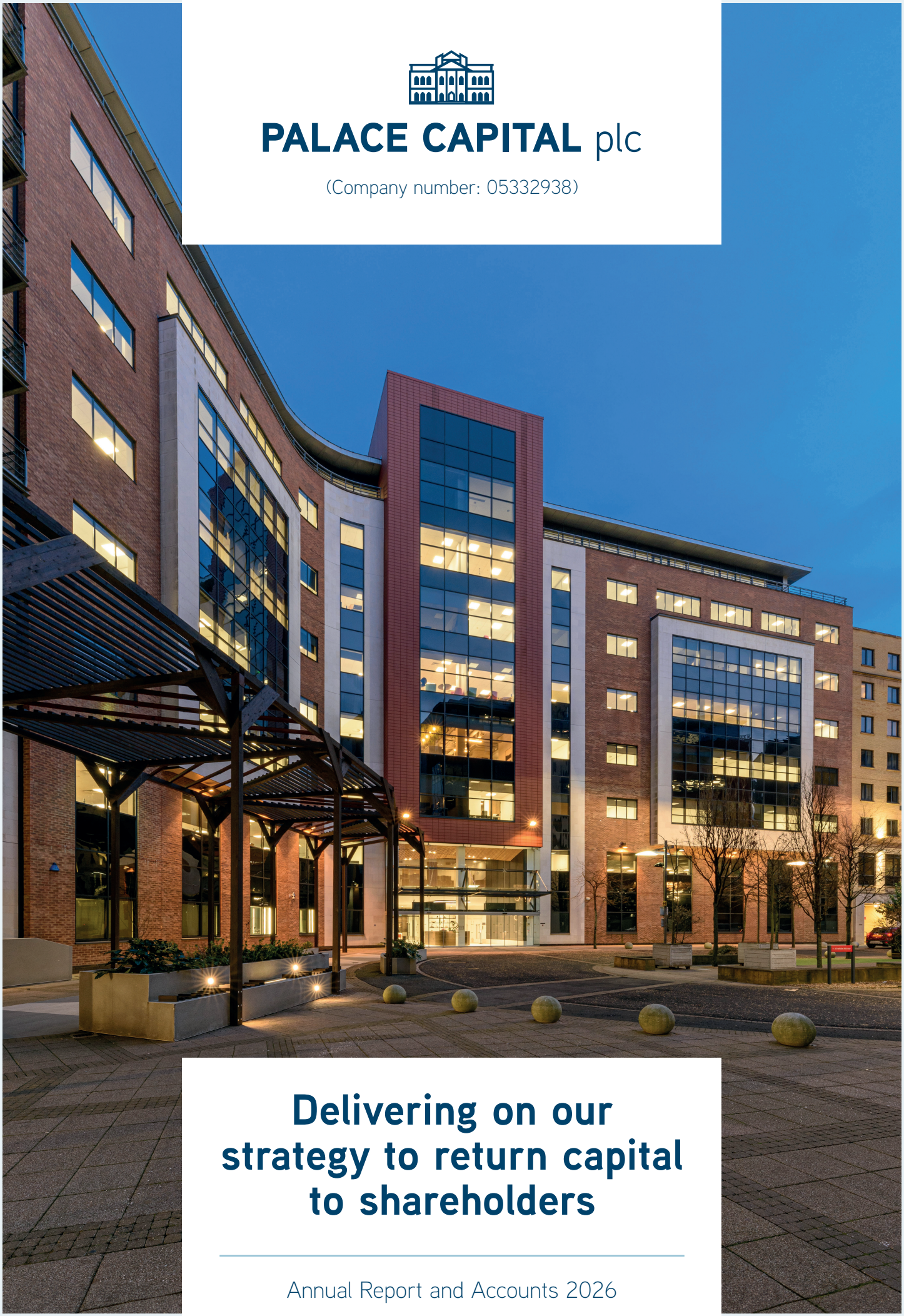

PALACE CAPITAL plc

(Company number: 05332938)

Delivering on our strategy to return capital to shareholders

Annual Report and Accounts 2026

Welcome to
Palace Capital

Our Strategy

is focused on maximising cash returns to shareholders.

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Non-Executive Chairman's statement

This is the first Annual Report published since Valentin Pierburg and I joined the Board on 23 January 2026.

We would like to take this opportunity to express our sincere gratitude for the strong support we received from both institutional and retail shareholders during January 2026, as well as the continued support shown since our appointment.

Since joining the Board, we have acted swiftly, taking several steps that we believe will protect shareholder value.

In February 2026, we withdrew Imperial Court and House, Leamington Spa, from the sale agreed to by the previous Board, as we believed a superior outcome could be achieved.

We have since renegotiated the terms of the main occupier's lease, removing a mutual break option in May 2029 and extending the overall term by two years to May 2036. Consequently, the WAULT has improved to 7.7 years to expiry and 6.2 years to break (compared to 5.6 years to expiry and 2.9 years to break previously).

We are currently exploring a further value-enhancing asset management initiative before remarketing the property. Imperial Court and House is arguably the portfolio's strongest remaining asset, and securing the maximum achievable value is crucial.

On the other hand, 2 St James' Gate, Newcastle, currently represents our most challenging asset. A high vacancy rate (by estimated rental value ("ERV")) of 32% – compounded by a persistently disappointing tenancy with serviced office provider Orega – means that four of the eight floors are non-income-producing and generating void costs. Additionally, property inspections over recent months highlighted an immediate need for capital expenditure. We have already replaced the air conditioning chiller unit at a cost of £0.1 million and will soon finalise a decision regarding the modernisation of the three lifts at an estimated cost of £0.3 million. Given current vacancy levels, a significant portion of these costs will ultimately be borne by the Group.

There have, however, been green shoots – as evidenced by the letting to Optima Health – which encourage us to make these investments. Our commitment has also allowed us to engage proactively and credibly with a significant existing occupier regarding a lease renewal. These discussions, while ongoing, are progressing constructively.

In York, we have furnished the five remaining apartments at Hudson Quarter to an international standard. While this should enhance their overall marketability, our decision was supported by the fact that City of York Council will now only be permitted to apply a premium of 100% (rather than 200%) to the council tax of the unsold apartments, resulting in an average saving of c.£5,000 per apartment.

Unfortunately, the prospective buyer of The Forum, Exeter, has informed us that it has paused all new acquisitions and is undertaking a review of existing capital expenditure plans. This is particularly disappointing given the protracted negotiations to date and the asset's strong strategic fit with the buyer's long-term objectives. Because this development occurred after the conclusion of CBRE's independent valuation as at 30 September 2026, CBRE has advised that had the offer not been in place at the valuation date, the property's valuation would have been c.£1.3 million lower. We intend to remarket the property as soon as practicable.

Sol, Northampton made some progress, securing two small lettings with a third in legals. Additionally, performance at the car park has shown sustained improvement in recent months. We have identified a potential value-enhancing asset management opportunity and plan to market the property for sale once negotiations have concluded.

Following the cost-reduction measures implemented at the head office level, the current annualised run rate for the Group's administrative costs is c.£0.8 million. We continue to seek further opportunities to cut spending.

Separately, the recent outward movement in UK government bond yields presented an opportunity to allocate the majority of our net cash position (£4.6 million at 30 September 2026) to short-dated UK government bonds.

Dividend

In preceding periods, dividends were at a rate which was uncovered by profits earned, the last of these uncovered distributions being in April 2026. At that time, we advised of our intention to stop the practice of uncovered dividend payments as this did not represent an efficient method to return capital for many of our shareholders. In September 2026, we announced an interim dividend at a revised rate of 1.50 pence per share which is covered based on the Group's financial information. The Board today propose a further dividend of 1.50 pence per ordinary share; this final dividend is expected to be paid as a non-PID and will be put forward for approval by shareholders at the upcoming AGM.

Christian Kappelhoff-Wulff
Non-Executive Chairman

23 November 2026

Operational Review

Portfolio overview

As at 30 September 2026, the portfolio comprised five properties (31 March 2025: seven), comprising by value 60% office, 32% leisure and 8% residential, which were independently valued by CBRE at £29.8 million (31 March 2025: £53.2 million), resulting in a deficit of 20.9% or £6.8 million on a like-for-like basis compared with the valuation as at 31 March 2025. The reduction in total value principally reflects disposals over the period, including Broad Street Plaza, Halifax (31 March 2025 valuation: £8.5 million), the commercial offices at Hudson Quarter, York (31 March 2025 valuation: £9.6 million), five residential apartments at Hudson Quarter and Unit 3A at St James' Gate, Newcastle (31 March 2025 valuation: £0.4 million). The portfolio reflects a net initial yield of 8.5% and an equivalent yield of 14.7%.

The three office assets fell by 21.9% or £4.5 million on a like-for-like basis to £18.0 million. The 32.7% (£3.5 million) fall in the value of St James' Gate, Newcastle to £8.3 million accounted for the bulk of the office portfolio valuation loss. The decline was driven by a combination of softening yields, with the equivalent yield moving out from 12.7% to 13.8%, and the terms of the lease on the space occupied by Orega, a flexible, serviced office workspace provider, resulting in the payment of no rent. Vacancy (by ERV) at St James' Gate was unchanged at 32% compared to March 2025, with the letting of the 7th floor West to Optima Health, offset by Flex-e-Card vacating the ground floor West.

Imperial Court and House, Leamington Spa fell by 9.9% or £0.7 million to £6.0 million, as the equivalent yield moved out from 9.7% to 11.7%, notwithstanding the completion of Lighthouse Games' reversionary lease to May 2036.

The Forum, Exeter declined by 9.6% (£0.3 million) to £3.8 million as at 30 September 2026. At the period end this property was under offer and that was reflected in the independent valuation as at the valuation date. Unfortunately, in November 2026 the prospective buyer informed us that it has paused all new acquisitions. Our independent valuer (CBRE) has advised that had the offer not been in place at the valuation date, the property's value would have been c.£1.3 million lower (see Note 18 to the Financial Statements for further detail).

The leisure asset, Sol, Northampton, declined by 19.5% or £1.9 million to £9.6 million, reflecting a net initial yield of 15.4% (March 2025: 14.2%). During the period, new lettings were agreed with Alaynna Retail, Elite Physio, and Mare Fair Trading (trading as Innoflate).

The Hudson Quarter property in York was valued at £2.2 million, comprising the five remaining apartments (£1.8 million), the ground rent on sold apartments (£0.3 million) and three parking spaces (£0.1 million). This represents a like-for-like decline of 17.1% or £0.4 million compared with 31 March 2025. During the period, five apartments and four parking spaces were sold for a total of £1.9 million.

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

Hudson Quarter, York

As at 30 September 2026, there were five apartments remaining for sale at Hudson Quarter, York, valued at £1.8 million.

The York residential market has held up better than many UK cities, with average prices rising by 1.8% in the year to July 2026. However, the apartment market has been weaker, with average apartment prices falling by 1.9% over the same period, as buyers have become increasingly selective and price-sensitive, with realistic pricing and presentation becoming more important than in previous periods. Higher fixed-mortgage rates in the immediate and near term are adding to affordability pressures for owner-occupiers and a less beneficial tax regime for buy-to-let investors has reduced the number of people investing in buy-to-let properties. Against those headwinds, investor demand continues to be supported by strong rental demand in the city.

City of York Council recently applied a "long term empty premium" of 200% to the council tax on the unsold flats and the Group has submitted an appeal to the Valuation Tribunal for the backdating of the premium, with an outcome expected in the first half of 2027. A decision has been made to furnish the unsold apartments which would permit City of York Council to apply a premium of "only" 100% going forwards, resulting in a council tax saving of c.£5,000 per apartment on average while improving the marketability of these unsold flats.

The remaining four investment properties, which had a value of £27.9 million as of 30 September 2026, are:

Sol, Northampton

The leisure sector continues to face a challenging backdrop of cautious consumer spending, rising operating costs and changes in fiscal policy, which has weighed on pricing and led to an outward movement in yields for secondary assets with investors pricing in more risk.

Reflecting recent transactional evidence in the sector, including the sale of Broad Street Plaza, Halifax at a net initial yield of 14.9%, the valuers have moved out the initial and equivalent yields at Sol, Northampton to 15.4% and 17.7% respectively (31 March 2025: 14.2% and 12.2%). The impact on value was partially offset by a 7.1% increase in net income to £1.6 million.

In September 2026 the Company completed a letting of unit 11 (15,544 sqft) to Mare Fair Trading (trading as Innoflate), for a 10-year term with a tenant break in year five and an annual rent of £50k. Innoflate is an indoor inflatable playground which occupies the space previously occupied by Gravity Fitness (Northampton) Ltd.

During the period, the Group also completed new lettings with Alaynna Retail and Elite Physio. These lettings will contribute to the reduction of non-recoverable property costs going forward.

Separately, the Group continues to implement the key recommendations of the fire strategy review, which is drawing to its conclusion.

St James' Gate, Newcastle

The city centre office market in Newcastle remains highly competitive, with demand reported to be concentrated on higher-grade buildings with strong ESG credentials. Corporate occupiers continue to prioritise a "flight to quality", and the obsolescence of older, secondary stock is becoming more pronounced. City centre take-up in the third quarter of 2026 totalled 73,600 sqft across 13 transactions, with Grade A space accounting for 87% of the total. Grade A rents ranged from £24 to £30 psf, compared with £15 to £16 psf for Grade B space.

The Grade A refurbishment of the two vacant floors at 2 St James' Gate (at a cost of £1.5 million) has now been completed. This has delivered what the Board considers to be a "best in class" sustainable workspace with all-electric VRF air conditioning, a contemporary look and feel, exposed ceiling services and LED intelligent lighting. As a result, the whole building has now achieved an EPC B rating. The Board's strategy is to successfully let these two floors before pursuing a sale of the asset.

In August 2026, the Group completed the letting of the part 7th floor (3,412 sqft) to Optima Health for a term to April 2041 with a tenant break in April 2034 and an annual rent of £80k, 16.5% ahead of the ERV as stated on the prior valuation. Optima Health, which employs a team of over 1,450 occupational health clinicians in the UK and Ireland, undertakes occupational and medical examinations for the public sector.

Our assessment of the Orega management contract is that it is uneconomic and the envisaged base rent of c.£20 psf across its 22,356 sqft demise will not be achieved in the foreseeable future, if ever. This is in part due to the contract allowing Orega to deduct various expense-like items before calculating rent payable. Orega's occupancy continues to increase under the management agreement (currently at 74%) which ordinarily would have triggered a partial base rent payment. However, the accommodation was recently brought into the rating list, and the VOA has applied a 'single' basis of assessment (not the 'desk-by-desk' basis assumed in Orega's business plan). Under a single assessment the business rates liability is higher, and therefore Orega will need to achieve a higher (and sustained) occupancy for the Group to receive partial base rent.

Unit 3A was sold for £0.6 million and Unit 3C is on the market for £0.4 million following a strip out of the previous tenant's alterations putting it back to 'shell and core'.

The September 2026 valuation of 2 St James' Gate was £8.0 million. This valuation includes a provision made by the valuers for capital expenditure in 2027, should tenants not renew leases.

Imperial Court and House, Leamington Spa

The Group withdrew from a sale of the property in Leamington Spa in February 2026 as higher conditional offers had been received before it was placed under offer. The Group re-considered its options and focussed on asset management initiatives ahead of a sale.

Imperial Court is occupied by Lighthouse Games. In September 2026 the Group successfully removed the mutual break in May 2029 and extended the lease to May 2036. Furthermore, the existing uncapped RPI index-linked rent review dated 15 May 2029 was varied and capped at £433k pa (passing rent £378k pa) for the remainder of the term.

The letting to Secret Mode in December 2025 and the reversionary lease to Lighthouse Games have increased the WAULT to 7.7 years to expiry and 6.2 years to break (up from 2.9 years as at 31 March 2025). Further value accretive asset management initiatives are being explored.

The investment market for offices has weakened in 2026, primarily due to downbeat investor sentiment as a result of higher-yielding gilt markets and inflation uncertainty.

The Forum, Exeter

The Forum, Exeter was marketed for sale in November 2025, initially going under offer on an unconditional basis in February 2026. Subsequent communications from Exeter City Council in June 2026 resulted in the interested party revising their position and insisting on a "subject-to-planning" transaction.

While the interested party received board approval to proceed on a subject-to-planning basis in September 2026, we were disappointed to be informed in November 2026 that they will no longer pursue the transaction, having paused all new acquisitions to review their existing capital expenditure plans.

The withdrawal by the interested party in November 2026 led to a post balance sheet event, as the Group's external valuer (CBRE) has advised that had the offer not been in place at 30 September 2026, the valuation would have suffered a reduction of c.£1.3 million.

Due to the high annual vacancy costs of c.£160k (on an unmitigated basis), it is in the interest of the Group to consider its immediate options for the property, including remarketing it as soon as practicable.

Summary

The Group has sold two investment properties (the commercial offices at Hudson Quarter, York and Broad Street Plaza, Halifax), made a sub-sale of unit 3A in Newcastle and sold five residential flats in the period with net proceeds of £20.3 million. We continue to undertake asset management initiatives on the remaining properties to maximise shareholder returns.

