.6 million diversified portfolio of UK regional commercial property. The Company maintains a disciplined investment strategy focused on towns and cities outside of London that are characterised by thriving local economies and strengthening fundamentals. Within those locations the highly experienced management team select assets that provide opportunities to drive both capital value and long-term rental income through tailored active asset management programmes ultimately delivering attractive shareholder returns.

www.palacecapitalplc.com

CHAIRMAN'S STATEMENT

Our financial year commenced one week after lockdown; therefore, the pandemic and its impact has had a clear bearing on our results for this period and will continue to during the second half of the year.

PERFORMANCE

The Group made a loss after tax of £7.2 million in the period (September 2019: profit of £2.6 million). This was largely due to a 3.5% like-for-like reduction in property valuations in the period which compares to the MSCI UK quarterly property index which reported capital values down 3.7% in the same period. Rental income for the period reduced to £8.2 million (September 2019: £8.8 million) partially as a result of some increased vacancy across the portfolio and also due to the inclusion of a bad debt provision of £0.3 million in light of the Covid-related rent arrears.

The portfolio has an annual contracted rent roll of £16.9 million and a net income after property costs of £14.9 million per annum compared to an ERV of £20.2 million. Adjusted earnings totalled £3.4 million, translating to an adjusted EPS of 7.3p per share, 146% cover of the 5.0p per share for the period. Our second quarterly dividend of 2.5p will be payable on 31 December 2020 to shareholders on the register on 11 December 2020. The entire dividend will be paid as a Property Income Distribution.

BALANCE SHEET

Our balance sheet remains in good shape; an IFRS net asset value of £158.4 million with £26.3 million in cash and available facilities and, despite the like-for-like reduction in the portfolio valuations, our regional portfolio retains its resilient characteristics. As at 30 September 2020, our portfolio was independently valued by Cushman and Wakefield at £281.6 million and this valuation is not subject to 'material valuation uncertainty' which the valuer had applied to the year-end valuations.

The increase in LTV to 42% is largely due to drawdowns from the development facility for the continued construction progress at our Hudson Quarter development, which is due to complete in March 2021. This level of gearing is projected to fall to close to 30% once all residential units have been sold.

PANDEMIC RESPONSE

At the start of the first major lockdown in March, we immediately set our priorities as being to:

- Ensure the safety of our staff and sites;
- Maintain our robust rent collection;
- Comply with our banking covenants;
- Curtail all non-essential capital expenditure; and
- Continue with disposal of non-core properties at or above book value.

Our high rent collection figures have ensured compliance with our banking covenants for the last two quarters, while the continuation of our strategic disposal of non-core assets has further supplemented our cash reserves.

We have a high-quality occupier base and our asset managers, who have worked incredibly hard over the past number of months, are continuing their meaningful dialogue with all of our tenants throughout this challenging time. As at the date of this announcement, our top 20 tenants, who contribute 44% of our income are all up to date with their rental payments for the current quarter.

LOOKING FORWARD

While we are now in the middle of a second lockdown, which might be extended despite being due to end early next month, the recent news of a potential vaccination programme getting underway by the end of this year or early next year provides some welcome hope that we may be moving toward the end of this Covid related uncertainty. However, we have no reason to amend our prudent response strategy at present and maintaining a healthy cash position will enable us to deal with any other unexpected circumstances that may be forthcoming.

These reserves will also allow us to reduce some of our debt during the financial year and to take advantage of the attractive investment opportunities that we believe will arise during 2021.

The management team's deep and long held experience in the real estate sector means we benefit from extensive networks and relationships which will hold us in good stead as and when distressed opportunities emerge next year. We have a track record, since the early years of Palace Capital, of successful corporate acquisitions, having acquired a Quintain subsidiary and Property Investment Holdings Ltd for £39.25 million and £32 million respectively. These cost-effective transactions were available to us because the companies in both cases had high leverage and being corporates, it facilitated significant savings in Stamp Duty Land Tax. These portfolio investments have performed exceptionally well for the Company and therefore this is an investment strategy with which we intend to continue.

The working from home guidance has of course influenced office occupation and I am in no doubt that our way of working has been changed long term. However, these trends towards flexible and home working were already underway pre Covid-19, and the forced move to remote working has simply accelerated this momentum. Our strong view is, however, that this shift in working patterns will benefit the regions as companies reflect on the requirement for expensive Central London offices. Debate around the demise of the office is premature and recent lettings activity shows that employers remain convinced of the role of the workplace: significant pre-lettings in excess of 80,000 sq ft have recently been announced in the city centres of Edinburgh, Manchester and Leeds.

Previous forecasts of the demise of the office – in the early 1980s with the advancement of computer technology and again in the early 2000s during the dotcom era – proved unfounded and our view is that they will again. We have always pursued a very disciplined acquisition strategy, which has focused on good quality assets in town centres and close to transport hubs, including major railway stations, so we firmly believe that we will see continued demand for our regional offices, particularly in Manchester, Leeds, York, Newcastle-upon-Tyne and Liverpool.

Savills, in August of this year, published a report which compared the current supply / demand dynamics in the regional office market with 2009. The report estimated that since 2015, excluding London, 31 million sq ft of office space has been converted to residential under Permitted Development Rights in England. Current availability of Grade B and C space across the regional markets in England has fallen by 45% since 2015. In parallel to this, there has been limited speculative office development in the regions in recent years. They further reported in August that there was a total available office supply of 11.3 million sq ft in the UK regional office markets, reflecting a 17% decrease since the end of 2019. However, of that just over 3 million sq ft is Grade A reflecting a 4% decrease since the end of 2019. When this is compared to average annual take up levels, this reflects only enough supply to meet the demand for 11 months of take up. Against this market backdrop we are well placed to benefit as HM Government continues to pursue its levelling up agenda and businesses contemplate the relocation of some of their operations from London and the South East, or implement a 'hub and spoke' model with a greater regional presence to meet the demands of their employees in an environment where the competition for talent is strong.

