PALACE CAPITAL plc

EXPERTS IN REGIONAL PROPERTY

PALACE CAPITAL PLC ANNUAL RESULTS

YEAR ENDED 31 MARCH 2020

EXPERTS IN REGIONAL PROPERTY

Palace Capital are experts in regional property investment.

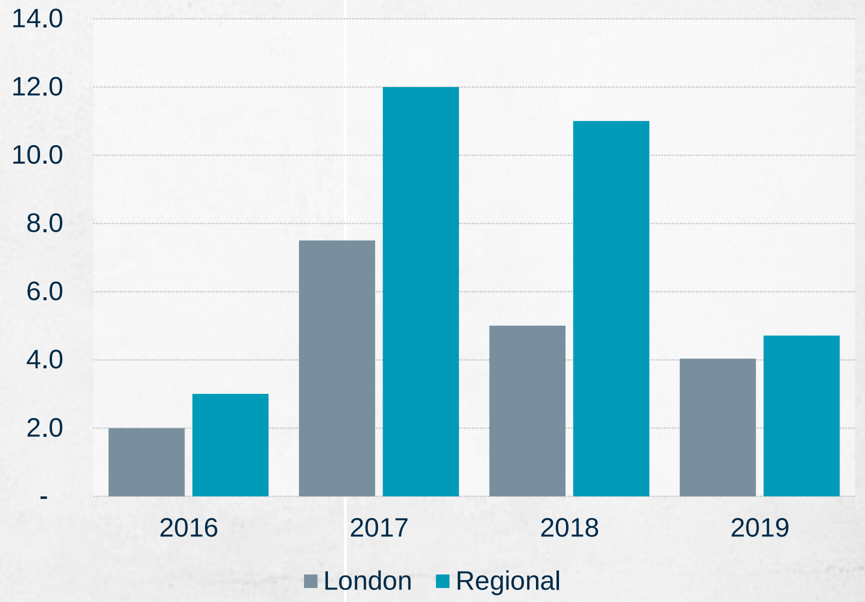
Focused on unlocking value to deliver attractive total returns.

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

Regional returns outperforming London

- Regional office returns have exceeded those generated by London every year since 2016
- Regional offices (almost 50% of our portfolio) provide one of the strongest, risk-adjusted sectors in the UK
- Reduction in office supply is driving rental value
- Supported by structural drivers and Government 'levelling up'
- Palace portfolio established over the past 10 years focused on regional office and industrial sectors

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



Source: MSCI

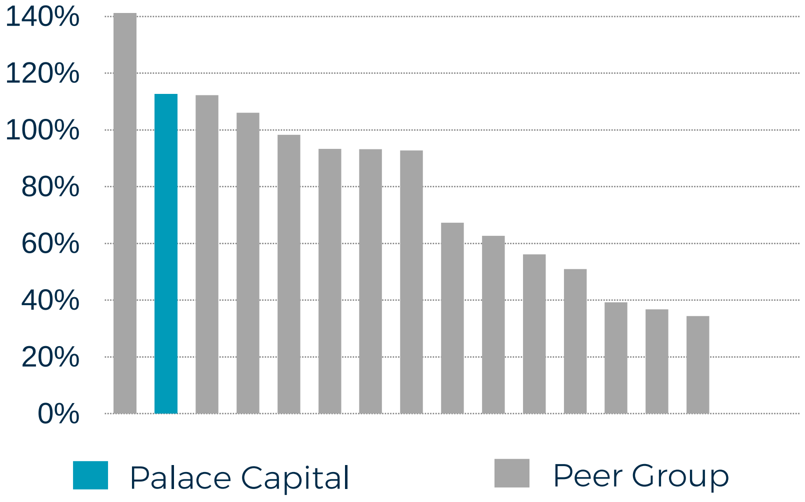
INTRODUCTION

Highlights

Focus on regional office and industrial sectors driving continued total property return outperformance

- Total property return of 1.1%, outperforming the MSCI benchmark of -0.5% and marking three successive years of outperformance
- Final dividend proposed of 2.5p per share taking the total dividends for the year to 12.0p per share
- Hudson Quarter on track for completion in March 2021, over 25% of 127 apartments already sold as at 30 June 2020
- 18 lease renewals and seven rent reviews completed at an average of 4% above ERV and a 25% uplift on previous passing rents
- 22 new leases providing £1.2 million of additional annual income

6 .5 Years Total Accounting Return vs peers
(EPRA NAV growth + dividends) now at 113%



Source: Arden Partners plc

ECONOMY

COVID-19

Priority focus on health and wellbeing of all stakeholders

Rapid response to protect the long-term value of the Group:

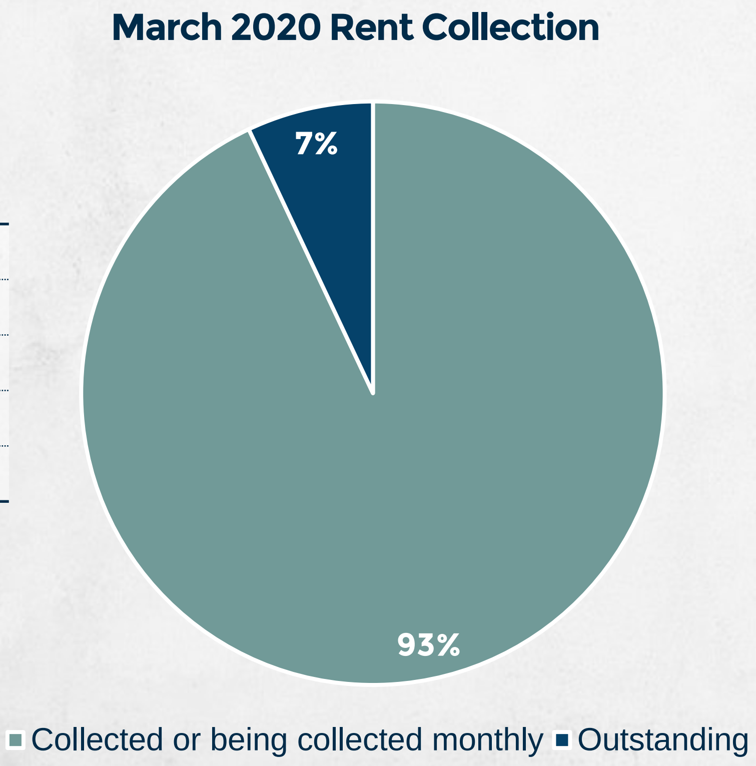
- Liquidity – Cash and available facilities of £42.7m as at 30 June 2020
- Working capital - Q3 interim dividend cancelled, all non-essential capex paused
- Active approach to tenant support – every tenant contacted in April 2020
- Support for smaller, independent tenants less resilient to the enforced closure of their space
- Requests for rent deferrals, monthly payments and waivers reviewed on a case by case basis
- Leisure sector hardest hit by non-payment albeit only 13.7% of our portfolio and constructive dialogue with the majority of tenants who are well-capitalised
- Rent collection has been robust: 93% either collected or deferred under agreed payment plans for March quarter, 84% for June quarter to 6 July 2020
- Hudson Quarter York development site remained open throughout lock-down, albeit with reduced activity as supply chain restricted and safe social distances maintained

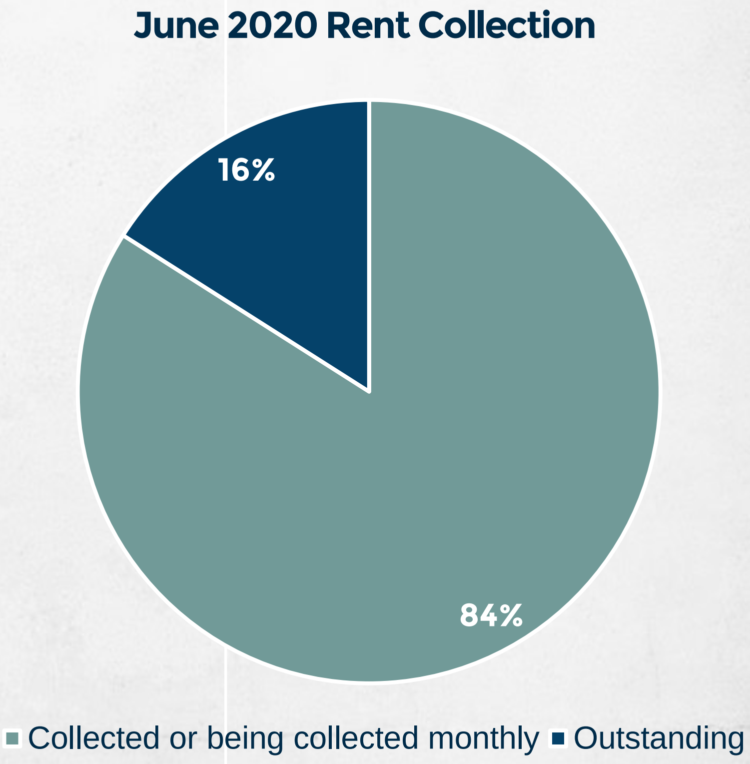
RENT COLLECTION

Liquidity & Rent Collection

March and June 2020 Quarters

LIQUIDITY AT 30 JUNE 2020	
Cash & available facilities	£42.7m
Capital commitments	(£15.8m)
Net liquidity	**£26.9m**
Annualised interest & overheads	£7.0m
Interest & overhead cash cover	3.8 yrs





