

14 November 2024

**Palace Capital plc**  
("Palace Capital" or the "Company")

Interim Results for the six months ended 30 September 2024

**DELIVERING ON OUR STRATEGY TO RETURN CAPITAL TO SHAREHOLDERS**

Palace Capital (LSE: PCA) announces its unaudited results for the six months ended 30 September 2024.

Steven Owen, Executive Chairman, commented:

"During the first half of this financial year, we continued to progress our strategy to return capital to shareholders through the disposal of investment and residential properties. This was achieved through the sale of £28.8 million of assets at 1.9% above the 31 March 2024 valuation and returning cash of £21.7 million by way of a successful, oversubscribed tender offer in July 2024, which contributed an additional 2.0 pence to EPRANTA. Since the strategic wind down of the Company was announced in July 2022, we have returned over £43 million of cash to shareholders.

"Assuming that the property at Fareham, on which contracts were exchanged in July 2024 as previously announced, completes in the first quarter of 2025 for a net price of £3.1 million, the Company will have six investment properties remaining, which were valued at £51.7 million as at 30 September 2024. Following the completion of asset management initiatives, it is expected that three of these assets will be marketed for sale in the first quarter of 2025 and the sale of these assets, together with the completion of Fareham, are expected to generate significant cash proceeds to be returned to shareholders. The remaining three assets require the completion of further asset management activities in order to be ready for sale. In addition, there are eleven apartments remaining at Hudson Quarter in York, which are valued at £5.5 million, and sales of these will continue subject to market conditions.

"The Company has been in a net cash position since April 2024 and as at 13 November 2024, gross debt was £8.1 million. Proforma cash, assuming all exchanged properties complete, was £24.2 million, resulting in net cash of £16.1 million.

"Given its strong cash position, the Company has both flexibility and optionality over the timing of its disposal programme and its further return of cash to shareholders, which will be achieved either through a share buyback programme or another tender offer."

Income statement metrics	Six months to 30 Sept 2024	Six months to 30 Sept 2023	Change
Adjusted profit before tax	£2.1m	£2.3m	(8.7%)
Adjusted earnings per share	6.1p	5.5p	+10.9%
IFRS loss before tax	(£0.9m)	(£0.2m)	
Basic earnings per share	(2.8p)	(0.4p)	
<b>Dividends</b>			
Total dividend paid per share	7.5p	7.5p	
<b>Balance Sheet and operational metrics</b>	<b>30 Sept 2024</b>	<b>31 March 2024</b>	<b>Change</b>
EPRANTA per share	252p	262p	(3.8%)
Cash returned to shareholders (including costs)	£22.1m	£15.2m	+45.4%
Net asset value	£72.3m	£97.8m	(26.1%)
Like-for-like portfolio valuation decrease	(5.1%)	(15.5%)	
Total accounting return	(1.0%)	(6.4%)	
Total shareholder return	1.1%	13.7%	
EPRA occupancy rate	84.0%	82.0%	
<b>Cash and debt</b>			
Cash	£21.3m	£19.8m	+7.6%

	2024	2023	Change
Total drawn debt	(£8.2m)	(£8.3m)	(1.2%)
Total net cash	£13.1m	£11.5m	+13.9%
Average cost of debt	2.9%	2.9%	
Average debt maturity	1.8 years	2.3 years	

### Financial highlights

- Adjusted profit before tax of £2.1 million (September 2023: £2.3 million) reflects the reduction in income following disposals offset by the significant reduction in finance costs and recurring administrative costs.
- IFRS loss before tax for the period of £0.9 million (September 2023: £0.2 million loss) primarily due to the valuation deficit of £3.2 million offset by the profit on property disposals of £0.6 million.
- Adjusted EPS of 6.1 pence (September 2023: 5.5 pence), an increase of 10.9%, reflects the reduced number of shares in issue following the tender offer.
- Dividends paid of 7.5 pence per share (September 2023: 7.5 pence).
- Cash returned to shareholders of £22.1 million (including costs) by way of a successful tender offer in July 2024, a 2.0 pence per share accretion to EPRANTA.
- EPRANTA per share decreased by 3.8% to 252 pence (March 2024: 262 pence) due to the portfolio revaluation deficit.
- Total property portfolio valuation reduced by 5.1% on a like-for-like basis, principally due to the valuation decline of the office at St James's Gate, Newcastle.
- Net cash of £13.1 million (March 2024: £11.5 million).

### Operational highlights

- In the period to 30 September 2024, the Company completed or exchanged on five investment properties for £26.1 million, 1.6% ahead of the 31 March 2024 valuation. A further five apartments at Hudson Quarter, York were sold in the first half of the year for £2.7 million. Since 1 October 2024, contracts have been exchanged for the sale of one apartment for £0.5 million, leaving eleven units remaining. Aggregate proceeds of the 116 apartments completed or exchanged total £43.9 million.
- Portfolio WAULT of 6.4 years to break and 9.1 years to expiry reflects asset management activities and disposal of short WAULT properties (March 2024: 5.4 years to break and 7.5 years to expiry).
- An additional £0.4 million of annualised net rental income was created during the half year through leasing and review activity and the associated reduction in non-recoverable property costs which was on average 4.6% ahead of the 31 March 2024 ERVs. Annualised net rental income lost from lease expiries and breaks totalled £0.5 million, resulting in a net annualised decrease of £0.1 million rising to £0.2 million following the administration of TGI Fridays at the end of September. Net rental income lost following disposals totalled £1.9 million per annum, resulting in a net loss in annualised net rental income of £2.0 million.
- Rent collection for the first half of the financial year was 98% (March 2024: 98%).
- EPRA occupancy of 84.0% at 30 September 2024 (March 2024: 82.0%).

