

5 June 2025

PALACE CAPITAL PLC

("Palace Capital", the "Group" or the "Company")

Preliminary Results for the year ended 31 March 2025

DELIVERING ON OUR STRATEGY TO RETURN CAPITAL TO SHAREHOLDERS

Palace Capital (LSE: PCA) announces its audited preliminary results for the year ended 31 March 2025.

Steven Owen, Executive Chairman, commented:

"During the financial year ended 31 March 2025 (FY25), we made further progress on our strategy to return capital to shareholders through the disposal of investment and residential properties. This was achieved through the sale of £35.0 million of assets at 6.0% above the 31 March 2024 valuation and returning cash of £21.7 million to shareholders by way of a successful, oversubscribed tender offer in July 2024, which contributed an additional 2.0 pence to EPRA NTA per share. Since the updated strategy of the Company was announced in July 2022, we have returned over £43 million of cash to shareholders and during FY25 repaid all outstanding borrowings. The Company currently has cash of £30.3 million, compared with £22.2 million as at 31 March 2025. The results below reflect the disposals and debt reduction strategy as well as the good progress made with our asset management activities and the ongoing reduction in the level of administrative expenses, which have continued since the year end."

"The Company currently has five investment properties remaining, which were valued at £39.0 million as at 31 March 2025. One of these assets (Leamington Spa) is under offer, another (Halifax) is expected to be marketed for sale in September or the fourth quarter of 2025, subject to market conditions, following its part disposal in March 2025. The remaining three require the completion of ongoing asset management activities in order to be ready for sale. In addition, there were ten apartments remaining at Hudson Quarter in York valued at £4.3 million as at 31 March 2025.

"The success of our disposal strategy since July 2022 means that the Company is now debt free and the remaining portfolio is unencumbered, which together with its strong cash position gives it both flexibility and optionality over the timing of its disposal programme. It is therefore anticipated that the Company will return further cash to shareholders by way of a tender offer expected to be in July once the disposal of its property at Leamington Spa has been completed. Discussions with shareholders regarding the timing and strategy for these remaining assets and returns to shareholders have commenced and are continuing."

Income statement metrics	Year ended 31 March 2025	Year ended 31 March 2024	Change
Net rental income	£4.8m	£9.6m	(50.0%)
Adjusted profit before tax	£3.5m	£5.4m	(35.2%)
Adjusted earnings per share	11.3p	13.8p	(18.1%)
IFRS profit/(loss) before tax	£1.4m	(£9.3m)	
Basic earnings per share	4.5p	(23.7p)	
Dividends			
Dividend per share	15.0p	15.0p	
Balance Sheet and operational metrics			
EPRA NTA per share	251p	262p	(4.2%)
Net asset value	£72.5m	£97.8m	(25.9%)
Cash returned to shareholders (including costs)	(£22.1m)	(£15.2m)	+45.4%
Like-for-like portfolio valuation decrease	(5.9%)	(15.5%)	
Total accounting return	1.5%	(6.4%)	
Total shareholder return	0.4%	13.7%	
EPRA occupancy rate	84.8%	82.0%	
Debt			
Loan to value	nil	nil	
Total gross debt	nil	(£8.3m)	
Total net cash	£22.2m	£11.5m	+93.0%
Average cost of debt	nil	2.9%	
Average debt maturity	nil	2.3 years	

Financial highlights

- Adjusted profit before tax of £3.5 million (2024: £5.4 million) reflecting the reduction in income following disposals, offset in part by the significant reduction in finance costs and recurring administrative expenses.
- IFRS profit before tax of £1.4m (2024: loss of £9.3 million) primarily due to EPRA earnings of £2.7m and the profit on property disposals of £1.7 million, offset by the valuation deficit of £2.9 million.
- Adjusted EPS of 11.3 pence (2024: 13.8 pence) reflecting the movement in adjusted profit before tax but partly mitigated by the accretive tender offer.
- Total dividends paid or declared for the year of 15.0 pence per share (2024: 15.0 pence per share).
- 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 EPRA NTA.
- EPRA NTA per share decreased by 4.2% to 251 pence (2024: 262 pence) due primarily to the portfolio revaluation deficit, offset by the 2.0 pence per share tender offer accretion.
- Total property portfolio valuation reduced by 5.9% (2024: decrease of 15.5%) on a like-for-like basis.
- Net cash position of £22.2 million (2024: £11.5 million). In the twelve months to 31 March 2025, gross debt reduced by £8.3 million to £nil.
- Total administrative expenses reduced by £1.1 million in FY25 with other, ongoing cost reduction measures when fully implemented expected to result in annualised administrative expenses of c.£1.3 million from the second half of 2025.
- A resolution proposing the renewal of the share buyback authority to purchase up to 15% of shares will be proposed at the 2025 AGM to be held on 9 July 2025.

Operational highlights

- Successful disposal of five investment properties and two units for £31.0 million, 6.3% ahead of the 31 March 2024 book value.
- Sale of seven apartments at Hudson Quarter, York for £4.0 million. There are ten units remaining.
- Post 31 March 2025, completed the sale of HQ Office, York for a gross price of £10.0 million, which, after adjusting for rent top ups, was in line with the 31 March 2024 valuation.
- An additional £0.7 million of annualised net rental income was created during FY25 through leasing and review activity and the associated reduction in non-recoverable property costs which was, on average, 3% 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 additional annualised increase of £0.2 million from active asset management activity. Net rental income lost through disposals totalled £2.1 million per annum resulting in a net reduction in annualised net rental income of £1.9 million.
- Rent collection for the 12 months to 31 March 2025 of 99% (2024: 98%).
- EPRA occupancy at 31 March 2025 increased on a like-for-like basis to 84.8% from 82.0% at 31 March 2024.
- WAULT of 7.2 years to break and 9.8 years to expiry reflecting asset management activities and resilience of portfolio (2024: 5.4 years to break and 7.5 years to expiry).

PALACE CAPITAL PLC

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Palace Capital plc

For further information on Palace Capital plc (LSE: PCA) please visit www.palacecapitalplc.com.

The Annual Report and Accounts together with the Notice convening the 2025 Annual General Meeting will be published and posted to Shareholders in June 2025.

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 financial year ended 31 March 2025 (FY25), 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 £35.0 million of assets at 6.0% above the 31 March 2024 valuation and returning cash of £21.7 million to shareholders by way of a successful, oversubscribed tender offer in July 2024, which contributed an additional 2.0 pence to EPRA NTA per share. Since the updated strategy of the Company was announced in July 2022, we have returned over £43 million of cash to shareholders.

Since 1 April 2025, the Company completed the sale of HQ Office, York, a freehold, multi-let building, for a gross price of £10.0 million, which, after adjusting for rent top ups, was in line with the 31 March 2024 valuation. We are also under offer on the sale of the office building at Leamington Spa. There are ten apartments remaining at Hudson Quarter, York, valued at £4.3 million as at 31 March 2025.

The Company has been in a net cash position since April 2024 and in line with the terms of the loan agreement with Scottish Widows, the Company repaid the outstanding £8.0 million loan (£7.9 million net of the loan break gain) in March 2025, in advance of the completion of the sale of the NHS units at Halifax as reported on 11 April 2025. The Company is now debt free and the portfolio is entirely unencumbered and currently has cash of £30.3 million, compared with £22.2 million as at 31 March 2025.

Total investment properties sold since the change of strategy in July 2022 amount to £145.6 million (£160.3 million including residential apartments).

The Company currently has five investment properties remaining, which were valued at £39.0 million as at 31 March 2025. One of these assets (Leamington Spa) is under offer and another (Halifax) is expected to be marketed for sale in September or the fourth quarter of 2025, subject to market conditions, following its part disposal in March 2025. The three remaining properties require the completion of ongoing asset management activities in order to be ready for sale. An update on progress made together with the current position is set out below under 'Disposal and asset management strategy post FY25'. We reported in the Interim Results in November 2024 that conditions in the investment market for certain types of assets, particularly leisure assets, were such that, in the Board's view, the sale of these assets should be deferred until market demand and pricing improve, particularly given the high income yield and long unexpired lease terms. We remain of this view although we expect market conditions to improve later this year assuming that financial markets are less volatile than at present. The increase in bank lending to UK real estate businesses seen over the last twelve months is encouraging and should bring more liquidity to property investment markets as should further interest rate reductions which are expected during 2025.

Palace Capital continues to reduce its level of administrative expenses in line with its strategy with a reduction of £1.1 million in total administrative expenses in FY25 and with measures being implemented expected to result in a significant reduction in headcount from six to three executives from the second half of 2025. This together with other cost reduction measures when fully implemented are expected to result in annualised administrative expenses of c. £1.3 million from the second half of 2025.

Dividend

The Group paid or declared dividends of 15.0 pence per share in relation to the year ended 31 March 2025 (2024: 15 pence per share), including a proposed fourth quarter dividend of 3.75 pence per share. The fourth quarter final dividend of 3.75 pence per share will be paid as an interim dividend on 14 July 2025 to Shareholders on the register at 13 June 2025. The ex dividend date will be 12 June 2025. The entire dividend will be paid as a Property Income Distribution.

Outlook

We reported in the Interim Results in November 2024 that conditions in the investment market for certain types of assets, particularly leisure assets, were such that, in the Board's view, the sale of these assets should be deferred until market demand and pricing improve, particularly given the high income yield and long unexpired lease terms. We remain of this view although we expect market conditions to improve later this year assuming that financial markets are less volatile than at present. The 0.25% reduction in base rates last month is a welcome step to improving liquidity in real estate markets, particularly for residential property.

At an operational level, the Company continues to make good progress with its asset management activities to enable the remaining properties to be ready for sale as set out in the Operational Review.

The success of our disposal strategy since July 2022 means that the Company is now debt free and the remaining portfolio is unencumbered which together with its strong cash position gives it both flexibility and optionality over the timing of its disposal programme. In the meantime, the Company anticipates it will return further cash to shareholders by way of a tender offer expected to be in July once the disposal of its property at Leamington Spa has been completed. Discussions with shareholders regarding the timing and strategy for these remaining assets and returns to shareholders have commenced and are continuing.

Steven Owen
Executive Chairman
4 June 2025

Portfolio overview

As at 31 March 2025, the portfolio comprised seven properties (March 2024: 12) comprising by value 58% office, 34% leisure and 8% residential, which were independently valued by CBRE at £53.2 million reflecting a reduction in value of 5.9% or £3.3 million on a like-for-like basis compared with the valuation as at 31 March 2024.

The investment portfolio declined by £2.9 million or 5.6% over FY25 compared with £3.2 million or 5.6% for the half year ended 30 September 2024 (HY 25). As previously reported, the investment portfolio produced a small increase compared with the valuation as at 30 September 2024 principally as a result of the completion of the Vue lease regear at Sol, Northampton in 2025 and the unwinding of some lease incentive balances on certain offices.

The value of the four office assets fell by 6.5% or £2.2 million over FY25, with the 12% fall in the value of St James's Gate, Newcastle accounting for 75% of the office portfolio valuation deficit. 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. In HY25 the office portfolio decline was £2.6 million.

The two leisure assets reduced by 4.0% or £0.7 million over FY25 due mainly to an increase in the equivalent yield on Halifax following the sale of the long leasehold interest for £4.8 million to Calderdale and Huddersfield NHS Foundation Trust, at a 7.5% NIY and 38% ahead of the March 2024 valuation. The deficit on the leisure assets in HY25 was £0.6 million.

The residential properties at Hudson Quarter, York declined by £0.4 million or 8.7% over FY25, all of which occurred in the second half of FY25 due to muted sales activity since November 2024.

Asset management

Operationally, the business remains robust. An additional £0.7 million of annualised net rental income was created during FY25 through leasing and rent review activity and the associated reduction in non-recoverable property costs, which was on average 3% ahead of the March 2024 ERVs.

During FY25 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.

It has previously been reported that 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. The lease regear was completed in January 2025 and the comprehensive refurbishment of the cinema, including a recliner seating upgrade, associated auditoria decorative works and foyer refurbishment commenced in March 2025 and is expected to take four months to complete. The Company has made a significant capital contribution towards these works as reported previously.

An Agreement for Lease on lower ground vacant office suite (3,660 sq ft) at HQ York was completed in March 2025 increasing the occupancy rate of the property to over 90% with only half a floor (2,932 sq ft) remaining available. This letting was critical to the Company being able to sell the property for £10 million in April 2025, as previously announced.

Disposal and asset management strategy post FY25

The portfolio currently consists of five investment properties and one residential property in York.

As at 31 March 2025 there were ten apartments valued at £4.3 million remaining for sale at Hudson Quarter, York. Market conditions remain difficult following the Budget in October 2024 although enquiries have increased since price reductions were announced in March 2025.

The strategy for the remaining five investment properties, which had a value of £39.0 million as at 31 March 2025, is as follows:

Broad Street Plaza, Halifax

At the end of March 2025, Units 5&6b were sold on a long leasehold interest for £4.8 million to Calderdale and Huddersfield NHS Foundation Trust, at a 7.5% NIY and 38% ahead of the March 2024 valuation. Additionally, the sale included the removal of a seven year annual uncapped service charge shortfall landlord liability, the value of which was estimated at £0.4 million, and which will benefit the future sale of Halifax. The sale resulted in a reduction in the lot size of the property which potentially could attract a wider range of purchasers in due course.