DEVELOPMENT PIPELINE

Our strategy focuses on delivering attractive total returns to our investors. We achieve this through active asset management to maximise the income potential of our assets, but also by identifying and creating development and refurbishment opportunities that can ultimately provide a higher quality, more secure income. We have a pipeline of prime, city centre opportunities, two of which are in Milton Keynes and another in Leamington Spa. Our property in Leamington Spa is fully let until 2022 and while we have no significant expenditure envisaged on these properties in the next 12 months, we have identified opportunities to unlock further capital appreciation by way of the planning process and, ultimately, redevelopment. Milton Keynes (as recently highlighted in the Financial Times, 27/10/20) is one of the fastest growing cities in the UK and only 30 minutes by train from London so we have taken the view to accept some vacancy here forfeiting potential income as part of the development contribution to total returns. Leamington Spa is a quality town with high residential values that is only 65 minutes by train from the capital.

PORTFOLIO OVERVIEW

At Hudson Quarter, our flagship development in York, we have sold 36 apartments at a total value of £9.6 million and we have a further unit currently under offer. We had sold 28 as at 31 March 2020. The pace of the sales process has been impacted by the government lockdown, which closed our show apartment for four months from March to July and has now effectively closed it again until at least early December except by appointment. During this time, however, we have been actively targeting overseas buyers through social media particularly in the Middle East and Far East, where interest has been strong, given the quality of the product.

Due to the impact of Covid-19, sales are somewhat slow at the moment. This will have an impact on our ability to reinvest the proceeds during the early part of our next financial year, which was our original plan. However, we are confident that post lockdown and approaching completion of this high quality scheme, potential sales will accelerate. The proceeds from these will then enable us to repay any remaining development debt, reduce the Group's LTV and to take advantage of value enhancing opportunities.

As previously announced, 4,500 sq ft of the office space has been pre-let to the listed legal and professional services firm Knights, on a 10-year lease at a record rent for York, which will commence when our building is completed in March 2021. We have also had considerable interest in HQ, the self-contained 35,000 sq ft office building, and we believe that, with York being only 105 minutes by a non-stop train service from London and HQ being within a two minute walk from the Station, the development is extremely well positioned to be a beneficiary of the post pandemic environment.

The reduction in NAV reported today is impacted by our two leisure assets, Sol Northampton and Broad Street Plaza in Halifax, which have been mostly affected by the lockdown closures and the prevailing sentiment towards the leisure industry. However, news of a potential vaccine has improved the outlook for the industry and these assets are well placed to bounce back post pandemic. We have strong covenants in both schemes and rent payments across both assets are up to date. Moreover, we are in discussion with a number of potential tenants regarding the vacant space in these properties as parties start focusing on the recovery in the economy.

CONCLUSION & OUTLOOK

Notwithstanding a very challenging economic environment, we are continuing with our strategy of maintaining maximum liquidity, ensuring strong rent collection and pursuing the disposal of non-core assets. At the same time we are preparing ourselves for the post Covid-19 era as the Government focuses on the economic recovery, so that we can take advantage of the distressed opportunities that we believe will arise from the Spring of 2021 and move forward with our value enhancing redevelopment/refurbishment plans. This is not an easy time, but we have a great team and a quality Board. We are very confident in our ability to prosper in this new normal.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Whilst we consider there has been no material changes to the Group's principal risks, as set out on pages 43-45 of the Annual Report and Accounts for the year ended 31 March 2020, several risks continue to be elevated as a result of the ongoing Covid-19 pandemic.

The Board continues to monitor events and is taking appropriate action to prepare for any short to medium-term risks that could arise whilst this period of uncertainty continues. Our business is resilient, and we are able to respond quickly, positioning us well for the longer term.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors' confirm that the condensed set of consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Palace Capital plc are listed on the Company website https://www.palacecapitalplc.com/

By order of the Board

Stanley Davis, Chairman

16 November 2020

Palace Capital plc

Condensed consolidated statement of comprehensive income

For the six months ended 30 September 2020

	Notes	**Unaudited 6 months to 30 September 2020 £000**	Unaudited 6 months to 30 September 2019 £000	Audited Year to 31 March 2020 £000
Rental and other income	3	**8,263**	11,917	21,147
Property operating expenses		**(1,000)**	(1,214)	(2,392)
Net property income		**7,263**	10,703	18,755
Dividend income from listed equity investments		**-**	53	105
Administrative expenses		**(2,260)**	(2,193)	(4,284)
Operating profit before gains and losses on property assets and listed equity investments		**5,003**	8,563	14,576
Profit/(loss) on disposal of investment properties		**259**	(24)	138
Loss on revaluation of investment properties	8	**(10,457)**	(6,177)	(17,154)
Reversal of impairment/(impairment) of trading properties	8	**414**	(305)	(763)
Loss on disposal of assets held for sale		**-**	(269)	(269)
(Loss)/gain on revaluation of listed equity investments		**(167)**	101	(425)
Operating (loss)/profit		**(4,948)**	1,889	(3,897)
Finance income		**1**	11	18
Finance expense		**(1,796)**	(2,414)	(3,845)
Debt termination costs		**-**	-	(501)
Changes in fair value of interest rate derivatives		**(409)**	(663)	(846)
Loss before taxation		**(7,152)**	(1,177)	(9,071)
Taxation	4	**-**	3,729	3,632
(Loss)/profit for the period and total comprehensive income		**(7,152)**	2,552	(5,439)

