



PALACE CAPITAL plc

EXPERTS IN REGIONAL PROPERTY

# PALACE CAPITAL PLC INTERIM RESULTS

HALF YEAR ENDED 30 SEPTEMBER 2020

**Palace Capital are experts in regional property investment.**

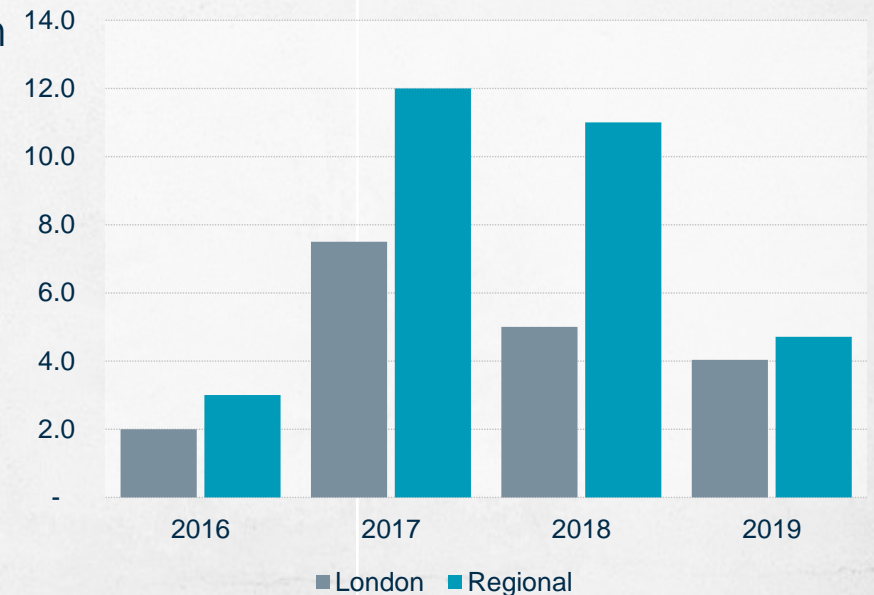
**Focused on unlocking value to deliver attractive total returns.**

INTRODUCTION | FINANCIAL REVIEW | PROPERTY REVIEW | LOOKING FORWARD | CONCLUSION | APPENDICES

# Regional returns outperforming London

- Palace portfolio established over the past 10 years focused in growth regional towns and cities
- Regional office returns have exceeded those generated by London every year since 2016 (43% of our portfolio)
- WFH has accelerated structural changes in the office market so our focus on quality over quantity expected to outperform
- Stock selection and tenant profile are crucial to weather the impact of Covid and retain strong occupancy and rent collection
- The growing importance of regions supported by Government levelling up and hub-and-spoke models, decentralising to reduce exposure to expensive London rents

**London vs. regional UK office  
(% p.a. total property returns)**























Source: MSCI

# Top 20 Tenant Rent Collection

Reliability of income: Top 20 Tenants - 44% of passing rents

96% rent collection from Top 20 Tenants in Q1 & Q2 and 100% in Q3\*

Tenant	Industry	Contracted Rent pa (£'000)	Q1 rent collection*	Q2 rent collection*	Q3 rent collection*
 VUE	Leisure	913	100%	100%	100%
 Rockwell Automation	Auto	544	100%	100%	100%
 ACCOR HOTELS	Hotel	510	Rent free	Rent free	100%
 LOTTERY FUNDED	Charity	444	100%	100%	100%
 brose	Auto	432	100%	100%	100%
 SOMERSET BRIDGE	Insurance	409	100%	100%	100%
 Wickes	Retail	401	100%	100%	100%
 BLAKE MORGAN	Legal	360	100%	100%	100%
 exela TECHNOLOGIES	Technology	355	100%	100%	100%
 APCOA PARKING	Car Parking	345	100%	100%	100%

Tenant	Industry	Contracted Rent pa (£'000)	Q1 rent collection*	Q2 rent collection*	Q3 rent collection*
 D YOUNG & CO INTELLECTUAL PROPERTY	Legal	310	100%	100%	100%
 BRAVISSIMO	Retail	294	0%**	0%**	100%
 ALDI	Retail	291	100%	100%	100%
 Sutton	Local Authority	283	100%	100%	100%
 QUADRANT SYSTEMS	Aviation	280	100%	100%	100%
 NHS Calderdale and Huddersfield NHS Foundation Trust	Health	262	100%	100%	100%
 BOOKER	Retail	246	100%	100%	100%
 serco	Public Services	246	100%	100%	100%
 Redland	Construction	240	100%	100%	100%
 BANK OF ENGLAND	Central Bank	232	100%	100%	100%

\*Rent collection is defined as rent collected in full, and/or rent being collected monthly as per the payment plan agreed with the tenant

\*\*Non-collection to date as retail operations shut during lock-down

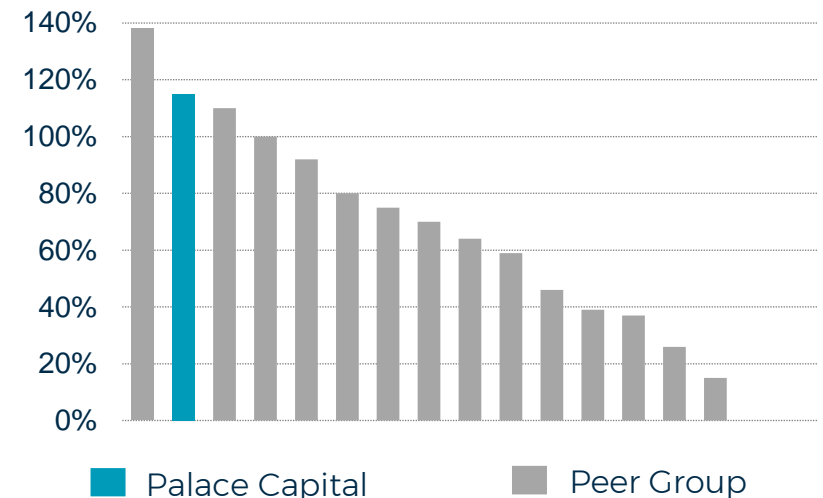
# Highlights

## Strong rent collection despite Covid-19

- Rent collection has been strong - over 90% since lock-down
- Dividends recommenced in August and Q2 dividend of 2.5p per share payable in December 2020
- Hudson Quarter on track for completion in March 2021, over 28% of 127 apartments already sold
- 7 lease renewals and 3 rent reviews completed at an average of 11% above ERV and a 9% uplift on previous passing rent
- All debt covenants compliant over past two quarters



**7 Year Total Accounting Return vs peers**  
(EPRA NTA growth + dividends) now at 115%



Source: Arden Partners plc

# Covid-19 Response

## Priority focus on rent collection

- Closer relationships with our tenants as we work with them to support their businesses through this crisis
- Prudent liquidity management – sufficient cash and debt available during this time to manage through the pandemic
- Working capital control – FY20 Q3 dividend due in April cancelled and all non-essential capex paused
- Requests for rent deferrals, monthly payments and waivers reviewed on a case-by-case basis
- Leisure sector hardest hit by non-payment albeit only £0.2m income lost to CVAs in this period and cash flow remains robust
- Hudson Quarter York development site remained open throughout lock-down, albeit with reduced activity as supply chain restricted and safe social distances maintained