The investment market for leisure assets continues to be difficult with debt finance currently 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 March 2025 valuation of Halifax was £8.5 million, NIY of 13.2%, EY of 16.0%, the WAULT to expiry was 14.0 years (8.5 years to break) and the occupancy rate was 90%.

Short term interest rates reduced in May and are expected to reduce further over the coming months and it is expected that this property will be marketed for sale in September or the fourth quarter of 2025 subject to market conditions at that time.

Sol, Northampton

As noted above, the completion of the Vue lease regear was transformational for this property and together with other recent asset management activities extended the core WAULT to 13.2 years on expiry (12.9 years to break) and increased the occupancy rate to 95% as at March 2025.

The higher rental income achieved at Sol from the above activities increased the valuation as at March 2025 to £9.7 million (March 2024: £8.6 million) resulting in a NIY of 14.2% and EY of 12.2%. Included within the valuations is a contingency relating to a review of the fabric of the building and a comprehensive fire strategy review. The completion of these reviews will determine whether any further steps or works are required. This work is an essential part of the process of preparing the property for sale.

As is the case with Halifax, the investment market for leisure assets is currently weak with a limited pool of buyers and therefore the focus is on the completion of the refurbishment of the Vue cinema and other asset management activities before considering the appropriate timing for disposal which is unlikely to be before the fourth quarter of 2025/first quarter of 2026, again subject to market conditions at that time. It is arguable that Sol could be viewed over a longer timeline, say two years, before full value may be realised for shareholders.

The blended key metrics for the two leisure assets are NIY 13.8%, EY 13.7%, WAULT 13.6 years and 10.7 years to expiry and break respectively (March 2024: NIY 13.4%, EY 12.8%, WAULT 14.2 years and 11.1 years to expiry and break respectively).

Some real estate market participants believe that the commercial real estate sector is at an inflection point and that with interest rates likely to fall further the arbitrage between property yields and interest rates becomes more attractive to investors, which could potentially lead to property yields hardening and a repricing of certain leisure assets, particularly those with long WAULTs and high yields.

St James' Gate, Newcastle

The office market in Newcastle remains challenging both from a letting and investment perspective. In 2024 the take up of office space in the city was mainly focused on best-in-class, new Grade A space with strong ESG credentials.

Active asset management initiatives are ongoing and will include the light refurbishment of the ground floor of 2 St James' Gate (2 SJG). Further lettings of the vacant space are required in order to increase the occupancy from 68% as at March 2025 and extend the WAULT prior to the asset being ready for sale. It is pleasing to note that occupancy has increased under the management agreement with Orega and this trend will need to be further established before a sale can be contemplated which in our view is unlikely before the second quarter of 2026.

As is the case with Sol, it is arguable that 2 SJG could be viewed over a longer timeline, say two years, before full value may be realised for shareholders.

Unit 3A is currently on the market for sale for £0.6 million and it is expected that the vacant Unit 3C will be put on the market within the next three months.

The March 2025 valuation of 2 SJG was £10.4 million, NIY of 6.9%, EY of 12.2%, the WAULT to expiry was 5.9 years (3.0 years to break).

Imperial Court and House, Leamington Spa

Following the completion of asset management activities the property was marketed in the first quarter of this year and is now under offer.

The Forum, Exeter

In 2024 we actively explored a change of use for this 1970s office building to one that we believe will realise more value on sale and identified PBSA as having a significantly greater value. As part of this strategy, we are making good progress with tenants to achieve a vacant possession block date within the next twelve months and have submitted a pre-application for a PBSA scheme to Exeter City Council to de-risk the site for a potential buyer.

If these initiatives are successful, we will market the property for sale, which is likely to be in the fourth quarter of 2025. The March 2025 valuation of Exeter as an office building was £3.0 million and the occupancy rate was 67%.

Summary

Since the change of strategy announcement on 19 July 2022, investment property disposals have generated proceeds of £145.6 million at a 16.3% reduction to the March 2022 valuation (which was the peak of the current property cycle) or 4.3% ahead when compared with the relevant March valuation prior to sale.

Daniel Davies

Head of Asset Management

Thomas Hood

Head of Investment

4 June 2025

Financial Review

Financial Overview

The Group's adjusted profit before tax decreased to £3.5 million (2024: £5.4 million) as a result of income lost through disposals, offset in part by the significant reduction in finance costs and recurring administrative expenses. Principally as a result of the revaluation deficit on the portfolio, equivalent to 9 pence per share, EPRA NTA per share decreased by 4.2% to 251 pence per share (2024: 262 pence per share).

The Group continued to deliver at an operational level, by repaying all remaining debt and making substantial progress in reducing administration costs with a reduction of £1.1 million in FY25.

Investment property sales during the year realised a profit of £1.5 million (2024: £2.3 million) whilst trading profits from the sale of residential units contributed £0.2 million (2024: £0.2 million).

The deficit on the revaluation of the portfolio for the year of £2.9 million was due principally to softening yields across the portfolio. Contractual payments to the former Chief Financial Officer of £0.2 million, including associated costs, have been treated as an exceptional item. A provision of £0.6 million in relation to the Short Term Incentive Plan has been made although no payment will be due until the Completion Date has been determined in accordance with the rules of the STIP.

The aggregation of the profits and losses described in the preceding paragraphs account for the IFRS profit before tax for the year of £1.4 million (2024: £9.3 million loss).

Financial Highlights

	2025 £'000	2024 £'000
Income metrics		
IFRS profit/(loss) before tax	£1.4m	(£9.3m)
Adjusted profit before tax	£3.5m	£5.4m
EPRA earnings	£2.7m	£4.0m
Basic EPS	4.5p	(23.7p)
EPRA EPS	8.6p	10.1p
Adjusted EPS	11.3p	13.8p
Dividend per share paid or declared	15.0p	15.0p
Capital metrics		
Like-for-like portfolio valuation decrease	(5.9%)	(15.5%)
Net Asset Value	£72.5m	£97.8m
Basic NAV per share	251p	260p
EPRA NTA per share	251p	262p
Total accounting return	1.5%	(6.4%)
Total shareholder return	0.4%	13.7%

The summary of the Group financial results are as follows:

Income Statement

	31 March 2025 £m	31 March 2024 £m
Gross property income	6.9	12.1
Property operating expenses	(1.7)	(2.5)
Expected Credit Loss provision	(0.4)	-
Net rental income	4.8	9.6
Recurring administrative expenditure	(2.0)	(2.6)
Finance income	0.8	0.3
Finance costs	(0.1)	(1.9)
Adjusted profit before tax	3.5	5.4
Tax	0.1	-
Adjusted profit after tax	3.6	5.4
Payments to former Directors and staff (including associated costs)	(0.2)	(0.6)
Short term incentive plan provision (including associated costs)	(0.6)	(0.6)
Share based payments	(0.1)	(0.2)
EPRA earnings	2.7	4.0
Loss on revaluations	(2.9)	(15.4)
Trading profit	0.2	0.2
Profit on disposal of investment properties	1.5	2.3
Other income statement movements	(0.1)	(0.5)
IFRS profit/(loss) after tax	1.4	(9.4)

Net rental income reduced by £4.8 million or 50.0% to £4.8 million (2024: £9.6 million) largely due to net income lost from disposals in the year of £4.8 million. Property operating expenses reduced by £0.8 million to £1.7 million reflecting void savings from disposals in the year.

The Group's recurring administrative expenditure reduced by 23.1% to £2.0 million in FY25 (March 2024: £2.6 million) for the period whereas total administrative expenditure reduced by £1.1 million

Finance costs reduced by £1.8 million or 94.7% to £0.1 million (2024: £1.9 million) as a direct result of repaying all of its debt in the year. During the year, our active cash management enabled us to receive £0.8 million in interest income (2024: £0.3 million).

Rent collection remained strong at 99% (2024: 98%) throughout the year as tenant financial covenant health remained robust through the economic uncertainty.

EPRA NTA Movement

EPRA Net Tangible Assets ("NTA") decreased by 11.0p per share or 4.2% to 251p (2024: 262 pence) during the year. This was largely due to the revaluation deficit of £2.9m or 9.2p per share, or a 5.9% reduction in the portfolio on a like-for-like basis.

Other movements to note include the buyback of shares of £22.1m, increasing EPRA NTA by 2.0p per share, the profit on disposal of assets and Hudson Quarter (HQ) trading profit of £1.7m, contributing 5.4p per share. These were

offset by the fair value, downward adjustment of trading properties (HQ York residential) of £0.5m, or 1.6p per share and the payments including associated costs to former Directors and staff of £0.2m reducing EPRA NTA by 1.0p per share and the STIP provision of £0.6m or 2.1 pence per share. Conversely, net adjusted earnings, after dividends paid, decreased EPRA NTA by a further 3.7p per share. Other movements contributed to a further reduction of 0.8p per share.

	£m	No. of shares (diluted)	Pence per share
EPRA NTA at 31 March 2024	98.3	37,554,525	262p
Share buyback	(22.1)	(8,667,760)	2.0p
EPRA NTA after buyback	76.2	28,886,765	264p
Adjusted earnings	3.5		11.3p
Disposal of assets	1.5		4.8p
Hudson Quarter trading profit	0.2		0.6p
Property portfolio revaluation deficit	(2.9)		(9.2p)
Cash dividends paid	(4.7)		(15.0p)
Fair value adj. of trading properties	(0.5)		(1.6p)
Payments to former Directors including associated costs	(0.2)		(1.0p)
Short term incentive plan including associated costs	(0.6)		(2.1p)
Other movements ¹	-	5,770	(0.8p)
EPRA NTA at 31 March 2025	72.5	28,892,535	251p

1. Other movements include debt termination costs, shares purchased by EBT, 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 repaid its all of its remaining debt during the year and is now entirely debt free and all assets unencumbered (2024: £8.3 million). The significant de-leveraging of the balance sheet resulted in a net cash position of £22.2 million as at the year end which has increased to £30.3 million currently.

Set out above is a table showing the movement in gross debt during the year:

	2025 £m
Gross debt at 31 March 2024	8.3
Repayment of debt from disposals	(7.9)
Break gain on repayment of debt	(0.1)
Amortisation of loans	(0.3)
Gross debt at 31 March 2025	0.0

The Group's key debt metrics are summarised in the table below:

Debt metrics

	31 March 2025	31 March 2024
Loan to value	Nil	Nil
Total gross debt	Nil	£8.3m
Total fixed debt	Nil	£8.3m
Average cost of debt	Nil	2.9%
Average debt maturity (yrs)	Nil	2.3yrs
NAV gearing	Nil	Nil

Andrew Wolfe
Financial Controller
4 June 2025

RISK MANAGEMENT

RISK FRAMEWORK

Risk management is an inherent part of the Board's decision making process. This is then embedded into the business and its systems and processes. The Board reviews its overall risk appetite and regularly considers, via the Audit and Risk Committee, the principal risks facing the company, management's plans for mitigating these and emerging risks. The Committee also considers, at least annually, the effectiveness of the Company's system of risk management and internal control. Further information on the work of the Committee in this area is available in the Audit and Risk Committee report in the Report and Accounts.

Our approach to risk identification and our open and supportive culture means that asset managers and key individuals in the finance team are able to report directly and at an early stage on issues, allowing management to take appropriate mitigating action.

EMERGING RISKS

If economic and geo-political stability remains uncertain or worsens, this could have an impact on the commercial

A economic and geo political stability, including uncertainty of markets, this could have an impact on the commercial property market with reduced valuations and rental income. Further cost of living issues may negatively impact consumer sentiment and inflation could reduce spending further while direct and indirect costs to the Group may increase further which may not be fully recoverable.

GOING CONCERN ASSESSMENT

In accordance with the 2018 UK Corporate Governance Code (the Code), the Directors have assessed the Group's position over the:

- Short-term (over the next 12 months to June 2026 as required by the 'Going concern' provision) and;
- Medium-term (a 2 year period to June 2027 as required by the 'Viability statement' provision)

Going concern

The Directors regularly assess the Group's ability to continue as a going concern. The Strategic report sets out in detail the Group's financial position, cash flows, liquidity position, and the factors which will affect future performance. In assessing the going concern, the Directors considered:

- The Group's net cash position, noting that the Group is entirely debt free
- The Group's 12 month 'base case scenario' forecast to June 2026, which is management's best estimate of market and business changes, taking into account:
 - Disposal of investment and residential properties
 - Committed capital expenditure
 - Rent collection
- Downside scenario on the 12 month base case scenario forecast to June 2026

The Group is in a strong financial position. At 31 March 2025 the Group had a net cash position of £22.2m and a property portfolio valued at £53.2m with net assets of £72.5m. During the year, the Group repaid all of its debt and is now entirely debt free (31 March 2024: £8.3m). Rent collection remained strong during the year at 99%. In addition to the strong financial position of the Group at 31 March 2025, the Group continued to strengthen its balance sheet post year end, with one investment property sold for £10.0m. At the date of this assessment, the Group had cash of £30.3m.