Earnings per ordinary share				
Basic	6	(15.5p)	5.6p	(11.8p)
Diluted	6	(15.5p)	5.6p	(11.8p)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Palace Capital plc

Condensed consolidated statement of financial position

30 September 2020

	Notes	**Unaudited 30 September 2020 £000**	Unaudited 30 September 2019 £000	Audited 31 March 2020 £000
Non-current assets				
Investment properties	8	**241,403**	255,514	248,699
Listed equity investments at fair value		**2,373**	3,066	2,540
Right of use asset		**238**	405	313
Property, plant and equipment		**93**	81	101
		244,107	259,066	251,653
Current assets				
Trading property	8	**38,395**	18,895	27,557
Trade and other receivables	9	**10,014**	7,102	9,323
Cash and cash equivalents	10	**14,269**	13,965	14,919
Total current assets		**62,678**	39,962	51,799
Total assets		**306,785**	299,028	303,452
Current liabilities				
Trade and other payables	11	**(13,170)**	(9,700)	(14,053)
Borrowings	12	**(1,836)**	(1,836)	(1,836)
Lease liabilities for right of use asset		**(172)**	(168)	(164)
Total current liabilities		**(15,178)**	(11,704)	(16,053)
Net current assets		**47,500**	28,258	35,746
Non-current liabilities				
Borrowings	12	**(129,625)**	(105,026)	(117,520)
Deferred tax		**(228)**	(204)	(228)
Lease liabilities for investment properties		**(1,805)**	(1,834)	(1,806)
Lease liabilities for right of use asset		**(67)**	(238)	(154)
Derivative financial instruments	13	**(1,517)**	(1,335)	(1,343)
Total non-current liabilities		**(133,242)**	(108,637)	(121,051)
Net Assets		**158,365**	178,687	166,348
Equity				
Share capital	14	**4,639**	4,639	4,639
Share premium account		**-**	125,019	125,019
Merger reserve		**3,503**	3,503	3,503
Capital redemption reserve		**340**	340	340
Treasury share reserve		**(1,287)**	(1,348)	(1,349)
Capital reduction reserve		**125,019**	-	-
Retained earnings		**26,151**	46,534	34,196
Equity shareholders' funds		**158,365**	178,687	166,348
Basic NAV per ordinary share	7	**344p**	388p	361p
Diluted NAV per ordinary share	7	**343p**	388p	361p
EPRA NTA per ordinary share	7	**347p**	391p	364p

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
The condensed consolidated interim financial statements were approved by the Board of Directors on 16 November 2020.

Palace Capital plc

Condensed consolidated statement of cash flows

For the six months ended 30 September 2020

	Notes	**Unaudited 6 months to 30 September 2020 £000**	Unaudited 6 months to 30 September 2019 £000	Audited Year to 31 March 2020 £000
Operating activities				
Loss before tax		**(7,152)**	(1,177)	(9,071)
Adjustments for non-cash items:				
Loss on revaluation of properties	8	**10,457**	6,177	17,154
(Gain)/impairment of trading properties	8	**(414)**	305	763
Loss/(gain) on revaluation of investments		**167**	(101)	425
(Profit)/loss on sale of investment properties	8	**(259)**	24	(138)
Loss on disposal of investment property held for sale	8	**-**	269	269
Depreciation		**23**	16	32
Amortisation of right of use asset		**74**	82	148
Share-based payment		**150**	100	130
Net finance costs		**2,204**	3,066	5,174
Cash generated by operations		**5,250**	8,761	14,886
Changes in working capital		**(974)**	(1,353)	860
Cash flows from operations		**4,276**	7,408	15,746
Interest received		**1**	11	18
Interest and other finance costs paid		**(1,855)**	(1,985)	(3,680)
Corporation tax received/(paid)		**(1,128)**	(1,554)	(2,173)
Cash flows from operating activities		**1,294**	3,880	9,911
Investing activities				
Capital expenditure on refurbishments of property	8	**(905)**	(3,061)	(5,667)
Capital expenditure on developments	8	**(2,856)**	(1,363)	(3,925)
Capital expenditure on trading property	8	**(10,125)**	(4,833)	(13,915)
Proceeds from disposal of investment properties	8	**1,219**	1,476	2,708
Proceeds from assets held for sale	8	**-**	11,488	11,487
Amounts transferred out of/(into) restricted cash deposits		**181**	(620)	(525)
Purchase of non-current asset - equity investment		**-**	(328)	(329)
Dividends from listed equity investments		**-**	53	105
Purchase of property, plant and equipment		**(14)**	-	(36)
Cash flows from investing activities		**(12,500)**	2,812	(10,097)
Financing activities				
Bank loan repaid		**(1,071)**	(16,717)	(18,325)
Proceeds from new bank loans		**12,960**	5,471	19,736
Loan issue costs		**-**	(627)	(978)
Dividends paid	5	**(1,152)**	(4,364)	(8,743)
Cash flows from financing activities		**10,737**	(16,237)	(8,310)
Net (decrease)/increase in cash		**(469)**	(9,545)	(8,496)
Opening cash and cash equivalents	10	**13,899**	22,395	22,395
Closing cash and cash equivalents	10	**13,430**	12,850	13,899