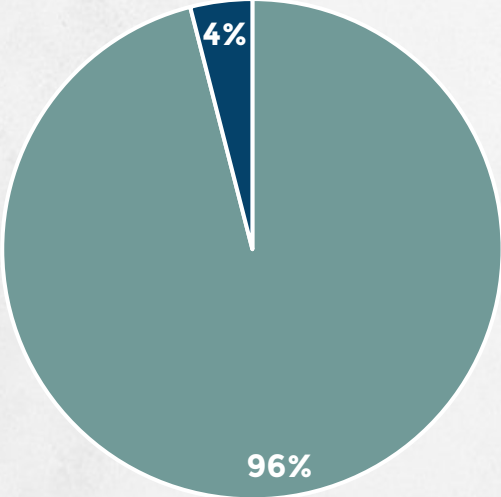
# Liquidity & Rent Collection

Positive performance

**LIQUIDITY AT 30 SEPTEMBER 2020**

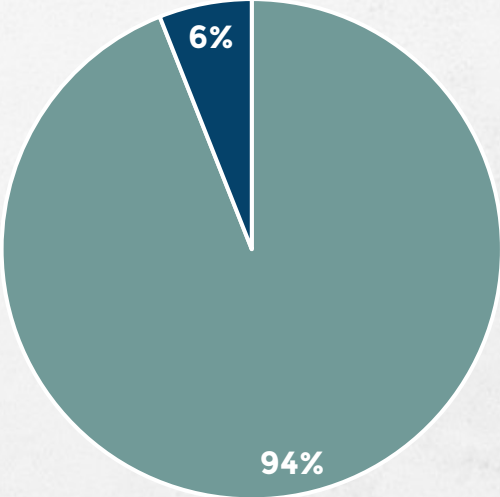
Cash & immediately available facilities	£26.3m
Capital commitments	(£9.9m)
<b>Net liquidity</b>	<b>£16.4m</b>
Annualised interest & overheads	£7.0m
Interest & overhead cash cover	2.3 yrs

March Quarter\*



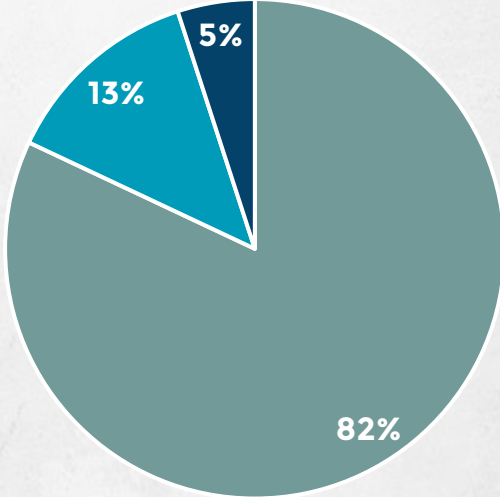
■ Collected ■ Outstanding

June Quarter\*



■ Collected ■ Outstanding

September Quarter\*



■ Collected  
■ Being collected monthly  
■ Outstanding

\*Rent collection excludes concessions agreed with tenants

# Financial Performance

## Half year ended 30 September 2020

	H1 21	H1 20	Change
<b>INCOME STATEMENT</b>			
Rental income	<b>£8.2m</b>	£8.8m	-6.8%
IFRS (loss)/profit	<b>(£7.2m)</b>	£2.6m	
EPRA earnings	<b>£3.2m</b>	£6.7m	
Adjusted profit before tax	<b>£3.4m</b>	£3.9m	-12.8%
Basic EPS	<b>(15.5p)</b>	5.6p	
EPRA EPS	<b>7.0p</b>	14.5p	
Adjusted EPS	<b>7.3p</b>	8.5p	-14.1%
Dividend per share	<b>5.0p</b>	9.5p	
Dividend cover	<b>1.5x</b>	0.9x	

	H1 21	FY20	H1 20
<b>BALANCE SHEET</b>			
Portfolio value	<b>£281.6m</b>	£277.8m	£275.8m
Cash	<b>£14.3m</b>	£14.9m	£14.0m
Drawn debt	<b>£132.7m</b>	£120.8m	£108.1m
Net debt	<b>£119.0m</b>	£106.2m	£94.1m
IFRS net assets	<b>£158.4m</b>	£166.3m	£178.7m
Basic NAV per share	<b>344p</b>	361p	388p
EPRA NTA per share	<b>347p</b>	364p	391p
Loan to value	<b>42%</b>	38%	34%
NAV gearing	<b>74%</b>	63%	53%



# Profit reconciliation & Dividend track record

## Half year ended 30 September 2020

	H1 21 (£'m)	H1 20 (£'m)
<b>INCOME STATEMENT</b>		
<b>Adjusted profit after tax</b>	<b>3.4</b>	3.9
Surrender premium & fair value of options	<b>(0.2)</b>	2.8
<b>EPRA earnings</b>	<b>3.2</b>	6.7
Revaluation losses	<b>(10.0)</b>	(6.5)
Equity investment revaluation	<b>(0.2)</b>	(0.1)
Profit/(loss) on disposals	<b>0.2</b>	(0.3)
Hedging and derivative losses	<b>(0.4)</b>	(0.7)
Debt termination costs	-	(0.5)
Deferred tax REIT adjustment	-	3.7
<b>IFRS (loss)/profit for the year</b>	<b>(7.2)</b>	2.3

	H1 16	H1 17	H1 18	H1 19	H1 20	H1 21
<b>DIVIDENDS</b>						
Adjusted EPS	10.8p	10.8p	12.8p	8.0p	8.5p	<b>7.3p</b>
DPS	9.0p	9.0p	9.5p	9.5p	9.5p	<b>5.0p</b>
Dividend cover	1.2x	1.2x	1.3x	0.8x	0.9x	<b>1.5x</b>
Dividends paid	£1.4m	£2.3m	£2.4m	£4.4m	£4.4m	<b>£2.3m</b>

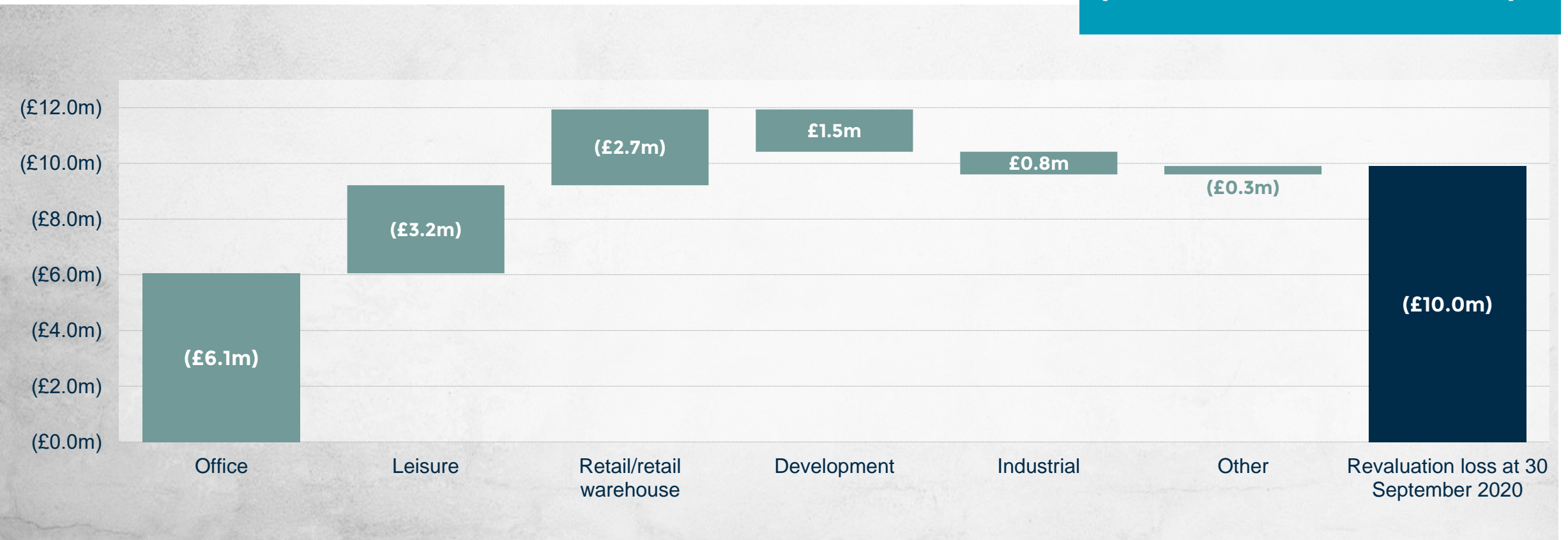
**Plan to pay quarterly dividends at a minimum level of 2.5p**