Daniel Davies
Head of Property

23 November 2026

Our Strategy and Business Model

Key Resources



Our People

- Property and financial expertise
- Small Board and Executive Committee
- Values of being active, astute and ambitious
- A culture of demonstrable commitment, resilience and strong team working supports the delivery of the strategy



Our Portfolio

- Resilient rent collection and returns
- Value-added assets with future growth potential
- Potential development or refurbishment optionality for the longer term / new owners



Our Funding

- Strong balance sheet with no debt
- Portfolio cash generation supporting dividend

Our Strategy

Maximising shareholder returns

We actively asset manage and then sell assets at the right time to return cash to shareholders.

Value created

Investors

Strong asset management and disposals enabled return of cash to shareholders via the Tender Offer and share buyback programmes alongside dividends

18.75 pence
Dividend per share

£28.9 million
Cash returned to shareholders from share buybacks

Tenants

- Ongoing engagement with tenants
- We create space for modern requirements and are forward-looking for tenants' needs
- We aim to ensure our refurbishments are environmentally efficient

22
Tenants

99%
Rent collection

Our people

- Flexible, agile working with fair rewards for company and individual successes
- Remuneration aligned with the strategic objectives
- Diverse backgrounds, age and experience

10%
Average pension contribution as % of base salary

3%
Average increase in employee base salary

The environment

Continuous focus on upgrading our portfolio and working with tenants to improve environmental performance

100%
EPC of A - D in portfolio

0%
EPC of E - G in portfolio

Financial Review

The Group's adjusted profit before tax for the 18-month period to 30 September 2026 decreased to £1.1 million (year to 31 March 2025: £3.5 million) as a result of income lost through disposals and increased property operating expenses reflecting higher void costs for properties undergoing refurbishment or being prepared for vacant possession sales. Net asset value reduced to 207 pence per share as at 30 September 2026 (31 March 2025: 251 pence per share) predominantly due to the valuation loss of £5.8 million on investment properties (year to 31 March 2025: £2.9 million) and fall in value of trading properties of £0.6 million (year to 31 March 2025: £0.1 million).

The Group continued to progress its reduction in administration costs with recurring administrative costs at a run rate of £0.8 million as at 30 September 2026.

Investment property sales during the period realised a profit of £1.2 million (year to 31 March 2025: £1.5 million) whilst the sale of residential units resulted in a loss of £30k (year to 31 March 2025: profit of £202k).

The deficit on the revaluation of the investment property portfolio for the period of £5.8 million was due principally to softening yields across the portfolio. Payments for Director's compensation on change of office amounted to £0.1 million and other payments to former staff and Directors in the period amounted to a further £0.4 million. These costs are one-off in nature and have been treated as exceptional items. An expense of £1.0 million (year to 31 March 2025: £0.6 million) was recorded in relation to the Short-Term Incentive Plan ("STIP"), this scheme was fully paid out and closed in the period, resulting in gross payments of £1.9 million (excl. employer's NI and other associated costs).

The aggregation of the profits and losses described in the preceding paragraphs account for the IFRS loss before tax for the period of £5.7 million (year to 31 March 2025: profit £1.4 million).

Financial Highlights

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Income metrics		
IFRS (loss)/profit before tax	**£(5.7)m**	£1.4m
Adjusted profit before tax	**£1.1m**	£3.5m
Basic EPS	**(25.6)p**	4.5p
Adjusted EPS	**5.0p**	11.3p
Dividend paid per share	**18.75p**	15.00p
Capital metrics		
Like-for-like portfolio valuation change	**(20.9)%**	(5.9)%
Net Asset Value ("NAV")	**£32.9m**	£72.5m
Basic NAV per share	**207p**	251p
Total accounting return (annualised)	**(6.9)%**	1.5%
Total shareholder return (annualised)	**(2.3)%**	0.4%

Financial Review continued

The summary of the Group financial results is as follows:

Income Statement

	18 months to 30 September 2026 £m	Year to 31 March 2025 £m
Gross property income	**5.6**	6.9
Property operating expenses	**(2.7)**	(1.7)
Expected credit loss provision	**(0.2)**	(0.4)
Net rental income	**2.7**	4.8
Recurring administrative expenditure	**(2.3)**	(2.0)
Finance income	**0.7**	0.8
Finance costs	**–**	(0.1)
Adjusted profit before tax	**1.1**	3.5
Tax	**–**	0.1
Adjusted profit after tax	**1.1**	3.6
Payments to former Directors and staff	**(0.4)**	(0.2)
Short-Term Incentive Plan provision	**(1.0)**	(0.6)
Compensation payment for Director's change of office	**(0.1)**	–
Share based payments	**–**	(0.1)
Loss on revaluation of investment properties	**(5.8)**	(2.8)
Impairment of trading properties	**(0.6)**	(0.1)
Trading profit	**–**	0.2
Profit on disposal of investment properties	**1.2**	1.5
Other income statement movements	**(0.1)**	(0.1)
IFRS (loss)/profit after tax	**(5.7)**	1.4

Net rental income reduced by £2.1 million to £2.7 million (year to 31 March 2025: £4.8 million) despite the current 18-month period's comparable being for only 12 months, this is largely due to net income lost from disposals but also from other one-off inflows in the year to 31 March 2025 such as the £0.4 million received for dilapidations. Property operating expenses increased by £1.0 million to £2.7 million reflecting heightened void costs for properties undergoing refurbishment or being prepared for vacant possession sales.

The Group's recurring administrative expenditure increased by £0.3 million to £2.3 million (year to 31 March 2025: £2.0 million) for the period. This was predominantly due to the 18-month period and on a pro rata basis would present a reduction. The recurring administrative expenditure is expected to further decrease going forwards as actions taken to curb these costs across the period are now in full effect. Total administrative expenditure for the period was £3.9 million up £1.0 million on the prior period. This was driven by non-recurring costs such as payments to former staff and Directors along with expenditure in relation to the STIP, which has since been closed.

Finance costs reduced to £nil (year to 31 March 2025: £0.1 million) as a result of repaying all debt in the prior period. During the current 18-month period, our active cash management enabled us to receive £0.7 million in interest income (year to 31 March 2025: £0.8 million), the slight fall against the prior period reflects the lower cash balances held by the Group, as funds have been returned to shareholders.

Rent collection remained strong at 99% (year to 31 March 2025: 99%) throughout the period as tenant financial covenant health remained robust through the economic uncertainty, however the leisure sector continues to be the weakest area with 60% of the Group's expected credit loss ("ECL") provision being in relation to these assets.

NAV Movement

NAV decreased by 44.1 pence per share or 18% to 207 pence per share (31 March 2025: 251 pence per share) during the period. This was largely due to the fair value losses on the revaluation of property amounting to £6.4 million or 28.7 pence per share. Furthermore, dividends amounting to 18.8 pence per share were only partially covered by adjusted earnings and profits made on disposal of investment properties.

Other movements to note include the buyback of 8.7 million shares purchased via the tender offer in September 2025 at an all-in price of 2.45 pence per share. A further 4.3 million shares were purchased in buyback programmes across April and July 2026 at an all-in cost of 1.90 pence per share. These share buybacks totalled £29.5 million and in aggregate were accretive to the Group's NAV per share. Profit on disposal of investment property, notably the leisure asset in Halifax, contributed £1.2 million (5.4 pence per share). Payments to former Directors and staff of £0.4 million alongside STIP expenses of £1.0 million in the period reduced NAV by 6.7 pence per share.

	£m	No. of shares (diluted)[1]	Pence per share
NAV at 31 March 2025	**72.5**	**28,892,535**	**251p**
Adjusted earnings	**1.1**		**4.9p**
Disposal of assets	**1.2**		**5.4p**
Investment property revaluation	**(5.8)**		**(26.0)p**
Fair value adjustment to trading properties	**(0.6)**		**(2.7)p**
Payments to former staff and Directors	**(0.4)**		**(2.0)p**
Short-Term Incentive Plan	**(1.0)**		**(4.7)p**
Compensation payment for Director's change of office	**(0.1)**		**(0.5)p**
Other movements	**(0.1)**		**(0.1)p**
Dividends paid	**(4.4)**		**(18.8)p**
Share buybacks	**(29.5)**	**(13,001,640)**	**0.3p**
NAV at 30 September 2026	**32.9**	**15,890,895**	**207p**
Post balance sheet event[2]	**(1.3)**		**(7.9)p**
Adjusted NAV at 30 September 2026	**31.6**	**15,890,895**	**199p**

1 Pence per share for profit and loss items are calculated using the weighted average number of shares across the period, being 22,307,897 shares. Dividends and opening and closing balances are calculated using the shares in issue at the relevant date.

2 As at 30 September 2026, The Forum, Exeter was under-offer for sale based on a change of use of the property and this potential transaction was reflected in the valuation at that date. In November 2026 this offer fell away. The Group's external valuer (CBRE) has advised that if the offer had not been in place at 30 September 2026, the valuation would have suffered a reduction of c.£1.3 million. As this property is no longer under-offer, the above "Adjusted NAV" reflects the guidance received from the Group's external valuer.

Financing

The Group repaid its remaining debt during the year to 31 March 2025 and continues to be entirely debt free, with all assets unencumbered. The Group's net cash position as at 30 September 2026 was £4.6 million (31 March 2025: £22.2 million).

Sam Josland
Chief Financial Officer

23 November 2026

Key performance indicators

We measure our performance using key performance indicators ("KPIs") linked to our strategic priorities of returning capital to shareholders.

These KPIs have been updated to reflect the Company's strategy.

KEY

Strategic aims

1. Maximise capital returns to shareholders
2. Manage our assets effectively
3. Be a responsible company

Remuneration aims

1. Fixed remuneration
2. Short term variable remuneration

Return of capital

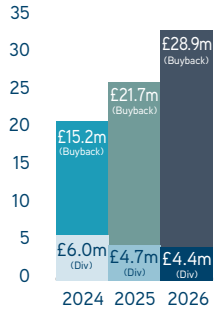
Rationale

Maximise property and capital returns to shareholders.

Performance

The Company repaid £28.9 million to shareholders via share buybacks and paid a further £4.4 million in dividends.

Performance over the last 3 financial periods



Link to strategy 1 2

Link to remuneration 1 2

Total shareholder return

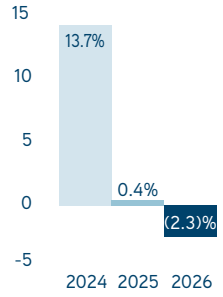
Rationale

Actual market-based returns achieved by an investor.

Performance

The share price decrease of 12% across the period along with the 18.8 pence per share of dividends gave an annualised total shareholder return of (2.3)%. It remains a key objective to reduce the discount between share price and NAV.

Performance over the last 3 financial periods



Link to strategy 1 2

Link to remuneration 1 2

Gross debt and Group loan to value ("LTV")

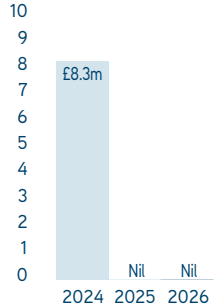
Rationale

The Board seek to maintain an appropriate level of debt in order to enhance shareholder returns. It is mindful of rising interest rates and the impact this can have on the value creation for shareholders.

Performance

The Group had repaid all outstanding debt in the prior period and the Group has since been debt free.

Performance over the last 3 financial periods



Link to strategy 1 2

Link to remuneration 1 2

Adjusted profit before tax

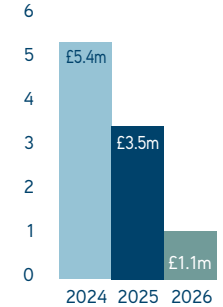
Rationale

Adjusted profit before tax strips out fair value movements, share based payments and one-off costs, to get recurring income from the underlying performance of the property portfolio.

Performance

Adjusted profit before tax was £1.1 million for the 18 months to 30 September 2026 (year to 31 March 2025: £3.5 million), reflecting the reduction in income following disposals combined with higher property operating expenditure while buildings have been refurbished or prepared for vacant possession sales.

Performance over the last 3 financial periods



Link to strategy 1 2

Link to remuneration 1 2

Adjusted earnings per share ("EPS")

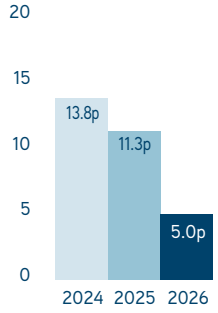
Rationale

Adjusted earnings per share is an important measure of the Group's operational performance as it excludes all fair value movements and one-off items not relevant to the underlying net income performance of the portfolio.

Performance

Adjusted EPS was 5.0 pence for the 18 months to 30 September 2026 (year to 31 March 2025: 11.3 pence) reflecting the movement in adjusted profit before tax but partly mitigated by the accretive share buybacks.

Performance over the last 3 financial periods



Link to strategy

1 2

Link to remuneration

1

EPC ratings of E, F and G

Rationale

We want to either refurbish and improve or sell assets for redevelopment based on our EPC criteria.

Performance

Through disposals, capex and re-assessments, E, F and G ratings are 0% and over 57% of the Group's EPCs are now B or above (31 March 2025: 51%).

Performance over the last 3 financial periods



Link to strategy

1 2 3

Link to remuneration

1

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 on pages 30 to 31.

The team are able to report directly and at an early stage on issues to the Audit and Risk Committee, 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 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 Statement

Introduction

In accordance with the 2024 UK Corporate Governance Code ("the Code"), the Directors have assessed the Group's position over the:

- Short-term (over the 12 months to December 2027 as required by the 'Going concern' provision), and
- Medium-term (a two-year period to December 2028 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 December 2027, 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 December 2027

The Group is in a strong financial position. At 30 September 2026 the Group had a net cash position of £4.6 million and a property portfolio valued at £29.8 million with net assets of £32.9 million.

The Directors conducted a detailed 12-month base case scenario forecast to December 2027, 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 December 2027, 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 no rent collection with no mitigating actions taken to reduce losses and no further property sales. Even in this extreme downside scenario, the Group has significant headroom and will still be able to meet its liabilities as they fall due over the next 12 months.

In line with the strategy announced in July 2022, the Directors remain focussed on maximising shareholder value. The Directors continue to actively consider all options available for maximising the value of the Company. These options include selling properties or the Company as well as repurposing the listed Company for future investment. While the asset management activities designed to increase the value of the property portfolio remain ongoing, the Directors have not made a formal decision as to any future strategy for the Company. In the absence of a formal decision by the Directors to cease trading or to liquidate the Company, the Directors consider there to be a range of realistic alternatives to ceasing to trade and as a result continue to consider the going concern basis of preparation to be appropriate and that no material uncertainty exists in relation to the Group's ability to continue as a going concern.

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 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 December 2028, 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 impact of the current economic uncertainties and resulting impact on the Group and our tenants' ability to operate and meet their rental obligations,

- The principal risks of the business and its risk appetite, and
- The impact on business operations, mainly rent collection, and progress on residential sales at Hudson Quarter, in the event of a downturn in the economy.

Review Period

The Board considers a period of two years to be appropriate over which to assess the viability of the Group as it reflects the Group's view on the length of time needed to complete asset management initiatives.

Assessment

The Directors conducted a detailed two-year viability assessment which included a base case scenario forecast to December 2028, 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 two-year viability or the operational existence of the Group. As part of the reasonable downside modelling, the Directors have stress-tested the working capital model and cash flows using the same assumptions as stated above in the Going Concern assessment.

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.

Risk Management continued
Statement of Principal Risks

The Audit and Risk Committee has considered that the following represent the Group's principal 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 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 Group's strategy considering current and forecast market conditions. Disposal of other assets will continue if the market conditions allow for appropriate values to be achieved, whilst active asset management of the assets will continue to support shareholder returns. Third party agents' advice is taken on all disposals.

Current position
The Board is monitoring and considering the impacts of the market cycle including potential effects on future disposals and asset management needed to produce the best value for shareholders.

Likelihood	Impact	Overall risk
7	7	14

02 Capital structure and liquidity

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

Increasing costs of borrowing and increasing interest rates could affect the Group's ability to borrow.

Mitigation
The Board regularly reviews its capital risk management policy and gearing strategy. The Group's LTV limit is 35%, however following repayment of all third-party debt in the prior period the risk of failure to meet debt covenants or exposure to rising interest cost due to rates volatility has been curtailed. 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 Group remains dynamic in its approach to maintaining an efficient capital structure whilst being mindful of its risk appetite.

Likelihood	Impact	Overall risk
1	1	2

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 Group is selectively marketing certain assets, with consideration of market stability, ability to enhance value via asset management and timing of marketing to yield optimal returns.

Likelihood	Impact	Overall risk
4	6	10

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 support the execution of asset management strategies.

Current position
Our refurbishment pipeline is continuously assessed to ensure the right projects with demonstrable value-add opportunities are being brought forward at appropriate times ensuring exposure at any one time is limited.