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Palace Capital plc

Condensed consolidated statement of changes in equity

For the six months ended 30 September 2020

	Share Capital £000	Share Premium £000	Treasury Shares Reserve £000	Other Reserves £000	Capital reduction reserve £000	Retained Earnings £000	Total equity £000
As at 31 March 2019	4,639	125,019	(1,771)	3,843	-	48,593	180,323
Total comprehensive income for the period	-	-	-	-	-	2,552	2,552
Share based payments	-	-	-	-	-	100	100
Costs from issue of new shares	-	-	-	-	-	-	-
Exercise of share options	-	-	423	-	-	(423)	-
Issue of deferred bonus share options	-	-	-	-	-	76	76
Dividends	-	-	-	-	-	(4,364)	(4,364)
As at 30 September 2019	4,639	125,019	(1,348)	3,843	-	46,534	178,687
Total comprehensive loss for the period	-	-	-	-	-	(7,991)	(7,991)
Share based payments	-	-	-	-	-	30	30
Exercise of share options	-	-	(1)	-	-	1	-
Issue of deferred bonus share options	-	-	-	-	-	1	1
Dividends	-	-	-	-	-	(4,379)	(4,379)
As at 31 March 2020	4,639	125,019	(1,349)	3,843	-	34,196	166,348
Total comprehensive loss for the period	-	-	-	-	-	(7,152)	(7,152)
Share based payments	-	-	-	-	-	150	150
Exercise of share options	-	-	62	-	-	(62)	-
Issue of deferred bonus share options	-	-	-	-	-	171	171
Dividends	-	-	-	-	-	(1,152)	(1,152)
Transfer to capital reduction reserve account*	-	(125,019)	-	-	125,019	-	-
As at 30 September 2020	**4,639**	**-**	**(1,287)**	**3,843**	**125,019**	**26,151**	**158,365**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

*During the year, the Group made an order to reduce the Group's share premium account and the crediting of the relevant sum to distributable profits. The Court order approving the Share Premium Reduction and a statement of capital were registered with the Registrar of Companies on 29 September 2020. The Share Premium Reduction is now effective, and the amount that had been standing to the credit of the Company's share premium account (£125,018,886.38) has been credited to the Company's distributable profits.

1 General information

These financial statements are for Palace Capital plc (“the Company”) and its subsidiary undertakings (together “the Group”).

The Company’s shares are admitted to trading on the Main Market of the London Stock Exchange. The Company is domiciled and registered in England and Wales and incorporated under the Companies Act 2006. The address of its registered office is 25 Bury Street, London, SW1Y 6AL.

The nature of the Company’s operations and its principal activities are that of property investment in the UK.

Basis of preparation

The condensed consolidated financial information included in this half yearly report has been prepared in accordance with the IAS 34 “Interim Financial Reporting”, as adopted by the European Union. The current period information presented in this document is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The interim results have been prepared in accordance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These standards are collectively referred to as "IFRS".

The accounting policies and methods of computations used are consistent with those as reported in the Group’s Annual Report for the year ended 31 March 2020, and are expected to be used in the Group’s Annual Report for the year ended 31 March 2021.

The financial information for the year ended 31 March 2020 presented in these unaudited condensed Group interim financial statements does not constitute the Company’s statutory accounts for that period but has been derived from them. The Report and Accounts for the year ended 31 March 2020 were audited and have been filed with the Registrar of Companies. The Independent Auditor’s Report on the Report and Accounts for the year ended 31 March 2020 was unqualified and did not contain statements under s498(2) or (3) of the Companies Act 2006. The report for the year ended 31 March 2020 did include an emphasis of matter paragraph, drawing attention to the material valuation uncertainty statement made by the valuers. The opinion was not modified in respect of this matter. The financial information for the periods ended 30 September 2019 and 30 September 2020 are unaudited and have not been subject to a review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board.

The interim report was approved by the Board of Directors on 16 November 2020.

Copies of this statement are available to the public for collection at the Company’s Registered Office at 25 Bury Street, London, SW1Y 6AL and on the Company’s website, www.palacecapitalplc.com.

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern which included the current uncertainties created by Covid-19, coupled with the Group's cash resources, borrowing facilities, rental income, acquisitions and disposals of investment properties, committed capital and other expenditure and dividend distributions. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements.

Although there has been significant headroom on the majority of covenants within the period ended 30 September 2020, the impact of Covid-19 and the resultant lock-down initially resulted in a number of tenants withholding rental payments and, in particular at the two leisure schemes in Halifax and Northampton. As a result, two of the facilities, Scottish Widows and Santander, did not meet their ICR covenant tests at the April 2020 test dates. On request the banks provided covenant waivers for both the April and July covenant test dates. All covenant tests were satisfied in both July and October 2020.

As part of the going concern assessment, and taking the above into consideration, the Directors reviewed a number of scenarios which included extreme downside sensitivities and reverse stress tests in relation to rental cash collection assuming no property acquisitions, no further capital expenditure beyond that committed and no dividends. The forecast shows there is enough headroom on all the interest cover bank covenants to ensure these covenants are not breached. £0.8m cash remains in a lock-up account on behalf of Scottish Widows in order to satisfy the LTV covenant. On all other facilities there would need to be a significant reduction in the bank's property valuations to be at risk of breaching the respective LTV covenants. We would mitigate any potential risk of breaching the loan covenants by keeping an open dialogue with all tenants to ensure prompt rent collection, monitor lease renewals and actively seek to lease any vacant units at the property.

In addition, as at 30 September 2020 the Group had £14.3 million of cash and cash equivalents, of which £13.4 million was unrestricted cash, a reasonable gearing level of 42% and a fair value property portfolio of £281.6 million. The Directors have reviewed the forecasts for the Group taking into account the impact of Covid-19 on trading over the twelve months from the date of signing the 30 September 2020 Interim Report.

The forecasts have been assessed against a range of possible downside outcomes incorporating significantly lower levels of income in line with the possible effects of the pandemic. The Directors have a reasonable expectation that the Group have adequate resources to continue in operation for at least 12 months from the date of the 30 September 2020 Interim Report.

Accordingly, they continue to adopt the going concern basis in preparing the Interim Report.

2 Segmental reporting

During the period, the Group operated in one business segment, being property investment in the UK and as such no further information is provided.