The Directors conducted a detailed 12 month base case scenario forecast to June 2026, making various assumptions over asset sales, rent collection and committed capital expenditure. The forecasts indicated that the Group has strong sustainable cash flows and would be able to meet its liabilities as they fall due over the next 12 months.

In addition to the detailed 12 month base case scenario forecast to June 2026, the Directors have considered a downside scenario in assessing the Group's ability to continue as a going concern. The downside scenario assumptions used in the assessment included a reduction in rent collection and slow down in HQ residential sales and no sales of investment property in the going concern period. Even on the downside scenario described above, the Group has significant headroom and will still be able to meet its liabilities as they fall due over the next 12 months.

Going concern statement

Based on the analysis undertaken on the base case and downside scenario, the Group has sufficient liquidity to meet its ongoing liabilities that fall due over the assessment period. Given the market information available, the Directors are not aware of any material uncertainty that exists that may cast doubt upon the Group's ability to continue as a going concern. As a result, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Viability

In accordance with provision 31 of the UK Corporate Governance Code and taking into consideration the current economic uncertainty, the Directors have assessed the prospects of the Group and future viability over a two-year period to June 2027, being longer than the 12 months required by the "Going Concern" provision.

The Board's assessment of the Group's viability for the next two years has been made with reference to the remaining investment property assets which require completion of ongoing asset management activities in order to be ready for sale. Conditions in the investment market for certain types of assets, particularly leisure assets, were such that, in the Board's view, the sale of these assets should be deferred until market demand and pricing improve, particularly given the high income yield and long unexpired lease terms. This is in line with the Groups strategy of maximising cash returns to shareholders.

Review period

The Board considers a period of two years to be appropriate over which to assess the long-term viability of the Company as it reflects the Group's view on the length of time needed to complete asset management initiatives. The Group's WAULT to break at 31 March 2025 was 7.2 years.

Assessment

The Directors conducted a detailed 2-Year viability assessment which included a base case scenario forecast to June 2027, making various assumptions over asset sales, rent collection and committed capital expenditure.

In addition to the base case scenario, the Directors have undertaken a robust scenario assessment of the risks which could threaten the 2-year viability or the operational existence of the Group. As part of the reasonable downside modelling, the Directors have stress-tested working capital model and cash flows using the same assumptions as stated above in the Going Concern assessment, making no investment property or residential sales.

Confirmation of viability

Having assessed the current position of the Group, its prospects and principal risks and taking into consideration the assumptions stated above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next two years.

Statement of Principal Risks

The Audit and Risk Committee has considered that the following represent the Group's principal risks, divided into Strategic, Financial, Portfolio and Operational risks:

Strategic Risks

01

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, cost of energy crisis 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.

Mitigation

The Board monitors macro economic issues, market indicators and reviews the Group's strategy and business objectives on a regular basis. It will tailor the delivery of the Company's strategy in light of current and forecast market conditions. Disposal of other assets will continue if the market conditions allow for value to be achieved, whilst active asset management of the assets will continue to support in delivering returns to shareholders. Third party agent's advice is taken on all disposals. The Executive Committee regularly reviews market conditions.

Current position

The Board is monitoring and considering the longer term impacts of the cycle including the potential future of the office and the effects of enhanced ESG requirements.

Likelihood after mitigation

Score 1 (low) - 10 (high)

6

Impact after mitigation

Score 1 (low) - 10 (high)

6

Overall Risk Rating

Score 1 (low) - 20 (high)

12

Financial Risks

02

Capital structure and liquidity

Risk description

An inappropriate level of gearing 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.

Mitigation

The Board regularly reviews its capital risk management policy, gearing strategy and debt maturity profile. The Group's LTV limit is 35%, and capital has been used to repay debt to reduce exposure to interest rate volatility and ensure debt compliance. During the year, the Group repaid its only outstanding loan facility and therefore is debt free. The Board reviews financial forecasts on a regular basis.. The Audit and Risk Committee considers the going concern status of the Group biannually. The Board considers the allocation of its capital in granular detail to ensure the most efficient use.

Current position

The Group is debt free and while the Group's LTV limit is 35% the current LTV is nil. The Company has repaid £8.3 million of bank debt in the year to 31 March 2025.

Likelihood after mitigation

Score 1 (low) - 10 (high)

1

Impact after mitigation

Score 1 (low) - 10 (high)

1

Overall Risk Rating

Score 1 (low) - 20 (high)

2

Portfolio Risks

03

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.

Mitigation

The Board regularly reviews the Group's investment strategy and asset allocation to ensure this is aligned to the overall corporate strategy.

Current position

The Company is selectively marketing certain assets, as the market stabilisation and recovery continues and the timing is considered optimal for returns. Asset management initiatives are utilised to maximise value. Appraisals for improving properties e.g. via refurbishment are ongoing for certain assets.

Likelihood after mitigation

Score 1 (low) - 10 (high)

4

Impact after mitigation

Score 1 (low) - 10 (high)

6

Overall Risk Rating

Score 1 (low) - 20 (high)

10

05

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.

Mitigation

Independent valuations are undertaken for all assets at the half year and year end. These are reviewed by management and the Board. Members of the Audit and Risk Committee meet with the valuers at least once a year to discuss valuations and the valuation process. Management actively review leases, tenant covenants and asset management initiatives to grow capital and rental values.

Current position

Valuations of the portfolio reflect the commercial property market in general. The team continue to work to mitigate against falls in value through active asset management including ESG improvements.

Likelihood after mitigation

Score 1 (low) - 10 (high)

7

Impact after mitigation

Score 1 (low) - 10 (high)

Operational Risks**04****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.

Mitigation

The process for reviewing asset business plans is embedded in the annual budget process. Our experienced management team and use of advisors and property managers supports the execution of asset management strategies.

Current position

Our refurbishment pipeline is continuously assessed to ensure the right projects are being brought forward at appropriate times ensuring exposure at any one time is limited. The Executive Committee reviews the Group's Health and Safety systems and processes to ensure appropriate oversight of assets.

Likelihood after mitigation

Score 1 (low) - 10 (high)

4

Impact after mitigation

Score 1 (low) - 10 (high)

4

Overall Risk Rating

Score 1 (low) - 20 (high)

8

06**Tenant demand and default****Risk description**

Failure to adapt to changing occupier demands and/or poor tenant covenants may result in the loss of 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.

Mitigation

Management maintain close relationships with tenants understanding their needs and supporting them throughout their business cycle. Managing agents support rent collection and collection of arrears on a regular basis. Tenant due diligence and credit checks are undertaken on an ongoing basis to review covenant strength of existing and prospective tenants. The finance and property teams monitor and report to the Executive Committee on tenant covenants including potential new tenants. All arrears are monitored by the Executive Committee on an ongoing basis.

Current position

Rent collection rates remain robust at 99%. The team are closely monitoring tenant covenants in high risk sectors, ensuring we are aware of any tenant distress which can impact the rental collection.

Likelihood after mitigation

Score 1 (low) - 10 (high)

6

Impact after mitigation

Score 1 (low) - 10 (high)

8

Overall Risk Rating

Score 1 (low) - 20 (high)

14

07**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.

Mitigation

Our governance structure and internal control systems ensure sufficient Board oversight, with delegated responsibilities, segregation of duties and clear authorisation processes. A comprehensive programme of insurance is in place which covers buildings, loss of rent, cyber risks, Directors' and Officers' liability and public liability. Antivirus software and firewalls protect IT systems and data is regularly backed up.

Current position

The Board continues to review the internal control environment and ensure good governance practices are adopted throughout the business. Cyber security arrangements have been kept under regular review to ensure we are deploying the most up to date technologies.

Likelihood after mitigation

Score 1 (low) - 10 (high)

2

Impact after mitigation

Score 1 (low) - 10 (high)

2

Overall Risk Rating

Score 1 (low) - 20 (high)

4

09**Climate change****Risk description**

Longer term failure to anticipate and prepare for transition 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.

Mitigation

The Group's ESG Committee oversees the execution of ESG related matters and ensures these are integrated into our business model and corporate strategy. Climate related risks are considered as part of our overall corporate risk assessment and ongoing environmental management of our buildings.

Current position

There has been an increased focus on environmental management and management have focused on asset management initiatives to increase the EPC ratings of our assets, increasing the marketability of the assets in a cost effective way.

Likelihood after mitigation

Score 1 (low) - 10 (high)

5

Impact after mitigation

Score 1 (low) - 10 (high)

5

Overall Risk Rating

Score 1 (low) - 20 (high)

10

08**People****Risk description**

An inability to retain staff with the right skills and experience 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.

Mitigation

The Board engage with staff regularly and encourage a positive working environment. We maintain an attractive reward and benefits package and undertake regular performance reviews for each employee. Insurance cover is in place for Directors. Health and Safety is undertaken both internally and via the tenants and a key issue for our

10**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.

Mitigation

The Company employs experienced staff and external advisers to provide guidance on key regulatory, accounting and tax issues. Compliance with the REIT regime is regularly monitored by the Board and the Executive team consider the impact on the regime as part of their decision making.

Current position

Emerging corporate governance and audit reforms, require additional processes and procedures to be put in place and additional reporting on the company's resilience. The Board is overseeing these changes.

internally and via the tenants and a key issue for our property managers.

Current position

A competitive pay and benefits package has been implemented to align with shareholders and ensure the retention of individuals with the skills, knowledge and experience required to implement the strategy. With the reduced portfolio in the year, the Board will maintain an appropriate ongoing administrative cost level but with sufficient cover and retention of employees needed to implement the strategy.

Likelihood after mitigation

Score 1 (low) - 10 (high)

7

Impact after mitigation

Score 1 (low) - 10 (high)

7

Overall Risk Rating

Score 1 (low) - 20 (high)

14

is overseeing these changes.

Likelihood after mitigation

Score 1 (low) - 10 (high)

4

Impact after mitigation

Score 1 (low) - 10 (high)

2

Overall Risk Rating

Score 1 (low) - 20 (high)

6

Statement of

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial

statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by UK adopted IFRS and applicable law and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for the period. In preparing each of the Group and Company financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards as issued by UK adopted IFRS and applicable law subject to any material departures disclosed and explained in the financial statements;
- for the Company financial statements, state whether they have been prepared in accordance with UK GAAP, subject to any material departure disclosed and explained in the parent company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business; and
- under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company;
- the Strategic Report includes a fair review of the development and performance of the business and the financial position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's and Company's performance, business model and strategy.

On behalf of the Board

Phil Higgins
COMPANY SECRETARY

PALACE CAPITAL PLC Annual Report and Accounts 2025
Consolidated Statement of Comprehensive Income
for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Revenue	1	13,245	19,599
Cost of sales	3b	(7,868)	(9,776)
Movement in expected credit loss	12	(353)	-
Net property income		5,024	9,823
Administrative expenses	3c	(2,889)	(3,998)
Operating profit before gains and losses on property assets		2,135	5,825
Profit on disposal of investment properties		1,502	2,298
Loss on revaluation of investment property portfolio	9	(2,868)	(15,383)
Impairment of trading properties	10	(61)	-
Operating profit/(loss)		708	(7,260)
Finance income		850	312
Finance expense	2	(126)	(1,909)
Debt termination costs		(35)	(459)
Profit/(loss) before taxation		1,397	(9,316)
Taxation	5	25	(46)
Profit/(loss) after taxation for the year and total comprehensive profit/(loss) attributable to owners of the Parent		1,422	(9,362)
Earnings per ordinary share			
Basic	6	4.5p	(23.7p)
Diluted	6	4.5p	(23.7p)

All activities derive from continuing operations of the Group. The notes form an integral part of these financial statements.