### Palace Capital plc

Steven Owen, Executive Chairman  
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### Cautionary Statement

This announcement does not constitute an offer of securities by the Company. Nothing in this announcement is intended to be, or intended to be construed as, a profit forecast or a guide as to the performance, financial or otherwise, of the Company or the Group whether in the current or any future financial year. This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They may appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the directors, the Company or the Group concerning, amongst other things, the operating results,

financial condition, prospects, growth, strategies and dividend policy of the Group or the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual operating results, financial condition, dividend policy or the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the operating results, financial condition and dividend policy of the Group, or the development of the industry in which it operates, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in government and other regulation, changes in political and economic stability and changes in business strategy or development plans and other risks.

Other than in accordance with its legal or regulatory obligations, the Company does not accept any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

## **EXECUTIVE CHAIRMAN'S STATEMENT**

### **Update on delivery of strategic objectives**

During the first half of this financial year, we continued to progress our strategy to return capital to shareholders through the disposal of investment and residential properties. This was achieved through the sale of £28.8 million of assets at 1.9% above the 31 March 2024 valuation and returning cash of £21.7 million by way of a successful, oversubscribed tender offer in July 2024, which contributed an additional 2.0 pence to EPRANTA. Since the strategic wind down of the Company was announced in July 2022, we have returned over £43 million of cash to shareholders.

The Company has been in a net cash position since April 2024 and as at 13 November 2024, gross debt was £8.1 million. Proforma cash, assuming all exchanged properties complete, was £24.2 million, resulting in net cash of £16.1 million.

Total investment properties sold since the change of strategy in July 2022 amount to £130.9 million or £144.8 million including residential apartments.

Assuming that the property at Fareham, on which contracts were exchanged in July 2024 as previously announced, completes in the first quarter of 2025 for a net price of £3.1 million, the Company will have six investment properties remaining, which were valued at £51.7 million as at 30 September 2024. Following the completion of asset management initiatives, it is expected that three of these assets will be marketed for sale in the first quarter of 2025 with the other three requiring the completion of further asset management activities in order to be ready for sale. The sale of these three assets together with the completion of Fareham are expected to generate significant cash proceeds to be returned to shareholders. In addition, there are eleven apartments remaining at Hudson Quarter in York valued at £5.5 million and sales of these will continue subject to market conditions. An update on progress made together with the current position is set out in the Operational Review.

### **Overview of results**

The Group's adjusted profit before tax reduced by 8.7% to £2.1 million (September 2023: £2.3 million) as a result of income lost through disposals but offset by the significant reduction in finance costs and recurring administrative expenditure. Adjusted earnings per share, however, increased by 10.9% to 6.1 pence per share, reflecting the accretive benefit from the tender offer completed in July 2024. Investment property sales completed or exchanged during the half year period totalled £26.1 million, 1.6% ahead of the 31 March 2024 valuation. Profit on disposal of investment properties realised £0.5 million (September 2023: £3.4 million) and trading profits from the sale of residential units realised a profit of £0.1 million (September 2023: £0.1 million).

The whole portfolio was independently valued by CBRE at £60.9 million as at 30 September 2024, a reduction of 5.1% on a like-for-like basis. The deficit on the revaluation of the portfolio of £3.2 million was principally due to a reduction of over £2 million in the value of St James's Gate, Newcastle as a result of softening yields and slower than expected trading at the space occupied under a management agreement by Orega, a premium, flexible, serviced office workspace provider. An analysis of the valuation deficit is provided in the Operational Review.

EPRANTA decreased by 10.0 pence per share or 3.8% to 252 pence (March 2024: 262 pence) during the period, principally as a result of the revaluation deficit of £3.2 million or 9.5 pence per share, partially offset by the 2.0 pence per share tender offer accretion and the profit from the disposal of investment and trading properties, which contributed 1.9 pence per share. The excess of dividends paid per share over adjusted earnings per share was 1.4 pence per share and other items, principally the denominator effect of the reduced number of shares at period end compared with the average for the period, were 3.0 pence per share.

The Group's balance sheet remains strong with cash reserves of £21.3 million as at 30 September 2024. Gross debt reduced to £8.2 million (March 2024: £8.3 million), which has resulted in a net cash position of £13.1 million (March 2024: £11.5 million).

### **Dividend**

The Group paid dividends of 7.5 pence per share (September 2023: 7.5 pence per share) in relation to the period ended 30 September 2024. The Company declares with these results an interim dividend of 3.75 pence per share which will be paid on 27 December 2024. Of this, 1.35 pence per ordinary share will be paid as a Property Income Distribution ('PID') and 2.40 pence per ordinary share will be paid as a Non-Property Income Distribution ('Non-PID'). The record date will be 29 November 2024.

### **Outlook**

Commercial property and financial markets remain challenging, particularly following the changes announced in last month's Budget. It remains to be seen whether the recent reductions in UK base rates and the expectation that more will follow next year will be enough to enable growth in business activity and an improvement in liquidity for commercial property transactions.

At an operational level, the Company continues to make progress with its asset management activities despite the difficult

and uncertain conditions in financial and property markets. Certain assets are now ready for sale and it is expected that these will be offered to the market in the New Year.

Given its strong cash position, the Company has both flexibility and optionality over the timing of its disposal programme and its further returns of cash to shareholders, which will be achieved either through a share buyback programme or another tender offer.

**Steven Owen**  
Executive Chairman

13 November 2024

## **OPERATIONAL REVIEW**

### **Portfolio overview**

As at 30 September 2024, the portfolio comprised eight properties (March 2024: 12) comprising by value 55% office, 35% leisure and 10% residential.

CBRE independently valued the portfolio at £60.9 million as at 30 September 2024, resulting in a deficit of 5.1% on a like-for-like basis compared with the valuation as at 31 March 2024.

The five office assets fell by 7.3% or £2.6 million, with the 16% fall in the value of St James's Gate, Newcastle accounting for 80% of the office portfolio valuation deficit. Excluding St James's Gate, the office portfolio declined by 2.1%. The decline was driven by a combination of softening yields and slower than expected trading at the space occupied by Orega, a premium, flexible, serviced office workspace provider. The Forum, Exeter declined by 5.1%, Hudson Quarter, York by 2.4% and Imperial Court and House, Leamington Spa by 1.4%.