**This will increase with greater clarity on economic outlook**

# Property revaluation movement

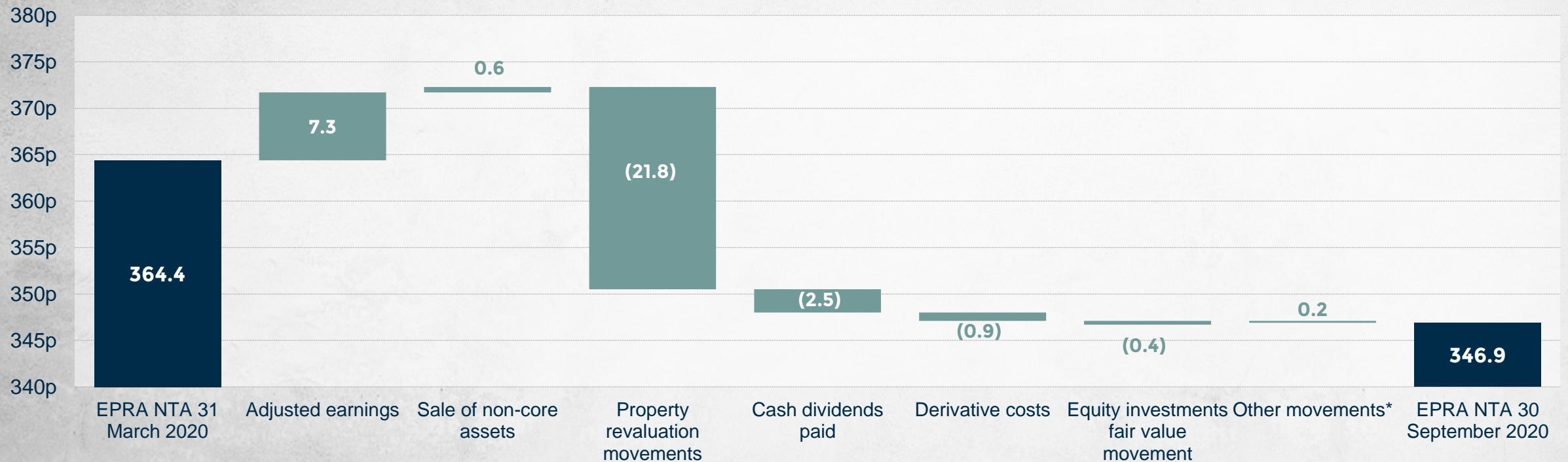
Covid-19 negative impact on half year valuations

Like-for-like valuations: - 3.5%  
(vs. MSCI benchmark of -3.7%)



# Net Tangible Asset bridging chart

## EPRA NTA per share movements in the year



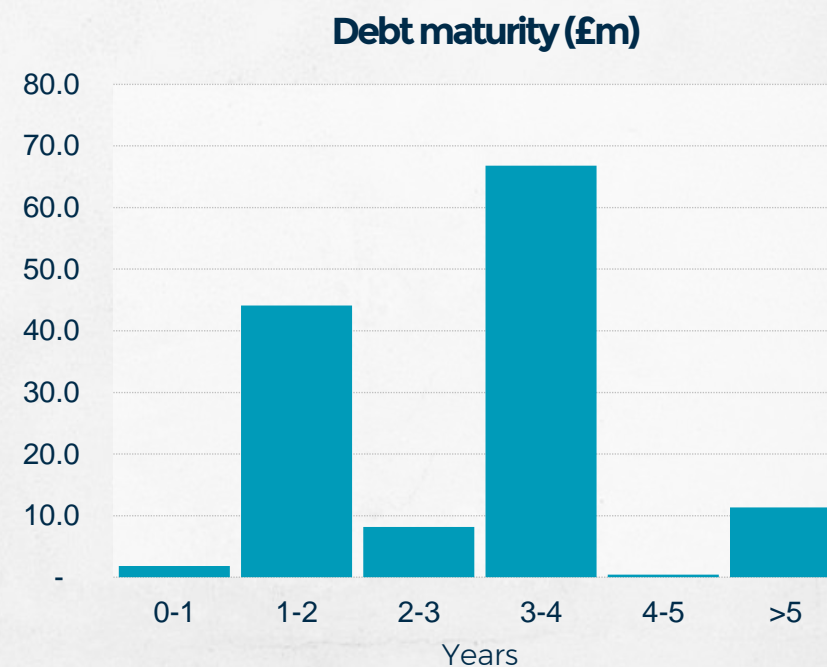
\*Other movements includes movement in treasury shares

# £151.9m debt facilities

Strong relationship with lenders

**LTV:** 42% (FY20: 38%)  
**Average Cost of Debt:** 2.9% (FY20: 3.1%)  
**Interest Cover:** 2.8x (FY20: 3.8x)  
**Hedging:** 51% (FY20: 56%)

Lender	Debt Facility (£m)	Debt Drawn (£m)	Debt Maturity	Hedging
Barclays	40.5	40.5	Jun-2024	£34.6m fixed
NatWest (RCF)	40.0	28.6	Aug-2024	100% floating
Santander	25.5	25.5	Aug-2022	£19.2m fixed
Lloyds	6.8	6.8	Mar-2023	100% floating
Scottish Widows	13.5	13.5	Jul-2026	100% fixed
Barclays (development facility)	25.6	17.8	Jan-2022	100% floating
	<b>151.9</b>	<b>132.7</b>	<b>3.9 years</b>	<b>51% fixed</b>