FY20: FINANCIAL REVIEW

Financial Performance

Year ended 31 March 2020

Converted to a REIT on 1 August 2019

- **Part of total return strategy**
- **Eliminate tax on rental profits, saving £0.7m**
- **Maximise dividends**
- **Expected to broaden shareholder base & increase liquidity in shares**

	FY20	FY19	Change
INCOME STATEMENT			
Rental and other income	**£21.1m**	£18.8m	+12.8%
IFRS (loss)/profit	**(£5.4m)**	£5.2m	
EPRA earnings	**£10.8m**	£7.6m	
Adjusted profit before tax	**£8.0m**	£8.9m	-10.2%
Basic EPS	**(11.8p)**	11.3p	
EPRA EPS	**23.4p**	16.6p	
Adjusted EPS	**17.5p**	17.3p	+1.2%
Dividend per share	**12.0p**	19.0p	
Dividend cover	**1.5x**	0.9x	

	FY20	H1 20	FY19
BALANCE SHEET			
Portfolio value	**£277.8m**	£275.8m	£286.3m
Cash	**£14.9m**	£14.0m	£22.9m
Drawn debt	**£120.8m**	£108.1m	£119.4m
Net debt	**£106.2m**	£94.1m	£96.7m
IFRS net assets	**£166.3m**	£178.7m	£180.3m
Basic NAV per share	**361p**	388p	393p
EPRA NAV per share	**364p**	391p	407p
EPRA NNNAV per share	**361p**	388p	393p
Loan to value	**38%**	34%	34%
NAV gearing	**63%**	53%	52%

Profit reconciliation & Dividend track record

Year ended 31 March 2020

	FY20 (£'m)	FY19 (£'m)
INCOME STATEMENT		
Adjusted profit after tax	**8.0**	7.9
Surrender premium & fair value of options	**2.8**	(0.3)
EPRA earnings	**10.8**	7.6
Revaluation losses	**(17.9)**	(0.7)
Equity investment revaluation losses	**(0.4)**	(0.2)
Losses on disposals	**(0.2)**	(0.4)
Hedging and derivative losses	**(0.9)**	(1.0)
Debt termination costs	**(0.5)**	-
Deferred tax REIT adjustment	**3.7**	(0.2)
IFRS (loss)/profit for the year	**(5.4)**	5.1

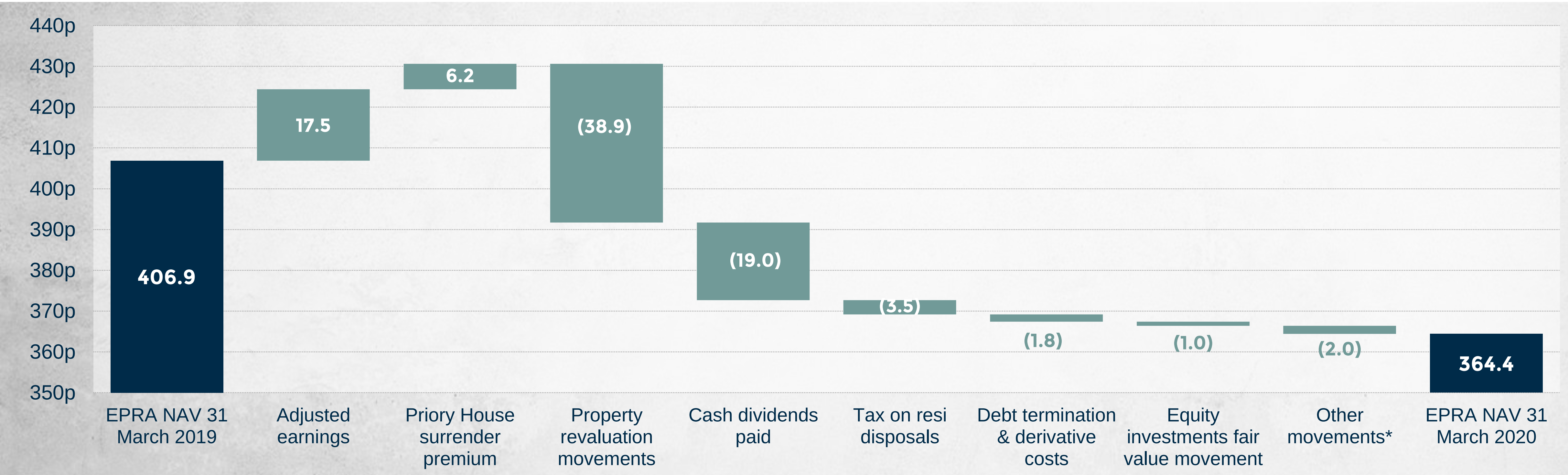
	FY16	FY17	FY18	FY19	FY20
DIVIDENDS					
Adjusted EPS	18.9p	22.2p	21.2p	17.3p	**17.5p**
DPS	16.0p	18.5p	19.0p	19.0p	**12.0p***
Dividend cover	1.2x	1.2x	1.1x	0.9x	**1.5x**
Dividends paid	£3.2m	£4.6m	£6.7m	£8.7m	**£5.6m**

*FY20 total dividends reduced as Q3 interim dividend cancelled as a result of Covid-19 but includes 2.5p proposed final dividend payable in August 2020

	FY16	FY17	FY18	FY19	FY20
ADMIN COST RATIO					
Gross revenue	£14.6m	£14.3m	£16.7m	£18.8m	**£21.1m**
Admin costs	£2.1m	£2.9m	£3.5m	£4.1m	**£4.3m**
EPRA admin costs ratio	14.4%	20.4%	20.8%	22.0%	**20.3%**

NAV bridging chart

EPRA NAV per share movements in the year



*Other movements includes sale of non-core assets and movement in treasury shares

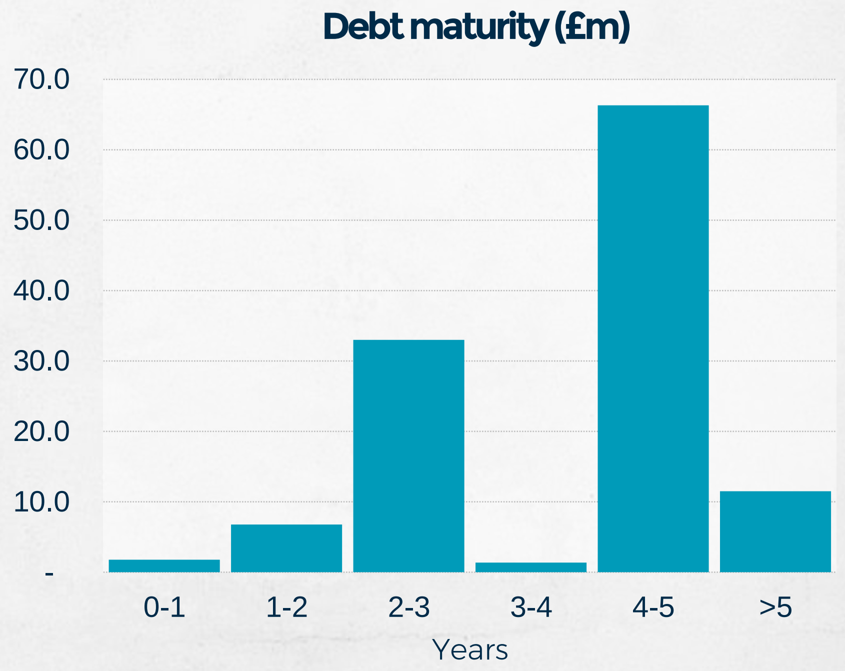
FY20: FINANCIAL REVIEW

£153.7m debt facilities

Strong relationship with lenders

LTV:	**38% (FY19: 34%)**
Average Cost of Debt:	**3.1% (FY19: 3.3%)**
Interest Cover:	**3.8x (FY19: 4.5x)**
Hedging:	**56% (FY19: 59%)**