The two leisure assets declined by 2.8% overall due mainly to the insolvency of TGI Friday's at Halifax in September 2024. Equivalent yields remained unchanged from those at 31 March 2024.

### **Asset management**

Operationally, the business remains robust. An additional £0.4 million of annualised net rental income was created during the half year through leasing and review activity and the associated reduction in non-recoverable property costs which was, on average 4.6% ahead of the 31 March 2024 ERVs.

During the period a key letting was achieved at Imperial Court, Leamington Spa (20,419 sq ft) where we completed a 10 year lease with a mutual break in year five to Lighthouse Games Ltd at a rent of £0.38 million per annum, which was in line with the March 2024 ERV.

As previously reported, an agreement was reached in principle with Vue Cinemas at Sol, Northampton to regear their lease and bring their total term to 20 years, expiring in 2044, with a material increase in rent and five-yearly upward only rent reviews linked to RPI with a cap and collar structure. In return the Company will make a significant capital contribution towards the comprehensive refurbishment of the cinema, including a recliner seating upgrade, associated auditoria decorative works and foyer refurbishment. Documentation has now been agreed and once the final specification has been finalised the transaction can be completed.

At Broad Street Plaza, Halifax, the lease break in July 2027 to Pure Gym was removed in return for a rent free period which improved the WAULT at break for the property from 9.6 years as at 31 March 2024 to 9.8 years as at 30 September 2024, the latter also reflecting the administration of TGI Friday's in September 2024.

### **Disposal and asset management strategy post HY25**

The portfolio as at 13 November 2024 consists of seven investment properties and one residential property in York.

Apartment sales at Hudson Quarter, York have continued since 30 September 2024, with a further apartment sale having exchanged for £0.5 million. There are 11 units remaining for sale but market conditions, which had materially improved during the Spring of 2024, have since been adversely affected by the changes announced in the Budget in October.

Assuming the completion of the sale of Fareham, the strategy for the remaining six investment properties, which had a value of £51.7 million as at 30 September 2024, is as follows:

#### **Broad Street Plaza, Halifax**

The investment market for leisure assets remains difficult with debt finance hard to obtain for such assets, notwithstanding the diversity and longevity of income from some of these properties, including Halifax. The lack of liquidity in this sector means that valuations can be volatile. The current income yield on a geared basis for Halifax is 34%, due to the 2.9% coupon debt secured on the asset, and the WAULT to expiry is 14.4 years (9.8 years to break).

The current occupancy rate is 92% including the recently vacated space of 7,000 sq ft due to TGI Friday's entering administration and the closure of several of their restaurants, including Halifax, across the country. Given the reduction in short term interest rates, it is expected that this property will be marketed for sale in the first quarter of 2025.

#### **Sol, Northampton**

As noted above, the agreement to regear the Vue lease is transformational for this property and extends the WAULT to 13.0 years on expiry and 12.8 years to break. There are ongoing discussions with both existing and prospective tenants in regards to taking additional space with the potential to improve and diversify the overall leisure offering at the property which will contribute towards it being an attractive town centre destination.

On the investment side, as is the case with Halifax, the leisure market is currently weak with a limited pool of buyers and therefore the focus is on the completion of the asset management activity, including the refurbishment of the Vue cinema, to drive value before considering the appropriate timing for disposal.

#### **St James' Gate, Newcastle**

Active asset management initiatives are underway and further lettings of the vacant space are required in order to increase the occupancy from its current level of 68% and extend the WAULT prior to the asset being ready for sale. Additionally, an improvement in occupancy and operating income under the management agreement with Orega will need to be established before a sale can be contemplated in the current market.

#### **HQ, York (Commercial)**

The lower ground vacant office suite (3,660 sq ft) is still under offer and, assuming the lease is completed, the property will be 90% occupied with only half a floor (2,932 sq ft) remaining available. The WAULT to break and expiry is 6.0 and 7.4 years respectively. HQ York is an institutional grade property and it is expected that it will be marketed in the first quarter of 2025.

#### **Imperial Court and House, Leamington Spa**

This property is now fully occupied following the letting of Imperial Court to Lighthouse Games. Other asset management activities were either completed during the period or are expected to complete shortly in order to achieve a vacant possession block date in four and a half years' time, which will provide an opportunity for a potential redevelopment of the entire site.

It is expected that this property will be marketed in the first quarter of 2025.

#### The Forum, Exeter

We have actively explored a change of use for this 1970s office building to one that we believe will realise more value on sale. As part of this strategy, we are making progress with tenants to achieve a vacant possession block date within the next two years and have had a pre-application meeting with Exeter City Council.

If these initiatives are successful, we will market the property for sale, which is likely to be in the second quarter of 2025.

#### Summary

Post 31 March 2024, total residential and investment sales exchanged or completed currently stand at £29.3 million and as a result, since the change of strategy announcement on 19 July 2022, investment property disposals (either completed or exchanged) have generated proceeds of £130.9 million at a 15.6% reduction to the March 2022 valuation (which was the peak of the current property cycle) or 3.6% ahead when compared with the relevant March valuation prior to sale.

#### FINANCIAL REVIEW

The Group's adjusted profit before tax reduced by 8.7% to £2.1 million (September 2023: £2.3 million) as a result of income lost through disposals but offset by the significant reduction in finance costs and recurring administrative expenditure. Adjusted earnings per share, however, increased by 10.9% to 6.1 pence per share (September 2023: 5.5 pence per share) reflecting the accretive benefit from the tender offer completed in July 2024.