# Management of Financial Covenants

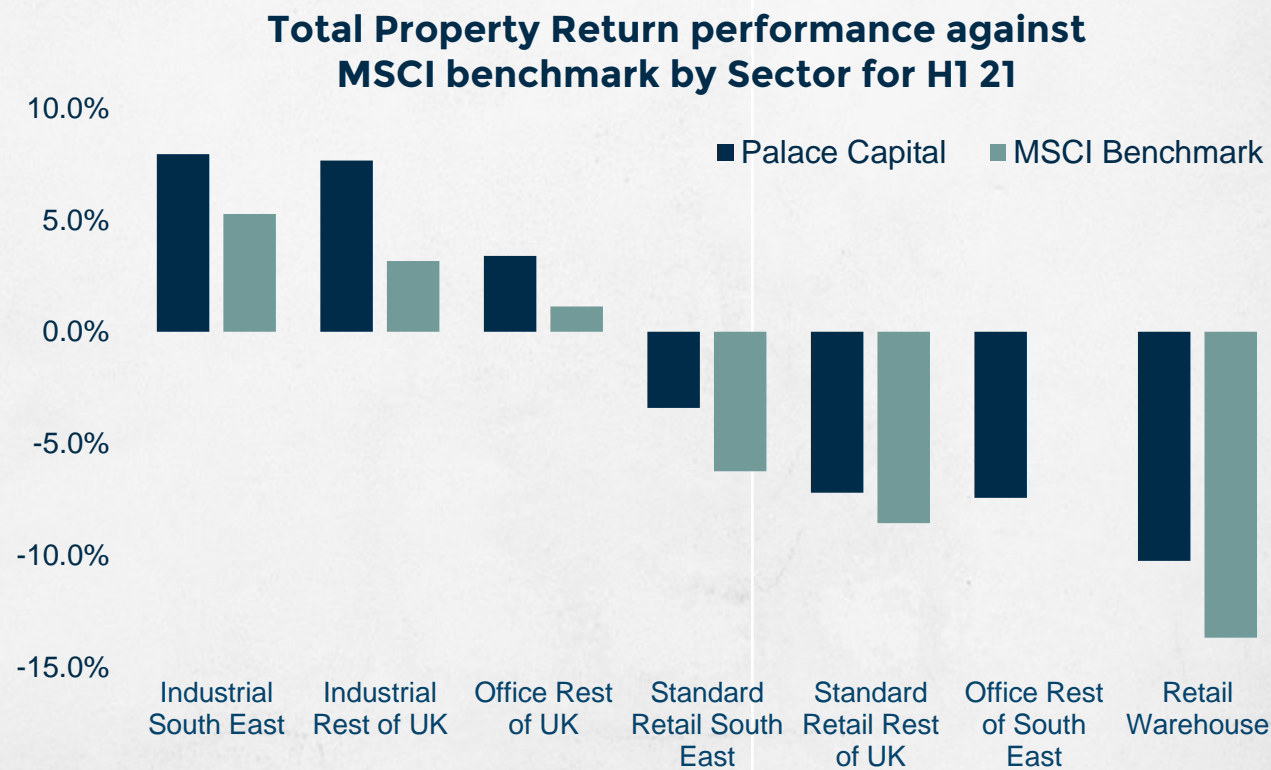
## Dealing with the Covid impact

- Letting activity across the portfolio has slowed due to Covid coupled with some tenant breaks/expiries resulting in occupancy falling from 87.3% to 84.9% in the period.
- Leisure values have been under pressure due to Covid down £5m (-12.4%) allowing for March and September valuation movements.
- However, we think we've reached the bottom of the market for leisure and we have a £1m refurbishment programme planned at Sol for 2021 and lettings under offer at both schemes will improve rental income longer-term.
- Group LTV has risen to 42% as a result of 3.5% like for like valuation fall and £12.8m further development debt drawn in the period re HQ York which is in construction phase
- HQ residential sales somewhat slow currently but expected to generate +£50m cash proceeds once 100% sold, which will repay development facility of £26.5m
- Group LTV expected to fall to 30% once all residential units have sold and surplus cash to be deployed in future opportunities

# Property Portfolio - Overview

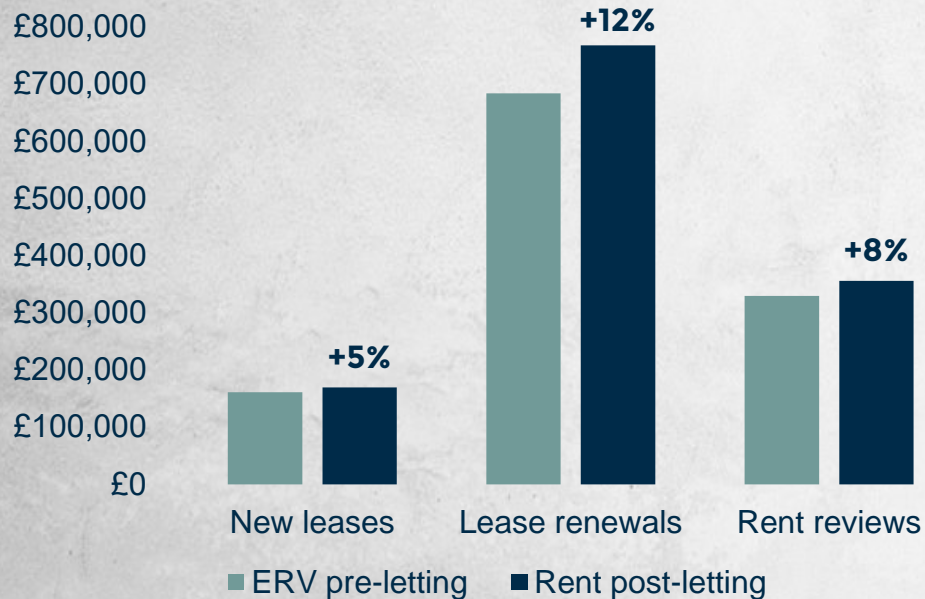
## As at 30 September 2020

	H1 21	FY20
Portfolio value (£m)	<b>£281.6m</b>	£277.8m
Net initial yield (%)	<b>5.9%</b>	6.0%
Reversionary yield (%)	<b>7.3%</b>	6.6%
Contractual rental income (£m)	<b>£16.9m</b>	£17.6m
Estimated rental value (£m)	<b>£20.2m</b>	£20.6m
WAULT to break (years)	<b>4.9 years</b>	4.8 years
Void rate (%)	<b>15.1%</b>	12.7%
Office weighting (%)	<b>43.4%</b>	46.3%
Development weighting (%)	<b>18.7%</b>	13.6%
Industrial weighting (%)	<b>14.1%</b>	14.0%
<b>Core sector focus</b>	<b>76.2%</b>	73.9%



# Asset Management

## Letting activity in the year



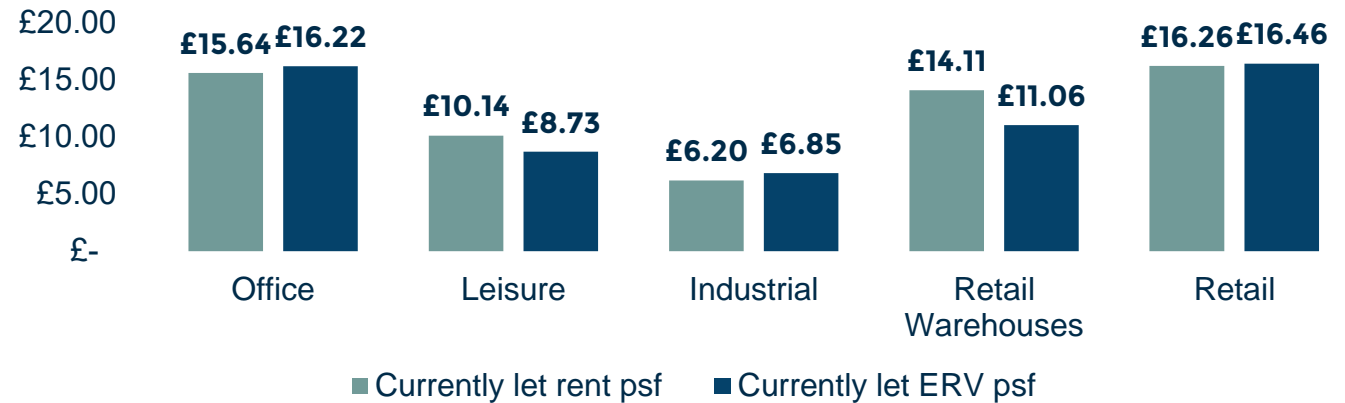
- **13** lease events in the year providing additional income of **£0.3m** pa
- **3** new leases: **5%** ahead of ERV providing additional income of **£0.2m** pa
- **7** lease renewals: **12%** ahead of ERV providing additional income of **£0.03m** pa
- **3** rent reviews: **8%** ahead of ERV providing additional income of **£0.1m** pa

**Adding value to our portfolio through active asset management**

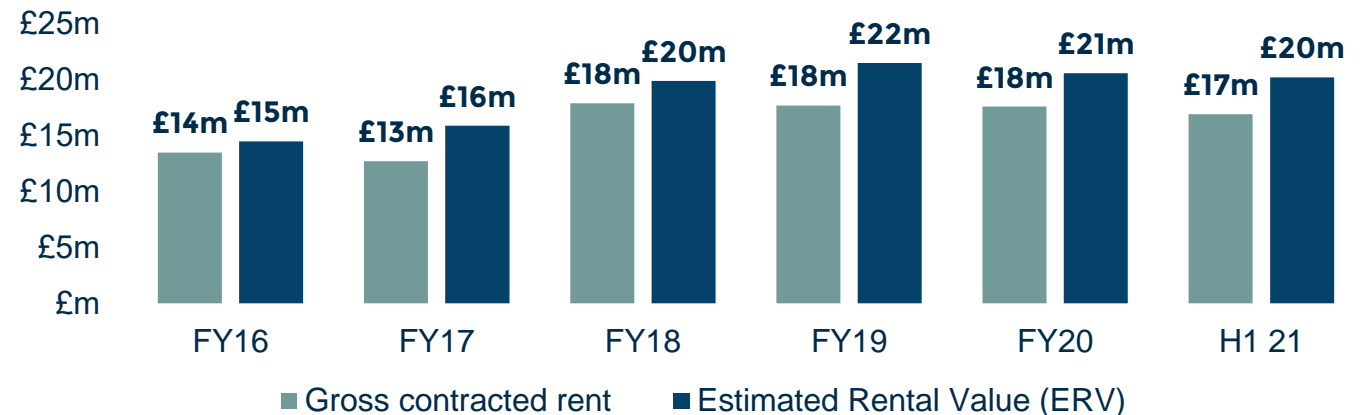
# Sustainable rents across sectors

- Rental levels are at low, sustainable levels across the portfolio
- Majority of reversion can be captured through letting vacant office space
- Supply-demand dynamics supports current regional rental levels on a look-through Covid basis
- Covid impact on office demand expected, but not reducing requirements, rather increasing specification and higher sq ft per employee