3 Net property income

	Unaudited 6 months to 30 September 2020 £000	Unaudited 6 months to 30 September 2019 £000	Audited Year to 31 March 2020 £000
Rent receivable	**8,216**	8,813	17,717
Dilapidations & other income	**27**	238	439
Surrender premium	**-**	2,850	2,850
Insurance commission	**20**	16	141
Total revenue	**8,263**	11,917	21,147
Service charge & vacant rates	**(681)**	(732)	(2,218)
Other property costs	**(319)**	(482)	(174)
Property operating expenses	**(1,000)**	(1,214)	(2,392)
Net property income	**7,263**	10,703	18,755

4 Taxation

	Unaudited 6 months to 30 September 2020 £000	Unaudited 6 months to 30 September 2019 £000	Audited Year to 31 March 2020 £000
Current income tax charge	**-**	166	198
Tax overprovided in prior year	**-**	(168)	(222)
Capital gains charged in period	**-**	1,649	1,744
Deferred tax	**-**	(5,376)	(5,352)
Tax credit	**-**	(3,729)	(3,632)

As a result of the Company's conversion to a REIT on 1 August 2019, the Group is no longer required to pay UK corporation tax in respect of property rental income and capital gains relating to its property rental business.

5 Dividends

	Payment Date	**Unaudited 6 months to 30 September 2020 £000**	Unaudited 6 months to 30 September 2019 £000	Audited Year to 31 March 2020 £000
Ordinary dividends paid				
2019 Interim dividend: 4.75p per share	12 April 2019	**-**	2,182	2,182
2019 Final dividend: 4.75p per share	13 July 2019	**-**	2,182	2,182
2020 Interim dividend: 4.75p per share	18 October 2019	**-**	-	2,189
2020 Interim dividend: 4.75p per share	27 December 2019	**-**	-	2,190
2020 Final dividend: 2.50p per share	14 August 2020	**1,152**	-	-
		1,152	4,364	8,743

Proposed dividend
2021 Q1 interim dividend: 2.50p per share paid on 16 October 2020.
2021 Q2 interim dividend: 2.50p per share payable on 31 December 2020.

6 Earnings per share

The Group financial statements are prepared under IFRS which incorporates non-realised fair value measures and non-recurring items. Alternative Performance Measures ('APMs'), being financial measures, which are not specified under IFRS, are also used by Management to assess the Group's performance. These include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations (BPR) reporting framework the latest update of which was issued in November 2016. We report a number of these measures because the Directors consider them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies.

EPRA Earnings is a measure of operational performance and represents the net income generated from the operational activities. It is intended to provide an indicator of the underlying income performance generated from the leasing and management of the property portfolio. EPRA earnings are calculated taking the profit after tax excluding investment property revaluations and gains and losses on disposals, changes in fair value of financial instruments, associated closeout costs, one-off finance termination costs, and other one-off exceptional items. EPRA earnings is calculated on the basis of the basic number of shares in line with IFRS earnings as the dividends to which they give rise accrue to current shareholders. The EPRA diluted earnings per share also takes into account the dilution of share options and warrants if exercised.

Palace Capital also reports an adjusted earnings measure which is based on recurring earnings before tax and the basic number of shares. This is the basis on which the directors consider dividend cover. This takes EPRA earnings as the starting point and then adds back tax and any other fair value movements or one-off items that were included in EPRA earnings. For Palace Capital this includes share-based payments being a non-cash expense and also one-off surrender premiums received. The corporation tax charge (excluding deferred tax movements, being a non-cash expense) is deducted in order to calculate the adjusted earnings per share. The earnings per ordinary share for the period is calculated based upon the following information:

	Unaudited 6 months to 30 September 2020 £000	Unaudited 6 months to 30 September 2019 £000	Audited Year to 31 March 2020 £000
Profit after tax attributable to ordinary shareholders for the period	**(7,152)**	2,552	(5,439)
Adjustments:			
Loss on revaluation of property portfolio	**10,457**	6,177	17,154
(Gain)/impairment of trading stock	**(414)**	305	763
(Profit)/loss on disposal of investment properties	**(259)**	24	(138)
Loss on disposal of assets held for sale	**-**	269	269
Loss/(gain) on revaluation of listed equity investments	**167**	(101)	425
Debt termination costs	**-**	501	501
Fair value loss on derivatives	**409**	663	846
Deferred tax relating to EPRA adjustments and capital gains charged	**-**	(3,727)	(3,608)
EPRA earnings for the period	**3,208**	6,663	10,773
Share-based payments	**150**	100	130
Surrender premium	**-**	(2,850)	(2,850)
Adjusted profit after tax for the period	**3,358**	3,913	8,053
Tax excluding deferred tax on EPRA adjustments and capital gain charged	**-**	(2)	(25)
Adjusted profit before tax for the period	**3,358**	3,911	8,028

	Unaudited 6 months to 30 September 2020	Unaudited 6 months to 30 September 2019	Audited Year to 31 March 2020
Weighted average number of shares for basic earnings per share	**46,053,190**	45,940,198	45,988,353
Dilutive effect of share options	**-**	32,108	-
Weighted average number of shares for diluted earnings per share	**46,053,190**	45,972,306	45,988,353
Earnings per ordinary share			
Basic	**(15.5p)**	5.6p	(11.8p)
Diluted	**(15.5p)**	5.6p	(11.8p)
EPRA and adjusted earnings per ordinary share			
EPRA basic	**7.0p**	14.5p	23.4p
EPRA diluted	**7.0p**	14.5p	23.4p
Adjusted EPS	**7.3p**	8.5p	17.5p

7 Net asset value per share

The Group has adopted the new EPRA NAV measures which came into effect for accounting periods starting 1 January 2020. EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures. The new NAV measures as outlined in the BPR are EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The Group has adopted these new guidelines and applies them in the 30 September 2020 Interim Report.