Consolidated Statement of Financial Position
as at 31 March 2025

	Note	2025 £'000	2024 £'000
Non-current assets			
Investment properties	9	33,363	73,845
Right of use asset	11	-	38
Trade and other receivables	12	5,021	5,625
		38,384	79,508
Current assets			
Assets held for sale	9	9,875	-
Trading property	10	4,340	8,126
Trade and other receivables	12	2,201	3,352
Cash and cash equivalents	13	22,222	19,766
		38,638	31,244
Total assets		77,022	110,752
Current liabilities			
Trade and other payables	14	(3,277)	(4,066)
Borrowings	15	-	(318)
Lease liabilities for right of use asset	18	-	(39)
Creditors: amounts falling due within one year		(3,277)	(4,423)
Net current assets		35,361	26,821
Non-current liabilities			
Borrowings	15	-	(7,933)
Short term incentive plan provision		(1,209)	(565)
Deferred tax liability	5	(32)	(57)
Lease liabilities for investment properties	18	-	-
Net assets		72,504	97,774
Equity			
Called up share capital	19	2,889	3,756
Treasury shares		-	-
Merger reserve		3,503	3,503
Capital redemption reserve		2,090	1,223
Capital reduction reserve		63,182	89,931
Retained earnings/(accumulated losses)		840	(639)
Equity - attributable to the owners of the Parent		72,504	97,774
Basic NAV per ordinary share	7	251n	260n

These financial statements were approved by the Board of Directors and authorised for issue on 4 June 2025 and are signed on its behalf by:

STEVEN OWEN
Executive Chairman

Consolidated Statement of Changes in Equity
for the year ended 31 March 2025

	Note	Share Capital £'000	Treasury Share Reserve £'000	Other Reserves £'000	Capital Reduction Reserve £'000	Earnings/(Accumulated Losses) £'000	Total Equity £'000
At 31 March 2023		4,639	(7,343)	3,843	118,477	8,859	128,475
Total comprehensive loss for the year		-	-	-	-	(9,362)	(9,362)
Share-based payments	20	-	-	-	-	137	137
Exercise of share options		-	161	-	-	(273)	(112)
Dividends paid	8	-	-	-	(6,045)	-	(6,045)
Share buyback		-	(15,179)	-	-	-	(15,179)
Shares purchased by employee benefits trust		-	(140)	-	-	-	(140)
Cancellation of treasury shares		(883)	22,501	883	(22,501)	-	-
At 31 March 2024		3,756	-	4,726	89,931	(639)	97,774
Total comprehensive profit for the year		-	-	-	-	1,422	1,422
Share-based payments	20	-	-	-	-	57	57
Dividends paid	8	-	-	-	(4,658)	-	(4,658)
Share buyback		-	(22,091)	-	-	-	(22,091)
Cancellation of treasury shares		(867)	22,091	867	(22,091)	-	-
At 31 March 2025		2,889	-	5,593	63,182	840	72,504

The share capital represents the nominal value of the issued share capital of Palace Capital plc.

Treasury shares represents the consideration paid for shares bought back from the market. On 17 July 2024 all shares held in Treasury were cancelled.

Other reserves comprise the merger reserve and the capital redemption reserve.

The merger reserve represents the excess over nominal value of the fair value consideration for the acquisition of subsidiaries satisfied by the issue of shares in accordance with S612 of the Companies Act 2006.

The capital redemption reserve represents the nominal value of cancelled preference share capital redeemed.

The capital reduction reserve represents distributable profits generated as a result of the share premium reduction and cancellation of shares.

Consolidated Statement of Cash Flows
for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Operating activities			
Profit/(loss) before taxation		1,397	(9,316)
Finance income		(850)	(312)
Finance expense	2	126	1,909
Loss on revaluation of investment property portfolio	9	2,868	15,383
Profit on disposal of investment properties		(1,502)	(2,298)
Impairment of trading properties		61	-
Debt termination costs		35	459
Depreciation of tangible fixed assets	11	-	23
Amortisation of right of use asset	11	38	119
Share-based payments	20	57	137
Decrease/(increase) in receivables		500	(2,536)
Decrease in payables		(149)	(3,369)
Decrease in trading property		3,725	2,929
Net cash generated from operations		6,306	3,128
Interest received		850	312
Interest and other finance charges paid		(102)	(2,339)
Net cash flows from operating activities		7,054	1,101
Investing activities			
Capital expenditure on refurbishment of investment property		(175)	(1,544)
Proceeds from disposal of investment property		30,637	92,217
Net cash flow generated from investing activities		30,462	90,673
Financing activities			

Bank loans repaid	17	(8,311)	(56,022)
Dividends paid	8	(4,658)	(6,045)
Share buyback		(22,091)	(15,179)
Payment of share options exercised		-	(271)
Net cash flow used in financing activities		(35,060)	(77,517)
Net increase in cash and cash equivalents		2,456	14,257
Cash and cash equivalents at beginning of the year		19,766	5,509
Cash and cash equivalents at the end of the year	13	22,222	19,766

Notes to the Consolidated Financial Statements

Basis of accounting

These preliminary results have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and in accordance with International Accounting Standards, in conformity with the requirements of the Companies Act 2006, and International Financial Reporting Standards, as issued by the IASB (IFRS-UK) and applicable law.

The financial information does not constitute the Group's financial statements for the periods ended 31 March 2025 or 31 March 2024, but is derived from those financial statements. Financial statements for the year ended 31 March 2024 have been delivered to the Registrar of Companies and those for the year ended 31 March 2025 will be delivered following the Company's Annual General Meeting. The auditor's reports on both the 31 March 2024 or 31 March 2025 financial statements were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The Directors continue to adopt the going concern basis in preparing the Group's financial statements. The consolidated financial statements of the Group comprise the results of Palace Capital plc ("the Company") and its subsidiary undertakings.

The Company is quoted on the Main Market of the London Stock Exchange and is domiciled and registered in England and Wales and incorporated under the Companies Act. The address of its registered office is Thomas House, 84 Eccleston Square, London, SW1V 1PX

Basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards, (the 'applicable framework'), and have been prepared in accordance with the provisions of the Companies Act 2006 (the 'applicable legal requirements'). The Group financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, the revaluation of property, plant and equipment, pension scheme and financial assets held at fair value.

Exemption to the audit of subsidiary accounts under Section 479a of the Companies Act 2006

The following subsidiaries which consolidate into the Group accounts are exempt from being audited under section 479A of the Companies Act 2006:

Palace Capital (Leeds) Limited (Registered number: 06068651)
 Palace Capital (Northampton) Limited (Registered number: 04982121)
 Palace Capital (Properties) Limited (Registered number: 07866050)
 Palace Capital (Developments) Limited (Registered number: 09849073)
 Palace Capital (Signal) Limited (Registered number: 06991031)
 Palace Capital (Halifax) Limited (Registered number: 05122315)
 Property Investment Holdings Limited (Registered number: 00582889)
 Palace Capital (Newcastle) Limited (Registered number: 05348319)
 Palace Capital (York) Limited (Registered number: 12080228)
 Palace Capital (Dartford) Limited (Registered number: 10523678)

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern which included the current economic headwinds coupled with the Group's cash resources, borrowing facilities, rental income, disposals of investment properties, committed capital and other expenditure and dividend distributions.

The Group's business activities, together with the factors likely to affect its future performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, and liquidity position are described in these financial statements. In addition, note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

As at 31 March 2025 the Group had £22.2m of unrestricted cash and cash equivalents and a property portfolio with a fair value of £53.2m. During the year the Group repaid all of its debt and is now entirely debt free and all assets unencumbered. The Directors have reviewed the forecasts for the Group taking into account the impact of the current economic environment on trading over the 12 months from the date of signing this annual report. The forecasts have been assessed against a downside scenario incorporating lower levels of income. See Going Concern and Viability Statement of the Annual Report for further details.

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 financial statements.

New standards adopted during the year

New standards effective for the year ended 31 March 2025 did not have a material impact on the financial statements and were not adopted.

New standards issued but not yet effective

There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions other than IFRS 18, which was recently issued by the IASB and management are still considering if and how this will impact the presentation of the Statement of Comprehensive Income and disclosure of defined performance measures.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Palace Capital plc and its subsidiaries as at the year-end date.

Subsidiaries are all entities over which the Company has control being: power to direct the activities of the entity; exposure to variable returns from the entity; and the ability of the Company to use its power to affect those variable returns. Where necessary, adjustments have been made to the financial statements of subsidiaries and associates to bring the accounting policies used and accounting periods into line with those of the Group. Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

The results of subsidiaries acquired during a year are included from the effective date of acquisition, being the date on which the Group obtains control until the date that control ceases.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. This fair value includes any contingent consideration.

Acquisition-related costs are expensed as incurred.

If the consideration is less than the fair value of the assets and liabilities acquired, the difference is recognised directly in the Statement of Comprehensive Income.

directly in the Statement of Comprehensive Income.

Where an acquired subsidiary does not meet the definition of a business, it is accounted for as an asset acquisition rather than a business combination. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

Revenue

Revenue is primarily derived from property income and represents the value of accrued charges under operating leases for rental of the Group's investment properties. Revenue is measured at the fair value of the consideration received. All income is derived in the United Kingdom.

Rental income from investment properties leased out under operating leases is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Contingent rent reviews are recognised when such reviews have been agreed with tenants. Lease incentives, rent concessions and guaranteed rent review amounts are recognised as an integral part of the net consideration for use of the property and amortised on a straight-line basis over the term of lease. Judgement is exercised when determining the term over which the lease incentives should be recognised.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Group Statement of Comprehensive Income when the right to receive them arises. Surrender premium income are payments received from tenants to surrender their lease obligations and are recognised immediately in the Group's Consolidated Statement of Comprehensive Income.

Insurance commissions are recognised as performance obligations are fulfilled in terms of the individual performance obligations within the contract with the insurance provider. Revenue is determined by the transaction price in the contract and is measured at the fair value of the consideration received. Revenue is recognised once the underlying contract between insured and insurer has been signed.

Revenue from the sale of trading properties is recognised when control of the trading property, along with the significant risks and rewards, have transferred from the Group, which is usually on completion of contracts and transfer of property title.

Service charge income relates to expenditure that is directly recoverable from tenants. Service charge income is recognised as revenue in the period to which it relates as required by IFRS 15 Revenue from Contracts with Customers. Dividend income comprises dividends from the Group's listed equity investments and is recognised when the Shareholder's right to receive payment is established. Revenue is measured at the fair value of the consideration received. All income is derived in the United Kingdom.

The disposal of investment properties is recognised when significant risks and rewards attached to the property have transferred from the Group. This will ordinarily occur on completion of contract, with such transactions being recognised when this condition is satisfied. The profit or loss on disposal of investment property is recognised separately in the Consolidated Statement of Comprehensive Income and is the difference between the net sales proceeds and the opening fair value asset plus any capital expenditure during the period to disposal.

Deferred income

Where invoices to customers have been raised which relate to a period after the Group year end, being 31 March 2025, the Group will recognise deferred income for the difference between revenue recognised and amounts billed for that contract.

Cost of sales

Cost of sales includes direct expenditure relating to the construction of the trading properties, capitalised interest, and selling costs incurred as a result of residential sales. Selling costs includes agent and legal fees. Cost of sales is expensed to the income statement and is recognised on completion of each residential unit. The cost for each unit is calculated using the ratio of the unit selling price, over the total forecasted sales proceeds of all residential units. This ratio is then applied to the total forecasted development cost to get the cost of sale per unit.

Service charges and other such receipts arising from expenses recharged to tenants are as stated in note 3b.

Notwithstanding that the funds are held on behalf of the occupiers, the ultimate risk for paying and recovering these costs rests with the Group.

Borrowing costs

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

Interest associated with trading properties is capitalised from the start of the development work until the date of practical completion. The rate used is the rate on specific associated borrowings. Interest is then expensed through the income statement post completion of the development.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives (see "Financial liabilities" section for out-of-the-money derivatives classified as liabilities). They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income in the finance income or expense line.

Amortised cost

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives (see "Financial assets" for in-the-money derivatives where the time value offsets the negative intrinsic value). They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income.

Amortised cost

Trade payables and accruals are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on

the balance of the liability carried in the Consolidated Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payment while the liability is outstanding.

Contributions to pension schemes

The Company operates a defined contribution pension scheme. The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Investment properties

Investment properties are those properties that are held either to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost including transaction costs and thereafter are stated at fair value, which reflects market conditions at the balance sheet date. Surpluses and deficits arising from changes in the fair value of investment properties are recognised in the Consolidated Statement of Comprehensive Income in the year in which they arise.

Investment properties are stated at fair value as determined by the independent external valuers. The fair value of the Group's property portfolio is based upon independent valuations and is inherently subjective. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with Global Valuation Standards. In determining the fair value of investment properties, the independent valuers make use of historical and current market data as well as existing lease agreements.

The Group recognises investment property as an asset when it is probable that the economic benefits that are associated with the investment property will flow to the Group and it can measure the cost of the investment reliably. This is usually the date of completion of acquisition or completion of construction if the development is a mixed-use scheme.

Investment properties cease to be recognised on completion of the disposal or when the property is withdrawn permanently from use and no future economic benefit is expected from disposal.

The Group evaluates all its investment property costs at the time they are incurred. These costs include costs incurred initially to acquire an investment property and costs incurred subsequently to add to, replace part of, or service a property. Any costs deemed as repairs and maintenance or any costs associated with the day-to-day running of the property are recognised in the Consolidated Statement of Comprehensive Income as they are incurred.

Non-current assets held for sales and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

They are available for immediate sale;

Management is committed to a plan to sell;

It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

An active programme to locate a buyer has been initiated;

The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and

A sale is expected to complete within 12 months from the date of classification. Non-current assets and disposal groups classified as held for sale are measured in accordance with the fair value model of IAS 40.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed during the year are included in the Consolidated Statement of Comprehensive Income up to the date of disposal. A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Trading properties

Trading property is developed for sale or held for sale after development is complete, and is carried at the lower of cost and net realisable value. Trading properties are derecognised on completion of sales contracts. Costs includes direct expenditure and capitalised interest. Cost of sales, including costs associated with off-plan residential sales, are expensed to the Consolidated Statement of Comprehensive Income as incurred.