Rent vs ERV (psf)



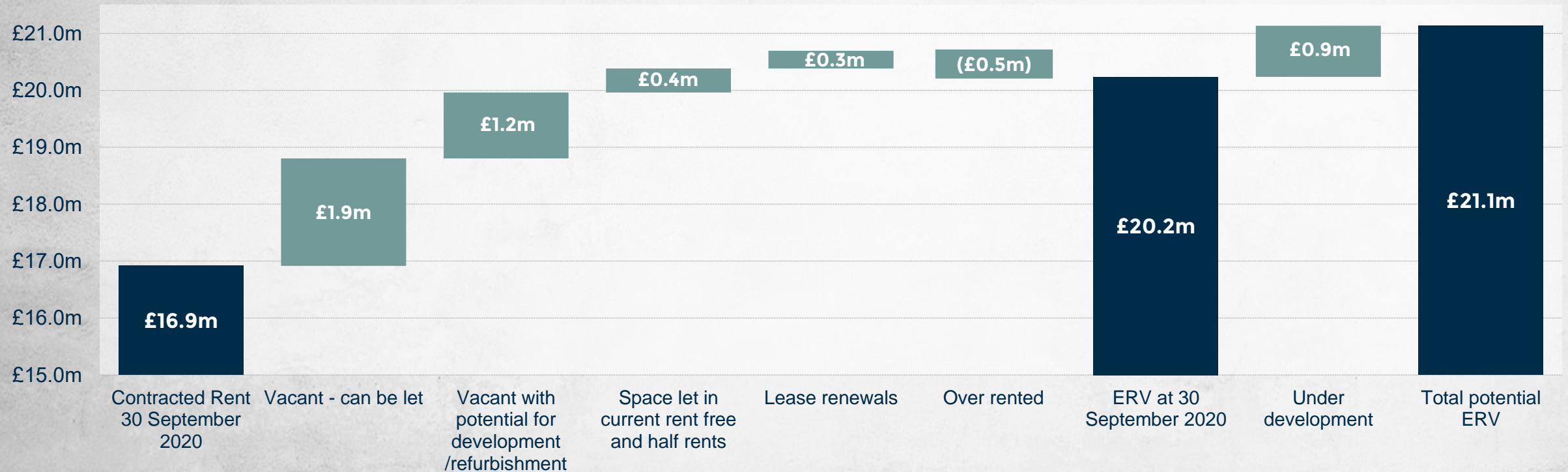
Rental reversion





# Current Rent Roll to ERV Bridge

## +25% potential uplift



# How we deliver value:

## Hudson Quarter Development

- 127 apartments, 39,500 sq ft of offices and car parking
- £69m GDV delivering a projected £20m cash on cash return
- Remaining construction fully funded by Barclays
- 8 further apartments sold since 1<sup>st</sup> April so total of 36 (28%) residential units sold to date totaling £9.6m
- Show flat is now open within Victoria block and scaffolding is coming down
- Pre-let 4,500 sq ft offices on ground floor of one of the residential blocks at a record rent in York of £25.00 psf
- Considerable interest in the office block
- Expected completion March 2021

[www.hudsonquarteryork.com](http://www.hudsonquarteryork.com)



November 2020



Hudson Quarter, York






# Opportunistic Development

## Pipeline to generate capital growth

	Description and Status	Estimated build cost	Timing
	<b>High Street, Uxbridge</b> 7 Residential Units. Planning permission granted subject to S106	£2m	Possible 2021 start or sell with planning
	<b>Milbarn Medical, Beaconsfield</b> Mixed use development of c10,000 sq ft B1 and 10 flats being considered	£3m	Tenant break March 2022
	<b>Midsummer Blvd, Milton Keynes</b> Potential for at least 100,000 sq. ft. office or residential.	£30m	Target VP by 2023
	<b>Holly Walk, Leamington Spa</b> Potential 70,000 sq ft residential and office development	£20m	Currently let to November 2022
	<b>Boulton House, Manchester</b> Identified as potential future development 150,000 sq ft	£45m	Target VP by June 2024

# Cash on cash returns

## How our regional portfolio is delivering total returns

	Status	Performance	Total Return
	<b>Hudson Quarter, York</b> <ul style="list-style-type: none"> <li>Acquired in 2013 for £3.8m</li> <li>103,000 sq ft office building adjoining York station</li> <li>Largely vacant initially, short term lets during planning process.</li> <li>Demolished in 2018 and construction commenced 2019 with PC due March 2021</li> </ul>	<ul style="list-style-type: none"> <li>New development of 127 apartments</li> <li>39,500 sq ft of offices and car parking</li> <li>Value uplift through planning consents: £10m</li> <li>Forecast GDV £69m to generate a further £10m profit</li> </ul>	<ul style="list-style-type: none"> <li>Forecast cash on cash return: <b>47%*</b></li> <li>Forecasted Ungeared IRR: <b>17%*</b></li> </ul>
	<b>High Street, Weybridge</b> <ul style="list-style-type: none"> <li>Acquired in 2014 for £3.5m</li> <li>Planning consent achieved for development of 28 residential units and 4,000 sq ft of retail space</li> <li>Building currently vacant prior to redevelopment</li> </ul>	<ul style="list-style-type: none"> <li>5 years of income return</li> <li>Main office tenant vacated leaving a liability to manage and currently being marketed to sell with planning</li> </ul>	<ul style="list-style-type: none"> <li>Forecast cash on cash return: <b>34%</b></li> <li>Forecasted Ungeared IRR: <b>7%</b> (forecast once sale is completed)</li> </ul>
	<b>Boulton House, Manchester</b> <ul style="list-style-type: none"> <li>Acquired in 2016 for £10.6m with £0.6 million rent pa</li> <li>Centrally located office building of 75,000 sq ft</li> <li>Common area upgrade carried out and floor by floor refurbishment &amp; reletting programme</li> </ul>	<ul style="list-style-type: none"> <li>Average rents increased from £12 sq ft to £18.50 sq ft</li> <li>Now 80% occupied</li> <li>+43% uplift in value to date</li> <li>Latest value in 2020: £15.23m</li> </ul>	<ul style="list-style-type: none"> <li>Total return to date: <b>45%</b></li> <li>Ungeared IRR to date: <b>11%</b></li> </ul>
	<b>Kiln Farm, Milton Keynes</b> <ul style="list-style-type: none"> <li>Acquired in October 2013 for £2.3m</li> <li>38,300 sq ft let to Rockwell Automation which were refurbished for the tenant</li> <li>14,500 sq ft fell vacant in 2016, refurbished &amp; let in 2018 to Monier Redland (BMI Group)</li> </ul>	<ul style="list-style-type: none"> <li>Capex of £3.3m on refurbishment</li> <li>Net income generated over the 7 years: £3.2m</li> <li>Latest value in 2020: £10.60m</li> </ul>	<ul style="list-style-type: none"> <li>Total return to date: <b>145%</b></li> <li>Ungeared IRR to date: <b>19%</b></li> </ul>
	<b>Aldi, Gosport</b> <ul style="list-style-type: none"> <li>Acquired in October 2017 for £4.7m</li> <li>Let to Aldi at a rent of £247,800 pa, expiring in August 2030</li> <li>In 2018 regeared the lease for a further 20 years without a break option at an increased rent of £291,000 pa (17.4% uplift)</li> </ul>	<ul style="list-style-type: none"> <li>Five yearly rent review based on RPI which compounds annually (Collar: 1%, Cap: 2.75%)</li> <li>Latest value in 2020: £6.13m</li> </ul>	<ul style="list-style-type: none"> <li>Total return to date: <b>48%</b></li> <li>Ungeared IRR to date: <b>15%</b></li> </ul>

\*Cash on cash return and IRR forecasted once residential units sold and commercial space let 12 months post completion