Likelihood	Impact	Overall risk
6	6	12

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 cause 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 every six months. 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 reviews leases, tenant covenants and asset management initiatives to grow capital and rental values.

Current position
Portfolio valuations reflect the commercial property market in general, with the prolonged trend of outward moving yields across the market buffeting property valuations, the team continue to work to preserve and enhance value through active asset management.

Likelihood	Impact	Overall risk
8	8	16

06 Tenant demand and default

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

Mitigation
Management maintains 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 Board on tenants and outstanding arrears on an ongoing basis.

Current position
The team are closely monitoring tenant covenants and proactively engaging with property management to ensure we are aware of any tenant distress ahead of it impacting rental collection.

Likelihood	Impact	Overall risk
8	8	16

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.

Likelihood	Impact	Overall risk
2	2	4

08 People

Risk description
An inability to attract or 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 Group.

Mitigation
The Board engages 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 for healthcare and critical illness is provided for our employees.

Current position
A competitive benefits package assists the retention of individuals with the skills, knowledge and experience required to implement our strategy. With the reduced portfolio in the period, the Board will maintain an appropriate ongoing administrative cost level such that it is sufficient to retain employees needed to implement the strategy.

Likelihood	Impact	Overall risk
7	7	14

09 Climate change

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

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 a continued focus on environmental management and on asset management initiatives to increase the EPC ratings of our assets, increasing the marketability of the assets in a cost-effective way.

Likelihood	Impact	Overall risk
5	5	10

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 advisors 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
The Board proactively engages with the auditors, tax team and other advisors to ensure it is abreast of regulatory changes. The Board is monitoring compliance with the REIT regime as it pursues its disposal programme and is liaising with HMRC to seek to maintain REIT status for as long as possible.

Likelihood	Impact	Overall risk
4	2	6

KEY

Likelihood after mitigation
Score 1 (low) - 10 (high)

Impact after mitigation
Score 1 (low) - 10 (high)

Overall risk rating
Score 1 (low) - 20 (high)

Section 172 statement

The following statement highlights our principal stakeholders and how their interests have been considered and the actions taken by the Group in the period in line with these.

Stakeholder	Why we engage	How we have considered stakeholders in the period and action taken
Investors	Investors expect the Group to generate attractive returns and the Company to distribute surplus cash.	• The Chairman has held regular meetings with major investors • Shareholders are able to attend General Meetings including the AGM where they can question Directors and vote on matters put to the meeting • Regular trading updates and announcements are made to the market • We implemented the share buyback programmes, the tender offer and paid interim dividends in the period to shareholders
Tenants	Our business is centred on understanding and responding to tenants' needs.	• We have a proactive asset management strategy and regularly engage with our tenants including: • Asset management review meetings • Visiting assets and listening to feedback
Employees	The two members of the Executive Committee are the only employees of the Company.	• The Executive Committee members meet regularly with Directors, both formally and informally
Suppliers, agents and consultants	We rely on a number of key partnerships to support our asset management and the delivery of our strategy.	We actively engage with our suppliers and work closely with them: • Having regular meetings with our managing agents and ongoing contact by telephone and email • Ensuring payments are made within agreed terms
Communities and the environment	We are mindful of the impact our operations have on local communities and the environment.	We aim to have a positive impact on local areas including employment and the built environment.

Key interests	How we have considered stakeholders in the period
Our investors are looking for financial performance that generates a return on their investment incorporating capital growth and maximising cash returns in line with the strategy.	The Board and Committees have regularly considered investors' views, including in relation to the share buybacks. All shareholders are treated equally, including regarding access to information, distributions and returns of capital.
Our tenants seek suitable, fit-for-purpose spaces at market price.	Tenant requirements have informed Board discussions, including in relation to capital expenditure. The Board conducted several site visits and meetings with advisors and tenants in the period.
Employees are able to work flexibly depending on the needs of the business.	The Board considered the interests of employees, including remuneration, engagement and the provision of meaningful work opportunities. The Remuneration Committee approved a significant Short-Term Incentive Plan pay-out during the period, recognising employee contributions and supporting engagement and retention.
Clear communication and collaboration are essential to understanding and achieving shared objectives.	The asset management model, under which a small internal team oversees the activities and performance of its agents, is central to the Company's way of working.
We aim to provide our communities with attractive, safe and environmentally friendly spaces, which enhance the local area.	The Group remained committed to considering community and environmental factors in its investment decisions during the period, including through significant capital expenditure at its St James' Gate site in Newcastle, which improved the building's EPC rating to B.

ESG Introduction

Our environmental, social and governance ("ESG") strategy aims to mitigate the risks and consider the opportunities in terms of the impacts of our business on the environment, our communities, our tenants and our people. The main pillars are:

Environmental

- Improving the portfolio – by understanding better the environmental performance of our assets, we are actively seeking to reduce energy use and greenhouse gas emissions and improve energy efficiency, for which our EPC ratings continue to be a key metric.

Social

- Consideration of stakeholders' interests, particularly those of employees – by promoting collaboration and input from all team members.

Governance

- Being a responsible business – ensuring ethical business practices and sound risk management are embedded in business practices and culture.

ESG - Environmental

Greenhouse gas emissions

Our Greenhouse Gas ("GHG") calculation and reporting process follows the Greenhouse Gas Protocol ("operational approach") and the DEFRA Environmental Reporting Guidelines (2019). Our reporting includes emissions from sources under our control, grouped under: Scope 1 (direct) GHG emissions from owned assets; and Scope 2 (indirect) GHG emissions from landlord-controlled electricity supplies and Scope 3 (indirect) GHG emissions from our tenants. As a commercial property landlord, the bulk of our reporting is under Scope 3 in line with the GHG Protocol's Scope 3 category 13: Downstream Leased Assets.

We are pleased to have reduced our direct emissions from our own office usage in the period, this reflects a smaller office with reduced consumption. The Company does not own any vehicles and emissions from sources such as production processes and combustion sources are minimal, and therefore not deemed material.

As we have a limited amount of energy use within our control, we proactively engage with our tenants, encouraging them to minimise their own energy consumption. We have seen a further annual improvement in data collection from our agents and tenants, and we are grateful to them for the provision of data. However, certain leases remain under the control of tenants for energy use and control of data collection, so we continue to work with tenants to improve this.

Total emissions reduced in line with our strategy including disposals of investment properties and asset management initiatives. Energy usage reduced, partly due to the ongoing relatively high costs of energy. We will work with our tenants on the strategy for overall carbon reduction as we continue to make a positive impact on reducing energy usage.

GHG emissions	18 months to 30 September 2026	Year to 31 March 2025	Year to 31 March 2024
Emissions type (tonnes of CO_2 equivalents)			
Scope 1	**–**	–	–
Scope 2	**4**	5	3
Scope 3	**301**	284	545
Total	**305**	289	548
Average GHG intensity (tCO_2e/ft^2) scope 1, 2 and 3 combined	**0.001**	0.001	0.001
Total energy usage (kWh) scope 1, 2 and 3 combined	**4,697,363**	3,279,636	6,114,983

Climate Related Financial Disclosures

We published our findings from our consideration of the Taskforce for Climate-related Financial Disclosure ("TCFD") methodology in our 2022 report, as updated in our 2023, 2024 and 2025 reports. We considered the associated physical and transition risks with a 2°C warming scenario, referencing the models mapped out by the Bank of England and the IMF's World Economic Outlook. Under a 2°C scenario, the Group's strategy is considered resilient, taking into account the physical locations of its assets and the actions it is taking to manage transition risks.

The Group is continuing with its upgrading and retrofitting programmes to meet more stringent building performance and carbon emissions requirements: for example, to meet existing Government minimum energy efficiency standards ("MEES"), and in anticipation of a further ratcheting up of regulatory requirements for energy performance certificate ("EPC") ratings by 2030. The Group reviews this over the short, medium and long term. The Board considers climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans. These are considered in overseeing major capital expenditure, and sales of assets, in line with the strategy.

Climate-related risks have been integrated within the Group's risk management framework and the investment and asset management decision-making processes. The risk management framework is considered by the Audit and Risk Committee and the Board. We have identified and implemented opportunities for the Group to enhance its EPC and environmental performance of its assets across our sectors leading to higher ERVs and capital growth compared to less well performing assets. The Group will adapt its strategy accordingly to take into account the opportunities and risks from either market or regulatory impacts such as for example, accelerated programmes for EPC capital expenditure.

Net zero strategy

We aim for the remaining assets in the portfolio to be in an appropriate position to be net zero by 2050, in line with the UK Government's ambition and are actively taking steps to achieve this as explained in these sections.

ESG Improving environmental performance

During the period, we have continued to make good progress in improving our EPC ratings. We have increased the proportion of assets rated B or above, moving the portfolio towards anticipated MEES requirements. This has been through a co-ordinated effort to incorporate energy efficiency measures into our refurbishment programmes and include ESG considerations in our asset management plans for each property.

Current EPC/MEES requirements and compliance

Since 1 April 2020, landlords can no longer let or continue to let properties covered by the MEES Regulations if they have an EPC rating below E. From 1 April 2023, this has been extended to include existing leases, making it unlawful for a landlord to continue to let commercial property rated F or less unless they have a valid exemption in place.

Our current EPC split at 30 September 2026 compared to 31 March 2025 is as follows:

Rating	30 September 2026	31 March 2025	Change
A	**–%**	2.3%	-2.3%
B	**57.1%**	48.8%	8.3%
C	**14.3%**	32.6%	-18.3%
D	**28.6%**	16.3%	12.3%
E	**–%**	–%	–%
F	**–%**	–%	–%
G	**–%**	–%	–%
	100.0%	100.0%	

As shown above, including disposals, the Group has continued its period-on-period improvement of properties rated EPC B and above, 51.1% in March 2025 to 57.1% in September 2026 and the percentage rated C falling from 32.6% to 14.3%. The percentage with D ratings has increased from 16.3% to 28.6% over the same period, and following disposals the portfolio no longer includes any A-rated assets. No assets in the portfolio are rated E or lower.

TCFD
Being a responsible business

Overview

In this section, we provide an overview of our progress and priorities against the requirements of the UK Listing Rules ("UKLR") and the TCFD Recommendations and Recommended Disclosures (as defined in UKLR 6.6.6(8)), which also reflects the Annex to the Recommendations of the TCFD section C (Guidance for all sectors).

Governance

The Board assumes overall responsibility and accountability for climate-related issues. The Executive Committee reviews environmental performance including EPCs at its meetings and the outputs are included in the Property Board reports for each Board meeting.

Risk management

The Audit and Risk Committee oversees the Group's risk management framework, evaluating its principal and emerging risks and setting the risk appetite.

Metrics and targets

The Group commenced measuring its GHG emissions in 2020. These GHG emissions cover Scope 1 direct emissions from the usage of fuel in its operations, indirect Scope 2 emissions from electricity consumption on site and Scope 3 indirect emissions from our tenants.

This includes for example aspects such as purchased goods and services (water); fuel and energy related activities; business travel; employee commuting; teleworking; and downstream leased assets.

Compliance statement

We believe our climate-related financial disclosures for the period ended 30 September 2026 are consistent with the TCFD requirements with the exception of our development of medium and long-term targets for managing climate-related risks and opportunities and its related impact due to the Group's strategy to maximise cash returns to shareholders through asset disposals (metrics and targets disclosure c). We are therefore not compliant with the TCFD requirements.

In relation to 4b (relating to our Scope 3 emissions), we have assessed all 15 categories but only disclose our material emissions, which are from downstream leased assets and purchased goods and services.

Further details on our policies and approach to responsible business are also available on our website. We believe that the details of these climate-related financial disclosures are conveyed in a decision useful format to the users of this report. In line with our strategy, we consider climate-related issues for short, medium and long term as part of our asset management and risk management strategies.

We consider climate-related issues for our tenants and stakeholders including potential future purchasers and our shareholders.

Disclosure	Commentary
Governance	
a) Describe the Board's oversight of climate-related risks and opportunities	The Board, supported by the Audit and Risk Committee, assumes overall responsibility and accountability for ESG matters. Due to the current size of the Group and its current strategy, the Board is actively involved in all of the key investment (including efficiency measures into our refurbishment programmes) and disposals decisions to reduce the lower performing assets regularly.
b) Describe the management's role in assessing and managing climate-related risks and opportunities	Climate-related issues have been integrated into the core risk management process for asset management and investment. The Executive Committee has delegated authority for day-to-day risk management oversight and major matters are considered by the Board or its Committees.

Disclosure	Commentary
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	The horizons considered are short (0-2 years) medium (3-5 year) and longer term (5 years plus). Most of the Group's assets as investment properties have a useful economic life in excess of 5 years so the risks are considered as part of our ongoing asset management initiatives taking into account the longer-term risks to the buildings. This includes in particular risks of obsolescence of mechanical and engineering equipment, including heating and cooling. Where appropriate the Group considers refurbishment or replacement and the timeframes and costs for doing so, in order to achieve improved environmental performance, particularly EPC ratings and improve the experience of tenants and visitors. For certain assets, these may be more appropriate for redevelopment in the short or medium term so the opportunity for a purchaser to develop the property is taken into account, rather than the Group conducting the upgrades. The strategy to return capital through sales means that certain assets will be asset managed and others will be sold if the timing is appropriate to maximise returns. Longer-term (over 5 years) risk includes the costs associated with improving commercial property to achieve the environmental targets. The most significant financial impacts have been considered as part of the Risk Management process. The opportunities identified include: the attractiveness of well performing assets to tenants and potential purchasers over the short, medium and longer term and to differentiate the Group's assets with other, less well performing buildings that may require significant future expenditure by their owners and tenants.
b) Describe the impact of climate-related risks and opportunities the organisation's businesses, strategy and financial planning	Climate-related risks have been integrated within the Group's risks. Climate and energy performance have been fully integrated into both investment and asset management decision-making process. The Group has not yet set itself targets due to the Group's strategy for maximising cash returns to shareholders through the timely sale of assets. For the medium (3-5 years) and longer term (over 5 years) the Group considers the improvement of environmental performance as part of its asset management activity which is reviewed weekly at the Executive Committee but does not consider that targets are appropriate, with the exception of improved EPC ratings.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a +2°C or lower scenario	The average life cycle of the Group's assets within its ownership is short (0-2 years) to medium term (2-5 years). Under a long term +2°C scenario, the Group's strategy is considered resilient, bearing in mind the physical locations of its assets and the actions it is taking to manage transition risks. The Group reviewed the risks of a +2°C increase in workshops with an external advisor to the Group on climate and environmental matters in 2023. The review concluded that specific risks such as flooding were minor due to the location of the Group's assets, but the Group continued to monitor developments. In light of the sales subsequently, the associated risks are considered to have reduced also.
Risk management	
a) Describe the organisation's processes for identifying and assessing and managing climate-related risks	The Executive Committee reviews issues weekly, particularly in relation to progress on EPC ratings and escalates matters to the Board as appropriate.
b) Describe the organisation's processes for managing climate-related risks	The Executive Committee, Audit and Risk Committee and the Board manage these risks as part of the risk management system. Risks are considered in the short term e.g. if equipment is considered for imminent replacement, medium term costs for improvement and the longer-term opportunities and costs for improvements in asset performance. This is integrated into the overall risk management process from a bottom up and top-down approach through the asset managers' oversight and escalation to the Executive Committee and the Board and the top-down approach of considering the wider economic and regulatory issues affecting the Group and wider real estate sector.

TCFD continued
Being a responsible business

Disclosure	Commentary
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	The Group identifies risk including climate-related risks as part of its risk management processes. The Board reviews this process including mitigations and risk ratings regularly as part of the Group's Principal Risks. This means that the issue is embedded into day-to-day operations for considering matters that present a potential significant risk to the Group's assets or finances. Assessments are undertaken specifically in relation to climate change risk periodically, looking at the longer-term risks to the Group's assets. Short term and medium-term risks are considered weekly at the Executive Committee. The Group utilises third-party consultants to assist with assessing climate-related risks and the potential impacts on the Group, and for managing and mitigating climate-related risks.
Metrics and targets	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	GHG emissions and energy consumption are disclosed including Scope 1, 2 and 3 and are aligned to the Greenhouse Gas Protocol Corporate Standard and DEFRA Environmental Reporting Guidelines. The Group uses the EPC ratings as a metric for risks and opportunities also. As the Company has small staff numbers and a flexible office occupation Scope 1 emissions are negligible. The Group acknowledges certain Scope 2 emissions, but the main priority is Scope 3, which are the emissions from tenants that utilise our buildings. We work with them on an ongoing basis to reduce their use of energy and provide asset management opportunities to improve the systems for provision of electricity, gas and water to minimise costs to tenants, while improving environmental performance, particularly in relation to EPC ratings.
b) Describe Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risk	GHG emissions are disclosed and are aligned to the Greenhouse Gas Protocol Corporate Standard. The related potential risks can be viewed in the section above.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have collected Scope 3 emissions as disclosed in the prior year and are focused on working with tenants to improve Scope 3 emissions. As noted above we have not set targets due to the strategy for the Group of returning capital to shareholders through the timely disposal of assets. We continue to improve EPC performance and will continue to have this as a priority over the coming short and medium terms.