The summary of the Company's financial results are as follows:

#### Income Statement Summary

Income Statement	30 Sept 2024	30 Sept 2023
Gross property income	£3.8m	£6.9m
Property operating expenses	(£0.8m)	(£1.5m)
Expected Credit Loss provision	(£0.3m)	-
<b>Net rental income</b>	<b>£2.7m</b>	<b>£5.4m</b>
Recurring administrative expenditure	(£1.0m)	(£1.7m)
Finance income	£0.5m	£0.2m
Finance costs	(£0.1m)	(£1.6m)
<b>Adjusted profit before tax</b>	<b>£2.1m</b>	<b>£2.3m</b>
Tax	-	-
<b>Adjusted profit after tax</b>	<b>£2.1m</b>	<b>£2.3m</b>
Payments to former Directors (including associated costs)	(£0.1m)	-
Short term incentive plan provision (including associated costs)	(£0.3m)	-
Share based payments	-	(£0.1m)
<b>EPRA earnings</b>	<b>£1.7m</b>	<b>£2.2m</b>
Loss on revaluations	(£3.2m)	(£5.6m)
Trading profit	£0.1m	£0.1m
Profit on disposal of investment properties	£0.5m	£3.4m
Debt termination costs	-	(£0.3m)
<b>IFRS loss after tax</b>	<b>(£0.9m)</b>	<b>(£0.2m)</b>

Net rental income in the period reduced to £2.7 million (September 2023: £5.4 million) due to income lost through disposals. This was partially offset by a £0.7 million reduction in property operating expenses as a result of disposals and asset management activity. An expected credit loss provision of £0.3 million was put through due to some tenants being in financial difficulty.

The Group's recurring administrative expenditure reduced by £0.7 million or 41.2% to £1.0 million (September 2023: £1.7 million) following progress made in reducing administrative costs in prior periods.

Finance costs have reduced by 93.8% or £1.5 million to £0.1 million (September 2023: £1.6 million) following the repayment of all floating rate debt in the prior financial year.

#### EPRA NTA Movement

EPRA NTA decreased by 10.0 pence per share or 3.8% to 252 pence (March 2024: 262 pence) during the period. The revaluation deficit of £3.2 million or 9.5 pence per share reduced EPRA NTA as a result of a 5.1% like-for-like reduction in the property portfolio. This was partially offset by the £21.7 million tender offer (£22.1 million including costs) in the period, which was accretive by 2.0 pence per share, and the profit from the disposal of investment properties which contributed 1.5 pence per share.

Adjusted earnings before tax of £2.1 million increased EPRA NTA by 6.1 pence per share, this was offset by the dividends paid in the period of 7.5 pence per share. Hudson Quarter trading profit (net of fair value adjustment to trading properties) increased EPRA NTA by 0.2 pence per share, whilst other movements contributed to a reduction of 2.8 pence per share.

	£m	No. of shares (diluted)	Pence per share
<b>EPRA NTA at 31 March 2024</b>	<b>98.3</b>	<b>37,554,525</b>	<b>262.0p</b>
Tender offer (including costs)	(22.1)	(8,667,760)	2.0p
<b>EPRA NTA after tender offer</b>	<b>76.2</b>	<b>28,886,765</b>	<b>264.0p</b>
Profit on sale of investment properties	0.5		1.5p

Profit on sale of investment properties	2023	2022	2021
Adjusted earnings before tax	2.1		6.1p
Hudson Quarter trading profit	0.1		0.4p
Loss on revaluation of investment property	(3.2)		(9.5p)
Cash dividends paid	(2.5)		(7.5p)
Fair value adj. of trading properties	(0.1)		(0.2p)
Other movements*	(0.4)		(2.8p)
<b>EPRA NTA at 30 September 2024</b>	<b>72.7</b>	<b>28,886,765</b>	<b>252.0p</b>

\*Other movements include payments to former Directors, short term incentive plan provision and the denominator effect of the reduced number of shares at period end compared with the average for the period and the effect of rounding.

## Financing

The Group has only one debt facility which is at a fixed interest rate of 2.9% until July 2026. During the period, gross debt reduced to £8.2 million (March 2024: £8.3 million) and as at 13 November was £8.1 million.

At 30 September 2024 the Group was in a net cash position of £13.1 million (March 2024: £11.5 million). The Company has remained compliant with all covenants on its bank facilities in the period.

## STATEMENT OF PRINCIPAL RISKS

We consider there has been no material changes to the Company's principal risks, as set out in the Annual Report and Accounts for the year ended 31 March 2024 and summarised below.

### MARKET CYCLE ECONOMIC AND POLITICAL

#### Risk description

Failure to react appropriately to changing market conditions and adapt our corporate strategy could negatively impact shareholder returns. A downturn in the market could reduce the appetite in the investment market, leading to lower valuations and affecting our disposal strategy and ability to return capital to shareholders.

Uncertainty in the UK economic landscape, global supply chain issues, inflation and interest rates brings risks to the property market, supply chains and to occupiers' businesses. This can significantly impact market sentiment and our ability to extract value from our properties resulting in lower shareholder returns, reduced liquidity and increased occupier failure.

### CAPITAL STRUCTURE AND LIQUIDITY

#### Risk description

An inappropriate level of gearing or failure to comply with debt covenants or manage re-financing events could put pressure on cash resources and lead to a funding shortfall for operational activities.

Increasing costs of borrowing and increasing interest rates could affect the Group's ability to borrow or reduce its ability to repay its debts.

### PORTFOLIO STRATEGY

#### Risk description

An inappropriate investment strategy that is not aligned to overall corporate purpose objectives, economic conditions, or tenant demand may result in lower investment returns.

### ASSET MANAGEMENT

#### Risk description

Failure to implement asset business plans and elevated risks associated with refurbishment could lead to longer void periods, higher arrears and overall investment performance, adversely impacting returns and cashflows.

### VALUATION

#### Risk description

Decreasing capital and rental values could impact the Group's portfolio valuation leading to lower returns. Higher cost of debt can lead to property yields to be pushed out and valuations to fall as a result. Increasing gilt yields, can leave property investment less attractive unless the desired return can be achieved.

### TENANT DEMAND AND DEFAULT

#### Risk description

Failure to adapt to changing occupier demands and/or poor tenant covenants may result in us losing significant tenants, which could materially impact income, capital values and profit. Rising inflation, interest rates and living costs could impact tenant businesses, such as the leisure industry, as demand falls for discretionary spending.

### BUSINESS CONTINUITY AND CYBER SECURITY

#### Risk description

Business disruption as a result of physical damage to buildings, Government policy and measures implemented in response to pandemics, cyber attacks or other operational or IT failures or unforeseen events may impact income and profits.