Current taxation

Current tax assets and liabilities for the period not under UK REIT regulations are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Dividends to equity holders of the parent

Interim ordinary dividends are recognised when paid and final ordinary dividends are recognised as a liability in the period in which they are approved by the Shareholders.

Share-based payments

The fair value of the share options are determined at the grant date and are expensed on a straight-line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair values of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Equity

The share capital represents the nominal value of the issued share capital of Palace Capital plc. Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue. Treasury share reserve represents the consideration paid for shares bought back on the open market. The merger reserve represents the excess over nominal value of the fair value consideration for the acquisition of subsidiaries satisfied by the issue of shares in accordance with S612 of the Companies Act 2006. The capital redemption reserve represents the nominal value of cancelled share capital redeemed. The capital reduction reserve represents distributable profits generated as a result of the share premium reduction or cancellation of shares.

Critical accounting judgements and key sources of estimation and uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimation is contained in the accounting policies or the notes to the accounts, and the key areas are summarised below.

Estimates

Property Valuation

The key source of estimation uncertainty rests in the values of property assets, which significantly affects the value of investment properties in the Consolidated Statement of Financial Position. The investment property portfolio is carried at fair value, which requires a number of estimates in assessing the Group's assets relative to market transactions.

The approach to this valuation and the amounts affected are set out in the accounting policies and note 9.

Trading properties are held at the lower of cost and net realisable value. Net realisable value is the value of an asset that can be realised upon the sale of the asset, less a reasonable estimate of the costs associated with the eventual sale or disposal of the asset.

The Group has valued the investment properties at fair value. To the extent that any future valuation affects the fair value of the investment properties and assets held for sale, this will impact on the Group's results in the period in which this determination is made.

Short term incentive plan

The amount recognised as the short term incentive plan ('STIP') provision is management's estimate of the total expected payout when the plan comes to an end, which has been assumed as when all of the assets are sold. As the STIP is "backend loaded" and only pays out when the Remuneration Committee has determined that the performance period has ended under the Rules of the STIP, the total estimated provision has been calculated over the period to June 2026, consistent with that adopted for the Viability Statement. As a result, the provision recognised on the balance sheet for the year ended 31 March 2025 represents 12 months of this total estimated provision which has been calculated by reference to sales achieved to date and the assumed sales of the remaining assets to reflect the uncertainty around financial and property markets. The timing and success of future sales will impact the timing and quantum of the total payment.

1. Rental and other income

The chief operating decision maker ("CODM") takes the form of the Group's Executive Committee which is of the opinion that the principal activity of the Group is to invest in commercial real estate in the UK.

Operating segments are identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the CODM.

The internal financial reports received by the Group's Executive Committee contain financial information at a Group level as a whole and there are no reconciling items between the results contained in these reports and the amounts reported in the financial statements. Additionally, information is provided to the Group's Executive Committee showing gross property income and property valuation by individual property. Therefore, each individual property is considered to be a separate operating segment in that its performance is monitored individually.

The Directors have considered the requirements of IFRS 8 as to aggregation of operating segments into reporting segments. All of the Group's revenue is generated from investment and trading properties located outside of London.

The properties are managed as a single portfolio by an asset management team whose responsibilities are not segregated by location or type but are managed on an asset-by-asset basis.

The route to market is determined by reference to the current economic circumstances that fluctuate through the life cycle of the portfolio. The Group holds a diversified portfolio across different sectors including office, retail, leisure, and residential. The Group has from time to time engaged in development projects such as Hudson Quarter, York.

This is not regarded as a separate business or division.

The Directors therefore consider that the individual properties have similar economic characteristics and therefore have been aggregated into a single reportable segment under the provision of IFRS 8.

All of the Group's properties are based in the UK. No geographical grouping is contained in any of the internal financial reports provided to the Group's Executive Committee and, therefore, no geographical segmental analysis is required.

Revenue - type

	2025 £'000	2024 £'000
Gross rental income	6,450	11,603
Dilapidations and other property related income	479	453
Insurance commission	-	58
Gross property income	6,929	12,114
Service charge income	2,326	4,286
Trading property income	3,990	3,199
Total revenue	13,245	19,599

The biggest tenant is 20.7% of the rent roll as at 31 March 2025 (2024: 14.8%). Similarly, there was no individual or corporate that accounts for more than 10% of the trading property income.

2. Interest payable and similar charges

	2025 £'000	2024 £'000
Interest on bank loans*	97	1,655
Amortisation of loan arrangement fees	25	213
Other finance charges	4	41
	126	1,909

*Includes a net break gain of £137,000 following full repayment of the Scottish Widows loan facility.

3. Profit for the year

a) The Group's profit for the year is stated after charging the following:

	2025 £'000	2024 £'000
Depreciation of tangible fixed assets and amortisation of right of use assets	38	142
Fees payable to the Auditor for the audit of the Group's annual accounts and subsidiaries' annual accounts	169	192
	169	192

b) The Group's cost of sales comprise the following:

	2025 £'000	2024 £'000
Void property costs	1,436	1,871
Legal, lettings and consultancy costs	318	601
Property operating expenses	1,754	2,472

Service charge expenses	2,326	4,286
Trading property cost of sales	3,788	3,018
	7,868	9,776

c) The Group's administrative expenses comprise the following:

	2025 £'000	2024 £'000
Recurring staff costs	1,099	1,675
Short term incentive plan provision (including associated costs)	644	640
Other overheads*	373	249
Accounting, tax and audit fees	239	280
Payments to former Directors and Staff (including associated costs)	175	611
Stock Exchange costs	155	132
PR and marketing costs	61	79
Share-based payments	57	137
Legal and professional fees	44	40
Amortisation of right of use asset	38	119
ESG costs	4	13
Depreciation of tangible fixed assets	-	23
	2,889	3,998

* Other overheads comprise of rent, rates, service charge, consulting, and other office costs

d) EPRA cost ratios are calculated as follows:

	2025 £'000	2024 £'000
Gross property income	6,929	12,114
Administrative expenses	2,889	3,998
Property operating expenses	1,754	2,472
Movement in expected credit loss	353	-
EPRA costs (including property operating expenses)	4,996	6,470
EPRA cost ratio (including property operating expenses)	72.1%	53.4%
Less property operating expenses	(1,754)	(2,472)
EPRA costs (excluding property operating expenses)	3,242	3,998
EPRA cost ratio (excluding property operating expenses)	46.8%	33.0%
Total expense ratio	3.8%	3.6%

4. Employees and directors' remuneration

Staff costs during the period were as follows:

	2025 £'000	2024 £'000
Non-Executive Directors' fees	74	151
Wages and salaries	805	1,181
Pensions	90	124
Social security costs	130	219
Total recurring staff costs	1,099	1,675
Payments to former Directors and staff (incl. NI and pension contributions)	175	564
Short term incentive plan provision (incl. NI)	644	565
Share-based payments	57	137
	1,975	2,941

The average number of employees of the Group and the Company during the period was:

	2025 Number	2024 Number
Directors	2	2
Senior management and other employees	5	6
	7	8

Key management are the Group's Directors. Remuneration in respect of key management was as follows:

	2025 £'000	2024 £'000
Emoluments for qualifying services	278	398
Social security costs	43	74
Pension	-	25
Total recurring key management costs	321	497
Payments to former Directors (incl. NI and pension contributions)	-	357
Short term incentive plan provision (incl. NI)	291	256
Share-based payments	-	16
	612	1,126

5. Taxation

	2025 £'000	2024 £'000
Tax underprovided in prior year	-	65
Deferred tax	(25)	(19)
Tax (credit)/charge	(25)	46
	2025 £'000	2024 £'000
Profit/(loss) on ordinary activities before tax	1,397	(9,316)
Based on profit/(loss) for the period: Theoretical Tax at 25% (2024: 25%)	349	(2,329)
Effect of:		
Net expenses not deductible for tax purposes	24	40
Deferred tax released to profit and loss on Hudson Quarter residential sales	(25)	(19)
Tax underprovided in prior year	-	65
REIT exempt income	(800)	(1,135)
Non-taxable items	427	3,424
Tax (credit)/charge for the period	(25)	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.

Deferred taxes relate to the following:

	2025 £'000	2024 £'000
Deferred tax liability - brought forward	(57)	(76)
Deferred tax release on sale of trading property	25	19
Deferred tax liability - carried forward	(32)	(57)

	2025 £'000	2024 £'000
Investment property unrealised valuation gains	(32)	(57)
Deferred tax liability - carried forward	(32)	(57)

The deferred tax liability of £32,000 relates to investment properties transferred into trading stock, prior to the Group becoming a REIT. As at 31 March 2025 the Group had approximately £5,915,000 (2024: £5,915,000) of realised capital losses to carry forward. There has been no deferred tax asset recognised as the Directors do not consider it probable that future taxable profits will be available to utilise these losses.

6. Earnings per share

Basic 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).

	2025 £'000	2024 £'000
Profit/(loss) after tax attributable to ordinary Shareholders for the year	1,422	(9,362)
	2025 No. of shares	2024 No. of shares
Weighted average number of shares for basic earnings per share	31,325,057	39,524,282
Dilutive effect of share options	-	-
Weighted average number of shares for diluted earnings per share	31,325,057	39,524,282
Earnings per ordinary share		
Basic	4.5p	(23.7p)
Diluted	4.5p	(23.7p)

Key Performance Measures

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 September 2024. 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 EPS and EPRA Diluted EPS

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 weighted average basic number of shares in line with IFRS earnings as the dividends to which they give rise accrue to current Shareholders.

shares in line with IFRS earnings as the dividends to which they give rise accrue to current shareholders.

Adjusted profit before tax and Adjusted EPS

The Group also reports an adjusted earnings measure which is based on recurring earnings before tax and the weighted average 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 and Staff, and the Short Term Incentive Plan provision ('STIP'), which are one-off exceptional items. The STIP was excluded from adjusted earnings as the provision is deemed not to be in the ordinary course of business and the performance criteria of the plan is based on the selling of assets. The plan was designed to be back end loaded in terms of paying out in order to be aligned with shareholders' interests and is therefore deemed to be an exceptional item as it does not reflect earnings from trading in the portfolio as it is capital in nature. 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 EPRA and adjusted earnings per share for the period are calculated based upon the following information:

	2025 £'000	2024 £'000
Profit/(loss) after tax for the year	1,422	(9,362)
Adjustments:		
Loss on revaluation of investment property portfolio	2,868	15,383
Profit on disposal of investment properties	(1,502)	(2,298)
Impairment of trading properties	61	-
Trading profit	(202)	(181)
Debt termination costs	35	459
EPRA earnings for the year	2,682	4,001
Payments to former Directors (including associated costs)	175	611
Share-based payments	57	137
Short term incentive plan provision (including associated costs)	644	640
Adjusted profit after tax for the year	3,558	5,389
Tax excluding deferred tax on EPRA adjustments and capital gain charged	(25)	46
Adjusted profit before tax for the year	3,533	5,435
EPRA and adjusted earnings per ordinary share		
EPRA Basic	8.6p	10.1p
EPRA Diluted	8.6p	10.1p
Adjusted EPS	11.3p	13.8p

7. Net asset value per share

The Group has adopted the EPRA NAV measures which came into effect for accounting periods starting 1 January 2020. EPRA issued best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures. The 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 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.

As at 31 March 2025

	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
Net assets attributable to Shareholders	72,504	72,504	72,504
Include:			
Fair value adjustment of trading properties	-	-	-
Real estate transfer tax	-	3,254	-
Fair value of fixed interest rate debt	-	-	-
Exclude:			
Deferred tax on latent capital gains and capital allowances	32	32	-
EPRA NAV	72,536	75,790	72,504
Number of ordinary shares issued for diluted and EPRA net assets per share	28,892,535	28,892,535	28,892,535
EPRA NAV per share	251p	262p	251p

The adjustments made to get to the EPRA NAV measures above are as follows:

Real estate transfer tax: Gross value of property portfolio as provided in the Valuation Certificate (i.e. the value prior to any deduction of purchasers' costs).

Fair value of fixed interest rate debt: Difference between any financial liability and asset held on the balance sheet of the Group and the fair value of that financial liability or asset.

Deferred tax on latent capital gains and capital allowances: Exclude the deferred tax as per IFRS balance sheet in respect of the difference between the fair value and the tax book value of investment property, development property held for investment, intangible assets, or other non-current investments as this would only become payable if the assets were sold.