The Strategic Report was approved by the Board of Directors on 23 November 2026:

Christian Kappelhoff-Wulff
Non-Executive Chairman

23 November 2026

Corporate Governance
Chairman's introduction to Corporate Governance

Dear Shareholder,

In accordance with the reporting requirements, we explain how we have applied the Principles and complied with the Provisions of the 2024 UK Corporate Governance Code ("the Code"). This is the first period in which the Company has reported against the Code as updated in 2024, with the exception of Provision 29 as this is not applicable for periods beginning before 1 January 2026. Where the Company has not complied, an explanation is provided on a 'comply or explain' basis. We have continued to engage with major shareholders on strategy and governance matters and are grateful for their constructive input.

Governance structure and compliance with the Code

During the period, the composition of the Board changed and now comprises a Non-Executive Chairman and a Non-Executive Director, who together serve as members of all Board Committees. The Board and its Committees are supported in day-to-day operational matters by the Executive Committee. This structure means that the Company is not compliant with the Code in certain areas, as outlined later in this report.

Governance roles and support

The Board recognises that the Code's 'comply or explain' approach enables companies to adopt governance arrangements that are appropriate to their circumstances. In light of the Company's strategy of maximising cash returns to shareholders, day-to-day management is undertaken by the Executive Committee with support from the Non-Executive Chairman. The Board considers that these arrangements are appropriate in the Company's circumstances, enabling it to manage the business effectively, preserve value for shareholders and avoid unnecessary additional cost.

The Executive Committee oversees the operational implementation of the Company's strategy and is responsible for financial matters, including budgets and forecasts, financial reporting and compliance.

I am satisfied that the Company has appropriate governance arrangements in place. The Board and its Committees provide effective oversight and are supported by experienced external advisors where appropriate. The Audit and Risk Committee receives impartial advice from the external auditor and independent valuer. The Remuneration Committee received advice from Korn Ferry during the period, primarily in relation to the Short-Term Incentive Plan. The Board is supported by Travers Smith on corporate legal matters and by Cavendish in relation to investor relations and corporate broking services. During the period, FTI Consulting was engaged to provide advice on corporate communications. The engagement has since concluded and FTI Consulting no longer provides services to the Group. During the period, One Advisory Limited was appointed as Company Secretary and now provides support to the Board and each of its Committees as required.

Further information on the work of the Committees is set out later in this report. Details of the Remuneration Committee are provided on pages 32 to 38. The Nomination Committee report is set out on page 29. The work of the Audit and Risk Committee during the period is described on pages 30 to 31.

Christian Kappelhoff-Wulff
Non-Executive Chairman

23 November 2026

Governance Overview

Statement by the Directors on compliance with the 2024 UK Corporate Governance Code

The Code applied to the Group for the financial period ended 30 September 2026. The Board considers that it has applied the Principles of the Code throughout the period. However, certain Provisions were not complied with as a result of the Board's governance structure, which reflects the Company's strategy of returning capital to shareholders. Explanations for these areas of non-compliance are provided below and on the following pages, in accordance with the Code's 'comply or explain' approach and are summarised in the Chairman's introduction to Corporate Governance.

The Code is publicly available at www.frc.org.uk.

Non-compliance with the Provisions of the Code

As outlined in this report, the Company did not comply with the following provisions:

Provision 5: Given that the workforce comprises only the two members of the Executive Committee, the Board did not consider it necessary to adopt any of the workforce engagement methods set out in the Code.

Provisions 9, 10, 11 and 12: The Board consists of a Non-Executive Chairman and a Non-Executive Director, both being non-independent due to their positions in an entity which is a significant shareholder of the Company. The Company does not currently have a Senior Independent Director.

Provisions 17, 24 and 32: The Directors are not deemed independent, and the Committees are therefore not constituted solely or with a majority of independent directors. The Directors are independent from the Executive Committee and able to robustly challenge management in their roles as members of the Remuneration Committee and the Audit and Risk Committee.

Provisions 21 and 22: In light of the recent Board changes and the Company's strategy of returning capital to shareholders, the Board did not undertake a performance evaluation during the period.

Applying the principles of the Code

Section of the code	How we have applied the Principles
Board leadership and Company purpose	• The Board defines the Company's purpose, values and strategy and reviews them on a regular basis. • The Board's strategy is to return cash to shareholders, with a disciplined focus on delivering appropriate returns when the timing of asset sales is right to maximise value. Following repayment of bank debt in the prior financial period, the Group continues to be free of any third-party borrowings. • The Board and its Committees operate through a regular programme of scheduled meetings. • A formal schedule of matters reserved for the Board and delegated authorities support appropriate oversight and approval levels, reflecting the size of the Company. • The Company's only employees are members of the Executive Committee, who maintain regular contact with the Directors and whose remuneration is determined by the Board. • The Chairman engages regularly with stakeholders, including shareholders. • The Company has a whistleblowing policy in place, enabling the workforce to raise concerns confidentially.
Division of responsibilities	• The Chairman leads the Board, chairs the Remuneration, Audit and Risk and Nomination Committees and engages with shareholders independently. • The Non-Executive Director provides constructive challenge, strategic guidance, offers specialist advice and holds executive management to account. • Both Directors commit sufficient time to the Company's business and ensure that their external appointments do not affect their ability to give the Company appropriate attention.
Composition, succession and evaluation	• All Directors will submit themselves for re-election at each AGM. • The Nomination Committee leads the process for appointments, based on merit.
Audit, risk and internal control	• The Board comprises Directors with investment, corporate finance and listed company experience, together with an understanding of capital allocation and strategic decision-making. • The Audit and Risk Committee supports the Board by advising on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. • The Company's emerging and principal risks are assessed and considered on a regular basis. • Clear policies and processes are in place to support the independence and effectiveness of the external audit and to consider whether an internal audit function is required.
Remuneration	• The Remuneration Committee determines the remuneration policy for, and oversees its implementation in respect of, the Executive Committee members. • The Remuneration Committee engaged Korn Ferry to provide independent remuneration advice in connection with the operation of the Short-Term Incentive Plan.

Board of Directors

Christian Kappelhoff-Wulff
Non-Executive Chairman

Date of appointment
Appointed Non-Executive Chairman on 23 January 2026

A N R C

Expertise
Mr Kappelhoff-Wulff is a founder and the Chief Executive Officer of Lakestreet Capital Partners AG and Non-Executive Director of Lakestreet Trading AG, an investment group based in Switzerland. Prior to co-founding Lakestreet Capital Partners AG with Mr Pierburg, he was a Director of Goldsmith Capital Partners AG, working directly for its founder Clemens J. Vedder for over four years. He was a Non-Executive Director and Chairman of the Strategic Committee at John Menzies from May 2019 to August 2022, during which time he was responsible for evaluating all significant capital allocation decisions, ensuring the company did not complete a rescue rights issue and leading its sale to a strategic acquiror for a premium exceeding 100% of the prevailing share price.

Mr Kappelhoff-Wulff is Chairman of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

External UK appointments
None

Valentin Pierburg
Non-Executive Director

Date of appointment
Appointed Non-Executive Director on 23 January 2026

A N R

Expertise
Mr Pierburg is a Swiss investor and entrepreneur with over 15 years' experience in asset management and corporate finance. He is the Chairman of Lakestreet Capital Partners AG and Lakestreet Trading AG, the investment group which he co-founded with Mr Kappelhoff-Wulff.

Mr Pierburg is a member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

External UK appointments
None

Steven Owen and Mark Davies resigned from the Board on 23 January 2026.

COMMITTEE MEMBERSHIP

- A — Audit and Risk Committee
- N — Nomination Committee
- R — Remuneration Committee
- C — Chairman

Executive Committee

Sam Josland
Chief Financial Officer

Date of appointment
Joined the Group in February 2026

Expertise
Mr Josland is a chartered accountant and CFA® charterholder. Having spent four years at Smith & Williamson across audit and transaction services, he moved into the REIT sector in 2019 working at Impact Health Partners LLP (investment manager to Impact Healthcare REIT plc) where his role spanned statutory reporting, investment, capital structuring and driving operational efficiency.

Daniel Davies
Head of Property

Date of appointment
Joined the Group in January 2018

Expertise
Mr Davies is a chartered surveyor with over 20 years' of real estate experience and joined Palace Capital in 2018. Mr Davies brings extensive asset management experience, having spent 12 years at Telereal Trillium, one of the UK's largest private property companies. Prior to this position, he spent four years at Nelson Bakewell, where his role included investment, agency and management.

Governance Framework

Board and Committees

Board of Directors as at 30 September 2026

Non-Executive Chairman: Christian Kappelhoff-Wulff and **Non-Executive Director**: Valentin Pierburg

Summary of its role under the UK Corporate Governance Code:

"Collectively responsible for devising the purpose, vision and long-term strategy and overseeing its implementation in order to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society."

Board Committees

Audit and Risk Committee

Chairman:
Christian Kappelhoff-Wulff

Comprises:
Non-Executive Chairman and Non-Executive Director

Summary of Role:

- Monitor and oversee financial reporting
- Monitor risk management and internal controls
- Oversee external auditor and the audit process

Remuneration Committee

Chairman:
Christian Kappelhoff-Wulff

Comprises:
Non-Executive Chairman and Non-Executive Director

Summary of Role:

- Set remuneration policy and oversee its implementation
- Review the remuneration packages and incentives of the Chairman and Executive Committee members
- Approve incentive arrangements, bonuses and salaries

Nomination Committee

Chairman:
Christian Kappelhoff-Wulff

Comprises:
Non-Executive Chairman and Non-Executive Director

Summary of Role:

- Recommend Board appointments
- Succession planning
- Board composition, skills and diversity
- Board performance review

Board Composition and Division of Responsibilities

Key responsibilities

Roles	Responsibilities
Non-Executive Chairman	• Leads the Board and various Committees • Sets, with the Company Secretary, the Board agenda and meeting schedule • Oversees the culture of the Board, including diversity of opinion, and ensures the Directors are properly briefed and able to take a full and constructive part in Board discussions • Responsible for evaluating the performance of the Board, executive management and of the Non-Executive Director • Engages with advisors and meets with shareholders to understand their concerns and views and considers the implications for the strategy of the Company
Non-Executive Director	• Provides a sounding board and acts as an intermediary for the Non-Executive Chairman • Available to discuss concerns with shareholders • Responsible for reviewing the Non-Executive Chairman's performance • Brings perspective and experience to provide independent judgement, suggestions, challenge and assistance to the Board and Committees' deliberations and decision-making • Scrutinises and holds to account the performance of management

Board Composition and Division of Responsibilities continued

UK employee gender diversity at 30 September 2026

Number of employees	Male	Female	Total
Board of Directors	2/100%	–/–	2
Executive Committee	2/100%	–/–	2
Total	**4/100%**	**–/–**	**4**

UK employee ethnicity at 30 September 2026

Ethnic origin	No.	%	ONS[1]
White – British, English, Welsh, Irish, Other	2	100%	82%
Asian – Indian, Pakistani, Other	–	–	9%
Black – African, Caribbean, Other	–	–	4%
Mixed heritage	–	–	3%
Other	–	–	2%
Total	**2**	**100%**	**100%**

1 Office for National Statistics: Census 2021 data for England and Wales published June 2022.

Board gender identity or sex at 30 September 2026

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)	Number in executive management	Percentage of executive management
Men	2	100%	1	2	100%
Women	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Board ethnic background at 30 September 2026

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	2	100%	1	2	100%
Mixed/multiple ethnic groups Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Board performance review

Due to the recent changes on the Board and considering the Company's strategy of returning capital to shareholders, the Board did not conduct an evaluation of its performance. The last external evaluation was conducted by ICSA Board Evaluation Services in 2019.

Board Activities and Committee Attendance

Board members prepare diligently for meetings, making use of the pre-read materials and engaging with the relevant authors in advance where further clarification is required. Meetings are conducted in an open and constructive manner, with questions, challenge and feedback encouraged. Actions arising from decisions are monitored and reviewed at subsequent meetings to ensure appropriate progress.

Following the changes to the Board on 23 January 2026, Steven Owen and Mark Davies resigned and Christian Kappelhoff-Wulff and Valentin Pierburg were appointed as Non-Executive Chairman and Non-Executive Director respectively. The Board benefits from Mr Kappelhoff-Wulff's and Mr Pierburg's investment, corporate finance and listed company experience, together with their understanding of capital allocation and strategic decision-making. The roles of the Non-Executive Chairman and Non-Executive Director are clearly defined, with both Directors contributing independent judgement, challenge and support to the Board's deliberations. Their profiles, set out on page 23 of this Report, demonstrate a complementary blend of knowledge, skills and experience which enables the Group to be led effectively.

The Board met eight times during the financial period in accordance with its annual meeting programme. A number of further meetings were convened to deal with specific strategic and corporate matters including the share buyback.

The Board has a schedule of matters reserved for its approval which includes material capital commitments, acquisitions and disposals, and Board appointments.

	Board	Audit and Risk	Remuneration	Nomination
Steven Owen (resigned as Chairman on 23 January 2026)	5/5	1/1	2/2	1/1
Mark Davies (resigned on 23 January 2026)	5/5	1/1	2/2	1/1
Christian Kappelhoff-Wulff (appointed as Chairman on 23 January 2026)	12/12	1/1	1/1	1/1
Valentin Pierburg (appointed to the Board of Directors on 23 January 2026)	12/12	1/1	1/1	1/1

Culture

The Board has overall responsibility for establishing the Company's purpose and strategy and satisfying itself that these and the Company's culture are aligned.

The Non-Executive Chairman and Non-Executive Director ensure that issues are approached and decisions are taken appropriately, including an appreciation of risks and opportunities, good communication and that these behaviours are reflected throughout the management team. This has embedded the desired culture and ensures that the expected values are sufficiently understood and upheld.

Nomination Committee report

Members

- Steven Owen (resigned 23 January 2026)
- Mark Davies (resigned 23 January 2026)
- Christian Kappelhoff-Wulff (Chairman)
- Valentin Pierburg

Total meetings held

Two

Areas of focus

- Recommend Board and Executive Committee appointments
- Succession planning
- Board composition, skills and diversity
- Board performance review

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the period ended 30 September 2026.

Role of the Committee

The role of the Nomination Committee is to lead the process for appointments to the Board and oversee the plans for orderly succession to both the Board and senior management positions. The Committee reviews, in so far as is appropriate for the Company, the structure and composition of the Board and senior management to ensure it has the right balance of skills, knowledge, experience and diversity to carry out its duties and provide effective leadership.

Independence

In accordance with Provision 17 of the Code, at least a majority of members of the Committee should be Independent Non-Executive Directors. However, as the Board consists solely of a Non-Executive Chairman and a Non-Executive Director, both being non-independent due to their positions in an entity which is a significant shareholder of the Company, the Company does not comply with this Provision.

The Committee is satisfied that the current Board and Committee structure, including the Executive Committee, contains the necessary skills and experience to execute the Company's strategy, conduct effective decision making and maintain appropriate oversight of management on behalf of shareholders.

Board performance review

Due to the recent changes on the Board and considering the Company's strategy of returning capital to shareholders, the Committee did not oversee a Board performance review during the period, though Board performance was considered by the outgoing members of the Committee.

Diversity

The Committee is conscious that the Board consists of two men of similar background and that the Executive Committee also consists of two men. Due to the Company's strategy of returning capital to shareholders, the Company is not intending to recruit or replace the current members. However, should a future appointment to the Board or Executive Committee become necessary, the Committee would look to take into account diversity in its broadest sense.

Succession planning

The Company's current strategy has been to return of capital to shareholders, led by the current Non-Executive Chairman and Non-Executive Director. As such, the Committee is not engaged in succession planning activities, as these are not considered necessary or in line with the Company's current strategic aims and outlook. To the extent that succession planning may become necessary in future, the Committee will convene to consider the skills needed to execute the Company's strategy.

Annual General Meeting ("AGM")

In accordance with the Code, each of the Directors will submit themselves for re-election at the 2026 AGM. The Committee, on behalf of the Board, is satisfied that all Board members put forward for re-election have and continue to commit the time required to discharge their roles effectively.

Board structure and composition

The Committee believes that, despite non-compliance with certain Provisions of the Code, the Board has the appropriate balance of skills, experience and knowledge to oversee the strategy of the Company.

Christian Kappelhoff-Wulff
Chairman of Nomination Committee

23 November 2026

Audit and Risk Committee report

Members

- Mark Davies (resigned 23 January 2026)
- Steven Owen (resigned 23 January 2026)
- Christian Kappelhoff-Wulff (Chairman)
- Valentin Pierburg

Total meetings held

Two

Key actions

- Reviewed and approved the annual and half-yearly financial statements
- Ensured that the Annual Report was fair, balanced and understandable
- Provided oversight of audit planning
- Provided oversight of auditor independence

Dear Shareholder,

I am pleased to present the report of the Audit and Risk Committee for the period ended 30 September 2026.