### PEOPLE

#### Risk description

An inability to attract or retain staff with the right skills and experience or failure to implement appropriate succession plans may result in significant underperformance or impact the overall effectiveness of our operations. Health and Safety of staff and others including tenants both physically and mentally and providing a safe and healthy environment in our properties is of utmost importance. Failure to do so could lead to staff and tenant ill health, litigation and regulatory issues, negative media and market sentiment against the Company.

### CLIMATE CHANGE

#### Risk description

Longer term failure to anticipate and prepare for transition and physical risks associated with climate change including increasing policy and compliance risks associated with existing and emerging environmental legislation could lead to increased costs and the Group's assets becoming obsolete or unable to attract occupiers or purchasers.

## REGULATORY AND TAX

#### Risk description

Non-compliance with the legal and regulatory requirements of a public real estate company, including the REIT regime could result in

convictions or fines and negatively impact reputation.

### 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 [www.palacecapitalplc.com](http://www.palacecapitalplc.com)

By order of the Board

**Phil Higgins**

Company Secretary

13 November 2024

Palace Capital plc

### Condensed consolidated statement of comprehensive income

For the six months ended 30 September 2024

	Notes	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
Revenue	3	8,117	12,108	19,599
Cost of sales	4	(5,030)	(6,551)	(9,776)
Movement in expected credit loss		(255)	-	-
<b>Net property income</b>		<b>2,832</b>	<b>5,557</b>	<b>9,823</b>
Administrative expenses		(1,389)	(1,816)	(3,998)
Operating profit before gains and losses on property assets		1,443	3,741	5,825
Profit on disposal of investment properties		500	3,383	2,298
Loss on revaluation of investment properties	9	(3,241)	(5,613)	(15,383)
<b>Operating (loss)/profit</b>		<b>(1,298)</b>	<b>1,511</b>	<b>(7,260)</b>
Finance income		488	176	312
Finance expense		(135)	(1,552)	(1,909)
Debt termination costs		-	(324)	(459)
<b>Loss before taxation</b>		<b>(945)</b>	<b>(189)</b>	<b>(9,316)</b>
Taxation	5	-	16	(46)
<b>Loss after taxation for the period and total comprehensive loss attributable to owners of the Parent</b>		<b>(945)</b>	<b>(173)</b>	<b>(9,362)</b>
<b>Earnings per ordinary share</b>				
Basic	6	(2.8p)	(0.4p)	(23.7p)
Diluted	6	(2.8p)	(0.4p)	(23.7p)

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

Palace Capital plc

### Condensed consolidated statement of financial position

For the six months ended 30 September 2024

	Notes	Unaudited 30 September 2024 £000	Unaudited 30 September 2023 £000	Audited 31 March 2024 £000
..				

<b>Non-current assets</b>				
Investment properties	9	48,889	111,337	73,845
Right of use asset		10	33	38
Trade and other receivables	11	5,573	3,303	5,625
Property, plant and equipment		-	16	-
		<b>54,472</b>	<b>114,689</b>	<b>79,508</b>
<b>Current assets</b>				
Trading property	10	5,572	8,713	8,126
Trade and other receivables	11	3,657	4,776	3,352
Cash and cash equivalents	12	21,288	8,870	19,766
		<b>30,517</b>	<b>22,359</b>	<b>31,244</b>
<b>Total assets</b>		<b>84,989</b>	<b>137,048</b>	<b>110,752</b>
<b>Current liabilities</b>				
Trade and other payables	13	(3,711)	(6,962)	(4,066)
Borrowings	14	(318)	(11,951)	(318)
Lease liabilities for right of use asset		(10)	(33)	(39)
<b>Creditors: amounts falling due within one year</b>		<b>(4,039)</b>	<b>(18,946)</b>	<b>(4,423)</b>
<b>Net current assets</b>		<b>26,478</b>	<b>3,413</b>	<b>26,821</b>
<b>Non-current liabilities</b>				
Borrowings	14	(7,788)	(8,078)	(7,933)
Short term incentive plan provision		(830)	-	(565)
Deferred tax liability		(57)	(61)	(57)
<b>Net Assets</b>		<b>72,275</b>	<b>109,963</b>	<b>97,774</b>
<b>Equity</b>				
Called up share capital	15	2,889	4,639	3,756
Merger reserve		3,503	3,503	3,503
Capital redemption reserve		2,090	340	1,223
Treasury share reserve		-	(22,457)	-
Capital reduction reserve		65,348	115,249	89,931
(Accumulated losses)/retained earnings		(1,555)	8,689	(639)
<b>Equity shareholders' funds</b>		<b>72,275</b>	<b>109,963</b>	<b>97,774</b>
Basic NAV per ordinary share	7	250p	293p	260p
Diluted NAV per ordinary share	7	250p	293p	260p
EPRA/NTA per ordinary share	7	252p	294p	262p

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 13 November 2024.

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 2024

	Share Capital £000	Treasury Shares Reserve £000	Other Reserves £000	Capital Reduction Reserve £000	(Accumulated Losses)/ Retained Earnings £000	Total equity £000
As at 31 March 2023	4,639	(7,343)	3,843	118,477	8,859	128,475
Total comprehensive loss for the period	-	-	-	-	(173)	(173)
Share based payments	-	-	-	-	68	68
Exercise of share options	-	65	-	-	(65)	-
Dividends paid	-	-	-	(3,228)	-	(3,228)
Share buyback	-	(15,179)	-	-	-	(15,179)
As at 30 September 2023	4,639	(22,457)	3,843	115,249	8,689	109,963
Total comprehensive loss for the period	-	-	-	-	(9,189)	(9,189)
Share based payments	-	-	-	-	69	69
Exercise of share options	-	96	-	-	(208)	(112)
Dividends paid	-	-	-	(2,817)	-	(2,817)
Shares purchased by employee benefits trust	-	(140)	-	-	-	(140)
Cancellation of treasury shares	(883)	22,501	883	(22,501)	-	-
As at 31 March 2024	3,756	-	4,726	89,931	(639)	97,774
Total comprehensive loss for the period	-	-	-	-	(945)	(945)
Share based payments	-	-	-	-	29	29
Dividends paid	-	-	-	(2,492)	-	(2,492)