The Group considered EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NNNAV per share metrics. EPRA NTA excludes the intangible assets and the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised. See further information on the calculation in appendix 1.

	30 September 2020 (unaudited)			**30 September 2019 (unaudited)**			**30 March 2020 (audited*)**		
	EPRA NTA (£000)	**EPRA NRV (£000)**	**EPRA NDV (£000)**	**EPRA NTA (£000)**	**EPRA NRV (£000)**	**EPRA NDV (£000)**	**EPRA NTA (£000)**	**EPRA NRV (£000)**	**EPRA NDV (£000)**
Net assets attributable to shareholders	158,365	158,365	158,365	178,687	178,687	178,687	166,348	166,348	166,348
Include:									
Real estate transfer tax	-	14,935	-	-	16,483	-	-	15,771	-
Fair value of fixed interest rate debt	-	-	(426)	-	-	(144)	-	-	(191)
Exclude:									
Fair value of derivatives	1,517	1,517	-	1,335	1,335	-	1,343	1,343	-
Deferred tax on latent capital gains and capital allowances	228	228	-	204	204	-	228	228	-
EPRA NAV	**160,110**	**175,045**	**157,939**	**180,226**	**196,709**	**178,543**	**167,919**	**183,690**	**166,157**
EPRA NAV per share	**347p**	**379p**	**342p**	**391p**	**426p**	**387p**	**364p**	**398p**	**360p**

	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 March 2020
Number of ordinary shares issued at the end of the period	**46,069,690**	46,036,508	46,036,508
Dilutive effect of share options	**84,934**	32,108	32,108
Number of diluted ordinary shares for diluted and EPRA net assets per share	**46,154,624**	46,068,616	46,068,616
Net assets per ordinary share			
Basic NAV	**344p**	388p	361p
Diluted NAV	**343p**	388p	361p
EPRA NTA	**347p**	391p	364p
EPRA NRV	**379p**	426p	398p
EPRA NDV	**342p**	387p	360p

*The Group has adopted the new EPRA NAV measures post the 31 March 2020 audit, therefore the new EPRA NAV measures computed at 31 March 2020 are unaudited.

8 Property Portfolio

	Freehold Investment properties £000	Leasehold Investment properties £000	Total investment properties £000
At 1 April 2019	**237,291**	**21,040**	**258,331**
Additions – refurbishments	5,495	661	6,156
Capital expenditure on developments	3,936	-	3,936
Loss on revaluation of investment properties	(13,756)	(3,398)	(17,154)
Disposals	(2,570)	-	(2,570)

At 31 March 2020	**230,396**	**18,303**	**248,699**
Additions – refurbishments	1,262	(82)	1,180
Capital expenditure on developments	2,941	-	2,941
Loss on revaluation of investment properties	(9,672)	(785)	(10,457)
Disposals	(960)	-	(960)
At 30 September 2020	**223,967**	**17,436**	**241,403**

	Standing investment properties £000	Investment properties under construction £000	Total investment properties £000	Trading properties £000	Assets held for sale £000	Total property portfolio £000
At 1 April 2019	**254,209**	**4,122**	**258,331**	**14,367**	**11,756**	**284,454**
Additions – refurbishments	6,156	-	6,156	-	-	6,156
Capital expenditure on developments	-	3,936	3,936	-	-	3,936
Additions – trading properties	-	-	-	13,953	-	13,953
Impairment of trading properties	-	-	-	(763)	-	(763)
Loss on revaluation of investment properties	(16,868)	(286)	(17,154)	-	-	(17,154)
Disposals	(2,570)	-	(2,570)	-	(11,756)	(14,326)
At 31 March 2020	**240,927**	**7,772**	**248,699**	**27,557**	**-**	**276,256**
Additions – refurbishments	1,180	-	1,180	-	-	1,180
Capital expenditure on developments	-	2,941	2,941	-	-	2,941
Additions – trading properties	-	-	-	10,424	-	10,424
Reversal of impairment of trading properties	-	-	-	414	-	414
(Loss)/gain on revaluation of properties	(10,574)	117	(10,457)	-	-	(10,457)
Disposals	(960)	-	(960)	-	-	(960)
At 30 September 2020	**230,573**	**10,830**	**241,403**	**38,395**	**-**	**279,798**

The property portfolio has been independently valued at fair value. The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 ("the Red Book") and incorporate the recommendations of the International Valuation Standards and the RICS valuation – Professional Standards UK January 2014 (Revised April 2015) which are consistent with the principles set out in IFRS 13.

The valuer in forming its opinion make a series of assumptions, which are typically market related, such as net initial yields and expected rental values and are based on the valuer's professional judgement. The valuer has sufficient current local and national knowledge of the particular property markets involved and has the skills and understanding to undertake the valuations competently.

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 property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the property valuation at 30 September 2020 is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

At 30 September 2020, the Group's freehold and leasehold investment properties were externally valued by Royal Institution of Chartered Surveyors ("RICS") registered independent valuers. A reconciliation of the valuations carried out by the external valuers to the carrying values shown in the balance sheet was as follows:

	Unaudited 30 September 2020 £000	Unaudited 30 September 2019 £000	Audited 31 March 2020 £000
Cushman & Wakefield LLP (property portfolio)	**281,595**	275,800	277,770
Fair value of property portfolio	**281,595**	275,800	277,770
Adjustment in respect of minimum payment under head leases included as a liability	**1,805**	1,835	1,806
Less trading properties	**(38,395)**	(18,895)	(27,557)
Less lease incentive balance in prepayments	**(3,602)**	(3,028)	(3,320)
Less rent top-up adjustment	**-**	(198)	-
Carrying value per financial statements	**241,403**	255,514	248,699

Investment properties with a carrying value of £236,639,500 (31 March 2020: £232,023,000) and trading properties with a carrying value of £38,395,000 (31 March 2020: £27,557,000) are subject to a first charge to secure the Group's bank loans amounting to £132,651,000 (31 March 2020: £120,761,000).