As at 31 March 2024

	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
Net assets attributable to Shareholders	97,774	97,774	97,774
Include:			
Fair value adjustment of trading properties	449	449	449
Real estate transfer tax	-	5,294	-
Fair value of fixed interest rate debt	-	-	606

Excludes:

Deferred tax on latent capital gains and capital allowances	57	57	-
EPRA NAV	98,280	103,574	98,829
Number of ordinary shares issued for diluted and EPRA net assets per share	37,554,525	37,554,525	37,554,525
EPRA NAV per share	262p	276p	263p

	2025 No of shares	2024 No of shares
Number of ordinary shares issued at the end of the year (excluding treasury shares)	28,892,535	37,554,525
Dilutive effect of share options	-	-
Number of ordinary shares issued for diluted and EPRA net assets per share	28,892,535	37,554,525
Net assets per ordinary share		
Basic	251p	260p
Diluted	251p	260p
EPRA NTA	251p	262p

8. Dividends

	Payment date	Dividend per share	2025 £'000	2024 £'000
2025				
Interim dividend	27 December 2024	3.75	1,083	-
Interim dividend	25 October 2024	3.75	1,083	-
		7.50	2,166	-
2024				
Final dividend	25 August 2024	3.75	1,084	-
Interim dividend	19 April 2024	3.75	1,408	-
Interim dividend	29 December 2023	3.75	-	1,409
Interim dividend	13 October 2023	3.75	-	1,408
		15.00	2,492	2,817
2023				
Final dividend	04 August 2023	3.75	-	1,583
Interim dividend	14 April 2023	3.25	-	1,645
		7.00	-	3,228
Dividends reported in the Group Statement of Changes in Equity			4,658	6,045
			2025 £'000	2024 £'000
July 2025 interim dividend in respect of year end 31 March 2025: 3.75p (2024 final dividend: 3.75p)			1,083	1,408
April 2025 interim dividend in respect of year end 31 March 2025: 3.75p (2024 interim dividend: 3.75p)			1,083	1,408
			2,166	2,816

Final dividends on ordinary shares are subject to approval at the Annual General Meeting. Such dividends are not recognised as a liability as at 31 March 2025.

9. Property portfolio

	Freehold investment properties £'000	Leasehold investment properties £'000	Total investment properties £'000
At 31 March 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	175	-	175
Loss on revaluation of investment properties	(2,868)	-	(2,868)
Transfer to assets held for sale	(9,412)	-	(9,412)
Disposals	(28,377)	-	(28,377)
At 31 March 2025	33,363	-	33,363

	Total investment properties £'000	Trading properties £'000	Assets held for sale £'000	Total property portfolio £'000
At 1 April 2023	176,504	11,055	-	187,559
Additions - refurbishments	1,544	-	-	1,544
Additions - trading property	-	90	-	90

Additions - trading property	---	---	---
Loss on revaluation of properties	(15,383)	-	(15,383)
Disposals	(88,820)	(3,019)	(91,839)
At 1 April 2024	73,845	8,126	81,971
Additions - refurbishments	175	-	175
Additions - trading property	-	63	63
Loss on revaluation of properties	(2,868)	-	(2,868)
Transfer to assets held for sale	(9,412)	-	9,412
Impairment of trading properties	-	(61)	(61)
Disposals	(28,377)	(3,788)	(32,165)
At 31 March 2025	33,363	4,340	9,412
			47,115

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. At 31 March 2025, the Group's freehold properties were externally valued by CBRE, a Royal Institution of Chartered Surveyors ("RICS") registered independent valuer. 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.

In addition to the loss on revaluation of investment properties included in the table above, realised gains of £1,502,000 (2024: £2,298,000) relating to investment properties disposed of during the year were recognised in profit or loss.

The Group developed a mixed-use scheme at Hudson Quarter, York. Part of the scheme consists of commercial units which the Group holds for leasing or has let. As a result of achieving practical completion in April 2021, the commercial element of the scheme is classified as investment properties.

A reconciliation of the valuations carried out by the independent valuers to the carrying values shown in the Statement of Financial Position was as follows:

	2025 £'000	2024 £'000
Property portfolio valuation	53,235	88,670
Less trading properties at lower of cost and net realisable value	(4,340)	(8,126)
Less lease incentive balance included in accrued income on investment properties	(5,657)	(6,250)
Less assets held for sale	(9,412)	-
Less lease incentive balance included in accrued income on assets held for sale	(463)	-
Less fair value uplift on trading properties	-	(449)
Carrying value of investment properties	33,363	73,845

The valuations of all investment property held by the Group is classified as Level 3 in the IFRS 13 fair value hierarchy as they are based on unobservable inputs. There have been no transfers between levels of the fair value hierarchy during the year.

Valuation process

The valuation reports produced by CBRE, 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 judgement and market observations. Each property is considered a separate asset, based on its unique nature, characteristics and the risks of the property. Only one investment property in the property portfolio was valued on a residual basis.

The Head of Investment, 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 & Risk Committee, which considers it as part of its overall responsibilities.

The 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; 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 investment portfolio has been derived from capitalising the future estimated net income receipts at capitalisation rates reflected by recent arm's length sales transactions. The residential assets reflect the trading properties held at 31 March 2025 as the Group's entire property portfolio was valued.

Significant unobservable inputs

31 March 2025	Office	Leisure	Residential	Total
Fair value of property portfolio	30,670,000	18,225,000	4,340,000	53,235,000
Area (sq ft)	206,851	277,101	n/a	483,952
Gross Estimated Rental Value	4,147,659	2,973,438	n/a	7,121,097
Net Initial Yield				
Minimum	4.8%	13.2%	n/a	4.8%
Maximum	10.3%	14.2%	n/a	14.2%
Weighted average	7.0%	13.8%	n/a	9.6%
Reversionary Yield				
Minimum	9.0%	12.3%	n/a	9.0%
Maximum	16.2%	17.5%	n/a	17.5%

Weighted average	12.7%	15.5%	n/a	13.5%
Equivalent Yield				
Minimum	8.8%	12.2%	n/a	8.8%
Maximum	12.7%	16.0%	n/a	16.0%

31 March 2024	Significant unobservable inputs				
	Office	Leisure	Retail	Residential	Total
Fair value of property portfolio	55,035,000	21,550,000	3,510,000	8,575,000	88,670,000
Area (sq ft)	374,129	304,319	27,019	n/a	705,467
Gross Estimated Rental Value	6,897,920	3,367,812	346,000	n/a	10,611,732
Net Initial Yield					
Minimum	2.8%	13.2%	8.5%	n/a	2.8%
Maximum	12.3%	13.7%	8.5%	n/a	13.7%
Weighted average	5.4%	13.4%	8.5%	n/a	8.0%
Reversionary Yield					
Minimum	9.1%	10.7%	8.3%	n/a	8.3%
Maximum	15.2%	19.3%	8.3%	n/a	19.3%
Weighted average	11.8%	15.0%	8.3%	n/a	13.0%
Equivalent Yield					
Minimum	8.6%	12.4%	8.4%	n/a	8.4%
Maximum	11.8%	13.2%	8.4%	n/a	13.2%
Weighted average	9.7%	12.8%	8.4%	n/a	11.7%

The "other" sector includes Residential, Retail and Retail Warehousing sectors.

The following descriptions and definitions relate to valuation techniques and key unobservable inputs made in determining fair values:

Market comparable method

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions in the market.

Unobservable input: estimated rental value

The rent at which space could be let in the market conditions prevailing at the date of valuation (range: £516,751 to £1,928,634 per annum).

Rental values are dependent on a number of variables in relation to the Group's property. These include: size, location, tenant, covenant strength and terms of the lease.

Unobservable input: net initial yield

The net initial yield is defined as the initial gross income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase.

Sensitivities of measurement of significant unobservable inputs

As set out within accounting estimates and judgements above, the Group's property Portfolio Valuation is open to judgements inherently subjective by nature.

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Gross Estimated Rental Value	Increase	Decrease
Net Initial Yield	Decrease	Increase
Reversionary Yield	Decrease	Increase
Equivalent Yield	Decrease	Increase

	-5% in passing rent (£m)	+5% in passing rent (£m)	+0.25% in net initial yield (£m)	-0.25% in net initial yield (£m)
(Decrease)/increase in the fair value of investment properties as at 31 March 2025	(2.43)	2.46	(1.23)	1.33
(Decrease)/increase in the fair value of investment properties as at 31 March 2024	(4.00)	4.00	(2.53)	2.70

Assets held for sale

	2025 £'000	2024 £'000
Assets held for sale	9,875	-
	9,875	-

Assets held for sale consist of the commercial offices of Hudson Quarter, York. In accordance with the Group's accounting policy, these properties are classified as held for sale at 31 March 2025. The office has been valued by CBRE based on information provided by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. The valuation has been held in the financial statements at a lower of their carrying value immediately prior to being classified as held for sale and fair value less costs to sell. Assets held for sale includes £463,000 of lease incentives which will be released on sale of the asset. Since year end the asset was sold for £10,000,000.

10. Trading property

	Total £'000
At 1 April 2023	11,055

Costs capitalised	90
Disposal of trading properties	(3,019)
At 1 April 2024	8,126
Costs capitalised	63
Impairment of trading properties	(61)
Disposal of trading properties	(3,788)
At 31 March 2025	4,340

The Group developed a large mixed-use scheme at Hudson Quarter, York. Part of the approved scheme consists of residential units which the Group is in the process of selling. As a result, the residential element of the scheme is classified as trading property.

11. Property, plant and equipment

	Right of use asset £'000
At 1 April 2023	658
Additions	57
Written off during the year	(32)
At 1 April 2024	683
Additions	-
Written off during the year	-
At 31 March 2025	683
Depreciation	
At 1 April 2023	526
Provided during the year	119
At 1 April 2024	645
Provided during the year	38
At 31 March 2025	683
Net book value at 31 March 2025	-
Net book value at 31 March 2024	38

12. Trade and other receivables

	2025 £'000	2024 £'000
Current		
Gross amounts receivable from tenants	1,883	1,979
Less: expected credit loss provision	(1,066)	(653)
Net amount receivable from tenants	817	1,326
Other taxes	38	165
Other debtors	425	904
Accrued income	636	625
Prepayments	285	332
	2,201	3,352
Non-current		
Accrued income	5,021	5,625
	5,021	5,625
Total trade and other receivables	7,222	8,977

As at 31 March 2025 the lifetime expected credit loss provision for trade receivables and contract assets is as follows:

	More than 30 days past due				More than 90 days past due £'000
	Current £'000	past due £'000	past due £'000	past due £'000	
Expected loss rate	17%	12%	100%	95%	
Gross carrying amount	915	9	49	910	1,883
Loss provision	154	1	49	862	1,066

Changes to credit risk management

Impairment calculations have been carried out on trade receivables using the IFRS 9 simplified approach, using 12 months of historic rental payment information, and adjusting risk profiles based on forward-looking information. In addition, the Group has reviewed its register of tenants at higher risk, particularly in the leisure and retail sectors, those in administration or CVA and the top 20 tenants by size with the remaining tenants considered on a sector by sector basis.

Concentration of credit risk

The credit risk in respect of trade receivables is not concentrated as the Group operates in many different sectors and locations around the UK, and has a wide range of tenants from a broad spectrum of business sectors. 76% of the ECL provision relates to tenants in the leisure sector.

How forward looking information was incorporated

In calculating the ECL provision, the Group used forward looking information when assessing the risk profiles of each tenant, most notably around the assessment over the likelihood of tenants having the ability to pay rent as demanded, as well as the likelihood of rent deferrals and rent free periods being offered to tenants.

Key sources of estimation uncertainty

The Group's risk profile rates form a key part when calculating the ECL provision. Default rates were applied to each tenant based on the ageing of the outstanding receivable. Tenants were classified as either low (default range of 0.5% - 8%), medium (default range of 20% - 50%), high (default range of 65% - 80%), or extremely high risk (set default range of 100%), with default rates applied to each risk profile. These rates have been calculated by using historic and forward-looking information and is inherently subjective.

A sensitivity analysis performed to determine the impact on the Group Statement of Comprehensive Income from a 10% increase in each of the risk profile rates would result in a decrease in profit by £94,000.

The Group does not hold any material collateral as security.

As at 31 March 2024 the lifetime expected credit loss provision for trade receivables and contract assets was as follows:

	Current £'000	More than 30 days past due £'000	More than 60 days past due £'000	More than 90 days past due £'000	Total £'000
Expected loss rate	9%	4%	4%	58%	
Gross carrying amount	603	287	76	1,013	1,979
Loss provision	53	13	3	584	653

Movement in the expected credit loss provision was as follows:

	2025 £'000	2024 £'000
Brought forward	653	653
Provisions released	(66)	(146)
Provisions increased	480	146
	1,066	653

13. Cash and cash equivalents

All of the Group's cash and cash equivalents at 31 March 2025 and 31 March 2024 are in sterling.

	2025 £'000	2024 £'000
Cash and cash equivalents	22,222	19,766

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

14. Trade and other payables

	2025 £'000	2024 £'000
Trade payables	86	50
Other taxes	918	480
Other payables	763	1,138
Deferred rental income	1,206	1,694
Accruals	304	704
	3,277	4,066

The deferred rental income in the year ended 31 March 2024 of £1,694,000 was recognised as income in the year to 31 March 2025.

The Directors consider that the carrying amount of trade and other payables measured at amortised cost approximates to their fair value.