Lender	Debt Facility (£m)	Debt Drawn (£m)	Debt Maturity	Hedging
Barclays	40.9	40.9	Jun-2024	£34.8m fixed
NatWest (RCF)	40.0	28.6	Aug-2024	100% floating
Santander	25.8	25.8	Aug-2022	£19.3m fixed
Lloyds	6.8	6.8	Mar-2023	100% floating
Scottish Widows	13.7	13.7	Jul-2026	100% fixed
Barclays (development facility)	26.5	5.0	Oct-2021	100% floating
	153.7	**120.8**	**3.9 years**	**56% fixed**



FY20: FINANCIAL REVIEW

Debt Covenants

ICR covenants range 225% - 250%

LTV covenants range 57.5% - 62.0%

£20.5m cash available at 30 June 2020

- Investment portfolio is highly cash generative - rental income would have to fall by over 40% on average for all the ICR covenants to require curing
- Values as at 31 March 2020 fell 5.7% like-for-like due to Covid and on average would need to fall a further 18% for all to require curing
- Scottish Widows and Santander covenants under most pressure at this time due to leisure exposure but covenant waivers provided by lenders. Expected to comply at July test date
- No debt matures within the next two years for investment facilities
- Hudson Quarter, York remaining expenditure is fully funded by Barclays £26.5m development facility

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

Dividend Policy

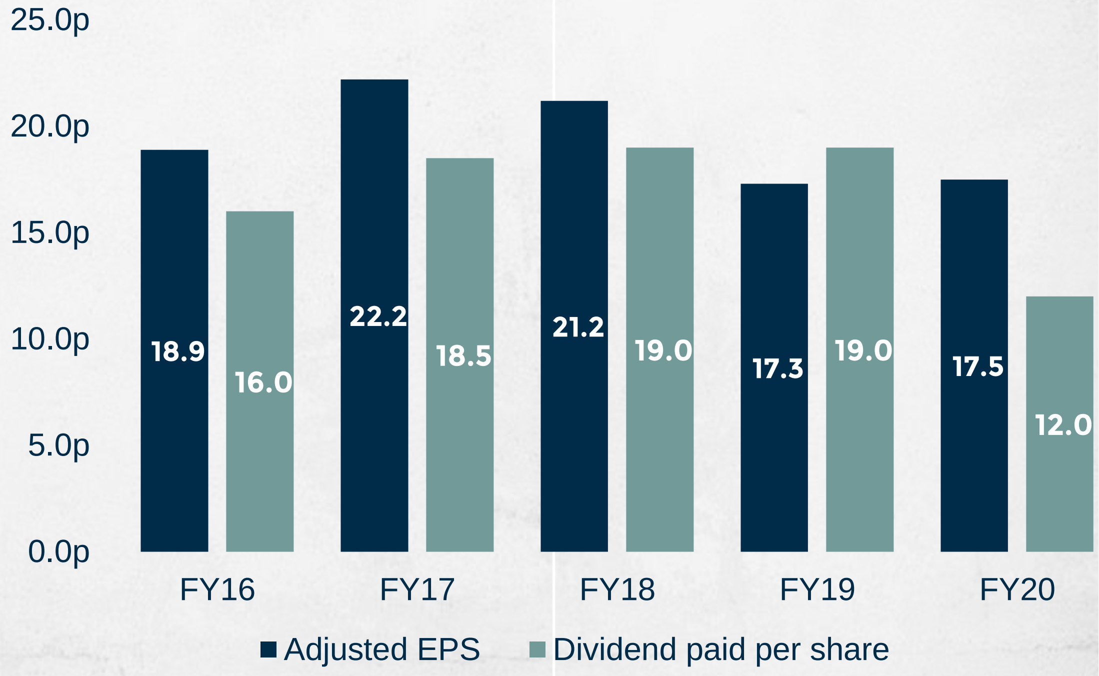
Providing a sustainable dividend level

- A final dividend of 2.5p has been proposed (approx. 50% reduction to pre-Covid level of 4.75p per quarter)
- Total dividends for the year of 12.0p (Q3 interim dividend was cancelled in light of Covid-19)

Future distributions remain under review by the Board having regard to, among other things:

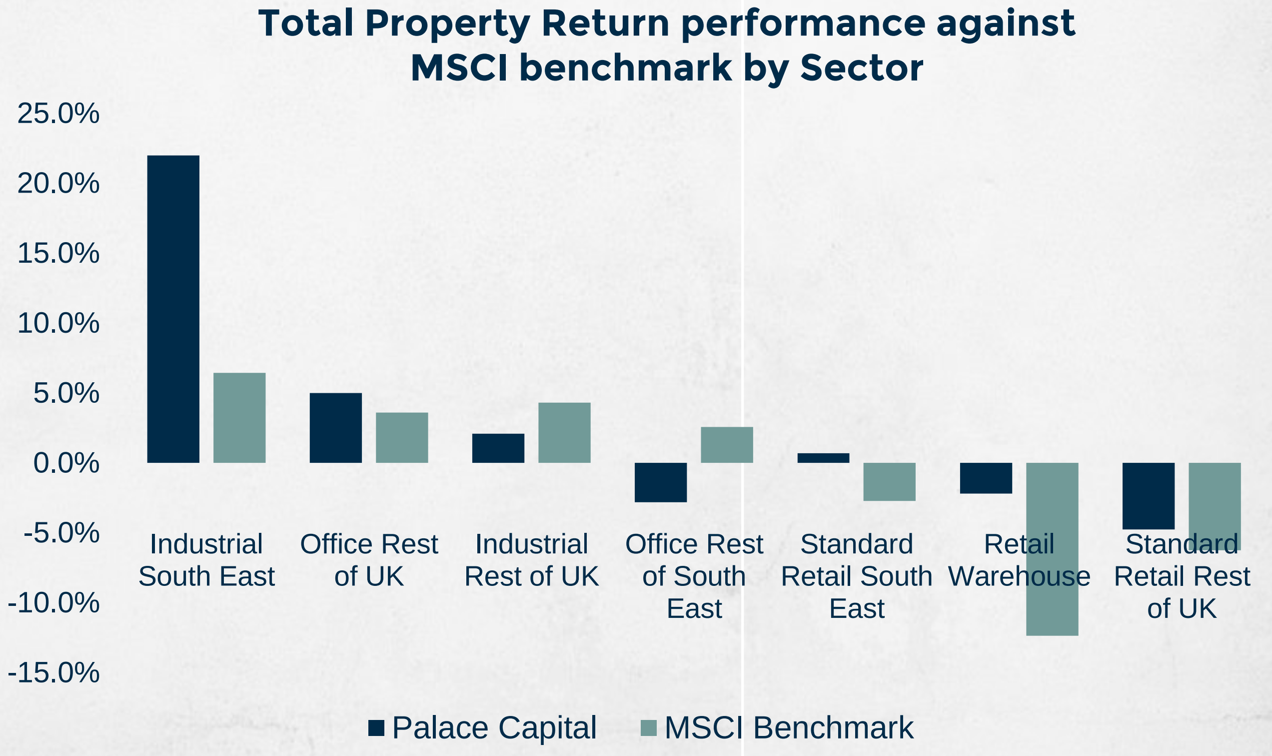
- Financial position and performance of the Group
- Levels of rental income received at the relevant time
- UK REIT requirements
- Interests of shareholders

Plan to pay quarterly dividends at a minimum level of 2.5p
This will increase with greater clarity on economic outlook



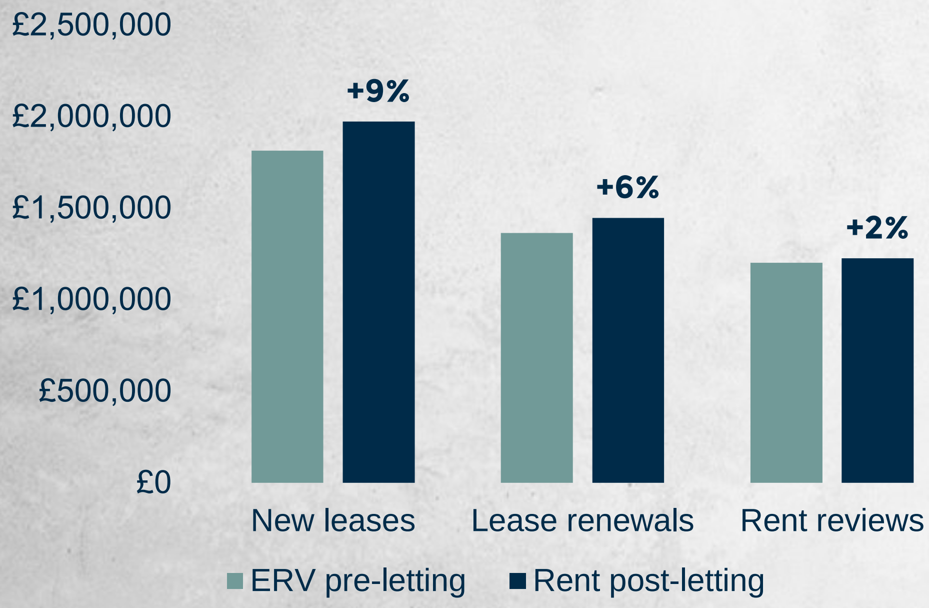
Property Portfolio – Overview
As at 31 March 2020