Valuation process – investment properties

The valuation reports produced by the independent valuers are based on information provided by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Group's financial and property management systems and is subject to the Group's overall control environment.

In addition, the valuation reports are based on assumptions and valuation models used by the independent valuers. The assumptions are typically market related, such as yields and discount rates, and are based on their professional judgment and market observations. Each property is considered a separate asset, based on its unique nature, characteristics and the risks of the property.

The Executive Director responsible for the valuation process verifies all major inputs to the external valuation reports, assesses the individual property valuation changes from the prior year valuation report and holds discussions with the independent valuers. When this process is complete, the valuation report is recommended to the Audit Committee, which considers it as part of its overall responsibilities.

The key assumptions made in the valuation of the Group's investment properties are:
• The amount and timing of future income streams;
• Anticipated maintenance costs and other landlord's liabilities;
• An appropriate yield; and
• For investment properties under construction: gross development value, estimated cost to complete and an appropriate developer's margin.

Valuation technique – standing investment properties

The valuations reflect the tenancy data supplied by the group along with associated revenue costs and capital expenditure. The fair value of the commercial investment portfolio has been derived from capitalising the future estimated net income receipts at capitalisation rates reflected by recent arm's length sales transactions.

Reversal of impairment of trading properties

An impairment loss may only be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss had been recognised. If this is the case, then the carrying amount of the asset shall be increased to its recoverable amount. The increase will effectively be the reversal of an impairment loss.

9 Trade and other receivables

	Unaudited 30 September 2020 £000	Unaudited 30 September 2019 £000	Audited 31 March 2020 £000
Current			
Trade receivables	**3,285**	**2,223**	2,572
Prepayments and accrued income	**4,080**	**4,229**	3,748
Other taxes	**820**	**374**	625
Other debtors	**1,829**	**276**	2,378
	10,014	**7,102**	9,323

10 Cash and cash equivalents

	Unaudited 30 September 2020 £000	Unaudited 30 September 2019 £000	Audited 31 March 2020 £000
Cash and cash equivalents - unrestricted	**13,430**	12,850	13,899
Restricted cash	**839**	1,115	1,020
	14,269	13,965	14,919

Restricted cash is cash where there is a legal restriction to specify its type of use. This is typically where the Group has agreed to deposit cash with a lender with regards to top-ups received from vendors on completion funds, to be realised over time consistent with the loss of income on vacant units, and where the Group has agreed to deposit cash with a lender to provide additional security over loan facilities.

11 Trade and other payables

	Unaudited 30 September 2020 £000	Unaudited 30 September 2019 £000	Audited 31 March 2020 £000
Current			
Trade payables	**2,702**	1,888	2,911
Accruals	**3,759**	1,909	3,146
Deferred rental income	**3,488**	3,281	3,567
Taxes	**1,862**	2,418	2,085
Other payables	**1,359**	204	2,344
	13,170	9,700	14,053

12 Borrowings

	Unaudited 30 September 2020 £000	Unaudited 30 September 2019 £000	Audited 31 March 2020 £000
Current borrowings	**1,836**	1,836	1,836
Non-current borrowings	**129,625**	105,026	117,520
Total borrowings	**131,461**	106,862	119,356
Non-current borrowings			
Secured bank loans drawn	**130,815**	106,267	118,925
Unamortised facility fees	**(1,190)**	(1,241)	(1,405)
	129,625	105,026	117,520

The maturity profile of the Group's debt was as follows

	Unaudited 30 September 2020 £000	Unaudited 30 September 2019 £000	Audited 31 March 2020 £000
Within one year	**1,836**	1,836	1,836

From one to two years	**44,099**	1,836	6,792
From two to five years	**75,390**	92,669	100,589
From five to ten years	**11,326**	11,762	11,544
Total borrowings	**132,651**	108,103	120,761

Facility and arrangement fees
As at 30 September 2020

Secured borrowings	All in cost %	Maturity date	Loan balance £000	Unamortised facility fees £000	Facility drawn £000
Scottish Widows	**2.90%**	**July 2026**	**13,355**	**(151)**	**13,506**
National Westminster Bank plc	**2.16%**	**August 2024**	**28,242**	**(378)**	**28,620**
Barclays	**3.12%**	**June 2024**	**40,193**	**(223)**	**40,416**
Barclays	**3.30%**	**January 2022**	**17,553**	**(210)**	**17,763**
Santander Bank plc	**3.56%**	**August 2022**	**25,352**	**(148)**	**25,500**
Lloyds Bank plc	**2.01%**	**March 2023**	**6,766**	**(80)**	**6,846**
			131,461	**(1,190)**	**132,651**

Facility and arrangement fees
As at 31 March 2020

Secured borrowings	All in cost %	Maturity date	Loan balance £000	Unamortised facility fees £000	Facility drawn £000
Scottish Widows	2.90%	July 2026	13,560	(164)	13,724
National Westminster Bank plc	2.70%	August 2024	28,225	(395)	28,620
Barclays	3.18%	June 2024	40,611	(255)	40,866
Barclays	3.48%	January 2022	4,649	(307)	4,956
Santander Bank plc	3.68%	August 2022	25,563	(187)	25,750
Lloyds Bank plc	2.55%	March 2023	6,748	(97)	6,845
			119,356	(1,405)	120,761