15. Borrowings

	2025 £'000	2024 £'000
Current liabilities		
Bank loans	-	318
Unamortised lending costs	-	-
	-	318
Non-current liabilities		
Bank loans	-	7,993
Unamortised lending costs	-	(60)
	-	7,933
Total borrowings		
Bank loans	-	8,311
Unamortised lending costs	-	(60)
	-	8,251

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

	2025 £'000	2024 £'000
Within one year	-	318
From one to two years	-	318
From two to five years	-	7,675
	-	8,311

Facility and arrangement fees

As at 31 March 2024

Secured Borrowings	Total Facility £'000	Unused loan facilities £'000	Facility drawn £'000	Unamortised facility fees £'000	Loan Balance £'000
All in cost	Maturity date				
Scottish Widows	2.90% July 2026	8,311	-	8,311 (60)	8,251
		8,311	-	8,311 (60)	8,251

During the year, the Group repaid the debt facility with Scottish Widows in full. The balance at 31 March 2024 was £8,311,000.

The fair value of borrowings held at amortised cost at 31 March 2025 was £Nil (2024: £8,857,000). The difference in the fair value and carrying value of borrowings reflects the valuation of the fixed rate debt being higher than its carrying value. This is a level 2 fair value valuation of the fixed rate debt and was determined by an independent third party. The valuation is based on a net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry date.

16. Gearing and loan to value ratio

The calculation of gearing is based on the following calculations of net assets and net (cash)/debt:

	2025 £'000	2024 £'000
EPRA net asset value (note 7)	72,536	98,280
Borrowings (net of unamortised issue costs)	-	8,251
Lease liabilities for investment properties	-	-
Cash and cash equivalents	(22,222)	(19,766)
Net cash	(22,222)	(11,515)
NAV gearing	Nil	Nil

The calculation of bank loan to property value is calculated as follows:

	2025 £'000	2024 £'000
Fair value of investment properties	39,020	80,095
Fair value of assets held for sale	9,875	-
Fair value of trading properties	4,340	8,575
Fair value of property portfolio	53,235	88,670
Borrowings	-	8,311
Cash at bank	(22,222)	(19,766)
Net cash	(22,222)	(11,455)
Loan to value ratio	Nil	Nil

17. Reconciliation of liabilities to cash flows from financing activities

	Bank borrowings £'000
Balance at 1 April 2023	63,674
Cash flows from financing activities:	
Bank borrowings repaid	(56,022)
Loan arrangement fees paid	(73)
Non-cash movements:	
Amortisation of loan arrangement fees	213
Debt termination costs	459
Balance at 1 April 2024	8,251
Cash flows from financing activities:	
Bank borrowings repaid	(8,311)
Non-cash movements:	
Amortisation of loan arrangement fees	25
Debt termination costs	35
Balance at 31 March 2025	-

18. Leases

Operating lease receipts in respect of rents on investment properties are receivable as follows:

	2025 £'000	2024 £'000
Within one year	5,129	7,610
From one to two years	4,971	7,802
From two to three years	4,654	7,385
From three to four years	4,360	5,849
From four to five years	4,166	4,741
From five to 25 years	25,762	30,580
	49,042	63,967

These calculations are classified as follows:

Lease liabilities are classified as follows:

	2025 £'000	2024 £'000
Lease liabilities for right of use asset	-	39
	-	39
Lease obligations in respect of rents payable on right of use assets were payable as follows:		
	2025	2024
	Lease payments £'000	Present value of lease payments £'000
	Interest £'000	Present value of lease payments £'000
Within one year	-	39

The net carrying amount of the leasehold properties is shown in note 9.

The Group has over 40 leases granted to its tenants. These vary depending on the individual tenant and the respective property and demise and vary considerably from short-term leases of less than one year to longer-term leases of over 10 years.

A number of these leases contain rent free periods. Standard lease provisions include service charge payments and recovery of other direct costs.

19. Share capital

	2025 £'000	2024 £'000
Authorised, issued and fully paid share capital is as follows:		
28,892,535 ordinary shares of 10p each (2024: 37,560,295)	2,889	3,756
	2,889	3,756

	2025 £'000	2024 £'000
Reconciliation of movement in ordinary share capital		
At start of year	3,756	4,639
Treasury shares cancelled in the year	(867)	(883)
At end of year	2,889	3,756

Movement in ordinary authorised share capital

	Number of ordinary shares purchased and cancelled	Total number of shares
As at 31 March 2023		46,388,515
	27 March 2024	(8,828,220)
As at 31 March 2024		37,560,295
	17 July 2024	(8,667,760)
As at 31 March 2025		28,892,535

Movement in treasury shares

	Number of ordinary shares purchased and cancelled	Total number of shares
As at 31 March 2024		-
Shares repurchased and transferred to Treasury	16 July 2024	8,667,760
Cancellation of treasury shares	17 July 2024	(8,667,760)
As at 31 March 2025		-
Total number of shares excluding the number of shares held in treasury at 31 March 2025		28,892,535

Year ended 31 March 2025

On 16 July 2024, 8,667,760 shares were purchased by the Group on the open market and transferred into treasury reserves.

On 17 July 2024, 8,667,760 shares were cancelled by the Group.

Shares held in Employee Benefit Trust

	2025 No. of shares	2024 No. of shares
Authorised, issued and fully paid share capital is as follows:		
Brought forward	5,770	1,914
Shares exercised under deferred bonus share scheme	-	(13,521)
Shares exercised under employee LTIP scheme	-	(42,440)
Shares purchased by EBT	-	59,817
Shares sold from EBT	(5,770)	-
At end of year	-	5,770

Share options:

Reconciliation of movement in outstanding share options

2025
No. of

2024
No. of

Reconciliation of movement in outstanding share options		No. of options	No. of options
At start of year		169,287	537,877
LTIPs exercised in the year		-	(68,612)
Lapsed in the year		(169,287)	(290,147)
Deferred bonus share options exercised		-	(9,831)
At end of year		-	169,287

As at 31 March 2025, the Company had the following outstanding unexpired options:

Description of unexpired share options	2025		2024	
	No. of options	Weighted average option price	No. of Options	Weighted average option price
Employee benefit plan	-	0p	169,287	0p
Deferred bonus share scheme issued	-	0p	-	0p
Total	-	0p	169,287	0p
Exercisable	-	0p	-	0p
Not exercisable	-	0p	169,287	0p

The weighted average remaining contractual life of share options at 31 March 2024 was 0.6 years.

20. Share-based payments

Employee benefit plan

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the period:

	Number of options	Exercise price	Average share price at date of exercise	Grant date	Vesting date
Outstanding at 31 March 2023	537,877	0p			
Deferred bonus share options exercised	(9,831)	0p	254.5p	18 August 2022	18 August 2023
Exercised during the year (LTIP 2020)	(68,612)	0p	226.5p	14 October 2020	14 October 2023
Lapsed in the year (LTIP 2020)	(236,175)	0p			
Lapsed in the year (LTIP 2021)	(53,972)	0p			
Outstanding at 31 March 2024	169,287	0p			
Lapsed in the year (LTIP 2021)	(169,287)	0p			
Outstanding at 31 March 2025	-	0p			

LTIP 2021

The options are awarded to employees on achievements against targets on two separate measures over the three-year period. For directors, the options are subject to a two-year holding period following vesting. Half the options will be awarded based on the first target and half based on the achievement of the second.

Total property return growth is calculated as Total Property Return of the Company over the Performance Period beginning on 31 March 2021 and ending on 31 March 2024, using the Total Property Return ("TPR") as calculated by MSCI for the Group as compared with the TPR for the MSCI IPD Index (the "Comparator") over the same period. The TPR for the Group and the Comparator will be its percentage increase over the three-year Performance Period.

Total Shareholder return (TSR) measures the total Shareholder return (price rise plus dividends) over the period from 16 November 2021 to 15 November 2024. The percentage of the TSR metric will be adjusted downwards according to the Company's share price discount to net asset value at the time of vesting. Share Price Discount will be calculated with reference to the closing share price on 15 November 2024 and EPRA Net Tangible Assets as at 30 September 2024. The base price is £2.44 per share which was the market price at the grant date.

Annualised TSR over the TSR performance period

Vesting %TPR equivalent total over performance period

<5%	0	<0.5%
Equal to 5%	20	Equal to 0.5%
Between 5% and 9%	20-100	Between 0.5% and 2.5%
Equal to 9%	100	Equal to 2.5%

The fair value of grants was measured at the grant date using a Black-Scholes pricing model for the TPR tranche and using a Monte Carlo pricing model for the TSR tranche, taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. The main assumptions of both the Black-Scholes and Monte Carlo pricing models are as follows:

	Monte Carlo TSR Tranche	Black-Scholes PV Tranche
Grant date	16 November 2021	16 November 2021
Share price	£2.44	£2.44
Exercise price	0p	0p
Term	5 years	5 years
Expected volatility	38.03%	38.03%
Expected dividend yield	0.00%	0.00%
Risk free rate	0.59%	0.59%
Time to vest (years)	3.0	3.0
Expected forfeiture n.a.	0%	0%

The expense recognised for employee share-based payment received during the period is shown in the following table:

	2025 £'000	2024 £'000
LTIP 2020	-	51
LTIP 2021	57	86
Total expense arising from share-based payment transactions	57	137

21. Related party transactions

Dividend payments made to Directors amounted to £Nil (2024: £2,306) during the year. See note 4 for further details of key management remuneration.

22. Capital commitments

The obligation for capital expenditure relating to the enhancement of investment properties entered into by the Group amounted to £2,352,984 (2024: £176,608).

23. Post balance sheet events

On 11 April 2025, the Group completed on the disposal of Hudson Quarter, York, for a total consideration of £10.0m.

24. Financial risk management

The Group's principal financial liabilities are loans. The Group has rent and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations. The Group is exposed to market risk (including real estate risk), credit risk and liquidity risk.

The Group's senior management oversee the management of these risks, and the Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies and it sets policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares.

Capital risk management

The Group considers its capital to comprise its share capital, share premium, other reserves, capital reduction reserves and retained earnings which amounted to £72,504,000 (2024: £97,774,000). The Group's capital management objectives are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders and to provide an adequate return to Shareholders by pricing its services commensurately with the level of risk. Within the subsidiaries of the Group, the business has covenanted to maintain a specified leverage ratio and a net interest expense coverage ratio, all the terms of which have been adhered to during the year.

Market risk

Market risk arises from the Group's use of interest bearing, and tradable instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors.

Interest rate risk

The interest rate exposure profile of the Group's financial assets and liabilities as at 31 March 2025 and 31 March 2024 were:

	Nil rate assets and liabilities £'000	Floating rate assets £'000	Total £'000
As at 31 March 2025			
Trade and other receivables	1,242	-	1,242
Cash and cash equivalents	-	22,222	22,222
Trade and other payables	(2,361)	-	(2,361)
	(1,119)	22,222	21,103

	Nil rate assets and liabilities £'000	Floating rate assets £'000	Fixed rate liability £'000	Total £'000
As at 31 March 2024				
Trade and other receivables	2,230	-	-	2,230
Cash and cash equivalents	-	19,766	-	19,766
Trade and other payables	(2,457)	-	-	(2,457)
Bank borrowings	-	-	(8,251)	(8,251)
Lease liabilities	-	-	(39)	(39)
	(227)	19,766	(8,290)	11,249

The Group has loans amounting to £Nil (2024: £Nil) which have interest payable at rates linked to the SONIA interest rates or bank base rates. A change in SONIA will have no impact.

The Directors regularly review the Group's position with regard to interest rates in order to minimise its risk.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has its cash held on deposit with two large banks in the United Kingdom. At 31 March 2025 the cash balances of the Group were £22,222,000 (2024: £19,766,000). The concentration of credit risk held with Barclays Bank plc, the largest of these banks, was £21,859,000 (2024: £19,262,000).

Credit risk also results from the possibility of a tenant in the Group's property portfolio defaulting on a lease. The largest tenant by contractual income amounts to 20.7% (2024: 14.8%) of the Group's anticipated income. The Directors assess a tenant's creditworthiness prior to granting leases and employ professional firms of property management consultants to manage the portfolio to ensure that tenants debts are collected promptly and the

Directors in conjunction with the property managers take appropriate actions when payment is not made on time. The carrying amount of financial assets (excluding cash balances) recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The carrying amount of these assets at 31 March 2025 was £1,242,000 (2024: £2,230,000). The details of the provision for expected credit loss are shown in note 12.

Liquidity risk management

The Group's policy is to hold cash and obtain loan facilities at a level sufficient to ensure that the Group has available funds to meet its medium-term capital and funding obligations. The Group holds cash to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a monthly working capital model. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand £'000	0-1 years £'000	1-2 years £'000	Total £'000
As at 31 March 2025				
Trade and other payables	1,152	-	1,209	2,361
	1,152	-	1,209	2,361
	On demand £'000	0-1 years £'000	1-2 years £'000	2-5 years £,000
As at 31 March 2024				
Interest bearing loans	-	550	541	7,735
Trade and other payables	1,892	-	-	565
	1,892	550	541	8,300
				11,283

**Company Statement of Financial Position
as at 31 March 2025**

	Note	2025 £'000	2024 £'000
Fixed assets			
Investments in subsidiaries	2	86,317	94,382
		86,317	94,382
Current assets			
Trade and other receivables	3	27,000	30,602
Cash at bank and in hand		21,180	11,483
		48,180	42,085
Total assets		134,497	136,467
Current liabilities			
Creditors: amounts falling due within one year	4	(87,286)	(63,616)
Net current liabilities		(39,106)	(21,531)
Non-current liabilities			
Short term incentive plan provision		(1,209)	(565)
Total assets less current liabilities		46,002	72,286
Equity			
Called up share capital	5	2,889	3,756
Treasury shares		-	-
Merger reserve		3,503	3,503
Capital redemption reserve		2,090	1,223
Capital reduction reserve		63,182	89,931
Accumulated losses		(25,662)	(26,127)
Equity - attributable to the owners of the Parent		46,002	72,286

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The Company's profit after tax for the year was £408,000 (2024: £8,671,000 loss).