Role of the Committee

The Committee assists the Board in its oversight and assurance roles, ensuring that the annual report and accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee has worked to ensure the integrity of the Company's financial and qualitative reporting, as well as on other compliance activities such as REIT regime compliance and viability statement reporting, engaging with the external auditor on these matters where appropriate.

Committee Composition and Independence

Following the Board changes that occurred on 23 January 2026, the Committee consists solely of a Non-Executive Chairman and a Non-Executive Director, both being non-independent due to their positions in an entity which is a significant shareholder of the Company. As such, these being the only Directors, the Committee does not comply with Provision 24 of the Code, that states that Chairman of the Board should not be a member of the Committee and the Committee should consist of independent non-executive directors. Both Committee members have significant financial, and specifically investment, experience, including in fields relevant to the sector in which the Company operates and are entirely independent from the members of the Company's Executive Committee. The Committee also benefits from the regular attendance of the Chief Financial Officer, a chartered accountant with relevant experience in the REIT sector.

Internal Audit

Due to the size, relative lack of complexity of the business and the strategy of returning capital to shareholders, the Committee is of the opinion that an internal audit function is not required, and effective oversight can be maintained through close collaboration with the management team and proactive engagement with the external auditor.

Property valuations

A critical aspect of the financial reports is the valuation of the Group's properties, and the determination of their fair value is one of the most important elements of the period-end and interim financial results. The Committee reviews the valuations and the underlying assumptions and judgements applied by management and the external valuer, CBRE. The Committee receives information on the valuation process and reviews updates from management in relation to current market trends and key valuation movements compared to previous periods. The Committee provides robust challenge and satisfies itself that sufficient oversight and controls are in place and that the financial reporting is supported. In addition, the Committee members meet with the external valuer to challenge key assumptions and judgements and also hold private sessions without management present, providing an additional safeguard over the independence and objectivity of the valuation process.

Going concern

The Committee reviewed whether it was appropriate to adopt the going concern basis in the preparation of the financial statements. In considering this, the Committee reviewed the Group's 12-month cashflow forecasts and stress testing. With this knowledge, and following the review, the Committee recommended to the Board that it was appropriate to adopt the going concern basis of preparation.

Fair, balanced and understandable

The Committee has considered whether the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance. In forming its opinion, the Committee considered whether the Annual Report provided a comprehensive review of matters in the period, both positive and negative, included all relevant financial transactions and balances, was consistent throughout and had been written in straightforward language without unnecessary repetition. The Committee was satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable.

There were no significant issues brought to the attention of the Committee by the external auditor.

Accounting Policies

During the course of the audit, the Committee has engaged with the external auditor and management in order to understand the application of the Company's accounting policies and receive assurance that these were applied appropriately.

External Auditor

The Committee exercises oversight of the Company's external audit, meets with the auditor without management present and has responsibility for determining the independence and fees of the auditor.

BDO LLP was first appointed as external auditor in respect of the year ended 31 March 2015. The Lead Audit Partner is Chris Young, who was appointed as Lead Audit Partner in respect of the Company's audit during this financial period, following two years acting as the Engagement Quality Reviewer.

The Committee has assessed BDO's performance, independence, objectivity and fees, as well as the effectiveness of the audit process. When considering the effectiveness of the external audit, the Committee has had regard to the risks to audit quality, the controls in place to address these risks, and compliance with the audit plan. The Committee has also considered the qualifications, expertise and resources, the quality and timeliness of the delivery of the audit. The Committee made their assessment based on feedback from management, their own interaction with the audit team and assurances provided by the auditor in relation to their independence.

In the period ended 30 September 2026 no non-audit services were provided to the Group. The Committee will only authorise non-audit services on the basis that they are permissible under regulations relating to a Public Interest Entity ("PIE"). The Company maintains a formal non-audit services policy.

Audit fees

Fees payable to the Group's auditor for the audit of the Accounts are set out in Note 3a on page 59. The Committee has agreed a fee with the external auditor that takes into account the strategy of returning capital to shareholders and the reduced size of the Group's assets.

Audit tender

The Committee notes the requirement, as a PIE, to put its audit out to tender every ten years. In accordance with this, the Committee intends to tender the audit for the financial year ending 30 September 2028, being ten years since the Company became a PIE.

Risk management and internal controls

The Board is responsible for the Group's risk management and internal control systems. To support the Board, the Committee oversees and at least annually reviews the effectiveness of the Group's internal controls and risk management systems and reviews the related statements in the Annual Report. During the period the Committee received updates from management and the external auditor regarding the operation of key controls. As part of their review the Committee also considered the process of risk identification, mitigation and evaluation of the potential impact on the Group's strategic objectives. The Directors are satisfied that the current controls are effective with regard to the size of the Group.

Whistleblowing procedures

The Audit and Risk Committee reviews arrangements whereby employees may in confidence raise concerns. During the period no concerns were raised.

Christian Kappelhoff-Wulff
Chairman of Audit and Risk Committee

23 November 2026

Remuneration Committee report

Members

- Mark Davies (resigned 23 January 2026)
- Steven Owen (resigned 23 January 2026)
- Christian Kappelhoff-Wulff (Chairman)
- Valentin Pierburg

Total meetings held

Three

Key actions

- Oversaw the approval of the Remuneration Report
- Oversaw the Short-Term Incentive Plan awards and the good leavers provisions under the Plan
- Reviewed the incoming CFO's remuneration and recommended it to the Board for approval

Dear Shareholder,

I am pleased to present the report of the Remuneration Committee for the period ended 30 September 2026.

Committee membership and meetings

Following the Board changes that occurred on 23 January 2026, the Committee consists solely of a Non-Executive Chairman and a Non-Executive Director, both being non-independent due to their positions in an entity which is a significant shareholder of the Company, but entirely independent from the members of the Company's Executive Committee. As such, the Company does not comply with Provision 32 of the Code, however the Company believes that the Non-Executive Chairman and Non-Executive Director retain sufficient independence in respect of the matters on which they are asked to decide as a Committee.

Significant Changes to Directors' Remuneration

Following the resignation of Steven Owen on 23 January 2026, the Company does not employ any Executive Directors and as such, the remuneration of Executive Directors at the date of this report is £nil. In addition, following their appointment as Directors, both Christian Kappelhoff-Wulff as Non-Executive Chairman and Valentin Pierburg as Non-Executive Director have waived their fees of £1 each for the period to 30 September 2026. At the date of this report, the remuneration of Non-Executive Directors is £1 each.

Remuneration paid to Executive and Non-Executive Directors disclosed for the current period consists of remuneration paid up until 23 January 2026, after which any fees due to Directors were waived for the remainder of the period.

The Committee retains responsibility for the remuneration of members of the Executive Committee, including the Chief Financial Officer and Head of Property.

Advisors

Korn Ferry was paid £67,761 (2025: £7,310) for advice and attendance at Committee meetings and the AGM.

Remuneration Policy

The previous Directors' Remuneration Policy was approved at the Company's AGM held in July 2023. As required by section 439A of the Companies Act, the Company will be proposing, as an ordinary resolution, a resolution approving a new Directors' Remuneration Policy. The new policy will provide for the payment of modest directors' fees to newly appointed non-executive directors, to the extent any such directors are appointed in future.

Payments to former directors

On 16 June 2026, the Company entered into a settlement agreement with Richard Starr in relation to his claim for payment under the Company's historic 2020 LTIP which had previously been refused in reliance on the malus provisions in the 2020 LTIP. Pursuant to the agreement, the Company agreed to pay him £62,500 in full and final settlement with no admission of liability or wrongdoing on the part of either party. On 26 June 2026, the Company entered into a settlement on the same terms with Neil Sinclair pursuant to which it agreed to pay him £70,000.

Short-Term Incentive Plan

Following its approval at the 2023 AGM, the Company operated a Short-Term Incentive Plan ("STIP") under which awards were made to full-time members of staff in July 2023. Since that time, reallocations of the STIP awards of leavers were made to senior executives. The Committee also approved payments under the STIP to those former employees classified as good leavers.

Details of awards made to senior management during the period under review are given on the following pages.

Since the Board changes on 23 January 2026, the Company has not made awards under the STIP. The STIP concluded during the 2025 calendar year following payment of all outstanding awards, and no further awards may be made under the STIP.

Salary and bonus

As set out above, both the Non-Executive Chairman and Non-Executive Director have waived their fees for the financial year. The Committee retains oversight of the salary and bonus allocations for the members of the Executive Committee.

Christian Kappelhoff-Wulff
Chairman of Remuneration Committee

23 November 2026

Policy

This part of the Directors' Remuneration Report sets out a summary of the Remuneration Policy (Policy). As the last Policy approved at the Company's AGM on 26 July 2023, the Company will be putting a new policy to shareholder vote at its AGM on 17 December 2026. If the Policy is not approved, the Policy as approved in 2023 will remain in effect. Given the Company's current strategy of maximising cash returns to shareholders, the Committee is proposing to remove the elements of the Policy which apply to Executive Directors and make changes to enable the appointment of Non-Executive Directors under the Policy.

A summary of the new Policy is set out below. The Committee notes that the Company does not currently employ any Executive Directors and so is proposing to remove the framework for the remuneration of Executive Directors and just maintain a framework for the appointment of such future Non-Executive Directors as it may be necessary or expedient for the Company to appoint.

Non-Executive Director policy table

Element and link with strategy	Operation and maximum potential value	Performance framework
Fees and benefits To provide modest fees to attract Non-Executive Directors.	Fees are expected to be around £25,000 per annum. Fees are normally reviewed every two years. Additional fees may be payable for the chairing of Board Committees. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload. The aggregate of all fees to the Directors will not exceed the maximum of £300,000. The Company may reimburse expenses reasonably incurred in the fulfilment of the Company's business, together with any taxes thereon.	Not applicable.

The Non-Executive Directors retain their right to waive their fees in respect of the Company.

Terms of appointment and policy on payments for loss of office

The Committee's policy for Non-Executive Directors is that their letters of appointment should provide for termination by giving one month's notice and only entitle Non-Executive Directors to their accrued fees and expenses at the date of termination.

Remuneration Committee report continued
Annual remuneration report

This report was prepared by the Remuneration Committee and approved by the Board for the 18-month period ended 30 September 2026. The statements within the remuneration report subject to audit have been specified. The remaining statements remain unaudited.

Directors' total remuneration (audited)

The table below sets out the total remuneration receivable by each of the Directors who held office during the 18-month period to 30 September 2026, with a comparison to the previous financial year to 31 March 2025.

Executive Directors	Period	Salary £	Taxable benefits £	Bonus cash £	Bonus shares £	Short-Term Incentive Plan £	Pension £	Compensation on change of office £	Total pay £
Steven Owen[1]	**2026**	**153,563**	**23,064**	**–**	**–**	**881,761**	**–**	**99,250**	**1,157,638**
	2025	204,750	12,867	–	–	–	–	–	217,617
Total	**2026**	**153,563**	**23,064**	**–**	**–**	**881,761**	**–**	**99,250**	**1,157,638**
	2025	204,750	12,867	–	–	–	–	–	217,617

1 Steven Owen signed an agreement on 23 January 2026 which recorded that he moved from Executive Director to Non-Executive Director as of 1 January 2026 and the Company agreed to pay him £99,250 in compensation for the change in notice period which resulted from that. He resigned from this position on the same day, 23 January 2026. These agreements were made prior to the appointment of the current Directors.

Non-Executive Directors	Fees to 30 September 2026 £	Fees to 31 March 2025 £
Mark Davies[1]	**59,292**	73,500
Steven Owen[2]	**6,250**	–
Christian Kappelhoff-Wulff[3]	**–**	–
Valentin Pierburg[3]	**–**	–
Total	**65,542**	**73,500**

1 Mark Davies resigned on 23 January 2026.

2 Steven Owen signed an agreement on 23 January 2026 which recorded that he moved from Executive Director to Non-Executive Director as of 1 January 2026. He resigned from this position on the same day, 23 January 2026.

3 Christian Kappelhoff-Wulff and Valentin Pierburg were appointed as Non-Executive Chairman and Non-Executive Director respectively on 23 January 2026. They have both chosen to waive their fees for the period to 30 September 2026. During the period Valentin Pierburg and Christian Kappelhoff-Wulff received £1,617 and £1,745 in reimbursed travel expenses in relation to Board activities.

Annual bonus (audited)

The Group's remuneration policy for the period ended 30 September 2026 meant that the Executive Chairman did not receive, nor was eligible, for a bonus.

Long-Term Incentive Plan (audited)

The Company historically operated an LTIP, with awards granted in 2020 and 2021. None of the Directors that held office during the period to 30 September 2026 held options under the LTIP.

Short-Term Incentive Plan

The Palace Capital Short-Term Incentive Plan provided that Executive Directors be eligible to receive a proportion of the Realisation Pool generated by the sale of assets. No individual was eligible to be awarded more than 40% of the units in the pool. Awards under the STIP paid out in cash. The Plan was designed to pay out as soon as reasonably practicable after the earlier of (i) the sale of all assets, (ii) a takeover of the Company or (iii) when the Remuneration Committee determined that the plan had achieved its original purpose.

All awards under the Plan were paid in full across August and September 2025, following which the Plan concluded. There are no outstanding obligations under the Plan and there is no scope for any further awards to be granted.

	Granted in July 2023	Granted in January 2024	Vested and exercised	Lapsed	At 30 September 2026
Steven Owen	325	65	390	–	**–**

Deferred bonus plan (audited)

The Palace Capital Deferred Bonus Plan provided that 35% of any bonuses awarded may be deferred for a year and options over shares to the value of the deferred bonus amount allocated plus dividends accruing at the discretion of the Remuneration Committee. No awards were made or received in the period.

Total pension entitlements (audited)

The Company made no pension contributions to the Executive Chairman during the period to 30 September 2026. The Non-Executive Directors are not eligible for pension contributions.

Payments to former directors (audited)

On 16 June 2026, the Company entered into a settlement agreement with Richard Starr in relation to his claim for payment under the Company's historic 2020 LTIP which had previously been refused in reliance on the malus provisions in the 2020 LTIP. Pursuant to the agreement, the Company agreed to pay him £62,500 in full and final settlement with no admission of liability or wrongdoing on the part of either party. On 26 June 2026, the Company entered into a settlement on the same terms with Neil Sinclair pursuant to which it agreed to pay him £70,000.

Statement of Directors' shareholding and share interests (audited)

Directors' interests in the shares of the Company, including family interests, were as follows. Directors are encouraged, but not required, to acquire shares in the Company up to 100% of salary over time.

	Ordinary shares of 10p each 30 September 2026	Ordinary shares of 10p each 31 March 2025	Outstanding Ordinary share options of 10p each 30 September 2026	Outstanding Ordinary share options of 10p each 31 March 2025
Christian Kappelhoff-Wulff	60,000[1, 2]	–	–	–
Valentin Pierburg	–[2]	–	–	–

1 The 60,000 shares denoted here are held by a party connected to Christian Kappelhoff-Wulff.

2 Christian Kappelhoff-Wulff and Valentin Pierburg are both principals of Lakestreet Capital Partners AG and Lakestreet Trading AG; these entities collectively hold 2,990,000 ordinary shares.

As at 23 November 2026, there were no changes in Directors' shareholdings.

Remuneration Committee report continued
Annual remuneration report

Historical Chief Executive's remuneration

Period to 30 September[1]	Total remuneration £	Annual bonus (as a % of the maximum payout)	LTIP vesting (as a % of the maximum possible)
2026	**–**	**–**	**–**
2025	–	–	–
2024	–	–	–
2023	68,447	–	–
2022	590,675	50	50.00
2021	424,996	35.2	–
2020	598,406	62	50.00
2019	479,432	40	32.75
2018	683,379	95	16.66
2017	412,975	63	–

1 2026 reflects the 18-month period to 30 September, all prior periods shown are for the year to 31 March.

Relative importance of spend on pay

The table below shows the expenditure and percentage change in employee remuneration as compared with dividends paid to shareholders (see Note 4 to the financial statements):

	2026 £	2025 £	% change
Recurring employee costs[1]	844,967	1,098,284	(23)%
Dividends	4,442,227	4,658,056	(5)%
Share buybacks	29,473,754	22,091,166	33%

1 Excludes payments to former directors and staff including ex gratia, PILON or other settlements and payments for change of office agreed prior to the appointment of the current Directors.

Percentage change in Directors' Remuneration in the period[1]

	Salary	Benefits	Bonus
Steven Owen (resigned 23 January 2026)	(100)%	N/A	N/A
Mark Davies (resigned 23 January 2026)	(100)%	N/A	N/A
Christian Kappelhoff-Wulff (appointed 23 January 2026)	N/A	N/A	N/A
Valentin Pierburg (appointed 23 January 2026)	N/A	N/A	N/A
Total Directors change (%)	**(100)%**	**–%**	**–%**
Average change for employees (%)	(46)%	(75)%	(85)%

1 Based on salaries as at the period end.

Percentage change in Directors' Remuneration in prior periods

FY25	Salary	Benefits	Bonus
Total Directors change (%)	5%	–%	–%
Average change for employees (%)	5%	–%	(56%)

FY24	Salary	Benefits	Bonus
Total Directors change (%)	(14%)	(14%)	(100%)
Average change for employees (%)	-2%	0%	49

FY23	Salary	Benefits	Bonus
Total Directors change (%)	(37)%	(52)%	(28)%
Average change for employees (%)	16%	–%	(79)%

Service contracts and letters of appointment

The Committee's policy on service contracts for Executive Directors was that they should provide for termination of employment by giving no more than 12 months' notice. The Company does not currently employ any Executive Directors.