# Refurbishment & Repositioning:

## Sol Northampton

- 90% let following letting to Gravity Fitness who opened this year
- Leisure sector hardest hit by Government lock-down so critical to support our tenants.
- Accor lease extended to 2032 post Covid-19 in return for 6 month rent free from March 2020
- Gravity break taken out providing 14 years unexpired in return for 9 months half rent
- £1m mall refurbishment plans in progress due to complete in 2021
- A further 21,000 sq ft to let with current interest in some of the space in order to complete turnaround of asset



Sol, Northampton  
Image for illustrative purposes only

# Looking to 2021

## Recycling capital to take advantage of market opportunities

- Disposal strategy currently in progress – book value of £8.3m currently marketed with further properties earmarked in the next 6 months
- Residential sales at HQ York will initially be used to repay development facility and surplus cash beyond released into working capital
- Group LTV expected to reduce from 42% toward 30% as continue to progress the residential sales programme at Hudson Quarter York
- Distressed opportunities expected in 2021
- Equity partners identified in order to take advantage of significant transactions pending a recovery in share price



Residential Unit – living room CGI, HQ York



Russell House, Walton on Thames

# Confident outlook for regional strategy

## Income and capital growth

- Rent collection has been strong - **over 90%** since Covid lock-down
- We hold the **right properties** in the **right locations** focused in the **right sectors** with **reliable tenants**
- **+25%** income reversion within portfolio:
  - Repositioning city centre office assets with short WAULT of **2.8yrs**
  - **+£4.2m pa** potential future income growth
- Capital growth upside:
  - **£10m** surplus forecast at Hudson Quarter, York, will increase NAV per share by 5%
  - Value creation opportunities within the portfolio identified
  - Medium term development pipeline
- Residential sales at HQ York and other property disposals expected to **release surplus cash**
- Palace **regional expertise & REIT status** provides investors with an efficient structure to access the regional growth opportunity
- **Well established platform** and portfolio positioned to capitalise on Government 'levelling up' investment in the regions and take advantage of distressed opportunities in 2021

Regional  
expertise  
continues to  
deliver





PALACE CAPITAL plc

EXPERTS IN REGIONAL PROPERTY

# APPENDICES

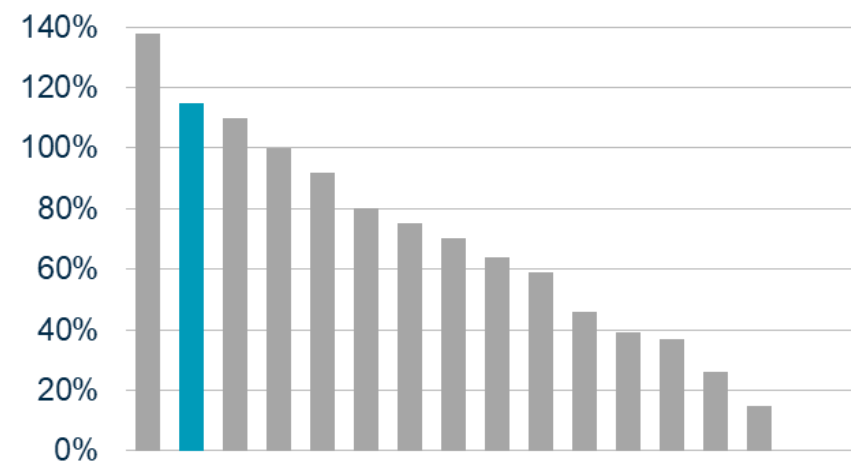


# Our story so far

- November 2010** Management taking Board control of the Company valued at £0.1m with a vision to invest in regional property
- October 2011** Hockenhull Estates portfolio acquired for £1.8m consisting of nine properties
- October 2013** Sequel portfolio consisting of 24 properties across office, industrial and retail sectors acquired for £39.25m
- August 2014** Property Investment Holdings portfolio acquired for £32m consisting of 17 commercial properties across office, industrial and retail sectors
- 2015-2017** Seven individual property acquisitions at values ranging between £4m and £24m focused in the office and leisure sectors.
- October 2017** Acquisition of the R.T. Warren Portfolio for £68m consisting of 21 commercial and 65 residential properties
- March 2018** Completed move from AIM to a Premium Listing on the Main Market of the London Stock Exchange
- May 2018** Joined FTSE Small Cap and All Share indices
- December 2018** One Derby Square, Liverpool acquired for £14.0m
- August 2019** Converted to a UK REIT on 1<sup>st</sup> August 2019
- December 2019** Commenced payment of Property Income Distributions (PID) under the REIT regime
- September 2020** Major development in York progressing. 28% residential pre-sales agreed to date

	31-03-2013	30-09-2020
Net asset value	£0.6m	<b>£158.4m</b>
Property portfolio	£2.0m	<b>£281.6m</b>
Contractual rental income	£0.2m	<b>£16.9m</b>
<b>Total Accounting Return over 7 years</b>		<b>115%</b>

**7 Year Total Accounting Return vs peers**  
(EPRA NTA growth + dividends) now at 115%



Source: Arden Partners plc

# Regional portfolio

## Focused on office & industrial growth sectors

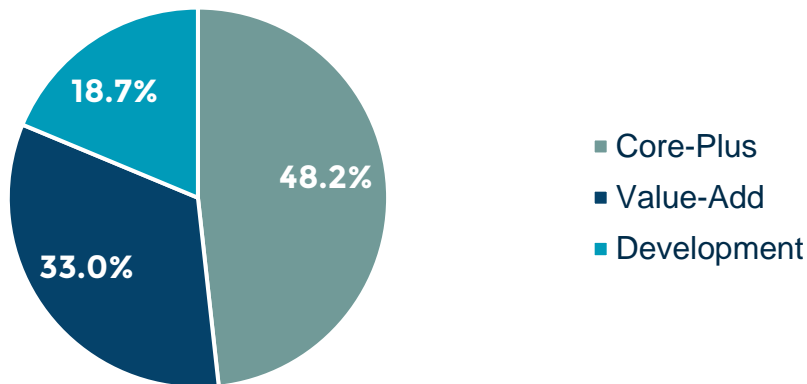
- Balanced portfolio of **52** properties
- Diversified granular income

**191** tenants in the portfolio

Top 20 tenants represent **44%** of portfolio

WAULT to break of **4.9 years**

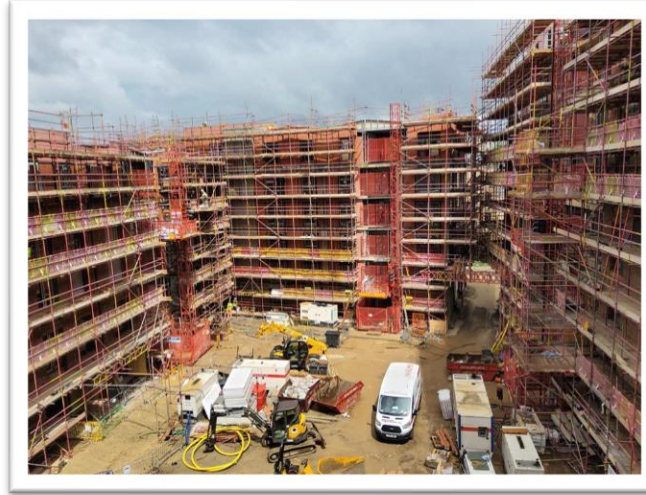
- Low risk & defensive characteristics
- Located close to transport hubs



## AT A GLANCE



# Hudson Quarter Timeline



**Sep 2013**  
Acquired as part of Quintain portfolio

**Feb 2016**  
Planning permission granted for conversion

**Aug 2017**  
Planning permission for development granted

**Dec 2018**  
Demolition completed

**Feb 2019**  
Funding secured from Barclays

**2020**  
Construction on-going

**2021**  
Completion scheduled for 2021



# Financial track record

<b>BALANCE SHEET</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>H1 21</b>
Property portfolio	£173.4m	£183.2m	£276.7m	£286.3m	£277.8m	<b>£281.6m</b>
IFRS net assets	£106.8m	£109.6m	£183.3m	£180.3m	£166.3m	<b>£158.4m</b>
EPRA NTA per share	414p	443p	415p	407p	364p	<b>347p</b>
Group LTV	37%	37%	30%	34%	38%	<b>42%</b>