Tender offer	-	(22,091)	-	-	-	(22,091)
Cancellation of treasury shares	(867)	22,091	867	(22,091)	-	-
<b>As at 30 September 2024</b>	<b>2,889</b>	<b>-</b>	<b>5,593</b>	<b>65,348</b>	<b>(1,555)</b>	<b>72,275</b>

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

Palace Capital plc

## Condensed consolidated statement of cash flows

For the six months ended 30 September 2024

	Notes	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
<b>Operating activities</b>				
Loss before taxation		(945)	(189)	(9,316)
Finance income		(488)	(176)	(312)
Finance expense		135	1,552	1,909
Loss on revaluation of investment property portfolio	9	3,241	5,613	15,383
Profit on disposal of investment properties		(500)	(3,383)	(2,298)
Debt termination costs		-	324	459
Depreciation of tangible fixed assets		-	7	23
Amortisation of right of use asset		29	99	119
Share-based payment		29	68	137
Increase in trade and other receivables		(785)	(680)	(2,536)
Decrease in trade and other payables		(88)	(1,231)	(3,369)
Decrease in trading property		2,554	2,342	2,929
<b>Net cash generated from operations</b>		<b>3,182</b>	<b>4,346</b>	<b>3,128</b>
Interest received		488	176	312
Interest and other finances charges paid		(120)	(1,818)	(2,339)
<b>Net cash flows from operating activities</b>		<b>3,550</b>	<b>2,704</b>	<b>1,101</b>
<b>Investing activities</b>				
Capital expenditure on refurbishment of investment property	9	(111)	(2,657)	(1,544)
Proceeds from disposal of investment properties	9	22,825	65,835	92,217
<b>Net cash flow generated from investing activities</b>		<b>22,714</b>	<b>63,178</b>	<b>90,673</b>
<b>Financing activities</b>				
Bank loan repaid		(159)	(44,096)	(56,022)
Loan issue costs		-	(18)	-
Dividends paid	8	(2,492)	(3,228)	(6,045)
Share buyback		-	(15,179)	(15,179)
Tender offer		(22,091)	-	-
Payment of share options exercised		-	-	(271)
<b>Net cash flow used in financing activities</b>		<b>(24,742)</b>	<b>(62,521)</b>	<b>(77,517)</b>
<b>Net increase in cash</b>		<b>1,522</b>	<b>3,361</b>	<b>14,257</b>
Opening cash and cash equivalents	12	19,766	5,509	5,509
<b>Closing cash and cash equivalents</b>	<b>12</b>	<b>21,288</b>	<b>8,870</b>	<b>19,766</b>

Palace Capital plc

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2024

### 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 Thomas House, 84 Eccleston Square, London, SW1V 1PX.

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 2024 and are expected to be used in the Group's Annual Report for the year ended 31 March 2025.

The financial information for the year ended 31 March 2024 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 2024 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 2024 was unqualified and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 September 2023 and 30 September 2024 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 13 November 2024.

Copies of this statement are available to the public for collection at the Company's Registered Office at Thomas House, 84 Eccleston Square, London, SW1V 1PX and on the Company's website, [www.palacecapitalplc.com](http://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 around the economic climate brought on by rising inflation and interest rates. In this assessment, the Directors considered the impact on the Group's cash resources, borrowing facilities, rental income, disposals of investment and trading properties, committed capital and dividend distributions. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these financial statements.

As at 30 September 2024 the Group had £21.3 million of unrestricted cash and cash equivalents, and a loan facility of £8.2 million which is fixed at 2.9% until July 2026, resulting in a net cash position of £13.1 million. The fair value of the property portfolio is £60.9 million. The Directors have reviewed the forecasts for the Group over the 12 months from the date of signing this report.

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 approval of the financial statements. 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 Revenue

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
Gross rental income	3,722	6,839	11,603
Dilapidations and other property related income	69	55	453
Insurance commission	-	-	58
Gross property income	3,791	6,894	12,114
Trading property income	2,729	2,584	4,286
Service charge income	1,597	2,630	3,199
<b>Total revenue</b>	<b>8,117</b>	<b>12,108</b>	<b>19,599</b>

## 4 Cost of sales

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
Void costs	599	1,027	1,871
Legal, lettings and consultancy costs	243	457	601
Property operating expenses	842	1,484	2,472
Trading property costs of sales	2,591	2,437	4,286
Service charge expense	1,597	2,630	3,018
<b>Total cost of sales</b>	<b>5,030</b>	<b>6,551</b>	<b>9,776</b>

## 5 Taxation

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
Tax underprovided in prior year	-	-	65
Deferred tax	-	(16)	(19)
Tax credit	-	(16)	46

As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax, as are any gains it makes from the disposal of its properties, provided they are not held for trading. The Group is otherwise subject to UK corporation tax at the prevailing rate.

## 6 Earnings per share

Basic earnings per share and diluted earnings per share have been calculated on loss after tax attributable to

ordinary Shareholders for the year (as shown on the Consolidated Statement of Comprehensive Income) and for the earnings per share, the weighted average number of ordinary shares in issue during the period (see table below) and for diluted weighted average number of ordinary shares in issue during the year (see table below).

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
Loss after tax attributable to ordinary Shareholders for the year	(945)	(173)	(9,362)
	Unaudited 6 months to 30 September 2024	Unaudited 6 months to 30 September 2023	Audited Year to 31 March 2024
Weighted average number of shares for basic earnings per share	33,935,021	41,505,586	39,524,282
Dilutive effect of share options	-	-	-
Weighted average number of shares for diluted earnings per share	33,935,021	41,505,586	39,524,282
<b>Earnings per ordinary share</b>			
Basic	(2.8p)	(0.4p)	(23.7p)
Diluted	(2.8p)	(0.4p)	(23.7p)

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 reporting framework the latest update of which was issued in November 2019. The Group reports a number of these measures (detailed in the glossary of terms) 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 and one-off finance termination costs. 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 Group 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. This includes share-based payments being a non-cash expense, as well as payments to former Directors, which is a one-off exceptional item. The corporation tax charge (excluding deferred tax movements, being a non-cash expense) is deducted in order to calculate the adjusted earnings per share, if the charge is in relation to recurring earnings.