Non-Executive Directors

Non-Executive Directors are usually engaged for fixed terms, typically three years, which may be extended for subsequent periods. The effective dates of the letters of appointment for the current Non-Executive Director are as follows:

Name	Date of letter for current appointment	Date term due to expire
Christian Kappelhoff-Wulff	23 January 2026	23 January 2029
Valentin Pierburg	23 January 2026	23 January 2029

Implementation of remuneration policy in 2026/2027

In respect of the year ending 30 September 2027, the Committee intends to adopt the new Remuneration Policy described on page 33 if it is adopted at the AGM. If the new Remuneration Policy is not adopted, the existing Policy will continue to apply.

Salary

Executive Directors

The average salary increase across the workforce from 1 October 2026 was 0%.

Non-Executive Directors

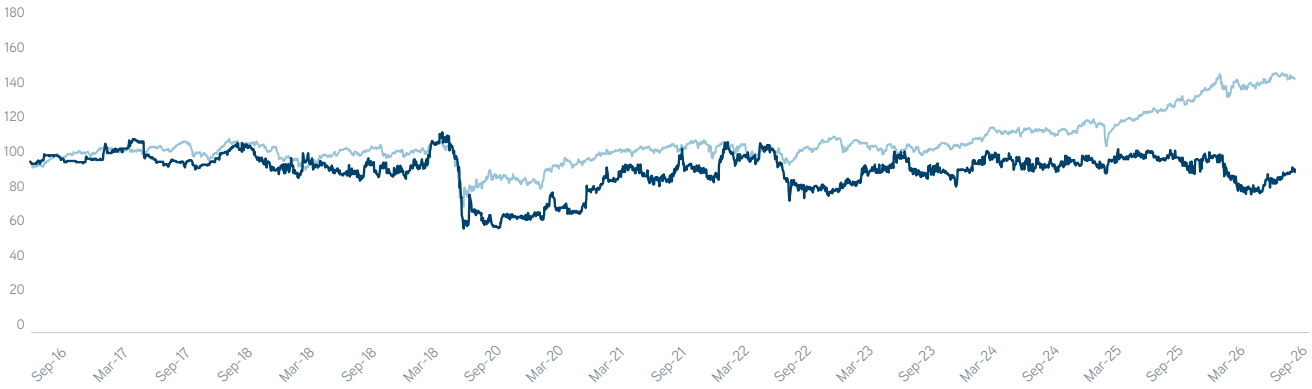
Non-Executive Director fees for the coming year are as follows.

Name	Role	2027 fee £	Change
Christian Kappelhoff-Wulff	Non-Executive Chairman Chair of Audit, Remuneration and Nomination Committees	1	N/A
Valentin Pierburg	Non-Executive Director	1	N/A

Remuneration Committee report continued
Annual remuneration report

Review of past performance

The following graph shows the Group's Total Shareholder Return ('TSR') for the 10-year period to 30 September 2026 as compared with the FTSE All Share Index as the Company's shares are a constituent of this index. TSR measures share price growth with dividends deemed to be reinvested on the ex-dividend date.



FTSE All Share Index
Palace Capital

Pension and benefits (audited)

The Non-Executive Directors are not eligible for a pension.

Annual bonus (audited)

The Non-Executive Directors are not eligible for a bonus.

Long-Term Incentive Plan

No awards will be made under the Long-Term Incentive Plan.

Statement of voting at annual general meeting

The table below sets out the results of the voting in respect of the Directors' Remuneration Report at the 2025 AGM.

	Percentage of votes cast		Number of votes cast		
	For and discretion	Against	For and discretion	Against	Withheld[1]
Remuneration Report	99.54%	0.46%	17,391,455	80,132	1,597
Remuneration Policy (2023)	97.74%	2.26%	27,155,962	629,303	4,166

1 A vote withheld is not a vote in law and is not included in the calculation of the number or the percentage of votes For or Against the resolution

Approval

This report was approved by the Board of Directors on 23 November 2026 and signed on its behalf by:

Christian Kappelhoff-Wulff
Chairman of Remuneration Committee

Directors' report and additional disclosures

The Directors present their report and the audited consolidated financial statements of Palace Capital plc for the period ended 30 September 2026.

Statutory information contained elsewhere in the Annual Report

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report and is incorporated into this report by reference, as indicated in the relevant section.

In accordance with the UK Financial Conduct Authority's Listing Rules, the information to be included within the Annual Report, where applicable, is set out on the following pages:

- financial results and dividends, pages 50 to 78;
- going concern and viability statement, page 10;
- Remuneration Report and Policy, pages 32 to 38;
- greenhouse gas emissions report, page 16;
- corporate governance statement, page 21;
- Directors' names and biographies, page 23;
- Directors' interests in shares, page 35;
- related party transactions, page 70;
- statement of engagement with suppliers, customers and others in a business relationship with the Company, pages 14 to 15;
- financial instruments, Note 19, pages 71 to 72;
- share capital, Note 15, pages 69 to 70;
- treasury shares, Note 15, pages 69 to 70; and
- events subsequent to the period-end date, Note 18, page 70.

Purchase of own shares by the company

Authority was granted at the 2025 Annual General Meeting for the Directors to purchase up to 15% of the share capital of the Company. The authority was expressed to run until the conclusion of the next Annual General Meeting of the Company.

During the period, the Company completed a tender offer in July 2025 and share buyback programmes launched in April and June 2026. Further details of the Company's shares purchased and subsequently cancelled are set out in Note 15 to the financial statements.

Directors

The Directors' powers, including the rules relating to the appointment and replacement of Directors, are conferred on them by UK legislation and by the Company's Articles of Association. Changes to the Articles of Association are only permitted in accordance with legislation and must be approved by a special resolution of shareholders.

No member of the Board had a material interest in any contract of significance with the Company, or any of its subsidiaries, at any time during the period.

In accordance with the Code, all Directors will offer themselves for re-election at the 2026 Annual General Meeting. The terms of the Directors' letters of appointment are set out in the Annual Remuneration Report on page 36.

Diversity Policy

The Board has not adopted a formal diversity policy. Given the Company's strategy and the limited scope for future recruitment, the Board does not consider that a formal policy would provide meaningful benefit at this stage. The Board will nevertheless continue to have regard to diversity, alongside relevant skills and experience, in any future appointments.

Political donations

During the period, no donations were made to political parties, and none are proposed for the year to 30 September 2027.

Substantial shareholdings

The table below is provided by our brokers under the requests made to shareholders under section 793 of the Companies Act 2006 and information provided to the Company. As such, this information is regarded by the Company as providing an up-to-date representation of our major shareholders' interests.

As at 30 September 2026 (and inclusive of any TR1 notifications up to the accounts signing date) Shareholder	Ordinary Shares of 10p	%
Lakestreet Capital Partners	2,990,000	18.82
Winton Capital Management	1,901,331	11.96
Mr Jurgen Pierburg	902,200	5.68
Harwood Capital	875,000	5.51
Janus Henderson Investors	697,496	4.39
Interactive Investor (EO)	693,363	4.36
Ms Gisela Pierburg	666,000	4.19
Hargreaves Lansdown, stockbrokers (EO)	598,470	3.77
Morgan Stanley as principal	478,360	3.01

Directors' report and additional disclosures continued

Between the period-end date and 20 November 2026 (being the latest practicable date prior to the date of this report), the Company had been notified of one change in substantial shareholdings as reported on 12 October 2026, this movement has been reflected in Harwood Capital's shareholding detailed above.

Concert Party

Christian Kappelhoff-Wulff and Valentin Pierburg, both Non-Executive Directors, are members of a concert party comprising themselves, entities under their joint control and certain parties deemed connected to them as defined in the Company's Circular to shareholders dated 11 June 2026 (the "Concert Party"). The Concert Party held approximately 29.88% of the Company's voting rights as at 10 June 2026. Following completion of the Company's share buyback programme, its interest increased to approximately 36.71% as a consequence of the reduction in the number of shares in issue. A Rule 9 waiver under the Takeover Code was approved by independent shareholders, allowing this increase in voting rights without requiring the Concert Party to make a mandatory offer for the Company.

Restrictions on voting rights

Lakestreet Capital Partners AG and Lakestreet Trading AG (the "Lakestreet Entities") have confirmed for the benefit of all of the Company's shareholders that each of the Lakestreet Entities will not, at any time exercise (or cause or permit to be exercised) any voting rights attaching to any ordinary shares of the Company which, when taken together with any such rights controlled or acquired by any member of the Concert Party, would represent, in aggregate, more than 29.99 % of the total votes that may be cast on a poll at any general meeting of the Company.

Directors' and Officers' liability insurance

The Group maintains Directors' and Officers' liability insurance.

Financial risk management

The Group is exposed to market risk (including interest rate risk and real estate market 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 in Note 19 and in the Risk Management section of the Annual Report and Accounts.

Authorisation of conflicts of interest

The Company complies with the requirements of its Articles of Association and the Companies Act 2006 in relation to conflicts of interest. Under these provisions, a Director must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. However, the Directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only Directors who have no interest in the matter being considered will be able to make the relevant decision, and the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

Audit exemption for subsidiaries

The Group has taken advantage of section 479A of the Companies Act 2006 exemption from audit for all its subsidiaries.

External auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The auditor, BDO LLP, has indicated its willingness to continue in office. The Board, on the advice of the Audit and Risk Committee, recommends the auditor reappointment at the 2026 Annual General Meeting.

2026 Annual General Meeting

The 2026 Annual General Meeting is proposed to be held on 17 December 2026. The proposed resolutions are set out in the Notice of Meeting, together with explanatory notes.

This report was approved by the Board and signed on its behalf.

Christian Kappelhoff-Wulff
Non-Executive Chairman

23 November 2026

Palace Capital plc is incorporated, registered and domiciled in England and Wales with company number 05332938

201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT

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 period. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards ("IFRS-UK") and applicable law, and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") 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:

- confirm that 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 or loss of the Group and the Company;
- 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 IFRS-UK in conformity with the requirements of the Companies Act 2006 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; and
- 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.

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

Christian Kappelhoff-Wulff
Non-Executive Chairman

23 November 2026

Independent Auditor's report
to the members of Palace Capital plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2026 and of the Group's loss and the Group's cash flows for the 18-month period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Palace Capital plc (the 'Company') and its subsidiaries (the 'Group') for the 18-month period ended 30 September 2026 which comprise of the following:

Group	Company
Consolidated Statement of Comprehensive Income	
Consolidated Statement of Financial Position	Company Statement of Financial Position
Consolidated Statement of Changes in Equity	Company Statement of Changes in Equity
Consolidated Statement of Cash Flows	
Notes 1 to 19 to the Consolidated Financial Statements	Notes 1 to 7 to the Company Financial Statements
Material and significant accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial *Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and the Company and we remain independent of the Group and the Company in conducting our audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Using our knowledge of the Group and its market sector together with the current economic environment to assess the Directors' identification of the inherent risks to the Group's business and how these might impact the Group's ability to remain a going concern for the going concern period, which is at least 12 months from when the financial statements are authorised for issue;
- Obtaining an understanding of the Directors' process for assessing going concern including an understanding of the key assumptions used;
- We have reviewed the forecasts that support the Directors' going concern assessment and:
  - Assessed the Group's forecast cash flows with reference to budgeted and historic performance and challenging management's forecast assumptions in comparison to the current performance of the Group;
  - Agreed the inputs into the forecasts to supporting documentation for reasonableness;
- Analysing the sensitivities applied by the Directors' stress testing calculations and challenging the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the downside scenarios selected;
- Testing the arithmetical accuracy of the going concern model;
- Assessing the intercompany debtors in the Company's balance sheet for recoverability by reviewing the financial position of each subsidiary. We also assessed the Company's ability to pay the intercompany creditors by reviewing its liquidity as at the period end;
- Enquiring of Directors and those charged with governance as to any future events or conditions that may affect the Group's ability to continue as a going concern;

- Considering board minutes, and evidence obtained through the audit and challenging the Directors on the identification of any contradictory information in the forecasts and the resultant impact to the going concern assessment;
- Considering the Directors' intentions for the Group going forward and its impact on the Group's ability to continue as a going concern;
- Reviewing the disclosures in the financial statements relating to going concern to check that the disclosure is consistent with the circumstances of the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Company's ability to continue as a going concern.

In relation to the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	2026	2025
	Valuation of investment properties	Valuation of investment properties
Materiality	*Group financial statements as a whole*	
	£0.7m (2025: £1.4m) based on 2.1% (2025: 2%) of net assets	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

The Group operates solely in the United Kingdom, and all audit procedures were performed by the Group audit team. The Group operates in one segment, investment property, structured through a number of subsidiary entities and therefore we treated the Group as a single component. The Group audit engagement team performed all the work necessary to issue the Group and Company audit opinion, including undertaking all of the audit work on the risks of material misstatement identified in the key audit matters section below.

Changes from the prior year

There have been no significant changes in the Group audit scope from the prior year.

How climate change affected the scope of our audit

The Group has determined that climate change does not currently have a material impact on its operations. Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Strategic Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment and in management's judgements and estimates in relation to property valuation.

The management disclosures on page 18 form part of the strategic report. Our responsibilities in relation to these disclosures are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.

Independent Auditor's report continued
to the members of Palace Capital plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit responded to the risk
Valuation of investment properties Refer to accounting policies on investment properties on page 56 Refer to Note 9 in relation to the property portfolio	The Group has an investment property portfolio of commercial property across England. This comprises standing investment property assets which are let, or available to let, and are valued using the income capitalisation method, in accordance with RICS methodology and IFRS 13 Fair Value Measurement. The valuation of investment property requires significant judgement and estimates by the Directors, with the assistance of their independent external valuer (the 'Valuer'), and is therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of estimated rental value and capitalisation yields applied) could result in a material misstatement in the valuation of the Group's investment properties, thereby impacting the Group's financial statements. The valuation of investment properties was therefore considered to be a key audit matter.	Our audit procedures included the following: **Group's controls relating to the valuation of investment properties** We reviewed and evaluated the design and implementation of the Group's controls relating to the valuation of investment properties, including the processes by which the Group ensures that complete and accurate data is provided to the Valuer as well as management's review of the valuation outputs. In doing so, we performed a walkthrough of the relevant controls by obtaining support for the design and implementation of the controls. **Assessment of the Valuer and relevance of their work** We obtained and reviewed the valuation report prepared by the Group's Valuer and, with the assistance of our in house RICS qualified real estate valuation experts, discussed with the Valuer the basis of the valuations, including the valuation methods and assumptions used. We confirmed that all the valuations had been prepared in accordance with applicable valuation guidelines and the requirements of the applicable accounting standards, including International Accounting Standard 40 Investment Property ('IAS 40') and International Financial Reporting Standard 13 Fair Value Measurement ('IFRS 13') , and were therefore, appropriate for determining the carrying values of investment properties in the Group's financial statements. We assessed the qualifications, competency, independence and objectivity of the Valuer. We reviewed the terms of engagement for any unusual arrangements, limitations in the scope of their work or evidence of management bias. We also considered if there was any evidence of management bias or whether the Directors could have influenced the Valuer's decisions over the significant judgements or estimates. **Data provided to the Valuer** We validated the underlying data provided to the Valuer by management. This included observable inputs such as passing rent and lease term, which we agreed on a sample basis to the executed lease agreements.

Key audit matter	How the scope of our audit responded to the risk
	Assumptions and estimates used by the Valuer With assistance from our internal valuation experts, our procedures included the following: • We developed yield expectations for each property using available independent industry data and reports around the period end; • We met with the Valuer and discussed the assumptions used and the valuation movement in the period; • Where the valuation yields or movements period-on-period were outside of our expected ranges, together with our valuation experts we challenged management's Valuer on their rationale for the yields applied; • We corroborated the Valuer's explanations where relevant, including agreeing to third-party documentation and/or market comparisons. • Our valuation experts assisted us in assessing whether explanations provided were appropriate and in line with market knowledge; • We evaluated the other key valuation assumption, being the estimated (market) rental values, considering factors such as the location and specifics of each property and recent letting data. • We assessed the accuracy, appropriateness and sufficiency of the disclosures in the financial statements in accordance with relevant standards including IAS 40 and IFRS 13. **Key observations:** Based on our audit procedures performed, we consider the assumptions applied by the Directors in the valuation were reasonable and the methodology applied was appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Independent Auditor's report continued
to the members of Palace Capital plc

	Group financial statements		Company financial statements	
	2026 £m	2025 £m	2026 £m	2025 £m
Materiality	0.7	1.4	0.65	0.92
Basis for determining materiality	2.1% net assets (2025: 2% of net assets)			
Rationale for the benchmark applied	We determined that net assets would be the most appropriate basis for determining overall materiality. The Group's current strategy is to maximise cash returns to shareholders. Hence, we consider net assets to be the principal consideration for the users of the financial statements in assessing the financial performance of the Group and Parent Company.			
Performance materiality	£0.53m	£1.05m	£0.48m	£0.69m
Basis for determining performance materiality	On the basis of our risk assessment, together with our assessment of the Group's and Company's overall control environment, our judgement was that performance materiality should be 75% (2025: 75%) of materiality.			
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including our assessment of the Group's and Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the period.			