<b>INCOME STATEMENT</b>	<b>H1 16</b>	<b>H1 17</b>	<b>H1 18</b>	<b>H1 19</b>	<b>H1 20</b>	<b>H1 21</b>
Adjusted profit before tax*	£3.9m	£3.2m	£3.7m	£4.3m	£3.9m	<b>£3.4m</b>
Adjusted EPS	10.8p	10.8p	12.8p	8.0p	8.5p	<b>7.3p</b>
Dividend per share	9.0p	9.0p	9.5p	9.5p	9.5p	<b>5.0p</b>
Dividend cover	1.2x	1.2x	1.3x	0.8x	0.9x	<b>1.5x</b>

\* Excludes non-recurring income and expenditure, property revaluations, profit/losses on disposal and fair value movements

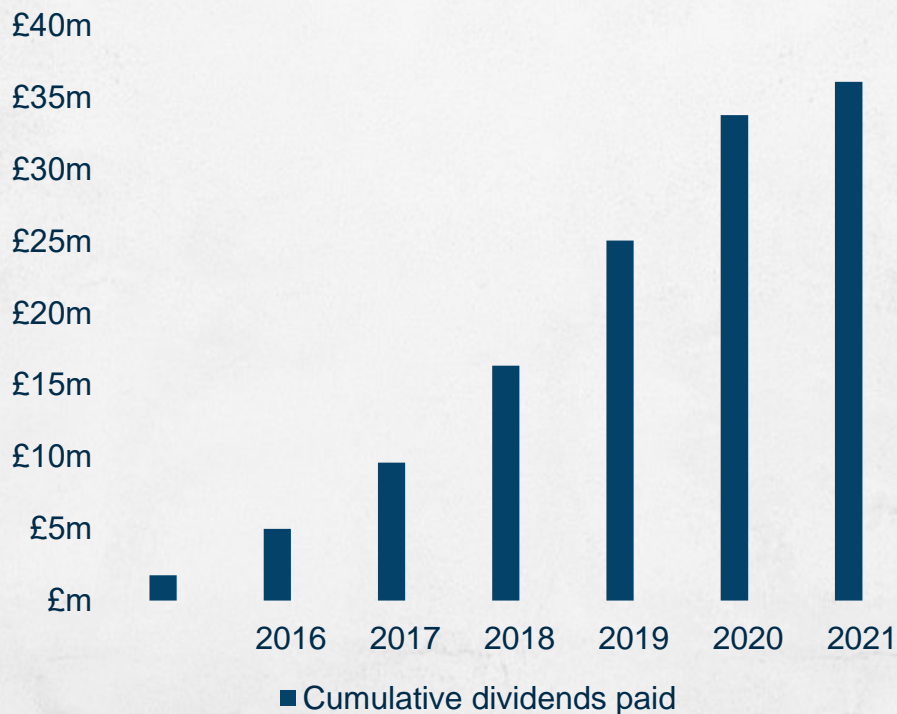
# Strong track record of Value Creation

## Income and Capital Return

### Total Property Return Vs MSCI Benchmark



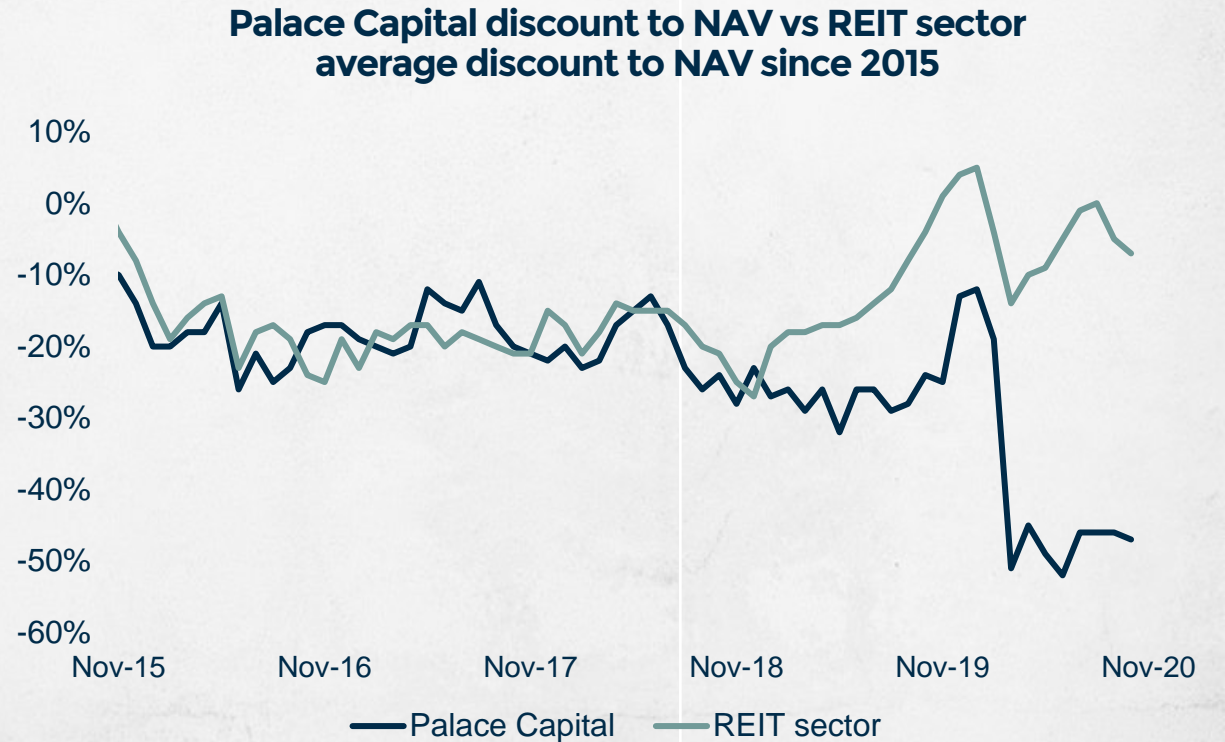
### Dividend Pay-Out



**Continuing to outperform the MSCI benchmark for the last 3.5 years**

**£36m of dividends paid to date**

# Covid-19 impact on TSR and share price








# Debt Covenants

- Investment portfolio is highly cash generative and even assuming worst case on lease expiries and breaks still show sufficient net rental income on all the ICR covenants to remain compliant
- Values as at 30 September 2020 fell 3.5% like-for-like due to Covid. Scottish Widows facility currently being revalued by the bank and any curing will likely be satisfied from cash reserves. The remaining facilities on average would need to fall a further 15% to require curing.
- Compliant with all debt covenants at October 2020 test date
- Hudson Quarter, York remaining expenditure is fully funded by Barclays £26.5m development facility

ICR covenants range 225% - 250%

LTV covenants range 57.5% - 62.0%

All covenants compliant

BANK	COVENANT	TARGET
 <b>Santander</b>	Historical interest cover	250%
	Projected interest cover	250%
 <b>LLOYDS BANK</b>	Historical 12 months interest cover	250%
	Projected interest cover	250%
 <b>SCOTTISH WIDOWS</b>	Historical interest cover	250%
	Projected interest cover	250%
	Historical debt service cover	130%
	Projected debt service cover	130%
 <b>NatWest</b>	Historical interest cover	225%
	Debt to net rent	1000%
 <b>BARCLAYS</b>	Historical interest cover	250%
	Projected interest cover	250%
	Historical debt yield	10%
	Projected debt yield	10%