Facility and arrangement fees
As at 30 September 2019

Secured borrowings	All in cost %	Maturity date	Loan balance £000	Unamortised facility fees £000	Facility drawn £000
Scottish Widows	2.90%	July 2026	13,765	(177)	13,942
National Westminster Bank plc	2.86%	August 2024	19,560	(440)	20,000
Barclays	3.20%	June 2024	41,032	(284)	41,316
Santander Bank plc	3.72%	August 2022	25,774	(226)	26,000
Lloyds Bank plc	2.71%	March 2023	6,731	(114)	6,845
			106,862	(1,241)	108,103

The Group has unused loan facilities amounting to £19,264,188 (31 March 2020: £32,924,000). A facility fee is charged on £11,380,000 with NatWest, at a rate of 1.05% p.a. and is payable quarterly. This facility is secured on the investment properties held by Property Investment Holdings Limited, Palace Capital (Properties) Limited and Palace Capital (Leeds) Limited.
A facility fee is charged on £7,884,188 at a rate of 1.30% p.a. and is payable quarterly. The £7,884,188 balance of the unused facilities relates to a Barclays loan secured on the Hudson Quarter, York development held by Palace Capital (Developments) Limited.

13 Derivatives financial instruments

The Group adopts a policy of entering into derivative financial instruments with banks to provide an economic hedge to its interest rate risks and ensure its exposure to interest rate fluctuations is mitigated.

The contract rate is the fixed rate the Group are paying for its interest rate swaps.

The valuation rate is the variable LIBOR and bank base rate the banks are paying for the interest rate swaps.
Details of the interest rate swaps the Group has entered can be found in the table below.

The valuations of all derivatives held by the Group are classified as Level 2 in the IFRS 13 fair value hierarchy as they are based on observable inputs. There have been no transfers between levels of the fair value hierarchy during the year.

Bank	Notional principal	Expiry date	Contract rate %	Valuation rate %	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 March 2020
Barclays Bank plc	34,597,900	25/01/2023	1.3420	0.0174	(1,048)	(897)	(909)
Santander plc	19,154,930	03/08/2022	1.3730	0.0132	(469)	(438)	(434)
	53,752,830				**(1,517)**	**(1,335)**	**(1,343)**

14 Share capital

Authorised, issued and fully paid share capital is as follows:

	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 March 2020
Ordinary 10p shares	46,388,515	46,388,515	46,388,515
Share capital – number of shares in issue	46,388,515	46,388,515	46,388,515
Share capital – £	4,638,852	4,638,852	4,638,852

The Company has set up an employee benefit trust, 'The Palace Capital Employee Benefit Trust', for the granting of shares applicable to Directors and employees under the Long-Term Incentive Plan. During the period, no ordinary shares held in treasury were transferred into The Palace Capital Employee Benefit Trust.

On 9 July 2020, the Company granted 33,182 shares, being the awards granted on 24 June 2019 under the Palace Capital Deferred Bonus Plan from The Palace Capital Employee Benefit Trust. As at 30 September 2020 there were 299,587 shares held in treasury.

The Company's issued share capital as at 30 September 2020 comprises 46,069,690 ordinary shares which is the denominator for the calculations of earnings per share and net asset value per share. This excludes the 318,825 ordinary shares held in treasury and the Employee Benefit Trust.

APPENDIX 1: NOTES TO EPRA NAV CALCULATIONS

	Current measures			**Previously reported measures**	
At 30 September 2020	**EPRA NTA (£000)**	**EPRA NRV (£000)**	**EPRA NDV (£000)**	**EPRA NAV (£000)**	**EPRA NNNAV (£000)**
Net assets attributable to shareholders	158,365	158,365	158,365	158,365	158,365
Include:					
Real estate transfer tax	-	14,935	-	-	-
Fair value of fixed interest rate debt	-	-	(426)	-	-
Exclude:					
Fair value of derivatives	1,517	1,517	-	1,517	-
Deferred tax on latent capital gains and capital allowances	228	228	-	228	-
At 30 September 2020	**160,110**	**175,045**	**157,939**	**160,110**	**158,365**
Diluted net assets per share	**347p**	**379p**	**342p**	**347p**	**343p**

	Current measures			**Previously reported measures**	
At 30 September 2019	**EPRA NTA (£000)**	**EPRA NRV (£000)**	**EPRA NDV (£000)**	**EPRA NAV (£000)**	**EPRA NNNAV (£000)**
Net assets attributable to shareholders	178,687	178,687	178,687	178,687	178,687
Include:					
Real estate transfer tax	-	16,483	-	-	-
Fair value of fixed interest rate debt	-	-	(144)	-	-
Exclude:					
Fair value of derivatives	1,335	1,335	-	1,335	-
Deferred tax on latent capital gains and capital allowances	204	204	-	204	-
At 30 September 2019	**180,226**	**196,709**	**178,543**	**180,226**	**178,687**
Diluted net assets per share	**391p**	**426p**	**387p**	**391p**	**388p**

	Current measures			**Previously reported measures**	
At 31 March 2020	**EPRA NTA (£000)**	**EPRA NRV (£000)**	**EPRA NDV (£000)**	**EPRA NAV (£000)**	**EPRA NNNAV (£000)**
Net assets attributable to shareholders	166,348	166,348	166,348	166,348	166,348
Include:					
Real estate transfer tax	-	15,771	-	-	-
Fair value of fixed interest rate debt	-	-	(191)	-	-
Exclude:					
Fair value of derivatives	1,343	1,343	-	1,343	-
Deferred tax on latent capital gains and capital allowances	228	228	-	228	-
At 31 March 2020	**167,919**	**183,690**	**166,157**	**167,919**	**166,348**
Diluted net assets per share	**364p**	**398p**	**360p**	**364p**	**361p**