	FY20	FY19
Portfolio value (£m)	**£277.8m**	£286.3m
Net initial yield (%)	**6.0%**	5.7%
Reversionary yield (%)	**6.6%**	7.0%
Contractual rental income (£m)	**£17.6m**	£17.7m
Estimated rental value (£m)	**£20.6m**	£21.5m
WAULT to break (years)	**4.8 years**	4.5 years
Void rate (%)	**12.7%**	13.3%
Office weighting (%)	**46.3%**	47.3%
Industrial weighting (%)	**14.0%**	13.1%
Development weighting (%)	**13.6%**	6.5%
Core sector focus	**73.9%**	66.9%



Asset Management

Strong letting activity in the year



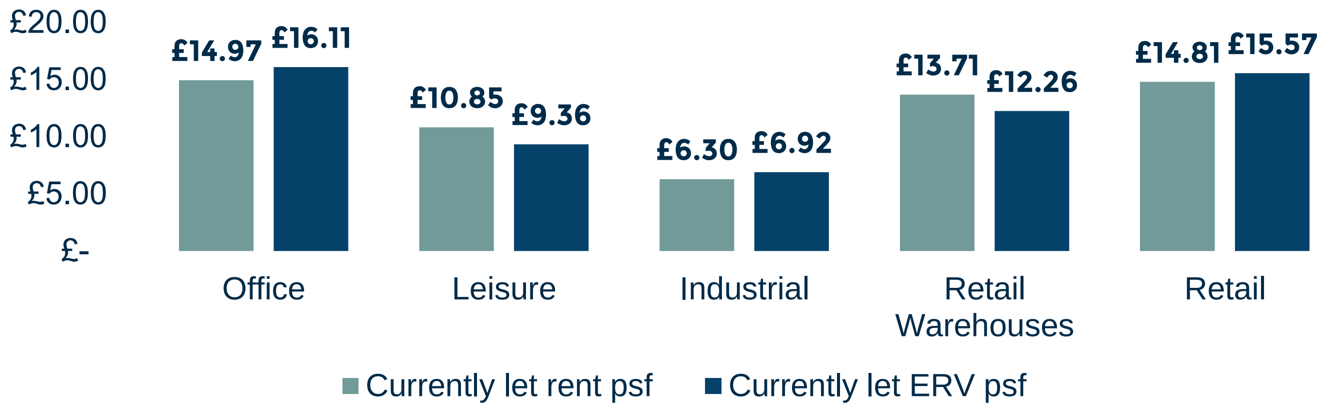
- **47** lease events in the year providing additional income of **£1.8m** pa
- **22** new leases: **9%** ahead of ERV providing additional income of **£1.2m** pa
- **18** lease renewals: **6%** ahead of ERV providing additional income of **£0.3m** pa
- **7** rent reviews: **2%** ahead of ERV providing additional income of **£0.3m** pa

Adding value to our portfolio through active asset management

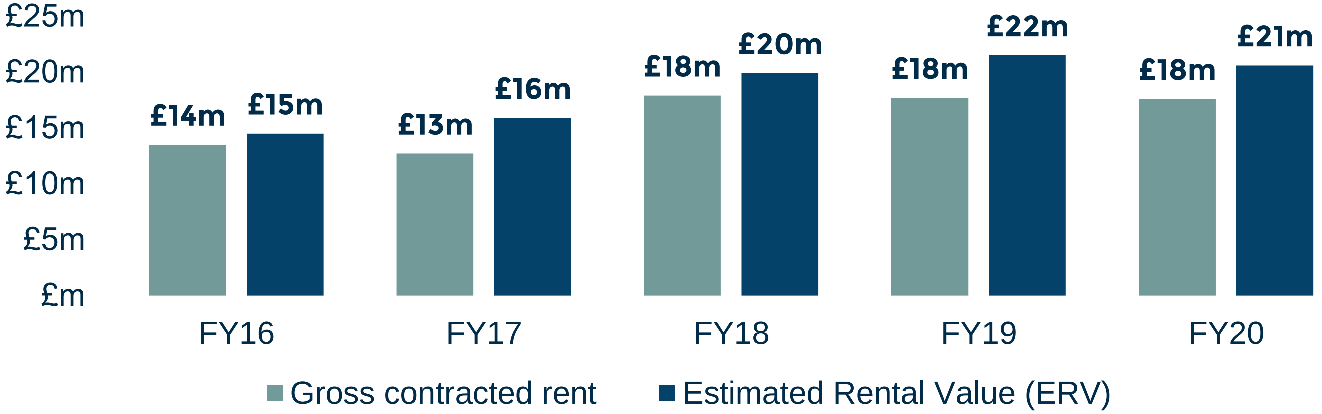
Sustainable rents across sectors

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

Rent vs ERV (psf)



Rental reversion



PROPERTY REVIEW

How we deliver value:

Hudson Quarter Development

- 127 apartments, 39,500 sq ft of offices and car parking
- Acquired for £3.8m in 2013, valued at £16m in Sep 17 when planning permission was granted
- £69m GDV, **+£10m** further surplus forecast, delivering > £20m cash on cash return
- Remaining development fully funded by Barclays
- As at 30 June 2020, 32 apartments sold valued at £8.50m, a further 5 under offer valued at £1.60m
- Marketing suite has reopened post Covid lock-down and there is increasing interest
- Pre-let 4,500 sq ft offices on ground floor of one of the residential blocks at a record rent in York of £25.00 psf
- Expected completion March 2021
- York voted Best Place to Live 2018 by Sunday Times

www.hudsonquarteryork.com

June 2020

Hudson Quarter, York

Opportunistic Development

Pipeline to generate capital growth

		Description and Status	Estimated build cost	Timing
	**High Street, Weybridge**	28 Residential Units. Planning consent achieved	£7m	Possible 2021 start
	**High Street, Uxbridge**	7 Residential Units. Planning permission granted subject to S106	£2m	Possible 2021 start or sell with planning
	**Milbarn Medical, Beaconsfield**	Mixed use development of c10,000 sq ft B1 and 10 flats being considered	£3m	Tenant break March 2022
	**Midsummer Blvd, Milton Keynes**	Potential for at least 100,000 sq. ft. office or residential. Design and pre-application for planning in course of preparation	£30m	Target 2024 start
	**Holly Walk, Leamington Spa**	Potential 70,000 sq ft residential and office development	£20m	Currently let to November 2022
	**Boulton House, Manchester**	Identified as potential future development 150,000 sq ft	£45m	Target VP by June 2024

Alternative Use:

Commercial → Mixed use

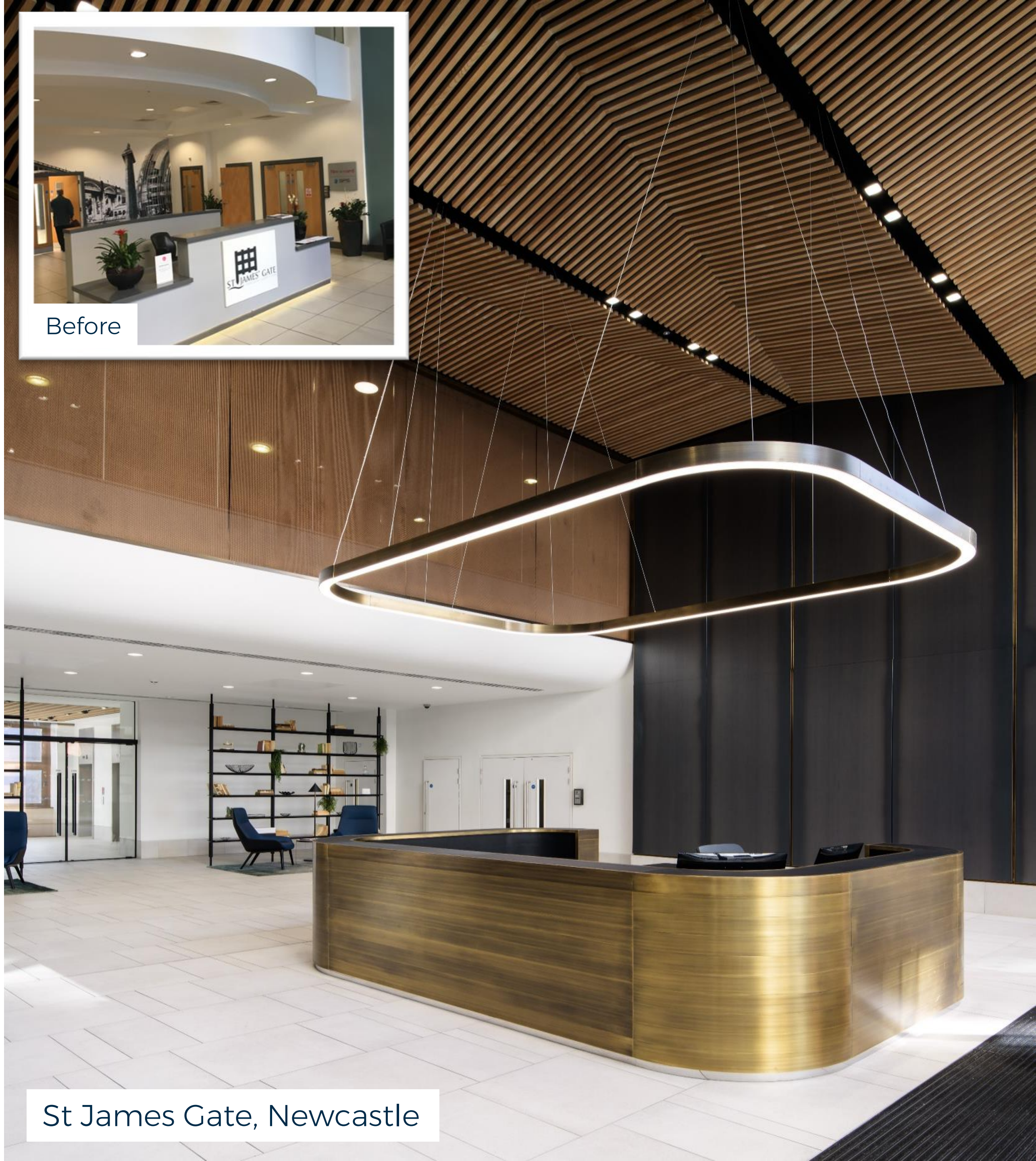
- Full evaluation undertaken to maximise shareholder value in wealthy Surrey commuter town
- Planning consent granted in July 2019 for a development of 28 apartments and 4,000 sq ft of retail space
- The apartments are a mix of 1 & 2 bedrooms, which have strong demand in central Weybridge
- Development on hold but likely to commence 2021
- GDV of £13.5m

High Street, Weybridge

PROPERTY REVIEW

Refurbishment:

- Purchased in August 2017 for £20.0m
- Average rents of £17.80 psf at purchase, Headline rentals now over £21 psf following refurbishment even after Covid-19
- Extensive refurbishment on reception, and the vacant 3rd and 7th floor
- Refurbished units expected to be let at headline ERV of £24.50 psf
- Refurbishment is ongoing with the units currently being marketed



Before

St James Gate, Newcastle

PROPERTY REVIEW

Optimising Occupancy:

- Acquired in December 2019 for £14.0m reflecting a 6.75% NIY
- Average rents of £12 psf at purchase, Headline rentals now at £17.0 psf with further growth expected
- Fully occupied with a WAULT of 3.1 years to break
- Broader trend of occupiers relocating from out of town properties into city centres
- Since 2014, Liverpool has lost over 1 million sq ft of office space
- Supply and demand dynamics provide support for rental growth in the medium term

One Derby Square, Liverpool

PROPERTY REVIEW

Repositioning:

- 90% let following new letting to Gravity Fitness (21,000 sq ft being marketed)
- £141,000 per annum added to the annual rent roll, reflecting an 8% uplift on previous net passing rent
- Mall refurbishment plans currently on hold
- Accor lease extended to 2032 post Covid-19 in return for 6 month rent free from March 2020

Sol, Northampton*
*For illustrative purposes only

LOOKING FORWARD

Value creation

Future upside within the next 2 years

		Status	Historic Performance	Future Potential	Timing
	**Hudson Quarter, York**	Construction of new development of 127 apartments, 39,500 sq ft of offices and car parking on time and budget	Acquired in 2013 for £3.8m. Uplift in value through achieving planning consents: £10m	GDV £69m Development profit £10m forecast +20pps to NAV	Forecast to complete in 2021
	**High Street, Weybridge**	Planning consent achieved for development of 28 residential units and 4,000 sq ft of retail space	Acquired in 2014 for £3.5m. 5 years of income, now vacant	GDV £13.5m	12 month build to commence once Covid-19 impact on residential demand considered
	**Boulton House, Manchester**	Centrally located office building of 75,000 sq ft, 18% vacant space available. Further common area upgrade to be carried out.	Acquired in 2016 for £10.6m +43% uplift in value to date	£1.36m p.a ERV vs £0.81m p.a. passing net rent received showing +68% potential rental growth and positive impact on capital value	Within the next 18 months
	**One Derby Square, Liverpool**	Fully let mixed-use scheme, mainly offices with retail on ground floor. Tenants include Tesco, Pret a Manger, Medicash and Exchange Chambers	Acquired in December 2019 for £14.0m reflecting a 6.75% NIY. Average rents of £12 psf at purchase, Headline rentals now at £17.0 psf with further growth expected	Supply and demand dynamics provide support for rental growth in the medium term from £1.1m p.a. passing rent to £1.2m p.a. showing +15% potential rental growth	Within the next 18 months
	**St James Gate, Newcastle**	Centrally located multi-let office building of 100,000 sq ft. Headline rentals for Grade A office space in Newcastle now at £24.50 psf.	Acquired in 2017 for £20.0m reflecting an 8.0% NIY. Average rents of £18 psf at purchase. Latest letting at over £21.50 psf.	£1.9m p.a. ERV vs £1.3m passing net rent.. Letting 2 floors currently vacant once refurbishment completed provides +41% potential increase in net rent	Within the next 18 months

LOOKING FORWARD

Disposal Strategy

Recycling capital to improve returns

- Assets with limited growth prospects
- Assets with lower than average forecast total return
- Assets where we can realise profit to reinvest
- Assets which are likely to be harder to let if they became vacant
- Vacant buildings without alternative use options
- Small, single-tenant assets attractive to owner occupiers
- Assets which will require significant capital expenditure to maintain value

Increasing exposure to core office and industrial sectors

Queensway Shopping Centre, Banbury

Russell House, Walton on Thames

LOOKING FORWARD

Current Rent Roll to ERV Bridge

+23% potential uplift

LOOKING FORWARD

Beyond HQ York

Disposal of HQ York residential in 2021 will release +£50m for earnings enhancing acquisitions

Aspirational growth shown below assuming a 7% yield leveraged at 50% with a 3% cost of debt

Portfolio Growth	£277.8m*	→	£300m	+8%
Rental Income	£17.6m*	→	£22m	+25%
Earnings per share	17.5p*	→	23p	+31%

* As at 31 March 2020

CONCLUSION

Confident outlook for regional strategy

Income and capital growth

- Rent collection holding up in response to Covid-19 lock-down
- We hold the **right assets** in the **right locations** focused in the **right sectors** with value-add potential
- **+23%** income reversion within portfolio:
  - Repositioning city centre office assets with short WAULT of **3.0yrs**
  - **+£4.0m pa** potential future income growth
- Capital growth upside:
  - **£10m** surplus forecast at Hudson Quarter, York, will increase NAV per share by 5%
  - Value creation opportunities within the portfolio identified
  - Medium term development pipeline
- Palace regional expertise & REIT status provides investors with an efficient structure to access the regional growth opportunity
- Well established platform and portfolio positioned to capitalise on Government 'levelling up' investment in the Regions post Covid-19

Regional expertise continues to deliver

PALACE CAPITAL plc

EXPERTS IN REGIONAL PROPERTY

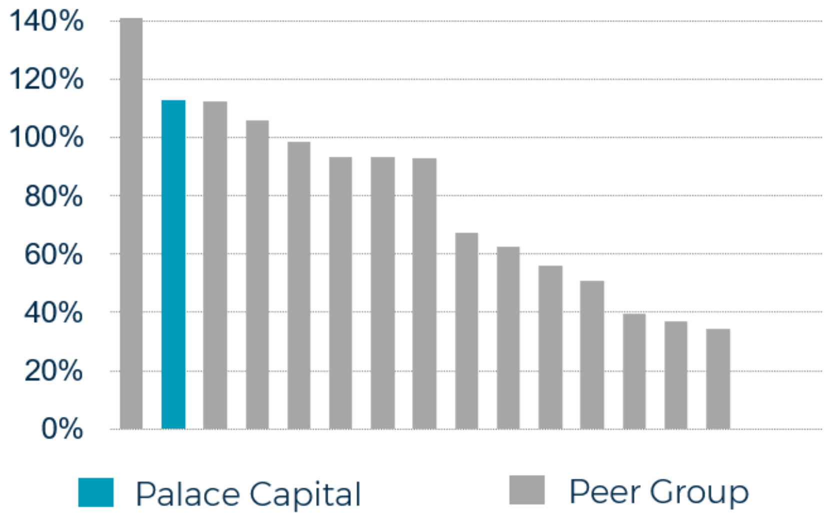
APPENDICES

Our story so far

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

	31-03-2013	**31-03-2020**
Net asset value	£0.6m	**£166.3m**
Property portfolio	£2.0m	**£277.8m**
Contractual rental income	£0.2m	**£17.6m**
Total Accounting Return over 6.5 yrs		**113%**