Specific materiality

Following the shift of the Group's focus from the trading performance to the maximisation of cash returns to shareholders, we considered that the use of specific materiality was no longer appropriate. Therefore our audit procedures were performed on all financial statement areas using a single level of materiality, as set out in the table above.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £35,000 (2025: £70,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules sourcebook requires us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 10; • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 10; and • The Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on page 10.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 41; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 10 to 13; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 31; and • The section describing the work of the Audit and Risk Committee set out on pages 30 to 31.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be UK company law, UK tax legislation (including the REIT regime requirements) and the UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.

Our procedures in response to the above included:

- Enquires of management whether there were any litigations and claims;
- Agreeing the financial statement disclosures to underlying supporting documentation where relevant;
- Review of Board and Committee meeting minutes and enquiries of management and the Directors of any known or suspected instances of non-compliance with laws and regulations; and
- Involvement of tax experts in the audit.

Irregularities including fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry of management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls.

Our procedures in response to the above included:

- Testing a sample of journal entries processed during the period, agreeing to supporting documentation and evaluating whether there was evidence of bias by management or the Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the members to audit the financial statements for the period ended 30 September 2026.

Our total uninterrupted period of engagement is 12 years, covering the periods ended 31 March 2015 to 30 September 2026.

Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.15R - 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Christopher Young (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London,
United Kingdom
23 November 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income
for the 18-month period ended 30 September 2026

	Note	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Revenue	1	**11,088**	13,245
Cost of sales	3b	**(8,209)**	(7,868)
Movement in expected credit loss	11	**(228)**	(353)
Net property income		**2,651**	5,024
Administrative expenses	3c	**(3,891)**	(2,889)
Operating (loss)/profit before gains and losses on property assets		**(1,240)**	2,135
Profit on disposal of investment properties		**1,203**	1,502
Loss on revaluation of investment property portfolio	9	**(5,805)**	(2,868)
Impairment of trading properties	10	**(603)**	(61)
Operating (loss)/profit		**(6,445)**	708
Finance income		**715**	850
Finance expense	2	**–**	(126)
Debt termination costs		**(5)**	(35)
(Loss)/profit before taxation		**(5,735)**	1,397
Taxation	5	**15**	25
(Loss)/profit after taxation for the period and total comprehensive (loss)/profit attributable to owners of the parent		**(5,720)**	1,422
Earnings per ordinary share			
Basic (and diluted)	6	**(25.6)p**	4.5p

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 30 September 2026

	Note	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Non-current assets			
Investment properties	9	**21,932**	33,363
Trade and other receivables	11	**5,496**	5,021
		27,428	38,384
Current assets			
Assets held for sale	9	**–**	9,875
Trading property	9, 10	**1,910**	4,340
Trade and other receivables	11	**1,320**	2,201
Cash and cash equivalents	12	**4,596**	22,222
		7,826	38,638
Total assets		**35,254**	77,022
Current liabilities			
Trade and other payables	13	**(2,369)**	(3,277)
Creditors: amounts falling due within one year		**(2,369)**	(3,277)
Net current assets		**5,457**	35,361
Non-current liabilities			
Short-Term Incentive Plan provision		**–**	(1,209)
Deferred tax liability	5	**(17)**	(32)
Net assets		**32,868**	72,504
Equity			
Called up share capital	15	**1,589**	2,889
Merger reserve		**3,503**	3,503
Capital redemption reserve		**3,390**	2,090
Capital reduction reserve		**29,266**	63,182
(Accumulated losses)/retained earnings		**(4,880)**	840
Equity – attributable to the owners of the parent		**32,868**	72,504
Basic (and diluted) NAV per ordinary share	7	**207p**	251p

These financial statements were approved by the Board of Directors of Palace Capital Plc (company number: 05332938) and authorised for issue on 23 November 2026 and are signed on its behalf by:

Christian Kappelhoff-Wulff
Non-Executive Chairman

Consolidated Statement of Changes in Equity
for the 18-month period ended 30 September 2026

	Note	Share Capital £'000	Treasury Share Reserve £'000	Other Reserves £'000	Capital Reduction Reserve £'000	Retained Earnings/ (Accumulated Losses) £'000	Total Equity £'000
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		–	–	–	–	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**
Total comprehensive loss for the period		**–**	**–**	**–**	**–**	**(5,720)**	**(5,720)**
Dividends paid	8	**–**	**–**	**–**	**(4,442)**	**–**	**(4,442)**
Share buyback		**–**	**(29,474)**	**–**	**–**	**–**	**(29,474)**
Cancellation of treasury shares		**(1,300)**	**29,474**	**1,300**	**(29,474)**	**–**	**–**
At 30 September 2026		**1,589**	**–**	**6,893**	**29,266**	**(4,880)**	**32,868**

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

Treasury share reserve represents the consideration paid for shares in buyback programmes and tender offers throughout the period.

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 section 612 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 18-month period ended 30 September 2026

	Note	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Operating activities			
(Loss)/profit before taxation		**(5,735)**	1,397
Finance income		**(715)**	(850)
Finance expense	2	**–**	126
Loss on revaluation of investment property portfolio	9	**5,805**	2,868
Profit on disposal of investment properties		**(1,203)**	(1,502)
Impairment of trading properties	10	**603**	61
Debt termination costs		**5**	35
Amortisation of right of use asset		**–**	38
Share-based payments		**–**	57
(Increase)/decrease in receivables		**(794)**	500
Decrease in payables		**(2,118)**	(149)
Decrease in trading property	10	**1,827**	3,725
Net cash (used in)/generated from operations		**(2,325)**	6,306
Interest received		**715**	850
Interest and other finance charges paid	2	**–**	(102)
Net cash flows (used in)/from operating activities		**(1,610)**	7,054
Investing activities			
Capital expenditure on refurbishment of investment property	9	**(2,402)**	(175)
Proceeds from disposal of investment property		**20,307**	30,637
Net cash flow generated from investing activities		**17,905**	30,462
Financing activities			
Bank loans repaid		**(5)**	(8,311)
Dividends paid	8	**(4,442)**	(4,658)
Share buyback		**(29,474)**	(22,091)
Net cash flow used in financing activities		**(33,921)**	(35,060)
Net (decrease)/increase in cash and cash equivalents		**(17,626)**	2,456
Cash and cash equivalents at beginning of the period		**22,222**	19,766
Cash and cash equivalents at the end of the period	12	**4,596**	22,222

Notes to the Consolidated Financial Statements

Basis of accounting

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 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

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. Following the year ended 31 March 2025, the Board resolved to alter the accounting period end to 30 September 2026 in an effort to reduce administrative costs relating to the period end by spreading them across 18 months. As a result of the change in reporting date, the current financial period has been prepared for an 18-month period to 30 September 2026, whereas the comparative prior period figures cover the 12-months to 31 March 2025. Therefore, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and related Notes are not entirely comparable.

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 19 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 30 September 2026 the Group had £4.6 million of unrestricted cash and cash equivalents and a property portfolio with a fair value of £29.8 million. During the prior period the Group repaid all of its debt and in the current period continued to be entirely debt free with 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 no income being received. 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 period

New standards effective for the period ended 30 September 2026 did not have a material impact on the financial statements.

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 period 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.

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 for sale 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.

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 contracts for sale, 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's period end, being 30 September 2026, 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.

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:

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 maturities of three months or less.

Financial liabilities

The Group's financial liabilities consist of trade and other payables, which are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

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 period-end 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 period 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.

Assets held for sale and disposal groups

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. Assets and disposal groups classified as held for sale are measured in accordance with the fair value method of IAS 40.

Following their classification as held for sale, assets (including those in a disposal group) are not depreciated. The results of operations disposed during the period are included in the Consolidated Statement of Comprehensive Income up to the date of disposal.

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 include 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 period end 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.

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.

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. 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 section 612 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.

Operating segments

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.

1. Rental and other income

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.

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Gross rental income	**5,444**	6,450
Dilapidations and other property related income	**150**	479
Insurance commission	**23**	–
Gross property income	**5,617**	6,929
Service charge income	**3,585**	2,326
Trading property income	**1,886**	3,990
Total revenue	**11,088**	13,245

The biggest tenant is 18.2% of the rent roll as at 30 September 2026 (31 March 2025: 20.7%). Trading property income represents the sale of five residential flats to individuals in the period.

2. Interest payable and similar charges

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Interest on bank loans	**–**	97
Amortisation of loan arrangement fees	**–**	25
Other finance charges	**–**	4
	–	126

3. (Loss)/profit for the period

a) The Group's (loss)/profit for the period is stated after charging the following:

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Depreciation of tangible fixed assets and amortisation of right of use assets:	**–**	38
Fees payable to the Auditor for the audit of the Group's and Company's accounts	**140**	169
	140	207

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

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Void property costs	**2,064**	1,436
Legal, lettings and consultancy costs	**644**	318
Property operating expenses	**2,708**	1,754
Service charge expenses	**3,585**	2,326
Trading property cost of sales	**1,916**	3,788
	8,209	7,868

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

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Recurring staff costs (see Note 4)	**845**	1,099
Short-Term Incentive Plan provision (see Note 4) and associated costs[1]	**1,042**	644
Other overheads[2]	**533**	373
Accounting, tax and audit fees	**206**	239
Payments to former Directors and staff (see Note 4)	**445**	175
Compensation payment for role changes (see Note 4)	**114**	–
Stock Exchange costs	**164**	155
PR and marketing costs	**70**	61
Share-based payments	**–**	57
Legal and professional fees	**467**	44
Amortisation of right of use asset	**–**	38
ESG costs	**5**	4
	3,891	2,889

[1] This includes £10,000 of associated costs for the final payments and close down of the Short-Term Incentive Plan ("STIP").

[2] Other overheads comprise of rent, rates, service charge, consulting, and other office costs.

4. Employees and directors' remuneration

Staff and Director costs during the period were as follows:

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Non-Executive Directors' fees	**66**	74
Wages and salaries	**622**	805
Pensions	**77**	90
Social security costs	**80**	130
Total recurring staff costs	**845**	1,099
Payments to former Directors and staff (incl. NI and pension contributions) for ex gratia, PILON and settlements	**445**	175
Compensation payment for Director's change of office (incl. NI)	**114**	–
Short-Term Incentive Plan provision (incl. NI)[1]	**1,032**	644
Share-based payments	**–**	57
	2,436	1,975

[1] The STIP provision historically reflected management's estimate of the total expected pay out (including employer's NI) when the plan comes to an end (assumed to be when all assets are sold). This provision was calculated with reference to sales achieved to date and assumed sales of the remaining assets, whilst reflecting the uncertainty of the financial and property markets. During the period the Remuneration Committee determined the STIP should be closed and the plan paid out. The final payments made to Directors and staff under this plan totalled £1,949,919 (excluding employer's NI). There are no further expenses or payments due in relation to the STIP.

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

	18 months to 30 September 2026	Year to 31 March 2025
Directors	**2**	2
Senior management and other employees	**3**	5
	5	7

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

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Emoluments for qualifying services	**219**	278
Social security costs	**41**	43
Total recurring key management costs	**260**	321
Payments to former Directors (incl. NI and pension contributions)	**133**	–
Compensation payment for Director's change of office (incl. NI)	**114**	–
Short-Term Incentive Plan provision (incl. NI)	**467**	291
	974	612

5. Taxation

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Deferred tax	**(15)**	(25)
Tax (credit)	**(15)**	(25)

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
(Loss)/profit on ordinary activities before tax	**(5,735)**	1,397
Based on (loss)/profit for the period: Theoretical Tax at 25%	**(1,434)**	349
Effect of:		
Net expenses not deductible for tax purposes	**41**	24
Deferred tax released to profit and loss on Hudson Quarter residential sales	**(15)**	(25)
Gain on appropriation for Hudson Quarter	**15**	–
REIT exempt income and gains	**(150)**	(800)
Residual losses not recognised for deferred tax	**224**	–
Non-taxable items	**1,304**	427
Tax (credit) for the period	**(15)**	(25)

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:

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Deferred tax liability – brought forward	**(32)**	(57)
Deferred tax release on sale of trading property	**15**	25
Deferred tax liability – carried forward	**(17)**	(32)

The deferred tax liability of £17,000 relates to investment properties transferred into trading stock, prior to the Group becoming a REIT.

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 period (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 period (see table below).

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
(Loss)/profit after tax attributable to ordinary shareholders for the period	**(5,720)**	1,422

	18 months to 30 September 2026 No. of shares	Year to 31 March 2025 No. of shares
Weighted average number of shares for basic (and diluted) earnings per share	**22,307,897**	31,325,057
Earnings per ordinary share		
Basic (and diluted)	**(25.6)p**	4.5p

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.

Adjusted profit before tax and Adjusted EPS

The Group also reports an adjusted earnings measure which is based on the recurring earnings before tax, this is the basis on which the Directors consider dividend cover. This figure represents the net income generated from operational activities after excluding investment property revaluations and gains and losses on disposals, changes in fair value of financial instruments and one off costs (including debt termination costs, share-based payments being a non-cash expense, as well as payments to former Directors and Staff, and the STIP provision, which are one-off exceptional items. The STIP is 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 adjusted earnings per share for the period are calculated based upon the following information:

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
(Loss)/profit after tax for the period	**(5,720)**	1,422
Adjustments:		
Loss on revaluation of investment property portfolio	**5,805**	2,868
Profit on disposal of investment properties	**(1,203)**	(1,502)
Impairment of trading properties	**603**	61
Trading loss/(profit)	**30**	(202)
Debt termination costs	**5**	35
Payments to former Directors and Staff (including associated costs)	**445**	175
Compensation payment for Director's change of role	**114**	–
Share-based payments	**–**	57
Short-Term Incentive Plan provision (including associated costs)	**1,042**	644
Adjusted profit after tax for the period	**1,121**	3,558
Deferred tax	**(15)**	(25)
Adjusted profit before tax for the period	**1,106**	3,533
Adjusted EPS (basic and diluted)	**5.0p**	11.3p

7. Net asset value per share

	As at 30 September 2026 No. of shares	As at 31 March 2025 No. of shares
Number of ordinary shares issued at the end of the period (basic and diluted)	**15,890,895**	28,892,535
Net assets per ordinary share		
Basic (and diluted)	**207p**	251p

8. Dividends

	Payment date	Dividend per share	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
2026				
Interim dividend	21 April 2026	3.75p	**758**	–
Interim dividend	30 January 2026	3.75p	**758**	–
Interim dividend	24 October 2025	3.75p	**758**	–
		11.25p	**2,275**	–
2025				
Interim dividend	14 July 2025	3.75p	**1,083**	–
Interim dividend	22 April 2025	3.75p	**1,083**	–
Interim dividend	27 December 2024	3.75p	**–**	1,083
Interim dividend	25 October 2024	3.75p	**–**	1,083
		15.00p	**2,167**	2,166
2024				
Final dividend	25 August 2024	3.75p	**–**	1,084
Interim dividend	19 April 2024	3.75p	**–**	1,408
		7.50p	**–**	2,492
Dividends reported in the Group Statement of Changes in Equity			**4,442**	4,658

On 15 September 2026, an interim dividend of 1.50 pence per share was announced, this distribution was paid following the period end on 23 October 2026.

9. Property portfolio

	Total investment properties £'000	Trading properties £'000	Assets held for sale £'000	Total property portfolio £'000
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
Additions – refurbishments	**2,402**	**–**	**–**	**2,402**
Additions – trading property	**–**	**83**	**–**	**83**
Loss on revaluation of properties	**(5,805)**	**–**	**–**	**(5,805)**
Impairment of trading properties	**–**	**(603)**	**–**	**(603)**
Disposals	**(8,313)**	**(1,910)**	**(9,127)**	**(19,350)**
Transfer from assets held for sale	**285**	**–**	**(285)**	**–**
At 30 September 2026	**21,932**	**1,910**	**–**	**23,842**

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 30 September 2026, 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.

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:

	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
Property portfolio valuation	**29,820**	53,235
Less trading properties at lower of cost and net realisable value	**(1,910)**	(4,340)
Less lease incentive balance included in accrued income on investment properties	**(5,978)**	(5,657)
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	**–**	–
Carrying value of investment properties	**21,932**	33,363

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 period.

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.

The Head of Property, responsible for the valuation process verifies all major inputs to the external valuation reports, assesses the individual property valuation changes from the prior period valuation report and holds discussions with the independent valuers.