The earnings per ordinary share for the period is calculated based upon the following information:

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
<b>Loss after tax attributable to ordinary shareholders for the period</b>	<b>(945)</b>	<b>(173)</b>	<b>(9,362)</b>
<b>Adjustments:</b>			
Loss on revaluation of investment property portfolio	3,241	5,613	15,383
Profit on disposal of investment properties	(500)	(3,383)	(2,298)
Trading property revenue and cost of sales	(138)	(147)	(181)
Debt termination costs	-	324	459
<b>EPRA earnings for the period</b>	<b>1,658</b>	<b>2,234</b>	<b>4,001</b>
Share-based payments	29	68	137
Payments to former Directors (including associated costs)	115	-	611
Short term incentive plan provision (including associated costs)	265	-	640
<b>Adjusted profit after tax for the period</b>	<b>2,067</b>	<b>2,302</b>	<b>5,389</b>
Tax excluding deferred tax on EPRA adjustments and capital gain charged	-	(16)	46
<b>Adjusted profit before tax for the period</b>	<b>2,067</b>	<b>2,286</b>	<b>5,435</b>
<b>EPRA and adjusted earnings per ordinary share</b>			
EPRA basic	4.9p	5.4p	10.1p
EPRA diluted	4.9p	5.4p	10.1p
Adjusted EPS	6.1p	5.5p	13.8p

## 7 Net asset value per share

The Company has adopted the new EPRA NAV measures which came into effect for accounting periods starting 1 January

The Company has adopted the new EPRA NAV measures which came into effect for accounting periods ending 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 Company has adopted these new guidelines and applies them in the 30 September 2024 Interim Report.

The Company considered EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Company and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NNNNAV 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.

	30 September 2024 (unaudited)			30 September 2023 (unaudited)			31 March 2024 (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	72,275	72,275	72,275	109,963	109,963	109,963	97,774	97,774	97,774
<u>Include:</u>									
Fair value adjustment of trading properties	392	392	392	587	587	587	449	449	449
Real estate transfer tax	-	3,631	-	-	7,589	-	-	5,294	-
Fair value of fixed interest rate debt	-	-	430	-	-	929	-	-	606
<u>Exclude:</u>									
Deferred tax on latent capital gains and capital allowances	57	57	-	61	61	-	57	57	-
<b>EPRA NAV</b>	<b>72,724</b>	<b>76,355</b>	<b>73,097</b>	<b>110,611</b>	<b>118,200</b>	<b>111,479</b>	<b>98,280</b>	<b>103,574</b>	<b>98,829</b>
<b>EPRA NAV per share</b>	<b>252p</b>	<b>264p</b>	<b>253p</b>	<b>294p</b>	<b>315p</b>	<b>297p</b>	<b>262p</b>	<b>276p</b>	<b>263p</b>

	Unaudited 30 September 2024	Unaudited 30 September 2023	Audited 31 March 2024
Number of ordinary shares issued at the end of the period	28,886,765	37,559,953	37,554,525
Dilutive effect of share options	-	-	-
<b>Number of diluted ordinary shares for diluted and EPRA net assets per share</b>	<b>28,886,765</b>	<b>37,559,953</b>	<b>37,554,525</b>

**Net assets per ordinary share**

Basic NAV	250p	293p	260p
Diluted NAV	250p	293p	260p
EPRANTA	252p	294p	262p

## 8 Dividends

	Payment Date	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited Year to 31 March 2024 £000
<b>Ordinary dividends paid</b>				
2023 Interim dividend: 3.75p per share	14 April 2023	-	1,645	1,645
2023 Final dividend: 3.75p per share	4 August 2023	-	1,583	1,583
2024 Interim dividend: 3.75p per share	13 October 2023	-	-	1,408
2024 Interim dividend: 3.75p per share	29 December 2023	-	-	1,409
2024 Interim dividend: 3.75p per share	19 April 2024	1,408	-	-
2024 Final dividend: 3.75p per share	25 August 2024	1,084	-	-
		<b>2,492</b>	<b>3,228</b>	<b>6,045</b>

### Proposed dividend

2025 Q1 interim dividend: 3.75p per share paid on 25 October 2024.

2025 Q2 interim dividend: 3.75p per share payable on 27 December 2024.

## 9 Property Portfolio

	Freehold Investment properties £000	Leasehold Investment properties £000	Total investment properties £000
At 1 April 2023	163,978	12,526	176,504
Additions - refurbishments	1,544	-	1,544
Loss on revaluation of investment properties	(15,383)	-	(15,383)
Disposals	(76,294)	(12,526)	(88,820)
At 31 March 2024	73,845	-	73,845
Additions - refurbishments	111	-	111
Loss on revaluation of investment properties	(3,241)	-	(3,241)
Disposals	(21,826)	-	(21,826)
At 30 September 2024	<b>48,889</b>	<b>-</b>	<b>48,889</b>

	Investment properties £000	Trading properties £000	Total property portfolio £000
At 1 April 2023	176,504	11,055	187,559
Additions - refurbishments	1,544	-	1,544
Additions - trading properties	-	90	90
Loss on revaluation of properties	(15,383)	-	(15,383)
Disposals	(88,820)	(3,019)	(91,839)
At 31 March 2024	73,845	8,126	81,971
Additions - refurbishments	111	-	111
Additions - trading properties	-	37	37
Loss on revaluation of properties	(3,241)	-	(3,241)
Disposals	(21,826)	(2,591)	(24,417)
At 30 September 2024	<b>48,889</b>	<b>5,572</b>	<b>54,461</b>

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 makes 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.