6 .5 Years Total Accounting Return vs peers
(EPRA NAV growth + dividends) now at 113%



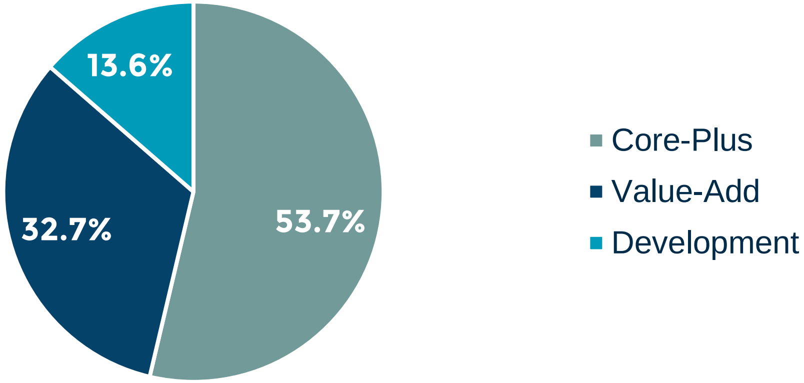
Source: Arden Partners plc

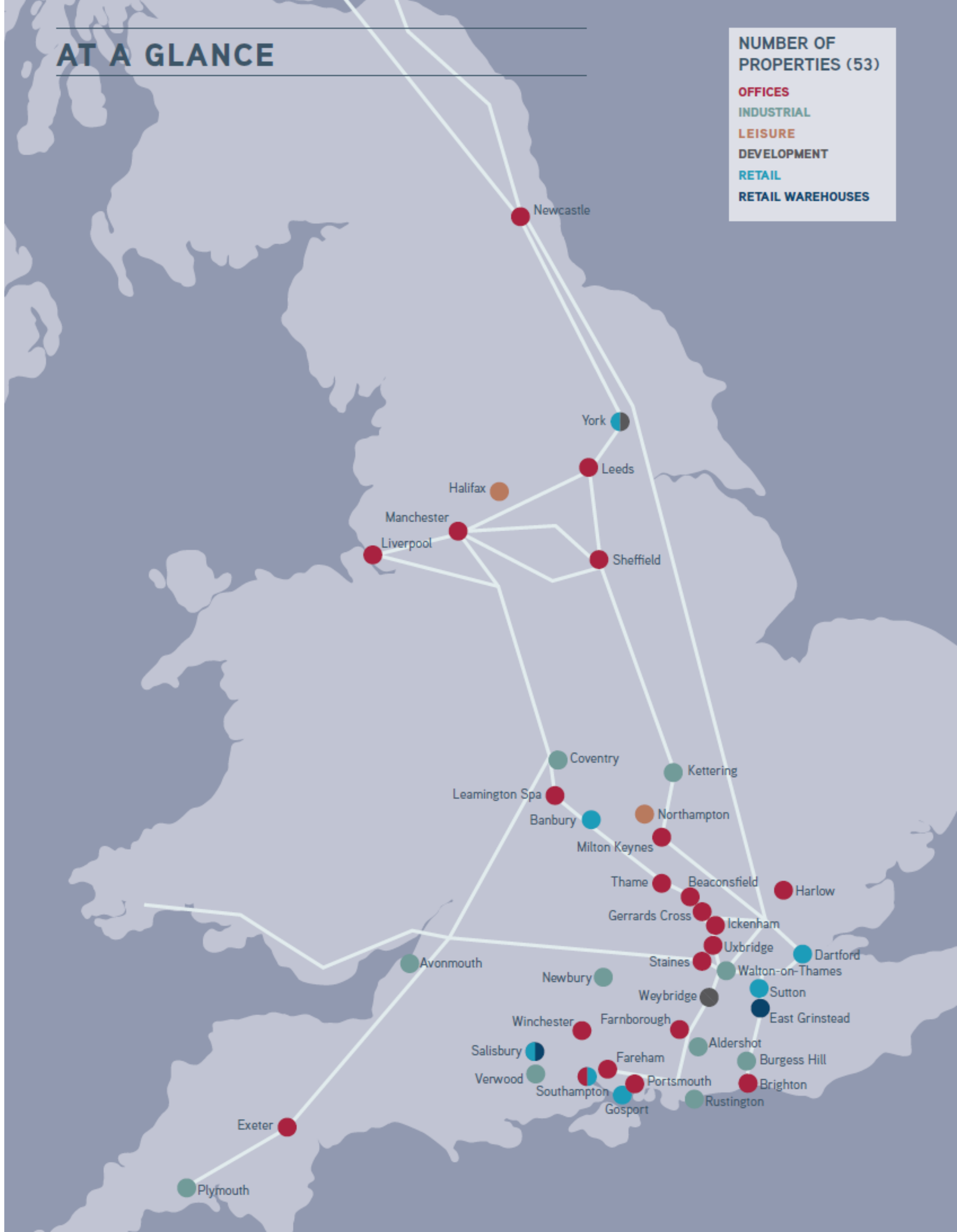
APPENDICES

Regional portfolio

Focused on office & industrial growth sectors

- Balanced portfolio of **53** properties
- Diversified granular income
    - **204** tenants in the portfolio
    - Top 20 tenants represent **42%** of portfolio
    - WAULT to break of **4.8 years**
    - The reversionary income yield of **6.6%**
- Low risk & defensive characteristics
- Located close to transport hubs





Positive impact of urbanisation and increased connectivity

The Northern Powerhouse is a prime example of a growth hub, where investment in road and rail connectivity is expected to support rising rents and growth.

Graduate retention is high in strong regional cities and we are seeing a definite trend for companies moving into strong inner-city locations as staff turnover is far lower than out-of-town locations.

Palace has targeted acquisitions to capitalise on these trends, with office buildings in city centres across the Northern Powerhouse.

BOULTON HOUSE, MANCHESTER

ST JAMES' GATE, NEWCASTLE

HUDSON QUARTER, YORK

ONE DERBY SQUARE, LIVERPOOL

BANK HOUSE, LEEDS

APPENDICES

‘Boris Bounce’ and ‘levelling up’ positive for the Regions

Palace Capital well positioned to capitalise on regional growth

- ‘Government confirmed ‘notice to proceed’ on High Speed 2’ (15th April 2020)
- ‘Goldman Sachs appoints JLL for move to regions’ – **Estates Gazette** (22nd January 2020)
- ‘KPMG pension arm seeking offices in up to 9 regional cities’ – **React News** (22nd January 2020)
- ‘Hiscox to move 300 jobs across UK from London’ – **Insurance Post** (29th January 2020)
- ‘Boris, Burnham and the £80bn Northern Infrastructure Boost’ – **Bisnow** (17th December 2019)
- ‘BBC to move two-thirds of jobs outside London by 2027 as it doubles down on regions’ – **CityAM** (12th January 2020)

APPENDICES

Top 20 Tenant Rent Collection

Reliability of income: Top 20 Tenants - 42% passing rent

96% rent collection from Top 20 Tenants in Q1 & 96% in Q2 to 6 July 2020

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

Tenant	Industry	Contracted Rent pa (£'000)	Q1 rent collection*	Q2 rent collection*
D YOUNG & CO INTELLECTUAL PROPERTY	Legal	**310**	100%	100%
BRAVISSIMO	Retail	**294**	0%**	0%**
ALDI	Retail	**291**	100%	100%
Sutton	Local Authority	**283**	100%	100%
QUADRANT SYSTEMS	Aviation	**280**	100%	100%
NHS Calderdale and Huddersfield NHS Foundation Trust	Health	**262**	100%	100%
BOOKER	Retail	**246**	100%	100%
serco	Public Services	**246**	100%	100%
Redland	Construction	**240**	100%	100%
	Automobile Repair	**227**	100%	100%

*Rent collection is defined as rent collected in full, and/or rent being collected monthly as per the payment plan agreed with the tenant
**Non-collection to date as retail operations shut during lock-down

Hudson Quarter Timeline

- **Sep 2013** – Acquired as part of Quintain portfolio
- **Feb 2016** – Planning permission granted for conversion
- **Aug 2017** – Planning permission for development granted
- **Dec 2018** – Demolition completed
- **Feb 2019** – Funding secured from Barclays
- **2020** – Construction on-going
- **2021** – Completion scheduled for 2021