When this process is complete, the valuation report is recommended to the Audit and 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 30 September 2026 as the Group's entire property portfolio was valued.

	Significant unobservable inputs			
30 September 2026	**Office**	**Leisure**	**Residential**	**Total**
Fair value of property portfolio	**18,310,000**	**9,600,000**	**1,910,250**	**29,820,250**
Area (sqft)	**167,181**	**186,502**	**n/a**	**353,683**
Gross Estimated Rental Value	**3,273,656**	**1,766,296**	**n/a**	**5,039,952**
Net Initial Yield				
Minimum	**4.6%**	**15.4%**	**n/a**	**4.6%**
Maximum	**12.2%**	**15.4%**	**n/a**	**15.4%**
Weighted average	**5.3%**	**15.4%**	**n/a**	**8.5%**
Reversionary Yield				
Minimum	**7.3%**	**17.2%**	**n/a**	**7.3%**
Maximum	**21.9%**	**17.2%**	**n/a**	**21.9%**
Weighted average	**17.0%**	**17.2%**	**n/a**	**15.9%**
Equivalent Yield				
Minimum	**7.3%**	**17.7%**	**n/a**	**7.3%**
Maximum	**13.8%**	**17.7%**	**n/a**	**17.7%**
Weighted average	**12.0%**	**17.7%**	**n/a**	**14.7%**

	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 (sqft)	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%
Weighted average	10.6%	13.7%	n/a	12.2%

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 £1,946,646 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 30 September 2026	**(1.40)**	**1.40**	**(0.38)**	**0.39**
(Decrease)/increase in the fair value of investment properties as at 31 March 2025	(2.43)	2.46	(1.23)	1.33

Assets held for sale

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Assets held for sale	–	9,875
	–	9,875

Assets held for sale as at 31 March 2025 included lease incentives of £463,000 which were released on sale of the asset.

10. Trading property

	Total £'000
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
Costs capitalised	**83**
Impairment of trading properties	**(603)**
Disposal of trading properties	**(1,910)**
At 30 September 2026	**1,910**

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. Trade and other receivables

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Current		
Gross amounts receivable from tenants	**1,394**	1,883
Less: expected credit loss provision	**(845)**	(1,066)
Net amount receivable from tenants	**549**	817
Other taxes	**–**	38
Other debtors	**147**	425
Accrued income	**482**	636
Prepayments	**142**	285
	1,320	2,201
Non-current		
Accrued income	**5,496**	5,021
	5,496	5,021
Total trade and other receivables	**6,816**	7,222

As at 30 September 2026 the lifetime expected credit loss provision for trade receivables and contract assets is 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	20%	7%	24%	99%	
Gross carrying amount	687	(43)	46	704	1,394
Loss provision	137	(3)	11	700	845

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 has become increasingly concentrated as the Group's property portfolio has reduced; notwithstanding this, the Group continues to have a wide range of tenants from a broad spectrum of business sectors. 60% 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 frees 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 £67,000.

The Group does not hold any material collateral as security.

As at 31 March 2025 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	17%	12%	100%	95%	
Gross carrying amount	915	9	49	910	1,883
Loss provision	154	1	49	862	1,066

Movement in the expected credit loss provision was as follows:

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Brought forward	**1,066**	653
Provision increased	**228**	480
Provision released	**(449)**	(66)
	845	1,066

12. Cash and cash equivalents

All of the Group's cash and cash equivalents at 30 September 2026 and 31 March 2025 are in sterling.

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Cash and cash equivalents	**4,596**	22,222

13. Trade and other payables

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Trade payables	**115**	86
Other taxes	**202**	918
Other payables	**1,132**	763
Deferred rental income	**701**	1,206
Accruals	**219**	304
	2,369	3,277

The deferred rental income in the year ended 31 March 2025 of £1,206,000 was recognised as income in the period to 30 September 2026.

14. Leases

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

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Within one year	**3,013**	5,129
From one to two years	**2,641**	4,971
From two to three years	**2,429**	4,654
From three to four years	**2,330**	4,360
From four to five years	**2,330**	4,166
From five to 25 years	**13,590**	25,762
	26,333	49,042

The Group has over 25 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.

15. Share capital

Authorised, issued and fully paid share capital is as follows:	As at 30 September 2026 £'000	As at 31 March 2025 £'000
15,890,895 ordinary shares of 10p each (2025: 28,892,535)	**1,589**	2,889
	1,589	2,889

Reconciliation of movement in ordinary share capital	18 months to 30 September 2026 £'000	Year to 31 March 2025 £'000
At start of period	**2,889**	3,756
Treasury shares cancelled in the period	**(1,300)**	(867)
At end of period	**1,589**	2,889

Movement in ordinary authorised share capital		Number of ordinary shares purchased and cancelled	Total number of shares
As at 31 March 2024			37,560,295
	17 July 2024	(8,667,760)	
As at 31 March 2025			28,892,535
	2 September 2025	(8,667,760)	
	10 June 2026	(700,000)	
	27 August 2026	(3,633,880)	
As at 30 September 2026			15,890,895

Movement in treasury shares		Number of ordinary shares purchased and cancelled	Total number of shares
As at 31 March 2025			–
Shares repurchased and transferred to Treasury	2 September 2025	8,667,760	
Cancellation of treasury shares	2 September 2025	(8,667,760)	
Shares repurchased and transferred to Treasury	22 April 2026	400,000	
Shares repurchased and transferred to Treasury	27 April 2026	300,000	
Cancellation of treasury shares	10 June 2026	(700,000)	
Shares repurchased and transferred to Treasury	2 July 2026	30,905	
Shares repurchased and transferred to Treasury	6 July 2026	59,462	
Shares repurchased and transferred to Treasury	9 July 2026	3,238	
Shares repurchased and transferred to Treasury	10 July 2026	52,752	
Shares repurchased and transferred to Treasury	13 July 2026	14,167	
Shares repurchased and transferred to Treasury	14 July 2026	23,893	
Shares repurchased and transferred to Treasury	15 July 2026	8,178	
Shares repurchased and transferred to Treasury	17 July 2026	9,470	
Shares repurchased and transferred to Treasury	20 July 2026	3,348,843	
Shares repurchased and transferred to Treasury	21 July 2026	59,919	
Shares repurchased and transferred to Treasury	22 July 2026	23,053	
Cancellation of treasury shares	27 August 2026	(3,633,880)	
As at 30 September 2026			–
Total number of shares excluding the number of shares held in treasury at 30 September 2026			**15,890,895**

Period ended 30 September 2026

On 2 September 2025, 8,667,760 shares were purchased by the Group pursuant to the tender offer announced on 31 July 2025, these shares were transferred into the treasury share reserve and cancelled on the same day.

On 22 April 2026, 400,000 shares were purchased under the share buyback programme announced on 17 April 2026. On 27 April 2026, 300,000 shares were purchased under the further share buyback programme announced on 23 April 2026. The shares purchased in April 2026 were transferred into the treasury share reserve and cancelled on 10 June 2026.

Between 2 July 2026 and 22 July 2026, 3,633,880 shares were purchased under the share buyback programme announced on 30 June 2026, these shares were transferred into the treasury share reserve and cancelled on 27 August 2026.

16. Related party transactions

Dividend payments made to Directors amounted to £228,750 (2025: £nil) during the period. This relates to £224,250 received by Lakestreet Capital Partners AG and Lakestreet Trading AG collectively, entities of which Christian Kappelhoff-Wulff and Valentin Pierburg are principals. The remaining £4,500 was received by a holding of a connected party as disclosed in the Annual remuneration report. Dividends disclosed here only relate to those received following appointment as Directors. See Note 4 for further details of key management remuneration.

17. Capital commitments

The obligation for capital expenditure relating to the enhancement of investment properties entered into by the Group amounted to £nil as at 30 September 2026 (31 March 2025: £2,352,984).

18. Post balance sheet events

As at 30 September 2026, The Forum, Exeter was under-offer for sale based on a change of use of the property and this potential transaction was reflected in the valuation at that date. In November 2026 this offer fell away. The Group's external valuer (CBRE) has advised that if the offer had not been in place at 30 September 2026, the valuation would have suffered a reduction of c.£1.3 million.

19. Financial risk management

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 £32,868,000 as at 30 September 2026 (31 March 2025: £72,504,000). 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.

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 30 September 2026 and 31 March 2025 were:

	Nil rate assets and liabilities £'000	Floating rate assets £'000	Total £'000
As at 30 September 2026			
Trade and other receivables	**696**	**–**	**696**
Cash and cash equivalents	**–**	**4,596**	**4,596**
Trade and other payables	**(2,167)**	**–**	**(2,167)**
	(1,471)	**4,596**	**3,125**

	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

The Group has no floating rate debt.

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 institutions in the United Kingdom. At 30 September 2026, the cash balances of the Group were £4,596,000 (31 March 2025: £22,222,000). At 30 September 2026, the concentration of credit risk held in the largest of the two institutions was £3,250,000 (31 March 2025: £21,859,000).

Credit risk also results from the possibility of a tenant in the Group's property portfolio defaulting on a lease. At 30 September 2026, the largest tenant by contractual income amounts to 18.2% (31 March 2025: 20.7%) of the Group's anticipated rental 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 30 September 2026 was £696,000 (31 March 2025: £1,242,000). The details of the provision for expected credit loss are shown in Note 11.

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 30 September 2026				
Trade and other payables	**2,167**	**–**	**–**	**2,167**
	2,167	**–**	**–**	**2,167**

	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

Company Statement of Financial Position
as at 30 September 2026

	Note	As at 30 September 2026 £000	As at 31 March 2025 £000
Fixed assets			
Investments in subsidiaries	2	**86,276**	86,317
		86,276	86,317
Current assets			
Trade and other receivables	3	**16,928**	27,000
Cash at bank and in hand		**3,736**	21,180
		20,664	48,180
Total assets		**106,940**	134,497
Current liabilities			
Creditors: amounts falling due within one year	4	**(77,313)**	(87,286)
Net current liabilities		**(56,649)**	(39,106)
Non-current liabilities			
Short-Term Incentive Plan provision		**–**	(1,209)
Total assets less current liabilities		**29,627**	46,002
Equity			
Called up share capital	5	**1,589**	2,889
Merger reserve		**3,503**	3,503
Capital redemption reserve		**3,390**	2,090
Capital reduction reserve		**29,266**	63,182
Accumulated losses		**(8,121)**	(25,662)
Equity – attributable to the owners of the parent		**29,627**	46,002

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 18-month period ended 30 September 2026 was £17,541,000 (year to 31 March 2025: £408,000).

The financial statements were approved by the Board of Directors of Palace Capital Plc (company number: 05332938) and authorised for issue on 23 November 2026 and are signed on its behalf by:

Christian Kappelhoff-Wulff
Non-Executive Chairman

Company Statement of Changes in Equity
for the 18-month period ended 30 September 2026

	Share Capital £'000	Treasury Share Reserve £'000	Other Reserves £'000	Capital Reduction Reserve £'000	(Accumulated Losses) £'000	Total Equity £'000
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
Total comprehensive profit for the period	**–**	**–**	**–**	**–**	**17,541**	**17,541**
Transactions with equity holders						
Dividends	**–**	**–**	**–**	**(4,442)**	**–**	**(4,442)**
Share buyback	**–**	**(29,474)**	**–**	**–**	**–**	**(29,474)**
Cancellation of treasury shares	**(1,300)**	**29,474**	**1,300**	**(29,474)**	**–**	**–**
At 30 September 2026	**1,589**	**–**	**6,893**	**29,266**	**(8,121)**	**29,627**

Treasury shares represents the consideration paid for shares bought back on the open market.

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 section 612 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 period end date.

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 Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the Company;
- disclosures in respect of the 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 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 Company as their remuneration is included in the totals for the Group as a whole.

Notes to the Company Financial Statements
continued

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 period reflect the reduction in net asset value of subsidiaries for the period ended 30 September 2026. The carrying value of the subsidiaries represents the cost less accumulated provision for impairment. The net asset value of the subsidiaries is affected by the fair value of the Group's investment property, operational profits or losses and distributions made to the parent company.

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 2024	177,286
Additions	–
Disposals	(10,766)
At 31 March 2025	**166,520**
Additions	–
Disposals	–
At 30 September 2026	**166,520**
Provision for impairment:	
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**
Provided during the period	1,546
Reversal of impairment	(1,505)
At 30 September 2026	**80,244**
Net book value at 30 September 2026	**86,276**
Net book value at 31 March 2025	**86,317**

Provisions arise where the net asset value of the subsidiary is lower than the cost less accumulated provision for impairment as at the period end date. The net asset value of the subsidiaries is affected by the fair value of the Group's investment property, operational profits or losses and distributions made to the parent company. Conversely, where an impairment has been historically recognised but the net asset value of the subsidiary is at the period end date greater than the cost less accumulated provision for impairment, this provision is, in part or in whole, reversed.

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: 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

3. Trade and other receivables

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Amounts owed by subsidiary undertakings	**16,887**	25,460
Trade debtors	**–**	1,148
Other debtors	**8**	43
Accrued interest on amounts owed by subsidiary undertakings	**–**	275
Prepayments	**33**	74
	16,928	27,000

Trade debtors represent amounts owed from subsidiary undertakings in relation to management charges.

All amounts that fall due for repayment within one year and are presented within current assets as required by the Companies Act. The amounts owed by subsidiary undertakings are repayable on demand with no fixed repayment date, although it is noted that a significant proportion of the amounts may not be sought for repayment within one year depending on activity in the subsidiary undertakings.

A loan amounting to £nil remains outstanding at 30 September 2026 (31 March 2025: £4,705,009) from Palace Capital (Developments) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £nil remains outstanding at 30 September 2026 (31 March 2025: £2,726,552) from Palace Capital (Halifax) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £8,844,115 remains outstanding at 30 September 2026 (31 March 2025: £6,936,713) from Palace Capital (Northampton) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £11,291,747 remains outstanding at 30 September 2026 (31 March 2025: £11,091,265) from Palace Capital (Newcastle) Limited. No interest is charged on this loan. This loan is repayable on demand. As at 30 September 2026, a provision for expected credit loss of £3,248,954 (31 March 2025: £nil) was held against this receivable owing to Palace Capital (Newcastle) Limited's net liability position as at the period end date.

Notes to the Company Financial Statements
continued

4. Creditors: amounts falling due within one year

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Trade creditors	**10**	38
Amount owed to subsidiary undertaking	**77,166**	86,769
Other taxes	**5**	177
Accruals and deferred income	**132**	302
	77,313	87,286

A loan amounting to £4,280,343 remains outstanding at 30 September 2026 (31 March 2025: £nil) to Palace Capital (Developments) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £6,742,300 remains outstanding at 30 September 2026 (31 March 2025: £nil) to Palace Capital (Halifax) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £28,672,726 remains outstanding at 30 September 2026 (31 March 2025: £43,643,348) to Palace Capital (Signal) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £13,962,199 remains outstanding at 30 September 2026 (31 March 2025: £17,892,314) to Property Investment Holdings Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £1 remains outstanding at 30 September 2026 (31 March 2025: £78,205) to Palace Capital (York) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £2,538,690 remains outstanding at 30 September 2026 (31 March 2025: £2,538,767) to Palace Capital (Leeds) Limited. No interest is charged on this loan. This loan is repayable on demand.

A loan amounting to £20,969,612 remains outstanding at 30 September 2026 (31 March 2025: £22,616,423) to Palace Capital (Properties) Limited. No interest is charged on this loan. This loan is repayable on demand.

5. Share capital

The details of the Company's share capital are provided in Note 15 of the Notes to the Consolidated Financial Statements.

6. Leases

Operating lease payments in respect of rents on leasehold properties occupied by the Company are payable as follows:

	As at 30 September 2026 £'000	As at 31 March 2025 £'000
Within one year	**–**	40
	–	40

7. Post balance sheet events

There are no post balance sheet events.

Officers and Professional Advisors

Directors

Christian Kappelhoff-Wulff	Non-Executive Chairman
Valentin Pierburg	Non-Executive Director

Secretary

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Registered office

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Registered number

05332938 (England and Wales)

Auditor

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Registrar

Equiniti Limited
Aspect House
Spencer Road
West Sussex
BN99 6DA

Broker

Cavendish Capital Markets Limited
1 Bartholomew Close
London
EC1A 7BL

Glossary

Adjusted EPS: 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.

CVA: Company Voluntary Arrangement

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

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.

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.

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

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 valuation: Is the change in the fair value of properties owned throughout the entire period. This excludes properties acquired or disposed of during the period, but includes lease incentive movements and 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.

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.

PILON: Payments in Lieu of Notice

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 Group'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 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.

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 Statement of Comprehensive Income on a straight-line basis to the lease expiry.

The Group: Palace Capital plc and its subsidiaries.

Total Accounting Return (TAR): Is the increase or decrease in NAV per share plus dividends paid in the period.

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

VOA: Valuation Office Agency.

VRF: Variable Refrigerant Flow.

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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