At 30 September 2024, the Company's property portfolio was externally valued by CBRE, a Royal Institution of Chartered Surveyors ("RICS") registered independent valuer. A reconciliation of the valuations carried out by the external valuer to the carrying values shown in the balance sheet was as follows:

	Unaudited 30 September 2024 £000	Unaudited 30 September 2023 £000	Audited 31 March 2024 £000
Property portfolio valuation	<b>60,945</b>	<b>124,455</b>	<b>88,670</b>

Less trading properties at lower of cost and net realisable value	(5,572)	(8,713)	(8,126)
Less lease incentive balance in accrued income	(6,091)	(3,818)	(6,250)
Less fair value uplift on trading properties	(393)	(587)	(449)
Carrying value of investment properties	48,889	111,337	73,845

An investment property is subject to a first charge to secure the Group's bank loans amounting to £8,152,000 (31 March 2024: £8,311,000).

#### Valuation process

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 Company'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 Head of Investment is 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 Company's investment properties are:

- The amount and timing of future income streams;
- Anticipated maintenance costs and other landlord's liabilities; and
- An appropriate yield

#### Valuation technique

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.

### 10 Trading property

	Total £000
At 1 April 2023	11,055
Costs capitalised	90
Disposal of trading properties	(3,019)
At 31 March 2024	8,126
Costs capitalised	37
Disposal of trading properties	(2,591)
At 30 September 2024	5,572

The Group has developed a large mixed-use scheme at Hudson Quarter, York. Part of the approved scheme consisted of residential units which the Group held for sale. As a result, the residential element of the scheme was classified as trading property.

### 11 Trade and other receivables

	Unaudited 30 September 2024 £000	Unaudited 30 September 2023 £000	Audited 31 March 2024 £000
<b>Current</b>			
Trade receivables	1,906	2,040	1,326
Prepayments and accrued income	799	836	957
Other taxes	178	255	165
Other debtors	774	1,645	904
	3,657	4,776	3,352
<b>Non-current</b>			
Accrued income	5,573	3,303	5,625
	5,573	3,303	5,625
<b>Total trade and other receivables</b>	<b>9,230</b>	<b>8,079</b>	<b>8,977</b>

### 12 Cash and cash equivalents

	Unaudited 30 September 2024 £000	Unaudited 30 September 2023 £000	Audited 31 March 2024 £000
Cash and cash equivalents	21,288	8,870	19,766
	21,288	8,870	19,766

### 13 Trade and other payables

	Unaudited 30 September	Unaudited 30 September	Audited 31 March
--	---------------------------	---------------------------	---------------------

	30 September 2024 £000	30 September 2023 £000	31 March 2024 £000
<b>Current</b>			
Trade payables	57	79	50
Accruals	415	2,077	704
Deferred rental income	1,288	2,285	1,694
Other taxes	585	798	480
Other payables	1,366	1,723	1,138
	<b>3,711</b>	<b>6,962</b>	<b>4,066</b>

#### 14 Borrowings

	Unaudited 30 September 2024 £000	Unaudited 30 September 2023 £000	Audited 31 March 2024 £000
<b>Current borrowings</b>			
Bank loans	318	12,086	318
Unamortised lending costs	-	(135)	-
	<b>318</b>	<b>11,951</b>	<b>318</b>
<b>Non-current borrowings</b>			
Bank loans	7,834	8,152	7,993
Unamortised lending costs	(46)	(74)	(60)
	<b>7,788</b>	<b>8,078</b>	<b>7,933</b>
<b>Total borrowings</b>			
Bank loans	8,152	20,238	8,311
Unamortised lending costs	(46)	(209)	(60)
	<b>8,106</b>	<b>20,029</b>	<b>8,251</b>

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

	Unaudited 30 September 2024 £000	Unaudited 30 September 2023 £000	Audited 31 March 2024 £000
Within one year	318	12,086	318
From one to two years	7,834	318	318
From two to five years	-	7,834	7,675
Total borrowings	<b>8,152</b>	<b>20,238</b>	<b>8,311</b>

#### Facility and arrangement fees

As at 30 September 2024 (unaudited)

	All in cost %	Maturity date	Facility drawn £000	Unamortised facility fees £000	Loan balance £000
Secured borrowings					
Scottish Widows	2.90%	July 2026	8,152	(46)	8,106
			<b>8,152</b>	<b>(46)</b>	<b>8,106</b>

As at 31 March 2024 (audited)

	All in cost %	Maturity date	Facility drawn £000	Unamortised facility fees £000	Loan balance £000
Secured borrowings					
Scottish Widows	2.90%	July 2026	8,311	(60)	8,251
			<b>8,311</b>	<b>(60)</b>	<b>8,251</b>

As at 30 September 2023 (unaudited)

	All in cost %	Maturity date	Facility drawn £000	Unamortised facility fees £000	Loan balance £000
Secured borrowings					
Scottish Widows	2.90%	July 2026	8,470	(74)	8,396
National Westminster Bank plc	7.29%	August 2024	5,898	(106)	5,792
Barclays	7.14%	June 2024	5,870	(29)	5,841
			<b>20,238</b>	<b>(209)</b>	<b>20,029</b>

#### 15 Share capital

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

	Unaudited 30 September 2024	Unaudited 30 September 2023	Audited 31 March 2024
Share capital - £000	2,889	4,639	3,756
Ordinary 10p shares	<b>28,892,535</b>	<b>46,388,515</b>	<b>37,560,295</b>

Share capital - number of shares in issue	<b>28,892,535</b>	46,388,515	37,560,295
Movement in ordinary authorised share capital is as follows:			Total number of shares
As at 31 March 2024			37,560,295
Cancellation of treasury shares		16 July 2024	(8,667,760)
As at 30 September 2024			<b>28,892,535</b>
Treasury shares at 31 March 2024 and 30 September 2024	-		-
<b>Total number of shares in issue at 30 September 2024 (excluding shares held in treasury)</b>			<b>28,892,535</b>

## 16 Post balance sheet events

On 5 November 2024, the Group exchanged on one residential unit at Hudson Quarter, York for a total consideration of £0.5 million.

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