# Sector splits

## Regional Office and Industrial focus

	Market value 30 September 2020 (£)	% of Portfolio by market value	No. properties	No. leases	Area (sq ft)	Contractual rental income p.a. (£)	ERV (£)*	WAULT to break (yrs)	Total ERV of void (£)
Offices	122,250,000	43.4%	27	117	698,946	8,459,462	11,281,563	2.8	2,350,712
Industrial	39,625,000	14.1%	10	38	409,593	2,436,617	2,839,840	3.7	118,300
Leisure	35,035,000	12.4%	2	20	306,970	3,198,541	3,201,601	11.3	366,230
Development	52,725,000	18.7%	2	-	-	-	-	-	-
Retail	22,325,000	7.9%	8	49	128,171	1,945,531	2,184,561	7.7	213,140
Retail Warehouses	9,435,000	3.4%	2	2	53,870	759,964	595,700	6.2	-
Other	200,000	0.1%	1	1	8,660	115,132	132,000	2.8	-
<b>Total</b>	<b>281,595,000</b>	<b>100%</b>	<b>52</b>	<b>227</b>	<b>1,606,210</b>	<b>16,915,247</b>	<b>20,235,265</b>	<b>4.9</b>	<b>3,048,382</b>

\* Based on Cushman & Wakefield estimated rental values



# Top 10 assets by value

## 60% of total portfolio

Property Name	Sector	Area (sq ft)	Gross rental income p.a. (£)	Reversionary yield*	WAULT to break (yrs)
Hudson Quarter, York development	Development	n/a	n/a	n/a	n/a
2 & 3 St James Gate, Newcastle	Offices	99,125	1,244,007	8.80%	3.8
Broad Street Plaza, Halifax	Leisure	117,767	1,627,382	7.56%	11.5
Sol, Northampton	Leisure	189,203	1,571,159	8.53%	11.2
Boulton House, 17-21 Chorlton Street, Manchester	Offices	74,653	932,909	7.92%	2.2
One Derby Square, Liverpool	Offices	70,161	1,056,735	7.94%	3.0
Bank House, 27 King Street, Leeds	Offices	88,036	616,918	9.19%	2.7
Kiln Farm, 2-4 Pitfield, Milton Keynes	Offices	52,818	663,617	7.37%	6.5
25 & 27 Black Moor Road, Verwood	Industrial	65,765	352,300	5.87%	2.7
Point Four Industrial Estate, Avonmouth	Industrial	84,748	434,206	7.13%	3.3
<b>Total</b>		<b>842,276</b>	<b>8,499,233</b>		

\* Based on Cushman & Wakefield estimated rental values

# Valuations

Covid impact – downward pressure BUT defensive characteristics of portfolio focused on regional office and industrial sectors

	Market value 30 September 2020 (£)	Market value 31 March 2020 (£)	Gain/(loss) (£)	Gain/(loss) %	EPRA topped-up NIY %
Offices	122,250,000	127,535,000*	(5,285,000)	(4.1)%	5.7%
Development	52,725,000	37,830,000	14,895,000	39.4%	N/A
Industrial	39,625,000	38,805,000	820,000	2.1%	5.7%
Leisure	35,035,000	37,850,000	(2,815,000)	(7.4)%	7.5%
Retail	22,325,000	23,885,000	(1,560,000)	(6.5)%	7.7%
Retail Warehouses	9,435,000	10,545,000	(1,110,000)	(10.5)%	7.6%
Other	200,000	360,000	(160,000)	(44.4)%	N/A
<b>Total market value</b>	<b>281,595,000</b>	<b>276,810,000</b>	<b>4,785,000</b>	<b>1.7%</b>	
Capital expenditure in H1 21**	(14,544,212)	-	(14,544,212)		
<b>Total like for like</b>	<b>267,050,788</b>	<b>276,810,000</b>	<b>(9,759,212)</b>	<b>(3.5)%</b>	

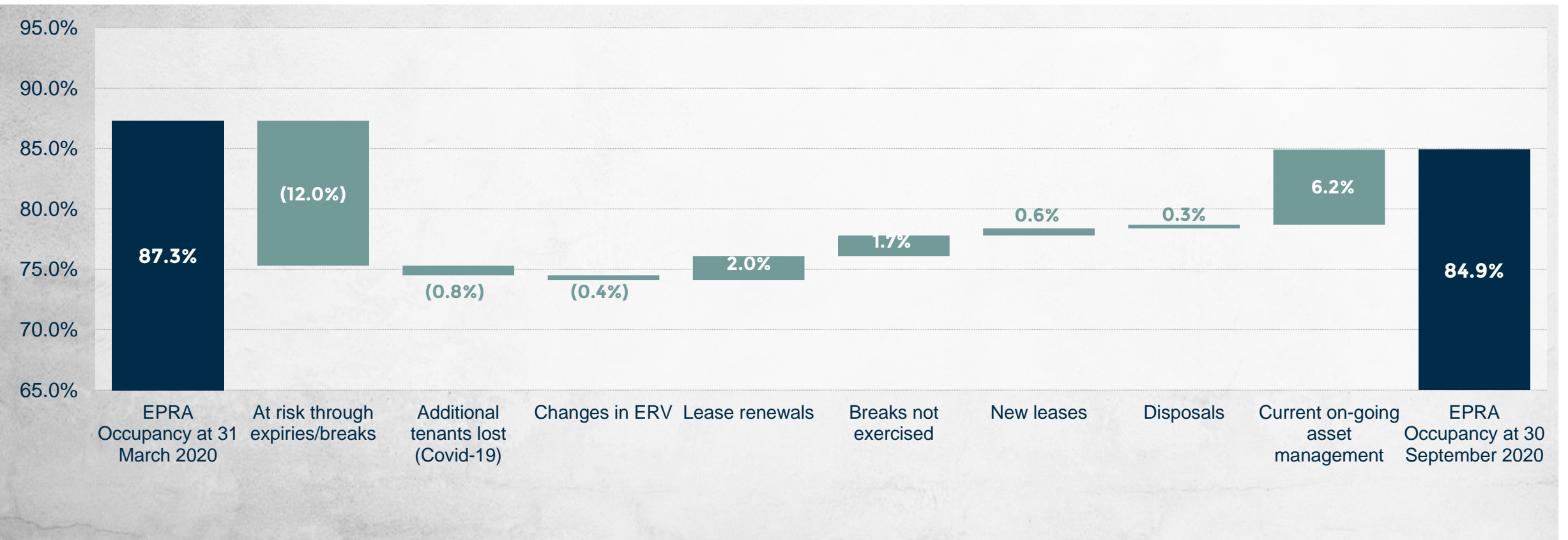
- Industrial valuations held up well at 30 September 2020 and expected to remain resilient
- Leisure, retail and retail warehouse sectors all saw significant downward movement in valuations from Covid-19
- Assets under development increased in value as a result of continued expenditure

\*Excludes properties disposed in H1 21

\*\*Includes all capital expenditure on developments, refurbishments, and capitalised legal and letting fees incurred in H1 21

# EPRA Occupancy

Significant asset management in progress



# Biographies



**NEIL SINCLAIR**  
Chief Executive

**Chartered Surveyor FRICS**  
Neil co-founded Palace Capital and has over 50 years' experience in the property sector. He was a founder of Sinclair Goldsmith Chartered Surveyors which was admitted to the Official List in 1987 and subsequently merged with Conrad Ritblat.



**STEPHEN SILVESTER**  
Finance Director

**Chartered Accountant FCA**  
Stephen joined Palace Capital in 2015 and brings over 10 years' experience as a finance professional in real estate. He previously held the role of Group Financial Controller at NewRiver REIT for 3 years and prior to that was Head of Finance at St Hilliers, a construction, development and property fund management business in Australia.



**RICHARD STARR**  
Executive Property Director

**Chartered Surveyor MRICS**  
Richard joined Palace Capital in 2013 on the back of the Sequel acquisition and related equity raise. He has extensive experience sourcing and managing commercial investments from his previous role running his own successful boutique property consultancy and before that, four Central London property firms.



**STANLEY DAVIS**  
Chairman

Stanley is a successful entrepreneur who has been involved in financial services and property businesses since 1977. His founding Company was company registration agents Stanley Davis Company Services which he sold in 1988. Until recently he was the Chairman of Stanley Davis Group Limited specialising in Company formations, property and Company searches.

A decorative vertical image on the left side of the page showing a blue sky with white clouds at the top and a white building roof with blue accents at the bottom.

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