Financial track record

Solid growth of the portfolio driving earnings

BALANCE SHEET	FY16	FY17	FY18	FY19	FY20
Property portfolio	£173.4m	£183.2m	£276.7m	£286.3m	**£277.8m**
IFRS net assets	£106.8m	£109.6m	£183.3m	£180.3m	**£166.3m**
EPRA NAV per share	414p	443p	415p	407p	**364p**
Group LTV	37%	37%	30%	34%	**38%**

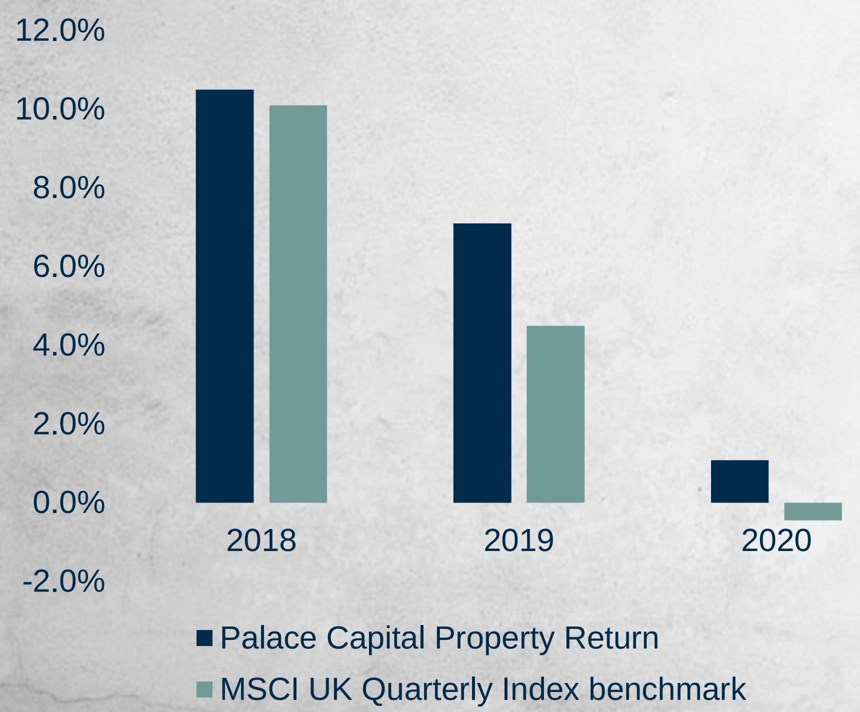
INCOME STATEMENT					
Adjusted profit before tax*	£5.6m	£6.7m	£8.5m	£8.9m	**£8.0m**
Adjusted EPS	18.9p	22.2p	21.2p	17.3p	**17.5p**
Dividend per share	16.0p	18.5p	19.0p	19.0p	**12.0p**
Dividend cover	1.2x	1.2x	1.1x	0.9x	**1.5x**

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

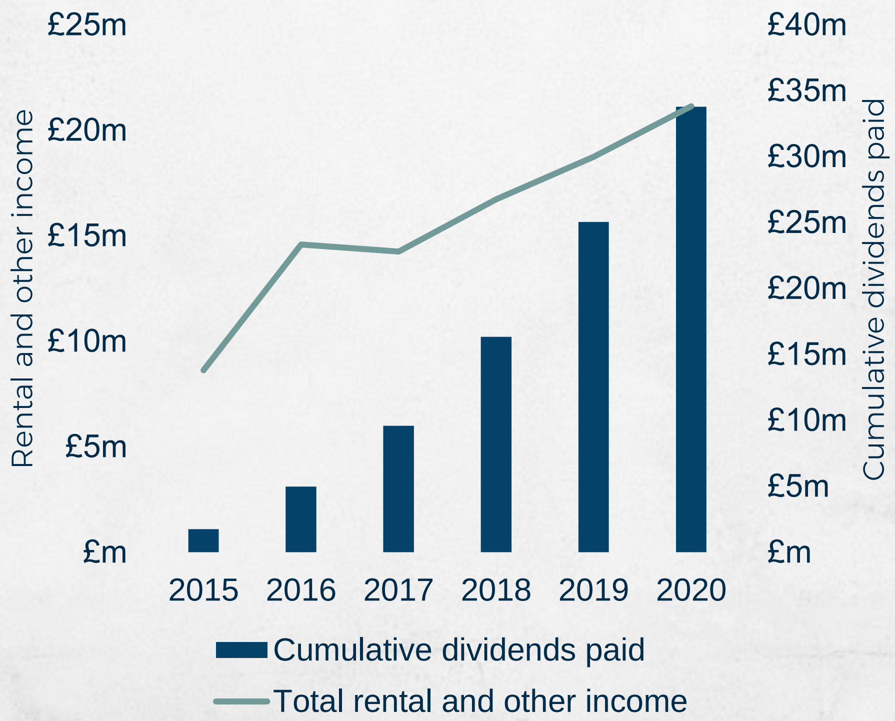
Strong track record of Value Creation

Income and Capital Return

Total Property Return Vs MSCI Benchmark



Rental Growth and Dividend Pay-Out



Continuing to outperform the MSCI benchmark for the last 3 years

£34m of dividends paid to date

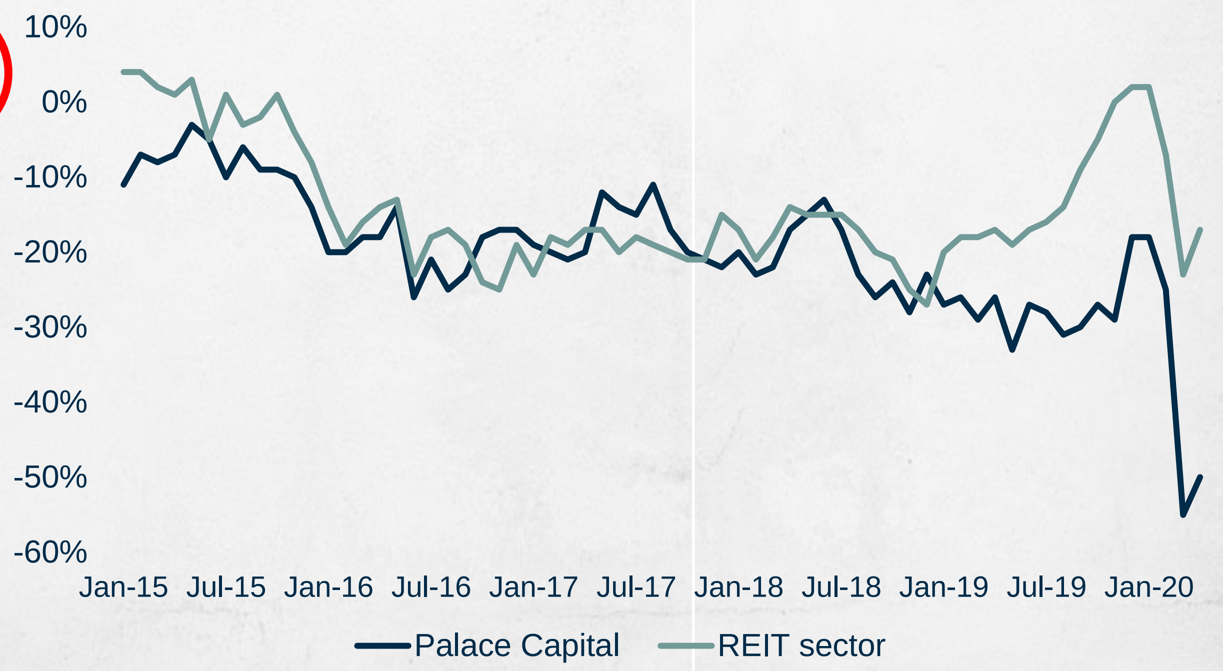
Strong track record of Value Creation

Shareholder Return

Total Shareholder Return

Covid-19 impact

Palace Capital discount to NAV vs REIT sector average discount to NAV since 2015



Sector splits

Regional Office and Industrial focus

	Market value 31 March 2020 (£)	% of Portfolio by market value	No. properties	No. leases	Area (sq ft)	Contractual rental income p.a. (£)	ERV (£)*	WAULT to break (yrs)	Total ERV of void (£)
Offices	128,495,000	46.3%	28	120	778,218	8,753,633	11,480,070	3.0	2,092,312
Industrial	38,805,000	14.0%	10	38	409,593	2,438,709	2,795,890	3.9	118,100
Leisure	37,850,000	13.7%	2	20	306,970	3,577,541	3,295,049	9.5	228,418
Development	37,830,000	13.6%	2	-	-	-	-	-	-
Retail	23,885,000	8.6%	8	38	128,171	1,959,665	2,235,961	7.3	181,440
Retail Warehouses	10,545,000	3.8%	2	3	59,478	759,964	679,800	6.8	-
Other	360,000	-	1	1	8,660	115,132	132,000	3.3	-
Total	**277,770,000**	**100%**	**53**	**220**	**1,691,090**	**17,604,644**	**20,618,770**	**4.8**	**2,620,270**