The financial statements were approved by the Board of Directors and authorised for issue on 4 June 2025 and are signed on its behalf by:

STEVEN OWEN
Executive Chairman

**Company Statement of Changes in Equity
as at 31 March 2025**

	Share Capital £'000	Treasury Share Reserve £'000	Other Reserves £'000	Capital Reduction Reserve £'000	(Accumulated Losses) £'000	Total Equity £'000
At 31 March 2023	4,639	(7,343)	3,843	118,477	(17,320)	102,296
Total comprehensive loss for the year	-	-	-	-	(8,671)	(8,671)
Transactions with Equity Holders						
Share-based payments	-	-	-	-	137	137

Exercise or share options	-	161	-	-	(273)	(112)
Dividends	-	-	-	(6,045)	-	(6,045)
Share buyback	-	(15,179)	-	-	-	(15,179)
Shares purchased by employee benefits trust	-	(140)	-	-	-	(140)
Cancellation of treasury shares	(883)	22,501	883	(22,501)	-	-
At 31 March 2024	3,756	-	4,726	89,931	(26,127)	72,286
Total comprehensive profit for the year	-	-	-	-	408	408
Transactions with Equity Holders						
Share-based payments	-	-	-	-	57	57
Dividends	-	-	-	(4,658)	-	(4,658)
Share buyback	-	(22,091)	-	-	-	(22,091)
Cancellation of treasury shares	(867)	22,091	867	(22,091)	-	-
At 31 March 2025	2,889	-	5,593	63,182	(25,662)	46,002

Treasury shares represents the consideration paid for shares bought back on the open market. On 17 July 2024 all shares held in Treasury were cancelled.

Other reserves comprise the merger reserve and the capital redemption reserve.

The merger reserve represents the excess over nominal value of the fair value consideration for the acquisition of subsidiaries satisfied by the issue of shares in accordance with S612 of the Companies Act 2006.

The capital redemption reserve represents the nominal value of cancelled preference share capital redeemed.

The capital reduction reserve represents distributable profits generated as a result of the share premium reduction.

Notes to the Company Financial Statements

Accounting policies

Palace Capital plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the Strategic Report. The financial statements of the Company have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company's management to exercise judgement in applying the Company's accounting policies (as detailed below). The Statement of Financial Position heading relating to the Company's investments and property, plant and equipment is in accordance with the balance sheet formats of the Companies Act 2006. Assets are classified in accordance with the definitions of fixed and current assets in the Companies Act instead of the presentation requirements of IAS 1 Presentation of Financial Statements

Dividends revenue

Revenue is recognised when the Company's right to receive payment is established, which is generally when Shareholders of the paying company approve the payment of the dividend.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, by the balance sheet date.

Deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of timing differences that have originated but not reversed on the balance sheet date. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax balances are not recognised in respect of permanent differences between the fair value of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Trade and other receivables

Trade and other receivables and intercompany receivables are recognised and carried at the original transaction value. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of direct issue costs.

Parent company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the Parent Company;
- disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- disclosures in respect of the Parent Company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

Judgements in applying accounting policies and key sources of estimation uncertainty

Investments and loans to subsidiary undertakings (see note 2)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments in the Company's subsidiary undertakings and the carrying value of the loans that the Company has made to them. The nature, facts and circumstance of the investment or loan are taken into account in assessing whether there are any indications of impairment.

Provisions provided in the year reflect the reduction in net asset value of subsidiaries for the year ended 31 March 2025. The carrying value of the subsidiaries represents the net asset value (NAV) of the subsidiary as at 31 March 2025. The NAV of the subsidiaries are affected by the fair value of the Group's investment property.

1. Profit for the financial period

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account for the Company alone has not been presented.

2. Investments in subsidiaries

Cost:	Investments in subsidiaries £'000
At 1 April 2023	180,956
Additions	8,851
Disposals	(12,521)
At 1 April 2024	177,286
Additions	-
Disposals	(10,766)
At 31 March 2025	166,520
Provision for impairment:	
At 1 April 2023	76,226
Provided during the year	8,341
Disposals	(1,663)
At 1 April 2024	82,904
Provided during the year	1,242
Reversal of impairment	(2,082)
Disposals	(1,861)
At 31 March 2025	80,203
Net book value at 31 March 2025	86,317
Net book value at 31 March 2024	94,382

During the year a subsidiary, Palace Capital (Manchester) Limited, was disposed of which resulted in a reversal of an impairment previously recognised of £1,861,000.

The Group comprises a number of companies; all subsidiaries included within these financial statements are noted below:

Subsidiary undertaking:	Class of share held	% shareholding	Principal activity
Palace Capital (Leeds) Limited	Ordinary	100	Property Investments
Palace Capital (Northampton) Limited	Ordinary	100	Property Investments
Palace Capital (Properties) Limited	Ordinary	100	Property Investments
Palace Capital (Developments) Limited	Ordinary	100	Property Investments
Palace Capital (Halifax) Limited	Ordinary	100	Property Investments
Palace Capital (Signal) Limited	Ordinary	100	Property Investments
Property Investment Holdings Limited	Ordinary	100	Property Investments
Palace Capital (Dartford) Limited	Ordinary	100	Property Management
Palace Capital (Newcastle) Limited	Ordinary	100	Property Investments
Palace Capital (York) Limited	Ordinary	100	Property Investments
Associated Company:			
Clubcourt Limited*	Ordinary	40	Property Management

* Held indirectly

The results of the associated companies are immaterial to the Group.

The registered addresses for the subsidiaries across the Group are consistent based on their country of incorporation and are as follows: Thomas House, 84 Eccleston Square, London, SW1V 1PX

On 17 April 2024 the 21.4% holding in HBP Services Limited was transferred following the sale of Sandringham House, Harlow.

On 22 July 2024 the 100% holding in Palace Capital (Manchester) Limited was disposed of.

3. Trade And Other Receivables

	2025 £,000	2024 £,000
Accounts owed by subsidiary undertakings	25,460	22,504

Adjusted EBIT: Is adjusted profit before tax less corporation tax charge on recurring earnings (excluding deferred tax movements) divided by the average basic number of shares in the period.

Adjusted profit before tax: Is the IFRS profit before taxation excluding investment property revaluations, gains/losses on disposals, acquisition costs, fair value movement in derivatives, share-based payments and exceptional items.

Balance sheet gearing: Is the balance sheet net debt divided by IFRS net assets.

Dividend cover: Is the Adjusted profit before tax plus trading profit divided by dividends paid in the period, expressed as a percentage.

Employee Benefit Trust (EBT): the Employee Benefit Trust, administrator of the Company's share plans.

Expected credit loss (ECL): In accordance with IFRS 9, the risk of recoverability of our rental arrears are assessed. This is done using a probability weighted estimate of credit losses, being the difference between the cash flows that are due in accordance with the contract and the cash flows that the Group expects to receive.

EPRA: Is the European Public Real Estate Association.

EPRA cost ratio (including direct vacancy costs): Is a proportionally consolidated measure of the ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable). Net overheads and operating expenses relate to all administrative and operating expenses, net of any service fees, recharges or other income specifically intended to cover overhead and property expenses.

EPRA cost ratio (excluding direct vacancy costs): Is the ratio calculated above, but with direct vacancy costs removed from the net overheads and operating expenses balance.

EPRA diluted EPS: Is EPRA earnings divided by the average diluted number of shares in the period.

EPRA earnings: Is the IFRS profit after taxation excluding investment property revaluations, gains/losses on disposals and changes in fair value of financial derivatives.

EPRA EPS: Is EPRA earnings divided by the average basic number of shares in the period.

EPRA net assets (EPRA NAV): Are the balance sheet net assets according to the definitions of the various NAV measures defined in the EPRA Best Practice Recommendations that came into effect for accounting periods starting 1 January 2020.

EPRA net tangible assets (EPRA NTA): Is the NAV adjusted to reflect the fair value of trading properties and to exclude deferred taxation and derivatives.

EPRA NTA per share: Is EPRA NTA divided by the diluted number of shares at the period end.

EPRA occupancy rate: Is the ERV of occupied space divided by ERV of the whole portfolio, excluding developments and residential property.

EPRA topped-up net initial yield: Is the current annualised rent, net of costs, topped up for contracted uplifts, where these are not in lieu of rental growth, expressed as a percentage of capital value.

EPRA vacancy rate: Is the ERV of vacant space divided by ERV of the whole portfolio, excluding developments and residential property.

Equivalent yield: Is the net weighted average return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the external valuers) assume rent received annually in arrears.

Estimated rental value (ERV): Is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

IAS/IFRS: Is the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the UK.

Investment Property Databank (IPD): A wholly-owned subsidiary of MSCI producing an independent benchmark of property returns and the Group's portfolio returns.

Key Performance Indicators (KPIs): Are the most critical metrics that measure the success of specific activities used to meet business goals - measured against a specific target or benchmark, adding context to each activity being measured.

Like-for-like net rental income: Is the change in net rental income on properties owned throughout the current and previous periods under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either period, properties with guaranteed rent reviews, asset management determinations and surrender premiums.

Like-for-like valuation: Is the change in the fair value of properties owned throughout the entire year.

This excludes properties acquired during the year and disposed of during the year, but includes capital expenditure spent on the properties.

Loan to value (LTV): Is the ratio of principal value of gross debt less cash, short-term deposits and liquid investments to the aggregate fair value of properties and investments.

MSCI Inc. (MSCI IPD): Is a company that produces independent benchmarks of property returns. The Group measures its performance against both the Central London Offices Index and the UK All Property Index.

Net asset value (NAV) per share: Is the equity attributable to owners of the Group divided by the number of ordinary shares in issue at the period end.

Net initial yield (NIY): Is the current annualised rent, net of costs, expressed as a percentage of capital value, after adding notional purchaser's costs.

Net rental income: Is the rental income receivable in the period after payment of net property outgoings. Net rental income will differ from annualised net rents and passing rent due to the effects of income from rent reviews, net property outgoings and accounting adjustments for fixed and minimum contracted rent reviews and lease incentives.

Net reversionary yield (NRY): Is the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value.

Passing rent: Is the gross rent, less any ground rent payable under head leases.

Peer Group: A selection of small/medium sized property companies within the listed real estate sector with a diversified portfolio.

Proforma: A method of calculating financial results using certain projections or presumptions.

Property Portfolio: The total fair value of all investment properties and trading properties as determined by the independent valuer, CBRE.

Portfolio Valuation: The value of the Company's property portfolio, including all investment and trading properties as valued by our independent valuer, CBRE.

Property Income Distribution (PID): A dividend received by a Shareholder of the principal company in respect of profits and gains of the Property Rental Business of the UK resident members of the REIT Group or in respect of the profits or gains of a non-UK resident member of the REIT Group.

Real Estate Investment Trust (REIT): A UK Real Estate Investment Trust must be a company listed on a recognised stock exchange with at least three-quarters of its profits and assets derived from a qualifying property rental business. Income and capital gains from the property rental business are exempt from tax but the REIT is required to distribute at least 90% of those profits to Shareholders. Tax is payable on profits from non-qualifying activities of the residual business.

SONIA: Is the Sterling Overnight Index Average, the interest rate charged by one bank to another for lending money.

Tenant (or lease) incentives: Are any incentives offered to occupiers to enter into a lease. Typically the incentive will be an initial rent free period, or a cash contribution to fit-out or similar costs. Under accounting rules the value of lease incentives given to tenants is amortised through the Income Statement on a straight-line basis to the lease expiry.

Total Accounting Return (TAR): Is the increase or decrease in EPRA NAV per share plus dividends paid in the year, and this can be expressed as a percentage of EPRA NAV per share at the beginning of the period.

Total Expense Ratio: Is calculated as total administrative costs for the year divided by total asset value in the year.

Total Property Return (TPR): Total property return is a performance measure calculated by the MSCI IPD and defined in the MSCI Global Methodology Standards for Real Estate Investment as "the percentage value change plus net income accrual, relative to the capital employed".

Total Shareholder Return (TSR): Is calculated as the movement in the share price for the period plus dividends paid in

the year, divided by opening share price

Weighted average debt maturity: Is measured in years when each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end.

Weighted average interest rate: Is the loan interest per annum at the period end, divided by total debt in issue at the period end.

Weighted average unexpired lease term (WAULT): Is the average lease term remaining to first break, or expiry, across the portfolio weighted by rental income. This is also disclosed assuming all break clauses are exercised at the earliest date, as stated.



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