* Based on Cushman & Wakefield estimated rental values

Top 10 assets by value

57% of total portfolio

Property Name	Sector	Area (sq ft)	Gross rental income p.a. (£)	Reversionary yield*	WAULT to break (yrs)
Hudson Quarter, York development	Development	n/a	n/a	n/a	n/a
Broad Street Plaza, Halifax	Leisure	117,767	1,765,882	7.19%	11.4
2 & 3 St James Gate, Newcastle	Offices	99,125	1,349,441	8.47%	4.3
Sol, Northampton	Leisure	189,203	1,811,659	7.87%	6.9
Boulton House, 17-21 Chorlton Street, Manchester	Offices	74,653	814,924	7.87%	2.6
One Derby Square, Liverpool	Offices	70,161	1,053,298	8.13%	3.2
Bank House, 27 King Street, Leeds	Offices	88,036	483,150	8.88%	3.2
Kiln Farm, 2-4 Pitfield, Milton Keynes	Offices	52,818	663,617	7.49%	7.0
Units A & B, Imberhorne Lane, East Grinstead	Retail Warehouse	30,672	514,018	6.17%	7.3
25 & 27 Black Moor Road, Verwood	Industrial	65,765	374,550	5.87%	3.2
Total		**788,200**	**8,830,539**		

* Based on Cushman & Wakefield estimated rental values

APPENDICES

Valuations

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

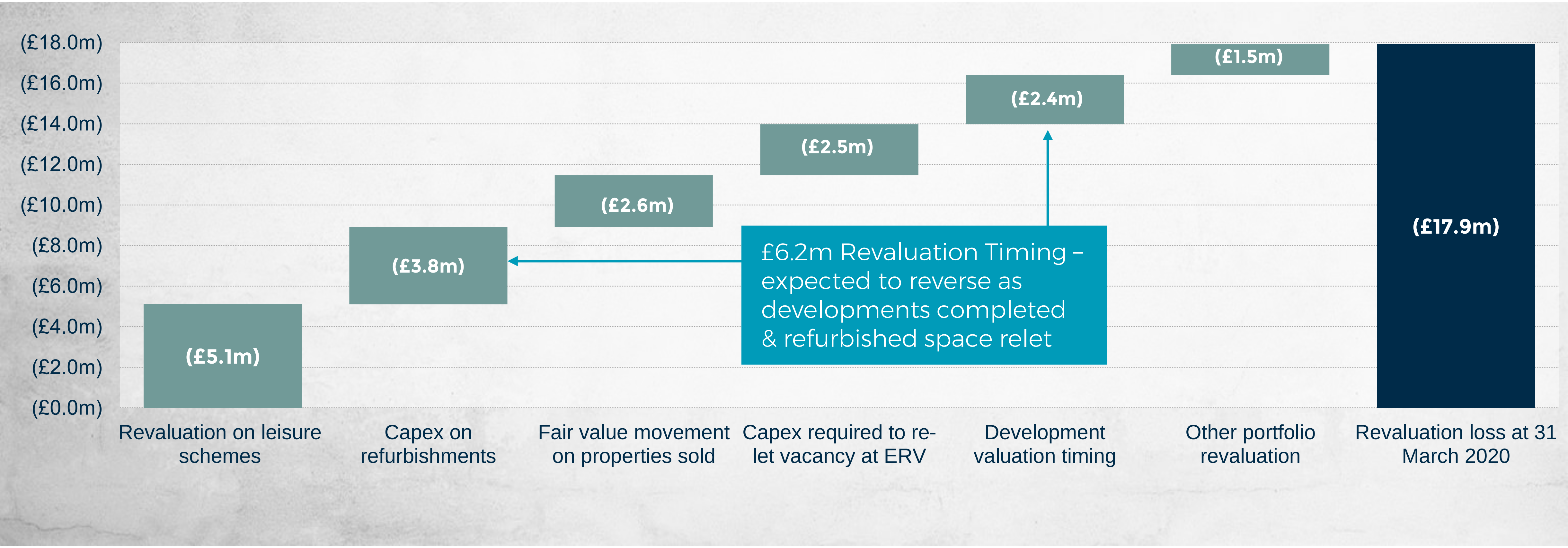
	Market value 31 March 2020 (£)	Market value 31 March 2019 (£)	Gain/(loss) (£)	Gain/(loss) %	EPRA topped-up NIY %
Offices	128,495,000	130,325,000*	(1,830,000)	(1.4)%	5.8%
Industrial	38,805,000	37,735,000	1,070,000	2.8%	5.8%
Leisure	37,850,000	41,380,000	(3,530,000)	(8.5)%	8.9%
Development	37,830,000	22,140,000	15,690,000	70.9%	N/A
Retail	23,885,000	25,870,000	(1,985,000)	(7.7)%	6.9%
Retail Warehouses	10,545,000	11,540,000	(995,000)	(8.6)%	6.8%
Other	360,000	440,000	(80,000)	(18.2)%	N/A
Total market value	**277,770,000**	**269,430,000**	**8,340,000**	**3.1%**	
Capital expenditure in FY20**	(23,822,051)	-	(23,822,051)		
Total like for like	**253,947,949**	**269,430,000**	**(15,482,051)**	**(5.7)%**	

*Excludes properties disposed in FY20
**Includes all capital expenditure on developments, refurbishments, and capitalised legal and letting fees incurred in FY20

- Core sectors office & industrial valuations held up well at 31 March 2020 and expected to remain resilient
- Leisure, retail and retail warehouse sectors all saw significant downward movement in valuations from Covid-19
- Assets under development increased in value as a result of continued expenditure

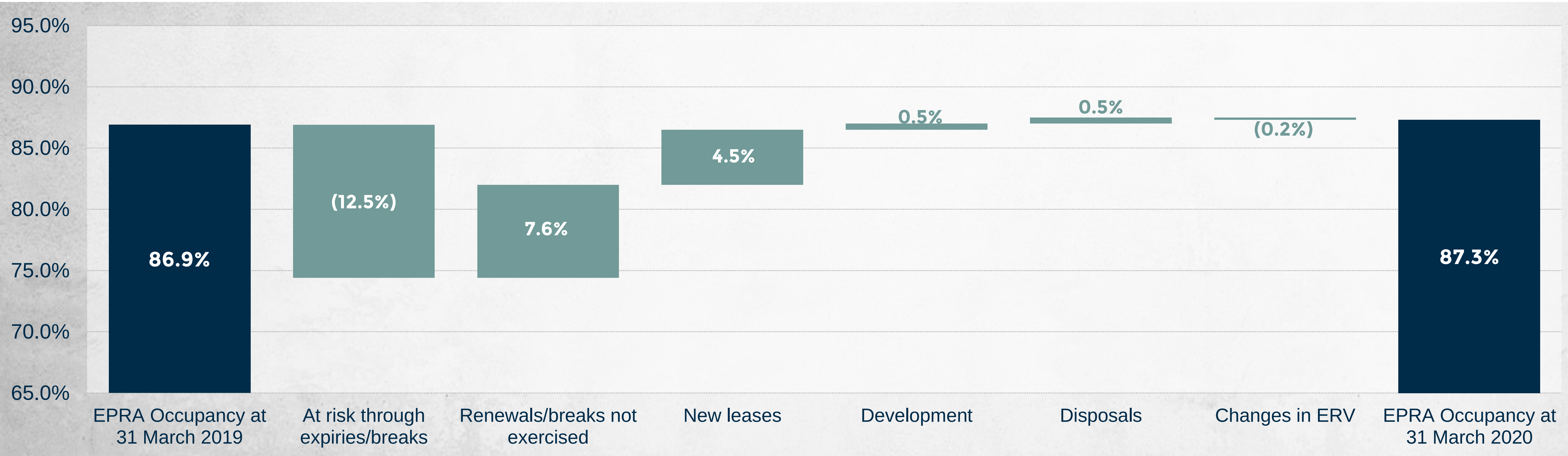
Property revaluation movement

Covid-19 significant impact on year-end valuations



EPRA Occupancy

Maintaining occupancy through active asset management



Biographies

NEIL SINCLAIR
Chief Executive

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

STEPHEN SILVESTER
Finance Director

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

RICHARD STARR
Executive Property Director

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

STANLEY DAVIS
Chairman

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

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